

# 2023 SUSTAINABILITY REPORT





Message from the Chairman and President

Awards and Recognition

Key Sustainability Achievements

Featured Column on Sustainability

1. Sustainable Shin Kong

Carbon

2. Strengthening Climate Resilience

3. Advancing Towards a Net Zero Future

**Innovation** 4. Nurturing Diverse Talents

5. Excellent Customer Experience

**Common** 6. Realizing Sustainability Governance

7. Unleashing the Importance of Sustainable Finance

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Appendix

# Reporting Standards GRI 2-2 \(\cdot 2-3 \) \(\cdot 2-4 \)

Aiming to become a benchmark company for sustainable operation and a trusted financial partner, Shin Kong Life Insurance Co., Ltd. always adopts business strategies taking carbon reduction, innovation, and common good into account. We are committed to creating corporate sustainability value for the environment, society, and all shareholders. We publish the sustainability report every year for stakeholders to learn about our efforts and achievements on sustainable management.

#### Scope and Boundary

The environmental, social, and governance (ESG) management thinking, as well as performance and results of key issues, of Shin Kong Life Insurance Co., Ltd. (hereinafter referred to as SKL) in 2023 (January 1 to December 31) are disclosed in the Report.

The contents and performance data of the Report cover the operations of SKL and Shin Kong Life Foundation, but does not cover Shin-Kong Life Real Estate Service Co., Ltd. The scope of disclosures in the Report is not significantly different from the scope in the previous version. Additionally, to maintain the quality of the Report's disclosures and faithfully present investment information related to ESG themes after adjusting the statistical basis and related definitions, the 2022 data has been restated. It differs from the previous version, and some performance data has also been retroactively adjusted to 2021. It accurately reflects SKL's actions and results in its journey towards sustainable operations.

#### **Basis for This Report**

This report has been compiled in accordance with the international and domestic guidelines, standards, and regulations as follows:

Issuing Unit	Reference item
Global Reporting Initiative (GRI)	· 2021 GRI Standards · G4 Financial Services Sector Supplement
Sustainability Accounting Standards Board (SASB)	· Standards for the insurance industry
Financial Stability Board (FSB)	· Taskforce on Climate Related Financial Disclosure (TCFD)
The United Nations	<ul> <li>Sustainable Development Goals (SDGs)</li> <li>Principles for Sustainable Insurance (PSI)</li> <li>Principles for Responsible Investment (PRI)</li> <li>The Global Compact's Ten Principles</li> </ul>
Taiwan Stock Exchange (TWSE)	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
International Sustainability Standards Board (ISSB)	IFRS S1 General Provisions for Disclosure of Sustainability-Related Financial Information     IFRS S2 Climate-related disclosures

## **Issuance Information**

SKL regularly publishes the Corporate Sustainability Report each year. Readers may also download the electronic version of the report from the corporate sustainability section of the SKL website.

- Current edition: June 2024
- Previous version: June 2023
- Next version: June 2025

#### Third-Party Verification of the Report

SGS Taiwan has certified that the contents of the Report comply with the AA1000 AS v3 Type 2 Moderate Assurance Level. The Report is certified to meet the requirements of the SASB Insurance Industry Standards and the 2021 GRI Standards Reference Option. It also includes an assurance of the disclosure level regarding TCFD. The independent assurance statement is included in the appendix of the Report.

Additionally, in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the Company has commissioned KPMG to conduct an independent limited assurance of the relevant sustainability performance in accordance with Assurance Standard No. 3000 Assurance Engagement of Examinations or Audits of Non-Historical Financial Information issued by the Accounting Research and Development Foundation of the Republic of China. The limited assurance report is also included in the appendix of the Report.

#### Compliance standard

Category	Compliance standard	Certification Institution	
	2021 GRI Standards Reference Option (AA 1000 TYPE II Moderate Assurance Level)		
	SASB Insurance Industry Standards	SGS Taiwan	
Sustainability	Taskforce on Climate Related Financial Disclosure (TCFD) disclosure level		
	Assurance Standard No. 3000 issued by the Accounting Research and Development Foundation of the Republic of China (formulated with reference to the International Assurance Standard ISAE3000)	KPMG	
Finance	Annual Financial Report	Deloitte & Touche	
Risk Management	ISO 22301 Business Continuity Management System	British Standards Institution (BSI)	
Information	ISO 27001 Information Security Management System	British Standards Institution (BSI)	
Security	BS 10012 Personal Information Management System	British Standards Institution (BSI)	
	ISO 14046:2014 Water Footprint	British Standards Institution (BSI)	
	ISO 14064-1:2018 GHG Inventory	Det Norske Veritas (DNV)	
Environmental	ISO 50001:2018 Energy management system	SGS Taiwan	
	ISO 14067 Carbon footprint verification	British Standards Institution (BSI)	
	GHG Protocol (Scope 3 Category 15 Investments)	SGS Taiwan	
Customer Service	Royal Mystery Shopper (RMS)	British Standards Institution (BSI)	
Customer Service	ISO 10002:2018 Customer Satisfaction Management System	British Standards Institution (BSI)	
Occupational	ISO 45001 Occupational health and safety management system	SGS Taiwan	
Safety	TOSHMS Occupational Safety and Health Management	ARES	

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# Message from the Chairman and President GRI 2-14 \cdot 2-22

As we encounter the impacts and uncertainties brought by the global environment and society, the insurance industry faces a myriad of challenges, including technological innovation, resource allocation, shifting demographics, and supervision requirement by authorities. However, within every crisis lies opportunity. We will seize every opportunity, continue to adjust our product structure and work towards convergence with IFRS17 and ICS and continue to enhance sustainability-related knowledge to our board members, senior executives, and employees through the operations of our Corporate Sustainability Committee in the future.

SKL is committed to creating corporate sustainable value for the environment, society, and stakeholders. SKL has implemented the sustainable value proposition of "Low Carbon, Innovation, and Common Good" and integrated it into its business strategies. In accordance with the FSC's "Green Finance Action Plan 3.0" policy, SKL has been promoting professional training in sustainable finance, climate risk management, and net-zero carbon emissions, and continues to strengthen sustainable finance and embed it in its daily operations. Through robust sustainability governance, we drive the effectiveness of our sustainable business practices and embark on our journey towards achieving net zero emissions. In 2023, we garnered significant recognition for our sustainable achievements. We were honored with seven accolades from TCSA, including Gold in Corporate Sustainability Report Award -Financial Services Sector, Most Prestigious Sustainability Awards-Top 100 Domestic Corporates - Comprehensive Performance of Enterprise Sustainability, and Best Performance of Specific Categories. Furthermore, our parent company SKFH, along with subsidiaries, participated in the Dow Jones Sustainability Indices (DJSI) evaluation and secured our position as a component of the DJSI World Index for the third consecutive year, ranking as the global second-best and Asia's top-performing insurance company. We are also proud to be included in the DJSI Emerging Markets Index this time. These accomplishments reflect our vision of becoming a benchmark enterprise for sustainable business and a trusted financial partner of the public.



SKL emphasizes the impact of its business activities on the environment and climate, and seeks solutions to address climate change and the environment in order to strengthen climate resilience. Internally, we implement carbon pricing in accordance with our parent company SKL's "Regulations Governing Greenhouse Gas Reduction and Carbon Pricing" to control the cost of carbon and carbon efficiency. SKL has introduced the TCFD management mechanism and actively promotes climate-related mitigation and adaptation actions, and reports the results of the implementation to the Board of Directors on a regular basis, with the TCFD report published for the first time and third-party verified by the Board of Directors in 2023. In addition, SKL joined the Taiwan Net Zero Action Alliance and signed the Science-Based Carbon Reduction Initiative (SBTi) with its parent company, SKFH, in order to move towards a green and sustainable future with its investment and financing partners.



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SKL recognizes talent as vital asset for sustainable management. In 2023, SKL were honored with the "Workplace Wellbeing Leadership Award" and the "Talent Development Leadership Award" from TCSA, reaffirming our commitment to enhancing talent cultivation in digital finance and sustainable development. Our goal is to create a secure and dynamic work environment that promotes employee well-being and happiness. In addition, we go beyond legal requirements by providing exceptional benefits and subsidies for marriage and childbirth. When it comes to serving our customers, we leverage digital technologies and have developed easy and convenient financial services such as Policy Appraiser and customer data integration systems. Our service philosophy is rooted in the principles of fair treatment of customers and implementation of financial inclusion, as we commit to provide comprehensive insurance service.



#### **Common Good**

SKL is people-oriented and emphasizes connection and interaction with local communities. SKL has established three major public service pillars, promoted the "Corporate Volunteer" service program, and actively developed community involvement to extend its services to every corner of the society. SKL has established a system of sustainable investment, incorporating the ESG assessment mechanism into the operating procedures and methods of different investment businesses, and supporting financial products or green energy industries that are conducive to sustainable development. We support financial products and green energy industries that contribute to sustainable development, and we have begun to cooperate with our investment targets to maximize the impact of the financial industry. Furthermore, we have established robust risk management and information security mechanisms to minimize the possibility of operational disruptions or damage, we have continued to validate the ISO 22301 Business Continuity Management System (BCMS) international standard; and to ensure the integrity of the information security and personal data protection control mechanism, we have continued to validate the ISO 27001 information security standard and the BS 10012 personal data management system. These measures enable us to sustain our operations and safeguard the rights and interests of our customers and stakeholders.

With six decades of deep-rooted experience, SKL believes that "Sticking to the status quo means falling behind: R&D is the only way forward ". SKL continues to seek new innovations and internationalization, and actively responds to the issues of concern to both internal and external stakeholders. Looking ahead, we will focus on the strategy of "Driving Transformation and Co-creating a New Future" and strive to pursue stable profits, maximize operational synergies, and create the greatest value for all stakeholders and fulfill our vision of sustainable corporate management by living up to our motto of "Our light and heart are always with you".



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# Awards and Achievements in 2023 $\uparrow$

#### 25th Insurance Faith. **Hope & Love Awards**

Best Social Responsibility Award Best Merchandise Innovation Award Best Insurance Professional Award Best Insurance Education Contribution Award and First Place in Insurance Popularity

#### 10th Taiwan Insurance **Excellence Awards**

Community Care Excellence Award Talent Training Excellence Award and IT Application Excellence Award

#### **20th National Brand** Yushan Award

First Prize nationally for Best Product Best Product Award and 5 Most Popular Product Awards

#### 7th PwC Sustainability **Impact Awards**

Special Award

#### **16th Taiwan Corporate Sustainability Awards**

Taiwan Top 100 Sustainable Model Enterprises Award, Taiwan Corporate Sustainability Report Award -Gold Award for Financial and Insurance Industry, Climate Leadership Award, Social Inclusion Leadership Award Workplace Well-being Leadership Award, Age-friendly Leadership Award and Talent Development Leadership Award

#### **3rd Taiwan Sustainability Action Awards**

SDG 3 Good Health and Well-Being - Gold Award SDG 8 Decent Work and Economic Growth - Silver Award

#### 13th Asia Responsible **Enterprise Awards**

Social Welfare Development Award

#### **Taipei City Department of Labor Labor Safety Award**

Generous Boss Award

# **Green Life**

Sustainable

Operation

#### **Taiwan Real Estate Excellence Awards**

Excellence Award and Gold Award in the Best Planning and Design Category **Buying Power Social Innovative Product** and Service Procurement Awards of the Ministry of Economic Affairs

First Prize

Plan for the Promotion of **Green Procurement and Consumption** in Enterprises and Organizations

**Outstanding Unit** 

# Insurance

Friendly

**Services** 

#### Received 5 awards from the Financial Supervisory **Commission Insurance Competition**

Excellence Award for Evaluation on the Principles of Fair Hospitality. Third Place in the Micro-insurance Competition Insurance Category, Outstanding Business Performance Award in the Insurance Category of the Micro-insurance Competition, Care for the Disabled Award in the Insurance Category of the Micro-insurance Competition, and Excellence Award in the Small Endowment Insurance Competition for Elderly Insurance Competition

#### **Excellence Insurance Rating by Excellence Magazine.**

Outstanding Claims Service Award Outstanding Digital Finance Award and Outstanding Social Welfare Award

#### **CSEA Awards for Excellent Customer Services**

Company category: Best Customer Service Best Digital Smart System Application for Customer Service and Best Integrated Marketing. Team category: Best customer service team. Individual category: Best Customer Service Training Star

Greater China Contact Centre Alliance (GCCA) Award

#### **3rd Commercial Times Digital Finance Awards**

Digital Services Award

#### **Wealth Magazine Financial Award**

FinTech Innovation and Application Award

#### 7th International Innovation Awards

Won three major awards in the "Organization and Culture Category", "Product Category", and "Service and Solution Category".

#### Japan Good Design Award

Wealth Gatekeeper board game course





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# **Key Sustainability Achievements**

#### LOW CARBON

#### **Strengthening Climate Resilience**



- Investments in the renewable energy industry reached NT\$7.8 billion, with an estimated annual power generation capacity of 2.81143 billion kWh, which can prevent 139,166 tCO<sub>2</sub>e of carbon emissions each year
- Published the TCFD report and passed third-party verification by SGS
- Financial carbon emissions totaled 1,699 ktCO<sub>2</sub>e, and the weighted average carbon intensity and economic emission intensity are both declining annually

#### Advancing Towards a Net Zero Future



- Category 1 and category 2 greenhouse gas emissions decreased by 9% compared to the previous year
- Digitalization actions saved 21.65 million sheets of paper, reducing carbon emissions by 147.3 tCO<sub>2</sub>e
- Over-the-counter services obtained carbon footprint ISO14067 certification
- Obtained 6 green building labels, 3 green building candidates, and 1 US LEED certificate
- In response to the Green Leasing 2.0 plan,
   870,000 kWh/year of green electricity is introduced

#### INNOVATION

#### **Nurturing Diverse Talents**



- Retention rate of outstanding talent: 95.4%
- Employee stock trust subsidy totaling NT\$71.23 million
- Exceeding legal requirements for employing employees with disabilities. Issuance of indigenous employment incentive funds of approx. NT\$10.60 million
- Allocation of NT\$27.88 million for professional certification incentives
- Increase pregnancy leave and paternity leave by 2 days each

#### **Excellent Customer Experience**



- Overall Net Promoter Score (NPS) was 89.2%, a 6% increase from the previous year
- The first in the industry to launch the "Family Network Service"
- Promote the Wealth Gatekeeper, Shin Kong 165 National Fraud Prevention Plan, etc., to strengthen the financial literacy of all people
- Micro-insurance benefiting over 88,000 individuals, providing coverage worth over NT\$24.51 billion

### **COMMON GOOD**

#### Realizing Sustainability Governance



- Complete the internal and external board performance evaluation and functional committee performance evaluation results
- Enhance board functions with a total of 201 hours dedicated to ESG training
- Acquirement of international certifications related to business continuity and information security, including ISO

# Unleashing the importance of sustainable finance



- Strengthen engagement actions by visiting 118company, participating in 38 forums, and 350 investor conferences/ telephone interviews
- The amount of ESG-themed investment exceeded NT\$548 billion, of which investment in sustainable development bonds reached NT\$45 billion, with an annual growth of 3% compared to the previous year

#### Creating Common Good for Society



- Total number of volunteer participants was 12,000, totaling 32,080 service hours
- The Sustainable Insurance Charity Program realizes a circular economy, and is expected to provide microinsurance coverage to 1,375 underprivileged families
- The Remote Health Promotion for Rural Areas charity program can create a SROI of NT\$9.57 in social value for every NT\$1 invested



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**Featured Column on Sustainability** 

## Low-carbon service sustainable store



#### 1. ISO 14067 carbon footprint certification of over-the-counter service products

Shin Kong Life upholds the concepts of sustainability and low carbon to create a sustainable store for low-carbon services. In order to calculate how much carbon is emitted per person served during the life cycle of a life insurance policy, in January 2023, we partnered with DigiZerocarbon Corp. and selected the customer service counter of our New Taipei branch on the 8th floor of the Shinpan Financial Building to conduct carbon calculations.

On weekdays, we implement office waste separation, promote the e-function of the members' area, and ask policyholders to make more use of the e-service to save paper. With expert counseling, during the project, we examined the amount of paper used in various operational processes, the amount of electricity used in the service area, and investigated the amount of supplies used, etc. The statistical results show that the greenhouse gas emitted by the customer counter service of the New Taipei Branch is only 786 grams of carbon dioxide (CO2) equivalent for each service visit. The branch obtained ISO 14067 carbon footprint certification and was awarded the "Carbon Footprint Label" by the Environmental Protection Administration of the Executive Yuan. SKL has set a new benchmark for green customer service and has been recognized by professional organizations for its commitment to social and environmental sustainability.



Carbon Label No. 231651004 Carbon Footprint per Service Instance (Insurance Industry)

The carbon footprint for this service was calculated in accordance with the product category rules "Carbon Footprint Product Category Rules for Financial Insurance and Telecommunication Industry Counter Services (Document Number: 19-016)," resulting in 800 gCO<sub>2</sub>e per service instance. Detailed service-related information is as follows: **Industry category:** Financial/Insurance industry: Location name: Shin Kong Life Insurance Co., Ltd. New Taipei City Branch Customer Service Counter Location address: 8F, No. 141, Section 1, Zhongshan Rd., Bangiao District, New Taipei City Services provided to policyholders: Payment services, policy claims, survival benefits, policy changes, policy loans, online transaction services, e-statements/receipts.

#### 2. Establishing a sustainable, low-carbon store operation process

By the end of 2023, SKL had completed the construction of "counter digitization," which will reduce the use of paper and promote digital documents, e-communications, and e-insurance policies, which will not only improve the quality and efficiency of insurance services, but also reduce the consumption of paper and the generation of waste. Meanwhile, in the ongoing planning for the "virtual counter," the goal will be to reduce the carbon footprint and create a low-carbon service process. In addition, we provide education and training to our staff and counter service team so that they can acquire information on ESG, think about sustainability at work, and after work, we encourage and support them to actively participate in community volunteering activities to give back to the community and achieve the goal of sustainable development.





INNOVATION

**Featured Column on Sustainability** 

# **Developing** "Recruitment Magic Cards"



COMMON

GOOD

# New Life for Old Clothes, **Light up the World**



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In order to provide more effective recruiting tools for business colleagues, the company's salary and benefits, as well as the skills and techniques used in recruiting, have been turned into cute and interesting "Recruiting Magic Cards", which have been certified by the Intellectual Property Office (IPO) as patented. There are 55 cards in total, which are divided into five categories: Recruitment Cards, Character Cards, Job Cards, Motivation Cards, and Skill Cards, with the purpose of "resolving concerns" and "providing hope" for potential recruits. Senior sales agents can use the Recruitment Magic Card to help new insurance recruits to solve the problem of insufficient interpersonal relationship, communication ability and professional knowledge that they are concerned about when engaging in the business of sales in an easy and interesting way, while at the same time, through the guidance of the card, potential recruits can be guided to the right path.

At the same time, through the guidance of the cards, prospective recruits will know that the company has a perfect training system, unique 3+3 diversified salary structure, "Acre of Land" customer list, precise Al customer data, and generous employee benefits,, etc., so that new recruits will have confidence in life insurance sales and feel at ease in developing their careers.



SKL joined hands with Syin-Lu Social Welfare Foundation and the fashion brand "Story Wear" for the Sustainable Insurance Cornucopia Project. With the goal of a circular economy, SKL invited the public to donate second-hand jeans through an official LINE friend invitation. 279 pieces were collected, cleaned and washed by the mentally and physically challenged at the Syin-Lu Laundry Workshop. The clean fabric was then handed over to Story Wear's "Corner Tailors" team, which is comprised of mothers of cerebral palsy patients and second-time job seekers. They crafted the fabric into brand new 60th-anniversary souvenirs for SKL. All finished products were donated to the Syin-Lu Social Welfare Foundation, allowing the public to support social welfare by purchasing these denim souvenirs.

In addition to the employment support provided by the Syin-Lu Social Welfare Foundation for the handicapped, the public welfare funds will also be used to insure the physically and mentally challenged with basic risk protection, and it is expected that a micro-insurance coverage of \$300,000 will be provided to 1,375 disadvantaged families.

The Sustainable Insurance Cornucopia Project is Taiwan's first initiative that strengthens social safety nets by recycling discarded resources and upcycling them through fashion design, providing job opportunities and insurance coverage for disadvantaged workers. This initiative received enthusiastic support from SKFH, SKL employees, SKL policyholders, and the public. T Through resource integration, SKL has created an innovative business partnership model to practice sustainable living and responsible consumption, as well as to provide basic risk protection for the underprivileged, with a cumulative total of 414 people benefiting from the program.







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# SUSTAINABLE SHIN KONG



Shin Kong Life Insurance (SKL) has strongly emphasized value to the lives of human beings in hopes of bringing happiness to people. We always adopt a humble approach to providing down-to-earth services and giving back to society. Aiming to make insurance available to all and provide security for every family, SKL has shaped an organizational culture of "maintaining status quo means lagging behind, quality and service first, respecting human sentiment and honor, and incorporating to build a splendid life." We actively transforming ourselves into a leading life insurance company with stable profitability and customer trust.



SUSTAINABILITY VISION AND COMMITMENT VISION | Aim to become a benchmark company for sustainable operation and a trusted financial partner.

• COMMITMENT | Provide financial products that are friendly to the global environment, all corners of society and all stages of life, and promote sustainable financial development together with our stakeholders.

CORE VALUES | LOW CARBON / INNOVATION / COMMON GOOD

SKL SUSTAINABLE CHRONICLE



1963 • Establishment of SKL

83 • Establishment of SKL Foundation

• Establishment of Corporate Social Responsibility (CSR) dedicated unit

• Issuance of CSR report

2013 • Establishment of CSR Committee

• First financial insurance company to hold a supplier conference

2016 • Signing of the "Stewardship Principles for Institutional Investors" compliance statement

2017 • Voluntary adherence to the Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI)

• Voluntary adherence to Sustainable Accounting Standards Board (SASB) guidelines

• Renaming of the "Corporate Social Responsibility Committee" to "Corporate Sustainable Committee", addition of TCFD group, and reporting of sustainability goals and achievements to the Board of Directors

• Voluntary adherence to the Task Force on Climate-related Financial Disclosures (TCFD) framework

Completion of SROI calculation for the Happy Dining Table with an Acre of Land project

• Membership in the Asia Investor Group on Climate Change (AIGCC)

2022 • Publication of an English sustainability report

• Celebration of SKL's 60th anniversary

• Issued SKL's first Task Force on Climate-Related Financial Disclosures (TCFD) Report



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# 1. Sustainable Shin Kong

## 1.1 About SKL GRI2-1 > 2-6 > 2-7

SKL has been deeply involved in Taiwan for more than 60 years, Shin Kong Life Insurance (SKL) strongly emphasized value to the lives of human beings in hopes of bringing happiness to people. We always adopt a humble approach to providing down-to-earth services and giving back to society. Aiming to make insurance available to all and provide security for every family, SKL has shaped an organizational culture of "maintaining status quo means lagging behind, quality and service first, respecting human sentiment and honor, and incorporating to build a splendid life." We actively transforming ourselves into a leading life insurance company with stable profitability and customer trust.

#### 1.1.1 Basic information

Company name: Shin Kong Life Insurance Co., Ltd.

Date of incorporation: July 27, 1963 Headquarters: Taipei City, Taiwan

Number of employees: 9,283 full-time employees and

3,566 unofficial employees

Total capital: NT\$80 billion

**Scope of products:** savings insurance, protection insurance, investment-linked insurance, medical injury

insurance, group accident insurance, etc.

Scope of services: payments, claims, living benefits, modifications of insurance contracts, policy loans, online transactions, etc.

#### **Business Philosophy**

The happiness of most people in society hinges on the sustainable development of life insurance companies.

Therefore, the future of the insurance industry should focus on "returning to protection, serving policyholders, making stable profits, and developing sustainably". SKL adopts the people-oriented strategies, upholds the business philosophy of "innovation, service, sincerity, and giving back to society.", as well as strives to make a contribution to a sustainable society as a responsible corporate citizen with its stakeholders.

#### **Operations**

#### **Domestic Operations across Taiwan**

Region	Branches	Regional sales offices and branch offices	Service centers
Regions with low population density (Note 1)	2	15	1
Offshore islands (Note 2)	1	2	0
Total (main island and offshore islands)	23	317	32

Note 1:According to the area of administrative districts and the population at the end of December 2023, these regions are administrative districts in municipalities, counties, and cities with a population density of fewer than 100 persons. square kilometer, including Hualien County and Taitung County.

Note 2: Offshore islands refer to Kinmen County, Penghu County, and Lambai Island

#### **Overseas Operations**

Country	EXDIANALION	Number of Operations
Myanmar	In 2015, SKL set up Yang representative office, the first Taiwanese life insurance company which set up a representative office in Myanmar.	<sup>h</sup> 1
Vietnam	In 2006, SKL set up Hanoi representative office in Vietnam to collect information and maintain the relationship between industry, government, and academia.	1







Shin Kong Life's headquarter locates in Shin Kong Life



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#### 1.1.2 Economic Performance GRI 2-2 \ 201-1

SKL continues to focus on value products and implements a channel diversion strategy that takes into account both momentum and value. In 2023, total consolidated assets amounted to NT\$3.6 trillion. First-year premiums totaled NT\$38.9 billion, total premium income reached NT\$167.5 billion, and the market share was 7.7%. By actively promoting foreign-currency denominated insurance products, the FYP of foreign-currency denominated insurance products accounted for 55.4% of the total FYP, which exceeded the industry average of 39.3%. Looking ahead to 2024, sales will continue to sell foreign-currency denominated insurance products, stacking new contract values and reducing hedging costs. Investments will comply with market changes, flexibly adjust asset allocation, and obtain stable returns.

In response to the impact brought by the implementation of IFRS 17 and ICS international standards, SKL established a project team in 2018 to integrate relevant units and actively promote alignment measures. The company also regularly holds investor conferences to convey business conditions to investors, and discloses this information in the SKFH Investor Relations section. Starting in 2022, economic performance and profitability have been impacted by factors such as global interest rate hikes, the widening interest rate spread between Taiwan and the US, the cost of hedging instruments, and foreign exchange losses. The company has reported response and improvement measures to shareholders and investors. For highly significant and high-risk events, we will continue to implement risk management, financial, and business improvement plans. We will also continue to communicate with competent authorities. For more details, please refer to section 6.3 Risk Management.

#### **Marketing Channels**

Unit: NT\$ million

Item	Premium Income	Percentage
Sales representatives	27,419	70.6%
Banks	7,692	19.8%
Insurance brokers and others	3,749	9.6%
Total	38,859	100.00%

Note 1: Premium Income is the first year premium (FYP) of each marketing channels in 2023.

Note 2: Others include direct marketing and others

#### SKL's Financial Performance in the Past Three Years GRI 201-1

Unit: NTD million

	Item	2021	2022	2023
_	Total assets	3,417,399	3,565,106	3,587,524
Operating Ability	First year premium income	52,783	53,698	38,859
-Cur Operating Ability	Total premium income	239,586	189,463	167,513
	Operating revenue	360,771	289,810	259,430
	Net profit after tax	12,586	-4,872	-17,193
0 🗁	Retained earnings	94,175	89,569	74,828
Profitability	Earnings per share (NT\$)	1.86	-0.68	-2.33
411 1	Return on Assets (ROA) (%)	0.40	-0.11	-0.45
	Return on Stockholders' Equity (%)	7.39	-3.05	-11.58
	Payments to the government	1,175	1,225	1,234
	Operating Costs	339,702	281,200	269,505
~~	Employee wages	9,572	8,688	9,393
Economic value	Employee benefits	1,491	1,358	1,273
11 11 7 7 11 11	Community Investment <sup>Note 3</sup>	84	71	73
	Economic value retained <sup>Note 4</sup>	8,747	-2,732	-22,048
	Dividends for shareholders <sup>Note 2</sup>	0	0	0

Note 1: The data above come from 2023 Individual Financial Statements and the 2022 annual reports to shareholders.

Note 2: The Company adopts a stable and balanced dividend policy for the distribution of dividends and bonuses. The distribution of dividends may be adjusted appropriately depending on the needs of business operations and funds, approval of competent authorities, and major amendments to laws and regulations. In recent years, to supplement capital in response to the application of IFRS17, SKL had no plan to distribute cash dividends.

Note 3: Community investments were compiled by SKL (refer to the Creating Mutual Benefit section)

Note 4: Economic value retained = "Direct economic value generated" - "Economic value distributed". Direct economic value generated refers to revenue; economic value distributed includes operating costs, employee wages and benefits, payments to providers of capital, payments to the government by country, and community investments.



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## 1.2 Corporate Sustainability Committee

GRI 2-9 \ 2-12 \ 2-13 \ 2-14 \ 2-16

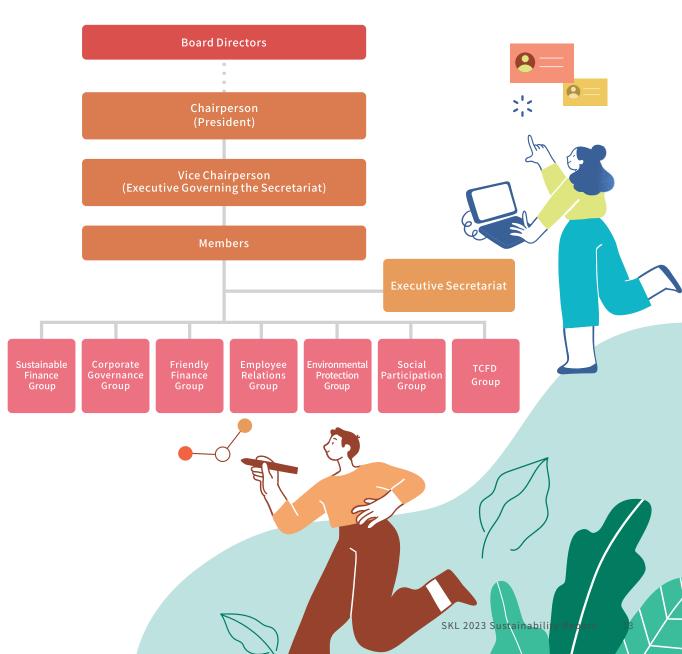
SKL incorporates the concept of sustainable development into day-today business activities, in addition to the establishment of a dedicated organization, we also encourage employees to receive ESG training to improve their knowledge and skills in relation to sustainability, in an attempt to make sustainability part of the Company's DNA. In 2013, SKL established the "Corporate Social Responsibility Committee", which was later renamed as the "Corporate Sustainability Committee" (CSC) in 2021, following approval by the Board of Directors. The committee is chaired by the President and comprises members who are senior executives from various departments to supervise and manage the operation of the working groups. The committee consists of an executive secretary and seven execution groups, with each group led by a department head, responsible for conducting discussions on relevant topics and implementing specific projects.

#### **Committee Operating Mechanisms**

The CSC execution groups meet on a quarterly basis to track the progress of their respective initiatives. Regular meetings of the CSC are also held to monitor the overall progress of sustainability initiatives. Annually, updates on sustainability goals and performance are reported to the Board of Directors.

In 2023, the Company held a total of 4 task force meetings and 3 committee meetings. The topics included the promotion of sustainability actions, revisions to organizational regulations, review of the corporate sustainability report, confirmation of major sustainability issues, formulation of annual strategies and goals, and assessment of sustainability implementation results. In addition, the implementation results related to material sustainability issues and annual sustainability goals and TCFD and ethical management implementation status were reported to the Board of Directors.

#### Organizational Chart of the SKL Corporate Sustainability Committee





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## 1.3 Sustainability Strategy and Target

Shin Kong Life Insurance (SKL) always strives to live up to parent company Shin Kong Financial Holding's sustainable development value proposition of carbon reduction, innovation, and mutual benefit. SKL has developed the corporate sustainability vision, strategies, and medium- to long-term targets based on our core competencies, and have also promoted and implemented various sustainability/ESG initiatives to move towards sustainable corporate development.

## **Sustainable Strategy Blueprint**

# Low Carbon

#### **Strengthening Climate Resilience**

♦ Strengthen the Company's climate change-related financial disclosures



#### Short-term Target (2024)

- ♦ Strengthen the quality of TCFD disclosures, obtain third-party verification, and issue TCFD reports
- ♦ Assist SKFH in promoting and implementing TNFD



#### Medium- to long-term Target (2027 as the target year)

- ♦ Comply with the roadmap for green finance and sustainable development of the competent authority
- ♦ Follow financial holding SBT to implement phased carbon reduction
- ♦ Improve policies and guidelines for sustainable finance

#### **Major Performances in 2023**

- ♦ Issue the first TCFD report and submit the implementation results to the
- ♦ Calculate the emissions of the investment and financing portfolio and formulate a list of high-carbon emission industries
- ♦ Organize two sessions of director and senior manager education and training

#### Materiality

- ♦ Risk Management
- ♦ Sustainable Finance
- ♦ Actions for climate change

## **Advancing Towards a Net Zero Future**









◆ Reduce GHG emissions of the Company's operations by 2%

#### Medium- to long-term Target (2027 as the target year)

- ♦ Achieve carbon neutrality at the headquarters and main offices by 2030
- ♦ Obtain green building certificates (silver and above) for all new projects
- ♦ Expand the introduction of ISO50001 in operating locations

#### **Major Performances in 2023**

- ♦ Implement carbon reduction goals and plans in the Company's
- ♦ Cumulatively obtained 6 green building certificates and 3 green building candidate certificates
- ♦ In response to the government's Green Lease 2.0 plan, assist tenants in increasing their use of green energy.
- ♦ Create low-carbon service sustainable stores and obtain carbon footprint ISO14067 certification and Carbon Footprint Label

#### Materiality

Actions for climate change









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# INNOVATION

#### **Nurturing Diverse Talents**

A CHICATER

#### Plan

- Encourage diverse experiences
- Provide abundant training resources
- ♦ Listen to the employees' opinions



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#### Short-term Target (2024)

- ♦ Conduct regular surveys of employees' career intentions
- ♦ Provide training programs designed for female employees
- ♦ Continue to implement succession plans
- Increase training hours
- ◆ Conduct employee commitment surveys every two years

#### Medium- to long-term Target (2027 as the target year)

- ♦ Average training hours per employee reached 100 hours
- ♦ Percentage of open positions filled by internal candidates >
- ♦ Retention rate of outstanding talent > 90%
- ♦ Percentage of females in senior management positions reached 27%

#### **Major Performances in 2023**

- ♦ Average training hours per employee: 106 hours
- ♦ Percentage of open positions filled by internal candidates:
- ♦ Retention rate of outstanding talent: 95.4%
- ♦ Percentage of females in senior management positions: 20.0%
- ♦ Increase study leave to 2 days
- ♦ Increase pregnancy leave and paternity leave by 2 days each

#### **Materiality**

◆ Talent recruitment and retention

# **Excellent Customer Experience**



#### Plan

- ♦ Highlight friendly finance ♦ Strengthen insurance knowledge
- ◆ Promote inclusive finance ◆ Expand financial accessibility



8 HENTINGS

10 NUMBERS

#### Short-term Target (2024)

- ♦ Improve the digital capabilities of sales representatives and sales channels
- ♦ Expand digital customers and services to boost customer satisfaction
- ♦ Develop at least one inclusive finance product or service
- ♦ Promote friendly finance and continue to maintain top-of-the-class fair customer treatment evaluation results



- ♦ Maintain more than 95% of the e-insured usage rate in our own channels
- ♦ Percentage of e-agent > 65%
- Each year, the Net Promoter Score (NPS) increases compared to the previous period, or the proportion of detractors (scoring 0-6) decreases.
- ♦ The number of online members reached 1.35 million
- Establish a friendly financial ecosystem, and maintain top-of-the-class fair customer treatment evaluation results

#### **Major Performances in 2023**

- ♦ Percentage of own channel e-insured usage rate reached 94.3%.
- ♦ Percentage of e-agent reached 60.3%
- ♦ Overall NPS for policy administration process increased from 82.8% in 2022 to 89.2%
- ♦ The number of online members reached 1.06 million
- ♦ Ranked in the top 25% of the FSC's"fair customer treatment evaluation"
- ♦ Promote the Wealth Gatekeeper, Shin Kong 165 National Fraud Prevention Plan, etc., to strengthen the financial literacy of all people

#### **Materiality**

- ♦ Innovation and digital finance
- Customer relations and service quality
- ♦ Financial inclusion









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**Appendix** 

# COMMON GOOD

#### **Realizing Sustainability Governance**



#### Plan

- ♦ Strengthen the operating mechanisms of the Board of Directors and Functional Committees.
- Implement and promote ethical corporate management
- ♦ Strengthen information security protection

#### Short-term Target (2024)

- Organize ethical management training for directors and employees annually
- ♦ Maintain ISO 27001 and BS 10012 international standard certification, and implement the ISO 27001 conversion plan.
- ♦ Implement information security protection and response mechanisms.

#### Medium- to long-term Target (2027 as the target year)

- ♦ Assist SKFH to reach the top 20% in the Corporate Governance Evaluation.
- Maintain an average attendance rate of the Board of Directors of above 85%
- ♦ Complete the Board of Directors and functional committee performance evaluations and disclosures
- ♦ Maintain information security verification

#### **Major Performances in 2023**

- ♦ Complete the internal and external board performance evaluation and functional committee evaluation results.
- Continue to obtain ISO 22301 Business Continuity Management System (BCMS) certification from the British Standards Institution (BSI)
- Continue to pass ISO 27001:2013 and BS 10012:2017 verification

#### Materiality

- Corporate Governance and Ethical Management
- ♦ Risk Management
- Information security and privacy
- ♦ Legal Compliance

# of Sustainable Finance

**Sustainable Strategy Blueprint** 



#### Plan

#### Promote sustainable finance

- ♦ Expanding the influence of sustainable finance
- ♦ Implementing sustainable supply chain management













#### Short-term Target (2024)

- ♦ Continue to enhance sustainable finance policies and related measures to achieve sustainable and robust investment outcomes
- ♦ Support sustainable development financial products or green energy industries
- ♦ Strengthen engagements with investees
- ♦ Green purchase accounts for more than 15% of the available purchase amount



- ♦ With 2020 as the baseline year, the investment growth rate of project investment in green energy-related businesses is 400%
- ♦ Continue to identify potential thematic and impactful
- ♦ Continue to implement the supplier management mechanism

#### **Major Performances in 2023**

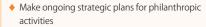
- ♦ Invested more than NT\$548 billion in ESG topics
- Continued investments in sustainable financial products or renewable energy industries totaled NT\$4.7 billion, representing an increase of 3%
- ♦ •Distributed engagement questionnaires, with more than 60% of the invested companies concluding their case or developing in a positive direction
- ♦ Green purchasing accounts for 43% of the available purchase amount

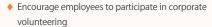
#### Materiality

♦ Sustainable Finance

#### **Creating a Society of Mutual Prosperity**









#### Short-term Target (2024)

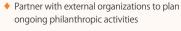
- Form public-private strategic alliances and work with employees and customers to initiate philanthropic projects
- ♦ Achieve 3.5 volunteer hours per capita **Medium- to long-term Target**

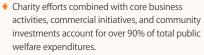
(2027 as the target year)





15 UH





♦ Achieve 4 volunteer hours per capita in 2025

#### **Major Performances in 2023**

- ♦ Invested NT\$72.84 million in community participation, benefiting more than 760,000 people
- ♦ Corporate volunteer hours reached 3.42 hours
- ♦ The Sustainable Insurance Charity Program realizes a circular economy, and is expected to provide microinsurance coverage to 1,375 underprivileged
- ♦ The Remote Health Promotion for Rural Areas charity program can create a SROI of NT\$9.57 in social value for every NT\$1 invested.

#### Materiality

Social participation

Note: Inclusive finance and social participation are material sustainability issues for SKFH in 2023.



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#### 1.4 Material Issues Assessment

#### 1.4.1 Identification of Material Issues GRI 3-1

Shin Kong Life selected the potential sustainability issues by referring to domestic and international trends, and conducted a survey to identify the material issues of the 2023 SKL CS Report based on the views of various stakeholders through the groups of the Corporate Sustainability Committee. The disclosures in this report and the future direction of our sustainability strategy are based on these material issues.

#### SKL's Material Issues Identification Procedure

Step 1 Collect sustainability issues	• Referred to international sustainable development trends, relevant norms and standards, the latest domestic policies and regulations, as well as significant issues in the financial industry. Identified a total of 20 sustainability issues in collaboration with our parent company, SKFH, adjusting the names of 4 issues this year based on international trends and industry practices.
Step 2 Identify communication targets and value chain	<ul> <li>Considered the parties that might be involved, influenced, or impacted by the operational processes through internal questionnaire surveys and meetings.</li> <li>Identified 8 key stakeholders, including shareholders and investors, employees, policyholders, important investment and credit recipients, government agencies community/social organizations, NGOs/NPOs, suppliers, and media. Reviewed and summarized the businesses or entities involved in the Company's operationa value chain upstream and downstream.</li> </ul>
Step 3 Investigate stakeholders' level of concern	• Conducted questionnaire surveys to understand stakeholders' level of concern regarding the 20 sustainability issues. Collected 159 external stakeholder surveys
Step 4 Evaluate dual materiality	<ul> <li>Internal impact: Sent the "Material Issue Questionnaire" to relevant departments of the execution groups to assess the internal impacts of sustainability issues of the Company's revenue, costs, and risks. A total of 771 colleagues participated.</li> <li>External impact: Introduced impact assessment tools and conducted surveys and interviews within the execution groups to evaluate the links between the 20 sustainability issues and positive/negative impact events on the economy, environment, and people (including their human rights), as well as the likelihood of occurrence and the value chain stages where impacts may occur.</li> </ul>
Step 5 Analyze operational impacts and prioritize	• The executive secretary analyzed the results of the internal and external impact assessment surveys of significant sustainability issues and prioritized them base on the level of concern from external stakeholders. Ten sustainability issues with significant impacts and high levels of attention were identified as material issues.
Step 6 Verify material issues	• The executive secretary reported the analysis process and results of material sustainability issues for the current year to the Corporate Sustainability Committee The President and senior executives verified the integrity of the material issues. The implementation results of material issue-related initiatives were also periodically reported to the Board of Directors.
Step 7 Verify disclosed contents	<ul> <li>The 10 verified material sustainability issues were disclosed in the 2023 Corporate Sustainability Report as highlights of response to stakeholders. The report included explanations of relevant impacts, management mechanisms, commitment goals, and performance related to the disclosed issues.</li> </ul>



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## 1.4.2 Material Issue Impact Assessment GRI 3-2

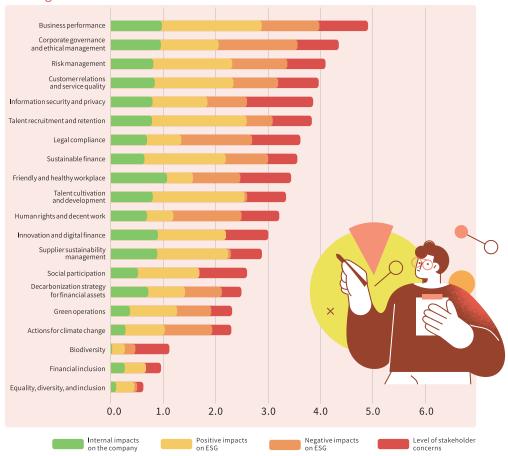
SKL has been deeply engaged in the field of sustainability for many years, focusing on various sustainability issues. Together with its financial holding parent company, it conducts surveys and discussions to assess the positive and negative impacts of 20 listed sustainability issues on both internal and external stakeholders, as well as the level of stakeholder concern. The results of these surveys are then quantitatively analyzed and ranked.

Material ESG Issues	Total times of the top 5	Degree of impact on organizational operations	Level of concern of stakeholders	Sustainable development impact	Total number of stars	Order of filling out the questionnaire	Long-term sustainability goals (also material topics in 2022)
Business performance	12	***	***	***	9	1	V
Corporate governance and ethical management	9	***	**	***	8	2	V
Risk management	8	**	***	***	8	3	V
Customer relations and service quality	8	**	***	***	8	3	V
Information security and privacy	5	**	**	*	5	5	V
Talent recruitment and retention	5	**	***		5	6	
Legal compliance	5	*		***	4	7	V
Sustainable finance	0		*	***	4	7	V
Friendly and healthy workplace	5	*	***		4	7	V
Talent cultivation and development	3	*	**		3	10	
Human rights and decent work	3	*	**		3	10	
Innovation and digital finance	2	*		*	2	12	V
Supplier sustainability management	2		*	*	2	12	
Social participation	2		*	**	3	14	
Decarbonization strategy for financial assets	3			***	3	15	
Green operations	2			**	2	16	
Actions for climate change	2			**	2	16	V
Biodiversity	2			**	2	16	
Financial inclusion	1			*	1	19	
Equality, diversity, and inclusion	0				0	20	

#### **Material Topics and Management Approaches**

By compiling the number of times each sustainability issue is selected across the three questionnaires for organizational operational impact, stakeholder concern, and sustainable development impact, we identify the intersection of selected issues and include three screening principles: 1. Top 5 in terms of number of times entered in the questionnaires; 2. the company's long-term sustainability goals; and 3. material issues in 2022. The 10 material issues for the year were identified and were identical to the results in 2022.

#### **Ranking of Material Issues**





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## **Ranking of Material Issues**

Based on the comprehensive screening principles and questionnaire analysis results, compared to last year, the rankings of the three issues, risk management, information security and privacy, and regulatory compliance, have risen. The rankings of the five issues, customer relations and service quality, talent attraction and retention, sustainable finance, innovation and digital finance, and climate change, have declined. Furthermore, the rankings for business performance and corporate governance and ethical management remained unchanged, holding the first and second positions, respectively. This indicates that as a for-profit enterprise, stakeholders still place the highest importance on profitability and governance capabilities.

#### Comparison table of changes to the ranking of material issues

Material issues in 2023		Material issues in 2022
Business performance		Business performance
Corporate Governance and Ethical Management		Corporate Governance and Ethical Management
Risk Management	Û	Customer relationship management
Customer relations and service quality	Û	Sustainable Finance
Information security and privacy	Û	Talent recruitment and retention
Talent recruitment and retention	Û	Risk Management
Legal Compliance	Û	Innovation and digital finance
Sustainable Finance	Û	Actions for climate change
Innovation and digital finance	Û	Legal Compliance
Actions for climate change	Û	Information Security

#### Material Issues and the Impact Boundaries

Value Chain Impact

			Upstream	SI	SKL	
Material Issues	GRI-specific topic	SASB Standards	Supplier / Contractor	Operation	Distribution Channel	Policyholder / Customer
Business performance	■ GRI 201 Economic performance	FN-IN-000.A	<b>A</b>	•		•
Corporate Governance and Ethical Management	■ GRI 2-1 Detailed organizational information ■ GRI 2-9~2-21		<b>A</b>	•	<b>A</b>	•
Risk Management	■ GRI 201 Economic performanc	FN-IN-550a.1 FN-IN-550a.2 FN-IN-550a.3		•		0
Customer relationship management	■ GRI 417 Marketing and Labeling ■ GRI 2-27 Regulatory compliance	FN-IN-270a.1 FN-IN-270a.2 FN-IN-270a.3 FN-IN-270a.4		•	<b>A</b>	•
Information security and privacy	■ GRI 418 Customer Privacy		<b>A</b>	•	<b>A</b>	•
Talent recruitment and retention	■ GRI 401 Employee-employer relations ■ GRI 404 Training and education			•		
Legal Compliance	■ GRI 2-27 Regulatory compliance			•	<b>A</b>	0
Sustainable Finance	■ GRI 201 Economic performanc ■ GRI 203 Indirect Economic Impacts	FN-IN-410a.2		•		
Innovation and digital finance	■ GRI 203 Indirect Economic Impacts	FN-IN-410b.2		•	<b>A</b>	•
Actions for climate change	■ GRI 201 Economic performanc ■ GRI 305Emissions	FN-IN-450a.1 FN-IN-450a.2 FN-IN-450a.3 FN-IN-410c.1 FN-IN-410c.2 FN-IN-410c.3 FN-IN-410c.4	<b>A</b>	•	<b>A</b>	0

Note 1: ● represents direct impact Orepresents indirect impact ▲ means impacts arising from a business relationship



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## 1.4.3 Material Issues and Management Approaches (Sorted by impact level) GRI 2-25 \ 3-3

Mate	erial Issues and Description of impact	Management Mechanism	Policy	Commitment	Target	Communication Channel/ Complaints Mechanism	Outcome and Action
Financial performance	SKL values the rights and interests of shareholders and stakeholders and develops meticulous operational strategies and directions to achieve longterm stability and profitability, bringing positive impacts to stakeholders and the financial market	In the second half of each year, the Company will plan on the overall business strategy, including key business strategies and target profits for the following year, taking into account the industry trends, market conditions, and changes in laws and regulations. The Company also convenes monthly performance review meetings to review the achievements.	Corporate Governance Best Practice Principles Regulations for Performance Management and Development	Focusing on the essence of life insurance, we aim to be a profitable and highly trusted life insurance company that creates sustainable value for shareholders and investors.	Actively promote foreign currency- denominated insurance products and protection insurance products; control the cost of hedging, stabilize income, and increase the value of new business	Hotline:     (02)2389-5858     Investor relations email: ir@skfh.com.tw	1.1 About SKL
Corporate Governance and Ethical Management	SKL places great emphasis on corporate governance and integrity, implementing comprehensive education and training programs and standards.  By prohibiting unfair competition, insider trading, and transactions with entities involved in dishonest practices, we have established robust corporate governance and risk management mechanisms, enhancing the effectiveness of corporate governance and gaining public trust.  These efforts have a positive impact on the Company's operations and business activities from an economic perspective.	In addition to formulating internal regulations on corporate governance and ethical corporate management, we establish mechanisms for integrity consultation and whistleblower confidentiality and protection and provide training for the Board of Directors and the staff, hoping to make integrity part of our DNA.	Code of Ethical Conduct Personnel Management Rules Regulations for Handling Employee Complaints Regulations for Handling Reported Cases Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures	We strive to establish a sound anti- money laundering and counter- terrorism financing (AML/CTF) structure in accordance with the laws and regulations at home and abroad to curb money laundering and terrorism financing.	Require that all staff should carry out business activities with fairness and integrity and in compliance with laws and regulations	Mailbox:     whistleblower@skl.com.tw     Supplier complaint hotline:     (02)2389-5858#2002     Employee feedback email:     speaklouder@skl.com.tw	6.1 Corporate governance 6.2 Ethical corporate management
Risk Management	For the main risks faced in insurance industry, major global political and economic issues, environmental issues, and emerging risks, we have established relevant risk management regulations and guidelines to assesse the impact of these risks. In addition, through the implementation of Business Continuity Management Systems (BCMS), we have strengthened our ability to respond to and recover from major events, safeguarding the interests of customers and all stakeholders, which has positive impacts on society and the economy.	SKL establishes relevant risk management mechanisms and regulations for major risks and reviews the implementation status of risks by the Risk Management Committee on a quarterly basis.     Subsequently, an overall risk management report is submitted to the Board of Directors.     Regular risk assessments are conducted for operational continuity interruptions, and departmental Business Continuity Plans (BCP) are continuously	Risk Management Best Practice Principles in the Insurance Industry SKL Risk Management Policy Business Continuity Managemen	Continuously monitor both internal and external environmental changes for potential risk impacts on the Company. Strengthen and enhance the existing risk management mechanisms accordingly.	Implement risk management practices to swiftly address emerging risks. Introduce new measures or reinforce existing ones to ensure robust risk management.     Consistently improve BCMS to meet the Company's operational continuity needs. conduct regular drills and exercises to validate its adequacy and effectiveness.	The following information on risk and crisis management is conveyed to the public on the company website and in the annual report:  - Composition, responsibilities, and operations of the Risk Management Committee  - Risk management information - Annual report - risk management and assessment	6.3 Risk Management
©© ©©© Customer relationship management	SKL practices ethical management and promotes a financial-friendly environment by ensuring that all services and products comply with legal regulations.  This reduces operational and penalty risks. Through satisfaction and NPS surveys, as well as providing customer communication channels, we understand customer pain points and continuously improve to enhance customer relationship management efficiency.  These efforts have a positive impact on customers, human rights, and social aspects.	Prior to the launch of new products or services, SKL will disclose the product information in detail in accordance with laws and regulations and internal policies, hoping to make information accessible to the public easily and efficiently.	Self-regulation of Advertisements in the Insurance Industry Guidelines for the Review of Personal Insurance Products Relevant Provisions on Non-dividend Dividend Life Insurance Policy for Sales in the Life Insurance Industry SKFH Sustainable Finance Policy	To implement fair customer treatment and financial friendliness, we make sure that customers understand the product features, risks, and protection, as well as their rights.	Require that all staff should abide by the regulations to protect the interests of all stakeholders	Comments can be submitted through competent authorities, service locations and business operations, and other complaint channels, including telephone, email, and letters, fax, as well as stakeholder area of the company website  • Customer service hotline: 0800-031-115  • Mailbox: whistleblower@skl.com.tw	5.1 Sustainable insurance 5.3 Fair customer treatment and customer experience
Information security and privacy	Commit to providing customers with a sense of security and continuously promote a culture of information security, mitigating the risks of improper data usage and privacy violations, to achieve positive impact on business operations and human right	We set up the Information Security Committee, along with the Information Security and Personal Data Protection Group under the committee, to promote information security and personal data protection, including maintaining the information security and personal data management system etc.	Information Security Policy Personal Data Protection Policy Privacy Statement	We are committed to living up to the highest standards for personal data protection and information security, demonstrating our determination and obligation to maintain the confidentiality and security of information.	Strengthen employees' awareness of personal data protection and compliance with laws and regulations	Comments can be submitted through competent authorities, service locations and business operations, and other complaint channels, including telephone, email, and letters, fax, as well as stakeholder area of the company website.  • Customer service hotline: 0800-031-115  • Mailbox: whistleblower@skl.com.tw	6.4 Information Security



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Mater	rial Issues and Description of impact	Management Mechanism	Policy	Commitment	Target	Communication Channel/ Complaints Mechanism	Outcome and Action
Talent recruitment and retention	SKL values talent recruitment to infuse new energy and vitality into the organization. We help employees develop clear career directions and achieve optimal utilization of human resources, ensuring a talent development strategy for the sustainable development of the organization. This has a positive impact on employees and social aspects, including human rights.	To bring in new blood and vitality to the organization, help employees have a clear career path, and achieve optimum manpower utilization for the sustainable development of talent within the organization.	Personnel Management Rules Regulations for Education and Training Management Regulations for Internal Lecturer Management Regulations for Overseas Continuing Education Regulations for Performance Management and Development Regulations for Rewarding the Professional and Technical Personnel	We aim to be a reassuring company that takes the best care of its employees by creating a friendly workplace.	By 2027 :  • Average training hours per employee reached 100 hours  • Percentage of open positions filled by internal candidates > 60%  • Retention rate of outstanding talent maintained at > 90%  • Percentage of females in senior management positions reached 27%	Employee feedback email:     speaklouder@skl.com.tw     Feedback area on the Intranet     Dissuasion from leaving     Labor-management meetings     Employee opinion surveys     Sexual harassment grievance email: shinkong113@skl.com.tw	4.1 Diverse Recruitment 4.2 Talent cultivation and development 4.3 Friendly and happy workplace
Legal Compliance	Build a comprehensive legal compliance management and oversight framework and review the compliance level of each department. Conduct regular training and education to enhance the legal compliance awareness of all employees, ensuring company compliance and optimizing customer service while reducing operational risks and the risk of penalties to achieve positive impact on the economy	We conduct regular self-assessments on the effectiveness of compliance. In the event of major disciplinary actions, we will report the cause, possible impact, and recommendations for improvement of material deficiencies or malpractices to the Board of Directors.	Internal Control System Rules and Procedures for Compliance Assessment Regulations for Reporting Material Compliance Incidents	The Company aims to ensure that business operations comply with laws and regulations.	Develop the compliance personnel to help drive corporate compliance and mitigate the risk of disciplinary actions	Employee feedback email: speaklouder@skl.com.tw     Mailbox: whistleblower@skl.com.tw     Supplier complaint hotline: (02)2389-5858#2002	6.2 Ethical corporate management
Sustainable Finance	We continue to enhance sustainable finance policies and regulations, seek sustainable investment targets, and promote inclusive and sustainable economic growth. We support the development of sustainable industries and achieve sustainable and sound investment results. By strengthening engagement with our investees, we exert a positive influence on environmental, social, and human rights aspects.	Following the competent authorities' policies and SKFH's Sustainable Finance Policy, we incorporate ESG criteria into the operating procedures and regulations for investing and lending, and communicate with investees using our core competencies and influence in the financial sector.		We strive to strengthen responsible investing by investing in green energy products or philanthropic activities to facilitate the sustainable development of the investment chain.	Improve the procedures and regulations for responsible investing according to the United Nations' Principles for Responsible Investment (PRI); strengthen our engagement with investees to implement the due diligence of institutional investors	We communicate with investors about responsible investing operations through SKFH's investor conferences, shareholders' meetings, press releases, etc  • nvestor relations email: ir@skfh.com.tw  • Institutional investor due diligence area on company website	7.1 Promote sustainable finance
Innovation and digital finance	SKL prioritizes people and adopts a user-centric design approach. We continuously enhance our offerings in response to policyholder needs, societal changes, advancements in underwriting technology, and product development. We strive to provide a wide range of insurance services and digital technologies that cater to these factors. Moreover, we collaborate with government agencies, academic institutions, and social enterprises to deliver diverse digital services to the public, thereby making a positive impact on society and the economy.	Adopting a people-oriented approach, SKL innovates customer experience through technology. We also strengthen the supervisory function to implement the fair treatment of customers. In addition to setting out indicators for tracking and monitoring, we continue to explore new opportunities for customer service.	Convention on the Rights of Persons with Disabilities Enforcement Act Guidelines for Friendly Financial Service in the Insurance Industry SKFH Sustainable Finance Policy	We improve processes and services based on user-driven design to enhance user experience and increase the diversity and accessibility of financial services.	Continuously change the service model for business transformation, deepen customer relationship, improve business performances, and expand applications	Customer service hotline: 0800-031-115	5.4 Innovative digital services
Actions for climate change	While climate change may cause economic and environmental impacts to our business operations in terms of costs and revenue, it also presents opportunities for the industrial transformation. We have implemented the TCFD framework, set carbon reduction targets and implemented measures to reduce our operational carbon footprint. Furthermore, we utilize our financial resources, such as the management of carbon-intensive industries and green investments, to facilitate the transition to a low carbon economy. These efforts allow us to leverage our financial influence and contribute positively to both the environment and the economy.	implementations into the KPIs of the company. We follow up on their achievements each quarter and report to the Board of Directors on a regular basis.	Guidelines on Climate-related Financial Disclosures of Insurance Companies Environmental Policy Greenhouse Gas Reduction and Management Act SKFH Regulations for Greenhouse Gas Reduction and Carbon Pricing	We continuously pay attention to climate risks, plan mitigation and adaptation measures, and practice low-carbon business operations, hoping to address the impacts of climate change.	Implement climate risk management and conduct TCFD in accordance with the regulations     Reduce GHG emissions (Scopes 1 and 2) by 2% annually     Achieve net zero emissions at the headquarters and main offices by 2030	Disclose the implementation of our climate change management through our sustainable official website and annual reports     We, together with SKFH, have joined the Taiwan Alliance for Net Zero Emission to promote the initiative, "Net Zero 2030/2050". In addition to energy conservation and carbon reduction practices within the organization, we hold annual events such as "Earth Hour" and "Light Shirts in Summer."	2. Strengthening Climate Resilience



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## 1.5 Stakeholder Engagement GRI 2-29

SKL examined its organizational operations, industry value chain relationships, and industry characteristics, and identified the eight major types of stakeholders after internal discussions. Through diversified communication channels, we collect sustainability issues of concern to stakeholders in a timely manner and respond accordingly. Through the operations of the Corporate Sustainability Committee, SKL also integrated ESG issues that concern stakeholders into annual work items. The implementation of these issues is regularly reviewed and reported to the Board of Directors. Communication results in 2023 are as follows:

#### Issues and Results of Communication with Stakeholders

	Importance to SKL	Concerned Issues	Channel of Communication	Frequency of Communication	Communication Results in 2023
	Shareholders / investors  Robust financial performance and effective investment risk management are topics that shareholders and investors care about.	<ul> <li>Business performance</li> <li>Sustainable Finance</li> <li>Corporate Governance and Ethical Management</li> <li>Social participation</li> </ul>	General Shareholders' Meeting Extraordinary General Meetings Investor Conference Company website Market Observation Post System	Once/year As needed Once/quarter Permanent Permanent	<ul> <li>Held the annual shareholders' meeting, and set up a shareholders' equity area on the company website to disclose matters such as corporate governance and shareholders' equity.</li> <li>Held 8 institutional investors' conferences in both Chinese and English with SKFH.</li> <li>Set up an information disclosure area on the company website to regularly disclose information on the Company's finances, credit rating, corporate governance, and fulfillment of corporate social responsibility</li> <li>Posted financial statements, annual reports, and other information on the MOPS</li> </ul>
ôôô	Employees  Employees are an important asset for the sustainable development of the Company. How to correctly convey SKL's people-oriented approach through employees and actively respond to employees' opinions is the key to long-term business viability.	Business performance     Talent recruitment and retention     Talent cultivation and development     Occupational Health and Safety     Human rights and decent work	Feedback area on the Intranet E-newsletters (HR e-Newsletter & OHS Quarterly) Email and hotline for employee communication Labor-management meetings Employee engagement survey Occupational Safety and Health Committee On-site labor health services	Permanent As needed Permanent Once/quarter Once every two years Once/quarter 2 times / month	<ul> <li>Added 28 comments to the feedback area on the Intranet</li> <li>Issued 1 OHS Quarterly newsletters and 20 promotions related to pandemic prevention and OHS</li> <li>Convened 4 Occupational Safety Committee meetings</li> <li>Held 844 on-site health service sessions totaling 1688 hours</li> <li>Received 4 employee complaints and 4 labor disputes</li> <li>Held 4 labor-management meetings</li> </ul>
000		<ul> <li>Risk and crisis management</li> <li>Corporate Governance and Ethical Management</li> <li>Sustainable Finance</li> <li>Innovation and digital finance</li> <li>Social participation</li> </ul>	Customer service hotline (080) Company website SKL app EDM Policyholder quarterly Service Locations SKL Facebook fan page Satisfaction survey Insured care project Complaint/Reporting email	Permanent Permanent As needed 4 times/year Permanent Permanent Regular As needed Permanent	<ul> <li>NPS: 89.2%</li> <li>Answered nearly 470,000 customer service calls, with an 94.3% satisfaction rate</li> </ul>
\$ \\ \frac{\display}{\display} \\ \fractanon \frac{\display}{\display} \\ \frac{\display}{\display} \\	Key investees and borrowers  We pay close attention to investees and ensure the availability of sufficient and effective information on investees to maximize the interests of customers and shareholders.		Institutional investor's due diligence report Institutional investors' conference/shareholders' meeting Personal visit	Once/year Once/year As needed	<ul> <li>Published the institutional investor's due diligence report</li> <li>Attended a total of 164 shareholders' meetings (participation rate of 100%)</li> <li>Voted on 954 proposals</li> <li>Distributed 169 copies of the engagement and communication questionnaire</li> </ul>



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Importance to SKL	Concerned Issues	Channel of Communication	Frequency of Communication	Communication Results in 2023
Community and NPO/NGO Having long adhered to the business philosophy of giving back to society, SKL strives to invest resources in the communities to promote social welfare.	Sustainable Finance     Risk and crisis management     Corporate Governance and Ethical Management     Impact on the environment of company operations	Lecture Art and cultural activity Charitable Activities Emergency Assistance Foundation Website	As needed As needed As needed As needed Permanent Permanent	<ul> <li>Organize activities to help stakeholders understand the SDGs and sustainable development policies.1,556 events</li> <li>Continued to sponsor and participate in local arts and cultural events such as the Yanshui Bee Cannon and the Dajia Mazu Parade</li> <li>Worked with foundations and NPOs/NGOs to advocate environmental issues and promote the silver-haired elderly Programs</li> <li>The total investment in social participation was \$72.84 million, benefiting about 760,000</li> </ul>
Government and competent authority  As banking and insurance are highly regulated by competent authorities, SKL maintains sound and steady operations in strict compliance with the laws and regulations.	<ul> <li>Sustainable Finance</li> <li>Legal Compliance</li> <li>Risk and crisis management</li> <li>Information Security</li> <li>Innovation and digital finance</li> <li>Customer relations and services</li> <li>Financial inclusion</li> <li>Actions for climate change</li> </ul>	Official letter  Meeting organized by the competent authority  Court activity  Seminars	As needed As needed As needed As needed	<ul> <li>Top 20% in the Corporate Governance Review</li> <li>Attended policy discussions and seminars organized by competent authorities to provide industry opinions.</li> </ul>
Suppliers  We partner with suppliers to meet the stakeholders' needs in course of achieving sustainable development	<ul> <li>Supplier sustainability management</li> <li>Information Security</li> <li>Legal Compliance</li> <li>Occupational health and safety</li> </ul>	Suppliers' commitment statement Price negotiation meeting Contract negotiation Supplier Conference Complaint hotline	As needed As needed As needed As needed As needed	Signed 100% of supplier commitments for both the bargaining and contracted vendors  Completion of supplier ownership risk assessment, which includes labor relations, privacy protection, workplace safety and health, and other sustainability issues. The assessment includes issues such as labor relations, privacy protection, workplace safety and health, and other sustainability issues  (For details, please refer to 7.2 Sustainable Supply Chain)
Media / Evaluation institution  The media/evaluation institutions play a vital role in carrying messages for SKL. To ensure unimpeded communication with stakeholders, it is important to maintain good interaction with the media/evaluation institutions.	Legal Compliance     Corporate Governance and Ethical Management     Actions for climate change     Impact on the environment of company operations     Sustainable Finance     Financial inclusion     Information Security     Talent cultivation and development	Evaluation survey Seminar/Workshop Press release Press conference Interview	As needed As needed As needed As needed As needed	<ul> <li>Participated in the National Brand Monte Jade Award, Vision ESG Corporate Sustainability Award, and Insurance Prestige Love Award</li> <li>875 press releases (positive media exposure)</li> <li>Arranged and assisted in 51 media interviews</li> </ul>



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**CORE VALUES** 

 SKL shoulder environmental responsibility and recognize the impact of our operational activities on the environment and climate. We actively seek solutions to address climate change and other environmental challenges.

Financial carbon emissions totaled  $1,699 \text{ ktCO}_2 e$ , and the weighted average carbon intensity and economic emission intensity are both **declining annually**.

Category 1 and category 2 greenhouse gas emissions decreased by 9% compared to the previous year.

Investments in the renewable energy industry reached NT\$7.8 billion, with an estimated annual power generation capacity of 2.81143 billion kWh, which can prevent  $139,166 \text{ tCO}_2\text{ e}$  of carbon emissions each year.











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# 2. Strengthening Climate Resilience

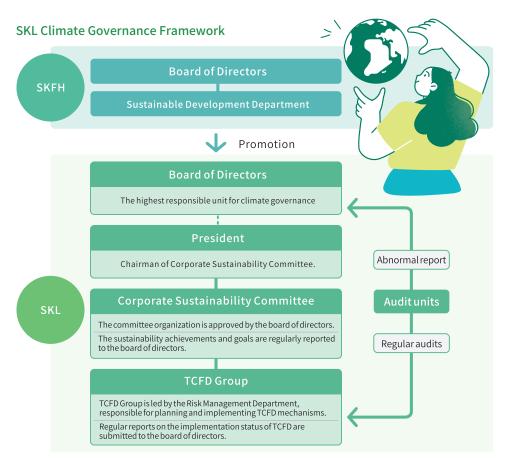
In the face of the challenges posed by climate change, SKL is proactively responding to climate-related risks and opportunities by developing a low-carbon transformation strategy, planning climate mitigation and adaptation measures, and exploring new climate opportunities through investment and financing, as well as product development.

According to the Global Risk Report 2024 (GRR 2024) published by the World Economic Forum (WEF) in January 2024, the top two of the top 10 global risks in the next decade are "extreme weather events" and "major changes in the Earth system", indicating that climate change has become a common risk for the planet. This shows that climate change has become a common risk for the planet, and the actions taken in the face of climate change risk are even more important.

In order to strengthen its climate resilience, SKL has followed SKFH's strategy and introduced the TCFD framework to establish a climate governance mechanism (covering governance, strategy, risk management, indicators, and goals), identify climate-related risks and opportunities, and utilize situational analysis to assess the potential financial impact of climate change on the Company, and then establish a management process, develop a climate strategy, and set relevant indicators and goals, in the hope of revealing the relevant information through the TCFD framework. It is hoped that the TCFD framework will reveal relevant information and identify opportunities for transformation. The following is a description of the four core elements of TCFD framework will reveal relevant information and identify opportunities for transformation. The following is a description of the four core elements of TCFD:

#### 2.1 Climate Governance GRI 2-23

The Board of Directors of SKFH has established a Corporate Sustainability Committee, which is responsible for overseeing the sustainable development and climate change initiatives of SKFH and its subsidiaries, including green finance planning and performance, greenhouse gas inventories, and carbon emission reduction targets, etc., and submits reports to the Board of Directors on a regular basis. The Company also pays close attention to the issue of global climate change, with the Board of Directors as the highest responsible unit for climate management, and takes climate change into consideration in its operational plans, risk management policies, and risk appetite. The Company's Corporate Sustainability Committee tracks the status and results of the implementation of corporate climate change risks and opportunities, and has a TCFD group under its management responsible for the planning and execution of these measures, and reports the results to the Board of Directors. In addition, climate change risk is also included in the Own Risk and Solvency Assessment (ORSA) report, which is regularly submitted to the Risk Management Committee and the Board of Directors for discussion and approval.



In order to effectively implement climate risk management, the Company has set up three lines of defense for internal control, and their relevant responsibilities are listed below:

Lines of Defense	Responsible Unit	Description		
1st line	Frontline business units	Responsible for and continuously manage the climate change risks generated by operational activities		
2nd line	Risk Management Department	Establish overall policies and management systems to assist relevant units implementing climate change risk management		
3rd line	Audit units	Responsible for auditing and evaluating the effectiveness of internal control and climate change risk management systems designed and implemented by the first and second lines of defense, and providing timely improvement recommendations		



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In 2023, two sustainability training sessions for directors and senior managers were held, and relevant knowledge such as climate change was also included in the compulsory courses for all employees.

#### **Training Topics and Content**

The Impact and Opportunity of Carbon Rights and Carbon Pricing on Net-Zero Transition.

- 1. TCFD project report
- 2. Carbon credits and carbon pricing: explanation of domestic and foreign carbon fees, carbon credits, and carbon border tax policies
- Introduction to Net Zero Transition & IFRS Sustainability Disclosure Series (2024)
- 1. Introduction to climate change risks
- 2. Net-zero transition industry trends and introduction to net-zero technology
- 3. Green finance solutions
- 4. Introduction to IFRS sustainability disclosure standards (S1 and S2)

## 2.2 Climate Strategy GRI 201-2

In order to formulate climate strategies and identify short-, medium-, and long-term climaterelated risks and opportunities, the Company follows the TCFD definition of the International Financial Stability Board (FSB), and uses internal expert methodology to consider transformational risks (emerging policy, existing policy, law, technology, market, reputation) and physical risks (immediate and long-term climate change). The main risk factors are listed, and the possible opportunities for mitigating and adapting to climate change are listed, and the risk factors for significant impacts of climate change are identified for risk issue assessment and management.

#### 2.2.1 Identification of Climate Risks and Opportunities

The Company referred to the "World Energy Outlook 2022" (WEO 2022) published by the International Energy Agency (IEA) and the "Climate Change 2021: The Physical Science Basis" report (IPCC AR6 WG1) released by the Intergovernmental Panel on Climate Change (IPCC) to establish a climate risk issue repository, which includes climate transition risks and physical risks. The Company inventoried climate-related opportunities in its operations (such as resource efficiency management and the development of climate-related financial products) and investments (such as low-carbon energy and investments in emerging technology industries). By conducting internal expert investigations and gathering opinions from departments related to sustainable development, risk management, resource management, investment, and customer relations, we analyzed the impact and implications of climate factors on various aspects of the Company's business. Based on the questionnaire results, 14 climate risk issues and 9 climate opportunity issues were identified, quantified, and ranked according to their "likelihood of occurrence" and "impact level." Detailed explanations and response strategies were developed for material issues:





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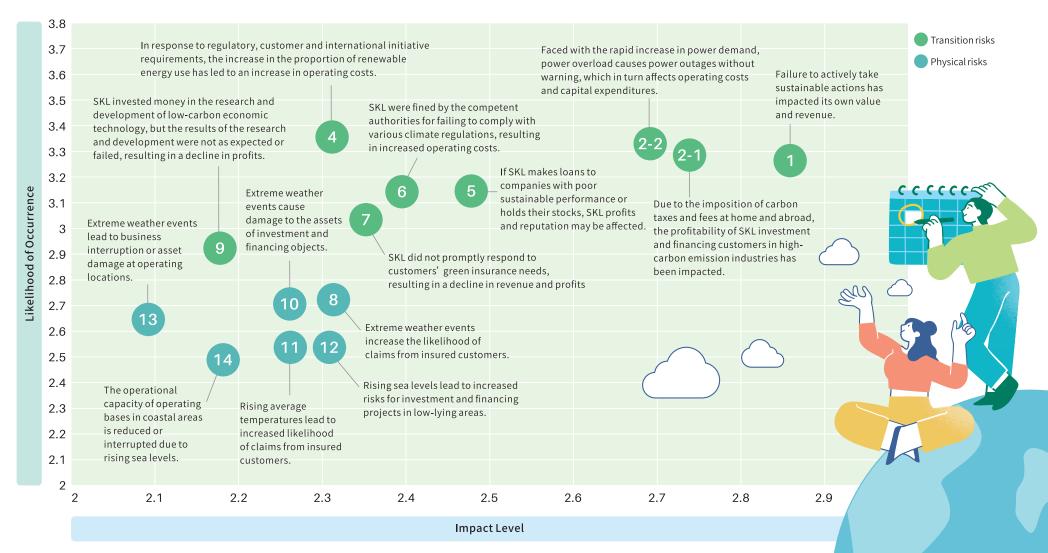
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#### A. Climate-Related Risks

#### Climate Risk Matrix



Note 1: Impact levels: On a scale of 1 to 5, from "minor" to "extremely high", the analysis results are between "minor (1)" and "extremely high (5)". Note 2: Likelihood: On a scale of 1 to 5, from "Very unlikely" to "Very likely", the analysis results are all between "Very unlikely (1)" and "Very likely (5)" Note 3: The ranking was based on the average sum of "likelihood of occurrence" and "impact level"



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- 2.3 Climate Risk Management
- 2.4 Climate Indicators and Goals

#### 3. Advancing Towards a Net Zero Future

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#### Material Climate Risk Issues

				Transition risks	
Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Response Measures
1	Reputation risks	Mid-term	If SKL fails to take active sustainability actions, fails to actively prevent climate-related risks, or fails to comply with foreign sustainability initiatives, Shin Kong may lose the favor of investors, customers and the public.	Reduced inflow of capital	<ul> <li>Actively participating in international sustainable initiatives, alliances, and sustainability assessments, in order to enhance stakeholders' trust in the company and stay informed about domestic and international sustainability and climate change information.</li> </ul>
2-1	Emerging policy	Mid-term	The U.S. Clean Competition Act (CCA), in 2024, Taiwan's Climate Change Response Act, in 2025, and the European Union's Carbon Border Adjustment Mechanism (CBAM), in 2026, will begin to charge carbon taxes for specific industries, which may	Decreased revenue	<ul> <li>Conduct NGFS scenario analysis to assess credit and market risks of investment and financing in response to policy and regulatory risks associated with the net-zero transition trend.</li> </ul>
2-1	risks		impact the profitability of SKL investment and financing customers in high-carbon emission industries and indirectly affect Shin Kong's investment and financing income.		<ul> <li>Actively engage with high carbon-emitting suppliers or investment targets to urge their low-carbon transformation; Adjust procurement targets or investment strategies accordingly for companies that show no improvement.</li> </ul>
		s Short-term	In order to avoid operating losses caused by power outages and achieve the carbon	Rising operating costs and increased capital expenditures	<ul> <li>Regularly check high-energy-consuming assets at each operating location for replacement to improve energy resource efficiency.</li> </ul>
					• Establish a business continuity management system (BCMS) and conduct business continuity drills and tests every year.
2-2	Technical risks				<ul> <li>Scheduled to replace the lighting fixtures at all our nationwide locations with LED lights by 2030 to enhance the energy efficiency of air conditioning equipment.</li> </ul>
			office locations by 2030", the company must build backup power, replace high- energy-consuming assets, and increase the use of renewable energy. As a result, the company's operating costs increased.		Develop environmental goals and strategies, such as establishing indicators for GHG emissions, green building, and green procurement.
4	Current policy	Mid-term	In accordance with the current regulations "Renewable Energy Development Act", users with a contract capacity of more than 5,000 kW in power contracts are required to install 10% of renewable energy capacity within five years. In order to comply with regulatory requirements, Shin Kong increased the proportion of renewable energy	Rising operating costs	Introduce the ISO 14064:2018 greenhouse gas inventory standard to gain an in-depth understanding of our own operations and upstream and downstream greenhouse gas emissions, and cooperate with our parent company, SKFH to set SBT carbon reduction targets.
			use, resulting in an increase in operating costs.		• Invest in renewable energy power plants, purchase green electricity and obtain renewable energy certificates.

Note: Time scope definition: 1 to 2 (inclusive) years is short-term, 3 to 5 (inclusive) years is mid-term, and more than 5 years is long-term.

				Physical risks	
Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Response Measures
1	Immediate risks	Long-term	Affected by extreme climate disasters, the frequency and severity of typhoons, heavy rains and floods have increased, and the probability of casualties among insurance customers has increased, resulting in an increase in the claim amount of related insurance products, which directly affects the company's profitability.	Decreased revenue and profits	In response to extreme weather events, a "typhoon / disaster protection" mechanism is in place to help policyholders cope with major accidents and climate change disasters.
2	Immediate risks	Mid-term	Affected by extreme climate disasters, the frequency and severity of typhoons, heavy rains and floods have increased, leading to operational interruptions or asset losses for investment and financing customers, indirectly causing Shin Kong to face investment and financing losses.	Decreased revenue and profits	<ul> <li>Evaluate the potential physical climate risks of the company's self-owned and financed real estate through the database to control possible investment losses.</li> <li>Convert some equipment to leasing models to transfer the financial loss risk caused by extreme weather events</li> </ul>
3	Long-term risks		Rising temperatures due to global warming have increased the possibility of heat injury or heatstroke, resulting in increased energy consumption for air conditioners in Shin Kong and the society, power outages that disrupt Shin Kong's operations; or it may increase mortality or illness rates, resulting in higher life insurance claim payouts.	Decreased revenue and profits	<ul> <li>Utilize average daily temperature data from the Central Weather Bureau, life insurance claims data, and AR5 climate scenario data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) for the period 2014 to 2023 to analyze the potential changes in future life insurance claims related to heat injuries.</li> </ul>
4	Long-term risks	Long-term	Global warming has led to rising sea levels, and the low-lying corporate locations and real estate collateral of investment and financing customers have led to asset losses, indirectly causing Shin Kong to face investment and financing losses.	Decreased revenue and profits	Conduct physical risk RCP 2.6 and RCP 8.5 scenario analysis, analyze various risk factors and formulate plans as risk responses.

Note: Definitions of time categories: Periods from one to two year(s) (inclusive) are classified as short term; periods ranging from three to five years (inclusive) are classified as medium term; and periods longer than five years are considered long term.



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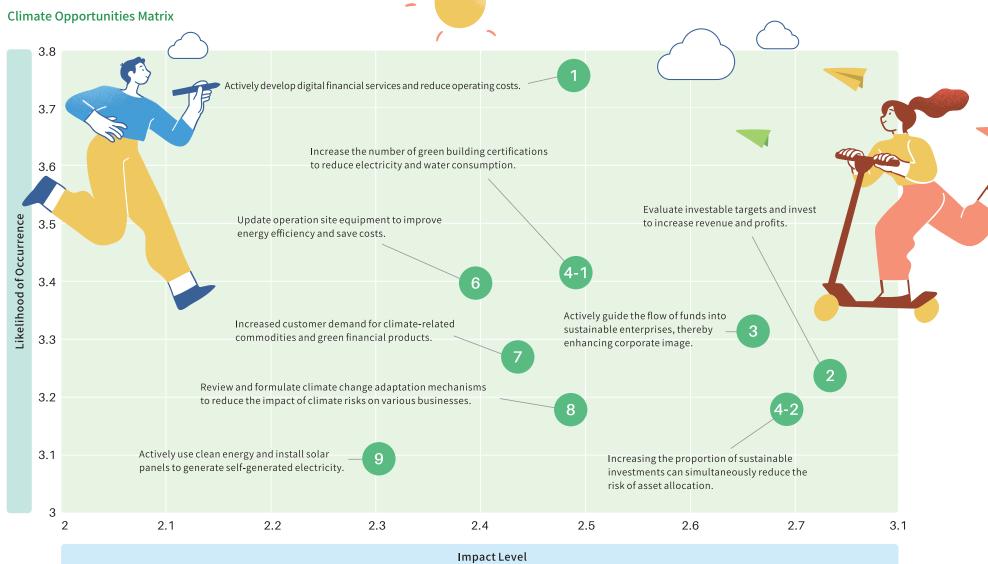
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# B. Climate-Related Opportunities



Note 1: Impact levels: On a scale of 1 to 5, from "minor" to "extremely high", the analysis results are between "minor (1)" and "very high (4)".
Note 2: Likelihood: On a scale of 1 to 5, from "Very unlikely" to "Very likely", the analysis results are all between "probable (3)" and "likely (4)".
Note 3: The analysis results are all between "probable (3)" and "likely (4)".
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#### **Material Climate Opportunities**

Opportunity Type	Opportunity	Event Time	Financial Impact	Response Measures	Results in 2023
Products and services	SKL actively develops digital financial services and continues to promote digital account opening, electronic trading, and account processing services to reduce the use of paper and energy and lower operating costs.	Short-term	Reduced operating costs	<ul> <li>Actively promote digital finance and reduce the consumption of energy and resources through mobilize, cloud-based, electronic, and digital services and tools.</li> </ul>	E-tools reduced a total of 19.16 million sheets of paper and approximately 1.3 million tons of carbon emissions.
Market opportunities	In response to the continuous growth of the sustainable investment market at home and abroad and to create more investment opportunities, Shin Kong evaluates investable targets and invests in them to increase operating profits.	Mid-term	Increased revenue and profits	<ul> <li>Continuously monitor the trends in green-related industries and invest in sustainable development industries such as environmentally friendly and green energy industries.</li> <li>Establish management guidelines for carbon-intensive industries and dynamically adjust trading strategies to effectively achieve the goal of sustainable finance decarbonization and enhance market resilience.</li> </ul>	<ul> <li>The amount of green investment reached NT\$33.9 billion, of which the amount of investment related to the renewable energy industry reached NT\$7.8 billion.</li> <li>Develop insurance policies to help consumers resist the impact of air pollution on their health. Premium income in 2023 was NT\$180 million.</li> </ul>
Market opportunities	SKL formulates sustainable investment and financing policies in response to the sustainability trend and actively guides the flow of funds to sustainable enterprises. Its sustainability performance has received positive coverage and recognition from the media and sustainability rating agencies, thereby enhancing the corporate image and winning the favor of investors and customers.	Short-term	Increased capital injection and increased revenue and profits	<ul> <li>Actively respond to the UN's Sustainable Development Goals in the investment activities, continue to search for sustainable investment targets, grasp ESG opportunities, and invest in sustainable development industries.</li> <li>Continue to actively participate in internal and external organizational initiatives to enhance the company's image.</li> </ul>	<ul> <li>The amount of ESG-themed investment exceeded NT\$548 billion, of which investment in sustainable development bonds reached NT\$45 billion, with an annual growth of 3%.</li> <li>Won the TCSA Climate Leadership Award in 2023.</li> </ul>
Resource efficiency	SKL increases the number of green building certifications among its operating locations by reducing electricity and water consumption to achieve energy conservation and carbon reduction, thereby increasing the value of fixed assets and environmental external benefits.	Mid-term	Increased asset value and reduced operating costs	<ul> <li>Replace all lighting fixtures with LED lights in all locations nationwide by 2030, gradually improving the energy efficiency of AC equipment.</li> <li>Promote a change in energy resource usage habits among employees through environmental sustainability training.</li> <li>Obtain green building certificates (silver and above) for all new projects to enhance the environmental sustainability performance of buildings.</li> <li>Continuously revitalize existing buildings and equipment by implementing various energy-saving measures to improve the energy efficiency of existing buildings.</li> </ul>	<ul> <li>Implement energy-saving measures (such as replacing chiller units and upgrading nighttime lighting), resulting in a savings of approximately 240,000 kWh of electricity.</li> <li>Obtained a total of 6 green building labels, 3 green building candidates, and 1 US LEED certificate.</li> </ul>
Resilience	The market continues to focus on sustainable development, and SKL increase in the proportion of sustainable investments can simultaneously reduce the risk of asset allocation.	Mid-term	Reduced operating costs	Establish management guidelines for carbon-intensive industries and dynamically adjust trading strategies to effectively achieve the goal of sustainable finance decarbonization and enhance market resilience.	Distributed engagement communication questionnaires to investee companies at high risk for climate issues. The response rate was approximately 50%.

Note: Climate opportunity types include resource efficiency, energy source, products and services, markets, and resilience.



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#### 2.2.2 Climate Scenario Analyses and Stress Tests

To further understand the impact of climate change risks on SKL, we use climate scenario analysis to measure risk exposure under various climate scenarios for physical and transition risks and actively implement relevant management actions and countermeasures to strengthen climate resilience. The scenarios used and described as follows:

Application	Risk Category	Climate Scenario	Description
Operating locations and Investment property	Physical Risk - Immediacy and Long-Term	RCP2.6 \ RCP8.5	Calculate the impact of climate risks on real estate investments (maximum climate risk values, reconstruction costs, and likelihood of operational disruptions)
Real estate collateral	Physical Risk – Long- Term	RCP2.6 \ RCP8.5	Calculate the impact of climate risks on real estate collateral
Life insurance products	Physical Risk – Long- Term	RCP2.6 \ RCP8.5	Calculate the impact of temperature rise on heat-related injury claims in life insurance products
Investment portfolios	Transition Risk - Policy and Regulation	NGFS-Net Zero 2050 \ Current Policies \ Delayed transition \ Nationally Determined Contributions(NDCs)	Calculating the changes in credit and market risks for investment and financing positions under stricter climate regulations.

Note 1: RCP2.6: In the low emissions scenario, emissions will be halved by 2050 and the temperature increase will not exceed  $2^{\circ}$  C; it is

possible to reach the 2° C or 1.5° C targets of the Paris Agreement

Note 2: RCP8.5: The high emissions scenario means business as usual (BAU), where emissions continue to rise. By 2100, the global warming range will be close to 4° C.



#### A. Physical Risks

CMIP5 and CMIP6 models

Regional Climate Models

physical risks and disasters.

#### Real Estate Risk Scenario Analysis Process:

To review the potential future impact of climate change on operating locations and Investment property, we have established assessable climate models and analyzed the operating locations, investment real estate, and real estate collateral of SKL in Taiwan as of the end of 2022 to determine the Max Value at Risk (MVaR) and Failure Probability (FP) for various types of climate change risks and disasters, including surface water flooding, soil subsidence, coastal inundation, forest fire, and extreme wind, during each decade from 2020 to 2100 under the RCP 2.6 and RCP 8.5 climate scenarios. Required parameters and data outputs as follows:



The selection of IPCC's

Real Estate address

Economic useful life of the building

Latitude and longitude

Using regional climate Year of construction models for analyzing specific Building type

following natural disasters.

Coastal Inundation

Surface Water Flooding
Riverine Flooding

Soil Subsidence

Forest Fire

Extreme Heat
Extreme Wind



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## (1) Operating Locations and Real Estate for Investment: Analysis and results

In 2023, the Company owned a total of 200 real estate assets across Taiwan. Due to Taiwan's susceptibility to natural disasters such as typhoons, heavy rainfall, and floods, the repair costs and operational disruptions of these properties have increased. To address this, we conducted scenario analyses using RCP2.6 and RCP8.5 to determine the MVaR for various climate risk factors. We also referred to construction cost reference tables and the annual growth rate of construction engineering price index to estimate the reconstruction costs of our real estate assets. Furthermore, we analyzed high climate risk areas for all operational locations in Taiwan to establish risk response measures for ongoing operational plans.

Based on the analysis results, within the period from 2030 to 2050 under RCP2.6 and RCP8.5 scenarios, the estimated financial impact ranges from NT\$260 million to NT\$340 million. In the most severe scenario, RCP8.5, the MVaR for the end of the century is 0.55%, with a financial impact of approximately NT\$400 million; Among various climate risk factors, regardless of the RCP2.6 or RCP8.5 scenarios, land subsidence caused by drought has the most significant impact on asset value, followed by river flooding and coastal inundation. Additionally, the analysis of our business locations shows that in both scenarios, by the end of the century, there will be six to seven operational sites classified as high climate change risk areas with a MVaR% exceeding 1%. These sites are located in Hualien, Taitung, Kaohsiung, Taichung and Yilan, with the primary climate factors being river flooding and surface water inundation.

#### Maximum climate risk values (MVaR) under RCP2.6 and RCP8.5 scenarios:





Note 2: Max Climate Value at Risk%: Take the maximum value of the climate VaR% that the asset is exposed to in each year during the period from the initial time of analysis to the time of calculation



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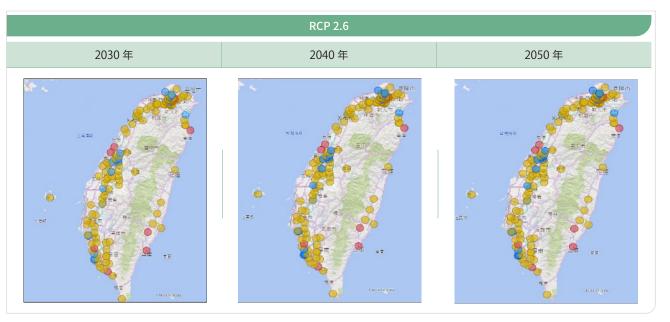
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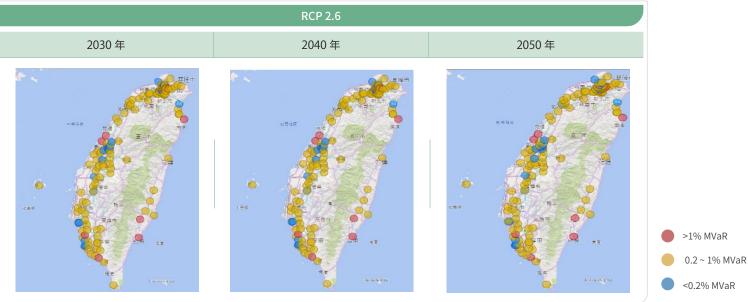
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## The operating locations and their corresponding risk values under RCP2.6 and RCP8.5 scenarios is as follows:





#### Risk response

Based on the observations above, the risk assessment results indicate that the impact is relatively minor for the overall company and remains within an acceptable range. As a result, we will use the Land Subsidence Monitoring System of the Water Resources Agency (WRA) under the Ministry of Economic Affairs to monitor the development of land subsidence in the areas where real estate(investment, secured loan/mortgage) and will take appropriate countermeasures as soon as possible. In addition, we will increase flood control measures during real estate construction and respond to hazards with adaptation plans such as regular drills, backup, and recovery to cope with coastal flooding caused by sea-level rise and surface flooding caused by acute rainfall.



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#### Failure Probability (FP)

#### Analysis and results

The Failure Probability (FP) means the probability that caused building operations to halt by the climate hazards in that year. Productivity loss is the core concept of the assessment, and the climate-related risks that are taken into account are heat-related work hour loss and heat-related excess mortality rate. According to the analysis results, extreme heat is the most important factor in causing operation failure under both the RCP 2.6 and RCP 8.5 scenarios. Particularly, under the RCP 8.5 scenario, extreme heat contributes to 97.10% of operation failure, which makes SKL attach more importance to promoting low-carbon transition.

#### Risk response

The Company has established a Business Continuity Management System (BCMS) to reduce the likelihood of operational disruption or damage, and strengthen our ability to respond to major events and recover quickly to protect the interests of our customers and all stakeholders. Furthermore, we estimate that under the RCP 2.6 and RCP 8.5 scenarios, there may be a rise in temperature ranging from 1.3° C to 5.7° C in the 21st century, which will increase the possibility of heat illnesses (such as heat strokes) for employees. As a result, we will pay much greater attention to the occupational safety and health of our employees, as well as provide additional protective measures to prevent related injuries by extreme weather.

#### Failure probability (FP) under RCP2.6 and RCP8.5 scenarios





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#### (2) Real Estate Collateral

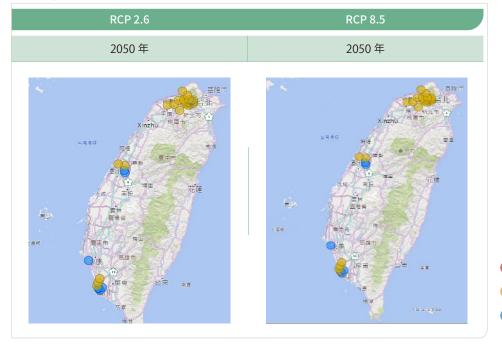
#### Analysis and results

To assess the physical risks faced by the real estate collateral for loans, the Company conducted a physical risk analysis using climate scenarios RCP 2.6 and RCP 8.5. It was found that under the most severe scenario, RCP8.5, of the loans currently undertaken, during 2100, the climate change value at risk (VaR) faced by real estate collateral was only 3 cases in Tainan City and New Taipei City, which was higher than 1%. Additionally, the loan terms were short-term. Therefore, the Company determines that the climate change risk for real estate collateral does not pose a high risk in the short run.

#### Risk response

In the future, when undertaking new loans that require an evaluation of real estate collateral, the Company will enhance the assessment of the physical risks associated with the collateral to mitigate the potential climate change risk faced by the loans.

# Real Estate Collateral Location Distribution and Corresponding VaR under RCP2.6 / 8.5



#### (3) Personal Insurance Thermal Injury Claims Expense Analysis

#### Analysis and results

In order to assess the relationship between warming and the occurrence of thermal injury events in Taiwan on claims expenses, the Company analyzed the future changes in life insurance thermal injury claims expenses using the 2014~2023 Bureau of Meteorology average daily temperature, life insurance claims, and the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform ("TCCIP")" AR5 climate scenarios; the preliminary results indicated that warming is "not significantly related" to the Company's personal insurance thermal injury claims expenses, and there is no significant financial impact on the insurance claims. Preliminary results indicate that warming is "not significantly related" to the Company's life insurance heat injury claims expenses and that the financial impact on insurance claims is not material. In addition, the data on heat injury claims over the past decade are not representative of the trend of heat injuries for the entire population of Taiwan, and the average daily temperature is not the only variable associated with heat injuries. Due to data limitations, further analyses must be conducted in the future as data become more available.

#### Risk response

Given the relationship between life insurance products and climate change, more data and technologies are needed for further assessment. It is expected that more data and advanced analytical methodologies will be available in the future through interdisciplinary collaboration among industry, government, and academia. The aim is to continuously enhance the analysis of the impact of climate scenarios on the well-being of the Taiwanese population, understand the climate change risks faced by life insurance products, and assist individuals in coping with increasingly extreme climate trends.

Note: The target periods for heat-related injury insurance products are as follows: 2026-2035, 2056-2065, and 2091-2100. The analysis results are presented based on the end year of each respective period.

#### (4) Physical Risks Summary

Based on the comprehensive assessment, the impact of physical risks on the Company's operations is considered limited, and the management approach is categorized as "acceptable." The Company will continue to monitor the climate risk values (Max Value at Risk%) of real estate assets and collateral, and implement corresponding climate action plans based on their fluctuations.

>1% MVaR

0.2 ~ 1% MVaR

<0.2% MVaR



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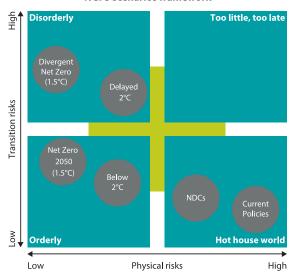
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#### **B.** Transition Risk

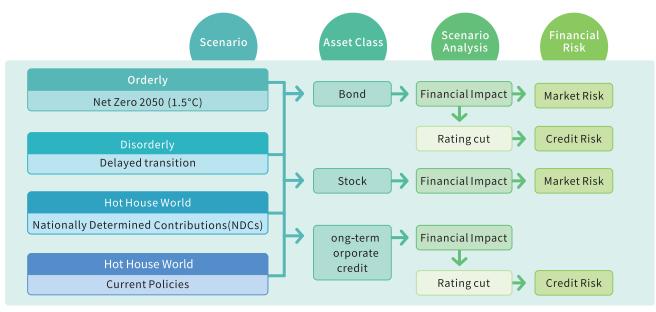
Transition risk scenario analysis is conducted to assess and measure the risks that may arise during the process of transition towards a low-carbon economy. It focuses on evaluate the risks associated with the adjustments made in the journey towards a low-carbon economy. We use the international data from the Network for Greening the Financial System (NGFS) of central banks and financial supervisors to establish relevant stress test models to measure changes in the ratings of investment targets (Including evaluations of future energy consumption growth rate, energy unit cost, carbon emission growth rate, and carbon fee unit cost). Four scenarios, "Current policies" \ " Delayed transition" \ " Nationally Determined Contributions(NDCs)"and "Net Zero 2050," provided by the NGFS Scenario Explorer, were selected as the basis for the analysis of transition risks. A simulation was conducted to construct the distribution of energy consumption and CO<sub>2</sub> emissions for benchmarking industries with high climate change risks. The financial impacts on the target's financial indicators resulting from the influence of the transition risk scenarios were estimated. The following are explanations and results of the related scenario analysis assumptions:

#### **NGFS** scenarios framework



Data resource: NGFS Scenarios for central banks and supervisors, September 2022

#### Transmission Pathway Diagram for Transitional Risk Assessment



#### (1) Transition risk scenario assumptions

Scenario	category	Climate Scenario				
Curren	t Policies	<ul> <li>Assessment of transition risk indicators based on the existing policy intensity of governments worldwide.</li> <li>Compare the Current Policies scenario (limited action, existing policies) NDCs Delayed transition with the Net Zero 2050 scenario (ambitious action) for conducting a transition risk scenario analysis.</li> </ul>				
Nationally Determine	d Contributions (NDCs)	Countries are required by the conference of the Parties (COP), the annual United Nations climate summit, to set their own targets and track them every year.				
Delayed	transition	The world has not taken a on to control global warm	*	es before 2030, as a result, tougl	n policies will be needed later	
Net Ze	ero 2050	• Implement proactive measures for an orderly transition towards achieving net-zero emissions globally by 2050.				
		Scenario As	ssumptions			
Coope of Affected Assets	Industry Coverage	Caramanhia Amara	Forecast Period and Intervals	Input Pa	rameters	
Scope of Affected Assets	Industry Coverage	Geographic Areas		Scenario Parameters	Financial Parameters	
The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate change risk.  Metal and mining, oil and gas, electricity generation, steel, chemical, and aviation, and other industries with high climate change risk.		The Americas, Asia, Europe, and Oceania	2022-2050 (annually)	<ul> <li>Energy consumption</li> <li>Energy prices</li> <li>CO<sub>2</sub> emissions</li> <li>Carbon prices</li> </ul>	<ul><li>Balance sheet</li><li>Income statement</li><li>Cash flow statement</li></ul>	



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### (2)Transition risk scenario analysis results

	Climata Casmania	Rating change	es or financial impacts under clin	Description			
Asset category	Climate Scenario	Short-term(2030)	Mid-term(2040)	Long-term(2050)	Description		
	Current Policies	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 0 to 1 notch				
Bond investments	Nationally Determined Contributions(NDCs)	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 0 to 1 notch	Based on the above scenario analysis, the main industries affected are the power generation industry, semiconductor industry, and oil and gas industry. The overall outcome is			
investments –	Delayed transition	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 2 notch	Average credit rating downgrade of 2 to 3 notches	within our company's acceptable range.		
	Net Zero 2050	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 1 to 2 notch	Average credit rating downgrade of 1 to 2 notches			
	Current Policies	<ul><li>Financial impact indicator: EBITDA</li><li>Compared to 2023, the maximum</li></ul>	Margin average EBITDA Margin decrease for inv				
Stock	Nationally Determined Contributions(NDCs)	Financial impact indicator: EBITDA     Compared to 2023, the maximum	Margin average EBITDA Margin decrease for inv	Based on comprehensive analysis, the impact of four scenarios			
investments	Delayed transition	Financial impact indicator: EBITDA     Compared to 2023, the maximum	Margin average EBITDA Margin decrease for inv	on stock investments is limited and falls within an acceptable range for the company.			
	Net Zero 2050	Financial impact indicator: EBITDA     Compared to 2023, the maximum	Margin average EBITDA Margin decrease for inv				
	Current Policies	<ul> <li>No rating changes</li> <li>Compared to 2023, the average maximum decline of 0.89%.</li> </ul>	net profit of the financing targets duri				
Long-term corporate financing	Nationally Determined Contributions(NDCs)	<ul> <li>No rating changes</li> <li>Compared to 2023, the average maximum decline of 22.63%.</li> </ul>	net profit of the financing targets duri	In this analysis, although no rating changes or increased default rates were observed for the benchmark corporate financing targets due to the impact of the transition risk scenario, it falls within an acceptable range for the company.			
	Delayed transition	<ul> <li>No rating changes</li> <li>Compared to 2023, the average maximum decline of 47.21%.</li> </ul>	net profit of the financing targets duri				
		<ul> <li>No rating changes</li> <li>Compared to 2023, the average net profit of the financing targets during the observation period showed a maximum decline of 14.69%.</li> </ul>					



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### (3) Tranition risk summary:

After a comprehensive assessment, the transition risk is determined to have a limited impact on the Company's operations in terms of credit rating changes and financial implications. Therefore, the management approach adopted is "acceptable". However, to actively respond to transition risks and continuously monitor the impact of these risks on the Company's investments,

we have incorporated climate risk factors into our investment and financing-related policies. We have established a requirement for careful assessment of climate change risks associated with transaction counterparts before making investment and financing decisions. Ongoing monitoring and management are also implemented following the completion of transactions.

### C. Climate Risk Stress Tests

The following calculations were made by the company, using the current risk areas, to determine the expected loss from operational risk, expected loss from credit risk, and impairment of asset value due to market risk:

Climate risk	Existing risk	Asset category	Method	Climate scenarios	The financial impact of stress testing on the Company	Explanation
Physical risks  Operational		Operating locations and	Estimate the number of operational risk events and the impact of losses that may be	RCP 2.6	Short-term: 2.40 million Mid-term: 3.89 million Long-term: 6.12 million	The simulated expected losses for operational risks are not significant. Therefore, the impact on operational risk
PHYSICALTISKS	risk real estate investments		caused by extreme weather events.	RCP 8.5	Short-term: 2.37 million Mid-term: 4.09 million Long-term: 6.51 million	management can be considered relatively limited, and this climate risk is within an acceptable range.
		Bond investments	Estimate through the changes in credit ratings, Probability of Default (PD), and Loss Given	Current Policies	Credit losses on bond investments are expected to increase by 0.64%	In regard to corporate finance, the analysis is limited to using benchmark data to simulate investment targets' financial
<b>-</b>	C III I			Nationally Determined Contributions(NDCs)	Credit losses on bond investments are expected to increase by 0.63%	condition under four climatic scenarios while taking into account collateralized loans' maturity on the reference date. was found that the transition risk scenario had not increased
Transition risk Credit risk	dit risk and long- term corporate financing	positions affected by physical	Delayed transition	Credit losses on bond investments are expected to increase by 0.64%	default rates for the corporate finance portfolio.  In the stress test results for corporate financing and bonds, the	
		-	risk.	Net Zero 2050	Credit losses on bond investments are expected to increase by 1.88%	loss ratios derived from climate change risks are not significa indicating a limited impact on credit risk, which falls within a acceptable range for the company.



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Climate risk	Existing risk	Asset category	Method	Climate scenarios	The financial impact of stress testing on the Company	Explanation
			Estimate the operational impact on equity and debt issuers due to specific climate stress scenarios related to transition risk.	Current Policies	The loss accounted for 0.16% of the bond position at the end of 2023	
		Bond		Nationally Determined Contributions(NDCs)	The loss accounted for 0.13% of the bond position at the end of 2023	
		investments		Delayed transition	The loss accounted for 0.16% of the bond position at the end of 2023	
Tuonoision viole	Mauliat viali			Net Zero 2050	The loss accounted for 0.22% of the bond position at the end of 2023	• The stress test results indicate that the derived loss ratios in stocks and bonds are not high, suggesting a relatively limited
Transition risk	Market risk			Current Policies	The loss accounted for 0.23% of the stock position at the end of 2023	impact on market risk. This climate change risk falls within an acceptable range.
		Stock investments		Nationally Determined Contributions(NDCs)	The loss accounted for 0.22% of the stock position at the end of 2023	
				Delayed transition	The loss accounted for 0.22% of the stock position at the end of 2023	
				Net Zero 2050	The loss accounted for 0.48% of the stock position at the end of 2023	

Definitions of time categories: 2030 (short-term), 2040 (mid-term), 2050 (long-term)

In conclusion, the Company considers the risk associated with climate change to be manageable and reasonably limited. However, the Company has introduced climate-related policies and regulations (such as changing the standards for new part selection, preserving the combination of current parts, etc.), including climate-related risks in risk appetite statements, and frequently conducts climate stress tests across the main financial risks in order to effectively manage and mitigate the effects of climate risk. To keep a strong framework for climate governance in place, the findings are communicated to the Board of Directors and pertinent committees.

## 2.2.3 Implementation of the scenario analysis and stress test, and the control and assessment plan

Based on the scenario analysis results of physical risks and transition risks, scenario analysis and stress test are continuously performed every year. The goal is to assess the financial impact on the company's real estate and investment positions under different climate scenarios, and the assessment results will also be linked to the climate risk issue database (used to identify the Company's climate risks and opportunity projects) and the risk responses will be developed. In terms of physical risks, corresponding countermeasures will be taken against the assessed physical risk factors that have a greater impact (for example: using the Land Subsidence Monitoring System of the Water Resources

Agency (WRA) under the Ministry of Economic Affairs to monitor the development of land subsidence in the areas where the real estate is located); in terms of transition risks, the assessment results show that industries with high climate risks are subject to greater transition risks. Therefore, for investment and financing targets in carbon-intensive industries, we conduct climate change risk assessments before investment, continue to review their ESG and climate performance after transactions, and actively engage with relevant companies to assist them in their zero-carbon transition.



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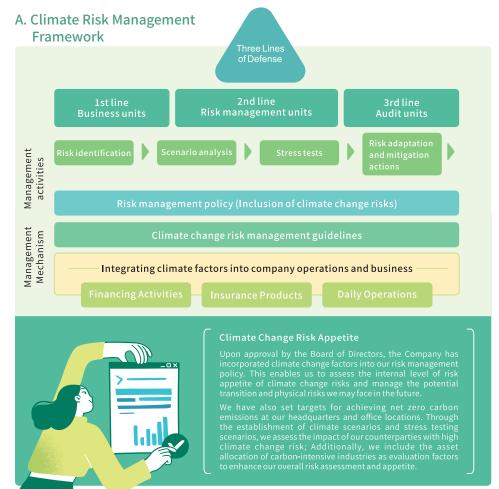
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## 2.3 Climate Risk Management

Climate change has become one of the most urgent risks globally. Taking voluntary and proactive measures to identify and manage climate change risks and opportunities is essential for harmonizing financial and economic activities, social well-being, and the Earth's ecology. To mitigate the impact of climate change on business operations, the Company has established a climate change risk management mechanism, which follows the guidance of the TCFD framework and aligns with the SKFH Sustainable Finance Policy. We have incorporated "climate change risk" into the Company's risk management policy and continuously seek improvement by integrating it with our existing corporate risk management framework. We employ three lines of defense for internal control to manage climate change risks effectively.



### B. Climate risk management response mechanism

The Company manages climate change risk in investment and financing activities through two aspects. Firstly, we follow the sustainable finance policies established by SKFH. Secondly, we have formulated our own management mechanisms:

### (1) Shin Kong Group climate change risk management measures

SKFH Sustainable Finance Policy	Finance-related carbon emissions management guidelines	Guidelines for managing large exposures in individual countries, regions, and industries
<ul> <li>Incorporate ESG factors into investment, financing, and life insurance operations.</li> <li>Establish guidelines for carbon-intensive industries, commit to a schedule for phasing out coal and unconventional oil and gas-related ndustries and set interim targets.</li> </ul>	Regularly review counterparties involved in coal, unconventional oil, and gas transactions, with priority given to those with business revenue exceeding 50% of the total revenue.	Set exposure limits for carbon-intensive industries in investment and financing positions and conduct regular monitoring.

### (2) SKL climate related risk management mechanism

Climate Change Risk Management Guidelines	Investing and Financing Activities	Insurance services	Operating Activities
<ul> <li>Establish a climate change risk management model based on the framework of the "Three Defense Lines for the Internal Control System of an Insurance Enterprise".</li> <li>Establish investment and financing procedures that consider climate change risks.</li> <li>Depending business characteristics, choose to establish engagement mechanisms with counterparties or clients to encourage them to take measures to mitigate their climate change risks.</li> </ul>	<ul> <li>Incorporate climate factors into investment, financing, and real estate related regulations.</li> <li>Identify industries with potential controversial issues.</li> <li>Conduct climate risk assessments for carbonintensive industries before making investments. If the transaction involves a carbonintensive industry, conduct a climate risk assessment.</li> </ul>	Follow the Principles of Sustainable Insurance (PSI), actively develop sustainable insurance products by incorporating ESG issues into insurance products, underwriting, sales, claims and services, and assist policyholders in exploring solutions to environmental changes and other challenges.	Set up a "Business Crisis Response Team" to establish crisis response measures and the emergency reporting regulations. Implement a Business Continuity Management System (BCMS) to reduce the likelihood or extent of operational disruptions. Promulgate environmental policies to integrate the concept of low carbon into various business operations to minimize our impact on the environment.



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### C. Carbon Asset Risk Exposure

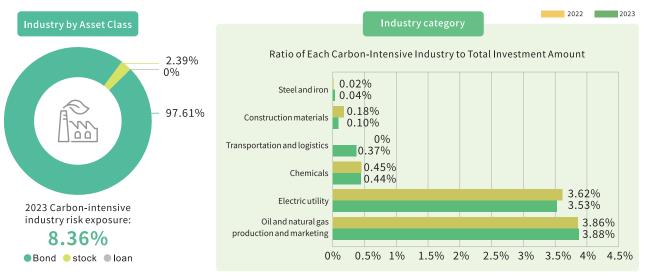
Net zero emissions have become a global trend, and countries worldwide are progressively implementing carbon pricing mechanisms such as carbon taxes and carbon trading. The European Union is also planning to launch the Carbon Border Adjustment Mechanism (CBAM) in 2023. These new policies and trade rules will reshape the market, and governments around the world will introduce relevant policies to drive industrial and energy transformations. It is foreseeable that carbon-intensive industries heavily reliant on fossil fuels and electricity consumption will be most affected, and this will also have significant impacts on the capital market.

In addition, SKL has also established high-carbon emission sub-industry quotas (10%), early warnings (9%) and over-limit standard control mechanisms for carbon-intensive industries. Through monthly control and monitoring, every quarter report to the Risk Management Committee; when the sub-industry investment quota reaches the warning value of the limit, the Risk Management Department will issue a warning notice; As of 2023, carbon-intensive industries accounted for 8.36% of the SKL's portfolio, of which bonds are the main form (about 98%), and mainly comes from "Oil & Gas - Exploration & Production" industry. However, under the trend of carbon reduction in the investment and financing portfolio, we will continue to pay attention to the transformation of the industry and monitor the risk exposure.

Lists of carbon-intensive industries					
Transportation and Logistics Oil & Gas - Exploration & Production					
Building Materials	Iron & Steel Producers				
Chemicals	Electric Utilities & Power Generators				

Note: Oil and natural gas includes exploration and production, refining and marketing and services

### Disclosure of risk exposure by asset class and industry category:



Note: The proportion of high-carbon emitting industries in 2022 is calculated based on the standards of 2023. The absolute amount of investment in high-carbon emission industries decreased in 2023 compared with 2022.

## D. Commitment to phase out coal and unconventional oil and gas-related industries

SKL carefully evaluates the use of funds in coal-related high-carbon emitting industries, and follows SKFH' commitment to set a phase-out schedule for coal and unconventional oil and gas-related industries. The scope includes: listed / OTC-traded equity and debt, project financing, credit lines and loans, fixed income product underwriting service, and all active, passive and third-party managed investment positions. Our by-stage commitments are:

- Direct investment and financing support for coal and unconventional oil and gas-related projects (including new mining projects and continued expansion of existing projects), as well as projects for companies that continue to expand coal and unconventional oil and gas-related businesses, will be suspended from now on.
- 2. By 2030, we will completely end investment and financing support for global coal-related industries.
- 3. By 2040, we will completely end investment and financing

We are committed to complete phase-out of coal by  $2030^{\text{Note 1}}$  and complete phase-out of unconventional oil and gas by  $2040^{\text{Note 2}}$ 

support for unconventional oil and gas-related industries.

The above-mentioned related industries may be excluded if they have specific carbon reduction actions or specific transition plans including adopting science-based carbon reduction targets (SBT), using carbon capture technology to remove carbon emissions, or other carbon reduction actions recognized by third-party organizations. etc., or those that are state-owned enterprises / where local government holds more than 50% of the shares, and the local government has announced a net-zero pathway and net-zero targets consistent with the goals of the Paris Agreement, in such instances, case evaluation can be conducted, and the head of each unit is authorized to maintain business relationships with his / her consent.

- Note 1: Coal-related businesses refer to industries related to and where coal mining and equipment, coal trading, coal-fired power generation, and coal transportation account for more than 5% of their revenue or power generation.
- Note 2: Unconventional oil and gas-related businesses refer to industries related to and where oil sands, shale oil and gas, Arctic oil and gas, deep-sea drilling, and liquefied natural gas production derived from the above-mentioned non-traditional methods account for more than 5% of their revenue.



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## 2.4 Climate Indicators and Goals

The climate issue has attracted great international attention. In response to the global net-zero trend, the National Development Council of Taiwan has announced the "Taiwan's 2050 Net-Zero Emissions Pathway". In order to uphold the spirit of sustainable finance and respond to Taiwan's net-zero strategy, SKFH, our parent company, officially signed the Science Based Targets

initiative (SBTi) in 2022 to join the international decarbonization efforts. Following the SBTi guidance for financial institutions, we have developed decarbonization strategies and set Science-Based Targets (SBTs) specifically for Scope 3 investment and financing activities, and obtained SBTi approval in 2024. SKL has set its own operational carbon reduction goals and taken inventory of the

carbon emissions of our investment portfolios. Furthermore, it has established climate-related indicators and identified climate opportunities, aiming to leverage our core competencies in the financial industry to promote the low-carbon transition.

Strategic Direction	Indicator	Base year	Short-term	Medium/Long-Term Goals	Execution Status in 2023
Carbon reduction practices in own operations	GHG emissions (Scopes 1+2 carbon emissions)	2022	Reduce our own operational greenhouse gas emissions by 2%	<ul> <li>Achieve net zero emissions at the headquarters and main offices by 2030</li> <li>Reduce the total greenhouse gas scope 1 and 2 emissions by 42% in 2030</li> </ul>	GHG emissions Scope 1: $1,463.21 \text{ tCO}_2\text{e}$ Scope 2: $12,484.70 \text{ tCO}_2\text{e}$ Cumulative decrease of $9\%$
	Engagement	2022	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets reaches 30%	<ul> <li>In 2027, the proportion of listed / OTC-traded stocks and bonds (including stocks, bonds, ETFs, REITS) passing the SBT targets will reach 50.3%</li> </ul>	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets reached 39.9%
Decarbonization of investment portfolios	Plan to phase out coal and unconventional oil and gas-related industries	-	Suspend direct investment and financing support for coal and unconventional oil and gas-related projects (including new mining projects and continued expansion of existing projects), as well as projects for companies that continue to expand coal and unconventional oil and gas-related businesses	<ul> <li>By 2030, we will completely end investment and financing support for global coal-related industries</li> <li>By 2040, we will completely end investment and financing support for unconventional oil and gas-related industries</li> </ul>	High-carbon emitting industries accounted for 8.36%
ESG-Themed Investment	Sustainable investment	2022	Continue to strengthen the sustainable investment process to achieve sustainable and robust investment performance. Achieve a 3% CAGR in the amount of securities investments under the principles of sustainable investing in 5 years	Continue to identify potential thematic and impactful investments to pursue long-term and stable returns	Sustainable investment securities have a CAGR of 3.8% compared to the base year
	Low-carbon and green energy investments	2020	Continue to invest in the low-carbon green energy industry, with a 400% growth rate in investments in green energy-related businesses	Continue to invest in the low-carbon green energy industry, strengthen the engagement mechanism of investees, and exert sustainable financial influence	Investments in green energy projects experienced a growth of 354%



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### 2.4.1 SKL Climate Indicators and Goals

In 2023, presidents of the parent company SKFH and subsidiaries set the key performance indicators for "setting SBTi carbon reduction targets and submitting them for review".

In addition, the company and SKFH have established a "Proposal Reward Guidelines" and a "Sustainable Action Proposal Reward Guidelines" to encourage employees at all levels to actively come up with innovative ESG proposals. Proposals that have environmental, social, and corporate governance benefits will receive a proposal reward after being formally reviewed and approved.

### 2.4.2 Carbon Emissions Inventory for Financial Operations

Since 2021, the company has been calculating the carbon emissions of our investment and financing portfolios using the methodologies provided by the Financial Stability Board (FSB), Science Based Targets initiative (SBTi), and Partnership for Carbon Accounting Financials (PCAF), and in accordance with the disclosure requirements and recommendations of the Financial Industry Scope 3 Financed Emissions Calculation Guidelines, we disclose the inventory coverage rate, financed emissions (ktCO<sub>2</sub>e), weighted average carbon intensity (per NT\$ million investment and financing company revenue, tCO<sub>2</sub>e /TWD\$M revenue) and economic emission intensity (per NT\$ million investment and financing, tCO<sub>2</sub>e /TWD\$M), and use AA1000AS v3 Type 2 Moderate as the verification standard to perform assurance operations.

The scope of the Company's disclosure in 2023 was based on the items required to be set for the targets announced by the SBTi (listed / OTC-traded equity and corporate bonds, commercial loans for non-SME enterprises). In terms of coverage, the investment and financing business that complies with the PCAF methodology accounted for 93% of the total investment and financing business, and the investment and financing business that conforms to the PCAF methodology accounted for 55% of the total investment and financing business. REITS and sovereign bonds are currently unable to be disclosed due to immature methodology and insufficient availability of some information. The Company will continue to improve in order to increase the inventory coverage year by year.

In 2023, the financed emissions amounted to  $1,699 \text{ ktCO}_2\text{e}$ . Due to the characteristics of insurance company fund allocation, the highest proportion of financed emissions came from corporate bonds, accounting for approximately 87% of the total. In addition, both the weighted average carbon intensity and economic emission intensity show a downward trend year by year.

If distinguished by industry category, the top three industries with the highest absolute carbon emissions in 2023 are "oil and natural gas production and marketing", "electric utilities" and "chemicals"; observing intensity units, the top three industries with the weighted average carbon intensity are They are "Building Materials Industry", "Steel Industry" and "Electric Utilities". SKL has formulated management regulations for high-carbon emission industries and dynamically adjusted trading strategies to effectively achieve the goal of sustainable financial decarbonization.

### Carbon emissions of investment portfolios - asset category

	Financed Emissions (ktCO₂e)		Weighted average carbon intensity (tCO₂e /TWD\$M revenue)		Carbon footprint (tCO₂e /TWD\$M)				
Asset class /Year	2021	2022	2023	2021	2022	2023	2021	2022	2023
Listed equity	327.06	262.79	227.77	0.780	0.534	2.97	1.384	1.270	1.168
Corporate bonds	1,717.90	1,651.98	1,471.29	2.558	2.114	2.04	1.424	1.199	1.031
Long-term loans	2.11	0.23	0.003	0.006	0.0003	0.02	0.531	0.130	0.002
Total	2,047.07	1,915.0	1,699.06	3.345	2.649	2.15	1.415	1.207	1.047

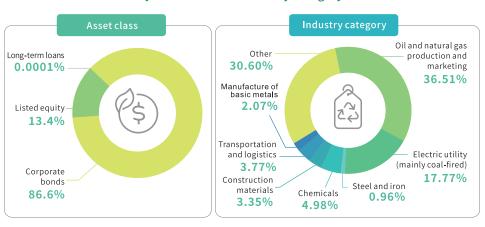
Note 1: According to Page 46 of the Global GHG Accounting and Reporting Standard for the Financial Industry (the Standard) renewed by the PCAF in December 2022, the scope of assessment excluded financial assets for which the Standard does not provide explicit guidance on methods to calculate financed emissions, including assets held for sale, private equity that refers to investment funds, green bonds, loans for securitization, exchange traded funds, derivatives (e.g., futures, options, swaps), initial public offering (IPO) underwriting.

### Carbon emissions of investment portfolios - industry category

	Industry	Ratio to the overall investment portfolios(%)	Carbon emissions (ktCO <sub>2</sub> e)	Carbon emissions coverage rate(%)	Weighted average carbon intensity (tCO <sub>2</sub> e /TWD\$M revenue)
>	Oil and natural gas production and marketing	3.50%	620.35	36.51%	12.50
industry	Electric utility (mainly coal-fired)	2.89%	301.99	17.77%	15.55
ve in	Steel and iron	0.07%	16.24	0.96%	21.36
Carbon-intensive	Chemicals	0.75%	84.54	4.98%	12.64
n-in	Construction materials	0.17%	56.89	3.35%	53.35
Carbo	Transportation and logistics	1.08%	63.99	3.77%	13.20
_	Manufacture of basic metals	1.37%	35.13	2.07%	8.45
	Other	90.17%	519.94	30.60%	0.89
	Total	100%	1,699.063	100%	2.15

Note: The basic metal manufacturing industry has been newly added to the list of high-carbon emitting industries since 2024 after the adjustment.

### 2023 Carbon emissions by asset class and industry category



Note 2: In this case, 99% of the data quality (based on weighted average carbon emission intensity) was rated as 2 (including emissions disclosed by Bloomberg, Market Observation Post System, and actively searched companies), 3% as 4 (estimated emissions by Bloomberg), and 0% as 5 (industry average emissions).



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## 3. Advancing Towards a Net Zero Future

Shin Kong Life believes that net-zero emissions should be more than just a slogan, and that building a sustainable, low-carbon future should start from the ground up. Therefore, we have set a goal to move steadily toward net-zero through careful data inventory, reduction planning, and internalization of carbon reduction awareness.

## 3.1 Environmental Policy and Targets GRI 2-27

SKL continues to minimize the impact of its financial services on the environment. In addition to actively participating in and sponsoring environmental protection activities, SKL has promulgated the "SKL Environmental Policy", which serves as the supreme basis for environmentally sustainable actions. In order to effectively promote environmental sustainability, the Environmental Protection Group has been established under the Corporate Sustainability Committee to implement and report the results of various actions to the committee on a regular basis. In order to achieve the goal of zero net emissions by 2030, we continue to improve the energy efficiency of our energy facilities and are gradually realizing the SDG 13 target.

In terms of actions, we are working with our employees and policyholders to implement environmentally friendly actions and responsibilities by improving energy efficiency, reducing the consumption of paper, waste and water, and strengthening the environmental awareness mechanism.

### **SKL Environmental Policy**

Based on our obligation and responsibility for environmental protection, we will provide necessary resources for environmental management, provide necessary assistance from all management levels, and use our environmental policy as a guideline for our self-expectation of environmental friendliness, and make our beliefs on environmental protection concrete and transparent, and we will commit ourselves to achieving the following policies:

- ▶ Be a responsible global citizen by complying with environmental laws and regulations.
- ▶ Participate in the introduction of environmentally friendly policies and the establishment of an environmental management system.
- ▶ Promote independent environmental protection and energy saving measures and resource reuse to establish a low carbon enterprise.
- ► Enhance the environmental awareness of all employees and promote environmental education to fulfill our corporate social responsibility.
- Continuously improve the effectiveness of environmental issues to achieve the goal of sustainable management.

SKL will require all employees to follow and fulfill the above commitments, as well as work with suppliers and contractors to promote this concept and disclose it to the public.





### SKL Environmental Goals

- ★ Achieve Carbon Neutral at Headquarters and Major Office Locations by 2030.
- ★ Continuously complete 100% of the greenhouse gas inventories to grasp the greenhouse gas emissions of the enterprises and develop reduction plans based on them.
- ★ Follow SKFH's "Greenhouse Gas Reduction and Carbon Pricing Management Regulations" and implement internal carbon pricing to grasp the cost of carbon emissions and the efficiency of carbon reduction.
- ★ Based on the year 2022, set a carbon reduction target of 42% by 2030 for Category 1 and Category 2 greenhouse gas emissions.
- ★ Deepen the sustainable management mechanism for suppliers, including policy formulation, commitment signing, risk assessment, on-site auditing, and counseling for improvement.
- ★ Plan for future investment and development of new buildings to comply with the Green Building Label at the silver level or above/ or with green building design to enhance the environmental sustainability of buildings.



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## 3.2 Low Carbon Strategy Actions

Through comprehensive environmental management measures and mechanisms, we reduce the consumption of energy and resources in our daily operations, lowering our overall carbon emissions and bringing positive benefits to environmental sustainability. Although the life insurance industry does not directly cause any negative impact on the environment, SKL has integrated low-carbon concepts into its daily operations through its four "low-carbon operation" strategies. In accordance with our parent company's "Greenhouse Gas Reduction and Carbon Pricing Management Regulations," SKL has been able to grasp the cost and efficiency of carbon emissions. The aforementioned carbon pricing regulations will be further revised in 2023, stipulating that the internal carbon price charged under the regulations should be included in the cost of the next year's energy-saving projects for the purpose of effectively controlling carbon risks; and SKL has set its own operational carbon reduction targets and implementation strategies, comprehensively reviewing the status of lighting usage, and gradually phasing out non-LED lighting, optimizing air-conditioning and air conditioning. In addition, we have also set our own operational carbon reduction targets and implementation strategies by comprehensively reviewing the status of our lighting fixtures and gradually replacing them with non-LED lighting fixtures, optimizing the energy efficiency of air-conditioning and other energy-consuming equipment, and proactively reducing our reliance on energy resources, and gradually replacing those that cannot be reduced with renewable energy sources and environmentally friendly products.



## 3.2.1 Implementation of Greenhouse Gas Inventory GRI 305-1 x 305-2 x 305-3

SKL takes responsibility for protecting the environment and actively implements environmental management. Since 2014, SKL has introduced environmental management certification and continues to maintain the system; in 2023, SKL completed the ISO 50001 energy management system verification for SKL Tower, ISO 14046 water footprint verification, and ISO 14064-1:2018 greenhouse gas inventory for all locations (including overseas), and obtain third-party verification certificates for all of them.

### A. GHG emissions

SKL's Scope 1 and 2 GHG emissions in 2023 will be  $13,947.92 \text{ tCO}_2\text{e}$ , with an emission intensity of  $1.51 \text{ tCO}_2\text{e}$  per capita, successfully reducing carbon emissions by 9% compared to the previous year. SKL will continue to actively promote various energy saving and carbon reduction measures and strengthen our energy reduction measures in order to achieve our carbon reduction targets in the long run. In addition to energy conservation, we are also taking action to support green energy by replacing part of our general electricity consumption with green power starting from 2023, and gradually increasing the proportion of green power usage in line with the Group's net-zero target, so as to contribute to the mitigation of global warming.

### GHG Emissions Over the Last Three Years

	2021	2022	2023
Total GHG emissions(tCO <sub>2</sub> e)	16,978.56	18,005.67	16,737.21
Scope 1 emissions (C1)(tCO <sub>2</sub> e)	1,411.56	1,553.66	1,463.21
Scope 2 emissions (C2)(tCO <sub>2</sub> e)	12,910.60	13,768.62	12,484.70
Total controllable GHG emissions Scopes 1 and 2 emissions (C1+ C2)(tCO <sub>2</sub> e)	14,322.16	15,322.28	13,947.92
Scopes 1 and 2 emission intensity(t-CO <sub>2</sub> e /person)	1.38	1.59	1.51
Scope 1 + 2 Emissions / Revenue (tCO2e per million NTD)	0.0397	0.0529	0.0538
Other emissions (C3~C6)(tCO <sub>2</sub> e)	2,656.4	2,683.39	2,789.30
Scope of other emissions (C3~C6)	Travel + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction	Travel + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction	Travel  + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction

Note 1: The data was verified by SGS according to ISO14064-3:2006 and meets the ISO14064-1:2018 standards. The GHG emission factor (GWP) in 2019 and 2020 was based on the Environmental Protection Administration's Greenhouse Gas Emission Factor Table (6.0.4). The GHG emission factor (GWP) in 2023 was based on the Sixth Assessment Report of Intergovernmental Panel on Climate Chance (IPCC AGRA Guaust 2021). We have adopted the constrained not not reporting boundaries.

Note 2: Scope 1 emissions (C1) refers to direct emissions from stationary combustion sources (emergency generator diesel), mobile combustion sources (company car oil), and other anthropogenic system fluditives (air-conditioning refrigerants and septic tanks).

Note 3: Scope 2 emissions (C2) refers to electricity emissions, which are calculated using the latest GHG emission factor for electricity (0.494 kg/kWh in 2023) provided by the Bureau of Energy, Ministry of Economic Affairs.

Note 4: Other emissions (C3-C6) are disclosed based on annual significance assessments, with C1 + C2 used as the per capita emission standard.

Note 5: Inventory boundary: Based on the total number of buildings, 169 (including overseas) in 2021; 168 (including overseas) in 2022; 167 (including overseas) in 2023.

Note 6: In line with the commitment submitted to SBTi by the parent company SKFH in 2023, the base year for inventory was adjusted to 2022



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## **B. Electricity Consumption**

	2021	2022	2023
Total electricity consumption (kwh)	25,718,341	27,050,327	25,791,472
Number of full-time employees (Person)	10,346	9,634	9,238
Electricity consumption intensity (kwh/person)	on 2,482.82	2,807.80	2,791.89



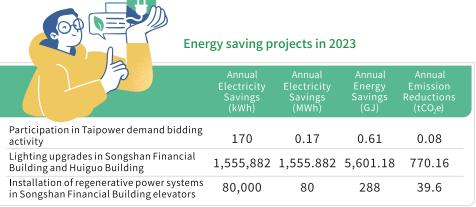
	2021	2022	2023
Company car oil (Liter)	1,051	2,381	3,047
GHG emissions (tCO2e/year)	2.38	5.61	7.18

Note 1: The data were based on the emission factor (CO2 : 2.2631(kgCO2/L) · CH4 : 0.000816(kgCO2/L) · N2O : 0.000261(kgCO2/L) under the Creenhouse Gas Emission Factor Table (6.0.4) published by the Bureau of Energy, Ministry of Economic Affairs.

## 3.2.2 Improving Energy/Resource Efficiency

### A. Energy Saving Projects

The primary electricity consumption used by the financial and insurance industry is air-conditioning, lighting and business equipment in office buildings. We aim to improve the efficiency of energy use of electrical equipment through planned upgrades, taking into account the concept of a circular economy, by upgrading old and high energy-consuming equipment, enhancing equipment maintenance and management, actively responding to energy-saving and carbon-reducing campaigns organized by the government or non-governmental organizations, and selecting environmentally friendly and energy-saving labeled equipment with a high degree of preference to achieve the goal of electricity saving.



Note: The lighting upgrade and regenerative power system projects were completed from the end of 2022 to early 2023. Energy savings and carbon reduction values listed in the Table represent

### **Energy saving in Data Center**

With energy saving and carbon reduction as the highest goal, SKL selects energy-saving equipment according to the annual business growth, and through virtual environment and resource integration, and continuously adjusts the power consumption of the server room, the PUE of the computer server room in SKL's Bade Building will be maintained at a stable level of 1.36-1.66 in 2023, which is rated as a silver benchmark by the Green Grid Association's PUE evaluation standard.

Note: Green Grid's silver benchmark: PUE:1.43~1.67



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### B. Water consumption

SKL's water consumption is mainly for office livelihood use, for employees and some consumers. Since the main source is tap water and domestic wastewater is discharged to municipal sewers, there is no significant impact on water sources, and we are committed to minimizing water wastage, with a reduction in water consumption of 5.5% in 2023 compared to last year; in the future, we will continue to plan for a more comprehensive water resource management policy to reduce water consumption.

### Water Consumption for the Past Three Years

	2021	2022	2023	
Water consumption in buildings across Taiwan (kL)	201,240	205,083	193,784	~

Note 1: Water consumption in Shin Kong Life Tower was calculated based on water bills (kL).

Note 2: Water consumption in other buildings was estimated by dividing the water bill amount by the unit price of water; the unit price of water was estimated at NT\$14/kL for buildings in Taipei City and NT\$12/kL for buildings in other cities/counties.



### C. Waste Management

SKL's main source of waste is the domestic waste generated by its employees. SKL has gradually increased the total amount of recycled resources and reduced waste generation by formulating a long-term reduction strategy, encouraging employees to use environmentally friendly tableware, and actively promoting a system of waste reduction and recycling separation.

### Waste Statistics in the Past Three Years

Building, Taichung Huiguo Building, and Chiayi Zhongxing Building)

	2021	2022	2023	
otal recycled waste(Tons)	310.1	556.7	321.9	
otal domestic waste(Tons)	1,771.3	1538.2	1,100.4	S S
otal waste quantity(Tons)	2,081.4	2094.9	1,422.3	mun
Vaste intensity(Ton/person)	0.20	0.21	0.15	
vaste IIIteIISILy(Ton/person)	0.20	0.21	0.15	

### 3.2.3 Shaping a Green Culture

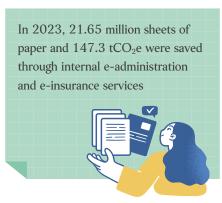
SKL is actively integrating digital finance to reduce energy and resource consumption through the application of "mobility, cloud computing, e-processing, and data" behaviors and tools. SKL also actively promotes environmental education so that employees, family members, and policyholders can work together to reduce energy consumption and reduce carbon emissions in their daily lives.

### A. Low Carbon Operation and Life

### Implementing Digital Office

#### 1.E-administration

SKL has introduced technology applications to facilitate marketing and management efficiency, reduce paper consumption, and convey the concept of energy saving and carbon reduction to customers. In addition, in recent years, in response to the COVID-19 pandemic outbreak, SKL has accelerated the development of digital services to minimize the risk of exposure to the disease, which has led to an increase in paper consumption. 2023 administrative paper purchases will be reduced by 4,350 packs, or 17.7%, compared with the previous year, resulting in a carbon reduction of 14.8 tons of  $\mathrm{CO}_2\mathrm{e}$ .



Note 1: Number of paper consumed/500 (500 sheets in a pack) = Number of paper consumed (pack).

Note 2: Carbon emissions per pack of A4 paper (70g/sheet) total 3.4kg CO<sub>2</sub>e.

Note 3: Amount of paper consumed (pack) x 3.4 kgCO<sub>2</sub>e/1,000 (unit conversion)= Carbon emissions (tCO<sub>2</sub>e) saved.





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#### 2.E-insurance services

We are actively digitally empowering our staff by introducing the "e-agent service certification mechanism", observing various digital service transaction indicators, and promoting the transformation of our staff into digital agents to bring quality low-carbon financial services to our customers through project promotion and training activities for administrative units. e-agent penetration rate will reach 60.3% by 2023, accelerating the efficiency of after-sales services and reducing resource consumption. Reduce resource consumption. SKL is committed to spreading the concept of digital sustainability to its customers, encouraging them to use e-policies and e-documents, recommending them to join online memberships, and using digital tools instead of paper. On the other hand, in order to help its sales associates develop the habit of using digital tools, SKL has set up digital-related incentives and added incentives to increase the motivation of its digital activities.

E-insurance tool	Number of Tools Used	Usage rate(%)
e-insurance policies	231,381	55.7% <sup>note1</sup>
e-notices	2,420,784	80.3%
APP <sup>note2</sup>	Number of Tools Used	Usage rate(%)
e-insurance note3	206,330	94.3%
e-claims	330,719	82%
e-policyholder service	262,493	61%
e-benefit payment	56,360	92.7%

Note 1: The usage rate of e-policies is calculated based on the number of new policy contracts

Note 2: The scope of Mobile Business app is limited to SKL channels

### Embracing Low Carbon Green Living

Starting in 2012, due to the warming of the domestic epidemic, in order to avoid unnecessary contact, we have drastically changed our office model, replacing the physical office with online meetings and online education and training courses, which not only reduces the risk of infection, but also effectively reduces the carbon footprint caused by commuting and personnel movement. As for the impact of emissions caused by the transportation of field personnel, in addition to encouraging digital tools, we actively encourage more walking or the use of low-carbon transportation tools (such as bicycles) to pay visits to our policy holders. In addition to encouraging the use of digitalized tools, the company also actively encourages the use of walking or low-carbon means of transportation (e.g., bicycles) for close-range policyholder visits, which not only helps to reduce greenhouse gas emissions, but is also beneficial to the health of our employees.

Meanwhile, in order to continue to promote the concept of "Embrace Green Life, Adapt to the New Climate," SKL has responded to the "Earth Hour" campaign for 15 consecutive years since 2008, taking concrete actions to support environmental protection and energy conservation and carbon reduction. As of 2023, SKL will have implemented the "Light Shirts in Summer" for the 17th year, in response to the government's policy of energy conservation and carbon reduction, whereby male employees will wear shirts with no ties, and female employees will wear short-sleeved uniforms. Male employees wear shirts without ties, and female employees wear short-sleeved uniforms, keeping the air-conditioning temperature of the office building at the summer temperature range of 26° C to

28° C, as announced by the Bureau of Energy.



### Establishing Sustainable Branches

SKL incorporates the concept of low carbon into our service processes. The customer service department of the New Taipei City branch serves as a demonstration site and has obtained ISO 14067 certification for the carbon footprint of its customer service counters. Within the lifecycle of each service, the carbon footprint per person served is only 786 gCO<sub>2</sub>e equivalent. In addition, we have applied for the Environmental Protection Administration's carbon footprint label, setting a new benchmark for green customer service and demonstrating our commitment to sustainable development for both society and the environment.



The carbon footprint for this service was calculated in accordance with the product category rules "Carbon Footprint Product Category Rules for Financial Insurance and Telecommunication Industry Counter Services (Document Number: 19-016)," resulting in 800 gCO<sub>2</sub>e per service instance. Detailed service-related information is as follows:

Industry category: Financial/Insurance industry:

Location name: Shin Kong Life Insurance Co., Ltd. New Taipei City Branch Customer Service Counter

Location address: 8F, No. 141, Section 1, Zhongshan Rd., Banqiao District, New Taipei City

Services provided to policyholders: Payment services, policy claims, survival benefits, policy changes, policy loans, online transaction services, e-statements/receipts.



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■ Sustainable Insurance Cornucopia Project - New Life for Old Clothes, Light up the World SKL integrates issues encompassing low carbon living, circular economy, and support for disadvantaged groups through cross-sector collaboration and partnerships. This innovative solution, named the "Sustainable Insurance Cornucopia," employs a creative business model under the theme of "Old Clothes, New Life: Light up the World" In this initiative, 279 pairs of old jeans were recycled for new life. The washing of these clothes provided income for young people with disabilities. The recycled denim was then used by the partnering organizations, Story Wear and the Street Tailor Team, to create denim bags, generating additional income for these groups. These upcycled products received support from nearly 300 purchasers, whose contributions will provide a basic micro-accident insurance coverage of NT\$300,000 for at least 1,375 economically disadvantaged individuals.

### Light up your green life - Polybottle recycling for Shin Kong Umbrella

Shin Kong Life and social enterprise FNG (For Next Generation) cooperated to drive the world's first mobile PET bottle recycling machine, "Good to Plastic," to the Gongtian Temple in Miaoli, Shin Kong Life Tower, Songshan Financial Building, and Kaohsiung's Chih Hsien Building, where they invited the public to participate in a fun bottle-dropping experience to promote proper recycling and sorting processes, reaching 11,530 people. In addition, 2,373 empty plastic bottles were recycled into 500 Sunbeam umbrellas by the disadvantaged families to reduce carbon emissions and create sustainable recycling value for the environment.





### **B.Net Zero Initiative and Action**

In response to international sustainable development issues and in line with the National 2050 Net Zero Emission Path and Strategy, SKFH, together with its parent company SKFH, has joined the Taiwan Alliance for Net Zero Action (TAISE), which responds to and promotes the "Taiwan Net Zero Emission Initiative Net Zero 2030/2050," and has also formulated SKL's midterm goals for net-zero carbon reduction and its implementation strategy. By 2030, SKL will replace all lighting with LEDs, gradually improve the efficiency of air-conditioning equipment, and replace general electricity consumption with green electricity. SKL will also continue to conduct training on environmental sustainability to encourage employees to change their habits of using energy resources.

### **C.Ecological Sustainability**

In addition to actively responding to climate change and participating in net-zero initiatives, we also emphasize other environmental sustainability issues, such as biodiversity, and have a long-term interest in ecological conservation. Besides sponsoring conservation activities and preparing tools to enrich their behavior, we also promoted ecological conservation and education. For ocean sustainability, we assisted with the training of coral reef inspectors and conducted coral reef examinations. We also organized underwater cleaning activities to clear marine waste, which echoes SDG 13-15.(Refer to 8.1.3 Environmental Sustainability)

## 3.2.4 Constructing Green Buildings

SKL is constantly adjusting its thoughts on buildings, aiming to construct buildings with post-disaster resilience and sustainability in line with SDG 11 Sustainable Cities and Communities, improve the energy efficiency of existing buildings, and get certified to Green Building Labels. We expect to create an energyefficient, eco-friendly lifestyle and reduce the environmental impact of our business operations.

## A. SKL's Commitment to Eco-friendly Buildings

- When planning for future investment or development of new buildings, we will movetowards compliance with the Green Building Label Silver or above / or Green Building design to enhance the environmental sustainability of buildings.
- Regenerate old buildings and facilities with various energy-saving measures, cut energy consumption, and improve the energy efficiency of existing buildings to be a responsible citizen for the environment.







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### B. Sustainable Green Building Achievements

As of 2023, we had applied for Green Building Labels for 9 buildings, including 6 Green Building Labels (obtained) and 3 candidates for Green Building Labels and obtained one LEED credential. We also expect to apply for Green Building Labels for six projects currently under construction in 2023 or are still under planning.

In 2023, the superficies in Qianjin District, Kaohsiung City, obtained the Silver-Level Green Building Candidate Certificate, and the Nangang Bus Station, Taipei City, obtained the Gold-Level Green Building Candidate Certificate. To meet the seven major indicators of green building specifications, the projects planted a large number of trees and shrubs on the site, used energy-efficient air conditioning equipment, installed LED lighting, selected bathroom equipment with water conservation labels, set

up refrigerated garbage equipment, and extensively used green building materials, aiming to create low carbon and sustainable smart green buildings.

Moreover, in 2023, the Nangang Bus Station BOT project and the Shin Kong Fiber Building project were acknowledged with the 2023 Taiwan Real Estate Excellence Awards in the categories of Best Planning and Design for commercial buildings and Gold Award respectively. The Company aims to improve the aesthetic and creative design and construction quality of buildings, and further supports the spirit of combining carbon reduction, circular economy, innovation, smart, and local cultural features to create an environment for LOHAS where "nature and culture co-exist and ecology and sustainability mutually prosper."

## **C.Green Leasing Achievements**

In response to the government's "Taiwan Renewable Energy Certificate (T-REC) Single Meter Multiple Users Transaction Guidance Demonstration Program" SKL has procured green power to replace part of its general electricity consumption, and has also assisted in the matchmaking process so that building tenants can smoothly obtain green power and renewable energy certificates.

In response to the government's efforts to promote the 2.0 "Green Leasing Program", the buildings that have already procured green power include the SKL Tower, Nanjing Technology Building, and Xinyi Financial Building, with a total of approximately 870,000 kWh of green power/year. In the future, the landlord will assist building tenants in introducing renewable energy, increasing the use of green power energy, and minimizing the impact on the environment.

### Green Buildings in the Past Three Years

		Investment		Green Benefit	Ø.
Building	Results	Investment Amount	Amount of CO <sub>2</sub> absorbed (greenery design)	Soil water content	Capacity of rainwater storage (recycling)
Shin Kong Jasper Villa Jiantan	Green Building Label (Gold) in 2021	1.25 billion	352.47 t	641.31m <sup>3</sup>	139.65m³
Shin Kong Jasper Villa Shuiyang	Green Building Label (Gold) in 2021	1.3 billion	644.33t	15.26m <sup>3</sup>	70m³
Shin Kong Jasper Villa President	Green Building Label (Silver) in 2022	2.42 billion	1477.025t	31.08m <sup>3</sup>	217.27m³
Shin Kong Hangzhou North Road Superficies Case	Candidate for Green Building Label (Silver) in 2022	3.31 billion	357.88t	-	269.10m³
Superficies in Qianjin District, Kaohsiung City	Obtained the Silver-Level Green Building Candidate Certificate in 2023	2.65 billion	0.65536t	3.56m <sup>3</sup>	-
Nangang Bus Station BOT	Obtained the Gold-Level Green Building Candidate Certificate in 2023	5.89 billion	1.03849t	15.87m³	587.72m³





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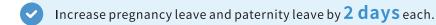
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• Place great emphasis on cultivating excellent talent and implement forward-thinking human resources policies, which serve as the foundation for our long-term business sustainability.



The **first** in the industry to launch the "Family Network Service".

Promote the Wealth Gatekeeper, Shin Kong 165 National Fraud Prevention **Plan**, etc., to strengthen the financial literacy of all people.

Overall Net Promoter Score (NPS) was 89.2%, a 6% increase from the previous year.



**CORE VALUES** 

**SUSTAINABILITY ACHIEVEMENTS** 













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## 4. Nurturing Diverse Talents

SKL recognizes talent as an important asset for sustainable operations and employs people on the basis of merit. SKL not only promises to be a benchmark company in providing quality protection to its policyholders, but also aims to be a company that takes care of its employees with peace of mind, and strives to create a friendly and happy workplace.

### 4.1 Diverse Recruitment

Adhering to the spirit of "Endless Heritage, Unlimited Innovation", we strengthen the human capital strategy of function building and ensuring the sustainable development of the organization's talents. We adopt the Balanced Scorecard development and operation plan, together with a performance development system that integrates functions, to plan and promote the overall human capital development of the "Selection, Employment, Nurturing, and Retention" program.

### 4.1.1Building Inclusive Workplace

GRI 2-7 \ 2-8 \ 202-2 \ 401-1

### A. Employee Structure

We emphasize local talent and diversity. SKL's workforce consists mainly of local Taiwanese employees, with 100% of senior executives being Taiwanese nationals. In 2023, the total number of regular employees will be 9,238 (excluding unofficial salespersons), with 2,425 in-house employees and 6,813 in the field, with 28% of them being male and 72% being female, and with 45% of them being male executives and 55% being female executives. Male supervisors accounted for 45% and female supervisors accounted for 55% of the total.

)23 Employee Stru	ployee Structure		le Female	Male / <b>27.7%</b>
		Number of People	72.3%	ner 12m
Internal Staff		2,425		
Insurance Agents		6,813		
Full-time		9,238		
N	umber of People	Percentage		
<ul><li>Female</li></ul>	6,677	72.3%		
<ul><li>Male</li></ul>	2,561	27.7%		

		Internal Staff				Insurance Agents						
(	Category	Taiwan	Overseas	Taiwanese	Foreign National	Subtotal	Taiwan	Overseas	Taiwanese	Foreign National	Subtotal	Total
	Full-time	1,541	0	1,541	0	1,541	5,136	0	5,136	0	5,136	6,677
Female	Contingent	35	0	35	0	35	3,121	0	3,121	0	3,121	3,156
	Subtotal	1,576	0	1,576	0	1,576	8,257	0	8,257	0	8,257	9,833
	Full-time	880	4	881	3	884	1,677	0	1,677	0	1,677	2,561
Male	Contingent	33	0	33	0	33	377	0	377	0	377	410
	Subtotal	913	4	914	3	917	2,054	0	2,054	0	2,054	2,971
	Full-time	2,421	4	2,422	3	2,425	6,813	0	6,813	0	6,813	9,238
Total	Contingent	68	0	68	0	68	3,498	0	3,498	0	3,498	3,566
	Subtotal	2,489	4	2,490	3	2,493	10,311	0	10,311	0	10,311	12,804

Note 1: Regular employees are full-time employees

Note 2: Internal non-regular employees are dispatched, work-study students, interns, massage therapists, etc. Field non-regular employees are sales representatives who sign contracts with the Company and account for nearly 30% of all employees



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5.2 Realizing Financial Accessibility

5.3 Fair Treatment and Customer Experience

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Appendix

### 2023 Full-time Employee Structure

Female Male Percentage

Internal staff 1,541 884 26.25%

Insurance Agents 5,136 1,677 73.75%



Gender	Age	Internal Staff						Insurar	nce Agent				
Gender	Age	Senior-level managers	Mid-level managers	Junior-level managers	Management Subtotal	General employees	Age group Proportion Note 2	Senior-level managers	Mid-level managers	Junior-level managers	Management Subtotal	General employees	Age group Proportion Note 2
	< 30	0	0	0	0	121	1.31%	-	-	53	53	393	4.83%
Male	30 - 50	16	70	28	114	382	5.37%	-	-	370	370	665	11.20%
Male	> 50	40	62	29	131	136	2.89%	-	-	42	42	154	2.12%
	Subtotal	56	132	57	245	639	9.57%	-	-	465	465	1,212	18.15%
	< 30	0	0	0	0	213	2.31%	-	-	39	39	522	6.07%
Female	30 - 50	5	59	18	82	913	10.77%	-	-	363	363	1,728	22.63%
remale	> 50	9	22	11	42	291	3.60%	-	-	356	356	2,128	26.89%
	Subtotal	14	81	29	124	1,417	16.68%	-	-	758	758	4,378	55.60%
Т	otal	70	213	86	369	2,056	26.25%	-	-	1,223	1,223	5,590	73.75%
	on of each Jory <sup>Note 3</sup>	0.76%	2.31%	0.93%	3.99%	22.26%		-	-	13.24%	13.24%	60.51%	

Note 1: Senior-level manager refer to the president, department heads and above; Mid-level manager refer to deputy heads of department, section managers, and the managers of regional sales divisions; Junior-level managers refer to project managers, sales office supervisors, and sales managers.

Note 2: Proportion of each Age group (%) = (Number of full-time employees by age/Number of all full-time employees).

Note 3: Proportion of each Category (%) = (Number of full-time employees by category/Number of all full-time employees).

## Turnover of full-time Employees in 2023

Total: 2,059 20 40 22.29% Age 284 3.07% < 30 390 30 - 50 4.22% 52 0.56% > 50 Subtotal 726 7.86% 288 3.12% < 30 607 6.57% 30 - 50 438 4.74% > 50 Subtotal 1,333 14.43%



ln	ternal Sta	ıff	Total:	235		
0	10	20	30		40	100
	9.69	%				
	Age					Note 2
	< 30			30		1.24%
	30 - 5	0		86		3.33%
Mala	> 50			6		0.25%
Male	Subto	tal		122		5.03%
				2.1		1 200/
	< 30			31		1.28%
	30 - 5	0		80		3.30%
Famali	> 50			2		0.08%
Female	Subto	tal		113		4.66%

Inst	urance	e Agents	Total:	1,8	324	
0	10	20	30		40	100
	26	.77%				
		Age				Note 2
		< 30		254		3.73%
	3	i0 <b>-</b> 50		304		4.46%
		> 50		46		0.68%
Male	Sı	ıbtotal	(	604		8.87%
		< 30		257		3.77%
	3	0 - 50	į	527		7.74%
		> 50	4	436		6.40%
Female		ıbtotal	1,2	220	1	7.91%

Note 1: Turnover refers to the number of employees who leave an organization voluntarily or as a result of layoff, retirement, illness, or death at work, excluding secondment.

Note 2: Turnover rate of internal staff and insurance agents = (Number of internal staff or insurance agents left SKL/Total number of fill-time employees of SKL).

Note 3: Total Turnover rate = (Number of full-time employees left office/Total number of full-time employees of SKL).

Note 4: No full-time employees overseas left SKL in 2023.



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**Appendix** 

### B. Equal employment

We are committed to building a corporate culture that respects diversity and gender equality. By hiring employees from different ethnic groups, we are able to gain more diverse perspectives and insights, and bring more innovation and vitality to the company.

### (1) Respect for the rights and interests of the physically and mentally challenged and indigenous communities at work

We respect the rights and interests of the physically and mentally challenged and indigenous communities at work, and relevant acts include:

- Enhancement of employment of physically and mentally challenged staff in compliance with regulatory requirements; a total of 125 physically and mentally challenged staff to be employed in 2023.
- Establishes the "Regulations for Incentive for Increased Recruitment of Indigenous employees" to provide employment opportunities for indigenous peoples. In 2023, we made incentive payments amounting to NT\$10.6 million.
- Indigenous employees who return to their hometowns to participate in the Yearly Ceremony are provided with one additional day of special leave and a one-time supplement of \$6,000 for returning to their hometowns; a total of 28 people will be subsidized in 2023, with a total of \$168,000 in subsidies.

### **Diversity in Employment**

		2020	2021	2022	2023
Indigenous	Number of employees	157	165	165	153 -
employees	Percentage	1.49%	1.59%	1.71%	1.66%
Employees	Number of employees	143	124	125	125
with disabilities	Percentage	1.36%	1.20%	1.30%	1.35%



Note: The statutory number of employees with disabilities to be employed is 100.

## (2) Valuing Gender Quality

SKL emphasizes gender equality. In addition to not treating employees differently based on gender or sexual orientation, SKL also emphasizes women's participation in the workplace, not only in terms of balanced gender ratios, but also in terms of bringing diverse perspectives to the company. The fact that the percentage of women outperforming men in the assessment of 2023 is higher than the percentage of women in the assessment of 2022 is an indication of the positive results of the mechanism of designing women's workplaces.

### Statistics of Female Managers in 2023

	Number of People	Percentage
Senior-level managers	14	20.0%
Mid-level managers	81	38.0%
Junior-level managers	787	60.1%
Sales Department manage	rs 758	62.0%

Note 1: Senior-level manager refer to the president, department heads and above: Mid-level manager refer to deputy heads of department, section managers, and the managers of regional sales divisions; Junior-level managers refer to project managers, sales office supervisors, and sales managers

Note 2: Sale Department managers refer to heads of revenue-generating business units, regardless of rank

## 4.1.2 Recruiting New Generation Talent

### A. Insurance Agent Recruitment Plan

Project/ Program	Description	Results
Young Manager Training Program	Recruiting quality young talents as reserve business executives to accelerate the rejuvenation of junior business executives.	Hired 165 people
New Talent Training Project	Enhancing the recruitment momentum of weak units and attracting quality transferees from all over the world to join the insurance industry.	Hired 128 people
Young sales Representative Manager Training Program - Sky Promotion Project	Assist in improving sales skills, organizational development and promotion of sales executives through comprehensive training, financial assistance and incentive system.	22 newcomers
Elite Representative Manager Training Program	Recruitment of business people with immediate ability to assist in the development of the company within one year.	7 newcomers
Digital Recruitment	Collaborating with well-known Key Opinion Leaders (KOLs) to recruit through videos disseminated on social media and digital platforms, expanding the brand presence of SKL online.	Exposure: 7,372,566 Impressions Views: 606,085 Clicks: 37,977 Interactions: 49,394





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### **B.Industry-Academia Collaboration Program**

- Provides opportunities for students from universities and colleges to visit companies and learn about the company's philosophy and profile.
- Through the experience of different field experience sharing, we can enhance students' understanding of the practical operation of insurance and financial management, and cultivate insurance talents. 2023, we cooperated with a total of 83 departments and institutes of domestic universities and colleges, and a total of 192 students participated in the industry-academia cooperation program, with an investment of about NT\$ 1.1 million.



### C. Internship

We continue to promote student corporate internships, summer internships, insurance practical courses, and corporate visits, etc., to help students understand themselves and plan their future by sharing their knowledge and experience through a variety of courses and interesting activities. 2023 internship program invested about \$5.93 million to recruit 23 summer interns, 28 industry-academia cooperation interns, and 14 information technology interns, of which 4 interns worked at SKL after graduation.





### New Full-time Employees in 2023

iewiu	w Futt-time Limptoyees in 2023				
Total: 1,699					
0	10	20	30	41	0100
	18.39%	o l			
		Age			Note 3
		< 30		317	3.43%
(a)		30 - 50		301	3.26%
J'E	Male	> 50		29	0.31%
		Subtotal		647	7.00%
		< 30		382	4.14%
Fe	9	30 - 50		573	6.20%
	Female	> 50		97	1.05%
		Subtotal		1,052	11.39%



Internal Staff			Total:	314	
10 20		20	30	40	100
3.4	<b>10</b> %				
		Age			Note 2
		< 30	8	31	0.88%
	30	0 - 50	!	52	0.56%
Mala		> 50		7	0.08%
Male	Su	btotal	14	40	1.52%
		< 30	(	92	1.00%
	30	0 - 50		31	0.88%
		> 50		1	0.01%
Female	Su	btotal	1	74	1.88%

20 14.99 Age <30 30-50	<sup>30</sup> / <sub>0</sub> 230 249		100 Note 2
Age < 30	230		
< 30			
			2.55%
30 - 50	249		
		9 2	2.70%
> 50	2:	2 (	0.24%
Subtotal	50	7 5	5.49%
< 30	290	0 3	3.14%
30 - 50	492	2 5	5.33%
> 50	90	6 1	L.04%
Subtotal	878	8 9	9.50%
	< 30 30 - 50 > 50	<30 29 30 - 50 49 >50 9	<30 290 3 30 - 50 492 5 > 50 96 1

- Note 1: New insurance agents refer to the insurance agents employed within one year.
- Note 2: Percentage of new full-time employees (%) = (Number of new full-time employees/Number of all full-time employees)
- Note 3: There was no new full-time employees overseas in 2023.



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**Appendix** 

## **4.2 Nurturing Talent**

## 4.2.1 Training Strategies and Programs GRI 404-2

SKL emphasizes the value of human life from the perspective of its core values and regards employees as its most important asset, and employs only the best and the brightest, with the retention rate of top performers reaching 95.4% by 2023.

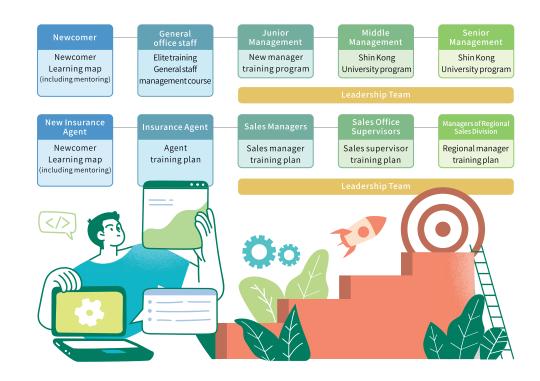
(Note: Retention rate of top performers = number of employees retained above the median (excluding the median) of internal staff performance ratings/target number of employees

In accordance with the company's annual strategy, "Shin Kong 60 Innovation Sustainability" an annual training program was established to achieve the company's operational strategy performance. In addition, in order to implement talent cultivation and quality enhancement, and to deepen professional staff's professional knowledge, innovative thinking, and to strengthen the application of digital financial services, a project training program was established.

### Full Training System

### Comprehensive Training Planning and Career Development

- The training system is divided into two major categories, namely the sales system and the administrative system. According to the needs of each core staff training category, a diversified learning mechanism is planned to open up career development paths.
- In 2023, organized 464 classes with a total of 12,671 trainees.



### Leadership Team

- · Continuously strengthen the depth of the internal talent bench while expanding the coverage of the leadership pipeline to enhance management functions across the board.
- From 2011 to 2023, 922 internal staff have been trained and 278 have been promoted, representing a promotion rate of 30.2%; 422 sales staff have been trained and 195 have been promoted, representing a promotion rate of 46%.
- In 2021, the High Potential Talent Promotion Planning and Development Program was launched to regularly track, review and adjust candidates every year; 184 internal staff members have been nominated and 38 have been promoted, representing a promotion rate of 20.7%.





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### License Incentives

- In order to encourage colleagues to study independently and obtain professional licenses, we provide subsidies for related study and license fees.
- Subsidies include: enrollment fee, annual fee subsidy, foreign language study subsidy, EMBA and master's program subsidy (including master's program subsidy for working students), and so on.



- Incentive grants for professional licenses, ongoing incentive allowances, and study leave.
- Provide a total of \$27.88 million in professional license incentive grants and awards in 2023.
- The decline in the number of 1-3 certificates was mainly due to the fact that some of our employees' certificates were transferred out of SKL after the official establishment of SKPIA. The professional licenses in the table below are all cumulative, except for MDRT and IDA, which are the number of applicants in the current year.

	Category	2022	2023
Internal Staff	Life insurance certification	8,948	8,620
	1. Life insurance agent certification examination	15,448	14,452
	2. Non-investment-type life insurance in foreign currency examination	12,611	11,777
	3. Investment-type life insurance examination	9,143	8,576
Insurance	4. Million Dollar Round Table (MDRT)	191	200
Agents	5. International Dragon Award (IDA)	176	161
	6. Registered Financial Consultants (RFC)	139	78
	7. Associate Financial Planner (AFP)	104	14
	8. Certified Financial Planner (CFP)	98	59
	Subtotal	46,858	43,937

## **Diverse Training Pipelines**

### Talent Exchange Program

- Through career planning and communication, confirming the willingness to train, and adopting planned exchange and training, we provide diversified and flexible talent exchanges.
- Provide various grades of talents with rich and in-depth professional field experience, from professional to managerial to strategic development of executive career development, as well as cross-financial industry experience.

### Online Training Platforms

- In 2022, we introduced an online education and training platform, "Hahow for business", with an annual training budget of \$3.4 million, which allows employees to learn and utilize the platform regardless of geographic location and strengthens their all-round abilities. Encourage employees to learn on-line and promote a study leave system, whereby any employee who reads on the online platform for eight hours can apply for one day of study leave, with a limit of two days per year. 2023, more than 2,084 employees reached the goal of study leave, and the total number of hours spent on the platform amounted to 86,037 hours of study.
- Promoting the digital learning platform "Common Wealth Leader Campus" (CWLC) to encourage employees to utilize their spare time for independent learning and to strengthen their competitive edge in their career. In 2023, the number of readings per capita increased significantly compared to last year, and the total number of learning hours on the platform reached 34,236, which is a remarkable result compared to the life insurance industry and the entire platform.

### Reading of various courses on external training platforms in 2023:

Hahow	Headcount	CWLC	Headcount
Diversity in Life	6,727	AI/Big Data	6,163
Foreign Languages for Business	881	Management Competencies	33,159
Programming Languages	1,499	Political-Economic/Industry Trends	53,538
Visual Design	1,227	Marketing/Business Development	10,558
Business Management	3,206	Language Learning	6,652
Digital Marketing	1,213	Master of Business Administration	11,504
Data Analysis	836	Work efficiency	16,916
Workplace Skills	5,957	ESG	45,529
ESG	17,406		
Total	38,952	Total	184,019

### Domestic and overseas training

• A total of 1,959 attendances in 2023 for self-employed professional courses according to business attributes.



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## Connecting with International Financial Development

## Bilingual Training

- In 2023, expenditure on English training fund will reach 1.54 million dollars. Mechanisms include: language subsidies, commercial English online courses, commercial English workshops, game competitions, etc., combining online learning platforms/apps and TOEIC tests.
- The average TOEIC score for all employees is approximately 610.

### Digital Talent Development

Risk	With the onslaught of FinTech, the insurance industry is facing a restructuring crisis			
Opportunity	Insurance Talent Cultivation Program under the Wave of FinTech			
	Digital Finance Seminar	<ul> <li>Associate Professor Yun-Nung Chen from National Taiwan University delivered the "Industry-Academia Exchange Seminar: What's Trending with ChatGPT? Opportunities and Challenges Brought by Generative AI," discussing the principles of AI and machine learning, understanding their changes, limitations, and challenges.</li> <li>Dr. Ju-Chun Ko (dAb), lectured on "Future Finance and Innovation," citing real domestic and international financial innovation cases to illustrate the impact and influence of disruptive innovation in the global financial industry.</li> <li>Guest Professor Ko-Yang Wang from the School of Banking and Finance, National Sun Yat-sen University, lectured on "Innovation and Competitiveness Enhancement, Changing the Rules of the Game in Financial Innovation," through recent technological innovation cases.</li> </ul>	L3	
	Spark Heroes Digital Training Program	<ul> <li>Systematizing and scaling up the SPARK Heroes Digital Talent Training Program to accelerate digital transformation.</li> <li>Selecting professional seeds (digital/ product/ data /information/ customer/ marketing units) and promoting seeds (administrative support units) from various departments, through diverse training programs, cultivating abilities and qualities such as strategic thinking, digital expertise, high adaptability, teamwork, and willingness to change, to assist the Group in deepening digital transformation and developing intelligent technology talents.</li> </ul>	L5	
Eight Talent training strategies for Fintech	Assign employees to attend Fin & Tech and Bellwether on a regular basis	<ul> <li>Sent 20 people for a total of 204 hours of training on Al Series program.</li> <li>Sent 23 people to be trained, with a total of 234 hours of training regarding The Financial Information Security Series, Singapore Information Security Exchange Mission, Generative Al Trust Risk and Security Seminar, Al Trust Risk and Security Management Course, Financial Information Security Executive Reserve Program (CISE), and Financial Information Security Talent Development Specialized Course.</li> <li>Sent to train 35 people with a total of 115 hours of training for Financial Digital Transformation Workshop, Fin&amp;Tech Collision Salon, POC (Proof-of-experimentation) Training Program on Technology in Financial Applications, and Corporate Governance Lecture - FinTech Series.</li> <li>Promoted colleagues to enroll in the Fintech online and offline courses/seminars of Northway Forum, with a total of 103 trainings delivered.</li> </ul>	L3	
rintech	online courses of Taiwan Academy of Banking and Finance (TABF)	Collaborate with the Financial Services Research Institute (FSRI) on a series of Fintech digital courses, and plans for a mandatory elective system that encourages all staff to study the "Big Data Analysis and Marketing Applications" and "Robot Financial Development and Applications" digital courses.	L3	
	Develop Tech / Social media / Big data Talents	<ul> <li>Promote financial digital literacy certification and implement cloud-based marketing training resources.</li> <li>Utilize iPad to integrate business opportunity system and provide diversified and convenient e-services to business colleagues.</li> <li>Provided seminars on new knowledge trends to help colleagues understand the application and development of the Internet of Things and big data in the insurance industry.</li> </ul>	L3	
	Big Data Process Transformation	Combining technology, social media and big data analysis to transform processes and actively cultivate FinTech professionals.	L4	
	Replicate Success Workshop	<ul> <li>Carried out new product development training through workshops.</li> <li>Held RFC certification training to improve financial expertise and quality of service.</li> </ul>	L4	
	Digital Insurance Agent Program	<ul> <li>Integrate the use of digital tools at every level of in-person training programs.</li> <li>Utilize online live streaming to broadcast application scenarios.</li> <li>Held a nationwide PASS test in January, 2023.</li> </ul>	L5	



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Appendix

## **4.2.2 Training Input and Output** GRI 2-20 \( 2-21 \( \cdot 201-3 \( \cdot 202-1 \( \cdot 401-2 \( \cdot 401-3 \) \)

## A. Employee Training Input

SKL considers employees as its most important asset. In addition to continuously promoting strategic products, SKL also focuses on recruiting young people and cultivating professionals through its business transformation plan, investing abundant education and training resources every year to enhance the productivity of its employees; and in terms of digital services, SKL continues to strengthen the training of digital financial talents in order to provide its policyholders with more diversified, convenient, and intelligent new experiences. In 2023, a total of \$27.88 million will be allocated for professional license incentive allowances and awards.

### **Employee Training Output in 2023**

Unit: Hour

		Employee Training	Hours		
		Internal staff	Insurance agents	Total hours	Hours per capita
		Senior-level 4,764	420	5,184	93
\$ O.O	Management	Mid-level 9,317	911	10,228	77
77	Management	Junior-level 7,527	57,854	65,381	125
		Subtotal 21,608	59,185	80,793	114
Male	General Emp	oyees 63,157	172,288	235,445	127
		Senior-level 1,397	96	1,493	107
~ Ag		Mid-level 8,837	140	8,977	111
	Management	Junior-level 2,850	86,110	88,960	113
		Subtotal 13,084	86,346	99,430	113
Female	General Emp	oyees 157,426	542,542	699,968	121
Total		255,275	860,361	1,115,636	121

Note 1: Training hours in this table included hours of internal training, external training, overseas training, online training, and orientation.

Note 2: Internal training refers to internal training organized by the Human Resources Department; external training refers to external training which departments assign employees (either internal staff or insurance agents) to attend; overseas training refers to training which the Company assigns employees (either internal staff or insurance agents) to attend overseas.

Note 3: Senior-level manager refers to the president, heads of department and above; Mid-level manager refer to deputy heads of department, section managers, and the managers of regional sales divisions; Junior-level managers refer to project managers, heads of sales offices, and the managers of sales offices.

		Employee <sup>-</sup>	Fraining Expe	nses		
		I	nternal staff	Insurance agents	Total Expense	Expense per capita
		Senior-level	923,076	-	923,076	16,484
000		Mid-level	1,805,189	215	1,805,404	13,677
77	Management	Junior-level	1,458,475	1,658,088	3,116,563	5,970
		Subtotal	4,186,740	1,658,303	5,845,043	8,232
Male	General Empl	oyees	12,237,111	1,917,517	14,154,627	7,647
		Senior-level	270,718	-	270,718	19,337
- (g)		Mid-level	1,712,265	-	1,712,265	21,139
	Management	Junior-level	552,236	2,217,178	2,769,415	3,519
		Subtotal	2,535,220	2,217,178	4,752,398	5,388
Female	General Empl	oyees	30,502,474	5,148,619	35,651,093	6,152
Total	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Note 1: T to Note 2: Ir to ti to	fraining hours in this table raining, and orientation. Attend training refers to including refers to including refers to a start and insurance agents) to atten either internal staff or insurance agents) to atten deputy heads of depart evel managers refer to private and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents are staff or insurance agents and the staff or insurance agents	nternal training organize training which departm id; overseas training ref urance agents) to atten rs to the president, hea ment, section manager	mal training, external training, external training and by the Human Resourents assign employees (in ers to training which the doverseas. ds of department and abs., and the managers of r	ces Department; exterr either internal staff or Company assigns empl ove; Mid-level manager egional sales divisions;
		\$	\$		\$	

Unit: NT\$



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Appendix

SKL is dedicated to cultivating diverse and professional talents. Significant resources have been allocated to provide specialized training and educational programs in sustainability, underwriting, investment, and digital transformation. In 2023, over 23,000 participants attended these training sessions, with 31,376 hours, accounting for 12.3% of the total training hours. This extensive training effort aims to empower employees to take a proactive role in the Company's sustainable transition, embedding the principles of sustainable finance deeply within the organization's culture and corporate ethos.

Category	Course content	Costs	No. of participants
Custoina kilitu	Internal training: Mandatory ESG and DEI courses for all employees, sustainability workshops, and lectures, covering topics such as fair treatment of customers, sustainable thinking, optimization of sustainable projects, sustainability trends, and creating a DEI workplace culture.  External training: Applicable courses subject to employees' business needs, covering sustainable talent management strategies, sustainable finance and climate change, low carbon transition, corporate governance, responsible investment, ESG indicators for real estate, and green finance.	\$1,081,922	5,441
Sustainability	ESG/DEI courses section established on Hahow and CommonWealth Leader Campus.	\$4,720,000	3,208
	Total	\$5,801,922	8,649
underwriting	Internal training: Annual meetings and training organized by the Underwriting Department, covering underwriting business promotion, underwriting guidelines, case studies of deficiencies, intelligent underwriting, digital underwriting, and operational changes. External training: Applicable courses subject to employees' business needs, covering insurance medicine, practical underwriting and claims, provided by the Life Insurance Management Institute of the Republic of China, various reinsurance companies, Taiwan Insurance Institute, and relevant international underwriting seminars.	\$289,825	517
Investment	Internal training: Training on investment-linked/foreign currency-denominated non-investment-linked insurance and related regulatory compliance.  External training: Applicable courses subject to employees' business needs, covering sustainable investment, trends in green energy investment, and how to enhance sustainable investment through policy promotion, along with international workshops and forums.	\$280,033	1,720
	Internal training: Mandatory digital finance courses and lectures for all employees, covering future financial trends, technological innovation, FinTech, applications of big data analysis, and applications of Robo-Advisors.  External training: Applicable courses subject to employees' business needs, covering Al learning, digital finance, digital transformation, FinTech, software development, offered by various educational and training institutions including Taiwan Insurance Institute, Industrial Technology Research Institute, Taiwan Academy of Banking and Finance, Business Next Media, Al Network and UCOM.	\$3,384,326	12,319
Digitalization	Assigned training at Fin & Tech under Taiwan Academy of Banking and Finance: Applicable courses subject to employees' business needs, covering Financial Digital Transformation Workshop, financial information security, AI series courses, Fin&Tech Transboundary Salon, the AI Trust and Risk Management courses, FinTech, Proof of Concept (POC) Training Program for FinTech Applications, Cybersecurity and Information Security Executive Program (CISE), simulated hacker attacks and defense drills, and Singapore Cybersecurity Exchange Visit.	\$572,000	80
	Relevant digitalization courses on Hahow and CommonWealth Leader Campus.	\$4,420,000	9,711
	Total	\$8,376,326	22,110



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### **B.Results of Key Training Projects**

We have developed a wide range of professional courses to meet the functional development needs of our internal and Insurance Agent at various levels, with a view to nurturing professional insurance operation talents. In 2022, under the impact of the epidemic, we will promote the digitization of the physical courses for the business side. In addition to changing to distance learning courses, we will also add digital service transaction courses to enhance the value of the business team and their digital transformation capability.

### **Results of Key Training Projects**

Project name	SPARK Heroes Digital Talent Training Program					
Project overview	Since 2021, SKL has been collaborating with SKFH to establish a digital talent cultivation platform. In 2022, efforts were dedicated to fortifying technological capabilities, and in 2023, to expand the scale towards as the objective of comprehensive digital transformation. To facilitate this, we introduced a digital seed system, where digital seeds are meticulously selected from various departments to serve as catalysts for driving transformation. Through initiatives such as organizing seminars, providing training and certification resources, and fostering technical exchanges with professionals from subsidiary companies, we aim to concretize organizational performance and showcase tangible outcomes.	)				
Operational Outcomes	<ul> <li>Acquire key professional skills and rapidly accumulate practical experience through a solid and comprehensive training program.</li> <li>Gain insights into industry application cases and learn from benchmark examples to achieve paradigm transfer through digital technology seminars, professional skills enhancement courses, and promotion of digital transformation projects.</li> <li>Share digital learning course resources and digital project achievements with SKFH.</li> <li>Engage in technical exchanges and collaborate with professionals from various subsidiary companies to examine issues and data together, formulate effective optimization strategies, and achieve successful implementation.</li> </ul>					
Applicability	Digital transformation seeds appointed by each department					
Training Outcomes (Kirkpatrick Model L1~L5))	L1 Reaction:  1. Satisfaction score for lectures: 9.0 (out of 10)  2. Satisfaction score for workshops: 9.3 (out of 10)  2. Learning: 100% completion rate  L3 Behavior: Developing and continuing utilizing workflow solutions.  L4 Results: Using digitization of insurance contract protection and maintenance as an example  1. Counter digitalization: Switch from manual handling to automation  (1) Scanning process time reduced from 20 minutes per batch of 15 documents to 5 minutes, with a total of 75,145 cases and an 84% digital usage rate in 2023, saving 15 minutes per batch, totaling approximately 63,122 minutes of manpower saved per batch; Also, reduces paper usage by about 315,609 sheets (1 document equals 5 sheets), and saves approximately 1,578 minutes of archiving time (0.025 minutes per document); Total savings of 64,700 minutes, approximately 1,078 work hours.  (2) Switch to digital DM display rotation, saving 2,036 traditional posters/standees, with a total cost saving of NT\$88,760.  2. Claims survey mechanism: Switch from manual sampling inspection to RPA inspection, reducing inspection time per case from 30 minutes to 5 minutes. Monthly sampling increased from 1-3 cases to 5,000 cases, saving 1,500,000 minutes per year, approximately 25,000 work hours.  3. Administrative management platform: Switch from manual data aggregation to RPA automatic updating, increasing update frequency from monthly to daily. Time spent per update reduced from 480 minutes to 3 minutes. In 2023, saves approximately 118,773 minutes, approximately 1,980 work hours over 249 working days.  In summary, the digitization project for insurance contract protection and maintenance has generate total annual manpower benefits of NT\$4,938,208 (calculated at a basic wage hourly rate of NT\$176); Paper savings benefit approximately NT\$97,839 (NT\$0.31 per sheet); Advertising savings benefit of NT\$88,760.	o n				
	Paper savings benefit approximately NT\$97,839 (NT\$0.31 per sheet); Advertising savings benefit of NT\$88,760.  L5 Return on Investment: ROI 5.03					



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### 4.2.3Talent Development GRI 404-2 > 404-3

### A. Performance & Competence Evaluation

To provide employees with clear career development paths, we set competences at all levels according to the Company's annual business strategies and evaluate the employees' performances (70%) and competences (code of conduct) (30%) at midyear and the end of the year respectively. In 2023, the evaluation rates for both formal employee performance and professional development reached 100%.

### **B. Job Rotation Program**

In order to achieve optimal utilization of human resources and link corporate development with individual career paths of employees, we conduct annual surveys on the direction of internal staff transfers, and then through job rotation, we appropriately adjust the work content and environment, and at the same time receive the benefits of enhancing the work capacity and efficiency, and the internal rotation rate will be 84% in 2023.

Method	Description	2023
Job rotation	For those who have reached a certain level of seniority in their assigned units or special positions, they will be subject to cross unit or cross position permanent job transfers in order to enhance their work motivation or to meet management needs.	217
Internal recruitment	Job vacancies in each department are posted on the internal website in a timely manner, and employees can apply according to their personal interests and career planning needs.	257
Reservation for transfer	In the event of a vacancy in a position for which there is no expectation, an employee may also submit an application for a pre-scheduled transfer in accordance with his/her personal needs, so that he/she can make a change when the position becomes vacant.	5

### C.Re-employment of retiring insurance agents

To encourage retirees to continuously contribute to the insurance industry, SKL has established a "re-employment project," which reemploys retirees based on their ranks at the time of retirement. In 2023, 87 retirees were re-employed.

## 4.3 Happy Workplace

## 4.3.1 Creating a corporate culture that values Diversity, Strengthens Communication, and Gender Equality

## A. Protecting Employees' Human Rights

In recruiting employees and approving their salaries, SKL does not discriminate on the basis of gender, race, physical condition, religion, political stance, marital status, or union position. SKL also prohibits the employment of child laborers under the age of 16 and eliminates the possibility of forced labor.

In the event of major operational changes, we will follow the provisions of Article 16 of the Labor Standards Law to protect the rights of our employees. In addition, we attach importance to human rights in the workplace, and we have incorporated human rights issues into our human resources policies in accordance with internationally recognized basic labor rights conventions. We value our employees' rights to work and freedom of assembly and association, and we safeguard the dignity and privacy of all our employees. At the same time, we cooperate with our parent company, SKFH, in conducting human rights due diligence every year to minimize and eliminate potential human rights risks.

### **Gender Equality Mechanisms**

Item	Description	Results
Policy	Formulation of Shin Kong Life's policy statement on prevention of sexual harassment, complaint, investigation and handling mechanism.	Continuing to organize publicity on prevention of sexual harassment and operation of the reporting mechanism.
Committee	Established the "Gender Equality Promotion Committee Organizational Rules" to foster a gender-friendly, respectful, inclusive, and supportive corporate culture and environment that supports adaptive development, thereby enhancing employee identification with the company and corporate operational value; dedicated to promoting gender equality in inclusive financial services, financial literacy, and overall social initiatives and support activities to achieve sustainable financial goals through gender equality.	Conducted working group executive meetings and committee meetings according to the responsibilities of the Gender Equality Promotion Committee to track various work plans and implementation results, with the implementation rate of all work plans reaching 100%.
Training	Publicizing the Sexual Harassment Prevention and Control Act, education and training, and promotion of DEI courses.	<ol> <li>Held two sessions on workplace violence prevention and sexual harassment prevention, totaling 0.4 hours of training, covering 100% of employees.</li> <li>Established ESG/DEI course sections on Hahow and CommonWealth Leader Campus, with reading reward activities, resulting in 3,208 participants and 1,638 completions.</li> <li>In 2023, provided mandatory and elective DEI courses for different targets (new supervisors, heads of sales offices, all employees, DEI Ambassadors) and periodically distributed DEI information. The completion rate for training assignments was 100%.</li> </ol>
Whistle-blowing	shinkong113@skl.com.tw	Zero case reported.
Audit Review	Annually Review internal systems and amend regulations as necessary.	100% of operational sites have completed the audit.



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### B. Valuing the voice of employees

In order to improve labor-management communication, we have established a diversified and open platform, and the following communication mechanisms and results are used as the basis for the annual review and evaluation of employee rights.

Mechanism	Action	Results		
Labor-management meeting	Unions were formed in Taipei City, New Taipei City, Hsinchu City, Nantou County, Yunlin County, and Kaohsiung City, and no organization agreement has been signed.	<ul> <li>Replace negotiation or mediation of labor-management confrontation with regular meeting (quarterly) and friendly communication with unions.</li> </ul>		
Grievance	<ul> <li>Established the Employee Grievance Handling Team and the Major Labor Disputes Handling Team.</li> <li>Established the "Shin Kong Life Insurance Company Employee Grievance Handling Regulations" to create a workplace communication environment that "replaces confrontation with communication".</li> <li>Received four employee grievance (including consultation and references assistance).</li> <li>Reported four labor disputes.</li> </ul>			
Employee survey and employee symposium	<ul> <li>Regularly conduct "Employee Opinion Surveys" to understand the level of employee recognition and opinions about the company.</li> <li>Survey results are referenced to external benchmarks to strengthen consensus and plan improvement actions.</li> <li>Annual employee survey completed in 2023.</li> <li>The survey can be completed from personal mobile devices to entemployees.</li> <li>The interface and data storage are all located in the consultant's sykept strictly confidential.</li> </ul>			
Internal Feedback Mailbox	<ul> <li>We have set up the "Employee's Opinion Mailbox", which is handled by a special person, and the opinions and voices of the employees are submitted to the top management.</li> <li>Employee communication box: speaklouder@skl.com.tw <a></a></li> </ul>	Zero employee feedback or proposal.		
Intranet Opinion Forum	An area on the company's intranet is set up for posting opinions, with a dedicated unit responsible for responding to them, providing an immediate and convenient consultation platform for employees.	Continued use of the comments section for staff consultation.		
Unlawful infringement Handling Mechanism	<ul> <li>Established the "Prevention Plan for Duty-related Wrongful Acts of Violence" and posted the "Written Statement on Prohibition of Workplace Wrongful Acts of Violence" on the company's intranet site as a standard for all behavioral rules.</li> <li>Established the "Workplace Violence Complaint and Punishment Regulations" and has set up a special investigation team to investigate workplace violence complaints involving physical/ verbal/ psychological/ harassment styles.</li> <li>Specialized complaint mailbox: SKL1999@skl.com </li> </ul>	• Zero complaints received.		



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## 4.3.2 Establishment of employee compensation and welfare system

GRI 2-20 \ 2-21 \ 201-3 \ 202-1 \ 401-2 \ 401-3

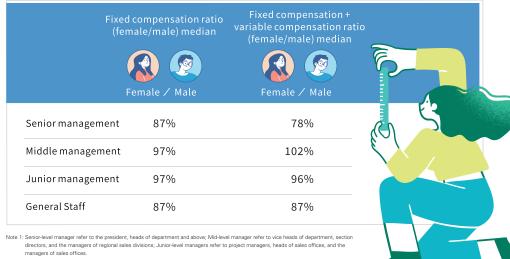
### A. Employee Compensation System

SKL's overall compensation strategy is based on position, performance and ability, regardless of gender. We offer a basic salary and various business incentives to our new recruits to motivate them to continue to pursue excellence and growth on a solid foundation. New recruits are entitled to special salary adjustments for the first three years and are provided with professional and technical incentive allowances and bonuses to enhance the sense of security of new recruits and motivate them to improve their professional competence. In consideration of corporate governance, stable business operations and market competitiveness, professional consultants are appointed to review and optimize the compensation system to facilitate the continuous improvement of overall performance. In addition, an audit committee comprised of independent directors is formed to supervise the review of compensation cases.

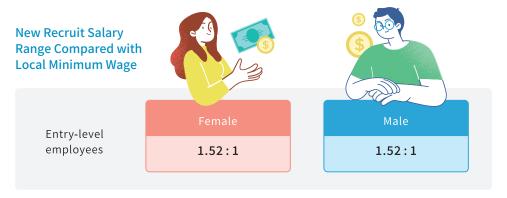
### **Employee Compensation and Benefits**

Category	Description	Results
Performance Bonus	With reference to the annual surplus and achievement status, performance bonuses will be granted to internal staff according to their annual performance demonstration and contribution to the organization; and in order to encourage the three-step salespersons and district managers to achieve business results, a special performance bonus scheme for field staff has also been formulated.	<ul> <li>Employees with Merits or Awards for Outstanding Performance: 44</li> <li>Approved Individual Bonus: \$264,000</li> <li>Departmental Group Wellness Bonus: \$1,020,000</li> <li>Outstanding Employees: 8 internal and 25 Insurance Agent. (Awarded</li> </ul>
Expertise Bonus	Professional and Technical Incentive Allowance and Bonus.	plaques & gifts from the President and First-line Manage)
Special Performance Bonus	Special performance bonuses are determined based on the nature of the business and are awarded based on the achievement of the business.	

### Female-to-male Compensation Ratio in 2023



- Note 2: The remuneration of insurance agents varies with individual business performance and is relatively unrelated to gender. Therefore, it is not
- Note 3: Yearly remuneration refers to base salary, bonus, stock, etc.
- Note 4: The fixed compensation ratio was calculated based on the fixed compensation in December 2023.



- Note 2: The minimum wage refers to NT\$26,400 announced by the Ministry of Labor, which took effect on January 1, 2023.



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SKL is committed to employee welfare. SKL designs benefit packages according to job categories to reasonably reflect the needs of different jobs, and has established the Employee Welfare Committee in accordance with the law, which is responsible for the planning and promotion of employee welfare issues.

### **B.Employee Benefits**

Benefits	Summary				
Leave	<ul> <li>Including special leave, marriage leave, bereavement leave, official leave, public injury leave, paternity leave, maternity leave, sick leave, physiological leave, personal leave, family care leave maternity leave, natural disaster leave, epidemic prevention leave, and pregnancy companion leave.</li> <li>Among them, marriage leave, maternity leave, paternity leave and paternity leave are superior to the standards of labor laws.</li> </ul>				
Insurance	<ul> <li>If employees have group term life insurance, the company will increase the insurance coverage by 30%, and the insurance premium will be fully covered by the company's Welfare Committee.</li> <li>To provide additional protection for contractors, new contractors can join the group insurance program at their own expense.</li> </ul>				
Retirement	<ul> <li>In accordance with the Labor Standards Law and the Labor Pension Act, the Company has an employee pension system and makes full contributions to ensure that employees have stable pension contributions and benefits. Please refer to the 2023 Financial Report (P.77) of for the 2023 contribution amount.</li> <li>Assists employees in building retirement plans, develops retirement-specific annuity products, and offers incentives for employees to enroll in the plan to encourage participation and early retirement planning.</li> </ul>				
Healthcare	<ul> <li>Provides regular health checkups, medical doctors to provide physical examination services and medical consultation, disaster hospitalization subsidies, hospitalization discounts, health lectures, CPR first aid training, and immunization care.</li> <li>Encourages employees to promote their physical and mental health through sports. There are tennis, billiards, yoga, basketball, badminton, hiking, and tai chi clubs.</li> </ul>				
Marriage and childbirth	<ul> <li>Provide breastfeeding rooms for breastfeeding during normal work hours, provide parenting time adjustments, childcare privileges, and a good baby-sitting leave-without-pay system to protect employees' rights and opportunities at work.</li> <li>In 2023, about NT\$3.04 million in maternity grants were paid out, benefiting 152 people.</li> <li>Parenting supplement is up to NT\$30,000/child (NT\$100,000/child at the age of one full year). In 2023, about NT\$4.12 million of parenting supplement will be paid, benefiting a total of 412 persons.</li> </ul>				
Maternal healthcare	• In order to ensure the physical and mental health of female workers during pregnancy, after childbirth, and during the nursing period, the "Maternal Health Protection Program for Female Workers" has been established. During the protected period, the nursing staff of the Workers' Clinical Health Service provides regular care to assess the status of work, family, and physical and mental adjustment, and to take care of the health, safety, and psychological aspects of the situation, as well as to provide rich gifts for mothers and babies during each of the three periods.				
Welfare Benefit	<ul> <li>Provide subsidies for wedding, funeral, and celebrations, housing loans, auto and motorcycle loans, birthday and three festivals gifts, Dragon Boat Festival and Mid-Autumn Festival bonuses, laptop purchase subsidies, long-distance assignment transportation and housing subsidies, and employee cafeteria benefits.</li> <li>Provides iPad purchase subsidy of NT\$2,000/person and iPad Pro purchase subsidy of NT\$10,000/person for staff above the level of supervisor (including project managers), and in 2023, the total number of iPad subsidies will be 649, and the total number of iPad Pro subsidies will be 12.</li> </ul>				
Autonomous Learning Benefits	<ul> <li>In order to cultivate professional talents and enhance professional skills, the Company has formulated the Professional and Technical Personnel Incentive Regulations, which provide benefits such as professional license incentive grants, continuous incentive allowances, enrollment fees, annual fee subsidies, and study leave, etc., and encourages employees to pursue further education on their own.</li> <li>Total of NT\$27.88 million was allocated for professional license incentive allowances and awards.</li> </ul>				
Employee Relations	Planning for staff promotion benefits such as year-end party lucky draw, subsidies for club activities, travel subsidies, and staff recognition.				
Others	<ul> <li>Combining the concepts of savings and investment management to enable employees to plan for their retirement early, the Company has formulated the LOHAS Winning Variable Annuity Insurance Plan and the Employee Stock Ownership Trust (ESOT), which provide corresponding subsidies to strengthen the third pillar of employees' retirement preparation through the purchase of stocks and annuity insurance.</li> <li>In 2023, the total subsidy for the LOHAS Winning Variable Annuity Insurance will be \$2.6 million, and the total subsidy for the Employee Stock Ownership Trust will be \$71.23 million.</li> </ul>				











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### **Unpaid Parental Leave in 2023**

Parental leave application rate = (B)/(A) $33\%$ Reinstatement rate = (D)/(C) $62\%$ Retention rate = (F)/(E) $79\%$	Interna Male	I Staff Female		rice Agents Female	Total
Number of employees eligible for unpaid parental leave in 2023 (A)	78	134	68	449	729
Unpaid parental leave applicants in 2023 (B)	4	96	27	114	241
Parental leave application rate = (B)/(A)	5%	72%	40%	25%	33%
Employees who should be reinstated in 2023 (C)	3	42	24	134	203
Reinstated employee in 2023 (D)	2	26	18	80	126
Reinstatement rate = $(D)/(C)$	67%	62%	75%	60%	62%
Reinstated employees in 2022 (E)	1	38	9	92	140
Retained for at least one year after returning to work in 2022 (F)	0	35	4	71	110
Retention rate = (F)/(E)	0%	92%	44%	77%	79%

Note 1: "Number of employees eligible for unpaid parental leave in 2023" refers to number of employees who have taken maternity and paternity leave within four years (2020~2023)

## 4.4 Occupational Health and Safety GRI 403 \ SDG03

Employee health and safety is the foundation of an enterprise, and creating a quality work environment not only brings tangible positive benefits to an enterprise, but also brings intangible human influence. Therefore, SKL is committed to promoting the concept of "Holistic, Comprehensive, and Full Protection," and the Occupational Safety and Health Committee has worked together to formulate an occupational health and safety policy, which is signed by the highest level of supervisors and then publicized for public information. At the same time, SKL also protects the physical and mental health of its employees, and their balance of work and life through a wide range of fun and interesting health-promoting activities, as well as through health and safety risk control, in order to become a happy company for its employees.

## 4.4.1 Occupational Safety and Health Management System GRI 403-1 > 403-8

Since 2019, SKL has been planning to introduce the ISO45001:2018 international certification standard for occupational safety and health systems by the occupational safety and health management staff, and the SKL Tower was certified by a third-party in the same year, and as the first insurance company to obtain this certification, SKL has continued to follow up on the certification every year. In 2023, in order to enhance the safety and hygiene awareness of all employees, the company has extended the scope of certification to cover the administrative and business staff of all workplaces (167 locations), and strengthened the safety and hygiene awareness of the workflow from office operation to insurance business solicitation (80%) and construction contractors (20%). In the same year, the company successfully obtained the dual system certification of ISO45001 and TOSHMS, which demonstrated the company's high concern and commitment to the occupational and hygiene of employees.



Note 2: "Employees who should be reinstated in 2023" refers to number of employees who applied in 2011 and should be reinstated in 2023, who applied in 2022 and should be reinstated in 2023, and who applied in 2023 and should be reinstated in 2024

Note 3: "Reinstated employees in 2023" refer to number of employees who applied in 2021 and reinstated in 2023, who applied in 2022 and reinstated in 2023, and who applied in 2023 and

Note 4: Retention rate in 2023 = (Number of employees continuing to work for one year after reinstatement in 2022/Number of employees reinstated in 2022)

Note 5: Employees not reinstated included those who continued to apply for parental leave without pa



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### 4.4.2 Strengthening Workplace Safety

### A. Occupational Safety and Health Committee

GRI403-2 \ GRI403-4 \ GRI403-5

To mitigate occupational safety and health risks, SKL has established the Occupational Safety and Health Committee. The committee is chaired by SKL President and includes seven ex-officio members, and six employee representative members, constituting 43% of the committee—exceeding legal requirements. The committee formulates occupational safety and health plans and holds regular meetings to track implementation progress, consult on various issues, and coordinate on safety and health topics. In 2023, the committee reported and consulted on 70 matters, tracked 13 matters, and made 2 recommendations.

### B. Internal and external audits

Each year, SKL conducts various audits in compliance with internal and external regulations. When internal audits identify areas needing improvement, corrective management measures are promptly implemented. In 2023, going beyond legal requirements, SKL independently commissioned a third-party verification company to conduct external audits. This ensured effective implementation of the Plan-Do-Check-Act (PDCA) cycle for continuous improvement, successfully passing the ISO 45001:2018 and TOSHMS dual occupational safety and health management system certifications.

## C. Occupational health and safety education and training

SKL has a comprehensive team dedicated to occupational safety and health. To ensure all administrative and business units possess the necessary knowledge and skills, the Company provides training superior to legal requirements for occupational safety and health supervisors and first aid personnel. These individuals are required to undergo regular refresher courses while relevant education and training are provided to all employees to ensure they have basic emergency response capabilities when incidents occur.

Building Name	Work Activities	Risk	Risk Level	Control Measures	Risk After Control
Songshan Financial Building	Open terrace space	Low wall above driveway poses a fall risk	4	Installed protective railings to increase wall height	3 ↓
Xin An Century Jinlong Tower	Computer document processing	Several damaged light fixtures causing uneven, flickering light, potential vision damage	4	Evaluated and replaced light fixtures	1 ↓
Xinhua Building	Office area operations	Old window restrictors failing, compromising fall protection, poses fall risk	4	Repaired building windows and planned to extend the solution to all business sites in Taiwan.	2 ↓

Note 1: The evaluation covered all 167 work locations, assessing 13,903 work processes, including 3,528 contractor operations.

Note 2: The evaluation scope included reception areas (service desks), office areas, file rooms, employee cafeterias, open floor areas, emergency response activities, contractor operations, and customer visits

## D. Targeted items for improvement and outcomes

Annually, occupational safety and health management personnel collaborate with various departments and employee representatives to conduct on-site safety and health hazard identification and risk assessments, tailored to each department's operations, tasks, and work environments. In 2023, 117 sessions of environmental assessments and hazard identifications were conducted. For highrisk items, "Safety and Health Management Plans" and other improvement strategies were devised, systematically implementing the PDCA management approach to ensure the safety of employees and contractors.

### E. Integration of internal and external resources

To maximize resource utilization, we regularly collaborate with government and local resources. By actively participating in Ministry of Labor initiatives, we work together to create a safe workplace environment and increase employees' sensitivity to personal health.



Level of Impact

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## 4.4.3 Workplace Safety & Health Risk Management GRI403-2 \ GRI403-3 \ GRI403-6 \ GRI403-10

	Illegal infringement issues 10-year cardiovascular incidence rate			Moderate to severe fatty liver Metabolic syndrome
Management issues Maternal health risks	Workplace traffic accidents Trips, slips, and falls Abnormal workload Blood sugar irregularities	Blood pressure irregularities Blood lipid irregularities	Commute accidents	
Musculoskeletal injuries Carbon dioxide monitoring Drinking water testing				Abnormal BMI

Frequency of Occurrence

# **Definition of** assessment methods Level of Impact: The degree of harm to the company's image or to the health and safety of individual employees Frequency of Occurrence: Occurrence frequency and the proportion of abnormal health are set according to the Company's statistical data in the past years



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## A. Workplace health and safety risk management measures

Risk issues	Risk level	Control measures	Effectiveness		
Metabolic syndrome, moderate to severe fatty liver	High risk	<ul> <li>Implement a health risk classification management system.</li> <li>Organize health and weight management competitions.</li> <li>Conduct diverse health promotion seminars and activities.</li> <li>Establish a multifunctional fitness center.</li> </ul>	In 2023, 829 employees were included in the health risk management program. Occupational health nursing personnel provided care and health guidance, disease prevention education, and arranged interviews with occupational physicians as needed, achieving 100% follow-up.  2. "2023 Correcting and Restoring My Health" weight management activity saw 544 participants losing a total of 905.35 kg and		
			<ul><li>reducing body fat by 551.4%.</li><li>3. "Jungle Battle" dietary event and metabolic health seminars were held 78 times with 2,906 participants, with post-lecture test scores improving by over 30% compared to pre-lecture scores.</li></ul>		
			<ol> <li>The fitness center "Lovely fitness" was established, equipped with various fitness equipment and staffed with fitness coaches on-site.</li> </ol>		
			5. The rate of abnormality of metabolic syndrome decreased by 3.5% compared to 2022.		
			6. The rate of abnormality of moderate to severe fatty liver decreased by 4.1% compared to 2022.		
		Review and revise the "Prevention of Illegal Infringement at Work Plan", reaffirming the Company's "zero-tolerance" stance towards any form of workplace misconduct or unlawful acts.	In 2023, 7 suspected cases of workplace illegal infringement were reported, with 2 cases substantiated. Measures included disciplinary actions, subsequent unit transfers, and psychological counseling for the perpetrators.		
Illegal infringement issues	Moderate risk	Establish a dedicated team for workplace illegal infringement.	2. In 2023, 20 supervisors indicated a need for management issue assistance, receiving follow-up and suitable internal and external resource referrals from in-house psychologists.		
y y		<ul> <li>Provide one-on-one management consulting for supervisors with potential management and illegal infringement issues.</li> </ul>	3. 2,626 employees completed training through compliance week and electronic bulletins. Programs including "Enhancing		
		Conduct education and training on preventing illegal infringement at work.	Sensitivity to Workplace Illegal Infringement," "Adjustment and Preparation for New Supervisors," and "Preventive Educatio Against Workplace Illegal Infringement" for heads of sales offices conducted with participation of 121 supervisors.		
		Implement traffic safety awareness campaigns for specific units.	Traffic safety campaigns conducted for 91 employees in specific units (Niaosong sales office, Fengnan sales office, sales divisions in Changhua).		
Commute accidents/		<ul> <li>Conduct safety education training and awareness campaigns highlighting "early" departure, "slow" driving, and increased "safety".</li> <li>Introduce flexible leave policies, allowing a minimum of half-hour increments and a ten-minute buffer time for arrival to reduce employees' stress regarding time constraints.</li> </ul>	Five safety education and training sessions held (2 for new employees, 2 online for all employees, 1 for supervisors).		
Workplace traffic accidents  Moderate / Low	Moderate / Low risk		3. Developed educational materials on "defensive driving" with three themes covering "helmet introduction and selection," "safe driving principles necessary for scooter riders," and "riding during a typhoon day."		
			4. Overall traffic accident rate decreased by 8% compared to the past three years.		
10-year cardiovascular		<ul> <li>On-site health service provided by occupational physicians and nurses.</li> <li>Establish health measurement and blood pressure measuring stations.</li> </ul>	1. On-site health services provided by occupational physicians in 23 sessions in 2023, serving 152 employees, and by nurses for sales units in 844 sessions, totaling 1,688 hours.		
incidence rate; BMI, blood pressure, blood lipid/blood	Moderate / Low risk		2. The 10-year cardiovascular incidence rate decreased by 2.7% compared to 2022.		
sugar irregularities			3. BMI irregularities decreased by 5.2% compared to 2022.		
			4. Blood pressure, blood lipid, and blood sugar irregularities decreased by 7%, 1.1%, and 6.1%, respectively, compared to 2022.		
Environment monitoring	Low risk	<ul> <li>Conduct office air quality monitoring beyond legal requirements.</li> <li>Regularly test drinking water quality.</li> </ul>	1. Semi-annual CO <sub>2</sub> concentration monitoring of offices across Taiwan is conducted, prioritizing areas with a concentration of 1500 ppm, which exceeds legal requirements, for tracking and control while improvement measures are planned and evaluated. In 2023, specific floors in the Songshan Financial Building exceeded the threshold of 1500 ppm twice, prompting a comprehensive air conditioning system review and scheduled repair to ensure the air quality of offices. Monthly check-ups and maintenance across Taiwan were conducted by commissioned drinking water equipment providers; quarterly tests were performed by commissioned EPA-certified testing companies for coliform bacteria and total colony counts at legally prescribed intervals, with special attention given to equipment with high bacterial counts.		
			2. No $CO_2$ levels exceeded legal standards, and no coliform bacteria detected in any of the drinking water dispensers throughout the year.		



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### B. B. Health Check-ups and Five Major Plans

To care for the physical health of all employees, we conduct annual health check-up for both supervisors and employees, exceeding regulatory requirements, offering over 120 health check-up items with a total budget of NT\$8,914,500. In 2023, 3,162 individuals underwent health check-ups, representing an examination rate of 88%. Through abnormal analysis of health check-up results and feedback from questionnaires, we continuously provide health care for employees and implement a classification management system for high-risk employees.

Program Title	Achievements			
	<ul> <li>Revised the third version of the "Prevention Plan for Musculoskeletal Disorders Induced by Repetitive Operations".</li> <li>Actively case-managed 65 individuals on the high-risk list, providing individual assessments, health education guidance, health promotion, and massage services by the visually impaired from Shu Huo Yuan.</li> <li>Referred individuals to physical/occupational therapists or occupational medicine specialists for further musculoskeletal adjustments and recommendations based on employee conditions or needs. Regularly assessed the improvement of musculoskeletal conditions in each case.</li> <li>Over the past two years, the improvement rate of musculoskeletal discomfort based on questionnaire comparisons reached as high as 87.3%.</li> </ul>			
Prevention Plan for Musculoskeletal Disorders Induced by Repetitive Operations	Friendly Workplace: Musculoskeletal Improvement - Physical Therapy Case Study  A case was identified with musculoskeletal discomfort in the right shoulder and neck area, deemed "potentially highly work-related" by a nurse assessment. Physical therapy services were arranged for this individual. The treatment included stretching of the scapular, upper trapezius, sternocleidomastoid, and levator scapulae muscles, as well as passive joint mobilization of the right shoulder and neck. Adjustments were also made to the height of the desk and chair and the surrounding workspace at the office site by the physical therapist. Follow-up was conducted by the nurse. Based on the comparison of pre- and post-assessment of the musculoskeletal questionnaire, the discomfort in the original area decreased from 3 to 0 points on the NMQ scale. The discomfort issues were completely resolved.			
Prevention of Illegal Infringement at Work Plan	<ul> <li>Revised the third version of the "Prevention of Illegal Infringement at Work Plan" and the second version of the "Complaints and Punishment Measures for Workplace violence in the performance of Duties," and established a dedicated team.</li> <li>Supervisors at all levels filled out the "Self-Assessment Form for Workplace Illegal Infringement". Active monitoring of supervisors with potential management issues was conducted while internal psychologists provided appropriate resources and assistance.</li> <li>Conducted programs including "Enhancing Sensitivity to Workplace Illegal Infringement," "Adjustment and Preparation for New Supervisors," and "Preventive Education Against Workplace Illegal Infringement" for heads of sales offices, with a total of 121 supervisors participating. The satisfaction rate reached 4.7 out of 5.</li> </ul>			
Abnormal Workload-Triggered Diseases Prevention Plan	<ul> <li>Revised the third version of the "Abnormal Workload-Triggered Diseases Prevention Plan".</li> <li>Actively case-managed 19 individuals on the high-risk list, using the "Abnormal Workload Assessment Form" for evaluations. Five individuals were recommended for physician consultations. Occupational physicians conducted consultations and recommended appropriate work adjustments (such as adjusting work hours or changing tasks.) Health care and relevant stress relief and educational information were provided, achieving a 100% care completion rate.</li> </ul>			
Health and Safety Protection Plan for Middle-Aged and Elderly Employees	<ul> <li>Established the "Health and Safety Protection Plan for Middle-Aged and Elderly Employees" in 2023.</li> <li>Organized the "Senior Fitness Activity Pilot Program" at the Songshan Financial Tower as part of the plan in the same year to improve the physical fitness of middle-aged and elderly employees. Effectiveness: 44 sessions of senior fitness activities and lectures were conducted, with 189 participants. The satisfaction rate was as high as 4.5 out of 5, and all participating employees provided positive feedback (e.g., feeling improved physical endurance). In addition, three sessions of senior physical and mental health promotion lectures were held, with a total of 129 participants (e.g., "How to gracefully age" and "Unlocking the secrets of functional strength and sarcopenia").</li> </ul>			
Maternal Health Protection Plan for Female Employees	<ul> <li>The fourth version of the "Maternal Health Protection Plan for Female Employees" was revised and integrated with the human resources leave system for care management.</li> <li>Conducted workplace environmental hazard identification and assessment nationwide, with recommendations provided based on the assessment results, and relevant preventive education provided.</li> <li>Case-managed a total of 285 female employees based on prenatal check-up leave/maternity leave/unpaid parental leave lists or employee reports. Occupational physicians assisted in conducting graded assessments, all resulting in first-level management (no maternal-infant hazards).</li> <li>Held the "Shin Kong 60 Baby Gifts Project" in celebration of the 60th anniversary. Newborns in 2023 received "enjoyable gifts and blessings," with rewards totaling up to NT\$840,000, expressing our gratitude to employees for their hard work during pregnancy.</li> </ul>			



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### 4.4.4 Creating a sustainable healthy workplace environment, awards and recognitions GRI403-6 \ GRI403-6 \ GRI403-7 \ GRI403-6 \ GRI403-7 \ GRI4

SKL emphasizes not only the control of employee health risks but also the cultivation of self-awareness for employees regarding physical and mental health. Each year, we plan and implement both software and hardware facilities, as well as physical and mental health promotion measures, based on health check analysis, employee background, and feedback from surveys. Utilizing the PDCA cycle, we effectively manage these initiatives to achieve a "comprehensive and fully protected" healthy workplace environment.

**PLAN** 

DO

We continue to adopt systematic management that includes analyzing abnormalities through health check-ups and assessing the needs for physical and mental health services. We also integrate organizational workplace health sustainability policies to optimize measures for promoting physical and mental well-being.

ACTION

health management personnel, health managers, and consulting psychologists, collaboratively plan activities to promote physical and mental health. We also create high-quality exercise and recreational spaces to support the ongoing well-being of our employees.

Each year, our internal professional team, consisting of occupational safety and

- 1. Fully subsidized health checks costing NT\$ 8,914,500, with an 88% participation rate.
- 2. 829 high-risk employees tracked, with a 100% follow-up rate.
- 3. Contracted doctors provided services to 152 employees, contracted nurses provided 1,688 hours of service, and physical therapy provided to 355 employees.
- 4. The "Correcting and Restoring My Health" campaign achieved a total weight loss of 905.35 kg and a 551.4% reduction in body fat. A total of 78 diverse health promotion seminars were held, attended by 4,359 participants.
- 5. Produced 40 online health and wellness bulletins.
- 6. Conducted 82 seminars, promoting knowledge on health and medical insurance, reaching 2,933 participants.
- 7. "Teacher Chang Foundation" provided 48 paid counseling sessions, and internal psychological consultations were offered for 35 individuals.
- 8. Achieved a 93.4% login rate in the health management system.
- 9. 189 employees participated in senior fitness courses, and 77 used individual services.
- 10. Obtained Safe Place Certification for two buildings (Taichung and Kaohsiung).

- 1. Provide legally superior health check-up services with full subsidies annually
- 2. Conduct graded management and proactively care for employees with abnormal health check-up results.
- 3. Offer legally superior in-person labor health services, including contracted doctors, nurses, and on-site physical therapy.
- 4. Organize diverse physical and mental health promotion activities and seminars.
- 5. Promote information on physical and mental health, epidemics, safety measures and infectious disease prevention.
- 6. Provide health and medical insurance knowledge specifically for sales personnel.
- 7. Implement the integrated Employee Assistance Program (EAP).
- 8. Offer the "Shin Kong iHealth" management system for employee self-management.
- 9. Create "Lovely fitness", an area with diverse equipment for fitness and leisure, available at any time, offering fitness Magic Mirror classes.
- 10. Provide CPR and AED emergency training (including Safe Place Certification.)



**CHECK** 



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**Appendix** 

## Driving common good for related enterprises and suppliers GRI403-7

Following the "SKFH Supplier Management Regulations," Shin Kong Life formulated the "SKL Supplier's Commitment Statement," requiring suppliers and contractors to commit to upholding basic labor rights, insurance, training, and occupational safety and health management. In 2023, all cooperating suppliers (142) and suppliers participating in price negotiations (158) signed the commitment statement. Risk assessments were conducted for 24 suppliers, with one identified as high risk, leading to an on-site audit to review their improvement measures and status. Besides suppliers, we also engaged the supervisors at all levels of our affiliated company, Shin-Kong Life Real Estate Service, in the implementation of the "GRI 403 Occupational Health and Safety" standard for sustainable development. We provided on-site descriptions of various indicators, shared best practices, and offered suggestions for improving safety and health management. By offering relevant training and resources free of charge to all parties, we aim to foster common good from within.

On our journey toward a sustainable and healthy workplace, we continually strive for improvement and growth. Over the years, our efforts in workplace health and safety have been validated and recognized by third parties. Through positive industry and crossindustry exchanges, we inspire and implement better practices for a sustainable and healthy workplace, always aiming for mutual benefit and shared success.

#### 2010, 2013, 2016

· Badge of Accredited Healthy Workplace

#### 2017

"Best Partner Workplace Award" for cancer prevention by Taipei City

2019

#### 2023

- "Big-Hearted Boss Award" from Taipei City Labor Safety Awards
- "Workplace Well-being Award" from Taiwan Corporate Sustainability Awards (TCSA)

### 2020, 2021

"Health Management Award" at

the Excellent Healthy Workplace

Promotion Administration of the

Ministry of Health and Welfare

Evaluation organized by the Health

• CHR "Silver" and Bronze Awards from Common Health Magazine

### 2022

 Badge of Accredited Healthy Workplace from the Health Promotion Administration of the Ministry of Health and Welfare

### 2016

- "Health Benchmark Award" at the Excellent Healthy Workplace Evaluation organized by the Health Promotion Administration of the Ministry of Health and Welfare
- Excellence in Healthy Workplace Management from Taipei City Labor Safety Awards
- "Health Benchmark Award" at the Excellent Healthy Workplace Evaluation in Taipei City
- "I Sports Enterprise" awarded by the Sports Administration







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**Appendix** 

# **5. Excellent Customer Experience**

## 5.1 Sustainable Insurance

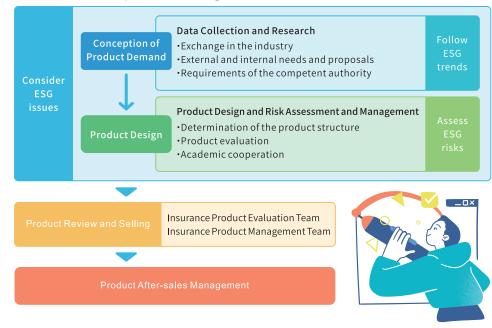
## 5.1.1 Providing a Sense of Security

SKL adheres to the Principles of Sustainable Insurance (PSI), incorporating ESG and sustainability issues into the company's decision-making. In response to trends in social structure changes and policyholder needs, SKL continues to develop and provide insurance products that meet the life planning needs of the fellow citizens, and ensures that consumers' rights and interests are met and protected through the following principles:

## **Product design**

- Continuously monitor ESG trends and incorporate ESG issues into the product development process. Establish inclusive product measurement mechanisms and consistently provide insurance products that align with the public's life plans. Ensure fair treatment of customers and achieve financial inclusion.
- Adhere to relevant regulations governing insurance product design and development during the product development process. Conduct pre-sale "Insurance Product Management Committee" meetings and "Insurance Product Evaluation Team" meetings. Implement post-sale review mechanisms through the "Insurance Product Management Committee" to regularly assess sales conditions, ensuring sustainable operations and the protection of consumer rights.

## **SKL Product Development and Design Process**



# Sales and advertising promotion

its responsibility to improve fairness in customer treatment.

 Ensure all product sales and promotions comply with legal information disclosure requirements. Draft product terms and conditions in accordance with the demonstration clauses provided by the competent authority, and complete reviews according to legal procedures.

SKL is committed to creating a quality and comprehensive insurance journey for its customers through the development of innovative financial services, digital technology transformation, and the continuous fulfillment of

- Following the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises," we provide sample policy contract clauses in the information disclosure and product sections of our official website, allowing customers to understand the details of our products.
- Pay attention to the solicitation of external agents and the mechanisms for reviewing and approving application documents; have the "Management Regulations on the Use of Promotion Materials for Product Sales" formulated in accordance with the "Self-Regulations for Solicitation advertisement in the Insurance Industry" to ensure the accuracy, clarity, and completeness of product information. Ensure all brochures or promotional materials, including fonts and risk warnings, are fully disclosed as per relevant regulations to protect consumer rights.
- Establish the "Business Solicitation Processing and Procedures System" to rigorously control internal regulations, ensuring that all advertising, business recruitment, and promotional activities by sales units and agents provide accurate advertising information, thereby safeguarding policyholders' rights.
- Launch the "fraud prevention and risk control model for external agents" to prevent the abnormal solicitation of external agents, misappropriation of premiums, improper marketing, and improper persuasion of policyholders through risk warnings.
- In 2023, we had three cases not complying with relevant laws and regulations on marketing communication. We have reviewed the cases and made concrete improvement and have also put forward a review mechanism to control the quality of solicitation. For more information, refer to Disclosure - Other Matters Required to Be Recorded.



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# **Underwriting**

- Follow the "Underwriting System and Procedures" and the "Offshore Insurance Units (OIU) Underwriting System and Procedures" to handle underwriting operations.
- Underwriting personnel all have the underwriting expertise required to evaluate the risk-bearing capacity of the Company, to assess the basic information of the insurer and the insured, motives for insurance, benefits of insurance, degrees of need, suitability, occupations, income, finance, sources of funds for insurance premiums, and health status, as well as to watch out for moral hazards or improper tax savings to ensure just and impartial underwriting services.
- Establish the Underwriting Risk-ranking Model and apply big data in underwriting risk management to combine past claims data and underwriting experience with data mining techniques for risk screening and for conducting random physical checks of high-risk customers.
- For elderly applicants, underwriters should proactively show care and conduct thorough evaluations during the underwriting process, ensuring the appropriateness of the insurance coverage and the applicant's ability to recognize any potential harm to their insurance interests. This helps protect elderly customers and prevent elder abuse, aligning with the nature of insurance products and the principle of fair treatment.
- In accordance with the inclusive finance policy, ensure that no form of unfair treatment is tolerated in underwriting for insured parties with certain conditions or those with physical or mental disabilities.

## Claims

- Continuous improve compensation mechanisms and processes, and establish the advanced quick claim risk analysis system to divide operations: Low-risk cases are processed with the automatic compensation mechanism for the system to automatically adjust the payment amount for quick payments, shortening the time required for processing claims to within hours.
- Since 2021, policyholders who are over the age of 18 can access mobile claims services with the assistance of sales personnel through the Insurance Technology Sharing Platform. Policyholders with policies from multiple insurance companies can apply online for medical, disability, and critical illness claims with any insurer. This service offers simultaneous processing across multiple insurers and integrates Mobile ID (MID) technology for digital identity verification, streamlining the claims application process, enabling policyholders to complete claims online with a single click.
- In compliance with regulatory requirements, we provide clear reasons and explanations, along with the applicable laws or contractual terms, in written notifications to policyholders regarding cases where claims have not been paid.

### 5.1.2 Innovative Sustainable Products

In addition to brand and product innovation, SKL strengthened inter-departmental cooperation in delving into the most authentic needs of customers and developing products that go in line with the market trends.

Market Trend	Type of Product	Results
Develop ESG Trend Products Implement the ESG management philosophy and leveraging core financial and insurance	Air Pollution Insurance Product	<ul> <li>Continuously sold the upgraded "Plug-in Air Pollution Annotated Clauses", which strengthened the lifelong coverage for the heart and lung, including two major lung diseases (pulmonary fibrosis and chronic obstructive pulmonary disease).</li> <li>From initial launch until the end of 2023, we sold 1,725 policies with FYP of approximately NT\$9.14 million.</li> </ul>
capabilities to assist policyholders in mitigating threats related to air pollution and food safety.	Food Safety Insurance Product	Introduced the industry's first "Food Safety Lifetime Medical Health Insurance Rider," which covered hospitalization and surgical expenses due to digestive system diseases.     From initial launch until the end of 2023, we sold 455 policies with FYP of approximately NT\$2.49 million.
Promoting Health The spillover-effect insurance product encourages policyholders to improve their health management and reduce the risk of illness with premium discounts.	Spillover-effect Insurance Products	<ul> <li>Encouraging policyholders to proactively manage their health and supporting financial inclusion, we have launched the "Go New Inclusive Term Insurance." This product is available for individuals aged 0 to 65. It promotes concepts such as "compensation for accidents, refund for staying alive, money for walking, exemption from payment for illness, and change for a thousand NT dollars." It integrates with the SKL app to record points accumulation digitally, and encourages policyholders to improve their health through the spillover-effect mechanism. The Go New Inclusive series has sold 5,707 policies, with FYP reaching NT\$64.52 million.</li> <li>Since the launch of our spillover-effect insurance products, a total of 128,462 policies have been sold, with FYP reaching NT\$3.675 billion by 2023.</li> </ul>

For more information on our insurance products, visit the company website, &

#### Awards and Honors of Innovative Sustainable Products Introducing an innovative "Food Safety Top 10 Outstanding Enterprises of the Year -Insurance Policy" rider in the industry, Innovative Design of the Year in the 18th Golden extending the philanthropic concept of Torch Award the "Shin Kong Sustainable Lifestyle -20th National Brand Yushan Award From Farm to Table" program. Through SKL Food Safety "Best Product" donations to the Alliance of Taiwan Lifetime Medical Health Foodbanks, we call on local farmers to Insurance Rider contribute to the Foodbanks' sustainable food programs. With these two initiatives, Best Product Creativity award in the 25th we strive to ensure that every household Insurance Faith, Hope, and Love Awards can enjoy happiness at their dining tables



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# 5.2 Realizing Financial Accessibility

Following the "SKFH Inclusive Finance Policy," SKL has planned a series of friendly insurance services to ensure all groups of people can enjoy equal financial services. In March 2022, SKL established a Financial Inclusion Integration Task Force, which meets quarterly to focus on promoting key aspects and principles of friendly finance. Through these task force meetings, SKL conduct crossdepartmental reviews to assess the implementation of friendly finance projects encompassing digital finance, products, sales, and care services, ensuring they meet the needs of diverse

groups. Moreover, we dynamically adjust related management mechanisms in response to regulatory changes and report these initiatives to the Board of Directors.

In the future, SKL will continue to promote friendly insurance services in all channels, build a corporate culture that values consumer protection and the fair treatment of customers, implement a customer-first strategy, and making financial inclusion a reality.

# 5.2.1 Promoting Financial Accessibility GRI 203-2

SKL actively responds to Sustainable Development Goals (SDGs) 1 and 8, and implements fair treatment of customers to achieve inclusive growth. We prioritize the diverse product needs of all groups by creating diverse and comprehensive products, aiming to realize our corporate mission of "making insurance available to all and providing security for every family."





Benefited Group	Type of Product	Results
	Long-term care insurance	Offered a diverse range of long-term care products, including lifelong, term, pure long-term care, long-term care with death benefit, installment payment, and lump-sum payment options, to offer policyholders more choices that align with their risk gaps.
	Reimbursement insurance	We continued to sell "SKL Ho-Hu-An-Hsin Reimbursement Benefits Rider" and "SKL Tseng-An-Hsin deductible Reimbursement Benefits Rider."
Seniors and people with disabilities	Retirement planning insurance	Launched the "SKL New Perfect Winner (Foreign Currency) Variable Annuity Insurance," "SKL New Willy Winner (Foreign Currency) Variable Annuity Insurance," "SKL Enjoying Retirement Foreign Currency Interest-Linked Return of Premium Lifetime Insurance," "SKL Good Interest Return of Premium Lifetime Insurance," "SKL Five Benefits Return of Premium Lifetime Insurance" to provide retirement planning options for the public.
	Retirement Preparation Platform	We launched a variety of exclusive products in "FundRich Good Retirement Protection Insurance Platform" to publicize the concept of enhanced protection.
	Small-amount Whole Life Insurance	<ul> <li>We rolled out "Songaixin Small-amount Whole Life Insurance" featuring low premium and whole-life protection.</li> <li>In 2023, we sold 3,963 small-amount whole life insurance policies and handled over 29,000 new contracts. Recognized with "Outstanding Performance Award in Aging Insurance Competition" by FSC in 2023.</li> </ul>
Economically Disadvantaged Groups	Micro-insurance	SKL continues long-term commitment to vulnerable groups, collaborating with institutions including county and city government departments of social welfare, charitable organizations, and farmers' associations to provide premium assistance to economically disadvantaged, physically or mentally challenged, or groups with specific identities who qualify, assisting them in obtaining more comprehensive coverage. In 2023, we were honored with the "Micro-insurance Business Performance Award," the "Micro-insurance Disability Care Award," and ranked third in the life insurance industry by the Financial Supervisory Commission.
		• In 2023, our concerted efforts yielded a commercial benefit of NT\$12.44 million, simultaneously benefiting over 88,000 individuals and providing over NT\$24.51 billion in coverage.
Young People	Exclusive insurance for young people	<ul> <li>We launched "SKL Hao Shi Guang Insurance Plan" to design the optimal insurance plans according to the needs in every life stage.</li> <li>We sold 143,000 "Huoli series" products policy.</li> </ul>

For more information on our insurance products, visit the company website.  $\mathscr O$ 



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# 5.2.2 Expanding Financial Services

SKL has been providing convenient and friendly financial services and tools to all demographics. Through accessible communication services, we ensure smooth communication for individuals with hearing or speech impairments. Our family contact network facilitates real-time policy check-ups for elderly policyholders and their families. Moreover, our senior service hotline enables our customer service personnel to deliver appropriate assistance. In 2023, we provided nearly 4,000 individuals with heartwarming experiences of friendly financial services.

	Groups	Financial inclusive services	Results in 2023
	<b>\$</b> = Hearing-impaired	Barrier-free communication     Introduced industry-leading Sign Language Video Translation Service for policyholders with hearing and speech impairment to communicate smoothly through connection with professional sign language interpreters when requiring policy services at the counter.	Since its launch in May 2021, the "Sign Language Video Translation Service" has handled two service calls by the end of the year.
Individuals with disabilities	Visually and physically impaired	<ul> <li>Accessible website         Set up a Friendly Financial Services Section</li></ul>	The Friendly Financial Services Section obtained the Accessibility 2.0 AA logo from NCC.
The mide	dle-aged and elderly	Family Contact Network  SKL have taken the lead among our industry peers in introducing the "Family Contact Network" service, which allows individuals aged 65 and above with legal capacity to visit our customer service counter and designate a family member as their family contact person. Once authorized by the applicant, the designated family contact person can assist the applicant in understanding and managing their policy status, including accessing policy information and requesting reissuance of payment receipts. In the event of a major disaster where the applicant becomes uncontactable or specific notifications cannot reach them, SKL can also notify or contact the family contact person through this service to safeguard the economic security of the elderly. Furthermore, in response to the World Alzheimer's Day, and to address public concerns about aging and dementia, we have organized incentive activities to encourage elderly policyholders and their families to undergo policy check-ups promptly and understand their protection rights.	So far, a total of 75 policyholders have personally visited our counters, and 45 policyholders have proceeded to our LIFE Lab. for policy check-ups after completing the process to examine their protection rights.



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Groups	Financial inclusive services	Results in 2023
	• Friendly Care Tagging  The Customer Information System (CIS) incorporates the CIS probe tag (CISPT), allowing counter staff and 0800 customer service personnel to anticipate potential obstacles that customers may encounter. They can then promptly provide care guidance and service measures. For example, when elderly customers visit the counter to terminate a policy or apply for a loan, the system immediately prompts a reminder to check if the customer has been a victim of fraud. This feature has also been recognized with two new patents from the Intellectual Property Office.	The usage rate of CIS Friendly Care Tagging service has reached 91%.
The middle-aged and elderly	• Elderly service hotline With the initiative "Fast and Friendly Senior Services: No Hassle for Elderly Customers," customers aged 65 and above are prioritized for direct consultation without needing to navigate through IVR (Interactive Voice Response) options. Customer service personnel quickly identify customer needs through system information (e.g., friendly care tags, line navigation, customer IVR browsing history reminders), and then slow down their speech, respond patiently, and communicate in both Mandarin and Taiwanese, using the customer's preferred language. Policy-related information is explained in a conversational manner to reduce information gaps and enhance the customer experience through warm and appropriate service.	From December to February 2024, this service has already benefited 722 senior customers.
Youth groups	• LIFE Lab.+  By offering a youthful and engaging visual experience and consolidating statistical data from various professional institutions, we enable users to generate customized life planning reports with simple inputs and rational calculation rules. These reports include detailed explanations of calculations, data sources, website links, and recent news articles, assisting users in conducting further needs analysis and protection planning, providing a clearer framework and establishing first-step correct insurance concepts for the public.	Assisted the young population aged 20-29 in completing 2,934 career planning reports.
Low income households	Economic relief Concessional Policy Loan Project     We help our policyholders to solve the problem of financial needs and to accompany them through possible financial uncertainties, so that they can have more flexibility in their lives and in the use of their funds.	The concessional policy loan project, available from January 1 to March 31, approved 267 applications, with a total loan amount reaching NT\$21 million.



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## 5.2.3 Strengthening Financial Literacy

To enhance financial literacy within society, SKL has strengthened internal training for our insurance agent, taking advantage of morning meetings to educate on how to help customers recognize fraud and to enhance awareness of fraud-related laws and regulations, with a total of 140 sessions held throughout the year. Externally, SKL has extended our services and allocates more resources to financially vulnerable groups, including students in remote areas, youth groups, and the elderly. By developing board game courses, professional financial courses, and seminars, we aim to raise awareness about finance, insurance, and fraud prevention through diverse channels.

In 2023, these initiatives benefited over 12,000 individuals, showcasing SKL's commitment to leveraging our core competencies in fostering financial inclusion.

#### Financial literacy project Results in 2023

#### High School Financial Literacy Course

In collaboration with the Education Bureau of Taichung City Government and the Taiwan Association for Financial Literacy Promotion, we have co-organized financial education to promote financial literacy among teenagers across high schools at all levels. Financial experts and industry professionals are invited to provide insights into various aspects of finance, including financial management, entrepreneurship, investment, and FinTech. They simplify complex financial concepts to provide teenagers with a solid foundation in financial education and diverse learning opportunities, thereby increasing their competitiveness.



Since its inception, a total of 215 financial literacy courses have been conducted, with 418 hours of education provided. The post-course satisfaction rate is 4.3 out of 5. In 2023 alone, 11.018 individuals benefited from this initiative.

#### · Guardians of Wealth

In partnership with social enterprise Re-U, we designed the "Guardians of Wealth" board game course to teach students through interactive gameplay. By incorporating real scam scenarios into the game through "insurance event cards," the game creates situations for fraud prevention. Through the role-playing and dice-rolling process, the course features easy-to-understand insurance concepts and engaging interactions, which help enhance students' insurance literacy, and integrate financial knowledge into their daily lives. The board game course extends beyond urban campuses into rural areas, helping teachers in those areas to overcome challenges in financial literacy education. Students can thus understand how insurance provides personal risk protection and learn about avoiding becoming victims of fraud by not disclosing cash or personal information to others. Furthermore, the teaching aids used in the game are made from laser-cut waste materials and recycled paper, giving them a sustainable purpose.

From May to December 2023, a total of 9 "Guardians of Wealth" courses have been conducted, benefiting 193 students.



#### SKL 165 Anti-Fraud Campaign



SKL's anti-fraud initiative encompasses fraud recognition, prevention, and intervention through awareness campaigns, transaction monitoring, and regular check-ins. By increasing customers' and employees' awareness and risk identification capabilities, these measures aim to minimize financial harm and loss caused by fraudulent activities.



- The annual quality audit of business operations identified 80 cases, involving interviews with 1,505 policyholders to ensure the accuracy of policy information and safeguard customer rights.
- By utilizing our official LINE account to share posts and push notifications, we aimed to promote fraud prevention knowledge and enhance customers' ability to recognize scams. The campaign reached 190,000 users over five days, with 71,000 opens and 16,000 clicks. Notably, the highest open and click-through rates were observed among individuals aged 75 and above.

#### · Seminars on preventing elderly fraud

Recognizing the varying levels of familiarity with digital payment tools among our elderly policyholders and the evolving nature of fraud techniques in recent years, SKL held anti-fraud seminars across Taiwan to bolster elderly policyholders' awareness and share prevention strategies. These seminars, aligned with the principles of fair treatment of customers, provided a platform for face-to-face interaction where we could actively listen to the voices of our policyholders and share the convenience and benefits of digital tools.

In 2023, five seminars were conducted, equipping 100 elderly policyholders with practical anti-fraud knowledge and strategies.





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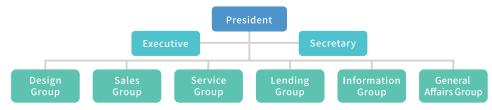
# 5.3 Fair Treatment and Customer Experience GRI 2-26 \ 417-1 \ 417-2 \ 417-3

SKL upholds the spirit of "Friendly Service." "Ethical Business," and the "Principle for Financial Service Industries to Treat Customers Fairly" as the core values and behavioral guidelines to establish a corporate culture centered around "fair treatment of customers," and to further enhance the accessibility, usability, service quality, and consumer rights protection of financial services. By continuously promoting fair treatment of customers, implementing financial inclusive practices, and fostering social common good, SKL constantly promotes financial insurance knowledge to enable consumers to understand the importance of insurance. Additionally, proactive measures are taken to provide more in-person or digital care services to elderly and disabled policyholders, demonstrating our commitment to fair treatment of customers as we strive to become the most trusted leading life insurance brand among policyholders.

## 5.3.1 Realizing Fair Treatment of Customers

## A. Treating Customers Fairly Committee

SKL amended the "Fair Treatment of Customers Policy" and the "Strategy of Treating Customers Fairly" in 2019, as well as established the Treating Customers Fairly Committee, which consists of six working groups and three supervisory units responsible for supervising the implementation of the fair treatment of customers and reporting the results to the Board of Directors for deliberation on a regular basis. To protect the rights and interests of our policyholders, we have implemented a top-down culture of treating customers fairly, making it one of the Company's DNA. In 2023, the Treating Customers Fairly Committee met four times to review and report matters related to the Principle of Treating Customers Fairly. The chief compliance officer of the head office reported to the Board of Directors on the business of the Principle of Treating Customers Fairly twice.



# **B.**Fair treatment education and training

To establish a culture of fair treatment, SKL regularly conducts compliance education and training for all employees to strengthen their legal compliance awareness. These sessions cover topics such as the Financial Consumer Protection Act, Principle for Financial Service Industries to Treat Clients Fairly, financial inclusive, and the insurance rights of individuals with disabilities. In 2023, we achieved a 100% completion rate for these training programs. In addition, tailored training programs are provided based on practical needs for different levels and roles within the company. In 2023, we engaged external lecturers to organize ten face-to-face training sessions for directors, executives, and employees in charge of fair treatment of customers. Board directors also completed courses on "Integrity in Business, Fair Treatment of Customers, and Financial Friendliness, AML/CFT Regulatory Trends," and "Principle for Financial Service Industries to Treat Clients Fairly." These training sessions continuously enhance the understanding of fair treatment and friendly finance among board directors and senior management.

## C. Initiatives and achievements in enhancing fair treatment

SKL is dedicated to promoting fair treatment of customers, adhering to the "Principle for Financial Service Industries to Treat Clients Fairly." In 2023, the Company integrated fair treatment principles, financial inclusive services, and elderly care into evaluation criteria and implemented several initiatives, achieving notable results:

		Aspect	Initiatives
			Launched medical material subsidies and long-term care incremental products to enhance senior protection.
		C.I.	Evolved elderly outreach materials for clearer and easier-to-read product information.
		Sales	Established horizontal communication and engagement to accurately confirm the understanding of elderly customers.
			For elderly policyholders who are illiterate, use third-party witnesses as substitutes for signatures.
		Claims	Offered online claims estimation with the system proactively initiating friendly reminders tailored to elderly customers' needs.
			<ul> <li>Provided special care for elderly policyholders: Implemented ATM loan assistance and manually reviewed recordings of interactions with elderly policyholders.</li> </ul>
0 0	Bridging the digital divide and		Established the Family Contact Network to safeguard the economic security of the elderly.
င့်လွှဲ	safeguarding the		Set up a senior citizen service hotline with priority access for the elderly.
	rights of the elderly and individuals		Showed care for diverse communities: Offered multilingual interpretation services for new immigrants and supported employment opportunities for disadvantaged families.
	with disabilities		Engaged members of the Financial Ombudsman Institution in seminars discussing elderly complaint cases to thoroughly analyze disputes in elderly consumer interactions.
			Organized seminars on preventing elderly fraud, inviting elderly policyholders to share their knowledge on scam prevention.
			Collaborated with Tamkang University's Office of Disability Services to develop the first     "Comprehensive Solution to Friendly Services for the Visually Impaired Provided by Financial/     Insurance Industry" in Taiwan.
			Expanded the Customer Information System (CIS) with the "Friendly Care Tagging" service for financially vulnerable customers, adding a single customer view and customer journey data to shorten query times.
	Implementing measures to		Implemented FIDO identity verification, making password-free security more reliable than traditional passwords.
N. That		Sales	<ul> <li>Introduced flexible policy combinations and digital group purchasing options tailored to the insurance habits of younger generations.</li> </ul>
	safeguard the		Promoted the concept and services of policy evaluation through LIFE Lab. both online and offline.
	rights of younger customers	Service	<ul> <li>Provided special phone care for newly adult customers (18-19 years old) when they requested policy cancellations.</li> </ul>

## Awards and Honors of Fair Treatment

Recognized for Excellence in Fair Customer Treatment Principles by FSC (ranked top 25% among insurance companies)





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## 5.3.2 Customer Service and Communication

SKL is dedicated to understanding and meeting customer needs through our "3D customer service policy." This policy includes providing passionate service ("Do With Passion") by actively listening to customers, leveraging digital technology to offer diverse and inclusive digital services ("Do By Technology"), and enhancing the professionalism of customer service personnel ("Do Things Right") through the internationally recognized BSI Certification, as well as technology empowerment, to streamline processes and improve service efficiency in hopes of delivering a customer experience that can be truly felt. By integrating the Net Promoter Score (NPS) to measure customer satisfaction and loyalty, we ensure that customer feedback informs service improvements. Through various initiatives, the overall Net Promoter Score (NPS) for 2023 reached 89.2%, and customer satisfaction for claims stood at 90.5%. Customers have experienced an improvement in service quality.

## **3D Customer Service Policy**

## Do With Passion | Do By Technology | Do Things Right

## A. Services for major disasters

Services	Description	Results
International disaster relief	Activated international disaster relief immediately when policyholders needed assistance in an emergency while traveling overseas.	From 2013 to 2023, SKL processed 77 internation disaster relief cases at the amount of NT\$39.57 million.
Emergency / disaster care	Typhoon/disaster protection: In the event of typhoon or disaster, five types of policyholder care services will be activated, including proactive assistance in compensation and care, waiver of capital fee for policy reissuance, premium payment grace, preferential interest payment for policy loans, and home loan principal extension.  Major accident condolence: provided care and consolation money for policyholders encountering major accidents.	In 2023, we initiated the emergency response mechanisms once.

## **B. Optimizing Customer Service**

#### 1.0800 Customer Service Hotline

SKL has a customer service hotline (0800) in place to quickly provide customers with accurate information and regularly conduct customer satisfaction surveys to enhance the quality of service. We also organize training courses and conduct regular inspections to keep the quality of service stable and improve customer satisfaction. In 2023, we served nearly 470,000 incoming calls, and out of a sample of 50,000 respondents, the service satisfaction rate was 94.3%. Most of the callers made inquiries about policy administration (preservation, premium, and the content of the contract). The NPS for our 0800 Customer Service Hotline was 89.4% in 2023, indicating a high level of customer satisfaction and recognition of our service quality.

	0800 Customer Service Hotline	2021	2022	2023
	Service Satisfaction Rate	88.1%	95.8%	94.3%
5	NPS	80.1%	81.6%	89.4%

#### 2. Smart Customer Service Center

SKL established the industry-first "Smart Contact Center," which provides the customer service personnel with one-stop support through various smart functions, allowing users to receive the best quality of service anytime, anywhere and at will. In 2022, SKL implemented an "Al training center" that uses natural language processing (NLP) models to initially handle inquiries. This system generates Al learning rate reports, which are then professionally fine-tuned by trainers, using another specialized AI model, the "Training, Sorting, and Analysis Tool." This tool provides a comprehensive view of outlier sentences, various engine response statuses within the system, and changes in vector indexing mechanisms, ensuring a dynamic and clear presentation of knowledge distribution. This "AI managing AI" technology keeps SKL at the forefront of technological service advancement.

In 2017, our customer service got certified to "Royal Mystery Shopper (RMS)" and "ISO 10002:2018 Customer Satisfaction Management System," making SKL the first in the life insurance industry to obtain these two certificates from the BSI. (Please refer to Appendix)



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## C. Responding to Policyholder Feedback Attentively

For complaints lodged by policyholders, we have complaint handling procedure and grievance mailbox to handle policyholders' complaints. After receiving policyholders' complaints, the dedicated department will investigate them immediately and follow up on the cases to get back to the policyholders in a timely manner. With the effective control and response, the rankings of the weight and the comprehensive score on the grievances have improved greatly, showing that the results have rolled in.

## SKL's complaint handling procedure

## Accepted and filed

the Financial Ombudsman

county consumer protection

complaint.



 Customers can file complaints through various channels such as the Company's customer service center, letters, online platforms, or through Institution (via phone, official documents, or agency referrals) and popular representatives (Consumers' Foundation Chinese Taipei/city or officers). Upon receipt of a complaint, customers are notified via SMS about the acceptance and progress of their

 Once a complaint is accepted. we contact the customer to clarify the details of the issue. The Company then internally discusses and formulates a solution that adheres to the principles of fair treatment.

If additional time is required to address the complaint, the customer is informed accordingly.

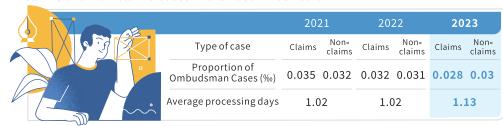
Throughout the complaint process, we maintain communication with the customer, providing updates on the case status. Complaints are resolved within 30 days of acceptance, and the customer is informed of the outcome.



In 2023, SKL initiated a comprehensive plan to enhance the effectiveness of complaint management. This plan encompasses three main aspects: developing training programs for complaint

handling personnel, strengthening advocacy within business units, and optimizing the complaint system 2.0, so as to improve the management capabilities of business personnel, streamline the complaint handling process, and reduce external complaints.

## Proportion of Ombudsman Cases and Average Processing Days of Disputes over Claims and Non-claims Cases in the Past Three Years (SASB: FN-IN-270a.2)



# 5.4 Innovative Digital Services

Following the trend in digital finance, SKL strives to promote the application of various digital and insurance technology, optimize administrative efficiency, and improve customer experience, with "Digital sales support, Enhancing service experience, and Technological process applications" as our digital innovative strategies. We prioritize people and leverage technology to innovate customer experiences, enhancing accessibility and usability while reducing interaction barriers. Our focus is on automating processes to improve service experience smoothness and efficiency. The development progress and implementation performance of relevant projects are regularly reviewed in key performance review meetings and digital finance monthly meetings to ensure the timeliness and quality of service development. In 2023, we acquired one digital finance-related patent, bringing our total to 36, and received recognition through various external awards.

Looking forward to the future, SKL will continue to promote the change of digital innovation service model, and provide the omni-channel customer service. In addition, we will be absorbed in incorporating ESG into our core business operations in four aspects: product development, operational process, talent development, and sustainability.





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# **SKL Digital Services**

Strategy	Solution	Content	Results in 2023
	Mobile app innovative interaction services	<ul> <li>"Mobile Commerce" app, the digital aid for business</li> <li>The "Shin Kong Life" app combines various business services with policyholder health management and more, providing convenient self-service.</li> </ul>	<ul> <li>Mobile e-visit, e-insurance, e-payment, e-contract change and e-claim are readily available for external agents</li> <li>Totaling 664,000 downloads of the Shin Kong Life app</li> </ul>
Digital sales support	Smart Insurance Policy Health Check	<ul> <li>Utilizing Optical Character Recognition (OCR) technology, the policy contents can be instantly recognized through a camera lens, quickly completing policy health checks and consolidating coverage summaries.</li> <li>Revamped report format with unique digital characters exclusive to the Company. A new protection indicator was introduced to quickly reveal coverage gaps</li> </ul>	Served approximately 1.17 million customers; made approximately 1.18 million plans      Served approximately 1.18 million plans
	Comprehensive revamp of the investment-linked proposal	The newly redesigned investment-linked proposal is now accessible across various devices such as smartphones, tablets, and PC computers. It offers a simplified and intuitive user interface while the integration of form and report functionalities streamlines the overall user experience.	Reinforced support for agents and diversified channels to facilitate business expansion, improve service efficiency, and provide better marketing support
Enhancing service experience	FIDO identity verification service	<ul> <li>Replaced passwords with biometric identification to address password forgetfulness</li> <li>FIDO verification utilizes encrypted public-private key authentication, offering enhanced security compared to traditional login methods</li> <li>Designed for cross-screen verification, adhering to the principles of fair treatment and financial inclusion</li> </ul>	<ul> <li>Utilized for platform logging in or various online transactions such as policy loans, fund conversions, and more. SKL is the first in the life insurance industry to launch this service.</li> <li>FIDO usage accounted for 40% of app logins after its launch</li> </ul>
	Mobile experience for a convenient life	<ul> <li>Mobile version of authorized electronic funds transfer service (eDDA)</li> <li>"Mobile Phone Code Verification" for applying for online insurance services</li> <li>In line with SKB's "Code Verification" service, allowing customers to perform identity verification and apply for services at convenience stores</li> </ul>	<ul> <li>Mobile authorized transfer service: Already used 150,000 times</li> <li>Mobile Phone Code Verification application rate: 79%</li> <li>Quick ID Verifications: 417</li> </ul>
	Optimized customer experience in the member area	<ul> <li>The area features a sleek and intuitive user interface. Usability tests are conducted with customers to observe their actual interaction experiences for enhanced design accordingly.</li> <li>The "FIDO Passwordless Transaction Authentication" service is integrated, facilitating cross-device transaction verification.</li> </ul>	<ul> <li>Membership count: Accumulative, 1.06 million people</li> <li>Annual transaction volume: 82,8000 transactions</li> </ul>



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  - 4.1 Diverse Recruitment
  - 4.2 Nurturing Talent 4.3 Happy Workplace

  - 4.4 Occupational Health and Safety

### **5. Excellent Customer Experience**

- 5.1 Sustainable Insurance
- 5.2 Realizing Financial Accessibility
- 5.3 Fair Treatment and Customer Experience
- 5.4 Innovative Digital Services

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- Common 6. Realizing Sustainability Governance
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Appendix

Strategy	Solution	Content	Results in 2023
	Monitoring of customers' digital tracks through smart customer services	<ul> <li>"Smart digital customer service center," the telephone customer service</li> <li>The online "Shin's Smart Customer Services 2.0" has been optimized in conjunction with the Company's revamped intranet, assisting sales in quickly obtaining accurate information. An AI training center has been established to enhance training efficiency, and a question and answer feedback service has been developed to better understand customer needs</li> </ul>	<ul> <li>Telephone service for simple data change: served 93,000 individuals</li> <li>Smart reminder service: served 7,000 individuals</li> <li>Smart Customer Services Chatbot "Shin" 2.0: 394,000 individuals</li> </ul>
	Claims risk screening system	<ul> <li>Claims risk analysis system:         The architecture of the analysis system and the analysis information platform are constructed to improve the hit rate during an investigation. When the inspection rate drops and the case detection rate increases, the system will come into play, thereby improving the overall investigation performance and preventing fraudulent claims     </li> <li>Advanced risk analysis system for expedited claims:         Quantifies the risk of claims and improve the accuracy of case classification     </li> </ul>	<ul> <li>Claims risk analysis system         <ul> <li>(1)The claim inspection rate (Note 1) : 1.7%</li> <li>(2)The claim detection rate (Note 2) : 31.6%</li> </ul> </li> <li>Advanced risk analysis system for expedited claims         <ul> <li>(1)Average processing time for normal cases : 1.1 days</li> <li>(2)Average monthly number of reviewed cases per person : 438</li> </ul> </li> </ul>
Technological process applications	E-task integration platform	<ul> <li>Based on the scenario of "agent servicing customer," the platform is designed to enhance mobile services for external agents by providing an intuitive one-stop sales support tool through cross-system integration and the optimization of multiple apps. Customer data is consolidated using a unified customer ID, allowing agents to access comprehensive service lists and track the progress and performance of each service from a single interface. Supervisors have additional access to tools for managing the activities and performance reports of their subordinates</li> </ul>	<ul> <li>Agent usage rate: 98%</li> <li>Number of cases regarding maintenance of customer rights: Nearly 160,000 cases, ensuring uninterrupted premium payments</li> <li>Number of new contract customers, securing revenue: 12,000 persons; premiums translated: NT\$977 million</li> </ul>
	Al-enabled smart address correction	<ul> <li>The smart address correction engine and verification rules utilize the PAPAGO navigation system and a commercial building address database to compare and ensure address accuracy, and to effectively prevent financial frauds</li> <li>Secured a new patent from the Intellectual Property Office (IPO), marking Taiwan's first patented customer communication data governance system</li> </ul>	Successfully identified nearly 570,000 communication addresses, ensuring the accuracy of customer addresses and guaranteeing the delivery of important correspondence to their mailboxes
Patent achievements	CIS customer data integration system	SKL was the first life insurance company to utilize internal big data. Within the system, we introduced the "Friendly Care Tagging" feature, enabling service personnel to identify vulnerable customers and provide timely care to protect their policy rights	<ul> <li>Awarded for the patent "Friendly Care Tagging Customer Service Assistance System" by IPO</li> <li>Customer service and counter staff rated various functionalities of the CIS system with a satisfaction rating of 4.6 stars (maximum 5 stars)</li> </ul>

Note 1: Claim investigation rate = Number of cases investigated/Number of cases concluded. Investigation refers to the procedure in which ombudsmen assist in reviewing medical records or medical information and checking accidents or current situations.

Note 2: Claim clear-up rate = Number of cases solved/Number of cases investigated. Note 3: For more information on our insurance products, visit our Sustainability website  $\mathscr O$ 



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nnovation 4. Nurturing Diverse Talents

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- Actively engage in communication and interaction with stakeholders to deepen mutual trust and confidence
- Commit to being a creator of social value.



**CORE VALUES** 

- The amount of ESG-themed investment exceeded NT\$548 billion, of which investment in sustainable development bonds reached NT\$45 billion, with an annual growth of 3% compared to the previous year.
- The Sustainable Insurance Charity Program realizes a circular economy, and is expected to provide microinsurance coverage to 1,375 underprivileged families.
- The Remote Health Promotion for Rural Areas charity program can create a **SROI of NT\$9.57** in social value for every NT\$1 invested.



























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# 6. Realizing Sustainability Governance

Shin Kong Life understands that only by treating each other with sincerity and establishing a complete mechanism for corporate governance, risk management, and information security can it operate in a stable manner, provide protection for many families, and protect each and every policyholder in a solid manner.

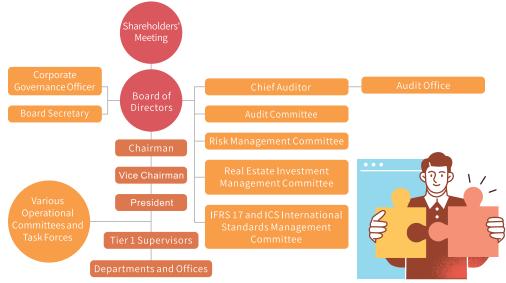
# **6.1 Corporate Governance and Ethical Management**

GRI 2-9 \ 2-11

Shin Kong Life is committed to the business philosophy of "stability and prudent", and continues to strengthen its corporate governance and safeguard the rights and interests of shareholders and stakeholders through such mechanisms as "strengthening the functions of the Board of Directors", "promoting ethical management", "strengthening the anti-money laundering mechanism", "improving the internal control system" and "implementing information disclosure".

We have a Code of Corporate Governance signed by the Board of Directors and continue to use corporate governance as a basis for strengthening the foundation for sustainable business operation. Please refer to SKL information dsclosures. &

## Organizational Chart of the Board of Directors



Note: The Company voluntarily established an Audit Committee on June 30, 2017 to strengthen the corporate governance and audit oversight mechanism

## 6.1.1 Board of Directors and Functional Committees

GRI 2-10 \ 2-11 \ 2-12 \ 2-15 \ 405 \ 2-17 \ 2-18 \ 205-2

SKL is a subsidiary of Shin Kong Financial Holdings Co., Ltd. (SKFH), who owns 100% of its shares, and has established the overall structure and authority of the Board of Directors in accordance with the Company Act, the Insurance Act, the Securities and Exchange Act, and other relevant laws and regulations. The 21st Board of Directors was re-elected on June 29, 2023. There are 15 directors (including 3 independent directors) who are responsible for the Company's operational policies, oversee and manage the results of ESG initiatives at all levels, and safeguard the rights and interests of all shareholders.

As the insurance industry is an industry that is highly supervised by the competent authorities, we attach great importance to the regulation and governance mechanism of the members of the Board of Directors, establish the rules of procedure of the Board of Directors in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", and actively invite credible and professional independent directors to participate in corporate governance and safeguard the rights and interests of all shareholders. In 2023, the Real Estate Investment Management Committee and the IFRS 17 and ICS International Standards Management Committee were established under the Board of Directors to strengthen the supervision of the Board of Directors. For the implementation status of the Board of Directors and functional committees, please refer to the Market Observation Post System for the Insurance Industry - Corporate Governance.

Note1: Since the Company is a subsidiary of the parent company, SKFH, which holds all of the issued shares, in accordance with the provisions of the Company Act, the Financial Holding Company Act, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the members of the Board of Directors are all appointed by SKFH after qualification review and approval by the Chairman of SKFH, and the Chairman does not concurrently hold other duties in the management team

Note 2: The information of the Board members is disclosed based on the 21st Directors who were re-elected on June 29, 2023. For information on the directors' term of office and professional background please refer to the Market Observation Post System for the Insurance Industry &

#### Board of Directors' Members Information

Unit: Person

Age/Type	Male	Female	Directors	Independent Directors	Directors who concurrently serve as managers of the Company	Number of seats that are related to each other
< 30	0	0	0	0	0	0
30 - 50	1	0	1	0	0	0
>50	13	1	11	3	1	0
Total	14	1	12	3	1	0



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## A. Board Diversity Policy

In order to ensure the diversity of directors, as well as the ability to review and discuss ESG issues, the parent company, SKFH, follows all the regulations in appointing members of the Board of Directors of the Company, taking into account their professional background. At present, the members of the Board of Directors of SKL specialize in the fields including insurance, finance, business, information technology and accounting. Please refer to SKL'sinformation disclosures website  $\mathscr O$  the 2023 SKL Annual Report (P.19~P.21).  $\mathscr O$ 

# B.Strengthening the Competencies of the Board of Directors

In order to enhance the Board of Directors' knowledge and capabilities on responsible management, economic, environmental and social issues, courses like "Risk-oriented Audit System and Climate Change Risk Control", "Insurance Capital Standard (ICS) Overview", "Implementation of Ethical Corporate Management, Fair Treatment of Customers, and Financial Inclusion; and the AML/CFT Supervision Trends", "IFRS17 Management Issues and Case Study" were conducted in 2023. The total number of training hours for directors was 201 hours, and the average training hours was about 13 hours. Furthermore, content of the statement on the AML/CFT internal control system has been regularly reported to the Board of Directors; the communication on anti-corruption policies and procedures with the entire Board of Directors has been completed. For details, please see SKL's information disclosures website.  $\mathcal{S}$ 

# C. Remuneration Scheme for Directors and Executives

The Code of Conduct for Board of Directors specifically stipulates that those who have an interest in themselves or the legal entity they represent should explain the important contents of their interest at the current board meeting, and if there is a risk of harming the company's interests, they are not allowed to join in the discussion and vote, and should recuse themselves from the board meeting, and are not allowed to act as a proxy for other directors in the exercise of their voting rights, for details, please refer to the 2023 Shin Kong Life Insurance Annual Report (P.49~P53).  $\mathcal{O}$  °

## 6.1.2 Performance Evaluation of the Board of Directors and Functional Committees

In order to improve the operational effectiveness of the Board of Directors, the performance evaluation of the Board of Directors is conducted in accordance with the Rules for Evaluating Board of Directors and Functional Committee Performance. The evaluation content includes the performance of the entire Board of Directors, individual directors and functional committees. The evaluation method, frequency and results are described as follows:

Evaluation method	Evaluation frequency	Evaluation aspects	Results of the most recent evaluation
Internal performance evaluation	Once a year	<ul> <li>The board performance evaluation includes 5 major aspects: degree of participation in company operations, improvement of board decision-making quality, board composition and structure, director election and continuing training, and internal control.</li> <li>he board member performance evaluation items include 6 major aspects: mastery of company's goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control.</li> <li>The functional committee performance evaluation includes 5 major aspects: degree of participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision-making quality, composition and election of functional committee members, and internal control.</li> </ul>	In 2023, the average score of each evaluation aspect of SKL'sBoard of Directors was between 4.9 points; the average score of each evaluation aspect of the performance evaluation of individual directors was between 4.8 points; and the average score of self-evaluation of the functional committee's performance was 4.8 points. All evaluation results were "excellent" (scores from 5 to 4.6 are considered "excellent", with the highest score being 5).
External performance evaluation	Once every three years	<ol> <li>Four aspects of board performance evaluation:</li> <li>Board professionalism: diversity of board composition, directors' continuing education status, utilization of external resources, etc.</li> <li>Board decision: degree of directors' participation in meetings, the board's understanding of company's operation status, directors' management of company's risks, the adequacy of information on which the directors make decisions, etc.</li> <li>Board of Directors' attention to and supervision of internal control: formulation and implementation of code of conduct for employee, supervision of internal audits, smooth communication and reporting channels, disclosure and avoidance of conflicts of interests, etc.</li> <li>Board of Directors' attitude towards sustainable operation: disclosure of ESG information, planning of talent cultivation and succession plans, actions for sustainable operation, etc.</li> </ol>	In 2023, the "Taiwan Institute of Ethical Business" was appointed to carry out the external performance evaluation of the Board of Directors. In the questionnaire, the Board of Directors' effectiveness was evaluated based on four major aspects. The evaluation result was 4.47 points (the highest score is 5 points). In addition, based on the objective suggestions of the directors interviewed by the external evaluation agency through open-ended questions, the Company will discuss and implement refined measures to continue improving the effectiveness of the Board of Directors and strengthening the corporate governance mechanism.



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# 6.1.3 Remuneration Scheme for Directors and Executives GRI 2-20 \ 2-21

In order to create long-term value for shareholders, the Company has established the "Rules for Evaluating Board of Directors and Functional Committee Performance", the "Guidelines for the Remuneration of Directors" and the "Measures for the Implementation of Stock Ownership Trust for Senior Executives". Directors' remuneration is authorized to be determined by the Board of Directors based on their participation in the company's operations and the value of their contributions, and is agreed upon at the industry standard. In addition, the remuneration of independent directors is fixed by the Board of Directors' meeting and is excluded from the distribution of SKL's earnings. Please refer to the 2023 SKL Annual Report. To create long-term value for the company, shareholders, and employees, senior managers established a bonus policy that is aligned with the Company's sustainable operation and development according to the "Regulations Governing the Distribution of Annual Performance Bonuses", "Regulations Governing the Distribution of Longterm Incentives", and "Measures for the Implementation of Stock Ownership Trust", encouraging and linking bonuses to the company's long-term performance and value creation for shareholders. In 2023, the Company's highest-paid individual's annual total remuneration was 15.8 times the median of the annual total remuneration of other employees in the organization (excluding the highest-paid individual); the percentage increase in the annual total remuneration of the highest-paid individual was 10 times the median of the average annual total remuneration increase percentage of other employees in the organization (excluding the highest-paid individual). The Company has separately established the "Regulations Governing Senior Manager Performance Management" to effectively evaluate the performance of senior managers and improve business performance.

## Link between Directors' Remuneration and Organizational ESG Performance

All directors (except independent directors) are awarded the Chinese New Year bonus based on their monthly fixed remuneration and the base amount pf the overall employee performance bonus for the year, while considering the individual performance evaluation results of directors. Furthermore, in addition to receiving fixed monthly remuneration, the Chairman and Vice Chairman can subscribe for stocks in accordance with the Measures for the Implementation of Stock Ownership Trust for Senior Executives; performance bonuses are also determined by the Board of Directors based on the annual performance of senior executives (as below, the 2023 overall key performance indicators, including the sustainable operation core value items).

## Link between Executives' Remuneration and Organizational ESG Performance

The compensation standards are based on the responsibilities (including ESG matters) of the executives and are set according to a duty-oriented grading system, and the Chairman is authorized its approval within the scope of authorization. The annual performance bonus is based on the Company's overall operating performance and individual performance (including ESG matters) for the year, for the purpose of linking performance with rewards, and to encourage executives to pursue excellent performance.

In addition to the financial indicators, the corporate sustainable development philosophy and the Fair Treatment of Customers shall also have been included in the formulation of the Company's overall key performance indicators (KPIs) in 2023 to shape the culture of corporate responsibility.

### 2023 Overall Key Performance Indicators

Item	Indicator Description
Sustainable Operation Core Values	Including corporate sustainable operation performance (including major ESG issues such as DJSI evaluation, joining SBTi, inclusive financial products and services, and retention of outstanding talents), fair treatment of customers, legal compliance, digital financial services, and information security
Financial Performance Business Quality	Including financial and business aspects (such as: profitability, risk control, business quality / promotion)
Bonus items	Group synergy



#### Review in 2023

Periodically (every month) report material issues to the Board of Directors, issues for communication include: corporate governance, ethical corporate management, financial performance, risk management, compliance, AML/CFT, corporate sustainability, and treating customers fairly.

- (1). Evaluation of the appropriateness of the overall risk management mechanism with respect to four major aspects: risk management culture, risk management policies and systems, risk management execution and review, and the effectiveness of internal audits.
- (2). Amended the internal control system, Corporate Governance Code of Conduct, securities investment policy and procedures, and Procedures for Investing in Special Projects for Public Utilities and Social Welfare Enterprises.
- (3). Report on the implementation status and annual goals of corporate sustainability, report on implementation results of corporate sustainability and implementation status of ethical corporate management, report on the implementation of principles for treating customers fairly, performance report on investing in special projects for public utilities and social welfare enterprises, compliance report, AML/CFT report, project report on financial friendly services and measures, SBTi project progress and reduction target report, and report on GHG inventory and verification planning.



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## 6.2 Ethical Management GRI 205-1 \cdot 205-3

We established the "Ethical Corporate Management Policy and Best Practice Principles" and the "Ethical Corporate Management Operating Procedures and Code of Conduct" to implement ethical corporate management and provide training to all employees each year. All employees completed the ethical corporate management training in 2023. For education and training on ethical corporate management for directors and senior management, lecturers from the Taiwan Academy of Banking and Finance were invited this year to conduct training on topics such as "implementation of ethical corporate management, fair treatment of customers, and financial inclusion".

Furthermore, companywide risk of unethical conduct is assessed regularly each year, in order to effectively determine the distribution and control of risk of unethical conduct. We completed an assessment of the risk of unethical conduct at all company locations in 2022; a total of 11 risks were assessed, including bribes, inappropriate sponsorship, unfair competition, and accepting improper gains; overall risk of unethical conduct was assessed to be low.

## SKL Code of Integrity and Ethical Values



## A. Living up to the financial professional ethics

## (1) Code of Ethical Conduct

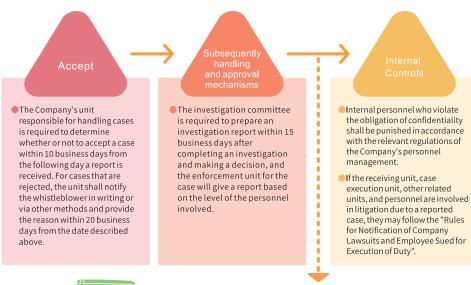
Directors and managers are required to exercise due diligence in the carrying out their duties, to treat all shareholders fairly, and not to compromise the interests of the Company for the benefit of individuals or particular groups.

## (2) Employee Code of Conduct

We attach gre at importance to the ethical conduct of our insurance employees and have established the "Personnel Management Rules" and "Rules for Rewards and Punishment of Salespersons" to protect the rights and interests of our policyholders and the Company. There was no incident of acceptance of bribery in 2023.

## B. Regulations for Handling Reported Cases

The Company has established a reporting mechanism, with the Compliance Department being the handling unit. Anyone who discovers that the Company's or its subsidiary's personnel are committing crimes, fraud, or violating laws and regulations can report to the Company in writing or by email (whistleblower@skl.com.tw), and if the case is determined, upon investigated to be true, the relevant personnel will be rewarded and punished in accordance with internal regulations. In 2023, one case was accepted from the reporting channel, and after investigation, it was transferred to the responsible unit for consideration. We will continue to review the reasonableness and effectiveness of the "Regulations for Handling Reported Cases" in order to improve the reporting channels and strengthen the protection mechanism for whistleblowers. The confidentiality and protection system for whistleblowers includes:





- Personnel of the unit responsible for handling cases, members of the investigation committee, Audit Committee, personnel of the enforcement unit, and personnel reviewing the investigation report must recuse themselves if they are a relative of the person being reported or have a conflicts of interest.
- The identity of the whistleblower and the contents of the report are kept confidential.
- Whistleblowers shall not be discharged, dismissed, demoted, reduced wages, impaired their rights and interests to which they are entitled by law, contract, or custom, or otherwise disadvantageously or improperly treated.
- No adverse disciplinary action or improper action shall be taken against the receiving unit, the members of the investigation committee, the case execution unit, and other relevant units and personnel due to the report.



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# **6.2.1 Strengthen Anti-money**Laundering Mechanisms GRI 205-2

## A. AML risk management measures

In order to ensure the establishment and implementation of the antimoney laundering system, an independent and dedicated unit is set up, with the Board of Directors designating an executive as the dedicated director, who will report to the Board of Directors and the Audit Committee at least half-yearly, and to immediately report to the Board of Directors and the Audit Committee in accordance with the regulations in the event of a material breach of laws and regulations. An enterprise-wide risk assessment of money-laundering and terrorism financing risk is conducted each year. If control measures are assessed to be insufficient, a risk improvement plan must be formulated and submitted to the Board of Directors and Audit Committee, and a dedicated unit shall track the improvement plan until it is completed. In 2023, the money-laundering and terrorism financing risk assessment report had been completed, and no significant risks occurred.

## B. 100% anti-money laundering education and training

In order to fully communicate the company's internal anti-money laundering policy and mechanism, and to establish a corporate culture that places emphasis on anti-money laundering and combating the financing of terrorism, various anti-money laundering training courses are held for the Board of Directors, general employees, and key departments handling anti-money laundering business. In 2022, the Board of Directors receiving anti-money laundering training was 100%, and specialized supervisors, specialized staff, and the supervisors of the domestic business units receiving the required training was also 100%.

## C. Perfection of the internal AML regulations.

The Company has established internal regulations such as "Regulations for AML / CFT Authority and Responsibility", "Regulations for Identity Confirmation for AML / CFT", and "Regulations for Situation Management of AML / CFT Transaction Monitoring" to complete the internal control system to prevent money laundering. In addition, for external insurance brokers, agents, and business partners, the "Regulations for Cooperation Channel Management for AML / CFT" have been established, which clearly stipulate that when selecting a cooperation channel, its AML / CFT implementation shall be reviewed, and the content of the contract shall specify the rights and obligations of both parties in preventing money laundering, ensuring that external partners and the Company adopt consistent AML standards.

## 6.2.2 Establishment of legal compliance culture and internal audit system GRI 2-27

## A. Implementation of legal compliance

The Company has long been paying attention to changes in financial policies and laws implemented by supervisory authorities, and while expanding our business, we strictly abide by relevant laws and regulations. The legal compliance plan is also regularly submitted to the Board of Directors. Starting from 2022, we started planning the "Legal Compliance Business Management System" to incorporate legal compliance self-assessment and legal compliance evaluation into systematic operations. We also provide suggestions on relevant control points for violation cases, while tracking follow-up improvements and striving to ensure the compliance of all operations. The goal is to cultivate legal compliance awareness among all employees for them to abide by laws and various business regulations, uphold integrity and discipline, and implement the Company's business philosophy of "ethical corporate management".

Implementation	Results in 2023
Legal compliance self-assessment	Each year, we conduct sampling self-assessment in the first half of the year and written examination in the second half of the year. The Compliance Department reviews whether each unit's business operations comply with laws and regulations and supervises their improvements.
Regular submission of legal compliance plan to the Board of Directors	The 2024 legal compliance plan was submitted to the Board of Directors and the Audit Committee in December so that governance units and senior management can fully understand the implementation status of legal compliance matters.
Notifications and management of regulatory changes	Starting from July, through the newly established legal compliance business management system, information from the Financial Supervisory Commission website, Lawbank, Laws & Regulations Database of The Republic of China and other websites has been automatically collected on a daily basis, in which the latest laws and regulations (including interpretations) and peer administrative sanction cases related to the Company and its subsidiaries' industries are included. Such information will then be sent to the head of each unit and the Chief Compliance Officer by email so that the units can review the current relevant internal regulations and operation methods for legal compliance promotion.
Internal compliance review	Through the intelligent application of legal compliance business management system, we completed the comparison between internal and external regulations, improved the efficiency of determining and tracking the adjustment of internal control measures by relevant units, and effectively confirmed that all operations and management regulations are timely updated in compliance with relevant laws and regulations.
New product compliance assessment	For applications for new products and new services, the top executive of the legal compliance department shall sign the "New Product / New Service Legal Compliance Opinion" to confirm that they are in compliance with the laws and internal standards.
Assessment of legal compliance implementation	Legal compliance assessments were conducted on all departments and offices of the Company to facilitate their strengthening of related operations' handling and improvement.
Legal compliance education training and online testing	<ol> <li>We handled 15 hours of in-service education training and legal compliance business promotion for the unit's Chief Compliance Officer and 6 hours of seminar on AML/CFT and legal compliance practices.</li> <li>The teaching materials and courses of the "2023 Legal Compliance Promotion Week" had been reviewed and adjusted, including anti-money laundering and countering terrorism financing, sustainable corporate development, insurance sales agent management rules, mechanism for insurance sales agents to assist people with disabilities to apply for insurance, employee confidentiality, attendance management regulations, promotion of sexual harassment prevention and protection of the rights and interests of persons with disabilities - CRPD, core values and corporate culture, ethical corporate management, financial consumer protection and fair customer treatment principles in the financial services industry, promotion of the whistle-blowing system, FATCA regulations and related form instructions, insurance industry friendly financial services, information security, personal data protection, CRS - financial institutions' implementation of common reporting and due diligence operations, and occupational safety and health. The total number of education training hours was 14.27 hours.</li> </ol>



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## Perfection of the legal compliance system

- ◆ In response to the inspection method of the supervisory authority, it has gradually been upgraded to SupTech, that is, financial supervision with technology. By establishing a legal compliance business management system and introducing a legal database and AI automatic monitoring mechanism, we integrate legal compliance technology with supervision technology to promote the digital transformation of the organization's legal compliance process, so as to effectively respond to supervision trends in the future, keep abreast with changes in laws and interpretations in real time, avoid non-compliance with laws and regulations and other violations, and protect the rights and interests of policyholders in an all-round way.
- ◆ The legal compliance business management system also systematizes, intelligentizes and automates the work of legal changes, interfaces with external professional legal and regulatory information providers, and automatically collects and simultaneously updates domestic laws, regulations and interpretations on a daily basis, improving the efficiency of each business department in responding to legal changes.

## B. Internal audit system

The third line of defense, the internal audit unit, is affiliated with the Board of Directors. It performs audit work in an independent and detached spirit, assists the Board of Directors and senior management in checking and evaluating whether the risk management and internal control systems are operating effectively, and provides improvement suggestions in a timely manner to reasonably ensure the continued and effective implementation of the internal control system and serve as a basis for review and revision of the internal control system.

## C. Implementation of internal audit operations

According to the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises", routine audits on finance, business, information and other management units shall be conducted at least once a year, and special audits shall be conducted as needed. The internal auditors prepare an audit plan for the next year at the end of each year, submit it to the Audit Committee for discussion, and after approval by the Board of Directors, report it to the competent authority.

We continue to track and review the inspection opinions or deficiencies raised by the competent authorities, accountants, internal audit units (including the internal audit unit of the parent company, SKFH) and self-inspections. The chief auditor reports the audit work to the Audit Committee and the Board of Directors on a quarterly basis.

## D. Material sanctions and improvement measures

In 2023, there were a total of 5 penalty cases (3 related to marketing communication and 2 related to environmental protection), with a total fine of NT\$3.702 million. There was no single case of major fines exceeding 3 million, and all of them have been improved. Among them, the maximum fine amount for a single case was NT\$1.2 million, which was for a missing item related to the suitability assessment of the company's investment insurance products for the elderly. The company has completed the revision of underwriting regulations and issued an announcement regarding the insurance of investment-type flexible payment products for the elderly, as well as the insurance patterns of high-risk disputed targets in underwriting practice. In addition, a horizontal communication mechanism of phone calls has been added to provide feedback to underwriters on abnormal situations to strengthen the assessment of product suitability for policyholders.

Please refer to Market Observation Post System for the Insurance Industry & and website of the Ministry of Environment.

## **Internal Audit Operations**

#### STEP.1 Formulation

Principles for consideration in the annual audit plan:

- Key points of supervision by competent authorities
- Matters sanctioned by competent authorities
- · Major deficiencies in internal and external audits
- · Risk assessment results of each subject of audit

### STEP.2 Approval

- The annual audit plan is submitted to the Audit Committee and the Board of Directors for review
- · After approval, report it to the competent authority

#### STEP.3 Implementation

- · Routine audit
- Special audit
- · Regularly review internal and external audit opinions until improved
- Self-assessment review

Digital Audit

Use computer software tools and develop external monitoring reports to provide auditors with reference for selecting subjects to be inspected and inspection sampling.

#### STEP.4 Report

- Report audit engagements to the Audit Committee and Board of Directors on a quarterly basis
- Annual symposiums are held with members of the Audit Committee to discuss internal control deficiencies and the formulation of the annual audit plan; records are made and submitted to the Board of Directors for discussion.







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# 6.3 Risk Management GRI 2-23 \ 2-24

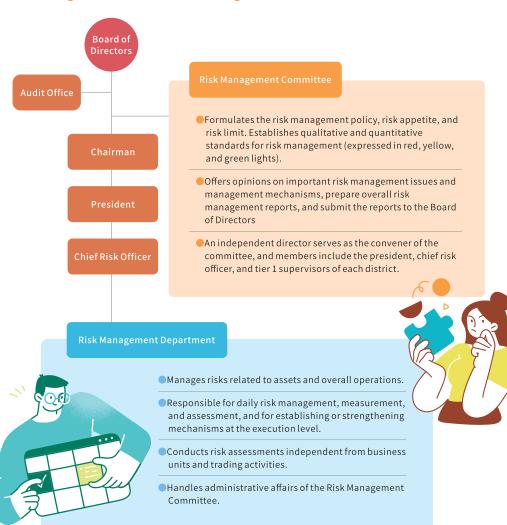
Undertaking risks and safeguarding the rights and interests of the policyholders is an important key to maintaining stable operations. In order to ensure the rights and interests of the vast number of policyholders and shareholders, in addition to financial aspects, we will also keep pace with the times and incorporate issues such as climate change risks, emerging risks and ESG into risk management, so as to build a solid and efficient risk management mechanism for all risks that may be faced by the overall operation and to continue creating value for our shareholders and policyholders.

## 6.3.1 Risk management organizational structure and system

To effectively plan, supervise, and implement risk management, and also establish an effective risk management organizational structure, a three-line-of-defense structure has been adopted for internal control, with the Board of Directors serves as the highest supervision and decision-making unit for risk management. The Risk Management Committee was established under the Board of Directors. An independent director serves as the convener of the committee, and members meet once a quarter in principle, elevating risk management to a strategic position to show our determination to implement risk management. For the main risks faced by business operations, relevant risk indicators are formulated, included in the overall risk management report of the Risk Management Committee, and reported to the Board of Directors on a quarterly basis. The implementation of risk management has also been reflected to the Board of Directors to makes necessary improvement suggestions.

Line of defense	Description
First line of defense	Responsible for and continuously manage the relevant risks arising from operating activities; implement risk management procedures and maintain effective internal controls.
Second line of defense	Formulate overall policies and establish management systems for each major risk category to assist and supervise the first line of defense in risk management and self-assessment implementation.
	Establish an independent and effective risk management mechanism to assess and supervise the overall risk-taking capacity, the current status of risk exposure, determine risk response strategies and compliance with risk management procedures. The risk management results are regularly reported to senior management.
Third line of defense	Assist the Board of Directors and senior management to check and evaluate whether the risk management and internal control systems are operating effectively, which includes evaluating the effectiveness of risk monitoring implemented by the first and second lines of defense, and timely provide suggestions for improvement.

## **Shin Kong Life Insurance Risk Management Committee**



(For more details on risk management mechanisms, please refer to SKL's Annual Report and SKL information disclosure)



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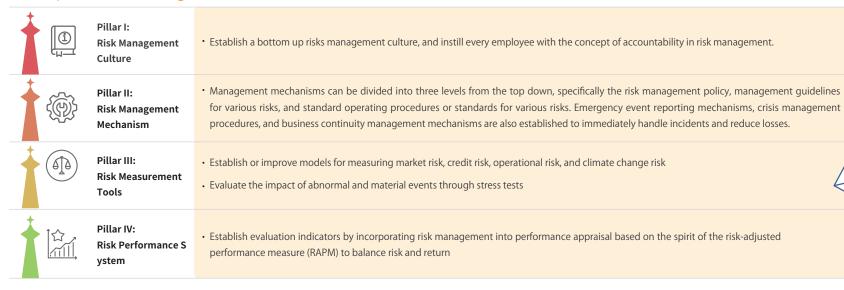
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## 6.3.2 Main risk management measures

Shin Kong Life Insurance established its risk management policy as the highest guiding principles for the Company's implementation of risk management. The policy is aligned with the Company's business goals, has clear implementation guidelines, and emphasizes operational risk management. The four pillars of risk management were established on this basis, and operational risks are managed in response to changes in external regulations or the environment. Furthermore, Shin Kong Life Insurance periodically prepares Own Risk and Solvency Assessment (ORSA) reports, and assesses its current risk management and solvency. We defined material and relevant risks based on the nature, scale, and complexity of risks related to our business, and carried out risk identification, guantified assessment, supervision and management, and results reporting.

## A. Four pillars of risk management



## B. Main risk management methods and implementation status

Main risk type	Management method	Implementation status
0	Establish appropriate market risk management mechanism in response to the risk of asset losses arising from changes in market prices over a certain period of time.	<ol> <li>Formulated market risk indicators and set up signal management standards to continuously implement market risk limit management, proportion of stocks in net worth, single-day exchange losses and single-month accumulated losses, etc. The Company has also formulated management standards for foreign exchange price change reserves and foreign exchange risk limit management.</li> </ol>
\$ 0	<ol> <li>Integrated risk management - total value at risk: For financial assets that affect the company's net worth, the total risk value of various assets is regularly calculated and managed according to the set risk limits.</li> </ol>	<ol><li>Continue to improve various models for calculating the market value at risk of the ALGO system and strengthen personnel training; in addition, in response to the expansion of asset scale and changes in demand, an ALGO system upgrade project has been carried out to strengthen the Company's market risk assessment and management capabilities.</li></ol>
Market risk	Risk management of various types of assets: Management factors include: quantitative indicators such as investment amount, stop loss warning, concentration and liquidity.	3. In 2023, the risk management mechanism for domestic and foreign stocks and mutual funds had been strengthened and the frequency of regular reviews of exceptional quotas had been increased; in addition, in conjunction with the revision of "Guideline Governing Reserves for Change on Foreign Exchange Price by Life Insurance Enterprises", the method of managing the balance of foreign exchange price change reserves has been modified to continue to improve quota-related management.



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Main risk type	Management method	Implementation status
Credit risk	<ol> <li>Establish an appropriate credit risk management mechanism in response to the risk of the debtor's credit being downgraded or unable to repay, or the counterparty being unable or refusing to perform its obligations.</li> <li>The overall credit risk management system uses the expected credit loss (ECL) model for credit risk management. In addition, in accordance with IFRS9 regulations, expected credit losses are calculated monthly and recorded in the accounts.</li> <li>The Company has established the "Risk Limit Management Measures for the Same Counterparty", setting limits for all transaction exposures with the same counterparty to avoid the risk of over-concentration of investment in a single company, and to regularly track and manage its limits.</li> <li>Credit risk indicators for individual assets:         <ol> <li>When screening targets before investment, they must meet the set minimum credit rating threshold, and the standards of qualitative and quantitative indicators related to the operation or finance of the investment targets will also be taken into consideration, such as finance-related capital adequacy ratio, CDS, debt ratio, interest protection multiples and other financial information.</li> </ol> </li> <li>After investment, according to the risk management measures of that asset, management will also continue to be implemented.</li> </ol>	<ol> <li>Formulated credit risk-related indicators, set signal control standards, and continue to monitor and implement management of the credit risk of the overall investment portfolio, individual assets and loans.</li> <li>In addition, in response to the competent authorities' increased attention to high-risk industries in recent years, the Company also increased investment limits and related management mechanisms for high-risk industries in 2023.</li> <li>In view of the financial market turmoil in 2023, the collapse of SVB Bank in the United States, and Credit Suisse AT1 bond write-down incident, etc., the Company has strengthened its differentiated limit management based on the order of claims for bonds issued overseas and in China according to Basel III capital requirements and has increased limits for relevant management mechanisms such as TLAC.</li> </ol>
Liquidity risk	Liquidity risk management measures have been formulated and the management mechanism for capital liquidity risk and market liquidity risk has been implemented in accordance with such measures.  1. Capital liquidity risk management: estimating future cash flow and managing total short-term funds  2. Market liquidity risk management: managing liquidity risks based on market characteristics and setting upper limits on the cumulative investment amount or number of units.	<ol> <li>Formulated liquidity risk-related indicators and set signal management standards to continuously monitor and implement the management of capital liquidity and market liquidity risks.</li> <li>If there is an abnormality in short-term funds, relevant contingency plans will be put forward and reported to the Risk Management Committee.</li> </ol>
Operational risk	Establish an appropriate operational risk management mechanism in response to the risk of direct or indirect losses of the company caused by improper operations or errors in the company's internal operating procedures, staff, or systems, or external events.  1. The Company has complete business authority and responsibilities and internal control system. Each unit conducts regular or project-based internal self-inspections and self-assessments of legal compliance matters for each business handled in accordance with regulations. Accountants are appointed to conduct annual audits of the internal control system in accordance with the law. In addition, possible operational risks are managed and controlled through the monitoring of the risk management unit and the legal compliance promotion of the Chief Compliance Officer.  2. The Company has comprehensively established key risk indicators (KRI) and set operational risk limits to effectively identify, evaluate, monitor and control possible operational risks.  3. In terms of response to major emergencies, we formulate business crisis response measures and emergency event notification regulations, hoping to achieve a risk warning effect; in addition, a business continuity management system (BCMS) has been established to handle emergencies promptly and effectively and take appropriate countermeasures to reduce the company's losses, protect policyholders' rights and interests, and ensure the company's normal operations.	<ol> <li>Formulated operational risk-related indicators and set signal management standards to continuously monitor and implement operational risk limit management and key risk indicator management.</li> <li>In order to strengthen the risk management of ethical corporate management, we have established quantified assessment mechanism for the risk of unethical conduct, assessed operating activities within the scope of business with relatively high risk of unethical conduct on a regular basis, and formulated relevant offset plans and tracked implementation results.</li> <li>For BCM, we continue to expand the scope of certification, and also newly identified the threat of "IT room fire" and incorporated it into the annual business continuity drill scenario.</li> </ol>



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Main risk type	Management method	Implementation status
Insurance risk	For the product design and pricing, underwriting, reinsurance, catastrophe, claims and reserve-related risks involved in insurance risks, establish appropriate management mechanisms as follows:  1. Product design and pricing risks: According to the risk characteristics of each product, and based on appropriate actuarial assumptions, measure the rationality of the product structure and the adequacy, reasonableness and fairness of the rate with profit analysis, sensitivity testing or cash flow testing. After the product is sold, conduct experience loss rate analysis, review asset allocation plans and risk transfer plans, etc. on a regular basis, so as to test or adjust product content and rate determination.  2. Underwriting risk: Establish internal underwriting processing systems and procedures, formulate underwriting assessment manual and acceptance regulations for each product, and set a number of underwriting risk management indicators.  3. Reinsurance risk: Based on the risk characteristics of the product, select a proper reinsurance company with a good credit rating and arrange reinsurance ceding.  4. Catastrophe risk: Catastrophic events that may cause heavy losses to the company are assessed, and when the company's retention limit is exceeded, catastrophe reinsurance will be arranged to transfer the risk.  5. Claims risk: Formulate claims processing systems and procedures, claims payment management regulations, and standard operating procedures, and train and develop professional claims personnel to reduce risks caused by negligence in claims processing.  6. Reserve-related risk: Regularly conduct adequacy analysis of reserves to assess the adequacy of reserves.	<ol> <li>Formulate insurance risk-related indicators and set signal management standards to continuously monitor risks related to product design and pricing, underwriting, reinsurance, catastrophes, claims and reserves, and implement their management operations.</li> <li>Before insurance products are submitted to the competent authority for review, items such as laws and regulations, pricing, design, reserve deposits, and system administration must be deliberated; when selling insurance products, the product information disclosure, actuarial data posting and verification, risk management mechanism and reinsurance arrangements, information system setup and testing, marketing document printing and education and training, etc. must be reviewed before the product can be sold.</li> <li>In order to have a more substantial effect on underwriting quality management, set the number of deficiencies for underwriting quality sampling inspection</li> <li>For reinsurance arrangements for new products, complete reinsurance evaluation arrangements before the products are sold; identify, measure and manage catastrophic events that may cause heavy losses to the company based on product characteristics. In addition, changes in reinsurers' credit ratings are regularly reviewed and if any abnormal information is found, it will be reported.</li> <li>The claims management unit regularly produces various claims business reports, analyzes abnormal parts, and evaluates whether to initiate subsequent improvement projects in accordance with internal procedures.</li> <li>Regularly review items such as the legality and correctness of various reserve fund set aside, the adequacy of the provision processing procedures, and the consistency between the version of the reserve fund settlement program and the version of the demand order modification.</li> </ol>
Asset-liability matching risk	Consider the main factors that affect the inconsistent changes in the value of assets and liabilities, and establish an appropriate management mechanism to evaluate and measure the asset-liability matching risk with reference to methods such as ROI and debt cost rate, duration, cash flow, and scenario analysis. Conduct regular asset-liability matching risk inspections and timely adjust the portfolio of assets and liabilities to achieve the goal of asset and liability management.	Develop relevant indicators for asset-liability matching risks, set signal management standards, and conduct regular asset-liability matching risk inspections (including analysis of the difference between ROI and debt cost rate, cash flow management, duration analysis and random scenario analysis); if any inspection results do not meet the warning standards, relevant departments will be gathered to discuss countermeasures and report them to the relevant committees.
Climate change risk	<ol> <li>Consider climate change risks that may affect the Company's operations and business based on four major aspects: governance, strategy, risk management, and indicators and goals.</li> <li>Identify possible risks (including physical risks and transition risks) and opportunities, and prioritize them according to materiality criteria.</li> <li>Through qualitative and quantitative methods (for example: greenhouse gas inventory and scenario analysis method), assess the impact of climate change risks on the company</li> <li>Take appropriate responses to the climate change risks faced by the company (for example: incorporating climate change risk factors into investment and financing assessment processes)</li> <li>Establish indicators and targets for climate change risks and track their changes.</li> </ol>	<ol> <li>Implemented climate change risk management and included the management of climate-related risks and opportunities in the sustainability report and taskforce on climate related financial disclosure (TCFD) report.</li> <li>Regularly implement greenhouse gas inventory operations and carbon intensive sub-industries' management.</li> <li>In 2023, the TCFD content was verified by SGS-level disclosure and won the 2023 16th "TCSA Taiwan Corporate Sustainability Awards' "Single Sustainability Performance - Climate Leadership Award.</li> </ol>
Country risk	Country risk refers to the uncertainty and possibility of crisis faced by a country in the political, economic and social aspects. The Company considers national geopolitical and economic risks and other factors, establishes appropriate management mechanisms to assess national risk, and monitors them regularly to control the national risk of asset positions.  The Company formulates "Concentration Risk and Country Risk Control Measures" to set investment limits and regularly manage them based on each country's sovereign rating, each region's investment characteristics, and each industry's characteristics.	<ol> <li>Formulated country risk-related indicators and set signal management standards to continuously monitor and implement country risk management.</li> <li>In 2023, country risk scores were included in country risk management to differentiate the investment quota management of each country.</li> </ol>
Information security risk	The Company is risk-oriented and develops Key Risk Indicators (KRI) for information security risks, and regularly performs information asset risk assessment operations. For projects that exceed acceptable risk levels, it develops risk treatment plans, uses appropriate control measures to achieve information security goals, so as to ensure the confidentiality, integrity and availability of information assets (See 6.4 Information Security and Personal Data Protection for details)	<ol> <li>Developed information security risk-related indicators and set signal management standards to continuously monitor and implement information security risk management.</li> <li>Established an information security incident reporting mechanism to ensure that emergency response measures can be taken quickly when an incident occurs, and analyzed and tracked the effectiveness of improvement measures; in 2023, there were no emergencies such as hacker attacks on information security or leakage of personal data.</li> <li>Established a personal data risk assessment mechanism to calculate the risks of personal data files in a systematic way, and used the calculated risk levels to implement risk reduction or risk transfer and other response measures for high-risk matters; in the 2023, the personal data assessment results were still within the acceptable risk value, and there were no high-risk matters.</li> </ol>



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# 6.3.3 Emerging risk management

In the face of rapid changes in the future political and economic environment and technological development, emerging risks may also arise, which may have a significant impact on the company's operations. Therefore, in order to capture and strengthen the response management of such risks, the Company refers to the "Global Risks Report" issued by the World Economic Forum and follows the six review principles (for example: potential impacts are long-term, risk externalities, and risks and impacts are specific to the company) to identify possible emerging risks and formulate response and mitigation plans.



Risk name	Risk description	Potential operational impact and influence of the risk	Response / mitigation plan
Political-economic risk	Terrorism or tensions between two or more sovereignties due to geographical, political, economic, cultural and other factors can trigger financial weapons (such as monetary policy, investment review, economic sanctions, and tariffs) or armed conflicts, form a new world order of protection and sanctions, impede the global flow of capital or strategic resources / important raw materials, and extend restrictions on the flow of talents, information, and professional knowledge; violent conflicts or terrorist attacks can cause instability in financial markets, cause loss of life or various forms of serious injury, or disrupt the security and operations of physical infrastructure and trigger insurance claims.	<ul> <li>Russia is the world's top three oil-producing countries and has the largest natural gas reserves in the world. After the outbreak of the Russo-Ukrainian war, an energy crisis was triggered. The prices of various fossil fuels increased at the same time, and electricity bills increased in many countries. High energy prices directly or indirectly led to high inflation.</li> <li>High inflation further affected the central bank's monetary policy, resulting in a significant increase in financial risks, triggering various management measures of the company, affecting investment strategies, and damaging long-term investment interests, which will have a certain impact on the company's revenue performance.</li> <li>Investment targets that are adversely affected by the political and economic situation will have their profitability and debt repayment capabilities weakened, which will trigger the impairment assessment mechanism and cause a greater impact.</li> </ul>	<ul> <li>Pay close attention to changes in the political and economic situation and continue to conduct situation analysis. For potential serious losses (abnormal fat-tail losses), formulate response plans, set limits, and track them regularly.</li> <li>Establish country risk score levels and limits, and regularly review each country's credit rating, economic indicators and operational risk status to assess the appropriateness of country risk levels and avoid excessive concentration of assets.</li> <li>According to the IFRS9 principles, calculate expected credit losses and make provision against losses.</li> <li>For industries related to local government policies or highly subsidized based on policies, include them in the high-risk industry assessment and management mechanisms.</li> </ul>



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## 6.3.4 Business continuity management mechanism

We are committed to reviewing the possible impacts of changes in the internal and external environments to ensure business continuity. Regular drills are also conducted to make sure that business continuity plans are appropriate and effective and continuously enhanced.

When multiple major emergency events (such as: suspension of information services, large-scale epidemics, and earthquakes) occur, it may cause Shin Kong Life Insurance to suspend operations or prevent a portion of key services from operating. Shin Kong Life Insurance has a Business Crisis Response Team, crisis response measures, and emergency event reporting regulations to minimize the impact of accidents. The Company also established a business continuity management system (BCMS) to lower the probability of operations being suspended or reduce losses. The system strengthens the Company's ability to respond and rapidly recover from material events, allowing the Company to maintain sustainable operation, and thereby protect the interests of customers and all stakeholders.

The Company has formulated relevant regulations such as guiding principles for business continuity management and has obtained ISO 22301 BCMS certification from BSI. We continue to improve such mechanisms and expand the scope of certification, while maintaining the effectiveness of the certification after being certified by BSI in 2023. We identified key operating activities and determined the resources (such as personnel and equipment) required for recovery of the activities through operational impact and risk analysis, formulating a recovery strategy and business continuity plan (BCP) on this basis. Every year, we conduct business continuity drills and tests, increase the breadth and depth of drills, and increase the number of on-site drills; for the company's external partners / suppliers, we have strengthened the business continuity capability assessment to ensure that the business continuity plan meets the company's business continuity goals.

## SKL's "ISO 22301 Business Continuity Management System (BCMS)" Certificate



Certificate No: BCMS 759967	
Location	Registered Activities
Shin Kong Life Insurance Co., Ltd. No. 66, Sec. 1, Chung-Hilao W. Rd. Zhongzheng Dist. Tabjed City 105:00 Talwan	The business continuity management system in relation to the provision of the hour arco products including non produce channel management, policy administration process and related supporting administration process and related supporting administration. Harmogement Department, Prance Department, According Department, Information Security Department, and Secretarial Department.
Shin Kong Life Insurance Co., Ltd. No. 141, Sec. 1, Zhongshan Rd. Bengko Dist. New Taple City 2206 94 Talwan	The business continuity management options in relation to the provision of 3 life insurance policy analysis that provision is when the option of 10 contents to the content of the contents of Department, Chain Department, Policy-bold bedistancing Department, Diplat Services Developing Department and New Speci City of North United Assistancias Department, and 2) producer channel management within Sales Promotion Department.
Shin Kong Life Insurance Co., Ltd. No. 29, 33, 35, Ln. 11, Guang fu N. Rd. Songahan Dist. Taple (City 1054 IO Talwan	The business continuity management system in relation to the provision of 1) life insurance points administration process while Contorner Service Department; and 2) information technology supporting admittes within information Teaming Department, Life Insurance Application Department, Technical Infrastructure Department, Digital Application Department, and Investment Application Department.
Sirk Kong Lille hazarace Co., Ltd. No. 125, Sec. S, Nagling E. Rd. Songshan Dist. Tapes City 105409 Tabean	The business contribute management system is relation to the second sec
Shin Kong Life Insurance Co., Ltd. No. 35, Fuding 2nd Rd. Guishan Dist. Taoyuan City 333007 Talwan	The business continuity management system in relation to the provision of backup server room activities (co-location).
Original Registration Date: 2022-01-10 Latest Revision Date: 2023-12-01	Effective Date: 2025-01-10 Expity Date: 2028-01-09
This certificate was issued electronically and nemains the property of	Page: 2 of 3

# 6.3.5 IFRS17 and ICS compliance status

Taiwan life insurance industry will converge with IFRS 17 and ICS in 2026. In order to cope with the impact of the convergence in advance, SKL has set up a project team since 2018, integrating the teams of actuarial, accounting, risk management, investment, and information and administration to actively promote the establishment of actuarial, accounting, and information systems, and also to continue to implement autonomous management programs for the convergence of IFRS 17 and ICS, including commodity strategies, investment strategies, and asset liability management strategies. We also continue to implement various self-management programs in line with IFRS 17 and ICS, including commodity strategy, investment strategy and asset and liability management strategy. In addition, in order to assist the Board of Directors in reviewing the Company's IFRS 17 and ICS management decisions as well as financial and business plans, and to oversee their implementation to ensure compliance with relevant regulations and corporate governance, the IFRS 17 and ICS International Convergence Management Committee will be established under the Board of Directors starting from 2023. Prior to the formalization of the convergence, SKL will continue to review various action plans on a rolling basis, taking into account the company's operating conditions, changes in the market environment, and compliance with the regulations announced by the competent authorities, in order to achieve a smooth convergence with the international system.





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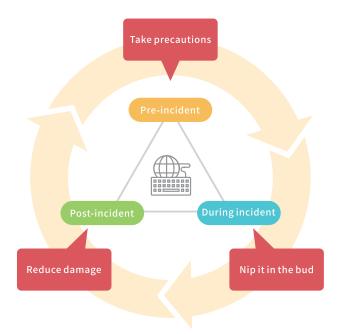
Appendix

# 6.4 Information Security and Personal Data Protection

## 6.4.1 Information security organization and policy

# A. Information security strategy and resource investment

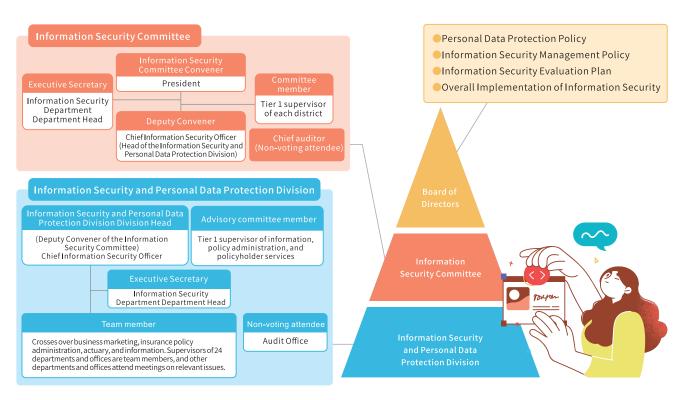
SKL is committed to promoting information security defense that keeps pace with the times, and develops information security strategies from three aspects: "pre-incident protection", "during incident response" and "post-incident recovery". In response to the development of FinTech and the rapid changes in insurance business models, SKL continues to invest in building a complete information infrastructure, implementing information security management, monitoring, protection and other related budgets. In 2023, the information budget was NT\$968.82 million, and the information security budget was NT99.23 million, accounting for 10.24% of the information security budget.



## B. Information security organizational structure

An Information Security Department has been established since 2018, responsible for planning, monitoring and executing information security management operations, appropriate human resources have been allocated, with a total of 13 dedicated personnel; starting from 2021, a Chief Information Security Officer at the Vice President level has been established for the comprehensive management of information security policy promotion and resource allocation affairs.

Furthermore, SKL has established the "Information Security Committee". The President serves as the convener, the Chief Information Security Officer serves as the deputy convener, and the top-level managers of each jurisdiction are the members, directly supervising information security and personal data protection policies through management. SKL has also established the "Information Security and Personal Data Protection Division" task force, with the Chief Information Security Officer taking the lead in planning, coordinating, and promoting information security management strategies from top to bottom. Meetings are held once a quarter and may be held separately as needed. In 2023, a total of 4 Information Security Committee meetings and 4 Information Security and Personal Data Protection Division meetings were held to ensure effective communication and coordination on information security and personal data protection issues, and their implementation.





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# 6.4.2 Information security management mechanism GRI 2-27 \ 418-1

# A. Information security action plan and results

	Information security management solution	Specific results in 2023
Bolstering information security management	<ul> <li>Information security courses for directors and senior executives are held every year to improve information security risk identification and supervision capabilities.</li> <li>Every year, the Chairman, President, Chief Auditor, and Chief Information Security Officer jointly issue an internal control statement on the overall implementation of information security in the previous year and submit it to the Board of Directors.</li> <li>Actively participate in relevant meetings or discussions of the competent authorities, pay attention to policy directions and maintain communication channels.</li> </ul>	<ul> <li>✓ Completed a 3-hour course on FinTech and information security risks for directors and senior executives.</li> <li>✓ Completed the overall information security implementation report.</li> <li>✓ Participated in the joint meeting of chief information security officers held by the Insurance Bureau.</li> </ul>
Strengthening talent cultivation	<ul> <li>According to the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises", information security personnel must receive at least 15 hours of professional information security training every year.</li> <li>Continue to cultivate the professional skills of information security personnel and encourage them to obtain international information security professional certificates.</li> </ul>	<ul> <li>✓ Information security professionals have received a total of 798 hours of information security professional courses.</li> <li>✓ There are 137 international information security certificates,including 45 for information security personnel and 92 for information personnel.</li> </ul>
Customer data protection	<ul> <li>Establish a personal data management cycle in accordance with the international standards to ensure the adequacy and effectiveness of the operation of the system.</li> <li>Follow the "Self-Discipline Standards for Information Security Protection in the Insurance Industry" and appoint external professional organizations to perform comprehensive information security testing services.</li> <li>Follow the SWIFT Customer Security Programme (CSP) and PCI DSS Payment Card Industry Data Security Standard, and appoint external professional organizations to perform compliance assessments.</li> <li>Designate or sample new business services or emerging technologies and other related systems every year to try to identify potential vulnerabilities with a hacker's mentality, and verify and evaluate their security.</li> </ul>	<ul> <li>✓ Continue to pass ISO 27001 and BS 10012 international standard certification.</li> <li>✓ The overall information security assessment results showed that there were no highrisk non-conformities, and the remaining risk items were patched according to the deadlines.</li> <li>✓ The SWIFT CSP and PCIDSS evaluation results both met the requirements.</li> <li>✓ The Al model management system was designated to conduct professional penetration testing, and no risk matters were found.</li> </ul>
Major scenario simulation drills	<ul> <li>Conduct annual personal data breach drills to enhance employees' ability to respond to personal data leaks.</li> <li>An external professional organization is commissioned to simulate distributed denial-of-service (DDoS) attacks every year to enhance detection, notification and response maturity.</li> <li>Conduct social engineering drills every year to enhance employees' vigilance against phishing and deception.</li> <li>Information system disaster recovery drills are conducted twice a year to check the information system recovery and support capabilities in the face of regional disasters.</li> </ul>	<ul> <li>✓ Completed a personal data scenario drill that simulated cross-organization partner systems being tampered with by malicious programs</li> <li>✓ Completed the DDoS drill on the sales agents' website, during which the service was kept operating normally and the protection mechanism was effective.</li> <li>✓ Conducted email social engineering drills, the total number of people tested was 12,820; the results showed more than 95% of colleagues were already highly alert.</li> <li>✓ Completed 24 system disaster recovery drills, and the drill results were all in line with RTO objectives</li> </ul>
Information security monitoring and joint protection mechanism	<ul> <li>Real-time management of information security incidents through the information security incident management system.</li> <li>Engage a professional information security provider for collaborative monitoring, providing 24 / 7 of uninterrupted incident analysis and monitoring management</li> <li>Actively participate in F-ISAC's joint information security defense of financial institutions and use external attack surface management (ASM) services to real-time monitor network boundary vulnerabilities, shorten threat response time, and detect signs of threats as early as possible.</li> <li>Use RSA AFCC's Anti-Fraud Services to help detect and shut down phishing websites, counterfeit mobile software, and international social media counterfeiting incidents in the name of SKL to protect the security of customers' transactions and the company's brand and assets.</li> <li>In conjunction with the policy promotion of the financial information security action plan, conduct information security governance maturity assessments and develop specific improvement measures.</li> </ul>	<ul> <li>✓ ASM assessment score reached 98 points, continuously monitoring the information security risk status.</li> <li>✓ Completed the removal of 12 suspected counterfeit websites and APPs to protect customer rights.</li> <li>✓ The self-assessment met 100% of the requirements for the "Evolving" level of cybersecurity maturity, while aiming at meeting 100% of the "Intermediate" requirements as the mid- to long-term goal for continuous improvement.</li> </ul>



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# B. Information security incident reporting and handling GRI 2-27 × 418-1

SKL has established the "Emergency Reporting Regulations", "Guidelines for Information Security Incident Reporting and Response Management", "Guidelines for Response to Personal Information Breaches", etc. In the event of a data security incident or personal information breach, the Company shall follow the relevant procedures for reporting. In addition, in order to ensure the complete protection of information systems and information security management, black box penetration testing, service interruption attack drills, etc. are conducted annually, and professional institutions are commissioned to conduct overall information security assessment to strengthen the information security level. There were no urgent incidents related to information security attacks or personal data breaches in 2023, and there were no complaints from the competent authorities or verified violations of customer privacy from external sources. Statistics on major information security incidents or customer privacy violations in the past three years are as follows:

	2021	2022	2023
	2021	2022	2023
Breach  of  information  security  or  network  security  (number  of  incidents)	0	0	0
Data leakage (number of incidents)	0	0	0
Customers and employees affected by data leakage (number of persons)	0	0	0
Amount of fines imposed for information security or network security incidents or information operations management failures	0	0	0

Completed 30 personal

checks in 2023

## 6.4.3 Personal data protection

## A. Continue to pass international standard certification data implementation

SKL continued to pass the international standard certification of "ISO 27001 Information Security Management System" and "BS10012 Personal Information Management System" in 2023, strictly requiring customer data security and privacy protection.

In addition to continuing to integrate and optimize ISMS and PIMS processes, we have also expanded internal personal data implementation inspections across northern, central and southern counties and cities.

## B. Policy promulgation and regulatory compliance

SKL established the "Information Security Policy" and "Personal Information Management Policy" approved by the Board of Directors as the highest guiding principles for information security and personal data protection. The Information Security Committee conducts regular reviews and evaluations every year, or when there are major changes, and publishes the privacy protection statement on the official website.

In 2023, 29 information security and personal data management regulations were reviewed and revised, and 57 information security control measure documents were reviewed and approved.

High-level key performance indicators (KPIs) are included in key information security and personal data items, and the assessment results in 2023 all reached 100% °

## C. Raise awareness of data security protection

In addition to the legally required 3 hours of basic information security awareness training for employees every year, through the virtual-physical integration and diversified methods, SKL focuses on personal data protection and adds themed case studies; in 2023, a total of 45 themed activities were completed, with a training completion rate of 100%.





Item No.	Course / activity title	Number of sessions / hours	Participants	Execution status in 2023
1	Course on Information Security and Personal Data Protection Awareness	4 hours	All employees	100%
2	Shin Kong Rising Star Camp	2 sessions	New employees	100%
3	Online Morning Meeting	18 sessions	Insurance agents	100%
4	Information Security E-Newsletter	6 issues	All employees	100%
5	Personal Data Incident Notification Case Study	19 sessions	All employees	100%
6	Course on Personal Information Management System (PIMS)	40 hours	Responsible personnel	100% Obtained 11 licenses
7	Course on Information Security Management System (ISMS)	40 hours	Responsible personnel	100% Obtained 25 licenses



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# 7. Unleashing the Importance of Sustainable Finance

G4 Financial Services Sector Supplement: FS1 \ FS3 \ FS5 \ FS8 SDG12.6

We promise to utilize our core investment expertise to implement the spirit of "responsible finance," and to continue investing in sustainable development industries, shaping a sustainable management environment for the investment chain, and contributing to the sustainable development of society.

## 7.1 Promote Sustainable Finance

GRI 2-23 · 2-24

As an insurance company and asset owner, Shin Kong Life Insurance utilizes its own funds and various reserves for investment. By establishing a sustainable investment system, ESG strategies and concepts are integrated into financial operations such as investment, lending, and insurance. We collaborate with customers, business partners (including suppliers) and other stakeholders to promote responsible financial products and services. In the future, we will continue to keep pace with the trend of sustainable development, gradually increase the proportion of responsible investment, and keep up with global sustainable progress and opportunities.



## 7.1.1 Sustainable Finance Mechanism

SKL adheres to the United Nations Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI), and SKFH Sustainable Finance Policy, incorporating ESG risk factors into our financial operations, including investments, financing, and life insurance. Before making decisions, we evaluate the ESG sustainability performance of counterparties based on asset-specific guidelines. With the exception of some assets (such as cash and foreign exchange hedging) where responsible investment is not feasible, all new investments are 100% compliant with responsible investment principles.

#### SKFH - Asset-specific Guideline



### nvestment

In accordance with Principles for Responsible Investment, ESG risk assessments and evaluations are conducted for different asset types and counterparties. For listed companies, domestic or foreign, refer to their international ESG ratings or domestic corporate governance evaluation ratings. If the rating falls below the threshold, evaluate cautiously or refrain from adding investments. For real estate projects, consider the environmental and social sustainability of the target, prioritize those promoting local community welfare and economic development, using sustainable building materials, or awarded green building certifications. If trading partners exhibit ESG risk violations and show no improvement plans despite engagements, gradually reduce investment positions. ( Please refer to Appendix for implementation status

# 05

## Financin



#### ife Insurance

SKFH and its subsidiaries should follow PRB and EPs, and carefully evaluate the ESG risks of borrower companies. If the lending is used to promote sustainable development goals, preferential loan terms may be offered. For borrower companies in controversial or high carbon industries, prioritize engagements to guide improvement. Results of engagements should be incorporated into overall credit assessment. If borrower companies fail to improve or the situation worsens, reduce credit or terminate credit relationships if necessary.

SKFH and its subsidiaries follow PSI and incorporate ESG factors into daily operations such as life insurance decision-making, claims management, risk management, product and service development, sales and promotion, and underwriting policies. It is also important to increase awareness among customers and business partners regarding ESG issues, risk management, and solution development. The Company will work with the government, insurance regulators, and stakeholders to promote ESG practices and regularly disclose compliance progress in PSI to ensure transparency.

## A. Responsible Investment

of PRI)

To implement the concept of sustainable finance, we have established the "Policy and Procedures for Sustainable Investing in Securities," integrating Environmental, Social, and Governance (ESG) factors and incorporating information from independent third-party rating agencies into our investment analysis process. Before making any investment, we conduct an assessment of the investment targets, and no new investment should be made in those included in the exclusion list or the list of non-investable targets; Before investing, we verify whether the potential investment aligns with our industry-specific guidelines and conduct an ESG assessment to determine whether to proceed with transactions. Compliance with the guidelines and passing the ESG assessment is a prerequisite for any business dealings.

In addition to establishing a responsible investment evaluation mechanism, we also actively search for sustainable investment targets, grasp ESG opportunities, and invest in industries that promote sustainable development. After investing, we conduct post-investment stewardship, regularly track the operational and financial performance of the investee companies (or portfolios), and continue to pay attention to their sustainable performance and ESG-related risks to mitigate sustainability-related risks and enhance post-investment ESG management, thereby exerting a positive impact on sustainability.



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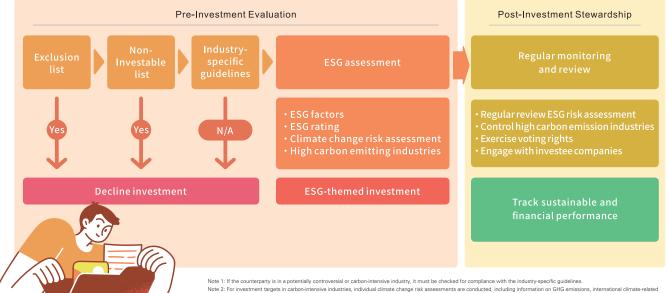
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## Responsible Investment Procedure



te 2: For investment targets in carbon-intensive industries, individual climate change risk assessments are conducted, including information on GHG emissions, international climate-related initiatives, and net-zero carbon reduction targets.

#### Exclusion list, non-investable list

SKFH and its subsidiaries have established an exclusion lists for industries or countries with high ESG risks. Counterparties that meet the exclusion criteria should not be traded with.

- Pornography industries
- Drug industries
- Armament industry
- The list of countries or regions announced by the government, which have serious deficiencies in anti-money laundering and financing terrorists

### Industry-specific Guidelines

The Company has established guidelines for potentially controversial industries, including

- Tobacco
- Gambling
- Fur trading
- Tropical rainforest logging
- · Coal and atypical oil and gas

#### ESG assessment

- Integrating ESG factors and referencing information from third-party independent rating agencies (such as MSCI, Sustainalytics, and S&P ESG ratings, and corporate governance evaluations) into the investment analysis process; conducting regular ESG reviews on established investment positions to comprehensively assess and minimize greenwashing, using these assessments as one of the bases for investment decisions, including reducing or increasing investments.
- Monitoring updated amendments to the "Guidelines for the Determination of Sustainable Economic Activities" and encouraging related industries to increase transparency.
- After the transaction, continuously reviewing the ESG and climate performance of each investment target, actively engaging in dialogue with relevant companies, and facilitating industries in achieving zero-carbon transition.

## B. Responsible lending

SKL has incorporated ESG factors into the credit investigation process, credit approval process, and post-loan management. In the process of financing review, the borrowers are evaluated for environmental protection, corporate integrity, social responsibility, and compliance with Taiwan's "Guidelines for the Determination of Sustainable Economic Activities." Key factors to be reviewed in corporate loan applications include checking if the applicant belongs to a controversial industry, assessing the appropriation status of labor pension reserve, and ensuring there are no significant environmental violations or major labor disputes. We also use sustainability reports as reference documents in loan applications. If there are major labor issues, the borrower must provide explanations. Severe cases may result in loan denial or conditional approval requiring the borrower to address labor or environmental issues within a specified time frame. Subsequent reviews shall be conducted in accordance with the Credit Review Regulations, and the borrower's improvement status shall be tracked every six months. If improvement is not made within the time frame, default conditions shall be established to ensure the quality of credit and the safety of debts.

In 2021, SKL included an ESG section in credit report formats. By 2022, corporate ESG performance was incorporated into credit interest rate reduction evaluations. Companies with positive ESG impacts or contributions to the SDGs are offered favorable financing assistance and conditions, encouraging their use of funds for projects that generate positive environmental or social benefits. This initiative aims to drive companies towards carbon reduction and sustainable development.

In 2023, 20 loan applications were processed, with 9 eligible enterprises qualifying for interest rate reductions. The approved loan amount for these applications totaled around NT\$10.75 billion.



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## 7.1.2 Expanding the influence of sustainable finance GRI 203-1

# A.Institutional Investor Due Diligence and Stewardship

Institutional investor stewardship is integral to responsible investment, ensuring the overall interests and long-term value of fund providers (including shareholders and customers), reducing sustainability-related risks, and seizing opportunities. SKL actively monitors the operational conditions and sustainability performance of investee companies. Through engagement, shareholder actions, and initiatives, we endeavor to exert positive financial influence.

Main issues of concern (including but not limited to)
Environmental (E): Climate change, biodiversity, environmental pollutions
Social (S): Human rights, gender equality
Governance (G): Ethical corporate management, board performance

## 1. Engagement actions

To fulfill our duty of sustainable stewardship and effectively manage and mitigate ESG risks of investee companies, we adhere to the engagement policies set by SKFH, our parent company. We establish guidelines for engagement, conduct sustainability-related risk research and assessment for counterparties in investment and financing activities, and subsequently initiate engagement actions. Based on engagement outcomes, we assess whether escalation measures are necessary and formulate subsequent transaction decisions.

In 2023, SKL participated in a total of 38 forums, conducted 350 investor conferences/telephone interviews, and visited 118 companies.

#### Engagement Action Framework

The Company prioritizes engagement topics aligned with SKFHs' engagement policy and international sustainability trends. We select engagement targets based on the phase goals, the significance of asset exposure positions, and the specific ESG issues and financial performance associated with counterparties in different industries. We regularly review our engagement list, communicate directly with engagement targets, collaborate on improvements, and engage with other public, private, financial institutions, and domestic and international advocacy organizations. Following engagement actions, we evaluate the actual improvement of engagement targets; if expectations are not met, we increase engagement intensity based on SKFH' sustainable values, operational needs, and risk management. The results of escalated engagement efforts serve as the basis for decisions regarding ongoing relationships, reduction of investments, or withdrawal.

## Engagement Objectives

Dynamically adapt engagement objectives according to group strategy and international trends



## Screening of Engagement Targets

Prioritize engagement topics and targets based on asset exposure positions, and industry characteristics and financial performance of counterparties

## **Engagement Methods**

Include questionnaire surveys, participation in shareholder meetings to state positions or submit proposals, exercise of voting rights

## Engagement Results Evaluation

Assess whether engagement targets have shown improvement or met expected goals. If engagement results fall short of expectations, increase engagement intensity (escalate engagement) as a basis for ongoing relationships

#### Disclosur

Publish results in sustainability reports and stewardship reports

Note: The primary engagement objectives in the first phase focus on topics such as carbon emission reduction, climate adaptation mitigation, and net-zero transition for investee companie

After engagement actions, subsequent decisions may be made based on the engagement results.



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## Actual results in engagement communication

In 2023, the Company took proactive steps to engage with investee companies on carbon reduction initiatives and climate change adaptation, following the Group's engagement principles. The focus was on objectives such as "reducing carbon emissions," "setting GHG reduction goals," and "mitigating climate change impacts." We screened 169 domestic and international investee companies based on their investment positions, environmental impact, potential climate change risks, and actions related to carbon reduction and environmental efforts, using ESG ratings from the corporate

- In 2023, the SKL questionnaire survey indicated that over 60% of the investee companies had closed their cases or were progressing positively.
- Three cases involving engagement actions on ESG critical issues met their predetermined objectives.

governance evaluations and by institutions such as S&P and MSCI. We distributed engagement surveys to these companies, primarily in manufacturing, and mining and quarrying industries, receiving responses from 85 companies. Among these, 15% had successfully closed their engagement cases, and 47% were progressing positively.

The action provided insights into the investee companies' awareness of sustainable development, disclosure of net-zero and GHG information, and specific environmental actions such as their transition plans or measures to mitigate and adapt to climate change and biodiversity loss, climate change mitigation and adaptation, as well as their concrete actions on human rights and corporate governance. Through the survey, we aim to convey our company's commitment to the importance of sustainable development. Moving forward, SKL plans to continue engaging with companies that have not responded to the survey, and collaborate with other major life insurance companies to jointly visit the management executives of specific investee companies, for the purpose of promoting their understanding of climate-related issues and encouraging them to embark on a low-carbon transition for sustainable development.

## **Engagement Case**

F Company 2023/5		
Engagement issues	Evaluate the merger of F Company and its positive impacts or challenges on environmental protection and various sustainability issues	
Description of the current situation	SKL is a significant shareholder of F Company. Through various assessments, particularly during the annual shareholders' meeting, we raised questions and engaged in discussions with the senior management of F Company to understand the impact of the merger on investee F Company's ESG practices. This information serves as a critical reference for future investment decisions.	
Description of engagement	F Company has indicated that following the merger, their first step will involve network integration, decommissioning over 5,000 base stations, and accelerating the sunset of 3G networks. It is expected to save 20,000 to 30,000 tons of carbon emissions. In addition, the merger aims to enhance network coverage, effectively improving user experience in remote rural areas, deep indoor locations, and public transportation, thereby expanding support for more vulnerable populations.	
Follow-up assessment	■ Set goals achieved, initial expectations maintained The investee company ranks in the top 5% of corporate governance evaluations. It has successfully met ESG goals such as energy conservation, carbon reduction, and social inclusion through the merger, thus not impacting future investment decisions. Continued monitoring of post-merger financial, operational, and sustainability performance will be conducted.	



TP Company 2023/4		
Engagement issues	Inquiry about low-carbon transition plans and green energy supply, and financial improvement	
Description of the current situation	The Company has committed to gradually divesting from the coal-fired power generation industry. However, TP Company operates in a carbon-intensive sector, with business items impacting Taiwan's net-zero carbon emission goals, and its financial reports have indicated a weakening financial condition, with a decline in net worth leading to a reduction in investment capacity for the Company.  To encourage TP Company to improve its financial and sustainability performance, SKL sent an email to TP Company's management expressing the Company's emphasis on their transition plans and the desire for TP Company to enhance its financial resilience (such as through capital increases.)	
Description of engagement	TP Company has stated that its emission factor has already decreased, and it continues to develop renewable energy for energy transition. In the future, it plans to further strengthen its financial structure to ensure sustainable financial development and uphold environmental responsibilities.	
Follow-up assessment	■ Set goals achieved, initial expectations maintained Initial goals set by the Company are still being met. However, to meet group expectations, ongoing monitoring and attention will be directed towards TP Company's future financials and its progress in low carbon transition and sustainability.	



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## 2. Voting actions

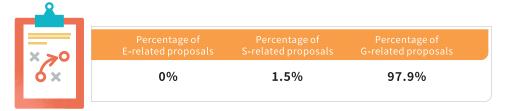
Following domestic and international initiatives and regulations, SKL actively engages with its investee companies by participating in investor conferences, attending shareholder meetings, and conducting regular visits (including on-site visits and phone calls) to maintain ongoing interaction with their management. This engagement helps inform investment decisions, which are then presented to the Board of Directors for deliberation.

In addition, in compliance with the "Insurance Act", relevant legal interpretations, SKFH Sustainable Finance Policy, and the Company's voting principles, before attending the shareholders' meetings of investee companies, we carefully evaluate the contents of all proposals at shareholder meetings, especially those related to significant environmental, social, and governance (ESG) issues, controversial events, or long-term shareholder interests. If necessary, SKL will communicate with the investee company's management prior to the meeting.

Voting Rights Exercise Procedure (Including ESG Proposal Voting)				
1. Vote Screening	<ul> <li>Thresholds for voting rights exercise</li> <li>Exercise of voting rights required after evaluation by the investment department</li> </ul>			
2.Proposal Evaluation	<ul> <li>Compliance with external regulations and internal voting policies</li> <li>Evaluation and analysis of investee companies</li> </ul>			
3.Two-way Communication	Communicate with the management of the investee company before voting on a proposal if necessary			
4.Voting	After screening, analysis, and communication, cast votes (electronically or by appointing a representative) following the relevant regulations and voting thresholds			
5.Board Reporting	Compile and report the voting results to the Board of Directors			

## Results of the Exercise of Voting Rights in 2023

In 2023, we attended the shareholder meetings of 164 publicly listed companies in Taiwan, voting on a total of 954 proposals. The proportion of ESG-related issues among these proposals was disclosed, noting that there were no environment-related shareholder proposals in 2023.





Note 1: According to Articles 146-1, Paragraph 3 of the Insurance Act, the Company may not vote in director and supervisor elections of the investee companies, hence the abstention votes for proposals to the appointment of directors and supervisors.

Note 2: In the 2023 shareholder meetings of the investee companies, the Company expressed opposition to 1 proposals, demonstrating that the Company does not unconditionally support the proposals of the investee companies' shareholder meetings, but makes important decisions after considering the long-term shared interests of customers, shareholders, and investee companies. Note 3: In line with Taiwan Depository & Clearing Corporation policies, electronic voting is prioritized if provided by the investee company



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## B. ESG-themed investment

Shin Kong Life Insurance has not only established a comprehensive ESG investment evaluation mechanism, but also actively responds to the United Nations Sustainable Development Goals (UN SDGs) in investment actions. By researching domestic and foreign sustainable investment trends, we have extended ESG-themed investments to support sustainable development industries that address specific social and environmental issues with practical actions. We continue to monitor sustainable and development industries at home and abroad, and strengthen the investment performance of sustainable investment targets so as to fulfill our core financial competencies, and pursue the maximization of stable returns for investors while contributing to sustainable development for a sustainable future. In 2023, SKL's total investment amount in ESG-themed investments exceeded NT\$548 billion, with an investment amount of NT\$45 billion for sustainable development bonds (sustainable development bonds, social responsibility bonds, green bonds), representing a growth of 3% compared to the previous year.

Unit: NT\$100 million

	Sustainable ( Value	Corresponding SDGs		Category	2022	2023
		7 unmanarsu 12 mmoqur Caminetin	Green Investments	Green bonds	234	247
	Low Carbon	13 degree		Project-based investments in renewable energy	18	21
				Six core strategies - green energand renewable energy industri		71
	Innovation	Innovation	Health education industry		770	777
			Public and so	cial welfare industries	914	735
			Social respor	sibility bonds	5	3
	Common		Sustainability/ Sustainable development bonds		ds 197	199
			Companies with excellent ESG performance 3		3,607	3,426
	Total				5,829	5,480
	I					

Note 1: The 2022 Sustainability Report originally included ESG-themed investment data that only accounted for domestic investment positions. In the 2023 Sustainability Report the basis for ESG-themed investment statistics has been adjusted to include both equity and debt investments, along with related definitions. Therefore, the 2022 data has been restated accordingly.

- Note 2: In 2023, the total amount invested in sustainable development bonds was NT\$45 billion, of which NT\$18.4 billion was invested in sustainable development bonds approved by Taipei Exchange.
- Note 3: The investment amounts listed in the table above for the government's six core strategic industries have excluded the investments made in ESG sustainability benchmark companies in the same positions.
- Note 4: SKL's definition of green investments includes green bonds, project-based investments in renewable energy plants, and green energy and renewable energy industries as defined in the six core strategic industries.
- Note 5: The health education industry includes Taiwan's precision health industry and categories related to health products and services, as well as facility suppliers.

  Note 6: Public and social welfare undertakings are conducted in accordance with the "Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social
  Welfare Enterorises."
- Note 7: Companies with excellent ESG performance include constituents of the following indices: TWSE RAFI® Taiwan High Compensation 100 Index, TWSE Corporate Governance 100 Index, and FTSE4Good TIP Taiwan ESG Index

## 1.Six Core Strategic Industries

SKL actively supports the government's efforts to promote industrial transformation. Through our project investment unit, we are responsible for investments in domestic projects, including the six major core strategic industries and public infrastructure to help more key emerging and innovative industries in securing operational capital. As of the end of 2023, the total investment amount in the six major core strategic industries reached NT\$144.7 billion. Investments in the green energy, renewable energy, and precision health industries exceeded NT\$7.7 billion, demonstrating our commitment to becoming a significant contributor to Taiwan's real economy development and fostering mutual benefits with innovative economy industries.

Industry Category	Investment Amount in 2023 (NT\$100 million)	Proportion	
Information and Digital Industries	1,187	82%	
Strategic Stockpile Industries	136	9%	
Green Energy and Renewable Energy Industries	75	5%	
National Defense and Strategic Industries	34	2%	
Cybersecurity Industry	13	1%	
Precision Health Industry	2	0%	
Total	1,447	100%	

## 2. Green investment - supporting the renewable energy industry

To address climate change, enhance climate resilience, and promote green finance to achieve the 2050 net zero carbon emissions target, SKL is actively investing in the renewable energy sector. In addition to investing in green bonds, we have established a dedicated unit to develop green energy investment plans. By investing in power plant construction and operation enterprises, as well as planning the development of large-scale solar power stations, we are eager to foster the growth of green energy in Taiwan and support industries' transition to clean energy.

In 2023, the investment in project-based renewable energy industries increased by NT\$320 million, generating approximately 7.903 GWh of electricity, enough to supply about 26,000 households for a month, saving around 3,911.8 tCO<sub>2</sub>e



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In 2023, SKL invested NT\$7.8 billion in the renewable energy sector. This investment is expected to generate an annual electricity output of 2,811.43 GWh, which can avoid 139,166 tCO $_2$ e each year. These efforts are anticipated to yield positive environmental benefits, aligning with the industrial goal of achieving net zero emissions.

## Renewable Energy Investments and Environmental Benefits

		2021	2022	2023
Investment amount	Green bonds - renewable energy category (NT\$100 million)	40	57	57
	Project-based renewable energy power plants(NT\$100 mil	lion) 15	18	21
	Total investment amount (NT\$100 million)	55	75	78
	Estimated annual electricity generation (10,000 kWh)	49,794	277,008	281,143
	Estimated carbon reduction (tCO <sub>2</sub> e)	24,996	140,997	139,166
	Note 1 The annual nower generation was calculated based on the average monthly	havaahald alaatriaitu	consumption of Toing	

Note 1 In a annual power generation was calculated based on the average monthly nousehold electricity consumption of Taipower.

Note 2 The annual amount of carbon emissions reduced was calculated based on the carbon emissions coefficient for electricity provided by the Bureau of Energy, Ministry of Economic Affairs.

## 3. Project-based investment - Public and social welfare industries: Taipei Bioinnovation Park

In support of the government's efforts to develop the biotechnology industry and to foster the agglomeration effects of biotech industry clusters, SKL has partnered with a development company to construct and operate the first biotech-focused development project in Taiwan: the Taipei Bioinnovation Park. This BOT project aims to provide office space for biotechnology companies and affiliated institutions, offering favorable rental rates to nurture startups. The park features modern office facilities and multifunctional spaces designed to meet the exhibition and interaction needs of biotech enterprises. Located adjacent to the Nankang Software Park, the Taipei Bioinnovation Park benefits from strategic advantages in terms of location, transportation, and industry clustering. The park is expected to facilitate the integration of the biotech industry, stimulate the regional economy, and create over 3,000 employment opportunities, ultimately generating an annual output value

of NT\$50 billion, and further fostering the prosperity and development of the industry. This initiative supports government plans for industrial innovation, talent cultivation, and international alignment, making SKL a pivotal force in Taiwan's industrial transformation.

The total investment amount exceeds NT\$600 million. Since its official operation in March 2023, the occupancy rate has exceeded 80%.

# 7.2 Sustainable Supply Chain GRI 2-6 \ 2-23 \ 2-24

SKL offers a diverse range of insurance products and services to the public. Product design and services are primarily carried out by in-house professionals, while procurement items mainly consist of the items related to labor, goods, and equipment resulting from administrative affairs, as well as real estate construction operations. Although there is no apparent upstream, midstream, and downstream supply chain system compared to traditional or technological industries due to different industry attributes, SKL understands that the procurement business still has a significant impact. Therefore, we actively construct a sustainable supplier management mechanism and connect the supply chain through local procurement, green procurement, and other means to establish sustainable value.

In 2023, there were 169 suppliers in total, with 108 in the services category, 55 in the financial category, and 6 in the engineering category.

## A. Managing Supply Chain Sustainability SDG12.6

In terms of procurement policy, SKL has stipulated supplier management principles and regulations in accordance with the supplier management standards established by the parent company SKFH. Risk assessments and on-site audits of partner suppliers are conducted to encourage them to emphasize sustainable development, eliminate any dishonest behavior, and jointly assume responsibility for employees, society, and the environment to create a better living environment for future generations. Specific actions are described as follows:

- Requiring partner suppliers to comply with our ESG policies: SKL requires partner suppliers to sign a supplier commitment letter, pledging to abide by corporate ethics, focus on employee rights and human rights, and protect the environment. If any violation of relevant regulations is found during the cooperation process and is not corrected immediately, SKL has the right to terminate the cooperation relationship. In 2023, the signatories of the supplier commitment letter were extended from partner suppliers to bargaining suppliers, in the hopes of conveying the company's sustainable business philosophy to more potential partners.
- Establishing a supplier management system: To better manage suppliers in a systematic way, SKL
  has established a supplier management system that helps register, review and evaluate information
  about partner suppliers.
- Risk assessment and on-site audits: SKL performs regular supplier risk assessments on key suppliers every year, and conducts on-site audits based on the assessment results. Depending on the situation, guidance or training will be provided to help suppliers improve or mitigate related risks, and move towards sustainability goals.



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## **SKL Supplier Management Procedure**

- Suppliers seeking cooperation must sign the supplier commitment letter before price negotiations
- Suppliers renewing the contract must also re-sign the letter

Maintain, review, and evaluate partner suppliers through the supplier management system

- Major suppliers are required to fill out a supplier risk selfassessment questionnaire annually
- Definition of major procurement: Contract amount of NT\$3 million or more (based on a single contract amount)

- Suppliers assessed as high risk require on-site audits
- If deficiencies are found during the audit, the supplier will be asked to provide improvement plans and explanations



If a supplier violates its commitments or has significant deficiencies, it should be requested to make corrections; if it fails to improve or the situation is serious, the contract may be terminated when necessary.



## The Results of Supplier Management in 2023



## B. Implementing Local and Green Procurement GRI: 204-01

SKL helps promote sustainable development in society and the environment through our selection of procurement projects. When purchasing office supplies, information products, air conditioning equipment replacement, and building materials, we prioritize products that have obtained green environmental certification. Since 2016, we have won the "Green Procurement Performance Unit for Private Enterprises and Organizations" from the Department of Environmental Protection, Taipei City Government for eight consecutive years. We also support social innovation enterprises and won the First Prize of Buying Power -Social Innovation Products and Services Procurement Award in 2023.









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# 8. Creating a Society of Mutual Prosperity

Shin Kong Life values the importance of connecting and interacting with local residents, establishes three major public welfare axes, utilizes its abundant corporate talent resources, and promotes the "corporate volunteer" service program, to actively develop community engagement.

# 8.1 Community Engagement Strategies and Investments

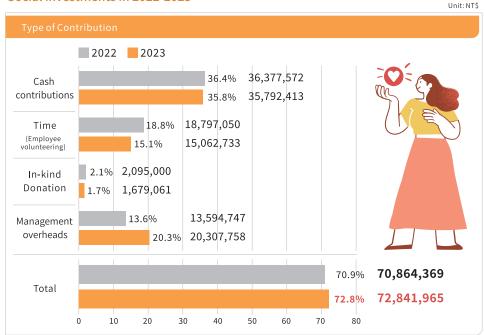
GRI 203

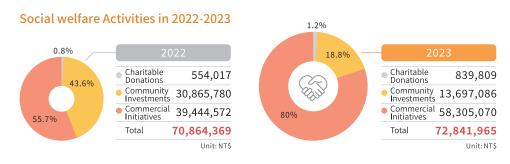
Shin Kong Life's community involvement activities are based on the three corporate philanthropic pillars of "All-round Development, Health promotion, and Environmental sustainability". By utilizing our offices throughout Taiwan and combining the strengths of the Shin Kong Life Foundation, we are able to focus on issues such as children's education, ageing health, ecological environment, and animal conservation through more flexible and creative communication methods. At the same time, we encourage both internal and external colleagues to join us in volunteering, extending SKL's services to the corners of society and fulfilling our corporate motto of "what we take from society, we give to society." In 2023, thanks to the enthusiasm of our employees, SKL's total social participation amounted to NT\$72.84 million, with a total of 760,000 people benefiting from SKL's social service programs, and we have supported the co-prosperity and development of the community through our actions and investment of resources. With these actions and resources, SKL supports the co-prosperity and development of the community.

## Major themes in social welfare and SDGs



### Social investments in 2022-2023





Note: Investment expenses consist of activity expenses (including administrative and personnel expenses), in-kind donations, and sponsorship Note 2: Some examples of activities/events:

- Charitable donations: Wild Bird Society of Taipei, Mid-Autumn Gift Box Volunteers Down Syndrome Foundation, Atayal Traditional Dance Flash Mob at Si Ji Elementary School, and Nan Shan Flamentary School in Vilan County
- Community investment: Shin Kong Spreads Love End-of-the-Year Fundraising Activity, welfare project for elders in rural communities with Digital Humanitarian Association, Penghu International Fireworks Festival. Hacov Dining Table with an Acre of Land.
- Commercial initiatives: The Pen Pal Program 2.0, Taichung High School Financial Literacy Education Promotion Project, 2023 Shin Kong Nationwide Charity Hiking, Old Clothes, New Life: Light up the World. Shin Kong Kitchen' Workshops.



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### **8.1.1 All-round Development**

SKL is committed to enhancing the knowledge and abilities of people in all aspects of life by awarding outstanding young students, stimulating artistic creativity, encouraging the new generation to explore diverse fields, and organizing various leisure and sports events to provide opportunities for talents in various fields to showcase their abilities and cultivate positive and healthy leisure and entertainment. At the same time, resources are brought into remote areas to reduce the urban-rural gap, enhance international vision, and create a sustainable and better life together.

## **Major Youth Programs**

O

### The Shin Kong National Painting Competition

19th Shin Kong National Painting Competition is titled "Cherish Food, Create a Happy Life" through the observations and creations of all ages artists, Taiwan's towns and villages will no longer just be maps in textbooks, but transforming into places that we can connect with and cherish, and to foster love for nature, and build the concepts of healthy eating and food conservation through the selection of earth-friendly food ingredients. This year marks Shin Kong Life's 60th anniversary, and in response to the SDGs 2 Zero Hunger Goal, Shin Kong have launched a special "You Draw, We Give Back" initiative, in which Shin Kong will give back \$10 per entry to sponsor nutritious lunches at rural schools, creating a happy meal for children in rural areas.





### The Shin Kong Rubik's Cube Competition

The Rubik's Cube is regarded as one of the world's top three intellectual games, it is an educational sport that is deeply rooted in the minds of all people, greatly benefiting logical thinking and brain development. The contestants range from 6 to 48 years old, demonstrate that there is no age limit to enter the world of Rubik's Cube. 2023 Shin Kong Cup Rubik's Cube Tournament coincides with SKL's 60th anniversary, and in addition to expanding the event and increasing the number of contestants to 550, the largest number of contestants in the history of Taiwan's Rubik's Cube, the event has also introduced the WCA international certification for the first time, whereby the results of each contestant can be included in the rankings of all the world's WCA tournaments, providing Rubik's Cube players with a platform for mental stimulation and healthy competition. SKL will continue to venture into rural areas to conduct Rubik's Cube workshops, hoping to let children experience the charm of the Rubik's Cube and gradually unleash their intelligence and potential, thereby transforming rural education and opening up new opportunities for growth.





3

### The Shin Kong Street Dance Competition

As the Shin Kong Cup enters its 20th anniversary in 2023, with the new era of Al Generation, This year's Street Dance Contest embraced the technological trend by utilizing artificial intelligence to generate technology to create a 20th anniversary commemorative single and music video, lively melody coupled with energetic lyrics represents the spirit of the Shin Kong Cup encouraging young people to bravely pursue their dreams and dance splendidly, event continued the Olympic-style competition, the BREAKING BATTLE 1 ON 1 and Group Dance Competition. The event attracted 8 teams of online dance auditions, 118 teams of group dance, and 132 individuals for break dance, totaling 1,350 participants. To celebrate the 20th anniversary of the Shin Kong Cup, five rural street dance promotional activities were held.



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The Pen Pal Program 2.0	<ul> <li>"Companionship is the Warmest Sharing", based on the i-Mentor model developed by a New York City-based organization, this program is designed via cross-border collaboration based on three elements, namely "Children, Aborigines, and Education", to create a golden triangle of guardianship for school children, with hopes of bringing the light of warmth to more disadvantaged children.</li> <li>Enterprises and groups are cordially invited to become big pen pals under this program. By matching small pen pals from among rural and disadvantaged children with life mentors, this program helps small pen pals explore a variety of aspects in the society and a diverse range of career choices. In 2023, "The Pen Pal Program 2.0—A Pen Pal Project: 30 Dream Jobs Forum" was held in the zoo, featuring inspiring speakers including Academician Huey-Kang Sytwu, Director of the National Health Research Institutes; Dr. Yu-An Chen, a zoo veterinarian; and Cheng Yu-Xuan, a panda conservationist. During the forum, they shared their valuable work experiences as doctors/scientists, veterinarians, and conservationists, offering unique insights into their professions.</li> </ul>	Participation of 144 big pen pals as life mentors and matched them with 174 small pen pals using heartfelt words, in an effort to help these small pen pals not only discover a variety of areas in the society, but also sow the seeds of dreams. On the whole, a total of 708 people benefited from this program throughout the year.
Scholarships &	<ul> <li>Shin Kong Life Scholarship is the only scholarship in the life insurance industry that intended both policyholders and non-policyholders.</li> <li>Since 2017, Shin Kong Life Scholarship has been introduced to help primary and secondary school students who are from poor families or whose families have suffered sudden changes and are in urgent need of help, so that they can go to school free from financial deprivation and with peace of mind.</li> </ul>	A total of 20,351 students applied for scholarships and 2,707 students from high school to university (graduate school) were awarded scholarships to encourage students to develop their qualities. Over the past 51 years, more than 130,000 students have been awarded scholarships, with a cumulative amount of more than \$300 million.
Their Distance from Hunger (Andrew Food Bank)	Shin Kong Life and Chang Hwa Bank jointly collaborated on this campaign, and during the campaign period, Shin Kong Life donated an additional NT\$200 from the operating expenses of the in-force policies to the "Andrew Charity Association" as a public welfare resource. They are a group of children who have to recognize separation/sickness/ accident and then grow up. Andrew Charity Association has been caring for children from disadvantaged families for a long time, and according to the situation of each case, it will provide immediate and appropriate resources to help the sound physical and mental development of the sponsored children.	The additional donation will be used through Andrew Food Bank to support the monthly food box service program, helping provide food for children under 15 years old from disadvantaged families. In 2023, about 532 children benefited from this event, with a donation of NT\$106,400.
The Shin Kong Esport Event	The theme for 2023 was "Pokémon Grand Gathering," aimed at promoting mutual entertainment, sharing, and prosperity between parents and children. The event featured six gym leaders who used Pokémon storylines to guide participants through various challenges and competitions, combining gaming with the diverse cultures of our global community to broaden children's perspectives. This year's event was particularly inclusive, inviting foreign families, Taiwanese indigenous people, and new immigrants to participate. Moreover, upholding a spirit of diversity, sustainability, and social care, we also aimed to enhance cultural integration through this renowned IP of Shin Kong e-Sports Camp to promote e-sports strength in Taiwan.	A total of 260 people signed up for the two events, and there were more than 560 people in attendance onsite. The online live stream had a total of 54,128 views, allowing everyone to transform into a Pokemon trainer through virtual reality experience.



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### 8.1.2 Health Promotion

In response to the United Nations Sustainable Development Goals (SDGs) 3, SKL has organized National blood donation campaigns and Health Promotion seminars to encourage people to care about their own health and to raise health awareness among the general public. In addition, SKL also organizes telemedicine to provide health information to the elderly and eliminate the disparity in healthcare resources between urban and rural areas, in order to build a stable and seamless healthcare protection network.

### **Major Events for the Elderly**

### Oral History &

Since 2005, Elders Share the Arts (ESTA), a New York-based organization that focuses on the issues of silver hair and long-term care, has imported "Legacy Art" and "Revitalizing History" to Taiwan. Through the participation of seniors in creative aging activities, ESTA strives to bring awareness to the issue of long-term care and concern for the health of the elderly. Through the use of art as an intermediary of communication, Heritage Art helps the elderly to reestablish their social connections, while Revitalizing History is led by a professional and uses the element of drama, in which the elderly select the most understandable moments of their life experience for children to share, so that the younger generation can understand the value and meaning of "old age". By the end of 2023, more than 230,000 people will have benefited from the oral history program.



		20	22	20.	23
	Participant	Beneficiaries	Satisfaction	Beneficiaries	Satisfaction
	Senior citizens with dementia and disabilities	4,900	94.0%	7,300	98.0%
Legacy Art	Volunteers	3,771	98.1%	7,630	97.0%
	Guides	35	94.7%	35	95.0%
	Senior citizens	2,319	98.67%	2,448	99.5%
Revitalizing	Students	1,467	98.5%	1,289	90.3%
History	Guides and middle-aged people	1,580	98.0%	635	98.9%
	Audience	1,019	95.7%	2,342	94.0%



### "Shin Kong Kitchen" Healthy Kitchen Workshops

"Shin Kong Kitchen" healthy kitchen workshops were launched to promote women's health and spread awareness about nutrition and wellness. This delightful program featured engaging sessions with nutrition Ph.D. experts and award-winning chefs, who guided participants through interactive hands-on kitchen experiences. Amid the hustle and bustle of modern life, these sessions provided simple yet delicious recipes that highlight healthy ingredients and cooking techniques while fostering correct nutritional concepts. The "Shin Kong Kitchen" events were held across the northern, central, southern, and eastern Taiwan, benefited 74 participants and a total of 191 from 2022 to 2023, boasting a remarkable satisfaction rate of 97.8%.





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### 3 Telemedicine

We have partnered with the Digital Humanitarian Association to launch the "Remote Health Promotion for Rural Communities" program, which utilizes digital tools to provide online health courses and professional medical consultations for elderly residents in rural areas. The program aims to help the elderly prevent diseases and delay disability, and has shown concrete results. In 2023, to further safeguard the health and wellbeing of rural seniors, we expanded our reach from the original four locations of Qimei in Penghu, Dabang in Chiayi, Liuxiang, and Liujiao Township to more areas. In addition to the center retained at Dabang in Chiayi, a total of six care centers were introduced at Wutai in Pingtung County, Fenglin in Hualien, Beinan in Taitung, Jianshi in Hsinchu, and Suan Tou in Chiayi. With on-site services through the help of corporate volunteers, we also spend time with the elderly to teach them origami, which helps to improve hand-eye coordination, enhance brain and organ activity, and delay degeneration. By strengthening connections with local communities, we endeavor to integrate our core expertise in insurance to promote inclusive financial education and scam prevention, safeguarding the economic security of the elderly. A total of 83 volunteers participated in the service, serving approximately 109 seniors. The SROI calculation shows that for every NT\$1 invested, a social value of NT\$9.57 was created.



Events	Summary	Highlight
The Shin Kong Nationwide Blood Donation Campaign	<ul> <li>In order to alleviate the problem of blood shortage and to help supply medical resource, in 2023, SKL have joined hands with Dajia Mazu to organize the Shin Kong National Blood Donation Campaign at 32 locations across the country, jointly encourage people to roll up their sleeves and donate blood in order to fulfill Dajia Mazu 's spirit of compassion, and to save more precious lives.</li> </ul>	SKL successfully collected 4,509 bags (equivalent to 1,147,500 ml) of blood, contributing to reserve health care capacity and save more precious lives.
Nationwide Charity Hiking	<ul> <li>We invite employees and policyholders to join us in embracing nature, reflecting our corporate commitment to sustainability. With the participation of corporate volunteers, we continue to address corporate sustainability issues through engaging activities. On our hiking routes, we emphasize environmental conservation by encouraging everyone to pick up trash along the way, embodying our "Low carbon, Innovation, and Common good" sustainability strategy. This initiative aims to foster a love for the planet, protect ecosystems, and promote ecological sustainability.</li> </ul>	<ul> <li>A total of 34 hiking routes, inviting more than 9,000 employees and national policyholders to bring their family members, relatives and friends to get closer to nature, and combining with nearly 3,000 corporate volunteers to continuously dedicating on the issue of corporate sustainability.</li> </ul>
"Always Remember You" Conference	SKL and Taiwan Alzheimer's Disease Association, jointly organized the "Always Remember You" Conference at the Shin Kong Life Tower. SKL endeavors to enhance awareness and understanding of long-term care issues through people with actual care experiences.	9 "Always Remember You" conferences were held and attended by 720 people.
Community Care Blossom	Through SKL branches throughout Taiwan, we accompany elderly people and schoolage children in the spirit of local care, and through face-to-face and hand-to-hand lantern paper craft teaching, achieving positive and warm interactions between those who care and those who are cared for.	There were a total of 182 " Community Care Blossom Activities", involving a total of about 3,156 volunteers, and caring for about 4,437 elderly and 789 school children.
The LIFE Lab. Seminar Series	• Each week, LIFE Lab. conducted seminars focus on four target groups, including: Career Freshmen, Junior supervisors, New-generation moms, and Happy retirees, to help them find common ground with the philosophy of LIFE Lab.	44 online seminars related to health promotion and financial education were held, attracting 15,913 viewers.
Life's Journey Made Smoother with Shin Kong's Care	We provide long-term care and case management services to over 55 individuals, accumulating up to 990 community service interactions. These include care centers, home visits, phone check-ins, health promotion initiatives, and disability care support.	<ul> <li>Provided 11 seniors with healthy meals, including meals delivered to the elderly and shared meals at the center, so that the elderly can maintain a nutritious and good health, serving 2,798 people; served 2,112 people with day care and care center services, so that the family members can have a respite or take the opportunity to go out to work to maintain the family's financial well-being.</li> </ul>
Taiwan Portrait of Happiness	Demonstrating its longstanding commitment to elderly care, and in celebration of its 40th anniversary, the Shin Kong Life Foundation organized a series of seven "Taiwan Portrait of Happiness" events across Taiwan. These events involved art-assisted therapeutic self-portrait sessions, where creativity flowed as seniors celebrated their birthdays through art. Such endeavors not only instilled confidence in seniors through artistic creation but also rekindled their social connections.	A total of 300 people benefited from the program, and 23 news articles were exposed in the media, which overturned the stereotypical image of the elderly in the society and attracted more people to participate in the program, so as to turn the "Creative Aging" into a social movement together.
Lighting Up the Ribbon for Women's Health	<ul> <li>Shin Kong Life Foundation and Shin Kong Bank, in response to the annual October Breast Cancer Awareness Month, jointly arranged for a mammography van to be driven to Shin Kong Bank's headquarter building to provide free screening services to colleagues, so that busy working women could have breast cancer screenings and counseling outside of work without having to take time off from work or make a long commute.</li> </ul>	Two breast cancer education seminars were held in Keelung and Taichung, with a total of 77 participants.  Free screening services and counseling for breast cancer, with a total of 36 screenings of which 3 were found to be

 Through the promotion of two-color ribbons, all women are urged to undergo regular screening and prevention of breast cancer, and patients should be aware of the

possibility of recurrence.

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### 8. Creating a Society of Mutual Prosperity

- 8.1 Community Engagement Strategies and Investments
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### 8.1.3 Environmental Sustainability

In response to international concerns about biodiversity and environmental sustainability, SKL has linked corporate and social forces through activities such as the Shin Kong Sustainable Lifestyle - From Farm to Table, and Sustainable Seas to realize rural innovation and ecological preservation for the benefit of all three parties: the corporation, agriculture, and society. In addition, the company also organizes a Christmas charity bazaar to practice circular economy and achieve the goal of environmental friendliness, so as to enhance the sustainable thinking of its employees through public welfare.

### Happy Dining Table with an Acre of Land

In our endeavor to construct a nationwide safety net, we have initiated the "From Farm to Table" green action, starting with the traceability of ingredients to reduce food transportation losses in Taiwan's agriculture. Through the establishment of the "Happy Dining Table with an Acre of Land" program, we provide venues and marketing resources free of charge, and have created the Shin Kong Smallholder Farmers' Market to stabilize farmers' income and revitalize rural areas by promoting organic farming practices. Simultaneously, we organize food and agriculture education through talks, workshops, and hands-on experiences such as assisting in farm work and harvest, to foster a farmer-friendly land and a sustainable food ecosystem where green consumption prevails, showcasing Shin Kong's core values of "low carbon, innovation, and common good" in sustainable management. A total of 76 Shin Kong Smallholder Farmers' Market events were held in 2023. The total sales amount was close to NT\$6 million (including Songshanjin Charity Market,) involving approximately 500 smallholder farmers in exhibitions and sales throughout the year. In 2023, this project received recognition at international levels, including the "Asia Responsible Entrepreneurship Awards," "National Brand Yushan Award," "Asia-Pacific and Taiwan Sustainability Action Awards (TSAA)," and "PwC Sustainability Impact Awards," underscoring Shin Kong's core values of "low carbon, innovation, and common good" in sustainable management.



### **Major Sustainability Activities**



## **Ecological Conservation**

With a long-term commitment to ecological conservation, SKL has been sponsoring Gorilla conservation activities for 26 years in a row as we aim to raise public awareness of the natural environment and implement the concept of wildlife conservation. In 2018, Taipei Zoo gorilla "Bao Bao" was sent to the Netherlands for an international breeding program, which not only helped Taiwan gain world recognition for its efforts in animal conservation, but also brought Taiwan closer to the international community. With concerted efforts from both SKL and Taipei Zoo, two Gorilla mothers imported from the Netherlands have given birth consecutively in 2020 and 2021, successfully passing on their genes of endangered species. In 2022, we collaborated with Taipei Zoo to make "behaviorenriching devices" for gorillas to promote ecological conservation and education with the participation of foundation employees and volunteers. In 2023, we continued to allocate funds to assist Taipei Zoo in participating in international conferences and exchanges, including the European Association of Zoos and Aquaria (EAZA) and the Southeast Asian Zoos and Aquariums Association (SEAZA), to align with international trends, update relevant knowledge, and enhance Taiwan's visibility in the international conservation community.



### Sustainable Oceans

In response to the deterioration of the marine ecosystem brought by climate change and man-made activities, the Taiwan Coral Industry Association (TCIA) has been working on two strategic directions, namely, "protecting corals" and "removing marine wastes", and is following the international trend of promoting the coral reef check program by conducting professional training, and a total of nine people have obtained the International Ecological Diver License. In conjunction with the National Museum of Marine Science and Technology conduct a Coral Watch program, produce 400 copies of the "International Coral Health Color Card," and deepen into Yehliu, XiaoLiuqiu, and other elementary schools to train teachers in marine education; a total of 80 coral reef examiners have been trained since the start of the program, which will help create awareness of local residents and schoolchildren about marine conservation. Experienced divers with a certain level of experience will be invited to organize nine underwater cleanup activities from 2022 to 2023, with a total of 394 volunteer trips and 3,905 kilograms of marine debris removed.





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### **8.2 Corporate Volunteers**

### Shin Kong Life Volunteer Participation

Shin Kong Life Insurance Company has been actively promoting the "Corporate Volunteer" service program to encourage its employees to understand the needs of the community outside of work, so that Shin Kong Life Insurance Company can spread its love and care to more places in the community.

Through volunteer service, we enrich the lives of our employees beyond their work environment, fostering a sense of belonging within the company and experiencing the joy and warmth of helping others. In 2023, our corporate volunteers enthusiastically participated in nationwide hiking events, blood donation drives, Community Care Blossom events, telemedicine services for elderly in rural areas, agricultural experiences, and beach cleanup activities. These efforts contributed to society and earned

positive recognition for our corporate social image. To enhance professional skills, we encourage employees to voluntarily participate in basic volunteer education and training courses.

In 2023, the average number of hours of participation by business volunteers was 3.42 hours in real terms, with more than 12,000 cumulative participants and 32,080 total service hours.



### Shin Kong Life Foundation

Shin Kong Volunteer Corps has been established for 14 years, and is the first corporate volunteer association to file a case with the Department of Social Welfare in Taipei. We encourage our employees, family members and policyholders to personally participate in volunteer services, and promotes the concept of corporate volunteering in collaboration with the government; SKL have also been invited by the government to go to various counties and cities to share the successful operation of the corporate volunteers, so that more companies can participate in the corporate volunteer. Along the way, SKL have become the strongest backing for the government and have been recognized by various sectors with many awards.

In 2023, Shin Kong Volunteer Corps not only assisted nonprofit organizations in organizing various welfare events but also actively supported various government volunteer services. During the strong earthquake in Turkey, the Corps promptly mobilized 356 volunteers to join the national relief team, dedicating a total of 2,830 hours to assist in processing donation information for the Ministry of Health and Welfare of the Republic of China to ensure timely assistance to Turkey. In 2023, as the Taiwan Lantern Festival returned to Taipei after a 23year hiatus, the Corps rallied 751 volunteers to provide support, contributing a total of 3,183.5 volunteer hours. This alleviated the manpower shortage faced by the Taipei City Government in organizing this international event. Our volunteers were the sole representatives from the corporate sector to receive government recognition on the main stage. Through our active participation and contributions, we demonstrated our commitment to charitable endeavors and showcased the philanthropic aspect of Shin Kong to the public.

> 2,834 volunteers with a total of 15,309 hours was invested by the end of 2023.





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Note: \* It is a material issue

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Note: \* It is a material issue

Labeling

\* Customer

and service information and labeling 417-3 Incidents of non-compliance concerning

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# **United Nations PSI, PRI, and Global Compact**

# The Principles for Sustainable Insurance (PSI)

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

Stakeholder	Dimension	Plan	Strategies and Achievements	Reference page
	ex str	The board of directors and management executives formulate the Company's business strategies, identify, assess, manage, and monitor various ESG issues	Establishment of the Corporate Sustainability Committee to formulate annual ESG strategic goals, monitor ESG implementation and results quarterly, and regularly report to the Board of Directors after reviews by the executives of the Committee.	13
		Business strategies involving ESG issues should be communicated with the Company's stakeholders	<ol> <li>Understanding of the impact of the issues concerned by stakeholders on the economy, environment, and society through the identification of material issues.</li> <li>Disclose the management of various ESG issues through the channels for communication with stakeholders, such as shareholders' meetings, press conferences, annual reports and financial reports, or official company website.</li> </ol>	17-23
Board of Directors Employees	Company Strategy	Employee recruitment, training, and management programs should incorporate ESG issues	<ol> <li>Creation of a culture that safeguards human rights and diversity to incorporate human rights into human resources policies, 100% complete the examination of training on human rights and gender equality, as well as protect the employment rights and interests of indigenous peoples and persons with disabilities.</li> <li>Provide the company benefits that are better than specified in the Labor Standards Act, and regularly hold employee physical examinations and various health care activities.</li> <li>ESG education, training, and management         <ul> <li>Sustainable development was incorporated into the education and training of all employees, with everyone completing the training.</li> <li>1 sustainability lecture was organized</li> <li>1 sustainability workshop was organized</li> <li>Provided mandatory and elective DEI courses for different targets (new supervisors, heads of sales offices, all employees, DEI Ambassadors) and periodically distributed DEI information.</li> <li>ESG/DEI courses section established on Hahow and CommonWealth Leader Campus together with reading rewards and activities.</li> <li>Material ESG issues such as inclusion in the DJSI, joining the SBTi, offering inclusive financial products and services, and retaining top talent are incorporated into the key performance indicators for senior management and general employees, with all staff working diligently to achieve these goals.</li> </ul> </li> </ol>	52-54 62 65 60
Managers	Risk Management	Establish procedures to identify and assess ESG issues underlying risk portfolios and incorporate them into risk management.	<ul> <li>Establishment of risk management procedures to identify related risks such as product design and pricing risks, insurance underwriting and claim settlement risks, reinsurance risks, and to assess the potential impact of ESG issues.</li> <li>A mechanism for climate-related financial disclosures (TCFD) has been established (including governance, strategy, risk management, indicators and targets.) Climate-related issues were discussed, and response strategies and action plans were developed. Quantitative methods such as GHG inventories and scenario analyses were used to assess the impact of climate risks on the Company. The management of climate-related risks and opportunities was included in the Company's sustainability report.</li> <li>Establishment of the Information Security Committee, continuous certification of ISO 27001 international standard for information security as well as BS 10012 personal data management system to ensure the comprehensiveness of the control mechanisms for information security and personal data protection.</li> </ul>	91-96 25-43 97-99
Investee	Investment management	Include ESG issues in the decision-making procedures for investment in accordant with the Principle of Responsible Investment (PRI).	Established the "Shin Kong Life Insurance Policy and Procedures for Sustainable Investing in Securities". Before making any investment, we conduct an assessment of the investment targets, and no new investment should be made in those included in the exclusion list or the list of non-investable targets. Before investing, it is necessary to check whether it complies with industry-specific guidelines and conduct an ESG assessment. For industries with high carbon emissions, climate change risk assessments need to be carried out individually.	100-101



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Stakeholder	Dimension	Plan	Strategies and Achievements	Reference page
	Products and services	Develop products and services that have a positive impact on ESG issues and improve risk management.	In response to changes in the social structure, policyholders' needs, and advancement of underwriting technology and product development, SKL is constantly rolling out insurance products that fit for Taiwanese people's life plans.  1. Micro-insurance: Provide low-premium products for basic protection of vulnerable groups and donate premiums every year. Since its launch in 2009, micro-insurance has benefited 168,000 people.  2. Small-amount whole life insurance: Provide seniors with basic insurance protection with over 29,000 new policies being processed in 2023.  3. Spillover-effect products: To promote the public's awareness and behavior in health management, premium reduction incentives are provided to achieve the triple benefits of improving public health, reducing claim settlements, and minimizing the consumption of social medical resources. As of the end of 2023, the cumulative number of new contracts reached approximately 40,000, with new contract premium income totaling around NT\$808 million.  4. Develop ESG products to help policyholders protect against air pollution and food safety threats.  5. Develop the Go series of inclusive policies that connect inclusive finance and health spillover mechanisms, and combined with the Shin Kong Life APP to digitally record points accumulation results, encouraging policyholders to improve their own health through the spillover mechanism.	74-75
		Develop or support education programs related to risk, insurance and ESG issues.	We have been conducting education programs and ESG promotions for children, young and middle-aged adults, and seniors, such as the "The Pen Pal Program 2.0" to create a quality learning environment for rural schoolchildren and the regular "Shin Kong Beautiful Life" and "LIFE Lab." seminar series where professional speakers are invited to share knowledge and information on insurance and financial management, health care, relaxation and self-care, etc.	109-112
Customers	Sales and marketing	Provide education and training on products/ services on ESG issues, and incorporate important ESG-related messages into marketing strategies or activities .	<ol> <li>Emphasis on fair treatment of customers in marketing:         Adoption of preventive and protective measures against financial exploitation of the elderly, including prevention, protection, and control aspects, and implementation of the Customer Information System (CIS) as well as the Sign Language Video Translation Platform for disadvantaged groups to provide considerate services and fulfill fair customer treatment practices.</li> <li>Create low carbon insurance service with salesmen and customers:         Online and offline resources are combined to launch the smart pandemic prevention lottery, digital gift packages, SK reward points, EDM, and animations through the SKL official LINE account. Offline promotions are designed by our digital team in accordance with relevant promotion procedures, including promotion campaigns, e-seed interactive network, digital workshops, and voice of the customer programs to create integrated promotion of all channels.</li> <li>Elderly customer fraud prevention campaigns and digital-friendly seminars were conducted: We created a Taiwanese version of the insurance fraud detection animation video to allow elderly attendees at seminars to learn about the three principles of fraud prevention and convenient digital payment channels in a relaxed atmosphere.</li> </ol>	79 78 83
		Ensuring that the scope of goods and services is fully explained and fully understood	The sales and promotions of SKL products are all in compliance with the product information disclosures required by law. SKL has also established the "Management Regulations on the Use of Promotion Materials for Product Sales" and requires all sales channels and sales personnel to provide truthful, accurate, clear, easy-to-understand, and complete product information when creating or using marketing materials, so as to protect the rights and interests of customers	73
	Underwriting Policies	Make the ESG issues listed in the procedure of underwriting decisions.	<ol> <li>Underwriting is conducted in accordance with the "Underwriting System and Procedures" and the "Offshore Insurance Units (OIU) Underwriting System and Procedures".</li> <li>Underwriting personnel all have the underwriting expertise required to evaluate the risk-bearing capacity of the company, to assess the basic information of the insurer and the insured, motives for insurance, benefits of insurance, degrees of need, suitability, occupations, income, finance, sources of funds for insurance premiums, and health status, as well as to watch out for moral hazards or improper tax savings to ensure just and impartial underwriting services.</li> <li>Establishment of the Underwriting Risk-ranking Model and Application of big data in underwriting risk management to combine past claims data and underwriting experience with data mining techniques for risk screening and for conducting random physical checks of high-risk customers.</li> <li>For elderly policyholders, based on the nature of insurance products and the principle of fair customer treatment, underwriters proactively provide care during the underwriting process. They strengthen the review and evaluation of the suitability of the insurance and assess the policyholders' ability to identify any disadvantages. This commitment aims to protect elderly customers and prevent elder exploitation.</li> <li>In accordance with the inclusive finance policy, we do not tolerate any form of unfair treatment against insured parties with certain conditions or insured parties with physical or mental disabilities.</li> </ol>	74



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Stakeholder	Dimension	Plan	Strategies and Achievements	Reference page
Customers	Claims management	Respond to customer requests promptly, fairly, responsively and transparently, and ensure claims procedures are fully explained and understood.	<ul> <li>Response to emergencies and disasters</li> <li>Reporting of major disaster losses and casualties of policyholders to The Life Insurance Association of the Republic of China (LIA-ROC) after thorough investigation.</li> <li>Evaluation and initiation of voluntary care and express claims settlement.</li> <li>Assistance in real estate maintenance and information equipment maintenance at disaster sites.</li> <li>Continuous improvement of compensation mechanisms and processes as well as establishment of the advanced quick claim risk analysis system to divide operations: Lowrisk cases are processed with the automatic compensation mechanism for the system to automatically adjust the payment amount for quick payments, shortening the time required for processing claims to within hours.</li> <li>Security/claims alliance chain:</li> <li>Since 2021, policyholders who are over the age of 18 can access mobile conservation/ claims services with the assistance of sales personnel through the Insurance Technology Sharing Platform to submit online applications to any of their insurance providers for claims payments of personal medical, disability and critical illness claims or make changes to security service agreements, which provides policyholders simultaneous services from multiple providers.</li> </ul>	80 74

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

Subject	Plan	Strategies and Achievements	Reference page
Customers	Responding to customer expectations on ESG issues and letting customers can totally understand.	Set up a questionnaire on the website and regularly disclose ESG highlights in response to customer expectations.	22
Suppliers	Fully communicate with suppliers to inform the ESG expectations and requirements for our company. Incorporate ESG issues into supplier bidding and selection procedures, and encourage suppliers to disclose ESG-related information.	<ul> <li>Regularly hold supplier meetings to share the latest ESG practices with suppliers and communicate supplier management mechanisms.</li> <li>All price-negotiating suppliers and contracted suppliers have signed the Supplier Commitment Letter. SKL has also begun supplier risk assessments and on-site audits.</li> <li>Use products with the Green Mark and Energy Label. In 2023, the total of green procurement of office and business equipment amounted to NT\$75.25 million, representing a ratio of 43%.</li> </ul>	106-107
Insurers, reinsurers and intermediaries (brokerage agencies)	Encourage the insurance industry to put the ESG issues in professional education training and ethical standards.	<ul> <li>Demonstrate SKL'scommitment to ESG issues to insurers, reinsurers, and insurance brokerage/agencies.</li> <li>All current business partners have been contractually required to comply with laws and regulations related to anti-money laundering and combating the financing of terrorism, and assist clients in personal information collection or verification in accordance with the Company's review operations.</li> <li>Devote efforts to collaborate with business partners to develop mobile e-insurance transactions to promote energy conservation and carbon reduction more effectively. As of the end of 2022, except for Shin Kong Bank (SKB), CTBC Bank, Taishin International Bank, and Chang Hwa Bank have all begun mobile e-insurance.</li> <li>Promote the Principle of Treating Customers Fairly by letter from time to time to encourage business partners to comply with relevant financial consumer protection regulations and reduce potential violations and financial costs, so as to increase customer confidence in the insurance industry and enhance corporate sustainability</li> </ul>	89



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

Subject	Plan	Strategies and Achievements	Reference page
Governments, regulators and decision-makers	Support policies, regulatory and legal frameworks that contribute to ESG issues	<ol> <li>SKL has signed the "Stewardship Principles for Institutional Investors" and maintains communication with stakeholders in accordance with the six principles therein. SKL has also disclosed information on its stewardship performance and management of conflicts of interest.</li> <li>Comply with regulations such as the Money Laundering Control Act, Personal Data Protection Act, Occupational Safety and Health Act, Cyber Security Management Act, Financial Consumer Protection Act and Principle of Treating Customers Fairly, Friendly Insurance Service Standards, anti-money laundering and combating the financing of terrorism regulations, as well as Act to Implement the Convention on the Rights of Persons with Disabilities</li> </ol>	102
	Develop innovative actions and mechanisms through communication with government units and competent authorities.	<ol> <li>To fulfill the need for social distancing and the growing demand for remote insurance services, in accordance with the "Guidelines to Apply for Remote Insurance and Service for the insurance industry", SKL has launched the exclusive Epidemic Prevention Video Recording Platform where insurance applications can be easily completed.</li> <li>In response to the issue of salespersons embezzling or misappropriating premium payments, SKL is committed to implementing business audits. Upon multiple discussions with the competent authority, the "fraud prevention and risk control model for insurance agents" has been established for reporting, monitoring, and controlling issues according to risk levels, so as to reduce potential breaches by salespersons and protect the rights and interests of customers.</li> <li>In response to the government's inclusive finance and fair customer treatment policies, we pioneered the nationwide launch of the "Family Network" service. It includes organizing high school financial literacy courses, the Wealth Gatekeeper project, the Shin Kong 165 National Fraud Prevention Plan, and anti-fraud seminars for the elderly. For two consecutive years, we have been recognized with the Award for Excellence in Fair Customer Treatment Principles by the Financial Supervisory Commission.</li> </ol>	73 78
	Communicate with government and non-governmental organizations to provide professional knowledge in risk management and risk transfer, supporting the sustainable development of the insurance industry.	Engagement with external organizations SKL joined the LIA-ROC, Insurance Society of the Republic of China, and Taiwan Insurance Institute to help employees acquire professional knowledge for insurance. Refer to the "Participation in External Organizations" section in this report.	124
	Communicate with academic and scientific organizations to conduct research and promote educational programs on various ESG issues within the insurance industry	Regularly assign personnel to attend college and university seminars and courses to share insights into the impact of ESG on corporate sustainability and action plans, and to discuss relevant issues	55
Other major stakeholders	Raise public awareness of ESG issues and effective risk management measures through mass media	<ol> <li>SKL promotes the concepts of Lifestyles of Health and Sustainability(LOHAS) for seniors, care for disadvantaged groups, health management, basic insurance knowledge, etc. through Facebook fan group operations, YouTube channels, news publications in newspapers and magazines, and the release of the Shin Kong magazine.</li> <li>Establishment of the SKL long-term care website and retirement website to communicate long-term care and retirement knowledge to the public as a reference for early planning.</li> <li>By utilizing the digital tools established by the LIFE Lab., such as the knowledge-based community platform, LIFE Design+, online consultations, and the Insurance Policy Appraiser, individuals can not only easily and quickly obtain professional insurance advice, but also contribute to environmental sustainability. For example: (1) LIFE Lab. provides electronic policy health check planning proposals. (2) Online consultations reduce the need for travel, thereby reducing carbon emissions. Regardless of gender or age, and without being limited by distance, anyone with consultation needs is welcome to seek professional assistance at LIFE Lab., in line with the financial services industry's commitment to fair customer treatment.</li> </ol>	22

## Principle 4: Regularly disclose PSI implementation progress to achieve information transparency

Subject	Plan	Strategies and Achievements	Reference page
General public	Assess, measure and monitor the company PSI implementation, results and proactively and regularly disclose this information publicly	Publish the Corporate Sustainability Report in accordance with the PSI and publicly disclose it on the company website. Provide communication channels such as customer service hotlines to communicate ESG strategies and results.	2 117-120



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# **Index of Principles for Responsible Investment** (PRI) implementation results

Six Principles of Responsible Investment	Results
Incorporate ESG criteria into investment analysis and decision-making processes.	7.1.1.A. Responsible Investment
Incorporate ESG criteria into all ownership policies and practices.	7.1.2.A. Institutional Investor Due Diligence and Stewardship
Seek appropriate disclosure of ESG information from institutions in which investments have been made.	Regularly conduct ESG reviews of invested institutions.
Promote acceptance and implementation of PRI principles within the investment industry.	Issuers of funds and ETFs, as well as fully entrusted investment targets, are required to sign the UN Principles of Responsible Investment, the stewardship principles of their respective countries, and the Taskforce on Climate Related Financial Disclosure (TCFD) or assess relevant ESG actions.
Cooperate to reinforce the effects of PRI implementation	Combine exchanges between the subsidiaries of SKFH and invested companies Participate in courses and conferences organized by the government, academia, and external institutions.
Individual reports on PRI activities and progress	Regularly publish due diligence reports and sustainability reports and announce them on the website.

# **United Nations Global Compact**

ltem	Principle	Related SKL CS Report Section
Human	Businesses should support and respect the protection of internationally proclaimed human rights.	4.3 Friendly and happy workplace
Rights	Make sure that they are not complicit in human rights abuses.	7.2 Sustainable Supply Chain
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.3 Friendly and happy workplace
Labor	4. The elimination of all forms of forced and compulsory labor.	4.3 Friendly and happy workplace
	5. The effective abolition of child labor	4.3 Friendly and happy workplace
	6. The elimination of discrimination in respect of employment and occupation.	4.3 Friendly and happy workplace
	7. Businesses should support a precautionary approach to environmental challenges.	6.3 Risk Management
Environment	8. Undertake initiatives to promote greater environmental responsibility.	3.2 Low-carbon strategies and actions
	Encourage the development and diffusion of environmentally friendly technologies.	6.4 Sustainable Supply Chain
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	6.2 Ethical corporate management



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# **Sustainability Accounting Standards Board (SASB)**

Code	Item	Accounting indicators	2023 disclosure information	
FN-IN-000.A	Activity Metrics	The number of policies is classifed according to the product type: (1) property and casualty, (2) life, and (3) assumed reinsurance	<ul> <li>Premium income by insurance type: SKL Website Home/About Us/Information Disclosure/Business Overview/Premium Income and Insurance Benefit by Insurance Type &amp; (Time of data: March 2024)</li> <li>Number of effective policies of SKL in 2023: 18,065,526 cases</li> </ul>	
FN-IN-270a.1		Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	SKL Website Home/About Us/Information Disclosure/Other Disclosures/Punishments by Competent Authorities in the Last Two Years and Others & (Data: September 2023)	
FN-IN-270a.2	Information Transparency and Fair Customer	Complaints-to-claims ratio (%)	<ul> <li>SKL Website Home/About Us/Information Disclosure/Business Overview/Claim &amp; Non-claim Applications Reviewed by the Financial Ombudsman Institution (FOI) by Ratio and Handling Time Financial Ombudsman Institution (FOI)/Statistics &amp; (Data: April 2024)</li> <li>Complaints-to-claims ratio: Number of complaints received per 1,000 claims = (Number of claims reviewed / Total number of claims (applicants)) x 1000 = [75/638,401] * 1000=0.1174</li> </ul>	
FN-IN-270a.3	Treatment	Customer retention rate	Public Information on Insurance/ Single Entry Point for Inquiries/ Shin Kong Life Insurance Co., Ltd. / Various Financial Indicators &: Continuation rate	
FN-IN-270a.4		Description of approach to informing customers about products	<ul> <li>5. Excellent Customer Experience in the Report</li> <li>SKL official website / About Us / Fair Customer Treatment Ø</li> <li>SKL official website / Products and Services Ø</li> </ul>	
FN-IN-410a.2	Incorporation of ESG Factors in Investment Management	Description of the approach to incorporate ESG factors in investment management processes and strategies	<ul> <li>7.1 Promote Sustainable Finance of the Report</li> <li>SKL's Institutional Investor Due Diligence Report   Ø</li> </ul>	
FN-IN-410b.1			Not applicable. SKL does not provide property insurance products.	
FN-IN-410b.2	to Incentivize Responsible Behavior	Discussion of products and/or product features that improve health, safety, and/or environmentally responsible actions and/or behaviors	<ul> <li>5.1 Sustainable Insurance of the Report</li> <li>SKL official website/Products and Services/Health Management section          Ø</li> </ul>	
FN-IN-410c.1		Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	<ul> <li>For details of carbon emissions from self operations (Scope 1, 2, and 3), please refer to 3.2.1 Implementing GHG Inventories of the Report</li> <li>For details on financial carbon emissions, refer to 2.4 Climate Indicators and Goals of the Report.</li> </ul>	
FN-IN-410c.2	Financed Emissions	Gross exposure for each industry by asset class	<ul> <li>2.4 Climate Indicators and Goals of the report</li> <li>Shin Kong Life Insurance Co., Ltd. Individual Financial Report and Auditor's Report for 2023 and 2022 (P.144)</li> </ul>	
FN-IN-410c.3		Percentage of gross exposure included in the financed emissions calculation	2.4 Climate Indicators and Goals of the report	
FN-IN-410c.4		Description of the methodology used to calculate financed emissions	2.4 Climate Indicators and Goals of the report	
FN-IN-450a.1		Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	<ul> <li>Not applicable because the Company is a life insurance company.</li> <li>For details on the Company's climate risk management, please refer to Chapter 2.3.</li> </ul>	
FN-IN-450a.2	Environmental Risk Exposure	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	<ul> <li>Not applicable because the Company is a life insurance company.</li> <li>For details on the Company's climate risk management, please refer to Chapter 2.3.</li> </ul>	
FN-IN-450a.3		Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firmlevel risks and capital adequacy	<ul> <li>The Company is in the life insurance industry, and the correlation between insurance contracts and environmental risks is low, therefore this indicator is not applicable.</li> <li>Refer to 2.3 Climate Change Risk Management and 6.3 Risk Management of the Report.</li> </ul>	
FN-IN-550a.1		Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	<ul> <li>Shin Kong Life Insurance Co., Ltd. Individual Financial Report and Auditor's Report for 2023 and 2022 - 9. Financial instruments measured at fair value through profit and loss - (P.49)</li> <li>SKL currently only has potential total exposure to non-centrally cleared derivative financial instruments. It does not have positions in centrally cleared derivative financial instruments or acceptable collateral posted to central clearing houses. Therefore, (2) and (3) are not applicable.</li> </ul>	
FN-IN-550a.2	Systematic risk management	Total fair value of securities lending collateral assets	The Company had no securities loan collateral transactions in 2023. The Company had no securities lending agreements in 2023: Shin Kong Life Insurance Co., Ltd. Individual Financial Report and Auditor's Report for 2023 and 2022 (P.154)	
FN-IN-550a.3		Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	Shin Kong Life Insurance Co., Ltd. Individual Financial Report and Auditor's Report for 2023 and 2022 (P.148~151, 159~160)	



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## Index of Climate Related Financial Disclosures (TCFD) in the Insurance Industry

Guidelines and Provisions	Guideline Content	Corresponding chapter	Page No.
I	These Guidelines have been set to strengthen management and disclosure of climate-related risks and opportunities in the insurance industry.	-	-
II	Insurance companies are required to establish appropriate mechanisms for climate-related risk management and opportunities based on the scale and nature of their business activities, and must disclose information on climate-related risk management in terms of governance, strategy, risk management, indicator and targets. The status of climate-related risk management and opportunities shall be included in the corporate social sustainability report, and posted on the company's website by June 30 each year.	2.Strengthening Climate Resilience	25-43
III	Insurance companies shall set out internal rules and mechanisms to regularly review whether they comply with the requirements under the Guidelines	2.3 Climate risk management	40
IV (1)	The board (council) of directors and senior management shall ensure that the company takes into account the identified climate-related risks when formulating its risk appetite, strategies, and business plans, with continuous monitoring of the management and disclosure of climat-related risks.	2.1 Climate Governance 2.3 Climate risk management	25 40
IV (2)	The company may establish a committee that is subordinate to the board (council) of directors, clearly differentiating the duties of the board (council) of directors or a committee that is subordinate to the board (council) of directors and senior management.	2.1 Climate Governance	25
V (1)	Identifying the financial impact of climate-related risks and opportunities on finance, businesses, commodities, and investments.	2.2 Climate Strategy	26
V (2)	Prioritizing climate-related risks based on materiality.	2.2.1 Identification of climate risks and opportunities	26
V (3)	The impact of climate-related risks and opportunities shall be considered for the setting of annual operating targets, as well as the insurance company'sbusiness, commodities, and investment strategies.	2.2 Climate Strategy	26
V (4)	Reviewing and adjusting the climate-related risk management policies according to the scenario-based analysis and stress testing results.	2.2 Climate Strategy	26
VI (1)	Risk management and monitoring.	2.3 Climate risk management	40
VI (2)	Climate scenario-based analysis and stress testing.	2.2 Climate Strategy	26
VI (3)	Investment management	2.3 Climate risk management	40
VII (1)	Setting indicators for the assessment and management of climate- related risks.	2.4 Climate indicators and goals 3.1 Environmental Policy and Targets	42 44
VII (2)	Setting climate-related risk management goals.	2.4 Climate indicators and goals 3.1 Environmental Policy and Targets	42 44
VII (3)	Setting indicators to prioritize climate-related risks based on materiality.	2.2 Climate Strategy	26
VII (4)	Considering incorporating climate-related risk management into performance indicators.	2.4 Climate indicators and goals 6.1.3 Remuneration Scheme for Directors and Executives	42 87

## Comparison Table of the International Sustainability Standards **Board (ISSB) Sustainability Reporting Standards**

• International Financial Reporting Standards (IFRS) S1 standard "General Provisions for Disclosure of Sustainability-Related Financial Information"

### **Core Content**

	Indicator descriptions	Corresponding chapter
Governance	The governance processes, controls, and procedures used by individual entities to monitor and manage sustainability-related risks and opportunities	1.2 Corporate Sustainability Committee     1.3 Sustainability Strategies and Targets     1.4 Materiality analysis     6.3 Risk Management
Strategy	The practices that individual entities use to manage sustainability-related risks and opportunities	1.1.2 Economic performance 1.3 Sustainability Strategies and Targets 1.4 Materiality analysis 1.5 Stakeholder communication 2 Strengthening Climate Resilience 6.3 Risk Management 7.1 Promote sustainable finance
Risk Management	The processes by which individual entities identify, assess, prioritize, and monitor sustainability-related risks and opportunities	1.4.1 Identification of Material Issues 1.4.2 Material issue impact assessment 1.4.3 Management Approach of Material Issues 6.3 Risk Management
Indicators and Targets	Individual performance related to sustainability-related risks and opportunities, including the company's progress towards the goals they set or required by laws and regulations	1.3 Sustainability Strategies and Targets

### **General Provisions**

	Indicator descriptions	Corresponding chapter
Source of guidelines	Identify sustainability-related risks and opportunities, applicable disclosure requirements, and disclosure of information related to the source of guidelines.	Editorial Principles
Disclosure position	Individual entities are required to provide disclosures as stipulated by the International Financial Reporting Standards (IFRS) Sustainability Disclosures, as part of their general-purpose financial reporting.	Editorial Principles
Reporting time	The reporting timeline for individual entities' sustainability-related financial disclosures should align with the reporting timeline for its related financial statements.	Editorial Principles
Compared information	Individual entities should provide comparative information for all amounts disclosed for the reporting period with those disclosed in the previous period.	Editorial Principles 1.1.2 Economic performance
Compliance statement	Individual entities preparing sustainability-related financial disclosures in accordance with all provisions of the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards should make a clear and unreserved statement of compliance.	Editorial Principles



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### Judgment, uncertainty, and errors

	Indicator descriptions	Corresponding chapter
Determination	Individual entities should disclose information that allows users of general-purpose financial reports to understand the judgments made by the entity in preparing its sustainability-related financial disclosures, as well as the information about the judgments that have the most significant impact on the content of those disclosures.	1.4 Materiality analysis 2.4.2 Carbon emissions of financial operations
Measure uncertainty	Individual entities should disclose information that enables users of general-purpose financial reports to understand the most significant uncertainties affecting the amounts reported in the sustainability-related financial disclosures.	Editorial Principles
Error	Individual entities should correct material prior period errors by restating comparative amounts disclosed in prior periods, unless it is impracticable to do so.	Editorial Principles

### · IFRS S2 standard "Climate-related Disclosures"

The purpose of the IFRS S2 Standard "Climate-related Disclosures" is to require individual entities to disclose information about their climate-related risks and opportunities. This includes the entity's exposure to climate-related transition and physical risks, as well as the climate-related opportunities available. The core content follows the TCFD framework, including for governance, strategy, risk management, metrics, and targets, helping stakeholders assess SKL's climate-related risks and opportunities and providing useful information for making decisions about allocating resources to the Company. For information on SKL'sclimate-related disclosures, please refer to 2. Strengthening Climate Resilience of the Report.

## Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Corresponding provisions	No.	Indicator	Disclosed Content	Corresponding chapter
	I	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Number of data breaches: 0 Percentage involving personally identifiable information: 0% Number of account holders affected: 0	6.4 Information security and personal data protection
Article 4, Paragraph 1 ,	II	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	Not applicable	-
Appendix 1- 3	III	Number of participants in financial literacy initiatives provided to minority groups without adequate banking services.	Number of participants: 11,403 (Industry-Academia Collaboration Program, High School Financial Literacy Course, and Guardians of Wealth)	4.1.2 Recruiting new generation talent 5.2.3 Strengthening financial literacy
	IV	Products and services designed by individual operating units to create benefits for the environment or society.	Micro-insurance and green investments	5.2.1 Promoting financial accessibility 7.1.2 Expanding the influence of sustainable finance

### Participation in External Organizations GRI 2-28

Shin Kong Life has been participating in external organizations and associations to advocate for sustainability, while cooperating with partners from the industry, government, and academia on the research of emerging issues, in an attempt to further the development of the life insurance industry. In 2023, the Company invested about NT\$10.03 million in participating organizations and associations, including in the Taiwan Alliance for Net Zero Emission and Taiwan Center for Corporate Sustainability (TCCS) with the parent company SKFH. To stay competitive in the industry, SKL also cooperated with organizations and associations with influence on the development of the financial sector to keep abreast of the latest trends and dynamics of the industry at home and abroad.

Name of external organization		
Life Insurance Management Institute of the Republic of China Insurance Society of the Republic of China Chinese Human Resource Management Association (CHRMA) Actuarial Institute of the Republic of China (Taiwan) Computer Society of the Republic of China Life Office Management Association (LOMA) International Insurance Society, Inc. (IIS) Real Estate Association of R.O.C. Chinese Insurance Service Association (CISA) Chinese Excellent Management Association The Institute of Internal Auditors, R.O.C. Life Insurance Association of the Republic of China Taiwan Financial Services Roundtable Financial Ombudsman Institution Taiwan Insurance Institute	Taiwan Net Zero Emissions Association Taiwan-Japan Cultural and Economic Association Taiwan Chamber of Commerce & Industry Taiwan Insurance Law Association Taiwan Contact Center Development Association Association of Industrial Relation Insurance Association of Vietnam ROC-US Business Council Chinese Personnel Executive Association Songshan Airport Airlines Association Taoyuan Airport Industry Development Association Taipei Bar Association Institute of Actuaries of Japan Financial Information Sharing and Analysis Center (F-ISAC) Fin & Tech under Taiwan Academy of Banking and Finance Financial Legal System and Crime Prevention Center of Consortium Corporations	
Life Insurance Business Association of the Republic of Republic of China, Taiwan Institute for Sustainable En Society of the Republic of China, Insurance Society of Management Association, Actuarial Institute of the R Chinese Taiwan, Taiwan Financial Services Roundtabl Taiwan Chamber of Commerce & Industry, Taiwan Ins	ergy, Financial Governance and Law Compliance the Republic of China, Chinese Human Resource epublic of China, Institute of Internal Auditors - le, Taiwan-Japan Cultural and Economic Association, surance Law Association, Taiwan Contact Center	
	Life Insurance Management Institute of the Republic of China Insurance Society of the Republic of China Chinese Human Resource Management Association (CHRMA) Actuarial Institute of the Republic of China (Taiwan) Computer Society of the Republic of China (Life Office Management Association (LOMA) International Insurance Society, Inc. (IIS) Real Estate Association of R.O.C. Chinese Insurance Service Association (CISA) Chinese Excellent Management Association (CEMA) Information Management Association The Institute of Internal Auditors, R.O.C. Life Insurance Association of the Republic of China Taiwan Financial Services Roundtable Financial Ombudsman Institution Taiwan Insurance Institute  Life Insurance Business Association of the Republic of Republic of China, Taiwan Institute for Sustainable Er Society of the Republic of China, Insurance Society of Management Association, Actuarial Institute of the Re Chinese Taiwan, Taiwan Financial Services Roundtable	

### **Sustainability Initiative and Actions**

- SKL and SKFH joined forces to form the Taiwan Alliance for Net Zero Emission, aiming to promote the initiative, "Net Zero 2030/2050." In 2021, together with sustainability pioneers from various sectors, we established the "Taiwan Net Zero Emissions Association" (TNZEA) to continuously monitor both domestic and international net zero trends. Since its establishment, TNZEA has organized multiple forums and expert seminars, in which SKL actively participates in exchanges with relevant industry, government, and academic sectors to put forth great effort in realizing Taiwan's transition to a net zero society.
- Assist the parent company SKFH in submitting the SBTi commitment, which was reviewed and approved in February 2024.



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Carbon

2. Strengthening Climate Resilience

3. Advancing Towards a Net Zero Future

**Innovation** 4. Nurturing Diverse Talents

5. Excellent Customer Experience

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Appendix

## **External Assurance**

### **Third-party Assurance Statement**



### ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG LIFE INSURANCE CO., LTD.'S SUSTAINABILITY REPORT FOR 2023

### NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by SHIN KONG LIFE INSURANCE CO., LTD. (hereinafter referred to as SKL) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards, AA1000 Accountability Principles (2018) and sustainability accounting standards (SASB) during on-site assurance (2024/03/06~2024/04/11) in SKL headquarter. The boundary of this report includes SKL Taiwan and oversea operational sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as Climate-related Financial Disclosures (TCFD) and Social Return on Investment Assessments (SROI). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

#### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all SKL's Stakeholders.

#### RESPONSIBILITIES

The information in the SKL's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of SKL. SGS has not been involved in the preparation of any of the material included in the SKL's Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all SKL's stakeholders.

#### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

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

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

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#### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

### Reporting Criteria Options

- 1 GRI Standards (Reference)
- 2 AA1000 Accountability Principles (2018)
- 3 SASB (Insurance)
- . The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- . The evaluation of the reliability and quality of specified sustainability performance information in SKL's Sustainability Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for SKL and moderate level of scrutiny for the Shin Kong Life Foundation.
- . The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.
- . The evaluation of the report against the SASB Disclosures and Metrics included in the Insurance Sustainability Accounting Standard (VERSION 2023-12) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

### SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

The data of GHG protocol Category 15: Investments disclosed in the SKL's Sustainability Report was included in

#### ASSURANCE METHODOLOGY

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

#### LIMITATIONS AND MITIGATION

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

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

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Low Carbon 2. Strengthening Climate Resilience

3. Advancing Towards a Net Zero Future

**Innovation** 4. Nurturing Diverse Talents

5. Excellent Customer Experience

**Common** 6. Realizing Sustainability Governance

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#### ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

#### QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

The data of GHG protocol Category 15: Investments disclosed in the SKL's Sustainability Report was assured at a moderate level of scrutiny. Moreover, the data was included in Shin Kong Financial Holding Co., Ltd.'s Sustainability Report as well.

#### AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

#### Inclusivity

SKL has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SKL may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

### Materiality

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

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

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

## GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND

The report, SKL's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to SKL's contributions to sustainability development. For future reporting, SKL is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified material impacts. Moreover, it is recommended to disclose more clarification on the potentially controversial events.

#### SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

SKL has referenced to SASB's Standard, Insurance Sector Standard, Version 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in SKL's Sustainability Report of 2023. SKL used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into SKL's overall management process. It is recommended that SKL discloses in accordance with its consolidated financial statements for future reporting.

For and on behalf of SGS Taiwan Ltd.

Stephen Pao **Business Assurance Director** Taipei, Taiwan 19 June, 2024

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Appendix

### **Independent Limited Assurance Report**



#### Independent Limited Assurance Report

#### To Shin Kong Life Insurance Co.,Ltd:

We were engaged by Shin Kong Life Insurance Co\_Lid ("SKL") to provide limited assurance over the selected information ("the Subject Matter Information") on the 2023 Sustainability Report of SKL ("the Report") for the year ended December 31, 2023.

#### Applicable Criteria of the Subject Matter Information

SKL 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") as set forth in Appendix I.

SKL is responsible for determining its objectives with respect to sustainable development performance SAL is reponsion to deceniming its objectives want respect to standards execution perturbative and reporting, including the identification of stakeholders and material aspects, and using the applicable criteria to fairly prepare and present the Subject Matter Information. SKL is also responsible for exhibiting 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 ments Other than Audits or Reviews of Historical Financial Information" issued by "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 Paley, doctocutant in the Republics of Chim, which is founded on the findamental Ethics for Certified Paley, doctocity, professional competence and doc cancel other desirable, and professional behavior, landing to the control of the Code of the Co

### KPMG

#### Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected

- Reading the Report of SKL;
- 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 ovidence 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 of an extraction of the first of the subject of the subject

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 SKL. Therefore, the different stakeholders may have different interpretations of such information.

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 Yu-Ting. Huang

Taipei, Taiwan (Republic of China) Jun 21, 2024

#### Notes to readers

### KPMG

Appendix I: Summary of the Subject Matter Information

1	6.4.2 Information security management mechanism	■ There were no urgent incidents related to information security attacks or personal data breaches in 2023, and there were no complaints from the composent authorities or verified violations of customer privacy from external sources.  — executive the control of the control o	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.
	Appendix Taiwam Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	Number of data breaches: 0 Percentage involving personally identifiable information: 0% Number of account holders affected: 0	
2	NA	Bischoure of number and amount of loans outstanding qualified to programs designed to promote development of small business and communities is not applicable to Slink Kong Life Insurance, as it does not engage in these activities.	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.
	4.1.2 Recruiting New Generation Talent	Industry-Academia Collaboration Program 2023, we cooperated with a total of 83 departments and institutes of domestic universities and colleges, and a total of 192 students participated in the industry-academia cooperation program.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.3 Number of participants in financial literacy initiatives provided to the
3	5.2.3 Strengthening Financial Literacy	<ul> <li>High School Financial Literacy Course</li> <li>Since its inception, a total of 215 financial literacy courses have been conducted. In 2023 alone, 11,018 individuals benefited from this initiative.</li> </ul>	disadvantaged without adequate banking services.
	5.2.3 Strengthening Financial Literacy	<ul> <li>Guardians of Wealth</li> <li>From May to December 2023, a total of 9         "Guardians of Wealth" courses have been conducted, benefiting 193 students.</li> </ul>	

# KPMG

No.	Corresponding Section	Subject Matter Information	Applicable Criteria
	Appendix Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	Number of participants: 11,403 (Industry- Academia Collaboration Program, High School Financial Literacy Course, and Guardians of Wealth)	
4	5.2.1 Promoting Financial Accessibility	■ Micro-insurance  - In 2023, our concerted efforts yielded a commercial benefit of NT\$12.44 million, simultaneously benefiting over \$8,000 individuals and providing over NT\$24.51 billion in coverage.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create
4	7.1.2 Expanding the influence of sustainable finance	■ In 2023, the investment in project-based renewable energy industries increased by NT\$320 million, generating approximately 7.903 GWh of electricity, enough to supply about 26,000 households for a month, saving around 3,911.8 tCO2e	benefits for the environm or society.



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Appendix

### TCFD Performance Assessment Statement

### TCFD Performance Assessment Statement

The process and procedures of

## Shin Kong Life Insurance Co., Ltd.

No. 66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan

have been assessed from 02 April 2024 to 18 April 2024 and demonstrated the implementation status against the

### Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (29 June 2017)

The actual and potential impacts of climate-related risks and opportunities has been considered and identified over the relevant short-, medium-, and long-term time horizons

The resilience of the organization's strategy were taking into consideration with different climate-related scenarios Including NGFSs-Net Zero 2050, Current Policies, Delayed transition, Nationally Determined Contributions(NDCs), RCP2.6 and RCP8.5 scenarios

The methodology of organization's climate-related risk management process has been adequately implement as well as integrated into organization's overall risk management. The greenhouses gas (GHG) emissions inventory has been conducted and verified annually,

with climate-related metrics and targets established For the following activities

Governance, Strategy, Risk Management, Metrics and Targets And cover the following operational locations: Headquarter of Shin Kong Life Insurance Co., Ltd. SKL meets SGS TCFD performance assessment at disclosure level

Authorised by



**Business Assurance Director** Issue Date: 23 June 2024 Valid Date: 22 June 2025

SGS Taiwan Ltd. No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24803, Taiwan t (02) 22993279 f (02)22999453 www.sgs.com





The Strainge recorded herein demonstrated a lovel of performance against the Final Report (Recommendations of the Task Force on Clinical-evalual of Tennaca Clinical-(TCPD) (20 June 2017) and are only void at the time of the Intervention and only as stated show. This document is not intended to the use of to creatization purposes or registery or down. This document is not intended to the use of to creatization purposes or registery or an accordance of the Comment of the Comment

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Shin Kong Life Insurance Co., Ltd. (hereinafter referred to as SKL) to conduct an independent performance assessment of the Task Force on Climate-related Financial Disclosures, (hereinafter referred to as TCFD).

The information in the SKL's TCFD disclosure framework and its presentation are the responsibility of the management of SKL. SGS has not been involved in the preparation of any of the material included in SKL's TCFD disclosure framework.

Our responsibility is to express an opinion on the report content within the scope of performance assessment with the intention to inform all SKL's stakeholders.

The SGS protocols are based upon the Fundamental Principles for Effective Disclosure contained within the TCFD and SGS Management System Manual and Global System procedures.

The performance assessment comprised a combination of pre-assessment research, interviews with relevant employees, superintendents, TCFD committee members and the senior management in SKL's Headquarter; documentation and record review and validation with external bodies and/or stakeholders where relevant.

### SCOPE OF PERFORMANCE ASSESSMENT AND DISCLOSURE CRITERIA

The scope of the performance assessment included evaluation of quality, reliability of TCFD disclosure and performance information and evaluation of adherence to the four core elements as well as seven principles for effective disclosures for the information to be disclosed.

#### PERFORMANCE ASSESSMENT METHODOLOGY

NATURE AND SCOPE OF THE ASSESSMENT

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

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

The assessment team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, SRA, EMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the TCFD performance assessment service provisions.

### ASSESSMENT OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information demonstrated by SKL within the TCFD performance assessment evaluated is reasonable, reliable and provides a sufficient and balanced representation of SKL climate related risks and opportunities management activities and meets SGS TCFD performance assessment at disclosure level.

Liscosines.

The Indiana recorded herein demonstrated a level of performance against the Fine Report Recommendation of the Table Force on Climite-related Financial Discosures.

Financial Port Recommendation of the Table Force on Climite-related Financial Discosures.

Circ (TOD) (25) June 2017) and run crity value in the table of the intervention and crity as stated above. The state of the state of the table of the table of the state of the st

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Appendix

## **Certificate of Registration**

ISO 22301:2019

Business Continuity Management System



ISO 27001:2013
Information Security
Management System



BS 10012:2017
Personal Information
Management System



ISO 14046:2014 Water Footprint



ISO 14064-1:2018 Greenhouse Gas Verification Statement



ISO 50001:2018

Energy Management System (EnMS)



ISO 14067 Carbon footprint verification



Royal Mystery Shopper (RMS)



ISO 10002:2018 Customer Satisfaction Management System



ISO 45001:2018 Occupational Health and Safety Management System (OHSMS)



TOSHMS Occupational Safety and Health Management



