



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2020

This Statement is made pursuant to the Modern Slavery Act 2018 constitutes our slavery and human trafficking statement for the financial year ending 31 December 2020.

Introduction

1. Hua Nan Commercial Bank, Ltd. (the “Bank”, “we” or “our”) is a wholly owned subsidiary of Hua Nan Financial Holdings Co Limited (HNFH) (TWSE:2880). The Bank operates a branch in Sydney, Australia, ARBN 138 221 637 located at Suite 603, Level 6/60 Carrington Street, Sydney NSW 2000 (“Sydney Branch” or “Branch”). For the purposes of this statement, the Bank is the reporting entity.
2. We are aware of the need for industry and governments to work together to address the presence of modern slavery and human trafficking. We take our responsibilities very seriously and wish to work with our suppliers to ensure positive labour standards are met across all of our supply chains.
3. This statement sets out the steps that the Bank has taken to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business.

Our Business Operations

4. The Bank provides commercial banking products and services in Taiwan and internationally, and is incorporated and headquartered in Taipei, Taiwan. In Taiwan, we have 186 branches and an offshore banking unit. Additionally, we have 12 overseas branches located in Los Angeles, New York, Hong Kong, Singapore, London, Ho Chi Minh City, Sydney, Shenzhen, Shanghai, Fuzhou, Manila, and Macao. Furthermore, there is an overseas sub-branch in Shenzhen, China, and overseas representative offices in Hanoi, Vietnam and Yangon, Myanmar. We have around 7,800 staff globally, including 20 in the Bank’s Sydney Branch.
5. In addition to the Bank (which is the major group entity), HNFH also operates the following fully-owned subsidiaries: (i) South China Insurance, (ii) Hua Nan Securities Co., Ltd, (iii) Hua Nan Venture Capital Co., Ltd, (iv) Hua Nan Assets Management Co., Ltd, and (v) Hua Nan Investment Trust Corp (formerly known as Hua Nan Investment Trust). With the exception of South China Insurance, which maintains a representative office in the People’s Republic of China, the operations of these subsidiaries are confined to Taiwan. The main operation of the HNFH is providing financial services and investment.

6. Our supply chains include suppliers from the following sectors: Information, Communication and Technology; Consulting Services; Property Services (including Facilities Management, Utilities, Contractor, Cleaning, Waste Management and Security); and Office Supplies. In the main, these suppliers are located in Taiwan, but are also located in the countries of the Bank's operations.
7. Suppliers of Information, Communication and Technology and Consulting Services are, in the main, suppliers of specialist skilled services, generally through larger firms. Service contracts may vary in duration, but the generally the relationship with the supplier will be stable in nature.
8. Property Services suppliers provide both services and products. Services are generally not highly skilled in nature, and products are generic in nature. Property Service suppliers comprise a combination of large and small firms. Again, contracts may vary in duration, but the generally the relationship with the supplier will be stable in nature.
9. Office Supplies comprise generic office products, which are generally purchased on as needs basis from third party suppliers. Again, these suppliers comprise a combination of large and small firms. Contracts are likely to be short-term and changeable.

Policies and Principles

10. One of the Bank's key values is "respect for people". The Bank does not tolerate slavery, human trafficking, forced or child labour, domestic servitude workplace abuse.
11. In accordance with International Bill of Human Rights and local regulation, HNFH has stipulated Corporate Social Responsibility (CSR) Best Practice Principles which HNFH, including the Bank, will comply¹. These Principles include the internationally recognized human rights of labour (including freedom of association), the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labour, eliminating all forms of forced labour, eliminating recruitment and employment discrimination, and ensuring that our human resource policies do not contain differential treatments based on gender, race,

¹ The Bank's general approach to CSR is detailed in its annual CSR report (<https://www.hnfhc.com.tw/uploads/file/20200907133134764160.pdf>), while the manner in which it deals with child labour and slavery risk within its supplier chains is detailed in the attached – "http://www.ir-cloud.com/taiwan/2880/engovernancepage/6/EN/Notice_of_Suppliers_Conduct.pdf".

socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in recruitment and employee welfare.

12. In addition to anti-slavery and anti-human trafficking, we also support other human right issues by reviewing our policies and ensuring we comply with relevant local regulations.

Due diligence processes

13. In order to identify and mitigate potential risk, we have conducted the following processes:

- (1) Human rights due diligence: The Bank periodically undertakes human rights due diligence, which is a risk management tool, to help it identify, prevent, mitigate and account for how it address actual and potential adverse human rights impacts in its own operations, its supply chain and other business relationships.
- (2) Supplier human right due diligence: We have categorised suppliers into different groups based on our risk assessment and established different supplier management strategy and mechanism. We plan to track human right risk through human right terms in contract and audit in suppliers' operation sites randomly.

Risk Management

14. Sydney Branch's credit process incorporates an assessment of the susceptibility of counterparties to specific risks. Amongst these specific risks is possible exposure to financial crime such as money laundering and modern slavery. Counterparties with an unacceptable level of risk (including after mitigation methods) will not be dealt with.
15. With respect to supplier management, assessment of the social and environmental impact of suppliers on their procurement sources is included in our due diligence processes. In addition, supplier contracts include terms stipulating mutual compliance with our corporate social responsibility policy, and suppliers are requested to explicitly acknowledge this. Moreover, contracts may be terminated or rescinded at any time should the supplier violate our policy, or cause significant negative social or environmental impact on their procurement sources.
16. Based on our supplier and staff surveys, we are not aware of significant modern slavery and human trafficking risk. However, from a risk management perspective, we carefully inspect our supply chains and operation, and establish controls to prevent their occurrence.

Trainings

17. Annually, our Sydney Branch's employees undertake annual training relating to Modern Slavery and Human Trafficking to ensure staff awareness of this issue.

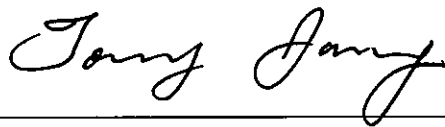
Future Plan

18. In addition to the ongoing incorporation of relevant clauses in supplier contracts, and review of suppliers' operations, Sydney Branch will incorporate an Human Rights KPI into governance reporting.

Approval

19. This Statement was approved by the Board of Directors on 28 May 2021 and has been signed on behalf of the Board by Director and President Jeng-Fang Jang and General Manager of Sydney Branch, Jack Huang.

Signed

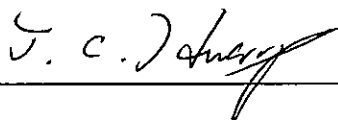


Jeng-Fang Jang

Director and President

Hua Nan Commercial Bank, Ltd.

Signed



Jack Huang

General Manager of Sydney Branch

Hua Nan Commercial Bank, Ltd.