



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2017

This Statement is made pursuant to Section 54 of Modern Slavery Act 2015 of United Kingdom and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2017.

Introduction

Hua Nan Commercial Bank Limited (the “**Bank**”, “**we**” or “**our**”) is a wholly owned subsidiary of Hua Nan Financial Holdings Co Limited (TWSE:2880). The Bank operates a branch in London, United Kingdom (“**London Branch**”).

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.

We are aware of the human cost of modern slavery and 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 across all of our supply chains.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

Our Business

The Bank provides commercial banking products and services in Taiwan and internationally, and is incorporated and headquartered in Taipei, Taiwan. We operated with about 7,300 staff, 186 branches in Taiwan; an offshore banking unit; 12 overseas branches in Los Angeles, New York, Hong Kong, Singapore, London, Ho Chi Minh City, Sydney, Shenzhen, Shanghai, Fuzhou, Manila, and Macao; an overseas sub-branch in Shenzhen, China; and two overseas representative offices in Hanoi, Vietnam and Yangon, Myanmar.

Our Suppliers

Our supply chain relationships include suppliers from the following sectors: Information, Communication and Technology; Property Services(including Facilities Management, Utilities, Contractor, Cleaning, Waste Management and Security); Consulting Services; and Office Supplies.

As a financial services provider the Bank does not have a high risk of modern slavery, but operates a risk-based approach to review suppliers who may carry a higher risk of modern slavery. The Bank has systems and controls in place to ensure slavery and human trafficking are not taking place in its supply chains. Any instance of non-compliance is considered a breach of the supplier's contract with the Bank.

We seeks to do business with suppliers that have similar values, ethics and sustainable business practices, including those related to human rights.

Policies and Principles

One of the Bank's key values is "respect for human right". The Bank does not tolerate slavery, human trafficking, forced or child labour, domestic servitude, and workplace abuse.

In accordance with International Bill of Human Rights and local regulation, Hua Nan Financial Holdings Co Limited has stipulated Corporate Social Responsibility Best Practice Principles which the Group including the Bank shall comply with the universally recognized human rights of labour, including the 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 ensure that our human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in recruitment and employee welfares.

As for suppliers management, we assess the impact their procurement has on society as well as the environment of the community that they are procuring from, in addition, when enters into contracts with suppliers, the content includes terms stipulating mutual compliance with corporate social responsibility policy, and suppliers are requested to sign corporate social responsibility commitment letter, moreover the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

The Bank has various other policies which assist in managing human rights, including the following:

- HR policies regarding unpaid parental leave for raising children, sexual harassment prevention and grievance procedure that aim to create a working environment that is based on core values of respect and fairness.

- Whistleblowing and grievance procedures, through which employees can escalate any concerns relating to welfares or Bank's operations;
- Anti-Money Laundering and Counter-Financing of Terrorist Policy, recognizing that slavery and human trafficking can be a precursor to money laundering activity.

Due diligence for slavery and human trafficking

As part of the Bank initiative to identify and mitigate risk, the Bank carries out appropriate due diligence to:

- Ensure compliance with Anti-Money Laundering and Counter-Financing of Terrorist policies and procedures in relation to account opening for new and existing customers.
- And our employees are made aware of their employment rights through written employment contracts, and the staff handbook.
- In January 2018, the Bank started to conduct human rights due diligence survey on major suppliers, to understand their viewpoints and methods of management on human rights and labour. The filling rate so far has reached 84.07%. The results of the survey will provide the Bank with risk identification and follow-up management plans, and will serve as a reference for the next "Modern Slavery and Human Trafficking Statement".

Trainings

Annual training on Anti-Money Laundering and Sexual Harassment Prevention and Grievance Procedures are mandatory for all employees. The bank started the Modern Slavery Act training for all employees from the fourth quarter of 2017, and the total training rate has reached over 90% as of the end of April 2018. The training will be regularly arranged for new employees in the future.

Future Plan


In the financial year which will end on 31 December 2018, the Bank is going to conduct human rights due diligence survey on employees to ensure they fully understand their rights, and provide them with better working conditions and reasonable payment. And the Bank will enhance understanding of human rights to ensure compliance and enhance our supply chains and all parts of our business to protect labour.

Approval

This Statement was approved by the Board of Directors on 28 May 2018 and has been

signed on behalf of the Board by General Manager of London branch, Yi-Hsin Huang and President Yung-Chun Cheng.

Signed



Yi-Hsin Huang

General Manager of London branch
Hua Nan Commercial Bank Limited

Signed



Yung-Chun Cheng

Director and President
Hua Nan Commercial Bank Limited