



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2018

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 ended 31 December 2018.

Introduction

Hua Nan Commercial Bank Limited (the “**Bank**”, “**we**” or “**our**”) is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

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 across all of our supply chains.

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

The Bank is a wholly owned subsidiary of Hua Nan Financial Holdings Co Limited (TWSE:2880). The Bank provides commercial banking products and services in Taiwan and internationally, and is incorporated and headquartered in Taipei, Taiwan. We have around 7,300 staffs. In Taiwan, we have 186 branches and an offshore banking unit. Additionally, we have 12 overseas branches, including Los Angeles, New York, Hong Kong, Singapore, London, Ho Chi Minh City, Sydney, Shenzhen, Shanghai, Fuzhou, Manila, and Macao. Furthermore, there are 1 overseas sub-branch in Shenzhen, China and 2 overseas representative office in Hanoi, Vietnam and Yangon, Myanmar respectively.

Our supply chain 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.

Policies and Principles

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, 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 internationally 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.

In addition to anti-slavery and anti-human trafficking, we also support other human right issues by reviewing our policies and complying with the local regulation. Those issues include the control of employee working hour, anti-sexual harassment, workplace safety, anti-violence, anti-money laundering and information security. With the respect to human rights, we aim at creating a fair workplace.

Due diligence processes

In order to identify and mitigate potential risk, we have conducted following procedures:

1.Employee human right due diligence: We have conducted human right due diligence to all employees to identify potential human right risk. Based on the survey result, we will plan to improve human right risk management mechanism.

2.Supplier human right due diligence: In 2017, 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.

Risk management

As for suppliers management, we assess the impact of suppliers' procurement has on society as well as the environment of the community that they are procuring from before entering the contract with them. In addition, the content of our contracts with suppliers 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 a policy and has caused significant negative impact on the environment and society of the community of the supply source.

Based on our supplier and employee survey conducted in 2017 and 2018, respectively, we are not aware of significant modern slavery and human trafficking risk. However, from the risk management perspective, we carefully inspect our supply chains and operation and establish controls to prevent modern slavery and human trafficking from happening.

Trainings

Our employees undertake anti-money laundering and sexual harassment prevention training on an annual basis. In addition, all employees are required to undertake Modern Slavery and human trafficking Act training since the fourth quarter in 2017 and have finished this training course in November 2018. We have planned periodic training courses for all new employees.

Future plan

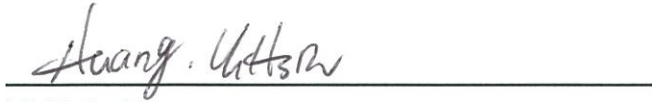
In 2019, we will conduct following procedures:

- 1.Supplier: Based on our risk assessment, we will renew contract and perform supplier audit to ensure compliance and track human right risk of our suppliers and our operation.
- 2.Employee: Raise awareness of grievance mechanism and conduct human right training. Based on the identified potential risk, we will improve continuously to control human right risk of our operation.
- 3.Human right key performance indicator: We will base on our current status and international trend to study the content of human right key performance indicator.

Approval

This Statement was approved by the Board of Directors on 27 May 2019 and has been signed on behalf of the Board by General Manager of London branch, Yi-Hsin Huang and President Yung-Chun Cheng.

Signed

Handwritten signature of Yi-Hsin Huang in black ink, written over a horizontal line.

Yi-Hsin Huang
General Manager of London branch
Hua Nan Commercial Bank Limited

Signed

Handwritten signature of Yung-Chun Cheng in black ink, written over a horizontal line.

Yung-Chun Cheng
Director and President
Hua Nan Commercial Bank Limited