



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2016

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 2016.

Introduction

Hua Nan Commercial Bank Limited (the “**Bank**”, “**we**” or “**our**”) is a wholly owned subsidiary of Hua Nan Financial Holdings Co Limited (the “**Company**”;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 operate with 7,300 staff, 186 branches in Taiwan; an offshore banking unit; 11 overseas branches in Los Angeles, New York, Hong Kong, Singapore, London, Ho Chi Minh City, Sydney, Shenzhen, Shanghai, Fuzhou, and Macao; an overseas sub-branch in Shenzhen, China; and an overseas representative office in Hanoi, Vietnam.

Our Suppliers

Our supply chain relationships include suppliers from the following sectors: Information, Communication and Technology; Property Services(including Facilities Management, Utilities, 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. And instances of non-compliance are considered a breach of the supplier’s contract with the Bank.

We seek 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 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, the Company 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.

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 entering into contracts with suppliers, the content includes terms stipulating mutual compliance with the corporate social responsibility policy, and suppliers are requested to sign the 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 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.

- Our employees are made aware of their employment rights through written employment contracts, and the staff handbook.

Training

Annual training on Anti-Money Laundering and Sexual Harassment Prevention and Grievance Procedures are mandatory for all employees. The Bank is in the process of reviewing its training to determine the extent of the information that is available to employees on modern slavery and how to report instances of modern slavery.

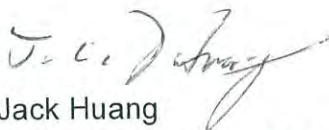
Future Plan

The Company intends to develop and adopt a Human Rights Policy which will be guided by the United Nations Guiding Principles on Business and Human Rights. According to these principles, governments possess the primary duty to protect human rights; our responsibility is to respect human rights. In addition, the Company will prepare a Supplier Code of Conduct, as we expect businesses who supply goods and services to us to operate responsibly, improving the lives of workers, their communities and the environment. Our supplier code plans to set out the standards we require these businesses to adopt.

Approval

This Statement was approved by the Board of Directors on 22nd May 2017 and has been signed on behalf of the Board by General Manager of London branch, Jack Huang and President Yun-Peng Chang.

Signed



Jack Huang
General Manager of London branch
Hua Nan Commercial Bank Limited

Signed



Yun-Peng Chang
Director and President
Hua Nan Commercial Bank Limited
Date: 22nd May 2017