

2019 Chang Hwa Commercial Bank Ltd.

Stewardship Report

Chang Hwa Commercial Bank Ltd. (hereinafter referred to as “CHB”) adhered to the concept of socially responsible investment and signed a “Stewardship Principles for Institutional Investors” Compliance Statement on December 11, 2018 to implement shareholder actions that we urge the investee company to strengthen corporate governance and fulfill corporate social responsibility. We report our stewardship status as follows:

I. Stewardship Policy

CHB had established relevant investment standards and processing procedures. In addition, operational procedures such as analysis, decision-making, execution, change and review of investment shall be incorporated into the internal control system.

CHB attended at all shareholders’ meetings of 22 investee companies complying with the regulation in Paragraph 1 of Article 2 of “Chang Hwa Bank Stewardship Principles”. There are 5 of those are listed companies and CHB served as directors and supervisors of 8 of those (Figure 1).

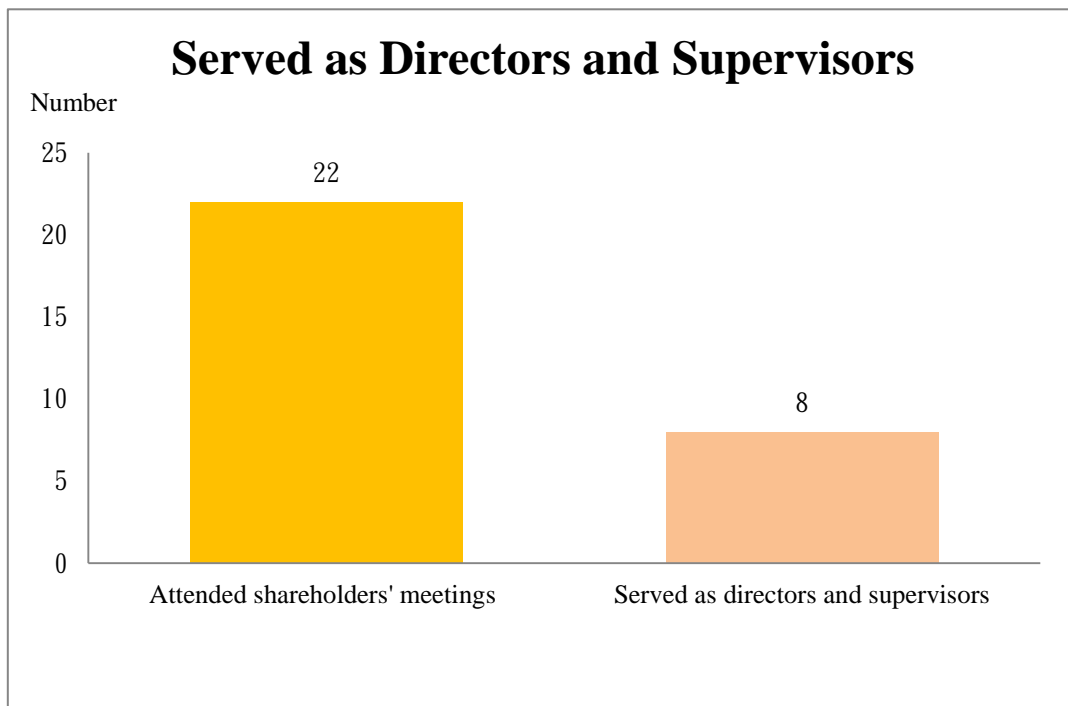


Figure 1: CHB served as directors and supervisors of investee companies.
(As of date : 2019.12.31)

II. Conflict of Interest Management Policy

To prevent occurrence of conflict of interest, CHB had established “Chang Hwa Bank Code of Conduct”, “Chang Hwa Bank Ethical Corporate Management

Best Practice Principles”, and “Chang Hwa Bank Code of Ethical Conduct”, which contents include the principles and regulations required for compliance during the execution of duties, as well as the relevant laws and regulations for compliance.

CHB had established “Chang Hwa Bank Operating Regulations for transactions with Stakeholders other than credit extension” that to ensure CHB and its stakeholders transact in other than credit extension comply internal control, conservatism operation principle to prevent conflict of interest and to prevent occurrence of non-arm’s length transactions.

III. Regularly Monitor, Dialogue and Interact with Investee Companies

To ensure that sufficient and valid information can be obtained for assessing the nature, time and degree of dialogue and interaction with investee companies, CHB regularly focuses on issues regarding the investee companies. In 2019, CHB focused on issues regarding the investee companies, such as operational and financial performance, corporate governance, operational strategy, labor rights/interests and other (Figure 2).

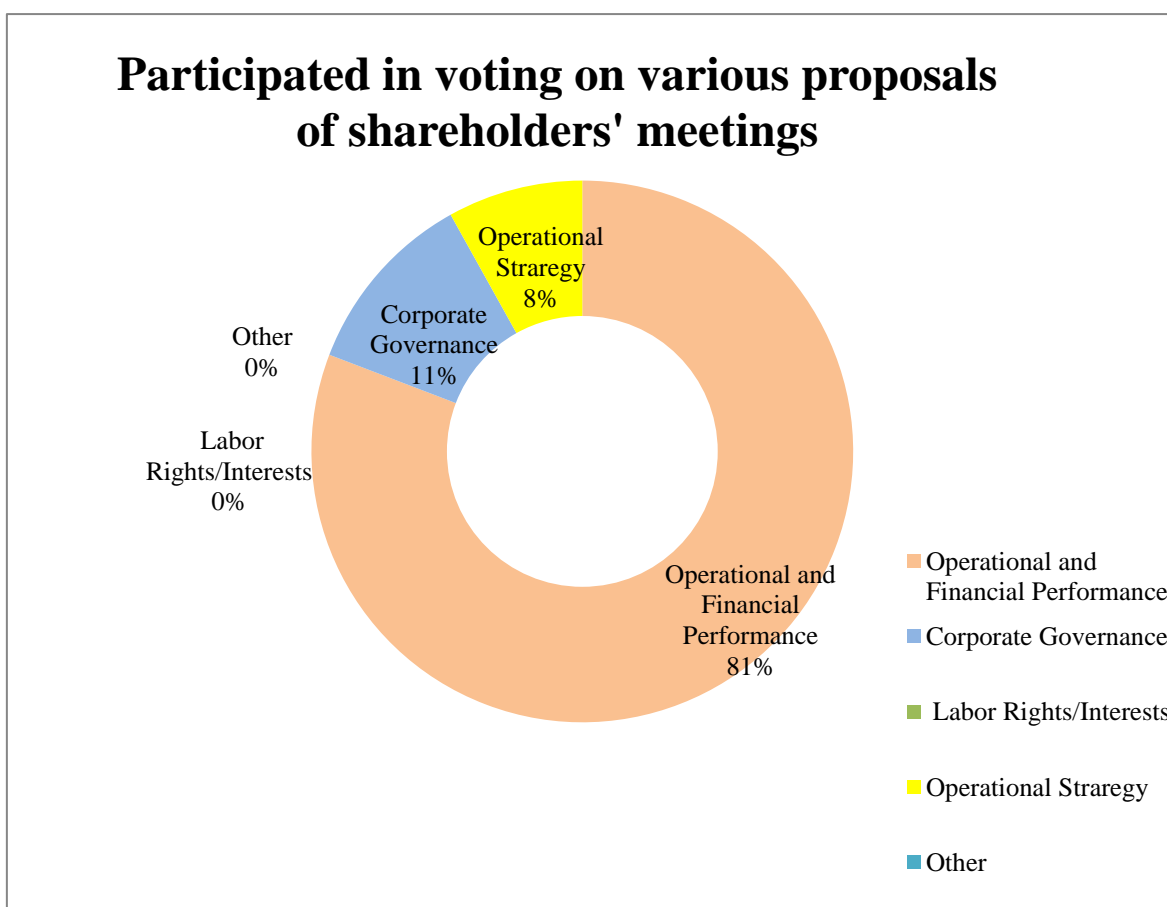


Figure 2: CHB participated in voting on various proposals of 2019 shareholders' meetings. (As of date : 2019.12.31)

Through appropriate dialogue and interaction with the investee companies, CHB shall further understand and communicate with the management of the investee companies with regard to risks faced by industry and strategies adopted, and strive to reach consensus with the investee companies on creating long-term values. CHB communicates annually with the management of investee companies through conference calls, face-to-face meetings, participation in institutional investors' roadshows or attendance at shareholders' meetings or significant extraordinary general meetings. When there is a likelihood that an investee company may violate the principles of corporate governance on specific issues or damage long-term values of capital providers and beneficiaries of CHB, CHB shall, when it is considered necessary, inquire with the management of the investee company about compliance handling and does not give up its rights to act collectively with other investors to protect interests. In 2019, statistics of CHB fulfillment of stewardship actions refers to Figure 3.

Fulfillment of Stewardship Actions

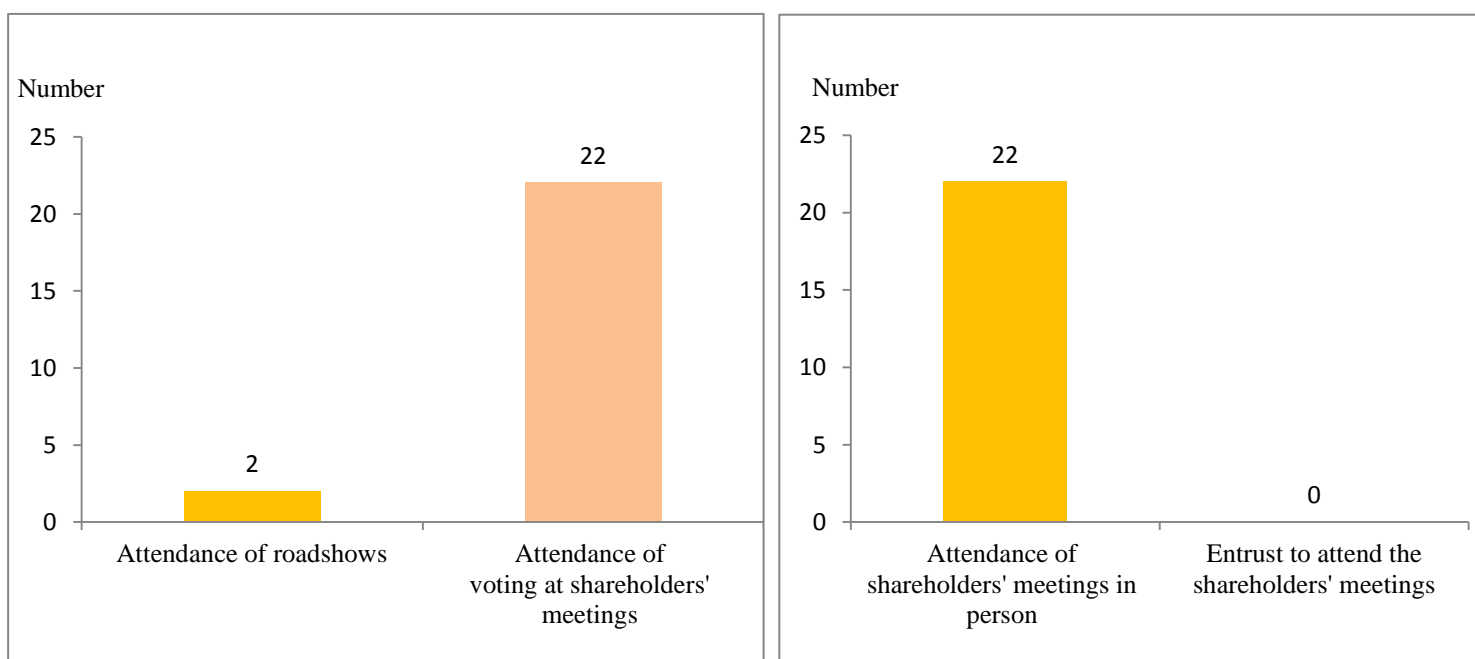


Figure 3: Status of CHB fulfillment of stewardship actions in 2019.
(As of date : 2019.12.31)

IV. Policy and Status of Voting

According to Article 8 of “Chang Hwa Bank Stewardship Principles” to disclose CHB participated in shareholders' meetings of investee companies and voting activities in 2019 is as follows:

- i. Statistics of CHB exercised the voting rights of the shareholders' meetings via electronic or non-electronic methods in 2019 (Figure 4),

and participated in voting at the shareholders' meetings in the past two years (Figure 5) are as follows:

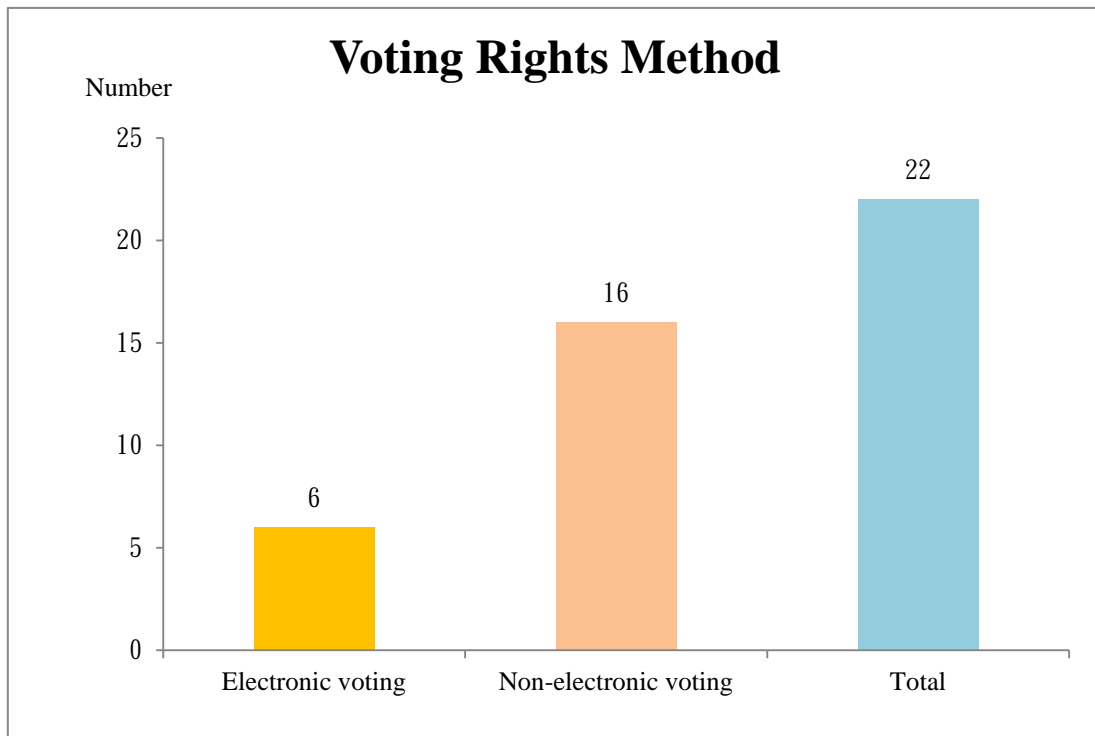


Figure 4: CHB exercised the voting rights methods in 2019.
(As of date : 2019.12.31)

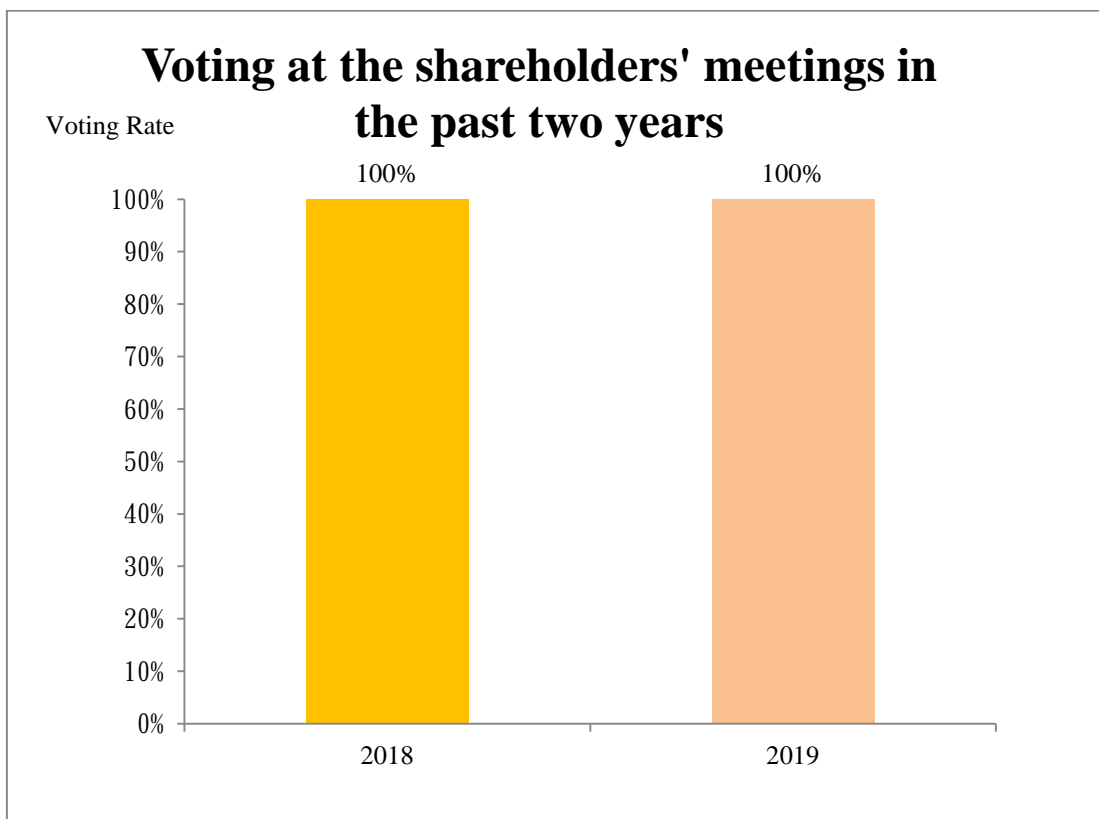


Figure 5: CHB participated in voting at the shareholders' meetings in the past two years.
(As of date : 2019.12.31)

ii. Voting status of CHB for various proposals in the shareholders' meetings of the aforementioned investee companies.

Type	Proposal	Total number of proposals	Number of votes	Voting status		
				Affirmative	Dissenting	Abstention
1	Adoption of the business report and financial statements	24		24	0	0
2	Profits distribution or deficit compensation	23		23	0	0
3	Amendment to the articles of incorporation or operating procedures	33		33	0	0
4	Election of directors or supervisors (number of voters)	7	7			
5	Discharge of directors or supervisors	0		0	0	0
6	Release the prohibition on directors from participating in competitive businesses	4		4	0	0
7	Issuance of restricted stock awards	0		0	0	0
8	Issuance of employee stock option certificates at a price lower than the market price	0		0	0	0
9	Transfer of treasury stocks to employees at a price lower than the actual average repurchase price	0		0	0	0
10	Dissolution, merger, acquisition, share conversion or demerger of the company	0		0	0	0
11	Capital increase (capital increase transferred from earnings/capital reserve/ bonus distribution or issuance of new shares for cash capital increase)	5		5	0	0
12	Private placement of securities	1		1	0	0
13	Capital reduction/cash capital reduction (compensate deficit or return of cash)	2		2	0	0
14	Exercise of disgorgement	0		0	0	0
15	Others	0		0	0	0
	Total proposals	99	7	99	0	0

Note: CHB participated in voting of 99 proposals from 22 investee companies (including 4 extraordinary general meetings).