

2019

Taiwan Life Responsible Investment Report
Includes Stewardship Report



Letter from the Chairman

Established in 1947, Taiwan Life was the first life insurance company in Taiwan. In 2015, it officially became a 100%-owned subsidiary of CTBC Holding. We are committed to serving as the leading insurance brand in Greater China by continuing to observe market changes, promote stable and valuable products, and provide comprehensive insurance services for the health and security of policyholders.

As a subsidiary of CTBC Holding, Taiwan Life adheres to the group's vision of corporate sustainability and upholds its TRUST strategy of corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together). These five aspects are integrated into various Taiwan Life products and services to achieve sustainable development.

To implement ESG and align with global trends in sustainable development, Taiwan Life voluntarily abides by the U.N. Principles for Responsible Investment (PRI). In 2020, Taiwan Life is again leading the industry by becoming the first Taiwanese insurer to release a Responsible Investment Report and Stewardship Principles Report verified by an impartial third party, demonstrating the Company's commitment to corporate sustainability.

Taiwan Life adheres to the six major principles of PRI to establish a responsible investment policy and methodology; incorporate environment, social, and corporate governance (ESG) into its investment analysis and decision-making processes; and collaborate with business partners in jointly promoting responsible investment. Through responsible investment, we promote green finance, support energy transformation, and care for the community and the environment. Furthermore, after releasing a Stewardship Principles Report verified by an impartial third party last year, Taiwan Life is continuing to adhere to the Stewardship Principles for Institutional Investors across various business categories. As an outstanding performer in the insurance industry, we will also abide by the Principles for Sustainable Insurance (PSI) by incorporating its four major principles and exerting the influence of the insurance industry toward sustainable development.

In 2019, Taiwan Life earned honors and accolades

from various domestic and international professional appraisal institutions, including the Social Care Project Excellence Award from the Taiwan Insurance Excellent Awards for the third time as well as an Asia Responsible Enterprise Award for the third consecutive year. In 2020, The Asset Triple A Awards have bestowed on Taiwan Life with three major awards. Under The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF and Asset Servicing Providers 2020, Taiwan Life received the trophies as ESG Investor of the Year for Insurers, Insurance Investor of the Year, and Editors' Triple Star, becoming the only insurance company in Taiwan to win three major awards. Such recognition is a testament to Taiwan Life's corporate sustainability business practices and its implementation of corporate social responsibility, which have won the praise and acknowledgement from esteemed panels and juries around the globe.

Taiwan Life has become one of the CTBC Holding group's two most profitable subsidiaries, with continual development in business and participation in various aspects of ESG practices. Moreover, it strives to cement its status as a leading enterprise in responsible investment and sustainable insurance. We are continuing to fulfill our corporate mission on top of the corporate sustainability foundation by carefully safeguarding and creating value for our customers, employees, shareholders and the community, building a better future for all.



Chairman 黃思國

Taiwan Life's mission : TRUST

Taiwan Life adheres to CTBC Holding's "We are family" brand spirit and its corporate mission to "protect and build" by providing customers with the professional products and services, while working with them to create a brighter future.

In terms of sustainable development, Taiwan Life adheres to CTBC Holding's TRUST strategy. Comprising the five major principles of corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together), TRUST provides a sustainable blueprint for the future.

T Transparency Corporate governance

By strengthening corporate governance, legal compliance, risk control, and cybersecurity protection as well as utilizing technology, Taiwan Life aims to create a secure and sound business environment as the foundation for sustainable business development with open and transparent governance.

R Responsibility Environmental sustainability

Taiwan Life believes that caring for ecological balance and resources is an integral corporate social responsibility. In addition to promoting international environmental standards certifications within the Company, Taiwan Life also actively supports energy transition and the localization of green industries by increasing investment in renewable energy and promoting responsible credits and green financing toward the goal of environmental protection and the creation of a sustainable homeland.

U Understanding Employee welfare

Taiwan Life upholds CTBC Holding's "We are family" brand spirit by making "caring for employees like family members" its top priority. Taiwan Life recognizes the diverse needs of its employees and conducts regular employee surveys to understand their concerns. The Company is also committed to establishing a harmonious, equal, and open workplace culture, providing employees with suitable training and development planning. Fostering such an environment of mutual trust and care better enables employees to provide high-quality service.

S Satisfaction Customer service

Satisfying the needs of customers is also a driving force behind the Company's progress. Innovation is deeply rooted in Taiwan Life, enabling us to continually create new products and services. The Company pays close attention to our global and domestic customers' needs in order to design a comprehensive range of insurance products. We also take advantage of our industry leadership position to integrate fintech and provide diverse digital service entry points, so that everyone can enjoy our superior service. Furthermore, during the service provision process, Taiwan Life fulfills its responsibility to protect customer privacy so that policyholders may enjoy attentive service with both ease and peace of mind.

T Together Community engagement

Following in the footsteps of CTBC Holding's grassroots social participation, Taiwan Life not only continuously expands its own business but does so by growing together with the entire community. In addition to constantly utilizing Company capabilities to improve social welfare services, we also promote various social care projects of our own.



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1. About this report

The framework of this report is based on the major points of the Stewardship Principles for Institutional Investors (Stewardship Principles) issued by the Taiwan Stock Exchange and the six major aspects of the U.N. Principles for Responsible Investment (PRI). The report discloses the perspectives and corresponding actions of Taiwan Life Insurance Co., Ltd. (Taiwan Life) during the investment process regarding the Stewardship Principles and environmental, social, and governance (ESG) factors, as the principal instrument to communicate with the Company's stakeholders. Sections 1 and 2 of this report introduce Taiwan Life's basic corporate profile and concepts. Sections 3 and 4 focus on data disclosure and the responsible investment process flow, while Sections 5 and 6 disclose Taiwan Life's Stewardship Principles and implementation details. For additional descriptions on related principles and codes, please refer to the index after this section.

Report timeframe

This report mainly covers data from May 1, 2019, to April 30, 2020, though some portions cover data up to June 2020 and are clearly specified as such.

Boundaries and scope

This report mainly includes the performance results of the Taiwan region, and the scope of data covers only Taiwan Life, and the scope of disclosure of this report is limited to branches nationwide. This report excludes the performance of subsidiaries and the joint venture in China. Part of the organizational structure data that extends to Taiwan Life's parent company CTBC Financial Holding Co., Ltd. (CTBC Holding) have been clearly identified as such. Taiwan Life's scale, structure, and ownership did not change considerably during the report timeframe. In terms of the report's data collection process and measurement/calculation methods, relevant departments were invited to collect data, engage in discussions, and interview various units through investment and business management activities for the compilation of Taiwan Life's Stewardship Principles performance reports and responsible investment performance reports in accordance with the requirements of international standards and indicators. The collection, measurement, and calculation of various indicator data were performed based on PRI requirements. If there were no specific requirements in the PRI guidelines, then other international standards (such as ISO standards) were referenced. If there were no international standards applicable, the industry norms or practices were referenced.

Compilation principles

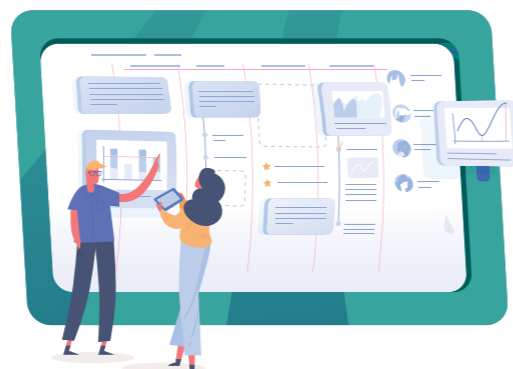
The compilation of this report adheres to the U.N. Principles for Responsible Investment (PRI) with reference to the required reports and disclosure items of the 2020 PRI Reporting Framework and incorporates the Stewardship Principles requirements. The reporting currency is NT dollars.

Report assurance

Ernst & Young has provided independent limited assurance for portions of the performance data in this report in accordance with SAES No. 1 Assurance Engagements other than Audits or Review of Historical Financial information. The assurance report is attached to page 24 of this report.

Feedback and suggestions

Taiwan Life, Public Relations Department, Corporate Responsibility Section
 Website : <https://www.taiwanlife.com/>
 Email : mppr-pub@taiwanlife.com
 Address : 8F, No. 188, Jingmao 2nd Rd., Nangang Dist., Taipei City 115



2. Taiwan Life

2.1 Company profile

By the 2000s, CTBC Holding was already helping millions of people to save, borrow, and invest for the future. But we knew there was more we could do to diversify CTBC Holding's services for the benefit of our customers and our companies. So, in November 2011, we acquired 100% of MetLife's Taiwanese subsidiary, which we renamed CTBC Life Insurance.

Next came multiplying CTBC Life's insurance sales channels and expanding its scale. The former was achieved in 2014 by merging with Manulife's local operations and acquiring its nearly 1,000-strong team of insurance sales agents. For the latter, a stock swap was arranged with Taiwan Life. When it was completed in 2015, Taiwan Life became a fully owned subsidiary of CTBC Holding. We subsequently pooled all our insurance resources under the Taiwan Life banner, generating synergy with our subsidiaries while still harnessing Taiwan Life's eminent standing. Conforming to the CTBC Holding group's main development strategy, Taiwan Life has expanded its assets and steadily grown on the basis of satisfying customer needs and profitability. So far, we have developed seven branches and 113 correspondence offices in Taiwan.

We believe the nature of the insurance industry requires us to provide warm, professional service. Committed to serving local customers, Taiwan Life has launched many innovative products to provide the insured with a comprehensive level of service. To give back to society, we continue to develop financially inclusive insurance products and services for disadvantaged groups, including people who are sick or elderly. Our core goal in this regard is to provide financial protection for all ages and marginalized groups.

In response to possible future changes to its business operations, a plan to develop a series of digital tools has been developed. Specifically, our Edge Digitalization Lab has launched several products. These tools equip sales personnel with digital capabilities to provide customers with efficient service. Driven by this transformation strategy and the seizing of market investment opportunities, Taiwan Life's after-tax net profit reached NT\$13.109 billion in 2019—a new record high for the 73-year-old company. We ensure long-term and stable profits as well as guarantee robust and tangible security for both policyholders and the Company.



Established in
1947



3,280
full-time
employees



Total assets of
NT\$ **1.97** of trillion



Capital adequacy
ratio of
302%

Note 1: Data valid as of the end of April 2020.

Note 2: The number of employees does not include contract staff.

2.2 Sustainability performance

Adhering to the philosophy of giving back to the community, Taiwan Life strives to innovate products and provide more convenient, diverse choices and services to policyholders. In addition, Taiwan Life is actively involved in social welfare and offers diversified and innovative services that align with the public's needs. From May 2019 to the end of June 2020, Taiwan Life received more than 53 domestic and foreign awards (partially listed below)— an indication of the achievements of its long-term efforts and investment in relevant resources.

Awards received in 2019

Award title	Award category
Asia Responsible Enterprise Awards	Received the 2019 Social Empowerment Award.
International Finance Awards	Awarded the Most Innovative Life Insurance Company—Taiwan 2019.
Brand Finance Insurance 100	Ranked 49th in the world.
Insurance Asia Awards	Won the Marketing Initiative of the Year.
Asia Insurance Technology Awards	Received an award in the Innovation and Emerging Technologies category.
Faith, Hope, & Love Awards of Insurance	Won five major awards in categories of Distinguished Insurance Professionalism, Best Product Creativity, Best Channel Strategy, Best Professional Adviser, and Best Correspondence Office and four merit awards in Best Social Responsibility, Best Integrated Communication, Best Social Contribution, and Best Correspondence Office.
Taiwan Insurance Excellent Performance Award	Received the gold award in Outstanding Customer Service Project Proposal, gold award in Outstanding Talent Training Project Proposal, silver award in Outstanding Public Welfare Project Proposal, silver award in Outstanding Product Innovation Project Proposal, silver award in Outstanding Information Application, and silver award in Outstanding Policies for Promoting Protection-Oriented Products.
National Brand Yushan Award	National winner of the Outstanding Enterprise Award and three Yushan Awards in categories of Outstanding Enterprise, the Best Product, and the Most Popular Brand.
Sports Activist Awards	Received the Sponsor Category Gold Award.
Taiwan Financial Award	Received the FinTech Innovation and Application Award—Gold Award for Best FinTech in Life Insurance.
Taiwan Corporate Sustainability Awards	The project entitled “Care Project for Mutual Advancement of Older Adults” received the Social Inclusion Award at the 2019 Taiwan Corporate Sustainability Awards.
Microinsurance Competition	Ranked second place at the Microinsurance Competition and received a merit award in Financial Investment Category at the Evaluation of Key Innovative Industries for Investment.
Best Brand Award	Ranked second place in the life insurance company category.

Awards received in 2020

Award title	Award category
The Asset Triple A Digital Awards	Digital Insurer of the Year. Best Digital Insurance Experience.
Financial Insights Innovation Awards	20 Best Insurers in Asia Pacific 2020.
Global Brands Awards	Best Life Insurance Brand, Taiwan.
Global Business Outlook Awards	Best Life Insurance Company, Taiwan.
International Finance Awards	Most Innovative Life Insurance Company, Taiwan.
Brand Finance Insurance 100	Ranked 54th in the world.
The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020	Insurance Investor of the Year. ESG Investor of the Year for Insurers. Editors' Triple Star.
Insurance Asia Awards	New Insurance Product of the Year, Taiwan. Claims Initiative of the Year, Taiwan.

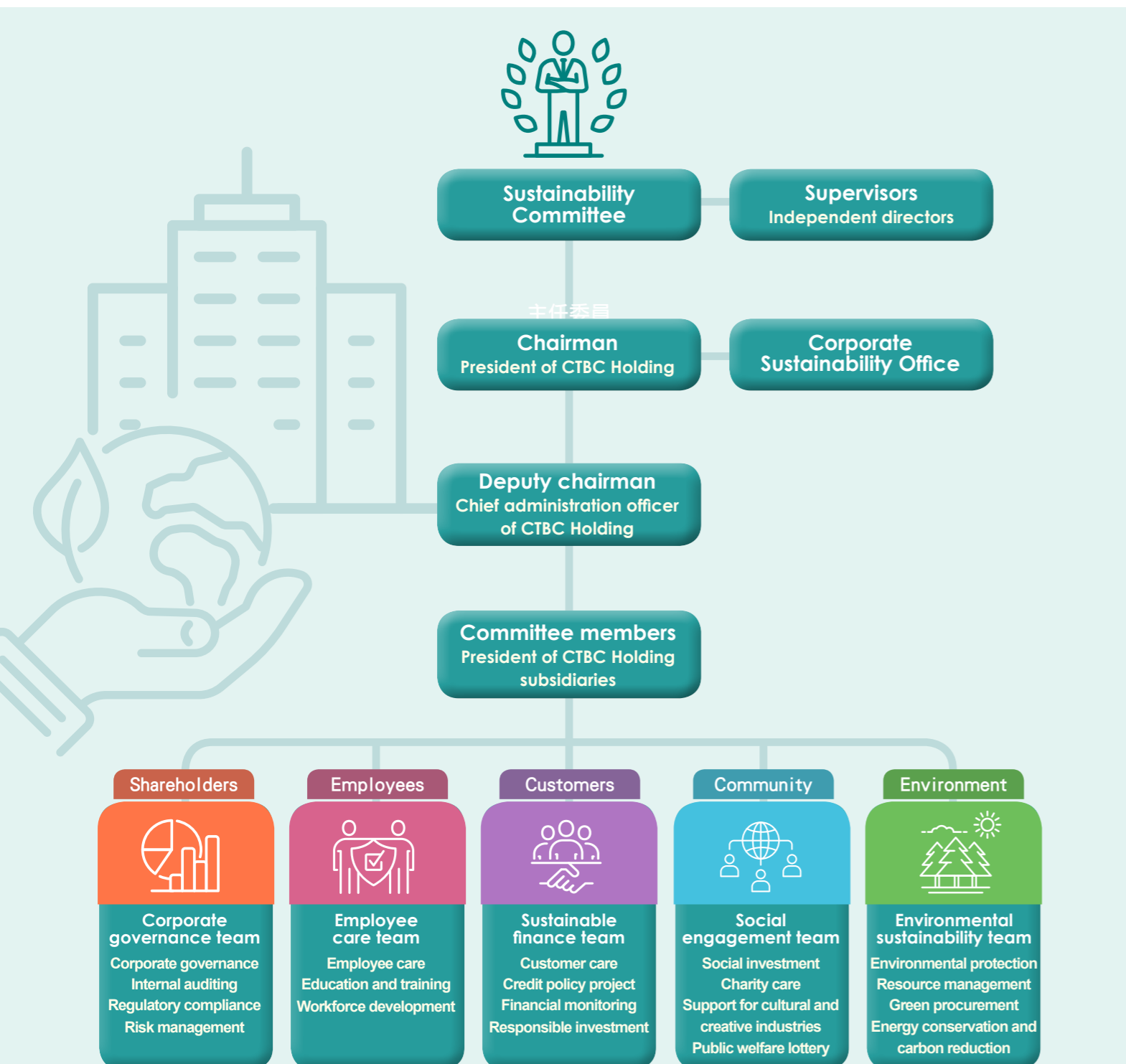
May 2019 to June 2020.



2.3 Organizational structure

In terms of ESG performance, the head of relevant departments of Taiwan Life and representatives of CTBC Holding and other subsidiaries are members of various functional group under the parent company's Sustainability Committee.

By taking a holistic, group-wide approach and breaking down the barriers between the subsidiaries, suggestions and implementation plans are put forward from different perspectives. At least three Sustainability Committee meetings are required to be held each year to address the objectives and strategic plans established by each functional team focusing on different issues and examine the progress of each action. Furthermore, the Corporate Sustainability Office, governed by the President of CTBC Holding, was established in 2020 for the overall planning and execution of corporate sustainability-related business of CTBC Holding and its subsidiaries. Taiwan Life has also established a designated unit under its Public Relations Department to allow for the management and promotion of internal ESG-related operations, with the objective of improving its sustainable development.



3. Responsible investment

Taiwan Life voluntarily abides by the U.N. Principles for Responsible Investment (PRI) in the spirit of contributing to global sustainable development by establishing a responsible investment system for the goal of becoming a role model and setting benchmarks in this area. To evaluate the extent to which the Company's investment business incorporates ESG standards, Taiwan Life adheres to the six major PRI principles in stipulating its Responsible Investment Policy and compiling practical norms into Responsible Investment Operational Regulations, which are mandatory for formal investments.

3.1 Investment position descriptions

In recent years, Taiwan Life has relied mainly on long-term investment targets (e.g., domestic and international bonds) in seeking to provide policyholders with stable returns and thus protect their rights, interests, and wealth. As of April 2020, Taiwan Life held assets with the following categories and distribution:

Asset category	Proportion
Cash and short-term assets	0% - 5%
Secured loans	0% - 5%
Real estate	0% - 5%
Policy loans	0% - 5%
Bonds	65% - 70%
Structured products	0% - 5%
Funds	5% - 10%
Stocks	5% - 10%

Taiwan Life's assets are mostly distributed in developed markets, namely the U.S., Canada, EU nations, New Zealand, Australia, Hong Kong, Japan, and Singapore. As of April 2020, the asset distribution according to market type was as follows :

Market	Proportion
Developed markets	65% - 70%
Emerging markets	30% - 35%
Border markets	0% - 5%

3.2 ESG strategies

Responsible investment by Taiwan Life covers the following investment categories and evaluation scopes: (1) stocks, (2) corporate bonds, (3) bank debentures, (4) private equity funds, (5) infrastructure funds, (6) real estate, and (7) counterparty and investment service brokers.

Except for the types of funds that are internally invested and managed, such as stocks, corporate bonds, bank Debentures, and real state, current large-scaled private funds and infrastructure fund managers all have ESG policies and procedures, which are reviewed by the Company prior to investment. The Company also periodically reviews the ESG performance of infrastructure funds and private equity funds, as detailed in the annual reports published by fund management companies.

For fund management companies that Taiwan Life has not established a relationship with, they are required to describe their ESG policies and principles during office visits or telebriefings.

For the investment scope described above, the ESG strategies of Taiwan Life are as follows:

1. Major environmental issues

In terms of major environmental concerns, Taiwan Life mainly focuses on the issues of climate change and biodiversity, with an emphasis on industries such as oil-sands. If an investment target belongs to such an industry, the Company will conduct additional risk assessments and subsequently follow up with periodic reviews of the investment target's environmental performance.

For industries with major environmental contributions, such as renewable energies or related environmental protection industries, Taiwan Life will proceed with investment only after evaluating the rate of return. Taiwan Life continually seeks investment opportunities that help mitigate climate change in order to avoid climate risks that negatively impact Taiwan Life.

2. Major social issues

In addition to strict adherence to the CTBC Holding group's human rights policy, Taiwan Life also supports the spirit and basic principles of various international human rights conventions, including the U.N. Universal Declaration of Human Rights, U.N. Global Compact, U.N. Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Furthermore, Taiwan Life has also designated human rights at work as well as occupational environmental health and safety as two critical social issues to focus on. If an investment portfolio of interest violates related laws and regulations, or if an investment target is the subject of negative news reports regarding the two aforementioned social issues, additional risk assessments are performed.

3. Major corporate governance issues

Taiwan Life has consistently emphasized corporate governance in the selection of investment targets and subsequent post-investment management. The Company believes that sound corporate governance is an essential part of the road to success for any enterprise. Therefore, business integrity and management suitability have been designated as its two major emphases of corporate governance. Taiwan Life conducts risk assessments of investment targets that have corporate governance risks, and minimizes its involvement with such companies.



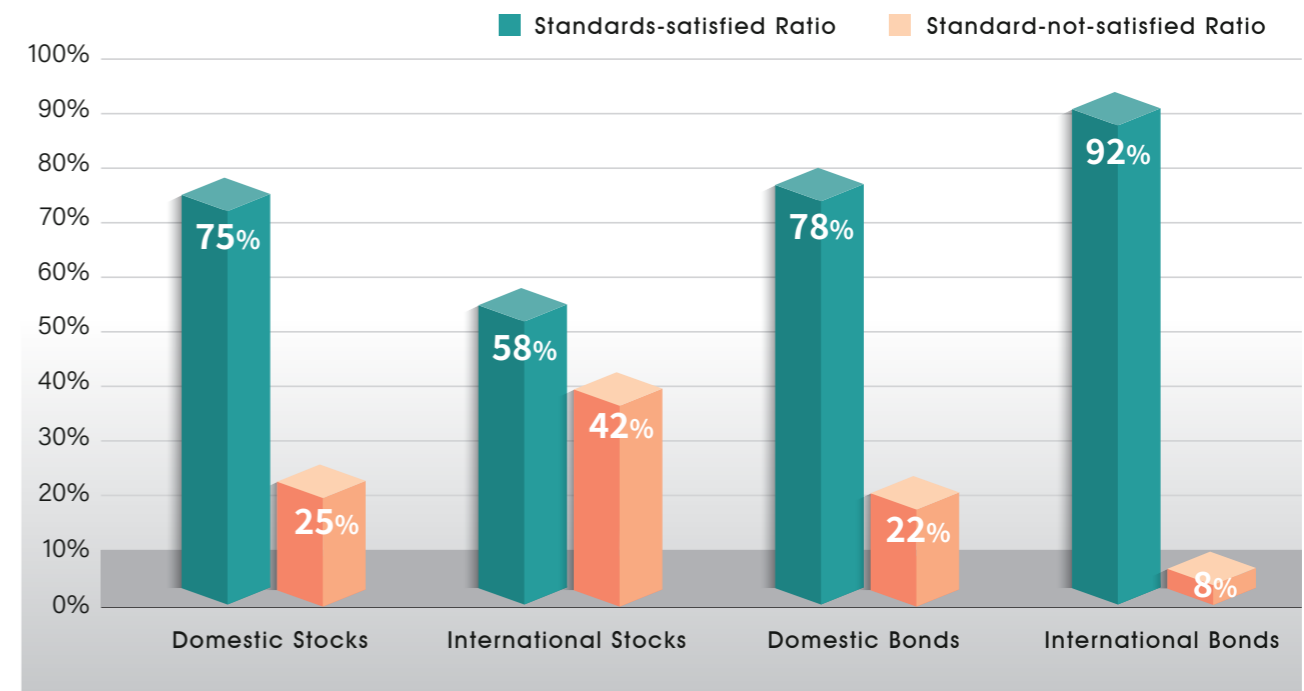
3.3 Responsible investment process

Taiwan Life divides its responsible investment process for domestic and international stocks and bonds into three major phases. First, the Taiwan Life Responsible Investment Policy negative list is used to screen investment targets and filter out those in industries recognized internationally as a significant hazard to sustainable development. In addition, data are collected on three major ESG assessment categories as follows:

Evaluation items	Description
Degree of involvement of major ESG issues	Same as the ESG major issues mentioned in Subsection 2, "ESG Strategies"
External ESG scoring system	Taiwan Life uses the ESG evaluation systems from multiple internationally renowned scoring agencies to cross-evaluate the ESG performance of investment targets.
Comprehensive ESG risk assessment form	Taiwan Life has collaborated with external consultants to jointly develop a risk assessment form in order to collect data and publicly available information of investment targets to perform comprehensive ESG risk assessments. In addition, Taiwan Life supports the use of Global Reporting Initiative standards for investment targets in compiling Sustainability Reports, thus facilitating risk assessment data collection and public information standardization.

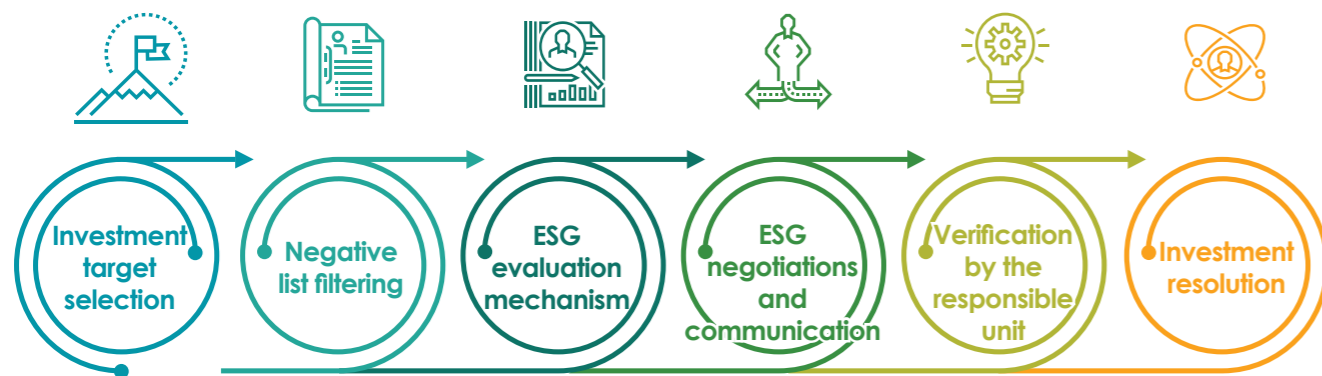
Taiwan Life has not found any investment targets in an investment portfolio with major ESG risk issues. Its performance in satisfying external ESG evaluation system's standards are as follows :

Percentage of external ESG evaluation system standard-satisfying scores



Currently, 100% of domestic and international stocks and bonds included in the Responsible Investment Policy are examined according to the responsible investment process, and external evaluation system scores are available for over 60% of such investments. Based on the attributes of different asset classifications, the evaluation process is adjusted accordingly. Investment targets that fail to satisfy the standards or aren't included in the ESG evaluation systems are examined based on publicly available information regarding the severity of major ESG issues and are evaluated using the comprehensive risk assessment form.

Subsequently, the decision to move forward or decline an investment or transaction is based on three evaluation criteria. For investment targets that do not pass the evaluation, Taiwan Life attempts to negotiate (See Ch. 7 ESG Negotiations and Voting for details). If the investment target is willing to work with Taiwan Life to improve its ESG behavior and improvement is deemed possible by the responsible unit after an assessment, Taiwan Life observes and provides guidance to enhance the ESG performance of the investment target. Investments or transactions proceed after improvements are made and reports are submitted to the responsible unit for verification. The basic responsible investment process is as follows:



Regarding the investment process for new real estate projects, because the external ESG evaluation system or the comprehensive ESG risk assessment form would not be applicable, Taiwan Life conducts project evaluations through internal regulations such as the Real Estate Investment Risk Assessment and Early Warning Management Guidelines, Real Estate Investment Assessment Acquisition and Disposition Regulations, and Real Estate Post-Investment Management Regulations. Furthermore, the Company references other international real estate sustainable rating categories and practices to create an internal-use only new real estate project sustainable investment assessment form. The form is incorporated into the Taiwan Life Responsible Investment Operational Regulations for use in examining whether a building design would damage the local environment.

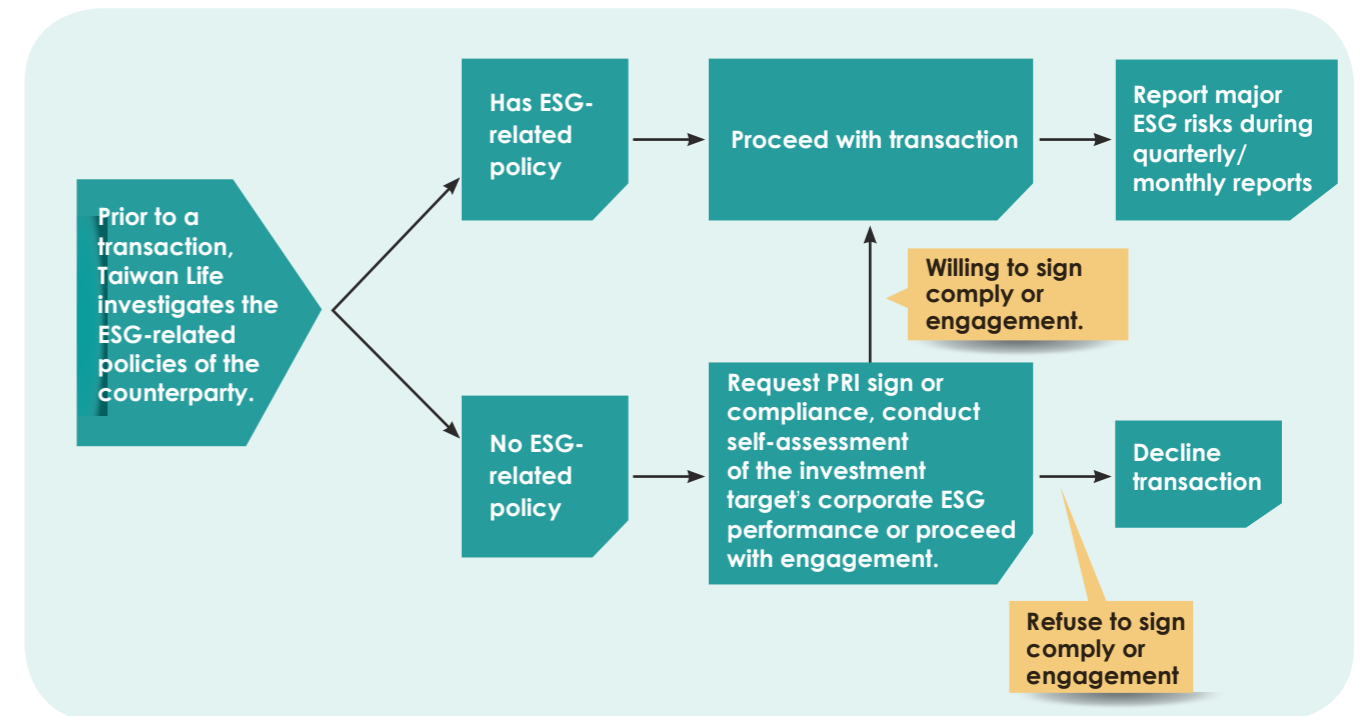
Moving forward, Taiwan Life will continue to improve its responsible investment process and develop ESG assessment-related tools, including by enhancing the availability of external evaluation system scores. Such measures will hopefully encourage investment target enterprises to continually improve their ESG performance, in turn facilitating the Company's investment in projects with long-term sustainable value.



3.4 External risk management

Taiwan Life is aware that an external ESG evaluation system or comprehensive ESG risk assessment form may not be used for the selection of some external investment service brokers and transaction counterparties. In response, Taiwan Life obtains and examines such investment service brokers' ESG policies and methods. Moving forward, Taiwan Life will continue to evaluate the possibility of requiring investment service brokers and transaction counterparties to sign a statement of compliance with Taiwan Life's responsible investment policy, and shall proceed with monitoring its negative list filter or industries of major concern.

All the investment trust and asset management companies collaborating with Taiwan Life have established ESG-related policies or regulations, and report the major ESG risks of investment targets to Taiwan Life as necessary during monthly or quarterly performance reports. The related process flow diagram is as follows:



In terms of real estate construction management, Taiwan Life requires builders to report regularly on the following:

Required items
Implement projects based on Taiwan Life's approved health and safety operational plans.
Require contractors to conduct patrols and report on-site health and safety inspections daily.
Record and control health and safety strengths and weaknesses for determining rewards and penalties.
Perform statistical analysis of health and safety strengths and weaknesses for reviews and report the results regularly.
Increase patrols and inspections of designated special projects.

To fully satisfy PRI requirements and better control potential external responsible investment risks in the future, Taiwan Life will require the inclusion of requests for proposals (RFPs) in its ESG policies in order to better monitor the ESG risk management of external investment service brokers and transaction counterparties.

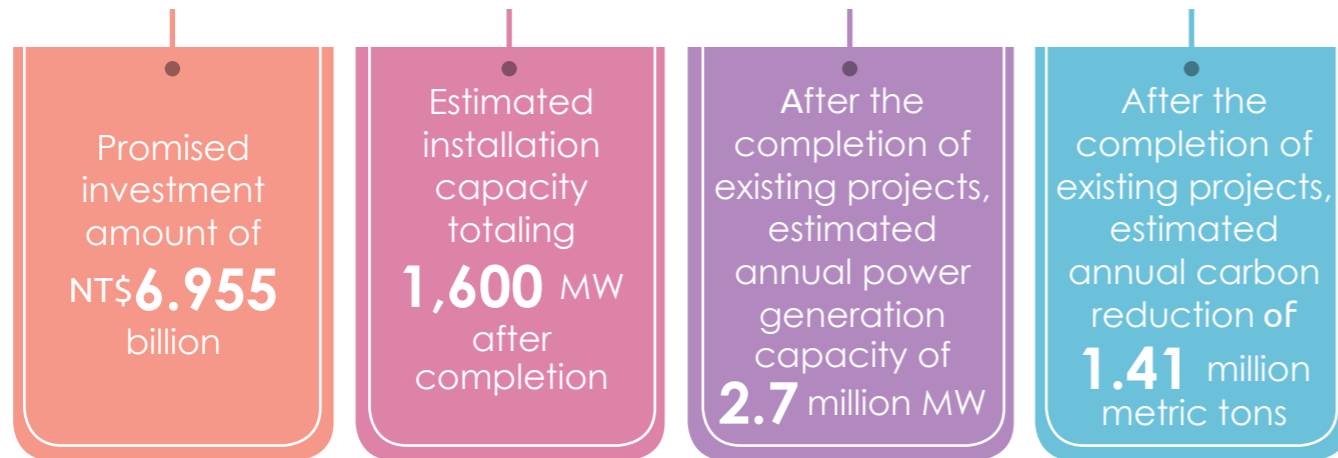
4. Responsible investment actions

In addition to complying with the policies and regulations of responsible investment and examining asset management in accordance with related process flows, Taiwan Life also proactively invests in investment targets beneficial to the environment and society. This year, Taiwan Life has completed several renewable energy- and environmental protection-related investment projects. Furthermore, the Company uses investment products to actively support the development of the “5 plus 2” innovative industries promoted by the Taiwanese government. Taiwan Life plans to continue investing in such projects in the future to promote the common interests of the financial services industry and sustainable development.

4.1 Green investment

Renewable energy

Taiwan Life has had substantial investment in renewable energy for a considerable time, with an investment scope including solar power and offshore wind power. The cumulative data from 2014 to the end of April 2020 are as follows :



With approval from the Financial Supervisory Commission in 2018, Taiwan Life became the first life insurance company in Asia to finance an offshore wind farm project in Taiwan as one of the mandated lead arranger from Formosa 2 (a 376-megawatt offshore wind power project scheduled to be completed in 2021) as well as the first life insurance company in Asia to participate directly in offshore wind farm development. Taiwan Life and Copenhagen Infrastructure Partners jointly established Taiwan Wind Investment Co., Ltd., with Taiwan Life investing NT\$2.5 billion for a 43% stake in the company.

Low-carbon energy

Taiwan Life also invests in another type of low-carbon energy: a natural gas power plant with an installed capacity of approximately 490 MW and annual sales of approximately 2.1 billion kWh of electricity, representing an estimated equivalent emissions reduction of 280,000 metric tons. Compared to traditional coal-fired power generation, natural gas power produces less carbon and greenhouse gas emissions and does not endanger the environment with heavy metal emissions. Although natural gas is not as environmentally friendly as renewable energy, it is a great improvement in pollution reduction compared to coal-fired power generation, and its power generation capacity is more stable than renewable energy.

Taiwan Life hopes to support renewable energy development while also reducing its social and economic impact on Taiwan, and thus supports natural gas power generation as a stopgap, a stopgap measure prior to renewable energy completely supplanting traditional power generation. In addition, Taiwan Life steadfastly emphasizes the environmental safety and security of its invested natural gas power plant to reduce various hazard risks of natural gas power generation, in adherence to the Company's Responsible Investment Policy.

'5 plus 2' industries

In support of the government's “5 plus 2” industrial innovation plan (intelligent machinery, Asia Silicon Valley, green energy, biomedicine, national defense and aerospace, new agriculture, and circular economy), Taiwan Life has invested in select industries related to its ESG strategies, including green energy, new agriculture, and circular economy. The market value of its relevant investment positions is as follows:

Green investment type	Market value (NTD billion)	Description
Domestic listed stocks	34.146 billion	Includes industries such as green energy technology, circular economy, and new agriculture.

Other investments related to environmental protection and green energy

In addition to the investments listed above, Taiwan Life has invested NT\$318 million in a wastewater treatment plant, which will be able to treat up to 31,000 metric tons of wastewater per day after completion. The Company has also invested NT\$4.3 billion in domestic green bonds, mostly for projects related to renewable and carbon capture technology. Furthermore, Taiwan Life examines various green bond capital utilization reports to ensure that investment funds are used to support sustainable environmental development.

Taiwan Life's international green energy and green bond investments are as follows :

Green investment type	Market value (NTD billion)	Description
International stocks	0.702 billion	Green energy-related
International bonds	10.43 billion	Green energy-related



Green building

In addition to the internal responsible investment evaluation process, Taiwan Life's investment decisions in new real estate projects also proactively reference various domestic and international green building standards and regulations. Currently, Taiwan Life is supporting the development of the following green buildings :

<p>Kaohsiung General Library and Cultural and Creative Centre Co-Construction Project</p>	<p>Land No. 15 on Jingmao Rd., Nangang Dist., Taipei City</p>	<p>The CTBC Holding Taichung Financial Building</p>
<p>The building obtained the EEWH Silver-Level Green Building Candidate Certificate on September 12, 2017, and the use license in March 2020. The Silver-Level Green Building Label application will be filed after the would-be occupants move in and complete the interior furnishings.</p>	<p>The development project of superficies rights (C3) obtained the EEWH Gold-Level Green Building Candidate Certificate in April 2020, and is expected to obtain the EEWH Gold-Level Green Building Label in 2023.</p>	<p>Obtained the EEWH Silver-Level Green Building Candidate Certificate in November 2015, with expectation to receive the EEWH Silver-Level Green Building Label in the second half of 2020.</p>
		

In terms of real estate investments, Taiwan Life also proactively evaluates their impact on local communities and the environment. Taiwan Life is committed to investing in sustainable real estate development and green architecture, in hopes of achieving the goal of coexistence with local communities and the environment.

Case study

Real estate investment and environmental assessment

Taiwan Life also takes a positive stance towards evaluating the environmental and social impact respecting any real estate investment that Taiwan Life participates or intends to participate in. In an effort to avoid, or withdraw its fund from, any investment with negative effects on the environment or the local community.

In a recent case regarding to a bid solicitation for superficies rights, owing to the fact that the trees classified as protected by the Department of Cultural Affairs of Taipei City Government were located in the land, where Taiwan Life's land development project is concerned, Taiwan Life adhered to its eco-friendly business concept and abandoned the said project, in consideration of any potential tree damage or protest from local communities that may arise thereafter.

4.2 Staff education

In addition to ESG education for staff who perform internal operations, Taiwan Life requires that its investment-related personnel have an understanding of ESG and PRI issues as well as the Stewardship Principles for Institutional Investors. This ensures that they fully comprehend the ESG performance of investment targets while conducting responsible investment risk assessments and that they abide by the Company's Declaration of Compliance with Stewardship Principles for Institutional Investors. In terms of ESG investment and risk identification training, a total of 7,362 people participated in 20 lectures and courses, both online and in classrooms, during the data collection period. During this data collection period, Taiwan Life organized the following on-site internal and external ESG-related courses :

On-site courses

Type	Participants
Insider trading prevention	46
ESG and renewable energy investment external training	9
Environmental health and safety management external training	4
Corporate governance external training	5
Responsible investment education and training	36
Total	100

Due to the impact of the COVID-19 pandemic in the first half of 2020, most courses were conducted online. The online training sessions held were as follows :

Online Courses

Type	Participants
General environmental and energy management training*	1,830
General on-the-job health and safety training*	1,746
Information security awareness training*	1,883
Business integrity training	1,803
Total	7,262

*Includes supplementary training courses

Taiwan Life will continue to proactively promote internal ESG-related education and training, and investment personnel will no longer be limited to participating in traditional financial knowledge courses. Taiwan Life will continue to strive to achieve its mission of sustainable development as part of its efforts to cultivate a new generation of investment professionals in Taiwan.

4.3 External advocacy

In 2019, in addition to PRI, Taiwan Life also began to introduce the U.N. Principles for Sustainable Insurance and provide ESG education to all major business operations and external sales units, as well as to convey the concepts of sustainable development to customers and policyholders.

Taiwan life also participates in the Life Insurance Association actively. Our Chief Compliance Officer represents Taiwan life and acts as a chairman of Regulatory compliance research subcommittee and Anti-money laundering and Countering the Financing of Terrorism work subcommittee. Our Chief Compliance Officer is responsible for communicating with the competent authority and other peers, promoting of life insurance related regulations and standards, and supporting sustainable finance regulations from the competent authority.

Moreover, Taiwan Life updated its official website in 2020 to add a dedicated section on responsible investment, ESG considerations, and Stewardship Principles for Institutional Investors. The site now informs Taiwan Life's stakeholders in a more transparent and direct manner of the concepts guiding its sustainable development. In addition to inviting these stakeholders to participate in occasional ESG-related activities organized by the Company, Taiwan Life also proactively assigns staff to major sustainable development forums at home and abroad to keep abreast of the latest developments in sustainability and share this knowledge internally in order to spur Taiwan Life's continual improvement.



5. Declaration and actions of Stewardship Principles for Institutional Investors

5.1 Declaration of Compliance with Stewardship Principles for Institutional Investors

To implement the spirit of responsible investment by effectively exerting the professional influence of institutional investors, Taiwan Life signed the Declaration of Compliance with Stewardship Principles for Institutional Investors on Aug. 24, 2018, and announced the declaration publicly on its Information Disclosure web page under "Corporate Governance". Taiwan Life shall abide by the code and disclose relevant actions in the form of periodic reports. Please refer to page 4 of this report for the relevant channels



5.2 Stewardship policy description

The business objective of Taiwan Life is to guarantee customer rights and achieve maximum interest for shareholders through life insurance operations. In addition, to fulfill its corporate sustainability and development goals while upholding its responsibilities as a corporate citizen and creating economic, environmental, and socially sustainable value, the Company has stipulated and disclosed its Stewardship Principles for Institutional Investors. The principles are described as follows :

- A. The Company is committed to establishing a corporate governance framework to implement internal management, create value for shareholders, strengthen the Board of Directors' functions, and utilize fully supervisory functions to protect the rights and interests of customers with respect to the rights and interests of stakeholders. In addition, the Company aims to maintain solvency and enhance information transparency with persistent observations and considerations of how external trends and environmental transformations impact the Company's overall operations, and respond in a timely manner. The members of the Board of Directors are equipped with the knowledge, skills, and core competencies to carry out their duties while complying with relevant laws and regulations, including the Company Act and the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises.
- B. To improve its supervisory functions and strengthen management mechanisms, the Company has established an Audit Committee and a Risk Management Committee, both of which report to the Board of Directors. The charters of both committees were established after approval by the Board.
- C. To minimize the overall risks of investment portfolios and enhance their returns on investments, the Company's asset allocation and investment decisions are subject to changes in the market environment. In addition, the Company formulates decisions based on factors such as the relationship between assets and liabilities, degree of risk tolerance, requirements for long-term risk compensation, liquidity, and solvency. This approach is taken in order to achieve the objectives of enhancing the long-term interests of policyholders, shareholders, employees, and stakeholders. Furthermore, the Company determines the methods, strength, and frequency of its Stewardship Principles-based engagements with investee companies according to its investment purposes, costs, and returns. The Company's Stewardship Principles action methodologies include paying attention to the investee company, dialogues and interactions with the investee company's management, participation in board of director meetings, and exercising its voting rights.
- D. The Company may entrust a professional service institution to carry out a portion of its Stewardship Principles actions (such as providing voting recommendations or voting by proxy). Such an arrangement requires agreement or supervision by the Company to ensure that the service company acts in accordance with the instructions of the Company.
- E. The Company's Stewardship Principles implementation performance is disclosed on its official corporate website, which is updated annually.



5.3 Conflict-of-interest management

The company describes the Conflict-of-interest management policy based on principle 2 of Stewardship Principles for Institutional Investors. In addition to stipulating the employee code of conduct, the Company has also formulated management policies to prevent insider trading and prevent conflicts of interest, as described below:

- A. Before undertaking any business, investment, or related activity that may constitute a conflict of interest between an individual and the Company, employees are required to disclose the details and obtain approval from their supervisors and relevant work units. Employees are advised to avoid situations where conflicts of interest may arise, such as negotiating or engaging in transactions with the Company on behalf of themselves or family members.
- B. Employees shall not engage in activities that conflict with the interests of the Company through a third party (including relatives, partners, or friends) in order to circumvent this regulation or related operational rules.
- C. After obtaining information of significance that may impact the Company's material price information, employees may not buy or sell the Company's stocks or other equity securities in their own name or the name of others after the news is clear and before it is announced publicly or within 18 hours of the news being published. In addition, after obtaining information that may impact the Company's ability to pay principal or interest, employees may not sell, in their own name or the name of others, non-equity bonds that are publicly listed or available from securities firms in order to obtain undue profits or to reduce or avoid losses.
- D. Employees may not directly or indirectly disclose such aforementioned material, non-public information to others.
- E. The Company's domestic equity investment personnel must observe the following restrictions:
 - They are prohibited from disclosing to others information obtained on the jobs, or engaging in domestic equity investment transactions using such information.
 - When buying or selling domestic equity investment products with insurance industry funds, they may not buy or sell for the benefit of themselves or others. In addition, they may not conduct matched orders transactions with the insurance industry without justification.
 - They may not recommend the buying or selling of individual domestic equity investment products in public or in the media, or predict the future price changes of individual domestic equity investment products.
 - They are prohibited from engaging in other actions that affect the rights and interests of the insurance industry or industry operators.

In the course of business operations, Company employees shall abide by the regulations of reporting procedures related to insider trading prevention and the key management points of suspending transactions, and avoid conflicts of interest through education and training, the appropriate distribution of responsibility, information control, network firewalls, and control and monitoring mechanisms.

In addition, while conducting business operations, the Company's domestic equity investment personnel are subject to the following monitoring and control mechanisms in order to prevent wrongdoings:

- A. The Company's domestic equity investment personnel, prior to engaging in any domestic equity investment transactions, must file an application and obtain approval from their supervisors.
- B. The Company's domestic equity investment personnel must regularly report any domestic equity investment transactions of their own, spouses, or minor children, or any third parties trading on their behalf, and the submitted data must be verified by relevant units.

In the event a Company director, manager, or employee with management responsibilities or signing rights violates the code of ethics, the Company shall handle and make public the matter in accordance with the Company Act, Articles of Association of the Company, and relevant internal regulations. In addition, in the event a member of Company's domestic equity investment personnel violates conflict-of-interest prevention regulations, they shall be subject to the Company's employee incentive and penalty measures. Furthermore, the Company shall summarize and report major conflicts of interest regularly or as necessary to customers or beneficiaries by describing the incident and subsequent handling measures. During the period covered by this report, no major conflict of interest involving Taiwan Life's domestic equity investment products occurred.

6. ESG engagement and voting

6.1 ESG engagement and communications

Taiwan Life holds periodic meetings with two collaborating companies that provide investment trust and asset management services. ESG requirements to be considered by the fiduciary companies are specified in the discretionary contracts, and Taiwan Life must be notified of major matters related to ESG. While collecting the information for this report, Taiwan Life communicated 14 times with the discretionary investment firms and 46 times with the real estate escrow management committee, with no major ESG-related incidents found.

Regarding Taiwan Life's direct or potential investment targets, personnel from the investment department of Taiwan Life proactively communicate with each investment target regarding ESG-related matters in the hopes of reaching a consensus on ESG performance. The Company also assists investment targets in the establishment of sustainable development concepts in order to enhance their ESG performance. During the information collection period, the following ESG related issues were discussed with investment targets :

Category	No. of times
Investment targets	21 times
Potential investment targets	21 times
Counterparties	1 times
Total	43 times

In accordance with Taiwan Life's Responsible Investment Policy and Stewardship Principles for Institutional Investors, the Company will continue to negotiate and communicate with investment targets, with particular emphasis on major ESG issues as stated below and in Section 3.2 :

Category	Issue
Environment	Climate change
	Biodiversity
Social	Ensuring human rights in the workplace
	Occupational environmental health and safety
Corporate governance	Management with integrity
	Management suitability

For investment targets that carry significant risks but refuse to negotiate/communicate with Taiwan Life, the Company will discontinue investment or gradually reduce the investment amount out of principle. For investment targets that carry relatively minor risks, Taiwan Life will communicate with their management or evaluate and express views by exercising voting rights during shareholders' meetings. Subsequently, the Company will continue to communicate and track the ESG performance of such investment targets, and assess the likelihood of risk increase or decrease.

6.2 Voting policy

Taiwan Life has formulated voting policies and exercises voting rights in accordance with the operational procedures of Stewardship Principles for Institutional Investors Principle No. 5, "Establish clear voting policies and disclose voting results" . Prior to attending meetings at an investee company, the Company carefully evaluates each shareholders' meeting and related motions, and communicates with the investee company's management as necessary. Taiwan Life also creates a detailed description of the evaluation analysis of the exercise of voting rights. For investee

companies in which Taiwan Life holds an equity investment of 5% or more, Taiwan Life is obligated to exercise its voting rights.

The exercise of voting rights includes votes of support, opposition, or abstention. To uphold the spirit of the Stewardship Principles for Institutional Investors, the investment staff do not absolutely support motions proposed by the investee company, but evaluate whether meeting agenda items would damage the rights of the insurer, the insured, the beneficiary, or the shareholders. Similarly, Taiwan Life proactively participates in entity voting or electronic voting to fully express the Company's views regarding motions proposed in investee company's shareholders' meetings. For other voting policy descriptions, please refer to Taiwan Life's Stewardship Principles for Institutional Investors Compliance Manual.

6.3 Voting results

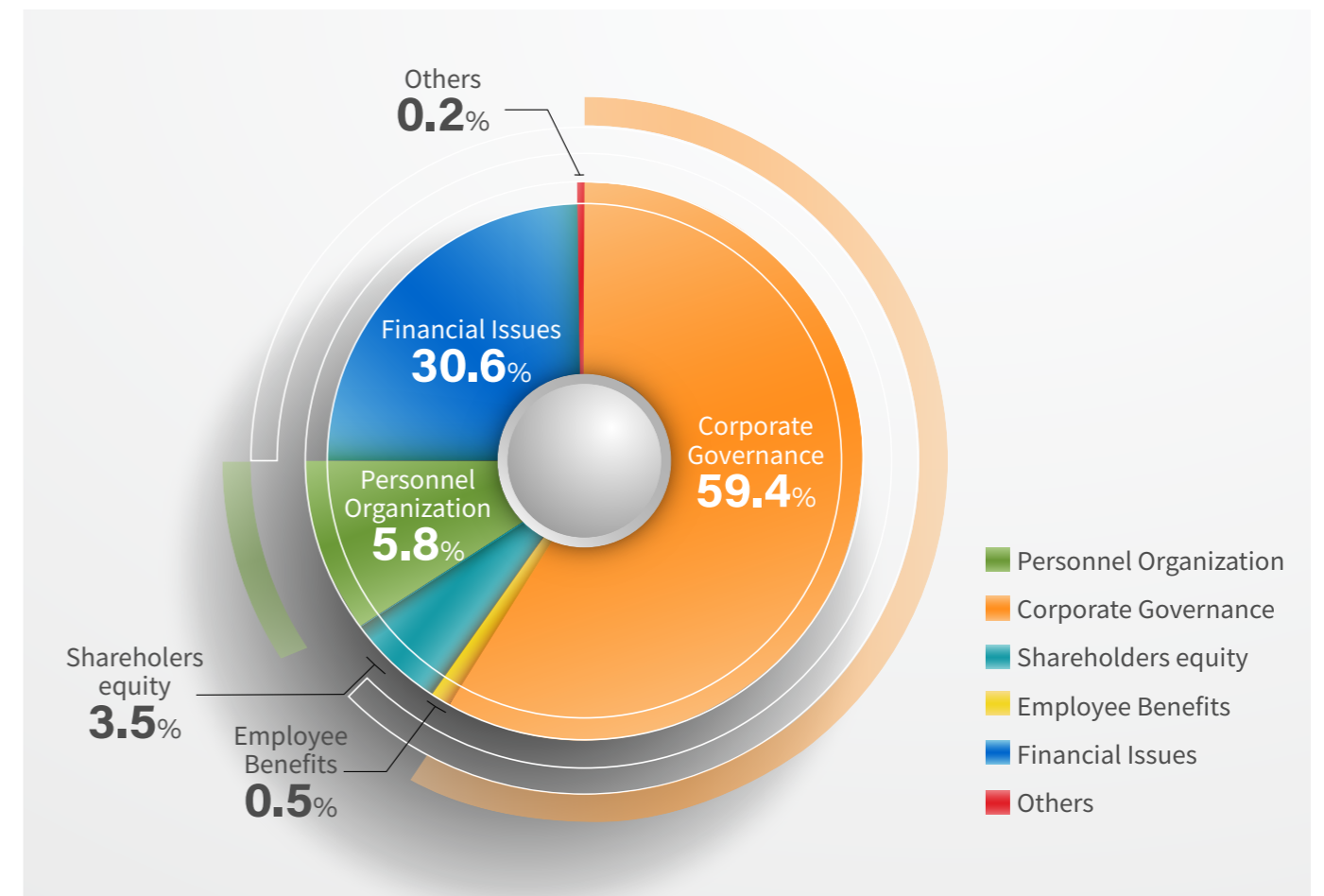
In 2019, Taiwan Life attended a total of 228 shareholders meetings of investee companies, and exercised votes in 1,503 motion decisions.

2019 Voting Results

Motion classification	Motion content	Motion No.	For	Against	Abstain
Financial issues	Recognition of business/financial reports	219	219	0	0
	Profit distribution or loss allowance	241	241	0	0
Employee benefits	Issuance of new shares with restricted employee rights	8	8	0	0
	Issuance of employee stock option certificates below market value	0	0	0	0
	Transfer of treasury stocks to employees at below the actual average buyback price	0	0	0	0
Shareholders' equity	Company dissolution, merger, acquisition, stock swap or stock split	4	4	0	0
	Capital increase (profit/capital bonds/dividend distribution to capital increase or cash capital increase for issuance of new shares)	38	38	0	0
	Private securities	9	9	0	0
	Capital reduction/cash reduction (make up for shortfall or cash refund)	2	2	0	0
Corporate governance	Revisions to regulations or operating procedures	770	769	0	1
	Abolish the prohibition of directors/supervisors in competing businesses	122	122	0	0
	Exercise return rights	0	0	0	0
Personnel organization	Election of directors or supervisors	87	0	0	87
	Dismissal of directors and supervisors	0	0	0	0
Others	Others	3	3	0	0
Total		1,503	1,415	0	88
		-	94%	0%	6%

Note : The statistical data covers the period from January through December of 2019

Proportion of issues



6.4 Voting explanation

Taiwan Life exercises its voting rights through votes of support, opposition, or abstention. The Company does not offer absolute support for all motions proposed by the investee company. With respect to the investee company's professional management and to facilitate its effective development, the Company in principle is supportive of motions proposed by the investee management. However, the Company in principle does not support motions that hinder the sustainable development of the investee company or violate Taiwan Life's Responsible Investment Policy.

Explanation of the abstention votes are as follows:

- A.The revision to the Articles of Association was to revise the number of directors on the investee company's board, which was not necessarily related to the quality of corporate governance. Therefore, the Company chose to abstain.
- B.The insurance industry has no voting rights in the election of directors or supervisors; as such, it was counted as an abstention.

7. Transparent disclosure

This year is the first time that Taiwan Life has released a responsible investment report and a Stewardship Principles report. Moving forward, the Company will continue to reference the official website of the PRI for the latest annual transparency report principles, and will periodically release responsible investment reports and Stewardship Principles reports. For the Stewardship Principles reports, Taiwan Life will continue to adhere to guidelines from the competent authorities and release reports annually. The Taiwan Life website will also provide up-to-date ESG-related information and activities in order to communicate effectively with its stakeholders. °

Assurance Report



安永聯合會計師事務所

11012 台北市基隆路一段333號9樓
9F, No. 333, Sec. 1, Keelung Road
Taipei City, Taiwan, R.O.C.
Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
www.ey.com/taiwan

English Translation of a Report Originally Issued in Chinese

Assurance Report of Independent Auditors

To Taiwan Life Insurance Co., Ltd.

1. Scope

We have been engaged by Taiwan Life Insurance Co., Ltd. (the "Company") to perform a limited assurance engagement in relation to and report on the selected responsible investment and stewardship performance information included in the Company's 2019 Taiwan Life Responsible Investment Report Includes Stewardship Report. ("the Report").

Regarding the performance information selected by the Company and their applicable criteria, please refer to Appendix A.

Management responsibility

The Company is responsible for the preparation of the Report in accordance with appropriate criteria, including reference to the PRI Reporting Framework 2020 issued by the PRI Association, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Report.

Independent Auditor's Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 1 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of the Company's internal controls when determining the nature and extent of procedures, our procedures were not designed to provide assurance and opinion on internal controls.

Assurance Report



To conclude for limited assurance, our procedures performed included:

- Interviewing with the Company's management and personnel to understand the Company's implementation of overall responsible investment and stewardship, and the reporting process
- Performing analytical procedures on selected responsible investment and stewardship performance information, gathering and checking other supporting documentation and management information obtained, testing sample if necessary
- Reading the Report to ensure the implementation of overall responsible investment and stewardship is consistent with our understanding

3. Limitations

Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with Taiwan SAS No. 46 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan's Norm of Professional Ethics, whose basic principles are integrity, objectivity, professional competence, due care and professional behavior.

5. Conclusion

Based on our procedures and evidence obtained, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected responsible investment and stewardship information in accordance with applicable criteria.

Fuh, Wen-Fun
Ernst & Young, Taiwan
July 8, 2020

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.

Assurance Report



English Translation of a Report Originally Issued in Chinese

Appendix A:

Number	Article title	Remarks	Applicable benchmarking						
1	Responsible investment actions- Green investment- Renewable energy	The cumulative data from 2014 to the end of April 2020 of promised investment amounted to NT\$6.955 billion.	The total investment in the invested companies related to renewable energy promised by the Company from 2014 to the end of April 2020						
2	Responsible investment actions- Green investment- 5 plus 2' industries	<table border="1"> <thead> <tr> <th>Green investment type</th> <th>Market value (NTD billion)</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Domestic listed stocks</td> <td>34.146 billion</td> <td>Includes industries such as green energy technology, circular economy, and new agriculture.</td> </tr> </tbody> </table>	Green investment type	Market value (NTD billion)	Description	Domestic listed stocks	34.146 billion	Includes industries such as green energy technology, circular economy, and new agriculture.	The total market value of domestic listed stocks in the 5 plus 2 industry defined by the authority (including green energy technology, circular economy, new agriculture, etc.) as of April 2020
Green investment type	Market value (NTD billion)	Description							
Domestic listed stocks	34.146 billion	Includes industries such as green energy technology, circular economy, and new agriculture.							
3	Responsible investment actions- Green investment- Other investments related to environmental protection and green energy	Taiwan Life has invested NT\$318 million in a wastewater treatment plant, which will be able to treat up to 31,000 metric tons of wastewater per day after completion.	The investment costs of investing in environmental protection and green energy-related investee companies as of April 2020, as well as the estimated maximum amount of wastewater treatment that can be processed each day after its completion						
4	Responsible investment actions- Green investment- Other investments related to environmental protection and green energy	Taiwan Life invested NT\$4.3 billion in domestic green bonds.	The total investment cost in domestic green bonds as of April 2020						
5	Responsible investment actions- Staff education	In terms of ESG investment and risk identification training, a total of 7,362 people participated in 20 lectures and courses, both online and in classrooms.	The number of education and training courses related to ESG investment and ESG risk identification and number of participants held from May 2019 to April 2020						

Assurance Report



Number	Article title	Remarks	Applicable benchmarking																																																																																																			
6	ESG engagement and voting- ESG engagement and communications	Taiwan Life communicated 14 times with the discretionary investment firms.	The number of meetings held with the discretionary investment firms and reported to the board of directors from May 2019 to April 2020																																																																																																			
7	ESG engagement and voting- ESG engagement and communications	Taiwan Life communicated 46 times with the real estate escrow management committee.	The number of meetings attended with the real estate escrow management committee from May 2019 to April 2020																																																																																																			
8	ESG engagement and voting- Voting results	<p>In 2019, the Company attended a total of 228 shareholders meetings of investee companies, and exercised votes in 1,503 motion decisions.</p> <table border="1"> <thead> <tr> <th>Motion classification</th> <th>Motion content</th> <th>Motion No.</th> <th>For</th> <th>Against</th> <th>Abstain</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Financial issues</td> <td>Recognition of business/financial reports</td> <td>219</td> <td>219</td> <td>0</td> <td>0</td> </tr> <tr> <td>Profit distribution or loss allowance</td> <td>241</td> <td>241</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="3">Employee benefits</td> <td>Issuance of new shares with restricted employee rights</td> <td>8</td> <td>8</td> <td>0</td> <td>0</td> </tr> <tr> <td>Issuance of employee stock option certificates below market value</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Transfer of treasury stocks to employees at below the actual average buyback price</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="4">Shareholders' equity</td> <td>Company dissolution, merger, acquisition, stock swap or stock split</td> <td>4</td> <td>4</td> <td>0</td> <td>0</td> </tr> <tr> <td>Capital increase (profit/capital bonds/dividend distribution to capital increase or cash capital increase for issuance of new shares)</td> <td>38</td> <td>38</td> <td>0</td> <td>0</td> </tr> <tr> <td>Private securities</td> <td>9</td> <td>9</td> <td>0</td> <td>0</td> </tr> <tr> <td>Capital reduction/cash reduction (make up for shortfall or cash refund)</td> <td>2</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="3">Corporate governance</td> <td>Revisions to regulations or operating procedures</td> <td>770</td> <td>769</td> <td>0</td> <td>1</td> </tr> <tr> <td>Abolish the prohibition of directors/supervisors in competing businesses</td> <td>122</td> <td>122</td> <td>0</td> <td>0</td> </tr> <tr> <td>Exercise return rights</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="2">Personnel organization</td> <td>Election of directors or supervisors</td> <td>87</td> <td>0</td> <td>0</td> <td>87</td> </tr> <tr> <td>Dismissal of directors and supervisors</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Others</td> <td>Others</td> <td>3</td> <td>3</td> <td>0</td> <td>0</td> </tr> <tr> <td colspan="2">Total</td> <td>1,503</td> <td>1,415</td> <td>0</td> <td>88</td> </tr> <tr> <td colspan="2"></td> <td></td> <td>94%</td> <td>0%</td> <td>6%</td> </tr> </tbody> </table>	Motion classification	Motion content	Motion No.	For	Against	Abstain	Financial issues	Recognition of business/financial reports	219	219	0	0	Profit distribution or loss allowance	241	241	0	0	Employee benefits	Issuance of new shares with restricted employee rights	8	8	0	0	Issuance of employee stock option certificates below market value	0	0	0	0	Transfer of treasury stocks to employees at below the actual average buyback price	0	0	0	0	Shareholders' equity	Company dissolution, merger, acquisition, stock swap or stock split	4	4	0	0	Capital increase (profit/capital bonds/dividend distribution to capital increase or cash capital increase for issuance of new shares)	38	38	0	0	Private securities	9	9	0	0	Capital reduction/cash reduction (make up for shortfall or cash refund)	2	2	0	0	Corporate governance	Revisions to regulations or operating procedures	770	769	0	1	Abolish the prohibition of directors/supervisors in competing businesses	122	122	0	0	Exercise return rights	0	0	0	0	Personnel organization	Election of directors or supervisors	87	0	0	87	Dismissal of directors and supervisors	0	0	0	0	Others	Others	3	3	0	0	Total		1,503	1,415	0	88				94%	0%	6%	The number of shareholders' meetings of the invested company attended and the number of motions voted from January 2019 to December 2019
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8. Appendix

Principles Index

The six major principles of Principles for Responsible Investment

Principle	Content	Possible actions	Page
Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.	Address ESG issues in investment policy statements.	10
		Support development of ESG-related tools, metrics, and analyses.	11
		Assess the capabilities of internal investment managers to incorporate ESG issues.	11
		Assess the capabilities of external investment managers to incorporate ESG issues.	13
		Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.	13
		Encourage academic and other research on this theme.	11
		Advocate ESG training for investment professionals.	16-17
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.	Develop and disclose an active ownership policy consistent with the Principles.	18
		Exercise voting rights or monitor compliance with voting policy (if outsourced).	22
		Develop an engagement capability (either directly or through outsourcing).	22
		Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).	17
		File shareholder resolutions consistent with long-term ESG considerations.	21-22
		Engage with companies on ESG issues.	21
		Participate in collaborative engagement initiatives.	11、17
		Ask investment managers to undertake and report on ESG-related engagement.	21

Principle	Content	Possible actions	Page
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	Ask for standardized reporting on ESG issues (using tools such as the Global Reporting Initiative).	11
		Ask for ESG issues to be integrated within annual financial reports.	*
		Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).	13
		Support shareholder initiatives and resolutions promoting ESG disclosure.	23
Principle 4	We will promote acceptance and implementation of the Principles within the investment industry.	Include Principles-related requirements in requests for proposals (RFPs)	13
		Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).	13
		Communicate ESG expectations to investment service providers.	13
		Revisit relationships with service providers that fail to meet ESG expectations.	13
		Support the development of tools for benchmarking ESG integration.	11
		Support regulatory or policy developments that enable implementation of the Principles.	14
Principle 5	We will work together to enhance our effectiveness in implementing the Principles.	Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.	11
		Collectively address relevant emerging issues.	14
		Develop or support appropriate collaborative initiatives.	14

Principle	Content	Possible actions	Page
Principle 6	We will each report on our activities and progress towards implementing the Principles	Disclose how ESG issues are integrated within investment practices.	12
		Disclose active ownership activities (voting, engagement, and/or policy dialogue).	21
		Disclose what is required from service providers in relation to the Principles.	13
		Communicate with beneficiaries about ESG issues and the Principles.	18
		Seek to determine the impact of the Principles.	14
		Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.	Refer to this index
		Make use of reporting to raise awareness among a broader group of stakeholders	Refer to this report

*Taiwanese government regulates listed companies in specific industries and company capital amount over NTD 5 billion need to publish Corporate Social Responsibility Report with ESG issues, it also requires all listed companies need to publish Annual Report with basic governance issues. Taiwan Life did not take any action in this item based on the reasons above.

Principle	Content	Action Description	Page
Principle 2	Stipulate and disclose conflict of interest management policy	The purpose of the conflict of interest management policy is to ensure that institutional investors would perform business operations based on the interests of customers or beneficiaries.	20
		The conflict of interest management policy should disclose the following items at the very least: 1. Different forms of conflict of interest. 2. Management measures corresponding to various types of conflict of interest.	20
		Various types of conflict of interest may include the following conditions: 1. Institutional investors may base their decisions and actions on their own private interest, which works to the disadvantage of customers or beneficiaries. 2. Institutional investors may base their decisions and actions on the interest of designated customers or beneficiaries, which works to the disadvantage of other customers, beneficiaries or stakeholders.	20
		The method of conflict of interest management may include implementation of educational promotions, division of responsibility, information control, firewall design, mechanism of detection/supervision/control, fair remuneration system, and reparation measures.	20
		Regarding major incidents of conflict of interest, institutional investors should periodically or occasionally summarize and explain such incidents to customers or beneficiaries regarding the case and subsequent response measures.	20
Principle 3	Continue to pay attention to investee company	The purpose of paying attention to the investee company is to assess the long-term value impact of relevant data on the investee company, customers, or beneficiaries, and to determine the method and timing when the institutional investor would conduct dialogues or interactions with the investee company, as reference for investment decisions in the future.	21
		Institutional investors should consider investment purpose, costs and benefits and decide the frequency, degree and the type of information to take notice of. The type of information to observe include industry profile, opportunities and risks, shareholder structure, business strategy, operational profile, financial status, financial performance, cash flow, stock price, environmental impact, social issues and corporate governance, etc.	21~22
Principle 4	Appropriate dialogues and interactions with investee company	The purpose of dialogue and interactions between institutional investors and the investee company is to strengthen corporate governance via a better understanding of major enterprise issues by communicating with the investee company management, and to express opinions.	21
		The institutional investors should take into consideration the purpose, costs and benefits of investment and the degree of importance of issues of concern, to decide the method and timing of dialogues and interactions with the investee company, which may include the following items: 1. Written or verbal communication with the management. 2. Making a public announcement regarding specific issues. 3. Express opinions during shareholders' meetings. 4. Propose motions during shareholders' meetings. 5. Participate in voting during shareholders' elections.	21~22
		When it is deemed necessary, institutional investors may join other institutional investors in actions to safeguard the rights and interests of customers or beneficiaries.	21

Taiwan Stock Exchange Stewardship Principles for Institutional Investors

Principle	Content	Action Description	Page
Principle 1	Stipulate and disclose Stewardship Principles	While formulating the Stewardship Principles, institutional investors shall consider their role in the investment chain, the nature of their business, and how to protect the rights and interests of their customers and beneficiaries.	19
		The disclosure of the Stewardship Principles should include at least the following items: 1. Business profile. 2. Responsibility to customers or beneficiaries. 3. Stewardship Principles actions, such as the frequency and methodology of paying close attention to the investee company, interactions with the management, participation in shareholders' meetings and voting, etc. 4. Outsourcing of Stewardship Principles actions and management measures. 5. Disclosure format and frequency of Stewardship Principles performance.	19

Principle	Content	Action Description	Page
Principle 5	Establish clear voting policy and disclose voting results	The purpose of institutional investors exercising their voting rights is to express their opinions on various motions at shareholder meetings of investee companies, especially concerning motions with significant impact on the rights and interests of customers and beneficiaries. In which case, the institutional investor should exercise appropriately the voting rights of the shares they hold or shares entrusted to the Company for management purposes.	22
		While exercising voting rights, consideration should be given to information obtained from the investee company and how the motion being voted on would impact the common long-term benefits of the customers, beneficiaries, and the investee company. Avoid being a rubber stamp of approval or mechanical voting in opposition or abstention. Even if the institutional investor had obtained a voting recommendation report from an equity research agency, the Company shall make its own judgements on how to exercise its voting rights.	23
		The voting policy shall include the following: 1. Establish a threshold for exercising voting rights after considering the costs vs. benefits. For example, setting a minimum ratio or amount of shares before voting rights are granted. 2. Prior to exercising voting rights, carefully evaluate each motion proposed during shareholders' meetings, and communicate with the management prior to the shareholders' meeting as necessary. 3. Define the types of motions that institutional investors should in principle support, oppose or abstain. 4. Declare that institutional investors do not absolutely support all motions put forth by the management. 5. Obtain and adopt the voting recommendation report of equity research agencies.	22
		Institutional investors shall record and analyze their exercising of voting rights appropriately to ensure compliance with related policies and facilitate disclosure of voting results, which shall be revealed in the format of summaries. For example, the Company shall disclose annually the votes in support, opposition, and abstention for various motions of investee companies.	23
Principle 6	Periodically disclose the Stewardship Principles performance to customers or beneficiaries	Institutional investors shall record their Stewardship Principles performance appropriately as the basis for evaluations and improvements of Stewardship Principles, actions, and disclosures.	23
		If an institutional investor is obligated to provide Stewardship Principles performance reports regularly to customers or beneficiaries due to their contracts or requirements, such reports shall be furnished in paper or electronic documents or other easily accessible and readable formats.	23

Principle	Content	Action Description	Page
Principle 6	Periodically disclose the Stewardship Principles performance to customers or beneficiaries	Institutional investors shall disclose their Stewardship Principles performance at least annually on their official websites or as part of their business or annual reports for the benefits of customers and beneficiaries, or when they lack a contract with clear requirements of content and frequency of a Stewardship Principles performance report. Such a report shall contain: 1. Declaration of Compliance with "Stewardship Principles for Institutional Investors", and explanations for any portion of principles where compliance is deficient. 2. Attendance or attendance by proxy of shareholders' meetings of investee companies. 3. Voting results (as listed in Guideline 5-4). 4. Signatory contact channels for customers, beneficiaries, investee companies or other stakeholders of the institutional investor. 5. Other major matters (such as dialogues and interactions with investee companies, or views and actions related to a specific incident).	23
		If the signatory does not directly carry out investment or Stewardship Principles activities, such as an asset owner entrusting fund management fully to an asset manager, then when disclosing Stewardship Principles report to customers and beneficiaries, they shall describe measures taken to ensure compliance with the Stewardship Principles by the trustee.	21