Value & Trust

Chunghwa Telecom CSR Report 2008

Chunghwa Telecom

Ratings & Awards

■ Social Responsibilities/ Information Disclosure

CommonWealth Magazine	Won the 2008 CommonWealth award for "Corporate Citizens"
	Won the 2008 award for Taiwan's most trusted brand in the telecommunication services industry
Global Views Monthly Magazine	Won the 2008 award for Top 50 Companies in CSR performance
Taiwan Institute for Sustainable Energy	Won the "Distinction Award" for the 2008 Taiwan CSR Award

■ Financial/ Corporate Governance

Taiwan Stock Exchange Corporation, GreTai Securities Market and Taiwan Securities and Futures Institute	Awarded the highest ranking of A$^+$ for the Institute's 5th annual award for information transparency and disclosure
Standard and Poor's Ratings	Long-term issuer credit rating "AA"
Taiwan Ratings Corporation	Long-term issuer credit rating "twAAA" and short-term issuer credit rating "twA-1$^+$"
2008 Frost & Sullivan Asia Pacific ICT Awards	Won the 2008 "NGN Service Provider of the Year Award", being the only award winning telecom company in the Asia Pacific region
The Asset Magazine Corporate Governance Index	Won the 2008 Best Corporate Governance Award in Taiwan
Finance Asia	Won the "Best Commitment to Strong Dividend Policy 2008" award
TM Forum Management World (TMF)	Won the annual award for "Best Innovation & Project Management"

■ Green Procurement

Taipei Municipal Government	Awarded the merit certificate for the 2008 "Green Procurement by Private-Sector Enterprises & Organizations"

■ Corporate Image

Reader's Digest	Won the award for the "Trusted Brand in Telecommunication Services" for 4 consecutive years (2004-2008)
Next Magazine	Was the 1st place in the Next Magazine's 5th annual award for Top Service in the "Mobile & Fixed Line Services" category and 3rd place in the "Best Service Employees" category
Business Today	Was the 1st place in the "2008 Survey for Business People's Ideal Brand" for telecommunication services providers
Management Magazine	Was the 1st place in the "2008 Survey for Consumers' Ideal Brand" for mobile phone system and data network services
National Council on Physical Fitness and Sports, Executive Yuan	Received the presentation for "Corporate Sponsorship for Sports Organizations" for 2008

Comments

We welcome any comments about this report, and are very interested in receiving feedback from our readers. Please send comments to the following contact person.

Chunghwa Telecom Co., Ltd.

Public Affairs Department, CSR Division
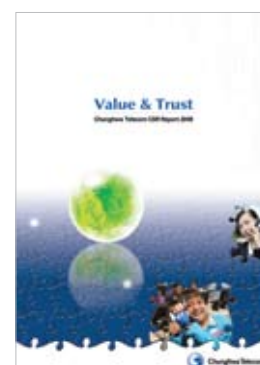
Senior Director: Tseng, Chin-Ming

Address: 21-3, Sec. 1, Hsinyi Road, , Taipei, Taiwan 100

Telephone: +886 2 2344 4000

Email: chtcsr@cht.com.tw

Chunghwa Telecom CSR Report 2007
Published on May 23, 2008

Chunghwa Telecom CSR Report 2008
Published on September 6, 2009

Policy of the Report

This is Chunghwa Telecom's second Corporate Social Responsibility Report. The Report informs the general public on our various CSR initiatives and results for 2008.

Reporting Period

Disclose the various CSR management policies, key issues, countermeasures and the results of initiatives for the period from January 1 to December 31, 2008; however, a part of the Report also included a description of the initiatives taken and the results for the periods falling outside the reporting period (before January 1, 2008 and after December 31, 2008) to ensure more comprehensive coverage.

Scope and Coverage of the Report

The report covers the Head Office of Chunghwa Telecom and subsidiaries (excluding investee companies) or "Chunghwa Telecom" for short. The reported data covered the corporation's financial, environmental and social performance while the reported financial results included both those of the Chunghwa Telecom and joint-venture companies.

Assurance of Public Information

To improve the reliability of the Report, we have engaged the "Business Council for Sustainable Development- Taiwan" to review the contents of this Report and express a review opinion on the Report. We have also engaged the "SGS Taiwan" to collaborate the reported statistics and have obtained a Certificate of Collaboration.

The Report was rated "A+" application level according to the Global Reporting Initiatives (GRI) guidelines. Please refer the GRI G3 conformity table for details of the corresponding contents and information under the GRI G3 standards.

Report Application Levels

References

The Report was compiled with reference to the G3 Guidelines of the Global Reporting Initiatives and the GRI Telecommunications Sector Supplement. The structure of the Report has the following two major features:

Clearly Structured:
Each Chapter Includes Four Dimensions

Management Approach
We made a disclosure of our strategies and management approach and described the ways in which we address some specific issues.

Key Issues
Identify our influence on the economy, society and environment. Determine the priority of our actions.

Major Responses
Review the performance indicators of our various activities to offer accurate and more reliable statistics.

Key Action Items
Consider the future prospects and plan the key action items. Be brave in making promises to create trust and value.

Comprehensive Report Contents:
Full Coverage of Sustainability Subjects

Operational Development
Incorporate the sustainability factors into risk and opportunity considerations. Our vision is to become "the most valuable" enterprise.

Responsible Operation
Corporate responsibilities are essential in helping the recovery of market confidence. Our vision is to become "the most reliable" enterprise.

Stakeholder Feedback
Match the reasonable expectations of stakeholders and create benefits for them. Our vision is to "care and share".

Social Contribution
Social Contribution: Bridge the digital divide with our core competency. Our vision is to "improve the quality of living".

Environmental Sustainability Management
Develop green Information and Communications Technology ("ICT" henceforth) to reduce environmental impact including measures to address climate change . Our vision is "to reduce adverse impacts on the environment".

3

Messages from the Chairman and CEO

In 2008, we published the second Corporate Social Responsibility (CSR) Report with the enthusiastic effort of our dedicated CSR Committee and staffs. The Report continued to set out the various issues concerning our stakeholders. We have undertaken various actions for systematic organization and directions to address these issues to facilitate the corporation's continual CSR development in line with the contemporary social requirements and global trends.

Our corporate's vision is "to become the most valuable and reliable provider of information and communications services". We shall maintain focus on our core business, emphasize our professional competency, improve the operational efficiency and offer inspiring services to customers. In spite of the global financial crisis, we will continue to adopt rigorous corporate governance principles and an overall risk control mechanism. Given the effort of the entire Chunghwa Telecom team and support from our customers as well as the support from all, we have managed to accomplish our operating targets, a consolidated operating income of NT$ 201.67 billion for the 2008 income year.

We understand that our stakeholders have keen interest in the various issues such as improvement in information transparency, employee assurance, consumer trust, social investment accounting, energy saving and carbon reduction. As such, we offer complete and real-time disclosure of our operating information to allow investors and shareholders to be fully on track of the corporation's current status of operation. We also enhance communications with employees and the labor union to offer special "voluntary" resignation and retirement plans.

For the free webmail service offered to our HiNet mailbox subscribers, we launched an e-mail filtering mechanism in compliance with the domestic regulatory requirements to further reduce the disturbance of "Spam E-mails" to consumers. In addition, we have allocated resources to address the electromagnetic wave issue associated with base stations by engaging professional academic agencies to undertake the relevant study in hope of keeping on top of the latest developments.

The Corporation is a keen participant in numerous charitable events and we have a high level of interest in the welfare of disadvantaged groups. Besides being a part of the ADOC 2.0 (APEC Digital Opportunity Center) program, our dedication to social welfare is evident from our sponsorships for software/ hardware infrastructure and participation in charitable events by corporate volunteers, to name just a few. We have accounted our social investments for the past year on the basis of the "Five Dimensions of Social Contribution". The evaluation process not only demonstrated our promise to the society but also allowed us to better understand the effects and benefits of our social investments. We shall plan our CSR events on the basis of higher "value creation".

Climate change is a vital contemporary issue confronting all global enterprises. We have launched the "iEN (Intelligent Energy Network)" targeting our corporate customers. We were the first telecommunications service provider in Taiwan to complete the greenhouse gas inventory. From understanding carbon emission to achieving energy saving for switching offices and office buildings, we have been engaging in an overall reduction of energy consumption. These comprehensive experiences were transformed into our "iEN (Intelligent Energy Network)", through which we hope to help our industries to conserve energy and reduce carbon emissions. The optimal goal is to create positive influence on the country's economic development.

In the world of sustainability, there is no unconditionally growth. With respect to CSR fulfillment, in future, we will be more focused on paving the foundation to enhance our core competitiveness, while at the same time, placing high levels of importance on creating digital opportunities and environmental sustainability development. Meanwhile, we will employ more efficient CSR management strategies to transform the issues arisen from interactive communications with our stakeholders into actions. We aim to develop a CSR blueprint unique to the Chunghwa Telecom. We trust that we are capable of becoming the most reliable and valuable provider of information and communications services with team dedication as well as the supervision and support from public.

Chairman & CEO

The Most Valuable

Focus on Core Business

Emphasize Professional Competency

Improve Efficiency

Inspiring Services

Operational Development

The recent global financial crisis has awakened our deeper thoughts and made us realize that the economic crisis and the risks of climate change challenging the operations of business enterprises will eventually become closely tied to corporate behavior issues on the dimensions of environment, human rights, labor and corporate governance. Incorporation of environmental, social and corporate governance factors as part of the consideration for an enterprise's risk and opportunities is fundamental to corporate sustainability management.

Given the difficult post- financial crisis economic environment, we trust that any corporation, with its existing CSR competitive advantages, is better equipped to create the long-term prospect of sustainable competitive advantages, improve employee morale and loyalty to the company and maintain stakeholders' support for and trust in the corporation.

As such, we will utilize the internal corporate resources more effectively than in the past. With respect to CSR, we plan to dedicate our efforts and resources to projects that are capable of simultaneously achieving the economic effects and promoting social benefits. That is, to integrate our pursuit of the becoming the "most valuable" corporate operational prospects by focusing on our core business, emphasizing our professional competency, improving operational efficiency and offering Inspiring Services with our corporate social responsibilities to continue increasing our investment and performance improvements in CSR fulfillment.

Management Approach	Sustainable Operation
	Products and Services
Key Issues	Operating Results and Economic Impact
Major Responses	Protection of Shareholders' Rights
	Affiliated Enterprises
	Indirect Economic Impact
	Promotion of Industrial Developments
Key Action Items	R&D and Innovation

Appendix | Environmental Sustainability Management | Social Contribution | Stakeholder Feedback | Responsible Operation | **Operational Development**

7

Management Approach

Sustainable Operation

Information Communication Technology (ICT) in the 21st Century is not only a measure of a nation's competitiveness in terms of technology development, but also the Integration of ICT application with overall management is becoming more critical. As the leader of the telecommunications industry in Taiwan, we have greater responsibilities in addition to actively grasping the global trend, providing innovative services and broadening the service range.

Upon integration of ICT to every facet of a corporation's daily operations, it is essential that operations and services shall stay uninterrupted. Given the globalization of business operations and the fact that service hours are becoming longer with some enterprises even offering round-the-clock services year-round, it is inevitably that corporate networks need to go global and remain functioning uninterrupted at all times. As such, it is crucial to maintain the quality of our communications and Internet services as the quality of such services is key to our clients' operations or moreover, reputation. We are dedicated to accomplishing the missions entrusted to us by our clients while reducing the risks confronting our corporate clients and us. The optimal goal is to work with our clients side by side towards sustainable growth.

Given the economic downturn, the relevant ICT may not only help business enterprises to improve productivity and promote economic growth, but it is also capable of boosting low-carbon economy and in turn, creating social and environmental benefits. Our concept of sustainable operation aims at helping our customers as well as our own corporation. We believe that our management approach in caring for both the environmental resources and social welfare may touch people's hearts and win the society's recognition.

Chunghwa Telecom Organizational Chart

- Shareholders' Meeting
  - Supervisors
  - Board of Directors(BOD) / Chairman & CEO
    - Secretariat Board of Directors
    - President
      - Vice Presidents
        - Operating Departments in Headquarters
        - Northern Taiwan Business Group
        - Southern Taiwan Business Group
        - Mobile Business Group
        - Data Communications Business Group
        - International Business Group
        - Enterprise Business Group
        - Telecom Laboratories
        - Telecom Training Institute
    - Auditing Department

Management Approach

Products and Services

Telecommunication represents our core competency. Our business composition is rapidly changing following technological advancement in recent years. Taking the emerging and fast-growth businesses in recent years for instance including ADSL and FTTx, WLAN (3.5G), MOD, the various value-added businesses and the five major corporate services (iEN, Corporate Data Security Services, Call Center, ITS / Telematics & PBX/ IMO), it is evident that we have emerged from the traditional telecommunication market and are gradually settling into the IT services arena.

Our services include the following:

Fixed Line Services

- Local Telephone Service & Related Value-Added Services include the following:
  - Domestic long distance services: include operator toll dialing (OTD), subscriber toll dialing (STD) and long-distance hotline services.
  - International long distance services: include the various types of international call and telephone conferencing services.
- International long distance services: include the various types of international call and telephone conferencing services.
- Intelligent Network (IN): toll-free service, bulk announcement, personal number service, and premium rate services.
- Integrated Services Digital Network (ISDN): allowing digital communication of voice, data, text and image.

Mobile Services

- GSM and 3G Mobile Services: GSM services utilize the terminal devices of Mobile phones to make domestic or international communications at any time through the digital Mobile network; 3G Mobile services not only offer voice services but also rich and diverse value-added (include multimedia) services as well as the application of real-time image.
- Value-Added Services: include text/multimedia messaging, mobile Internet, value-added voice mail, mobile business, mobile information, music and games downloads, video phone and location based service.
  Radio Paging Service: the caller transmits the messages to the callee through radio signals. Numbers or symbols are displayed in the screen of the pager passing on the caller's message to the callee.

Appendix   Environmental Sustainability Management   Social Contribution   Stakeholder Feedback   Responsible Operation   **Operational Development**

9

Internet and Data Services

- Internet Service: Chunghwa Telecom's ISP service is called HiNet. The service not only offers subscribers Internet access services but also valued-added services such as on-line games, video and anti-virus/ firewall protection as well as Xuite members' services. Wireless Services (WLAN).

- MOD (IPTV) Services: our transmission platform offers our customers multimedia on demand content. Media companies use our platform to offer online TV or radio channels, programs on demand, and other applied services such as TV channels, high definition TV, Internet banking, and home karaoke.

- Dedicated Line Services: we offer local, long-distance or international dedicated line services for customers who require point-to-point transmission of data, and voice calls.

Business Services

We offer advanced customized data and communication services for our local corporate clients to enable them to raise their competitiveness and aggressively pursue business opportunities with the optimal goal of achieving their corporate goals and strategies.

- Corporate Client Total Services: Voice value-added services, Corporate Voice and Data Total Services, Corporate Internet Upgrading, IPCC Customer Service Platforms, and IMO Total Management Services.

- Corporate Client International Services: conferencing, international dedicated line and Internet services.

- Corporate Client Mobile Services: data services including Corporate Messaging Services, Mobile Office Services (MDVPN), Upgrading Corporate Mobile Capability, mPro Business Services, Business Travel Services, and Mobile Internet Services.

- Corporate Client Data Services: we offer data value-added services including Optical Fiber Internet Connections, Corporate Data Security Services, Electronic Commerce, Government Tenders and Real Estate Services, Corporate Web Hosting, Intelligent Facilities Management Services, Direct Broadcasting Platforms, Video Conferencing and HiNet Travel Web.

Other

- Satellite Communications Services: include Leasing of Transponders, Satellite Uplinks, Transoceanic Broadcasting and Very Small Aperture Terminal (VSAT) services.

Management Approach

Subscribers

Unit: Thousand Subscribers

■ 2007
■ 2008
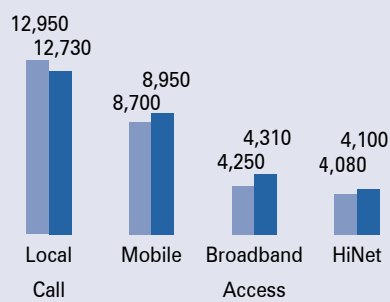
Being a valuable business enterprise, besides emphasizing our professionalism, we maintain focus on the impact of our core business on our stakeholders and the responsible action we take to address any stakeholder related issues. The CSR issues corresponding to our core businesses are listed as follows, which will continue to be our future focus:

Our Services	Corresponding CSR Issues
Mobile Communications	Recycling of cell phones and electromagnetic issues.
ADSL FTTx	In line with the government's policy for information and communications development and the "U Taiwan Project", bridge the digital divide, promote digital living and health cares, induce business innovation in the information and communications industry, raise the country's competitiveness and the living standards.
MOD	Reduce wastes, achieve energy saving and carbon reduction.
HiNet Internet Access	Energy saving, carbon reduction, create digital opportunities, increase the transparency of real-time data, responsible marketing behaviors and customer care.
Customer Services	Protection of customer confidentiality, energy saving and carbon reduction.

The market share statistics of our various types of telecommunication services give us an indication of our importance in contributing to the country's economic development. Improvement in the operating efficiency and productivity in the information and communications industry has significant impact on the country's overall industrial and economic development. As such, we are dedicated to improving our sustainable competitiveness and we work together with related industry partners and customers to deliver innovative and forward-looking products and services with the optimal goal of creating a win-win situation.

Taiwan Telecom Penetration Rate (%)

	2007	2008
Mobile Phone Penetration Rate[*1]	105.9	110.3
Broadband Internet Penetration Rate[*2]	63.8	65.6

*1: Include PHS subscribers. Data was computed on the total number of subscribers.
*2: Data was computed on the total number of households using broadband internet services.

Chunghwa Telecom User Number and Market Share

	2007		2008	
Local Call	12,950,000	97.4%	12,730,000	97.3%
Mobile	8,700,000	35.8%	8,950,000	35.2%
Broadband Access	4,250,000	87.0%	4,310,000	83.8%
HiNet[*]	4,080,000	68.3%	4,100,000	68.1%

*: HiNet includes Broadband Services (ADSL and FTTx), Dial-up and other Internet access.

Key Issues

Operating Results and Economic Impact

The global economy experienced an extremely turbulent year in 2008. Many businesses were confronted with sales decline while employees of some enterprises were forced to take leave without pay. In spite of the difficult environment, our operating performance maintained our usual standards given the entire CHT team's effort and support of our suppliers. The corporation's overall operating results are as follows:

- Consolidated operating income was NT$ 201.67 billion,[1] representing 1.54% of the real GDP for 2008 published by the Directorate General of Budget, Accounting and Statistics, Executive Yuan.[2]
- Consolidated net income after tax was NT$ 45.01 billion while net profit margin was 22.3%.
- Consolidated income tax was NT$ 13.89 billion, the highest among other corporate entities in Taiwan, providing the government a major source of revenue for public infrastructure construction and other developments.

Our paid-in capital is NT$ 96.97 billion. Even after privatization, the government is still our largest shareholder. As of December 31, 2008, the Ministry of Transportation and Communications ("MOTC" henceforth) owns 35.29% of the total shares. Our business sectors observed balanced growth in the past year and the current business status is summarized as follows:

- Mobile Phone & 3G Internet Connection: we have a total of 8.95 million 2G/3G subscribers, representing a market share of 35.2%. Through the Smartphone strategic alliance and channel marketing, we hope to promote the development of the domestic communications equipment industry and then in turn the life enhancing application of domestic mobile commerce and wireless broadband Internet services.
- Broadband Access and E-Commerce Services: Broadband construction and the household penetration rate are key indicators of a nation's competitiveness. Because we have continually improving network construction and quality of services, we have a total of 4.31 million ADSL and FTTx subscribers, representing a market share of 83.8%, among which 1.07 million were FTTx subscribers, representing a growth rate of 99% comparing to 2007.
- MOD and Digital Convergence Services: our MOD services offer local suppliers of electronic appliances, video conferencing equipment and digital contents and the cultural and creative industry a platform for innovation. We have overcome traditional broadcasting barriers and offered 680,000 households selective and high-resolution TV programs such as the Olympic Games.
- ICT Total Services (iEN / ITS): Bearing in mind that our ICT and related services have the most potential for growth, we have been promoting five major business services and offering consumers, corporate customers, other industries and the government a multiple grouping and emerging platform. We make our share of contribution to economic growth and environmental sustainability.

*1: Refer to the consolidated operating income of the CHT and subsidiaries. The operating income of CHT amounted to NT$ 186.78 billion.
*2: The real GDP for 2008 was approximately NT$ 13,089.7 billion.

2008 Shareholder Composition

44.88% 35.29% 8.77% 1.69% 9.37%
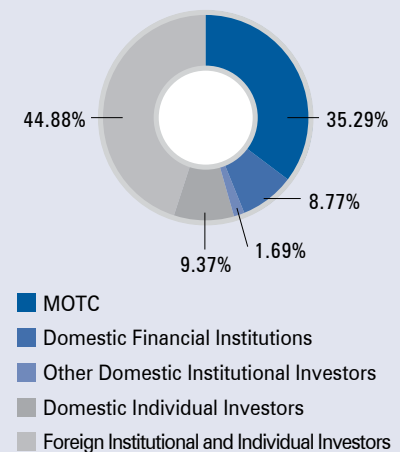
- ■ MOTC
- ■ Domestic Financial Institutions
- ■ Other Domestic Institutional Investors
- ■ Domestic Individual Investors
- ■ Foreign Institutional and Individual Investors

Major Financial Performance for the Past Years

■ Operating Income (Thousand NTD)
■ Basic Earnings Per Share (NTD)

	184,527,634	197,390,883	201,669,521
4.56	4.94	4.64
2006	2007	2008
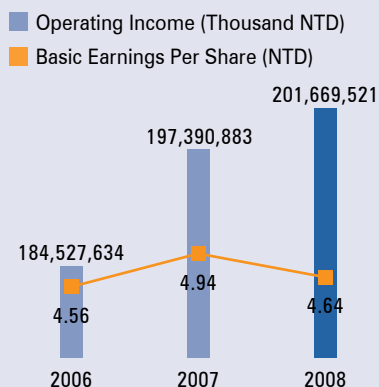
Taxable Income for the Past Years
Unit: Thousand NTD

| 12,752,007 | 13,059,108 | 13,892,308 |
| 2006 | 2007 | 2008 |
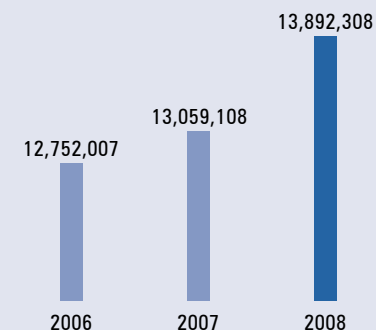
Consolidated Capital Expenditure
Unit: Thousand NTD

■ Other
■ Wireless Network Facility
■ Wired Network Facility

	2,939,357
642,211	5,162,562
5,340,474	
19,085,354	22,017,003
2007	2008

Major Responses
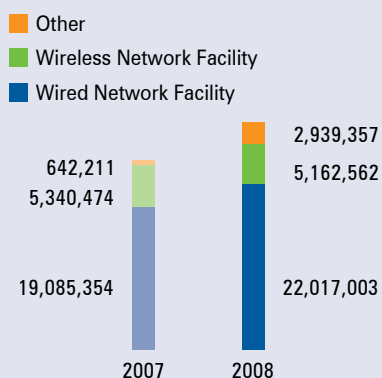
Protection of Shareholders' Rights

According to the current trends of global CSR development, investors have acquired keener interest in the social and environmental performance of business enterprises. Besides maintaining our fundamental ideal of creating profits for shareholders and making contributions to the society, we also communicate with investors our plans for sustainable corporate development and take actions to address social and environmental issues and ethical risks to ensure that they fully understand our CSR goals.

The 2008 results show that we are a steady performer. We made a dividend distribution as follows: NT$ 4.26 cash dividend and NT$ 0.1 stock dividend per share. In an effort to improve our ROE ratio, we convened an interim shareholders' meeting in August 2008 to approve the proposal for a capital increase by capital surplus, which included a distribution of a NT$ 2 stock dividend per share. Also approved in the interim shareholders' meeting was the proposal for capital decrease by cash refund of NT$ 1.64 per share. A total amount of approximately NT$ 19.116 billion was refunded to shareholders. In addition to the capital decrease in 2007, we have made a total refund of NT$ 28.783 billion to our shareholders in 2007 and 2008.

We have maintained steady management for the past years. Besides continuing to stay profitable and keeping a sound financial structure, we have also been an honest taxpayer, and a major contributor to the government's revenue. Although the future operating environment is full of challenges, we will remain focused on our core businesses to create the maximum benefits for our shareholders.

Consolidated Financial Performance Benchmarks for the Past Years
Unit: Thousand NTD

	2006	2007	2008
Operating Income	184,527,634	197,390,883	201,669,521
Operating Costs and Expenses	127,344,136	137,016,836	143,043,820
Personnel Expenditure	42,566,323	40,604,196	40,930,423
Earnings Before Income Tax (EBIT)	57,183,498	60,374,047	58,625,701
Earnings Per Share ($)	4.56	4.94	4.64
Income Tax	12,752,007	13,059,108	13,892,308

Note: Several accounts in the 2006 and 2007 financial statements have been reclassified to be comparable with the presentation of accounts in the 2008 financial statement.

Appendix / Environmental Sustainability Management / Social Contribution / Stakeholder Feedback / Responsible Operation / **Operational Development**

13

Affiliated Enterprises

In 2006, we started to make investments in other businesses with the objective of expanding the width of horizontal linkage and depth of vertical integration between industries to achieve an overall business diversity. Currently, we operates with 23 investee companies and the amount of investment amounted to NT$ 11.4 billion.

Among our core investments, we place a high level of emphasis on communications product and service integration industries. We expect to improve our service quality and efficiency and create more opportunities in the market through proactive cooperation with our investee companies. We have established more linkages between the Company and other industries in the non-core or emerging businesses to seek more diverse sources of revenue.

Indirect Economic Impact

Network technology and mobile communications are changing people's life styles, offering users freedom, convenience and improved productivity. Besides making direct contributions to the economy, we have indirectly promoted the development of related industries in the operating process by effectively changing the industrial structure, creating employment opportunities and improving the quality of labor. We engage in R&D and product innovation and undertake external procurement and social investment projects to offer the general public, the various industries, consumers and disadvantaged groups convenience and assistance.

Promotion of Industrial Developments

Our major tasks in promoting industrial developments are as follows:

● Construct the WiMAX trial network allowing local equipment manufacturers to undertake inter-operability tests and in turn, promoting the development of autonomous technology in the domestic wireless communications industry.

● Starting 2008, we organized the GPON (Gigabit-capable Passive Optical Network) inter-operability tests to assist domestic providers of network communications services to obtain from prominent global OLT providers the interoperability technology and price advantages with respect to the central office equipment.

● Research and develop intelligent living ICT services, construct a mutual platform for the respective industries and promote the development of application services in emerging industries.

● Develop MOD-HDTV to promote the development of the relevant digital contents industries.

Investees and Ownership Ratio

Company Name	Shareholding Ratio (%)
Publicly Traded	
Senao International Co., Ltd	29
Non-Publicly Traded	
Sino Investment Corporation	49
Chunghwa System Integration Co.	100
Alcatel-Lucent Taiwan International Standard Electronics Ltd.	40
Chief Telecom Inc.	69
Skysoft Co., Ltd.	30
Chunghwa International Yellow Pages Corp.	100
Spring House Entertainment Inc.	56
Light Era Development Co., Ltd.	100
Kingwaytek Technology	33
InfoExplorer Co., Ltd.	49
Taipei Financial Center Corp.	12
Global Mobile Corp.	11
Chi-Chiu Investment Company	8
RPTI International Ltd.	12
Kunming Biogen Science and Technology	9
Taiwan Siemens Telecommunication Systems Ltd.	17
Offshore companies	
Chunghwa Telecom Global, Inc.	100
Donghwa Telecom Co., Ltd.	100
Viettel-CHT Company Limited	33
Chunghwa Telecom Singapore Pte.,Ltd.	100
Chunghwa Telecom Japan Co., Ltd.	100
B.V. I. Investees	
New Prospect Investment Holdings Ltd.	
Prime Asia Investment Holdings Ltd.	

The Telecommunication Laboratories located in the outskirt of Chungli City, is responsible for the R&D projects of frontier telecommunication technology to improve our competitiveness.
http://www.chttl.com.tw/

We are an active participant of the various events of the TeleManagement Forum to raise our international reputation. We have campaigned for Taipei to be the host city for the "2010 TMF Management World Asia" event.

Key Action Items

R&D and Innovation

A business enterprise's capability in R&D and product innovation is the major drive for business growth. In response to the impact of changes in the overall environment, our telecommunication laboratories assume the responsibilities of R&D and work together with numerous tertiary institutions and academic organizations in Taiwan to undertake research in the innovation of next generation technology. Our R&D expenditure for 2008 amounted to approximately NT$ 3.2 billion. Besides continually enhancing our services network and improving the overall quality of service, we also develop diverse, quality products and services with the optimal goal of "becoming the most reliable and valuable provider of information and communications services".

We trust that by addressing the key CSR issues with our unique corporate resources and specialization to improve the corporation's competitive environment, we may create the mutual benefits for the society and the Corporation. Mature corporate social responsibilities shall become integrated with the enterprise's core activities for the benefits of organization unification and innovation.

In future, we plan to incorporate our R&D policies with respect to product, production and sales and human resources management into strategic CSR planning according to our own resources and core competency. Meanwhile, we will consider internal conditions and external demands and give a serious thought on the type of social issues that genuinely help and create the maximum positive influence to formulate CSR strategies that are systematically planned and with clear objectives. We will continue to improve the subsequent implementation efficiency and performance of the relevant CSR projects through collection and analysis of performance data. The major results of our study in 2008 are as follows:

Be Informed of Environmental Changes and Ensure Strategic Competitive Advantages

- Study the operating performance and innovative management strategies of benchmark telecommunication providers, competition and development trends in the telecommunications industry and the Corporation's operating strategies in response to the development and evolution of digital convergence.
- Study and analyze reinvestments and cooperative strategies, SOP of domestic and global strategic alliances, multiple management approaches and investments by Taiwan-capital entrepreneurs.
- Study the SMP supervisory policy and countermeasures adopted by major nations, analyze regulatory revisions of other nations and follow up and discuss the NCC policies.

Appendix / Environmental Sustainability Management / Social Contribution / Stakeholder Feedback / Responsible Operation / **Operational Development**

15

Refinement of Development of 3G Technology, Offering of Diverse Premium Services

● Developed the 3G "Talk Assured" service system and prepaid "Ideal Card" (mobile data value-added service platform) to enhance our competitive edges, increase customer retention rate and attract more new customers to subscribe with us.
● Developed the 3G Mobile phone audiovisual service system, allowing 3G subscribers to view a rich source of real-time audiovisual programs. This will be applied in the various types of mobile phone TV services in the future.
● Developed the Hami service platform exclusive for 3G iPhone subscribers to offer differentiated value-added services.

Wise Utilization of ICT Core Technology, Integration and Promotion of Intelligent Living

● Completed the development of the Telematics On-road Information Services system and the mobile taxi satellite dispatching system.
● Completed the development of the Environmental Sustainability Management System (EARTH) that offers the functions including tree planting and the management of electricity and water consumption, lighting equipment, resource recycling, environmental conservation innovation and inventory of greenhouse gas.
● In line with the "Broadband Everywhere" project of the National Communications Commission (NCC) and the construction of the broadband network in tribal villages, we have developed an integrated wireless local and broadband Internet access system, which has already gone live at over ten locations in Taiwan.

Continual Enhancement of System Functions, Improvement of Overall Service Quality

● Completed developing the Near Real Time Roaming Data Exchange of the International Roaming services. Improve the timeliness of fraud detection from 24 hours down to 4 hours.
● 3G RSV/MOS/RAN View and Core View/Roaming View real-time surveillance and analysis system went live, which effectively improve the timeliness of the surveillance and analysis of the network quality.
● Completed the upgrading of the five major IT systems that maintained the mobile mega infrastructure (MNOC/TIME/MTRIS/MBASIS/MORIS) and managed over 10,000 base stations and core network equipment of the 3.5G/3G/GPRS/GSM network.

Undertook microwave construction projects in rural areas to provide telephone and Internet connection services.

TeleManagement Forum

TeleManagement Forum (TMF), set up by primary companies of the Telecommunication Industrial Chain, aims to assist the Telecommunication companies in the world in running Operational and Business Support System (OSS/BSS). Ever since the deployment of New Generation Operations Systems and Software (NGOSS) in 2000, we have been actively involved in establishment of technical standards.

We have not only published many papers on TMF Case Study, we have also presented several speeches at the past meetings. Also, we have worked on "One Stop FMC Service" Catalyst Project with TELUS Telecom, Amdocs, Infosys, TechMahindra, TCS, NSN, Microsoft and other unlisted companies. The project was given the permission to report achievements at the TMF annual conference for three consecutive years. In 2008, the project was even awarded the prize of Best Catalyst Project Management 2008 at the World TeleManagement Forum.

http://www.tmforum.org

The Most Reliable

Corporate Governance

Risk Management

Ethical Operation

Management Approach	Corporate Governance
	Risk Management Mechanism
Key Issues	Improvement in Information Transparency
Major Responses	Corporate Code of Ethics
	Rules of Conduct for Sales and Marketing Staff
Key Action Items	Communication of CSR Information with Investors

Responsible Operation

Corporate responsibilities are beneficial in restoring market confidence. The value and success of an entity are closely tied to the question of whether the environmental, social and corporate governance considerations are integrated into corporate management and operation.

Our vision for "Responsible Operation" is to become the "Most Reliable" entity. With respect to corporate governance, we have established the CSR Management Committee in 2006 in addition to adopting a policy of segregating the duties of our Board of Directors. We have consolidated CSR with corporate management and at the same time, established the risk management system to reinforce our pursuit of becoming the most reliable entity.

We consider that information transparency is a key indicator of responsible operations. Besides improving the transparency of our financial information, in 2007, we have published our first Corporate Social Responsibility Report with the objective of disclosing non-financial corporate information. In future, we will continue this endeavor to enable shareholders and stakeholders to better understand our initiatives on environmental, social and corporate governance issues.

Management Approach

Corporate Governance

In an effort to become the most reliable entity, we have appointed experts from the various fields to take up the roles as our independent directors upon privatization of the company. We have high expectations for our independent directors, hoping that they may help to further enhance our existing corporate governance practices with their expertise, while also take up the vital role as dutiful supervisors for our risk management practices and ethnical operations on behalf of the public.

The Chunghwa Telecom Board is comprised of 13 directors and 3 supervisors, including 3 independent directors and 7 non-executive directors. There are 3 functional committees namely Strategy, Audit, and Compensation Committees. The Chairman is acting concurrently as the Chief Executive Officer. Independent directors offer the Board professional and objective comments according to their areas of expertise and assist the Board making the most beneficial management decision for shareholders. All our directors and supervisors are covered by indemnity insurance to protect them from being personally liable for or suffering any financial loss on a litigated event as a result of performing their duties.

In order to enhance the efficiency of executive decisions of the Company, the Board hereby establishes the Strategy Committee. The members of this committee shall consist of 5 directors of the Company and hold meetings as may be authorized by the Board. Any and all conclusions of the Committee's meetings shall be submitted to the Board.

The committee also holds special meetings to within its discretion to discuss and review the major corporate development issues. However, all meeting findings shall be submitted to the Board of Directors for resolution. Major corporate development issues include:
- Budget compilation and revision
- Capital increase or decrease
- New re-investments and capital increase, capital reduction, or withdrawal of investments
- Application or return of business license
- Reorganization of business groups or affiliated enterprises
- All mid-term and long-term development plans
- Other major issues

The Compensation Committee was established in November, 2005 comprising of 5 directors, among at least one of the committee's members shall be an independent director that shall serve as the Chairperson. The committee's authority is to formulate the proposals for the following:
- Directors and supervisors' remuneration
- Remuneration of the Chairman, CEO, and President
- Other matters delegated by the Board of Directors

2007 CSR Report
Our Commitment to Corporate Governance:

To our way of thinking, corporate governance is not just a matter of sound financial performance. Corporate social responsibilities and genuine concern for employees are also of paramount importance…. Of even greater importance to us though is integration of our corporate social responsibilities as a part of our corporate governance framework through the establishment of the CSR committee.

Management Approach

Our audit committee was established on September 21, 2004 and is comprised of 3 independent directors. The Committee is responsible for supervising the corporation's financial operations and the functioning of the internal controls system through a fair and objective approach. The committee has the following duties:

- Appointment (or dismissal) of the Corporation's independent accountants and determination of the audit engagement fee.
- Review and discuss with the independent accountants the Corporation's annual reports and interim financial statements.
- Communication and interaction with the Corporation's independent accountants.
- Approve independent accountants' annual audit and non-audit service items.
- Coordination of conflicting views between the management and the independent auditors in relation to the financial statements.
- Review the appropriateness of the internal controls policy as well as any revision to the policy; Issue the Statement of Internal Controls System.
- Discuss about other financial information of the company and the report prepared under the U.S Securities and Exchange Act with the Company's management and independent accountants.

On August 20, 2008, our largest institutional shareholder, the MOTC, reappointed 2 independent institutional directors. On the same date, we convened the 5th special meeting of the 5th term of Board of Directors, appointing Mr. Lu Shuye-Ching (formerly the President) as the Chairman and Mr. Chang Shiou Tong (formerly the Vice President) as the President.

Organizational Chart of the Chunghwa Telecom Board of Directors

Chunghwa Telecom Board of Directors

3 Supervisors

Compensation Committee
- Directors and supervisors' remuneration; remuneration of the Chairman, Vice Chairman, CEO, and President; other matters delegated by the Board of Directors.

Audit Committee
- Fair presentation of the Corporation's financial statements; appointment (or dismissal) of the independent accountants and overseeing the independence and performance of the independent accountants; effective implementation of the Corporation's internal controls system; compliance with the regulatory requirements; management of the Corporation's existing or potential risks.

Strategy Committee
- Review of the budgets or any revisions where applicable; assessment of capital increase/ reduction; review of financial forecasts or any revisions where applicable; matters related to new investments or capital increase by investee companies ; review on granting or revocation of the business license; review of mid-term and long-term development plans.

Appendix / Environmental Sustainability Management / Social Contribution / Stakeholder Feedback / **Responsible Operation** / Operational Development

19

Management Approach

Risk Management Mechanism

For the purpose of enhancing our initiatives for responsible operations and identifying and controlling risk events, we have put in place the "Chunghwa Telecom Risk Management Standards" (the "Standards" henceforth) for our employees to refer to in performing their duties. The Risk Management regulations include the following:

- Risk Awareness
- Goal Setting
- Risk Event Identification
- Risk Analysis
- Risk Evaluation
- Risk Treatment
- Control Process
- Information & Communication
- Risk Monitoring

Besides, the Standards also clearly set out the framework and process of risk management operations as well as the authorities and responsibilities assigned to the respective departments. The Standards require that we carry out risk management of various plans of Chunghwa Telecom and subsidiaries including the med-term and long-term development projects, the annual business and contingency plans, new implementation projects and business execution reporting according to actual requirements. Furthermore, the Standards also require that we ensure that risks are maintained at a manageable level with the aid of the risk management network, systemized records and follow-up management.

The Enterprise Risk Management (ERM) system effectively tracks and manages the various risk events.

Risk Management Structure

Organization	Job Responsibilities
Board of Directors (including Audit and Strategy Committees)	• Establishment of policy, structure and culture regarding risk management. • Ensure the effectiveness of risk management system and perform resource allocation.
High-Level Management (CEO, President and VP)	• Carry out risk management proposals adopted by the Board of Directors. • Coordinate inter-departmental interactions and communications in relation to risk management.
All Departments at the Headquarter (Operation and Planning Department is the Office of the Executive Secretariat)	• Summation of the results of risk management execution. • Assist and supervise risk management activities conducted by branches and offices. • Determine and change risk classification according to the changes in the environment and recommend the risk endurance methods.
Affiliated Branches and Offices	• Carry out daily risk management activities. • Self-evaluation of risk management activities.

Operational
Development

Responsible Operation

Stakeholder
Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

Management
Approach

External Risks & Countermeasures

Risk management is the most fundamental issue of corporate operation. Internal risks are more easily managed while external risks are more difficult to be kept under control. The key to external risk management is dependant on periodic evaluations of the risk factors and the countermeasures adopted by an entity. Traditionally, external risks that attract our attention are primarily natural disasters and policy and regulatory changes. However, as business operations are going global, it is becoming increasingly important that we incorporate some of the most talked about global subjects as the benchmarks for managing external risks such as CSR risks including climate change, corporate fraud and the ethical supply chain to name just a few.

● Natural Disasters

Abnormal weathers caused by climate change may potentially impact the functioning of our stationary control stations and manpower dispatching. For instance, additional manpower required for service restoration due to a disruption by a draught or other natural disasters, the additional backup power required as a result of an earthquake or tsunami and consumer compensation payments will significantly increase the maintenance costs of our power stations. The global increase in temperature caused by emission of greenhouse gas will inevitably result in higher energy consumption by and expenditure on the control stations.

During 2008, our communication facilities were stricken by 4 typhoons, especially that Typhoon Kalmaegi and Sinlaku brought massive rainfall, inflicting severe damage to the central and southern part of the island. Local call and mobile communication facilities in some regions were severely damaged, causing serious disruption to our service. During the period of disasters, we have immediately activated our contingency mechanism and used all our available manpower and supplies to overcome the hazards such as power stoppage, flooding and bridge/road blockage to restore normal service in a timely manner.

Our experience shows that "Disaster Prevention is More Important than Disaster Rescue" and on the basis of our concept, "More Preparation, Less Loss", we are dedicated to enhancing our disaster prevention measures from time to time. We undertake regular facility maintenance, inspection and upgrades and reinforce disaster prevention measures in regions more susceptible to impacts of natural disasters in order to keep potential loss at the lowest possible level.

● Countermeasures for Policy & Regulatory Changes

The National Communications Commission (NCC) is the competent authority governing the operations of telecommunication service providers in Taiwan. Any change in the NCC policy or regulatory requirements may impact the results of our operation. For instance, the fact that NCC has pushed for Chunghwa Telecom to liberalize access to last-mile connections would impact our fixed line voicemail and ADSL businesses. The NCC's continual tariff adjustments and reduction in the usage charges on mobile voice services have sliced our revenue on mobile services. On top of that, an increasing number of operators have been licensed to cut into the VoIP market, delivering a direct impact on the local, long-distance and international call markets. To tackle the abovementioned changes on our business operation, we have offered additional total value-added services to raise our operating revenue while continued to enhance communications with the NCC to ensure compliance with regulatory requirements.

● Smooth Roads Project and Countermeasures

We have cooperated with the "Smooth Roads Project" undertaken by the Public Construction Commission, Executive Yuan, to lower existing manhole and handhole covers to below the pavement level in order to improve the quality of asphalt paving work when roads are repaved. We plan to keep infrequently used manhole and handhole covers underground in line with the government's target of decreasing the number of unused covers and at the same time moving covers to underground to ensure smother roads and improve citizens' satisfaction on road quality. Our optimal goal is to become the most reliable entity.

● Climate Change and Countermeasures

Given the crisis of global warming, CO_2 emission is a hot issue at hand. We have commenced the groundwork for carbon inventory. In future, we plan to perform analysis on the carbon footprints of our various services. Besides undertaking energy conservation and carbon reduction management within our corporation, we will offer low-carbon products and services to proactively influence consumers' carbon awareness and jointly create a low-carbon economy.

● CSR Risks and Countermeasures

With respect to CSR issues such as corporate fraud and the ethical supply chain, we have reinforced employees' compliance with the Corporate Code of Ethics. Moreover, we have established a CSR Committee and gradually the respective management systems will be put in place. In 2008, we started to propel supply chain management by formulating environmental, human right and ethical standards requiring our suppliers to aide by. We also attempted to establish a social investment management system. In future, we plan to establish a stakeholders' communication management system.

National Communications Commission
http://www.ncc.gov.tw

Key Issues

Improvement in Information Transparency

Enhancement of corporate governance practices has become our set policy in order to achieve our target of becoming the most reliable entity. The transparency of our published information becomes the most critical review benchmark. Besides improving the transparency of our financial information, we published our first Corporate Responsibility Report in 2007, disclosing the corporation's non-financial information, which allowed shareholders, investors and stakeholders to understand our initiatives with respect to environmental, social and corporate governance issues.

In 2008, we have completed the Dow Jones Sustainability Index (DJSI) and Carbon Disclosure Project (CDP) surveys. Participation in the surveys proved to be an invaluable exercise as it enabled us to further understand the global trends in the development of environmental sustainability and CSR requirements and ways in which an entity may apply such requirements in practice on the dimension of corporate management. Participation in the surveys may be described as an eye-opening exercise in that it broadened our visions for and imaginations on any dimensions of CSR.

Forward Exchange Incidence

In September 2007, we have entered into a forward exchange knock-out agreement as required by circumstances. By the end of February 2008, due to rapid appreciation in our home currency against the US dollar, a significant unrealized loss on valuation of the investments resulted. We immediately convened a Board of Directors meeting and investor and press conferences in early March 2008, making a public announcement on the status of the event domestically and overseas as well as disclosing the relevant statistics, allowing all to understand the situation in the shortest time possible.

The Board also formed a Special Task Group to handle the subsequent events. In October 2008, the contract automatically expired when the exchange rate for the US Dollar against the NT Dollar reached 32.7. We made a gain of approximately NT$ 30 million upon settlement. Our highly transparent approach in handling the incidence has won us the trust and support of our shareholders and customers. Our endless effort will be devoted to the following aspects of business management including continual information disclosure and establishment of an effective communication network between the management team and the board of directors and supervisors to ensure full exertion and reflection of the Board's expertise and fairness.

Legal compliance is fundamental to realizing our CSR initiatives. Besides being an honest taxpayer, we have ensured compliance of our business operations and employee conduct with the regulatory requirements through the following control.

Major Responses

Corporate Code of Ethics

We strictly require satisfaction of our employee's conduct with the ethical standards. That is, all employees of Chunghwa Telecom shall abide by a code of conduct and ethnical standards as they do business and while performing their duties. As such, we have formulated the "Chunghwa Telecom Corporate Code of Ethics" to be used by employees as the basis for performing their duties.

The code of ethics clearly outlines the ethical standards and responsibilities required of directors, supervisors, executive officers and all employees while engaging in business practices. The code of ethics applies to individual employees and groups and the corporation when dealing with the public and other stakeholders. The code of ethics is now a part of our corporate training programs for new employees. Each employee also takes tests every year on the code of ethics. In 2008, close to 100% of our employees have taken the test.

Rules of Conduct for Sales and Marketing Staff

Our first-step communications with customers are achieved through sales and marketing. We have put in place the Rules of Conduct for Sales and Marketing Staff in order to improve the standards of our sales and marketing practices and build up consumer satisfaction on the corporation's products and services, which will in turn reduce customer complaints and disputes. The rules have been drawn up in accordance with the applicable law and cover advertising, articles and leaflets, promotions, tele-marketing, free giveaways, prizes and handling of customer information. The rules have been incorporated as a part of the performance review process in relation to senior executive officers. Each department is required to continually reinforce compliance with the rules by their teams to ensure an overall sound corporate image and goodwill.

The Chunghwa Telecom's ADRs are listed on the New York Stock Exchange for trading and as such, we are also subject to the governance of the Sarbanes Oxley Act. Article 404 of the Act stipulates that we make appropriate disclosure of the Corporation's financial information and put in place a series of internal controls and procedures to prevent the information from internal and external threats or unauthorized access to ensure the completeness and confidentiality of customer and shareholder information.

In spite of our effort in preventing unlawful sales and marketing practices, there were 5 incidences of sales misconduct in 2008 and we were fined NT$ 1.84 million by the competent authority. However, the results saw a significant decrease comparing to 2007. In future, we will definitely keep up our effort in governing our marketing approaches to improve customer satisfaction.

Codes of Ethics
http://www.cht.com.tw/CompanyCat.php?CatID=911

Sales & Marketing Practices In Breach of Law and the Total Amount of Fine

■ Total Amount of Fine (Thousand NTD)
■ Incidences of Legal Violation (No. of Cases)

2007	2008
4,300	1,840
11	5
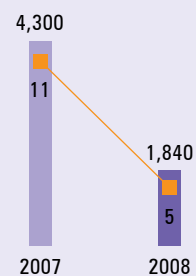
Key Action Items

Communication of CSR Information With Investors

We have not only accomplished brilliant operating results but were also the first entity in Taiwan to establish a CSR Committee in 2006. Our purpose is to facilitate proactive communications and interactions with our stakeholders in all respect. Domestically, we have been a part of the Global Views Monthly Magazine CSR Award and Common Wealth Magazine Corporate Citizens Award evaluations. On the global scale, in recent years, we were invited to respond to international surveys including the DJSI and CDP evaluations. We view that our participation in completing these surveys conducted by prominent domestic and international institutions is a way of demonstrating the transparency of our corporate information.

Dow Jones Sustainability Indexes

The fact that Chunghwa Telecom's ADRs are listed on the New York Stock Exchange for trading and that we are ranked among the TOP500 global enterprises, we have received consecutive invitations to participate in the annual DJSI survey, competing with some of the largest multinational providers of fixed line telecommunications to be included in the index.

In 2008, we responded to the DJSI survey for the first time. In spite of the fact that we were not listed in the index, we have performed better on the economic side while there was still some room for improvement with respect to environmental and social issues according to the DJSI benchmarks. We have confidence in achieving better results in the 2008 survey for we were the first telecommunication provider in Taiwan to complete greenhouse gas inventory with third-party collaboration and accounting of social and charitable investments.

During the period from 2002 to 2008, the weightings of the DJSI benchmarks for telecommunications providers were constantly changing. The DJSI benchmarks the sustainable performance and risk rating of major global companies through an assessment on the companies' strategy, management and industry specific factors in the economic, social and environmental dimensions to include the top 10% companies in the indices as benchmark companies for related financial product developments and investment evaluations. The significant increase in the weighting of the social aspect explains the fact that global investors have gained increasing interest in "corporate social responsibilities". Our approach in promoting our CSR initiatives is to learn from the experience of global benchmark companies. Our vision is to become one of the world-class benchmark companies in the years to come.

The Dow Jones Sustainability Indexes were jointly launched by Dow Jones and the Swiss-based Sustainable Asset Management (SAM) Group in September 1999, initially including the top 10% sustainability-driven companies (rated on the basis of over 3,000 component stocks included in the Dow Jones Industrial Index) in each industry sector as component stocks. The DJSI were a type of "Social Responsibility Investment" indexes.

http://www.sustainability-index.com

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder
Feedback

Responsible Operation

Operational
Development

25

Carbon Disclosure Project

The issue of climate change has attracted worldwide attention. In a business that is highly sensitive to changes in the operating environment, we have planned years ahead with respect to energy conservation. The National Energy Conference 2009 and the Energy Management Act and the Reusable Energy Act that were passed recently have indeed signaled for carbon management to become an integral part of corporate management.

On the international level, the CDP has become the benchmark for global entities in "Disclosure of Carbon Management Information". In 2008, over 1,550 companies around the world participated in the CDP, disclosing their statistics on greenhouse gas emission as well as the strategies and countermeasures to address the threats and opportunities brought upon by the global climate change.

To demonstrate our emphasis on the issue of climate change, in 2008, we have initiated a carbon inventory project, which would also prepare us for participation in the CDP survey. We will incorporate carbon management into our thoughts in innovating and developing our various products, technology, service and business models to gradually pave out the foundation for carbon management and secure the potential business opportunities. We hope to leverage on our core competency and make our contribution to the country's progress in creating a low-carbon society and developing a low-carbon economy.

World mainstream institutional investment companies initiated the Carbon Disclosure Project in 2003. Each year, the CDP invites over 2,500-3,000 major global companies to disclose the risks of climate change confronting their corporation and the potential opportunities for development. The CDP investor project is backed by some 475 institutional investors with a total of US$ 55 trillion worth of assets under management and holds the largest corporate database of climate change information in the world.

http://www.cdproect.net

CSR Information Feedback Mechanism

CSR Information Request from External Stakeholders/ Organizations

↓

CSR Secretariat as the Main Contact Window

↓

Hold the Kick Off Meeting chaired by the CSR Committee Members/
Attendees are 6 working groups and relevant departments

↓

Each group take charges of the responsible part of survey ↔ CSR Information Management System

↓

CSR Secretariat compiles surveys and provides the feedback to stakeholders as well as follow up the results.

Caring and Sharing

Employee

Consumer

Supplier

Stakeholder Feedback

Chunghwa Telecom's vision for "Stakeholder Feedback" is "Caring and Sharing". For our employees, we hope to achieve "mutual trust, responsible, growing and sharing"; and for our customers, we hope to "show care any where at any time"; and for our chain of suppliers, we hope to gradually establish an experience sharing platform for CSR management.

Management Approach
CSR Organization
Stakeholder Involvement
CSR Management

Key Issues
Employee Assurance | Consumer Trust | Supplier Management

Major Responses

Employee Diversity	Improvement of Service Quality	Environmental Principles
Harmonious Labor Relations	Service Satisfaction Survey	Principles of Human Rights and Ethics
Employee Rights	Consumer Privacy Protection	
Health and Safety	Opinion Feedbacks	
Training and Development	Reduction of Adverse Service Impacts	
Promote Career Opportunities		

Key Action Items
Promote Career Opportunities | Electromagnetic Wave Issue

Management Approach

27

CSR Organization

Identification of stakeholders and their participation in corporate management are fundamental to an entity's CSR. The promise and support of senior management is moreover a vital source of strength to promote an entity's CSR initiatives.

In June 2006, our "CSR Committee" was formed comprising of senior executives from the various departments, to engage in the planning of the CSR strategic map and the relevant activities. The purpose of the Committee was to create a new corporate culture by making our dialogue with stakeholders become a normal part of our business. We adopt a management ideal of "collaboration" to jointly formulate valuable and meaningful goals for sustainable development, which will be pursued by 6 working groups. We learn about and listen to the needs of our stakeholders to obtain the required information and achieve the desired results.

Corporate Mission
Innovative, High Quality, Affective, Trustworthy

Community Contribution
Bridging Digital Divide
Environment Protection
Disadvantaged People Care

Chunghwa Telecom CSR Vision

Team Culture
Mutual Trust, Responsible, Sharing, Growing

Customer Relations
Proactive, Available

Chunghwa Telecom CSR Committee Organizational Chart

```
              Chunghwa Telecom CSR Committee
                          |
                          |—— Chunghwa Telecom Foundation
      Consultants ——————|
                          |—— CSR Secretariat
                          |
   ┌──────┬──────┬──────┬──────┬──────┬──────┐
Corporate  Consumer  Employee  Environmental  Digital    Corporate
Governance  Care      Care      Sustainability Opportunities Volunteerism
Group       Group     Group     Group          Group       Group
```

27

Management Approach
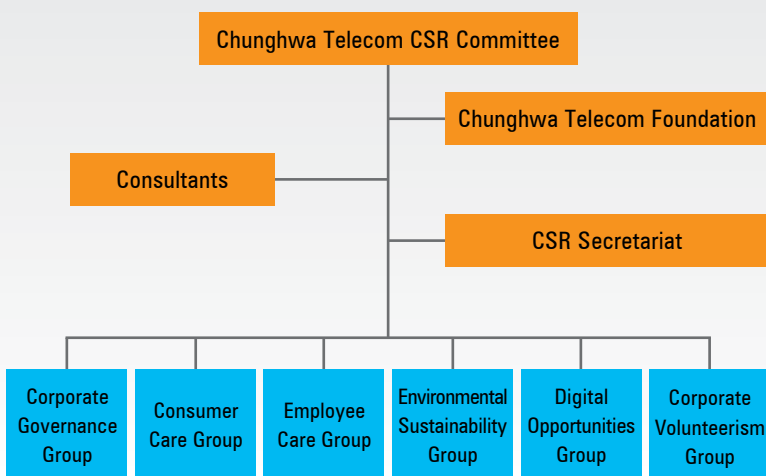
Ching-Hu Tsai
Senior Managing Director
Public Affairs Department

We consider that CSR activities are not only the simple feedback for some specific issues. The Corporation shall give an overall thought on the impacts of corporate activities on a longer-term and overall dimension. Our approach is to establish a formal CSR organizational framework closely tied to our day-to-day business operations. The 6 CSR working groups are assigned their own responsible departments. The CSR Secretariat acts as the platform for interactive communication. Internally, the Secretariat is the coordinator between the working groups and departments; and externally, it is a channel of communication between stakeholders and the corporation. Meanwhile, we stay close to any latest global trends to ensure that our developments are in conformity to the global standards.

Our CSR activities began from involvement in community charitable events and to gradually expand to promote the universality of telecommunication services and create digital opportunities. We are now in full action for our CSR pursuit and our team of dedicated staff is striving to creating a rich, colorful, and sustainable society.

Introduction on the Chunghwa Telecom CSR Working Group

Working Group	Mission and Function	Department in Charge
CSR Secretariat	● Establish a mechanism for interactions and communication with stakeholders. ● Coordinate and communicate the operations of the CSR working groups. ● In conformity to global standards.	Public Affairs Department
Corporate Governance Group	● Establish high-standard corporate governance practices. ● Establish a mechanism for interactions and communication with stakeholders. ● Protect shareholders' benefits.	Finance Department
Employee Care Group	● Constantly promote employee's rights. ● Open communication and consultation avenues offer a healthy and safe workplace environment. ● Offer disadvantaged groups employment opportunities.	Human Resource Department
Consumer Care Group	● Treat long-term customer care and information transparency as our corporate mission. ● Establish a sound channel of communication with consumers and consumer welfare associations.	Marketing Department
Environmental Sustainability Group	● Constantly promote environmental conservation, energy conservation, carbon reduction and resources recycling, to name just a few. ● Strengthen cooperation with suppliers or the relevant R&D organizations to develop more environmentally sustainable/low-carbon solutions.	Administration and Assets Management Department
Digital Opportunities Group	● Create an environment and opportunities for fair application of ICT. ● Assist disadvantaged groups to gain access to information services and create digital opportunities. ● Expand diverse digital opportunities on the dimensions of employment, culture and industry.	Operations and Planning Department
	● Bridge the digital gap. ● Offer assistance to local cultural industries. ● Cultivate community living.	Chunghwa Telecom Foundation
Corporate Volunteerism Group	● Unite local employees and their core competency to promote the various volunteer services. ● Summon retired employees to participate in volunteer services.	Public Affairs Department

Management Approach

Stakeholder Involvement

We initiate communication with stakeholders and participate in several different organizations. We expect to work side by side with these key partners to enhance our capabilities through experience sharing and further exert our industrial influence.

Stakeholder Engagement Mechanism

Stakeholder	Parties	CSR Affairs	Communication Channel
Government	NCC, The Legislative Yuan, to name just a few	Fair Competition, Communication Management	Responsible Departments/ Single Window for Communication
Investor	Shareholder	Financial & Business Status	Chunghwa Telecom Official Website
	Investor		Annual Report, Periodic or Special Reports
Employee	Current Employee	Corporate Policy, Welfare/Compensation, Performance Management System, Personnel Development Affairs, Educational Training	Intranet: The Chunghwa Telecom Web 2.0 Interactive Platform
Consumer	Consumer	Quality of Service	Customer Service Hotline
	Corporate Customer	Quality of Service, Fee Charges	Project Manager assigned to provide 24-Hour Service
Supplier	Supplier	Communication of CSR Policies	Periodic or Special Information, Investigation Supplier, Supplier Conference
Society Public	General Public	Brand Image	Community Communication
NPOs / NGOs	Consumers' Foundation, Environmental Conservation Group, Other	Disadvantaged Group Care, Fee Charges, Electromagnetic waves	Designated Departments
Industry Peer	Other Telecommunication Service Providers	Industrial Development	Taiwan Telecommunication Industry Development Association (TTIDA)

World Business Council for Sustainable Development (WBCSD)

We joined the WBCSD in 2006, which is by far the most influential corporate alliance in the world and their experience in corporate sustainable development and corporate social responsibility is valuable for most companies. In addition to participating in member meeting and other relevant meetings, we have also published reports on CSR strategies and the sustainability, which is our solid response to objects of the organization.

http://www.wbcsd.org/

Taiwan Business Council for Sustainable Development (BCSD-Taiwan)

BCSD–Taiwan is a non-profit organization formed by large-scale industrial corporate in Taiwan in May 1997. BCSD-Taiwan assists the members in building a more advanced environment management tool and the best practical measures to respond early to international trends. Participation in sustainability issues to reinforce our issue management and information transparency is our solid response to objects of the organization.

http://www.bcsd.org.tw/

Taiwan Telecommunication Industry Development Association (TTIDA)

TTIDA was founded in 2004. We were one of the founding members. Currently our Chairman is the president of the Association and furthermore we occupy three member seats and two supervisor seats. We will continue to combine industrial, academic and government resources via TTIDA, and provide professional suggestions for the newly regulated environment.

http://www.ttida.org.tw/

Management Approach

CSR Management

We operate in a highly competitive and fast changing industrial environment. The trends such as increasing demand for mobile services and convergence of media telecommunications and network services and climate change are important issues we need to attend to in our future business development. We believe that it is vital for an entity to be equipped with the capabilities to keep on top of the latest development trends to be adaptable to rapid developments in the regional markets.

We refer to the EU definition of CSR, "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" and integrate CSR in our business operations. We trust that sound CSR management is critical to realizing our visions and in the long term, will enable us to face any potential problems or challenges with a more responsible attitude to maximize the value for the Corporation's business development, consumer and stakeholders.

Our considerations for CSR are total, systemized and policy-based. We include CSR into our day-to-day operation to ensure that the various CSR issues may be effectively discussed, planned and controlled. Besides instituting the CSR Committee to be the supreme command, we have also established six working groups to deal with specific and important CSR affairs including the promotion and execution of the relevant projects, controls of effects and information feedback.

Upon establishment of a CSR organization, we are faced with the issue of establishing the various management systems and policies. Upon review of our 2-year experience in organizational operation, we have put in place a key CSR issues assessment system as our first step to propel CSR management. The goals are to ensure smoother functioning of the six working groups and familiarity with the linkage between the respective issues to facilitate segregation of duties.

Appendix / Environmental Sustainability Management / Social Contribution / **Stakeholder Feedback** / Responsible Operation / Operational Development

31

Assessment of Key CSR Issues

For the 2008 assessment of key CSR issues, we adopted the Materiality Assessment Process. We took the levels of "social concern" and "operational impact" as our two major tools to assess and select the respective CSR issues. The CSR Secretariat invited the six working groups to convene the materiality assessment meeting and assess the CSR issues and contents by completing forms and compiling the results. The major task is to clarify the priority of key CSR issues.

To increase the objectivity of our assessment, we conducted analysis on media reports, international standards, and global telecommunication industry benchmarks as well as sought the advice of external and academic experts. We then assessed the impact of these issues on our financials, risk management and corporate goodwill to derive the final results for disclosure in the CSR annual report.

Mr. Chang Tsung Yen, a CSR Committee member and Vice President of the company leaded six CSR working groups to exchange opinions on the relevant issues.

High

● Operating Results and Economic Impact(P.11)

● Employee Assurance(P.32)
● Supplier Management(P.49)

● Improvement in Information Transparency(P.22)

● Consumer Trust(P.40)

Operational Impact

● Quantifiable Social Contribution(P.53)

● Greenhouse Gas Inventory(P.74)

Low

Low ——— Social Concern ——— High

We undertook the materiality assessment process and identified our priority CSR issues for 2008 as follows: operating performance and economic impacts, improvement in information transparency, employee assurance, consumer trust, supply chain management, development of social accounting policies and greenhouse gas inventory.

In light of the increase in the number of CSR issues and the amount of event information, besides taking into account the continuation of information disclosure, our future reporting focus will be placed on disclosing information related to key, high-priority CSR issues. We will separately disclose regular event information on the Corporation's official website to improve the readability of the report.

Operational
Development

Responsible
Operation

Stakeholder Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

Key Issues

Employee

Employee Assurance

We consider our employees are our most valuable asset. During the financial crisis in 2008, we have chosen to offer "Employee Assurance" as our true commitment to our employees. We value employees' rights and respect their opinions and at the same time, we continuously reinforce communication with employees to make sure they can work assured in the aftermath of the financial crisis. We have taken this action to fulfill our CSR, which also demonstrates our emphasis for our employees. We believe that we may only maintain our usual level of competitiveness and accomplish our goal of sustainable management with the dedication and assistance of outstanding employees.

As at December 31, 2008, the Corporation employed a total of 24,551 employees. During the year, 335 employees resigned from employment while 728 were newly recruited. The staff turnover rate was 2.2% for 2008. Once hired, employees who do the same job are offered the same basic salary, regardless of gender.

Turnover Rate by Category

By Gender	Male		Female	
	2.1%		2.4%	
By Region	Northern Area		Southern Area	
	3.0%		1.1%	
By Age Group	Below 40	41~60	Above 60	
	7.9%	0.6%	9.4%	

We take "Employee Assurance" as our promise and our employees take dedicated services as their own responsibilities. Yu Jhong Yang, a senior employee from the Kaohsiung Service Center was the 3rd place in the Best Service Employees Category of the "5th Best Service Award". On the other hand, the Corporation was again named the Best Service Corporation in mobile telephone and fixed line services.

2007 Chunghwa Telecom CSR Report Our Commitment to Employees:

The most vital spirit of CSR is to emphasize stakeholder participation and dialogue between stakeholders and the company. Employees are our most important stakeholders and our best partners in promoting the various CSR issues. As such, we are serious in promising to show higher respect for labor negotiation and enhance communication and dialogue with the labor union.

Total Number of Employees and Turnover Rate for 2008

■ Total Number of Employees (person)
■ Employee Turnover Rate (%)
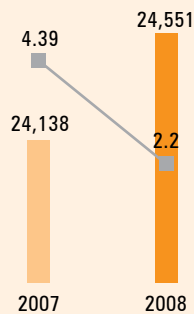
Total Number of Employees at the beginning of 2007 was 25,864. Total Number of Employees at the beginning of 2008 was 24,138.

Major Responses

Employee Diversity

All of our employees must first take the tests applicable to the job they apply for. These tests are open to the general public and all jobs at Chunghwa Telecom are open to members of either sex. In the spirit of providing job opportunities for disadvantaged groups, we also allow disabled or aboriginal applicants to pass the tests with lower scores.

Employment of Women

As at the end of 2008, the Corporation employed a total of 6,918 female employees, making up 28.18% of our workforce. The proportion of female managers has risen slightly from 21.51% in 2007 to 22.11% in 2008.

We have established sexual harassment prevention measures and complaints handling criteria. Dedicated lines, a fax number, an e-mail address and a compliant investigation and assessment committee were set up for handling reported sexual harassment incidences. However, no incidence was reported in 2008.

Maternity and Child-Care Leave Subsidy

We introduced the maternity leave policy from July 2006 in consideration of the welfare of our female employees. During maternity leave, the policy offers all female employees with a subsidy that is equivalent to 50% of their monthly Insurance salaries of Labor Insurance up to 2 years. During 2008, 125 female employees applied for maternity leave. There were 52 people on leave without pay, among which 49 people applied for the subsidy.

Employment of the Physically and Mentally Disabled

Paragraph 2, Article 38 of the "People with Disabilities Rights Protection Act" stipulates that "The number of disabled people capable of performing job duties employed by any given private organization/ institution shall be no less than 1% of the corporation's total workforce." As of December 31, 2008, we employed a total of 695 disabled employees, which was 3.06 times of the regulatory requirement.

Gender Ratio

Unit:person

- Female
- Male

	Senior Management	Middle Management	Lower Management
Female	53	383	2,343
Male	301	1,987	7,503
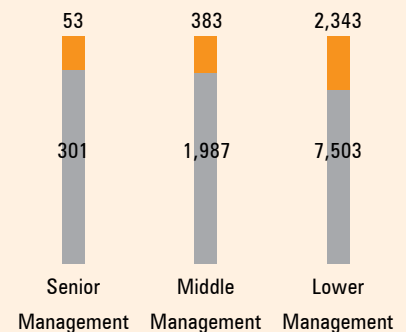
Employee Diversity

	2007	2008
Female Employees (%)	28.06	28.18
Female Managers (%)	21.51	22.11
Employees with Disabilities (person)	656	695

The total number of disabled employees that the Corporation is required to recruit for 2008 according to regulatory requirements was 227 people.

Our Fengshan Office donated the reward payment of $459,360 received from the Kaohsiung County Government to the special fund for employment of people with disabilities. Wu Ming-De (2nd from the left), Manager of the Chunghwa Telecom Fengshan Office represented the company to accept the presentation by Mr. Yang Chiu-Hsing (2nd from the Right), Governor of Kaohsiung County.

Major Responses

Harmonious Labor Relations

Our employees have recourse to a system of claims and appeals and the right to become a union member. The collective agreement stipulates that labor representatives from the Head Office and the corporation's branches and offices convene at least one labor relations meeting once every 3 months or special meetings when required. Union representatives may also be invited to participate in hiring committees, examining committees and monthly business meetings. One of the directors on the board was also put forward by the union to participate in board affairs in accordance with the resolutions adopted by the Legislative Yuan on June 6, 2003.

In January 23, 2009, the Chunghwa Telecom Workers' Union made a public announcement of the list of the 5th term of executive members, supervisors, representatives and staff. Upon re-election, the union was able to fully communicate employees' comments with the corporation, help to promote harmonious labor relations and the corporation's business developments.

In an effort to improve our manpower structure to cut down personnel costs and look after employees' career planning, in November 2008, we made a special retirement/resignation offer. A total of 160 employees applied. This offer was made on an entirely voluntary basis to demonstrate our concerns for our employees.

Chunghwa Telecom Workers' Union
http://www.ctwu.org.tw

Chang Shiou Tong, President of Chunghwa Telecom attended the 1st meeting of the 5th council meeting, giving a speech on the corporation's ideals and approaches. The communication with union members was smooth.

Appendix / Environmental Sustainability Management / Social Contribution / **Stakeholder Feedback** / Responsible Operation / Operational Development

35

Employee Rights

We held information sessions in two stages to ensure that employees understand the amendments to the Labor Insurance Act (adopted in the Legislative Yuan on July 17, 2008) and their own rights. Stage I information sessions were conducted by experts from the Labor Insurance Bureau to give a full report to all departments of the Headquarter, district HR managers and members of the Taiwan Confederation of Trade Unions. Stage II information sessions were conducted by the respective district branches and offices and the operation centers, which shall be completed prior to September 20, 2008. A total of 77 information sessions were held with a total of 6,827 attendees.

The starting salaries of our newly hired employees are higher than the statutory minimum monthly pay (NT$17,280). In order to attract outstanding talents and boost staff morale, we have established the "Employee Performance Review Guidelines" serving as the basis for employee promotion, salary increment (decrement), staff disciplinary actions and rewards, training, adjustment to job responsibilities, and allocation of bonuses. Based on the results of the year-end performance review, the maximum salary increment is 5%.

Besides, employees receiving outstanding performance reviews are entitled to as high as 4 times of the average bonus in accordance with the "Corporate Bonus Distribution Process." We also distribute performance bonuses based on the Corporation's profitability and financial condition. For outstanding customer service or line maintenance contractors, we have a policy of recruiting them as permanent employees to show our care for them.

Other measures guaranteeing employee rights are: meetings with the labor union and meetings for negotiation of adjustments to the criteria governing employee bonus and performance review. Provisions regarding the shortest notification period and required preliminary work for the negotiation meetings are stipulated in the relevant regulations. We approve and notify the relevant employees of any departmental restructure or transfer prior to the actual date of change in order to delegate the relevant job responsibilities.

We have high regards for employees' welfare. We regularly invite experts to give speeches and the Q & A sessions allow our employees to fully understand the impact of amendments to the Labor Insurance Act.

The Chunghwa Telecom Web 2.0 Interactive Platform gives employees the opportunity to openly express themselves.

Major Responses

Health and Safety

A safe and healthy workplace environment is a fundamental CSR requirement. We offer our employees free annual health checkup, organize a number of health seminars and constantly promote the Employee Assistance Program (EAP). We demonstrate our concerns for employees' health and safety through policy setting and resource dedication. In 2008, the occurrence of occupational accidents was 0.106%, representing a decrease of 0.027% than in 2007.

Occupational Safety and Health Management System

To offer employees a safe and healthy workplace, we were the first in the industry to introduce an "Occupational Safety and Health Management System". We involve our employees and their representatives in the planning, construction, execution, review, assessment, and improvement of the system. Their involvements help us to carry out employee safety and health management under a "policy-based" and "systematic" mechanism. The optimal goal is to improve the quality of operations and the standards of workplace safety.

Certification of the Occupational Safety and Health Management System

It is a global trend to obtain OHSAS 18001 certification of the Occupational Safety and Health Management System. There are 44 relevant (equivalent) safety and health management system standards developed under OHSAS 18001. To ensure applicability of the standards in Taiwan, in 2007, the Council of Labor Affairs of Executive Yuan promulgated the TOSHMS (Taiwan Occupational Safety and Health Management System) to match the dual demand of business enterprises of "obtaining international certification" and "in compliance with local regulatory requirements".

Mental and Physical Health of Employees

In light of the fact that employees' health is of vital importance to us, we offer our employees more favorable care comparing to regulatory requirements. Each of our employee is entitled to a free health checkup each year. In 2008, we held 219 seminars on specific health care topics. Besides, we hosted 29 fitness contests and 124 inspiring tours to enhance employees' fitness while caring for communities. We also continue to carry out our Employee Assistance Program (EAP), offering employees one-to-one professional consultation services, which include assisting employees to solve mental, legal, financial management, medical consultation, job and living problems.

Gradually, all our operation offices will be certified to the OHSAS18001/ TOSHMS standards to protect employee safety and improve the quality of our operations.

Every operation office has a Fitness Center and arranges several fitness training programs to improve employees' physical health.

Just before the labor day in May 2008, we completed the renovation of the employee cafeteria located at the corporate headquarter. The newly renovated cafeteria offers a refreshing and bright dining environment, which we think help revive employees' spirit while working. A fitness center is instituted at each operations office, providing simple fitness training equipments for use by employees.

We also encourage our employees to go outdoor, experience nature and make full use of our "Chunghwa Telecom Hostel ("CHT Hostel" henceforth). The CHT hostels were remodeled from idle staff dormitories, and currently offer semi self-serviced facilities managed by our employees. We have enhanced environmental friendly and energy efficient measures by centralizing procurement of supplies for the hostels, installing solar-energy heating systems on site, offering bicycle rental services and promoting environmental conservation concepts while traveling. As at the end of 2008, there were 28 CHT hostels (and a total of 366 rooms) open for us by employees. Employees are only required to make an online reservation 30 days in advance to use the service.

Employee Health Checkup and Safety Statistics

	2007	2008
No. of Employees Receiving Health Checks	23,378	24,018
% of Workforce Receiving Health Checks	97.08	98.09
Cost of Health Checks	38,734,376	39,851,601
Occupational Accident Occurrence Rate (‰)	1.33	1.06

Note: Occupational Accidence Occurrence Rate = Number of Accidents for the whole year / No. of Employees= 26/24,551= 1.06 ‰

Employees Training

	2007	2008
Total Training Expense ($)	616,673,532	659,309,528
Average Training Expense Per Head ($)	25,549	26,855
Total Training Hours (Hour)	2,023,112	2,190,419
Average Training Hours Per Head (Hour)	84	89

The Chunghwa Telecom Hostels are good, budget accommodation choices for employees and their families when traveling and a reflection of our effort in environmental conservation. Pictured above is the "Song Yuan Hostel" in Hualien.

We place high emphasis on continual employee training and education. We have training centers in Panciao, Taichung and Kaohsiung, allowing employees to receive training within the proximity of their home and workplace. Pictured above is the Panciao training center.

Major Responses

Diverse professional vocational and management training programs to satisfy employees' needs in obtaining new knowledge and advancing their skills.

Chairman of Chunghwa Telecom (4th from the left) and Ming-Je Tang, Deputy Principal of the National Taiwan University (6th from the left) participated in the orientation ceremony for the "Advanced Course in Telecommunications and Network Technology".

Training and Development

Employees are important assets for corporate development. Our investment in employee training includes general vocational training, elite training programs and subsidies granted to employees to promote further education. The results of these programs show an improvement in employees' willingness to receive further training and hence the average level of their vocational competency and qualification.

General Vocational Training

In terms of general vocational training, the three telecommunication training centers in Northern, Central and Southern Taiwan hosted annual training courses covering 8 major vocational competency and operational management topic areas. The classes are taught either in the classroom or in long-distance mode through video conferencing facilities. In 2008, a total of 2.19 million hours of training were received by employees, representing a total investment in excess of NT$ 659.3 million.

Elites Incubation and Training

In response to sustainable corporate development and the need for bridging the gap between different telecommunication generations, we have reached an agreement with the National Taiwan University in 2008, marking the beginning of a joint cooperation arrangement between the university and the Corporation in wireless communications, broadband communications, multimedia DSP and information security. The College of Electrical Engineering and Computer Science, being the primary organizer, works with the Graduate Institutes of Management, Law and Social Science, to build a multi-dimensional platform covering telecommunication operation, policies and regulations, and social services. In September 2008, the special "Advanced Telecommunication Network Technology Program" was officially offered for the first time. We expect that cross-sector exchanges and industrial and academic cooperation will be extremely beneficial for our middle and senior management to develop more in-depth operational management theories and practical skills.

Employee Further Education Subsidy

The "Chunghwa Telecom Manager Training Criteria" established in 2007 provides that we nominate employees with potential for further development each year and send them to pursue further studies at local tertiary institutions. We also encourage all employees to pursue lifetime learning. Any employee in satisfaction of the requirements stipulated in the "Criteria Governing Tertiary (Incl. Postgraduate) Education for Chunghwa Telecom Employees" is eligible to apply for a further education subsidy. The maximum subsidy grant is NT$ 20,000 per semester. In 2008, a total of 1,219 employees were granted the subsidy, representing a total cost of NT$ 12.68 million.

Appendix Environmental Sustainability Management Social Contribution **Stakeholder Feedback** Responsible Operation Operational Development

39

Internal Business Incubation

Besides educational training, we also encourage employees to start up businesses within the organization. The "Chunghwa Group Purchase Team" is the first official business incubation group set up under our approval. We use the power of group orders to create more benefits for our employees. From October 24, 2007, the Team began cooperation with the employee welfare committee. As at the end of 2008, the online order transaction amount was in excess of NT$ 0.2 billion. We expect that all employees will become members by the end of May 2009. The experience shows that we have raised the management of employee welfare to a new level and our success stories can also be considered for adoption by other enterprises.

"Chunghwa Leading Photonics Tech (CLPT)" is the second eligible group to establish under the business incubation scheme. The group takes the advantages of the equipment and technology of our telecommunication laboratories to design and produce 3 types of infrared light detection and array image models for application in industrial testing, image surveillance at nights, agriculture and military fields. Both local and overseas orders have been received for the product. The Team has successfully marketed the product to Europe including Germany and Belgium.

Group orders create more benefits for employees. The increasing popularity in e-Shopping will benefit the promotion of our Internet business.

Key Action Items

Promote Career Opportunities

Since our privatization in 2005, we adopted a multifaceted recruitment program. Employment opportunities were made through branches and offices and up to the end of 2008, a total of 2,173 employees (including 138 outstanding contractors appointed as permanent employees) were recruited by the corporation.

In spite of the impact delivered by the financial crisis, we maintain our existing management ideal of CSR fulfillment. Not only have we retained all our employees on board during this period of economic downturn, we have also offered additional employment opportunities to help ease the hiking unemployment rate. Although the outlook for 2009 remains passive, we have set aside a quota for 382 new employees to promote employment, which we consider is a part of our social responsibilities.

The Number of New Recruits for the Past Years

Year	2005	2006	2007	2008
New Recruits	450	684	274	765

0 500 1,000 1,500 2,000
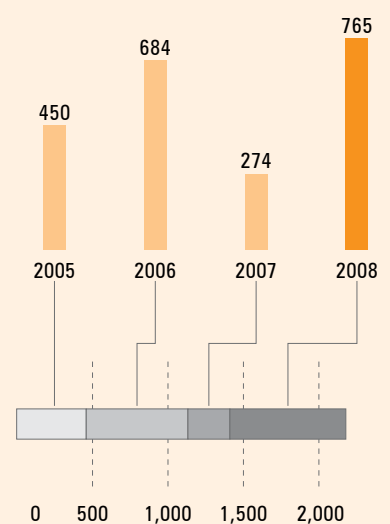
Accumulated Number

Key Issues

Consumers

Consumer Trust

In the increasingly competitive telecommunication services industry, in addition to the competition of product prices and functions, we believe that we can only win customers' ultimate trust in the following ways: maintain sound customer service attitudes, offer timely response to customer demands and complaints and make customers feel that we are genuinely interested in resolving social issues with our influences besides working hard on improving our profitability. The above actions constitute the true meaning of our CSR initiatives.

Establishment of the Customer Service Department allows us to integrate existing customer service resources to respond to and match customers' various demands in a timely and precise manner and improve customer satisfaction through assurance of service quality. We have implemented an overall reinforcement of measures to protect consumer confidentiality and respond to customers' requests (including improvement in Internet speed, decrease of telecommunication service fees and filtering of junk e-mail messages and porn spam) with a responsible attitude.

We make profits from providing services, and with consumers' support and trust, we have accumulated stronger power to influence our suppliers. In relation to supplier management, we drew up the principles of human rights and ethics and environmental guidelines governing our suppliers primarily based on the local labor and environmental conservation regulations.

This was our first step to engage in two core issues of the global CSR initiatives-- the ethical supply chain and green supply chain. In relation to ethical supply chain management, we will bridge with the world step by step, by referring to the standards of labor conditions and human rights, safety and hygiene, environmental protection, management system requirements and code of corporate conduct stipulated in the Electronic Industry Code of Conduct (EICC) to launch our ethical supply chain management policies.

In terms of green supply chain, we will consider to adopt standards of the "European Union including the Waste Electrical and Electronic Equipment" (WEEE), the "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS)" and the "Eco-Design Requirements for Energy Using Products (EuP)". Suppliers will be required to provide easily recyclable, low-pollution and environmental friendly products.

Global Business Dialogue on e-commerce (GBDe)

The GBDe has been playing an influential role in international e-commerce policies and was dedicated to promote comprehensive information social policies since it was founded in 1999.

Upon joining the GBDe in 2004, we took up the role as a key member of the Business Steering Committee, responsible for promoting and working on important committee affairs. We led the project for establishment of the "international small payment working group" in 2005 and subsequently the "digital family working group" in 2007. We hosted the "Summit of Global Business Dialogue on e-commerce" in Taipei in November 2006 which was beneficial for our business development as well as escalating Taiwan's international visibility.

http://www.gbd-e.org/index.html

Secure Online Shopping Association (SOSA)

We were one of the founding members of the Secure Online Shopping Association (SOSA) since it was established in March 1999. We have been an enthusiastic participant in the various committee affairs and offering the committee both manpower support and material resources. We are in the hope of creating a "mutual trust & win-win" business environment for consumers and participating merchants.

In 2008, we served as the president of the SOSA. At the same time, we were elected the Chairperson of the SOSA by the Asia-Pacific-Trustmark Alliance (ATA) to lead the Taiwanese Familiarization Tour Group to take a field survey of e-commerce business opportunities in Vietnam. In October the same year, we hosted the ATA 2008 Meeting and eASIA Forum in Taipei.

http://www.sosa.org.tw

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder Feedback

Responsible
Operation

Operational
Development

Major Responses

Improvement of Service Quality

- Overall improvement in the leadership and management skills of customer service managers, who were encouraged to obtain the internationally recognized AQF (Australia Qualification Framework) Certification.
- Organized the professional training sessions, "Customer Contact Communication Skills and Development Abilities" aiming at improving customer service managers' abilities in quality supervision and performance management.
- The "Professional Qualification Training for Leading Customer Service Consultants" programs were offered in two stages; a total of 80 employees became qualified lecturers.
- We conducted the "Customer Service Practical Skills (mobile and digital) Program" for professional certification several times to encourage multi-skill and inter-disciplinary career development of customer service staff. A total of 82 people obtained certification.

We recruit professional lecturers to conduct training on customer service skills in order to improve the overall service quality and offer Inspiring Services to our customers.

Integration of Outsourced Services to Reduce Contractor Turnover Rate

We have put in place the standards and an assessment mechanism governing our outsourced operations, stipulating a reasonable fixed pricing policy and restricted tender invitations. We have consolidated all our external customer service tender invitations from the 35 cases down to 10. The contractor turnover rate was reduced from 3.34% to 0.78%.

Certification of Service Quality

- All branches and offices had been actively practicing the Service Level Agreement (SLA) and Operation Level Agreement (OLA), and holding regular review meetings to improve the quality of customer services to come up with the countermeasures for major customer complaints.
- All of our customer service hotlines (a total of 15 customer service centers) supporting the various business categories were certified to the SGS Group's quality standards in December 2008. We received the ISO 9001: 2000 certificate for proof of compliance with the SGS quality standards.
- Standardization of our teller-service operational procedures was achieved through obtaining the SGS Qualicert service certification. The service quality certification in all geographic areas was completed in 2008. From 2009, we introduced the quality review process applying to all departments and branches to ensure high standards of service.
- The overall improvement of service: service level, directory service call transfer rate, and customer satisfaction have all improved. First Call Resolution (FCR), first introduced as a KPI in 2008, reached 96.70% far surpassing our expected goal (76.50%).

Customer Service KPI

	2007	2008
Customer Satisfaction	4.41	4.71
Rate of Response Within 20 Seconds	79.1%	87.1%
First Call Resolution	-	96.7%
Directory Service Rate	15.41%	23.29%

Operational
Development

Responsible
Operation

Stakeholder Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

Major
Responses

Service Satisfaction Survey

Survey of Fixed Telecommunication Service Quality

For achieving NCC's requirement to protect consumer's interests and keep fair competition in the market, we drew up the Fixed Telecommunication Service Quality Assessment. The assessment targets are following subjects: the installation course, service failure frequency per year, service recovery time, billing accuracy, completion rate of network connection, 104 directory service test, customer satisfaction and consumer dispute statistics.

Our market share is over 97% in fixed telecommunication network service; therefore, our complaint cases are relatively more than other service provider's. According to the 2008 NCC survey, 88% consumer disputes were from our customers in 494 cases. For better consumer interests and right protection, we will continue to communicate with our customers and improve our services.

Customer Satisfaction Survey

To understand the level of customer satisfaction in relation to our various services and customers' recognition of our corporate image, brand value and quality and service, we engaged external market research agencies each year to conduct surveys on customer service satisfaction. Our target respondents include consumers, SME and LE. This survey is designed to find out issues and expectations our customers care about the most for the respective businesses to serve as our goals for future development.

Survey on the Quality of Fixed Telecommunication Service

Unit: No. of cases

- Other
- Chunghwa Telecom

	2007	2008
Other	75	57
Chunghwa Telecom	414	437

Note: annual survey period is from October of previous year to September.

Comparison of Customer Satisfaction By Group

- LE
- SME
- Consumers

	2006	2007	2008
LE	4.65	4.78	4.66
SME	4.7	4.4	4.18
Consumers	3.9	3.81	3.66

Note: Customer satisfaction is rated on a scale of 5 for each group of customers: Very satisfied, Satisfied, Neither Satisfied Nor Dissatisfied, Dissatisfied and Very Dissatisfied as shown by a rating score of 5, 4, 3, 2 and 1.

Appendix | Environmental Sustainability Management | Social Contribution | **Stakeholder Feedback** | Responsible Operation | Operational Development

43

Protection of Consumer Confidentiality

We carried out the relevant protective measures on the following 4 dimensions to enhance protection of consumer confidentiality and prevent customer service staff (including permanent employees and contractors) from unlawfully accessing customer information from the corporate information system:

Laws and Regulations
- Protecting customer basic information by keeping it "confidential".
- Employees should sign the "business confidentiality agreement", and their senior executives should take the responsibility in relation with it.
- In the event where a contractor is involved in confidential business matters, both the contract and his/her employer shall sign the relevant confidentiality agreements.

Internal Control
- All branches and offices shall report on the status of their implementation of the measures to protect consumer confidentiality on an annual basis.
- Customers' application forms are stored and locked away in designated cabinets.
- The corporate headquarter and branches shall conduct special audits on the various service centers.
- Promote the importance of ensuring the confidentiality of consumer information and the associated legal liabilities from time to time.

Protection of Customer Information
- Pre-event control measures: Some of the customers' personal information is not accessible by base-level operators.
- Post-event audit and random inspection: A complete record of information usage and inquiry is well documented and maintained.

System Management
- First-line operators are prohibited from using portable storage device on their computers and sending emails. They also have limited access to Internet connection.
- Establish the customer information management system and supervisors shall check the inquiry records on a daily basis.
- Management of authority limits is included as a key item of periodic and special audits on information security.

Center: Protection of Consumer Confidentiality

Combat Fraud

To enhance customer care and prevent applications from being made under a false name, we send out a written confirmation to validate applications for a new home or cell phone account with our customers. This is to ensure the confidentiality of consumers' personal information and prevent any illegal act from occurring. Some digits of the telephone number displayed on an ordinary individual subscriber's phone bill are marked with asterisk. However, the full telephone number may be displayed on the bill at the request of the account subscriber.

In the event where our customers' telephones were intercepted and used illegally by someone else, we will credit the charge incurred from illegal usage upon confirmation of details relating to the case. We also create a record of the details of any reported loss of identification documents notified by our customers through any customer service center in our risk reporting system. We will enhance our background checks on any new application made at a branch located in a region different to the applicant's usual place of residence.

Major Responses

Opinion Feedbacks

Business growth and service improvements are driven by instantaneous consumer demands. We have been self-demanding in listening to and proactively respond to our customers. Fee reduction, the speed of ADSL services and handling of junk mails were the most attention-getting issues of our shareholders and the public in 2008. We have launched the related measures to deal with these issues.

Reduction of Telecommunication Fees

We reduced the HiNet ADSL and optical fiber Internet connection fees in November 2008 by an average of 8.8%. We negotiated with China Mobile (CMCC), the largest mobile telecommunication industry in China, about discounts on the usage of international roaming services by our customers when traveling in China. Effective from January 2009, our customers making calls from their mobiles back home from China using the CMCC network will enjoy a 34% discount on call charges, 43% discount on text messaging or a massive 67% discount on digital roaming. Our customers doing business or traveling in China are able to enjoy talking leisurely with friends and relatives back home.

ADSL Speed Problems

Technically, we are unable to guarantee the bandwidth of our different grades of ADSL services due to distance and environmental constraints. We hope to match our customer's demands by introducing new technology and reducing fees as well as providing a bandwidth testing website to ensure that all our customers are well informed of the relevant information regarding ADSL speed.

Internet Connection Speed Test
http://www.hinet.net/support/testspeed.html

Appendix / Environmental Sustainability Management / Social Contribution / **Stakeholder Feedback** / Responsible Operation / Operational Development

45

Dealing with Junk Mail and Porn Spam

We have invested close to NT$ 100 million on hardware and software equipment to better service our HiNet mail service subscribers through improved functions. In relation to junk mails, we have installed a filtering function on our free webmail service, which filters out junk mails. Account users are required to go through the simple setup procedures only once to determine as to whether any suspected junk mail is to be "deleted directly".

About 90% of junk mails relate to a porn spam. We have offered the K12 mailbox to parents who are concerned about their children receiving porn emails. The functions of a K12 mail box feature the following:

- Text Filtering: blocking mail with the subject or contents containing offensive terms.
- Picture Filtering: Use 11 different types of picture reading methods to block porn spam.
- Web Feedback: The message, "this is a junk mail" is reported by Webmail to increase the accuracy of the filtering engine.
- Web Server Forced Quarantine: Unlike other service providers who store junk mails in junk mail boxes, the K12 mail box enforces a forced quarantine at server-end.

Mr. Xiang-Yi Chen, the Vice President of HiNet said: "K12 represents the "purest mail box" HiNet intends to provide for our minors from kindergarten through to year 12. We hope that our next generation is offered a healthy Internet surfing environment."

We are not only an Internet services provider but are also serious about the possible impacts of our services. The "Internet porno gatekeeper" and "online time management" are our actions for CSR fulfillment.

HiNet Safe Online
http://www.hicare.hinet.tw

The small and portable one-time password device requires no computer connection or installation of any software. The two-way authentication mechanism effectively prevents account theft scams, enabling the user to freely use Internet services.

HiNet one-time password
http://otp.hinet.net/

Reduction of Adverse Service Impacts

We have long been striving to provide our customers services free of needless concerns. We will continue to develop new services and reduce possible negative impact caused by our products or services. Key points of our endeavors are summarized as follows.

Filtering of Improper Content

To create an Internet environment suitable for children while at the same time offering assurance to parents, we introduced the hiCare (Internet Porno Gatekeeper) Service. This service does not require the user to download or install any software. Our customers can stay away from websites containing materials relating to pornography, violence, suicide, drug abuse, weapons and gambling that are harmful to children and teenagers. We have a complete multi-language coverage in the blacklist database. Update the database once every two hours to secure the interception rate to almost 100%. We plan to provide this service free of charge to the Department of Social Welfare of the Taipei Municipal Government and other charitable organizations, representing a total donation of NT$ 3.62 million.

Time Control

The "HiNet online time management" and "3G easy talk" services are provided to elementary school students and junior high school students who are learning to acquire time management ability. Parents can set online time periods and call limit using these services. Our unique advanced management functions allow parents to control children's use of mobile phones and Internet, and make specific bill settings. These services enable parents to train up their children to adopt a good habit of using telecommunication services.

Protection of Telecommunication Security

We introduced the "HiNet One Time Password" device and "caller blacklist" to protect the interests and rights of our customers. The "HiNet One Time Password" device randomly generates a set of one time password every 60 seconds, which may only be used once. This device helps prevent theft of account numbers or illegal access to personal information by fraud gangs through a fraudulent website. The device is currently used by the Chunghwa Telecom members and in authentication of HiNet small-sum payment, Yahoo! Kimo account lock and HiNet auction.

The "caller blacklist" allows our customers to add the phone number of any unwanted caller to the blacklist. The system will then filter unwanted calls by rejecting to make a connection. Any private-number call or call with an unknown number will be automatically diverted to voicemail. This service effectively blocks disturbing calls from fraud gangs to ensure the security of customers' phone service.

Key Action Items

Electromagnetic Wave Issue

Being the largest mobile telecommunication service provider in Taiwan, we established a wide and complete electromagnetic signal network, providing omnipresent telecommunication services. Integration of the third-generation broadband mobile telecommunication and Internet provides not only voices but more applications and services including mobile multi-media, mobile video, mobile Internet and e-commerce etc. Users can keep in contact with other people at anywhere such as in underground rapid trains, mountains or even other countries. For any emergency circumstances, users can seek helps by dialing a special number. Our employees will keep our telecommunication network fluent for a whole day to improve people's living convenience.

Electromagnetic Waves Safety & Propaganda

For ten years since 1996, the WHO has spent US$ 250 million on the research of international electromagnetic fields. Project participants included a number of developed countries such as the USA, UK and France as well as some prominent international organizations and research institutes such as the ITU and ICNIRP. As concluded in the No. 304 document published by the WHO in May 2006, there was no reliable scientific evidence supporting the claim that weak radio frequency signals generated by base stations and wireless networks may cause harmful impact on human health according to an extremely low level of exposure values and data collected by scientific research till this date.

In an effort to educate the general public on correct electromagnetic concepts, we co-hosted the "Understanding Electromagnetic Waves of Base Stations" seminars in different parts of Taiwan with the TTIDA. Academic speakers and experts gave a precise speech on the electromagnetic wave issue, which was supplemented by on-site measurement using precision apparatus. Journalists were able to give fair reports of the electromagnetic wave issue in a scientific and rational approach. Meanwhile, the Corporation and other telecommunication service providers also requested the TTIDA to centrally publish the various propaganda materials relating to the electromagnetic wave issue. In 2008, the TTIDA published the following propaganda materials: the "2008 Propaganda Journal", "environment-friendly bags/cups", "baseball caps", "portable storage device" and "easy tags" as well as a massive amount of posters for distribution to our branches and offices and other relevant governmental and private organizations to reinforce the results.

We sponsored the Mountain Hiking Event to find out dead spots of telecommunication services in order to provide unobstructed services. The event concluded with huge success. Three managers from our Mobile Service Group and hiking experts took a photograph together.

WHO No. 304 Document
http://www.who.int/mediacentre/factsheets/fs304/en/index.html
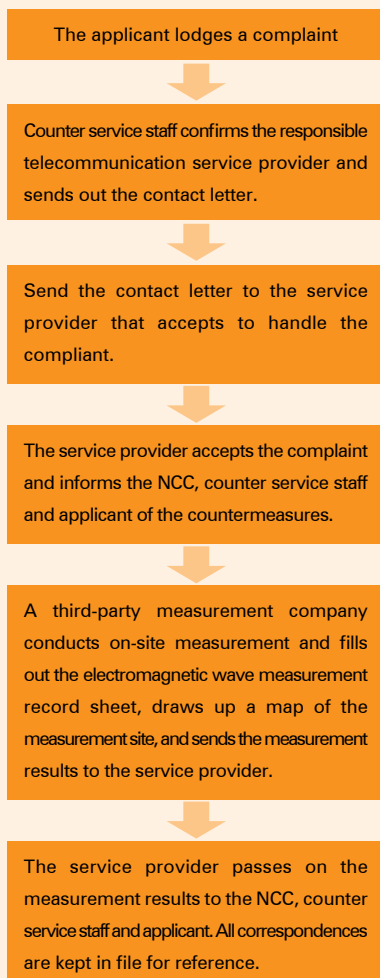
Key Action Items

Beautify Base Stations

To ensure network performance and complete service coverage, providers of mobile communication services have built base stations everywhere. Construction of an excessive number of base stations is rather harmful to the existing environment and views. People have developed psychological rejection towards base stations.

To reduce the impact of base stations on existing landscape and ease people's visual impact, we have used special designs to beautify the antennas installed at our new and existing base stations. Different forms of design were used according to location and the surrounding environment. For instance, we have used color painting, garden lights, trailing plants and special patterns etc. Around 46.6% of our base stations were beautified as at the end of 2008.

Impartial Measurement Company

To clear the doubts of people living near base stations on the issue of electromagnetic waves, the Corporation and other telecommunication service providers have set up a hotline "0800-873888" for arrangement of a free electromagnetic wave measurement service. An impartial measurement company will conduct a free on-site measurement and give expert opinions. In 2008, we have accepted 168 applications.

We have ensured sound integration of base stations essential for mobile communication services with existing landscapes to satisfy the varying needs of our stakeholders.

The Process of Electromagnetic Wave Measurement Service

The applicant lodges a complaint

↓

Counter service staff confirms the responsible telecommunication service provider and sends out the contact letter.

↓

Send the contact letter to the service provider that accepts to handle the compliant.

↓

The service provider accepts the complaint and informs the NCC, counter service staff and applicant of the countermeasures.

↓

A third-party measurement company conducts on-site measurement and fills out the electromagnetic wave measurement record sheet, draws up a map of the measurement site, and sends the measurement results to the service provider.

↓

The service provider passes on the measurement results to the NCC, counter service staff and applicant. All correspondences are kept in file for reference.

Major Responses

Supplier Management

We insisted on a principle of conducting impartial and serious business cooperation with our suppliers. We adopt a verification process to ensure the quality of apparatus provided by our suppliers. We also reinforce the self-management mechanism governing suppliers to ensure the quality of our telecommunication services. The optimal goal is to fulfill our corporate social responsibilities and achieve the purpose of elimination through competition.

Based on the principles of fair and ethical trade, the Labor Standards Law and the Taiwan Environmental Law, we have drawn up the management principles governing the standards of environment and human resources required of our qualified suppliers.

Environmental Principles

We require our suppliers to comply with the relevant local regulations governing environment protection in Taiwan. In response to global warming, we urged our suppliers to cut down energy consumption and the level of impact on the environment caused by their products or services.

- The Corporation and our suppliers offer joint assurance on the fact that the processes of manufacturing, delivery of products and services and waste disposal are conducted in a responsible way to the society and environment.
- We encourage our suppliers to assume a level of environmental responsibilities higher than the statutory requirements to show their commitments towards reducing harmful impact on the environment.
- Our suppliers are required to obtain the permit for all manufacturing activities.
- We encourage our suppliers to engage in product development and innovation and come up with solutions benefiting the environment.

Principles of Human Rights and Ethics

We are in compliance with internationally accepted principles with respect to the protection of the human rights of our employees. We work with suppliers who are also in compliance with the principles. The following standards are recognized under the Labor Standard Law, which shall also be complied by our suppliers:

- Ensure the security and confidentiality of the information entrusted by the Corporation and we shall only cooperate with suppliers who value the same practice.
- Suppliers shall not offer any agreement, bribes, commissions, rebates, gifts, invitations or other unlawful benefits to our staff. The same applies to our contractors. We shall terminate or revoke the agreement if the supplier is in breach of the above.
- Suppliers shall comply with the relevant standards of the Labor Safety and Health Act while performing the contract.

The EICC covering human rights, labor safety and health, environmental protection, management system requirements and standards of corporate ethics, serves as an important guideline for development of our future supplier management policies.

Electronic Industry Code of Conduct
http://www.eicc.info

Improve the Quality of Life

Information Support

Community Assistance

Care for the Disadvantaged

Social Contribution

We have been maintaining the corporate concept of "giving back to the society what we benefited from it". The fact that we are the largest provider of composite telecommunication services with our extensive network and service coverage across Taiwan and its offshore islands shapes our self-awareness for social contribution. For many years, we have leveraged on our core competency and worked robustly to create value for our society and improve the living standards of our citizens.

In response to the requests of domestic and offshore stakeholders, in 2008, we have made cash donations and offered free products and services with the purpose of bridging the digital divide and making our part of the contribution to social charitable events. The total amount of our donation for 2008 was estimated to be NT$ 248 million, making up 0.43% of our operating profit.

Management Approach
Five Dimensions of Social Contribution
Chunghwa Telecom Foundation
Create Digital Opportunities

- - - - - - - - - - - - - - - - - -

Key Issues
Quantifiable Social Contribution

- - - - - - - - - - - - - - - - - -

Major Responses
Telecom Universal Services
Promote Digital Learning
Bridging the Digital Divide
Corporate Volunteerism
Community Cultural Industry
Charitable Telecom Services
Charitable Activities

- - - - - - - - - - - - - - - - - -

Key Action Items
The ADOC 2.0 Project

Appendix | Environmental Sustainability Management | **Social Contribution** | Stakeholder Feedback | Responsible Operation | Operational Development

51

Management Approach

Five Dimensions of Social Contribution

We have categorized different forms of social contribution into the following 5 dimensions: "Hardware Infrastructure" is fundamental to people-to-people communication; " Product or Services Donation" makes information technology more valuable; "Research and Innovation" is centered on assisting the disabled to mutually share the convenience of communication services; "Corporate Volunteerism" gives our employees the opportunity to directly take advantage of their expertise and be involved in enriching lives in communities; the "Chunghwa Telecom Foundation" is our pioneer in creating digital opportunities.

Jing Liao Village is the starting point for our Digital Good Neighbor project, covering new migrants, school children to cultural assets.

The Five Dimensions of Chunghwa Telecom's Social Contribution

Hardware Infrastructure	Product/ Services Donation		Research & Innovation	Corporate Volunteerism	Chunghwa Telecom Foundation
Broadband Access to Tribal Villages	Toll-free Short Code Service	EduCities Website	Physically and Mentally Disabled Information System	Project Plan	Digital Good Neighbor
Terrestrial to Satellite Project	Anti Telephone Fraud	Concerns for New Migrants	Distance Working for the Visually Impaired	Education and Training	Click Taiwan/ Touring Taiwan
FTTB for Every School	Emergency Rescue System	Phone Call To Home Service for Jail Inmates	ADOC 2.0	e-Tutor Program for Remote School Children	Taiwan Indigenous Peoples' Web Communities
	Special Charitable Number Service System			Promotion of Environmental and Ecological Education	
	Radio Station Sea Rescue			Information Volunteer	
				Charity/ Volunteer Website	

Management Approach

Chunghwa Telecom Foundation

The "Chunghwa Telecom Foundation" was founded in 2006. Besides our concerns for environmental issues, our founding mission is to integrate our core competency with social resources to assist with the development of community culture, bridge the digital divide and be involved in the cultivation of community living. Our endeavors are centered on the local culture and we take community involvement and services as the starting point. Our optimal goal is to make our contribution to community development in Taiwan.

Our major work include the following:

- Assist the Local Culture and Industry: Construct the "Click Taiwan" website, offering the community and industry a platform for information exchanges. We hope that through text, images and videos we can join hands with local enterprises to record their efforts and the stories created in local communities.
- Bridge the Digital Divide: To bridge the digital divide by establishing Digital Good Neighbor facilities in remote parts of the island that will offer equipment and broadband connections. The Foundation's aim is to provide resources and volunteers to improve the quality of life, education, and industry in deprived local communities.
- To Enrich Lives in Local Communities: Chunghwa Telecom's volunteers are helping communities with sustainable development through active and affective participation in local issues.

Create Digital Opportunities

With respect to social contribution, we place special emphasis on the concept of "creating digital opportunities" , which is closely related to our core business. Our dedicated team of technical experts traveled far and deep into remote regions to build a major part of the broadband network, paving the foundation for our endeavor in creating digital opportunities. With the backup of hardware facilities, we have gone a step further to make product or services donation or other special offers to remote communities. And our work does not stop there. To maximize the benefits of our products and services, the Foundation's corporate volunteers have been dedicating themselves to educating the remote population on the application of digital products and services. Besides caring for the next generation's growth, our work also extends to assisting with the local cultural and industrial developments and looking after the disadvantaged groups. We hope to achieve digital-inclusion in the society with our total, bottom-up effort.

Mike Lin
CEO of Chunghwa Telecom Foundation

The Chunghwa Telecom Foundation has installed the "Digital Good Neighbor" sites at 29 remote locations. In addition to installing digital hardware equipment at the sites and setting up digital classrooms, the Chunghwa Telecom employee volunteers have assisted to promote a digital learning environment within the communities that has helped disadvantaged people narrow the digital gap and also created digital opportunities. The optimal goal is to allow the power of technology to grow and take root within the local communities.

In 2007, the Chunghwa Telecom Foundation and the Tourism Bureau, Ministry of Transportation and Communications, joined efforts to organize the "Touring Taiwan" project, taking cultural tours to every part of the island with the objective of enhancing and depth and authenticity of travel in Taiwan. The Foundation will continue to leverage on the corporation's core competency to actively create digital opportunities for remote and disadvantaged communities on the various dimensions of CSR including education, local industry and culture and volunteerism.

Create Digital Opportunities

| Education | Industry | Culture | Volunteerism |

Chunghwa Telecom Foundation

Corporate Volunteer Services

Product/Services Donation

Hardware Infrastructure

Illustration of "Creation of Digital Opportunities"

Key Issues

Quantifiable Social Contributions

At the request of domestic and offshore stakeholders, we estimated our social contributions for 2008 to total NT$ 248 million, making up 0.43% of the operating profit. Our next step is to continuously enhance quantification management and communication of our social contribution initiatives.

Quantification of social contributions is vital in that the statistics will help us make more appropriate resource allocation to avoid duplicate investments, effectively integrate financial and non-financial information and satisfy the needs of our stakeholders for life quality.

Social Contributions for 2008

Unit: Thousand Dollars

Type of Social Contribution	Amount
Cash Donation	71,380
Product or Services Donation	176,136
Grant Total	247,516
Social Contributions As a Percentage of Operating Profit	0.43%

Fixed line telephone services were not available to the residents of the Xian-Bi region of Tai-An Village, Miaoli County. Farmers relied on cell phones to conduct their businesses but frequently encountered problems due to poor reception. Our colleagues from the Miaoli Operation Office installed the fixed line telephone and broadband services network for the locals at a total cost of NT$ 2 million, severing approximately 20 households. Chunghwa Telecom absorbed the total costs of this project. The costs of making call service available to each household amounted to about NT$ 100,000 per household.

2007 CSR Report
Our Commitments to Digital Opportunities:

In future, we will continue utilizing both direct and indirect methods of assisting communities and disadvantaged groups apply Internet technologies to improve their communities and personal quality of life and promote the development of community and tribal cultural assets. This continues to be our unwavering commitment to create digital opportunities.

Major Responses

Network construction is fundamental to bridge the digital divide. Our active devotion to this project reflects our disregard for the initial hardware construction costs and subsequent repair and maintenance expenditure. Pictured above is the engineering site in Chihshang Village, Taitung.

We have not only created network but also offered computers, the true "eFamily". Pictured above is the A-Li Tribe in Wutai Village, Pingtung.

Telecom Universal Services

We have been working on our long-term objective of achieving the universality of telecommunication services in the country, allowing citizens to have access to basic telecommunication services. At present, the household penetration rate for fixed line telephone services is 98%. We have offered over 220 thousand households telephone services and 28,000 households data communication services in over 81 remote and economically deprived areas, installed over 20,000 sets of public telephones in 25 counties/ cities and offered data communication intercepting services to some 3,700 primary and high schools and public libraries. We have also cooperated with the government's initiative in promoting a 100% school penetration rate for Internet services and raising the broadband usage rate. By the end of 2008, we have assisted 81.03% of remote schools to gradually switch from their existing ADSL network or data circuit over to FTTB.

Broadband Access to Every Village

By the end of 2007, NCC planned to implement broadband infrastructure in 46 village, in which we have completed 43 village (93%). In June, 2008, NCC planned to implement broadband infrastructure in 50 tribes, in which we have completed 42 tribes (84%). Above accomplishment has reached 7,388 villages and tribes, which covers 75% of the families in Taiwan.

We also take the initiative to provide 31 primary schools in 42 tribes with premium rates in compliance with NCC's project called "Broadband Access to Every Village", including free installation, free circuit and internet access fee for 2 years, free anti-virus and antihacker services for 2 years, free HiNet learning e-card for 2 years, and 2 notebooks. In addition, we also donate PC to communities, held computer courses, help the residents to design the website as well as to teach them the computer skills and help them to promote their agricultural products and tourism.

We have promoted over 1,500 broadband users in areas where we have constructed the broadband network under the "Broadband Access To Every Village" and "Broadband Access to Tribal Villages" projects. The broadband household penetration rate has grown from 0% to 30% and our services have indirectly improved the living standards of residents in remote areas and promoted local developments.

Terrestrial to Satellite Project

From 2004, as requested by the Council of Indigenous Peoples of Executive Yuan, we began construction of a direct satellite broadcast system to improve the problem of poor reception in tribal villages. As at the end of 2008, we have installed the system in a total of 64,620 households.

Appendix | Environmental Sustainability Management | Social Contribution | Stakeholder Feedback | Responsible Operation | Operational Development

55

Promote Digital Learning

Network services enable a remote tribal village to connect to the globe and create infinite possibilities. We believe that digital opportunities are built on the creation of digital learning environments for remote communities, tribal villages and disadvantaged groups.

Digital Good Neighbor

The project, "Digital Good Neighbor," started in 2006. The Corporation and our team of some 24,000 employees were dedicated towards accomplishing the corporate promise of creating digital opportunities. By the end of December 2008, we have completed the construction of 29 Digital Neighbor Sites, and donated 466 computers and 355 sets of computer software equipment to remote areas and tribal villages. We introduced the various resources according to specific needs and different features of community industry developments. Our goal is to enable digital learning to take root in every part of the remote regions by joining the efforts of CHT and other sources of volunteer services.

PunCar Action

The PunCar Action was undertaken by a group of bloggers and enthusiasts, realizing the concept of "Delivering Nerdy Boys to Villages" in their own unique way. A second-hand van was transformed into the PunCar-a van equipped with Internet technology and online communication devices, commissioned to conduct digital education in deprived communities. The creative and practical way of teaching gave the students at the digital sites an extremely fun learning experience.

EduCities Learning

"EduCities", the first Internet educational city of its kind in the world, responds to the real world, connects people and the current education and carries out the learning activities online. The programs, "English Vocabulary Marathon" and "IQ king" are popular among students and teachers of primary and secondary schools across the island. In 2008, over 500 schools registered for the programs with over 170,000 students signed up for the competition. Meanwhile, in an effort to promote the criticalness of environmental issues such as global warming and climate change, "EduCities" has launched the anti-global warming, dream building campaign in hope of making our children show more care and love for the Earth.

The digital site located in Jiamu Tribal Village, Wutai Township, Pingtung was inaugurated! The Rukai women extended their warm greetings for Mr. Lin, CEO of the Chunghwa Telecom Foundation and our corporate volunteers.

The cute PunCar van was surrounded by a group of enthusiastic children.

The final of the "English Vocabulary Marathon Competition". Winner of the Distinction Award from the Junior High School Category excitedly joined Mr. Ma Hong-Tsian, Head of Marketing Department, Data Communications Group for a photo together.

EduCities
http://www.educities.edu.tw

Major Responses

Jingliao Village

Jingliao Village in Tainan was our starting point for the Digital Good Neighbor project. Corporate volunteers were assigned to assist newly immigrated foreign spouses build up their computer literacy through weekly computer lessons. A strong bond was formed between our volunteers and the newly immigrated foreign spouses.

"Yi-Chang Rice Grinding Factory" was founded in the early period of Taiwan's restoration in 1945 and ceased operation in early 2006. The style of the factory is simple and ancient and 80-year old rice grinding machine made purely of wood is moreover a precious antique. Our corporate volunteers took part in the factory restoration project. The purpose is to allow our future generations to see the ancient cultural objects that are of high historical significance.

Tung Yuan Village

Mr. Wen Wei-Luan, Chief of the Tung Yuan Village has returned to his hometown from the city only two years ago due to his father's illness. He has been an advocator for digital learning. We joined efforts with the volunteers of Chiao Tung University to teach indigenous children how to use the blog, improve photo-taking skills and organize small-scale artwork presentation. The objective is to help these children enjoy the fun of learning and build up their confidence.

Hsin Hsin Primary School

In November 2008, we organized an orientation program, which took place at the Hsin Hsin Primary School in Jin Fong Village, Taitung, allowing the local advocators of the "Digital Good Neighbor" site and volunteers to get to know each other and undertake information exchanges. Besides experience sharing and improving understanding, we hope to duplicate the success stories of the "Digital Good Neighbor" project to create more digital communities.

Banoh Tribe

The Banoh Tribe located in the Nan Juiang Village, Miaoli County became widely known due to a TV ad on automobiles that was filmed there. In the ad, the village was located in an mountain environment with winding roads and beautiful landscapes. It has become a popular tourist attraction subsequently and at the height of its popularity, reservation for the local B & B must be made 6 months in advance. However, the area observed a significant decline in its local tourism industry after several typhoons inflicted severe damages on the area. It became This, however, gave the local residents more time to rethink the future for their tribe.

The local travel agencies together with the advantages of borderless Internet facilities offered the local people much hope in allowing the public to learn more about their Atayal culture. After the computer room was put in use, a series of computer training programs were also planned and offered. The local people are pondering on ways of constructing their own tribal blog to create more business opportunities for the tribal families.

Appendix / Environmental Sustainability Management / **Social Contribution** / Stakeholder Feedback / Responsible Operation / Operational Development

57

MeMelihang Worshop

The MeMelihang Workshop was founded with the mission for continuing the Atayal Dying and Weaving Culture. The Studio is a prominent teaching center for the traditional indigenous weaving and dying art. In 2008, we helped the MeMelihang Workshop to undertake digital archiving of the Atayal weaving artwork. We offer the digital tools to allow more systematic and comprehensive preservation and continuation of the indigenous culture.

Lohok Tribe

Mr. Wang, a teacher at Song Pu Primary School in Yuli Township, Hualien, who came to work in the remote town from the big city, has fell in love with the tribal culture every since his arrival. Mr. Wang has expressed his appreciation for the fact that continuation of the Amei Culture shall begin from early childhood and that digital application tools are essential to achieve this purpose. In light of this, Mr. Wang worked with tribal youth groups to promote digital learning and document the bits and pieces of tribal events using digital application tools. In addition, they were also able to create the tribal stories on the website with the aid of network facilities. At present, we have trained up near 10 school pupils to assume the role of the tribal journalists. Just log onto the tribal website and you can browse articles written by these junior journalists as well as details of the cultural collection stories.

With all's encouragement, the Lohok Tribe began to try out organic farming. Details of the trial process were published on the website, allowing interested parties to keep track of the latest development. The objective is to create new opportunities for the tribal people using digital applications.

Yuanaye Cloth Workshop

In order to create a stable source of income for the tribal families, Mr. Cheng, the Principal of Hsin Hsin Primary School in Taitung, founded the "Yuanaye Wood Workshop" and "Yuanaye Cloth Workshop" by joining the various resources. The workshops create a variety of products made by cloth and wood with a rather limited supply of resources. The Chunghwa Telecom Foundation made its share of contribution by inviting leading designers to discuss with the workshop artists about their creative work while offering them some valuable tips to ensure a delivery of higher quality and more mature products.

Lijia Tribe

The Lijia Tribe is located near the popular Alishan National Scenic Area. The communities have been hoping to utilize the power of broadband network to promote the local industries. In 2007, the Lijia Tribe was the first "Broadband Access to Every Tribal Village" site gaining access to Chunghwa Telecom's broadband services. The Li Jia Primary School, with its comprehensive computer equipment, is the most popular and convenient public space for the villagers. We installed the "Digital Good Neighbor" site in the village to allow the children construct a website and blog for their own home place, introducing technology into their living.

Operational
Development

Responsible
Operation

Stakeholder
Feedback

Social Contribution

Environmental
Sustainability Management

Appendix

Major Responses

Bridging the Digital Divide

We fully understand the importance of NPOs (Non-Profit Organizations) on social welfare. As such, we make product donations, online promotion and donation of e-Receipts to support the development of the various social charitable organizations. Specific for the disadvantaged groups such as low-income families and people with disabilities, we offer several different plans at much reduced rates to help them gain access to high-efficiency communication services at relatively low costs.

Discount of Telecom Services Fee

Item	Description	Performance
1	Number of Low Income Households with Broadband Internet Discount (256K/64K & 2M/256K at 50% off the normal monthly fee)	5,633
2	Number of Low Income Households with NT$ 600 Phone Card Discount Per Year	7,030
3	Number of Disabled People with Broadband Internet Discount (2M/256K at 15% off the normal monthly fee; others at 0.5% off the normal monthly fee)	1,022
4	Number of Disabled People with "Care and Love Premium A" [1]	1,499
5	Number of Disabled People with "Care and Love Premium B" [2]	1,558
6	Number of Visually Disabled People with NT$ 200 Phone Card Per Year	1,170
7	Number of Telecom Transit Calls for Those with Speaking and Hearing Difficulties [3]	585

Information current as at December 31, 2008

[1]: We offer plans at much reduced rates for the visually, hearing, and vocally impaired applicants and double the premium on domestic communications services. They can choose either the 2G "88 option" or 3G "183 option" and in addition we double the value of the original low monthly rates on domestic communications (NT$ 88 or NT$ 183) providing NT$ 176 or NT$ 366 of service at the same low cost.

[2]: The visually and vocally impaired applicants can choose the 2G "188 option" or 3G "183 option" and be entitled to 300 free on-net SMS messages and 100 off-net SMS messages.

[3]: A manual communication service featuring customer service representatives of the Hearing Impaired Service Hotline passing on the messages of the hearing impaired caller to a normal callee.

The "Children Are Us" Bakery and Cafeteria located at the basement level of the corporate headquarter. The Foundation paid for the upfront interior design costs as well as the monthly water and electricity bills to offer long-term employment opportunities for these disadvantaged children.

Appendix / Environmental Sustainability Management / **Social Contribution** / Stakeholder Feedback / Responsible Operation / Operational Development

59

Taiwan Indigenous Peoples' Tribal Portal Site

The "Taiwan Indigenous Peoples Tribal Portal Site" gives the tribal people the opportunity to utilize the web's resources to set up a website for their tribe, a channel to allow the external world gain knowledge on their tribe. As at the end of December 2008, there were over 591 tribal websites being constructed. Upon review, we offered a $ 20,000 subsidy program to 40 (out of 43) respective eligible tribes that constructed their own websites by using the web resources in 2008. We also organized events or computer training sessions to enhance computer usage by the tribal people with the longer term goal of promoting digital learning opportunities.

The subsidy program has proven to produce brilliant results. For instance, the Makazazai Tribe of Pingtung county published a detailed record of the traditional Paiwan wedding ceremony on their tribal website for many to take a glance at the solemnity of the tribal wedding ceremony. The Banaguali Tribe located in Taian Township, Miaoli had a longstanding problem of lacking broadband access and inability to get online and the $ 20,000 subsidy grant was the solution to their problem and also allowed the tribal people to start their computer training. The Madawdaw Tribe of Taitung County offered traditional bark weaving courses to hand down their handcrafting techniques to the next generation.

Chunghwa Telecom Foundation is a long-term supporter for the Taiwan Indigenous Peoples' Tribal Websites.
http://www.hohayan.net.tw

Care for New Immigrants

Due to changes in social and economic trends, the population of foreign spouses is expanding. Statistics shows that one out of every 8 newborn were the children of foreign spouses. We help the foreign spouses and their children to bridge the cultural gap with our actions.

Over 600 phones calls per month were received through the dedicated line "0800-080508" designed specifically to look after the life of newly immigrated foreign spouses. This toll-free number provides services in 5 different languages (Mandarin, English, Indonesian, Thai, and Vietnamese), offering extremely helpful living consultation services to newly immigrated foreign spouses.

In order to assist new female immigrants in obtaining learning materials and adapting to life in Taiwan, we have completed 100 volumes of multimedia course materials for families of the new female immigrants. The course materials are broadcasted on the MOD platform free of charge. In 2008, more than 97,000 people benefited from the program. In addition, we also donated this program to several governmental organizations and charities.

On the Mothers' Day Fair, we offered newly immigrated foreign spouses free international calls to relieve their nostalgic feelings for their home town.

Major Responses

Chunghwa Telecom volunteers (right) assisted remote schools to resolve communication problems.

The Banciao training center provided the venue for the "Glad to See Each Other" event and accommodation arrangements for the students.

Corporate Volunteerism

Being a highly local provider of telecommunication services, our service network covers the entire nation. Besides corporate resources, we have some 24,000 employees, who are our most valuable manpower resources in assisting with the corporation's initiatives on community, social concern, and environmental and ecological issues. Our telecommunication expertise enables us to become the pioneer in creating digital learning opportunities.

On November 30, 2007, we completed Taiwan's first "Corporate Volunteer Service Guidelines and Plan" in accordance with the spirit of the Volunteer Service Act. The Guidelines and Plan will serve as a basis for us to promote volunteer services and care for communities.

By the end of 2008, 678 CHT employees (2.76% of the CHT workforce) have completed volunteer training courses and were awarded the "National Volunteer Service Booklet." In addition, due to differences in the service projects, we have conducted a total of 10,690 hours of special training on volunteer services. We also offered a total of 49,355 hours of corporate volunteer services through different charitable events by joining our corporate resources and corporate volunteerism.

Remote Classes for Children of Remote Areas

In May 2008, we joined efforts with the Fu Jen Catholic University to undertake the distance tutorial project for school pupils living in remote areas. We leveraged on our core telecommunications resources to share the Joint Net platform, donated computer software/ hardware and provided subsidies for circuit price spreads to resolve remote schools' inability to expand their existing digital facilities due to budget constraints. We do what we do because we are fully aware of the fact that helping school pupils living in deprived regions quickly pick up their schedule of learning is the very first step in narrowing the digital gap between urban and remote areas. In addition, we have also involved local corporate volunteers to take charge of the repair and maintenance of school computer facilities

On top of the attentive tutorials given by the teachers from the Fu Jen Catholic University, we place high emphasis on pupils' character building. On the other hand, the extended "Glad To See Each Other" event not only helped children from remote regions the opportunity to broaden their vision but also for teachers and students to interact face to face, enhancing the warmth between the tutors and students. We have not only successfully delivered concerns the urban people have for the remote people but also inspired the remote pupils' planning for and thoughts about their future.

Appendix   Environmental Sustainability Management   **Social Contribution**   Stakeholder Feedback   Responsible Operation   Operational Development

61

A Documentary Film on Environmental Conservation – The Man Who Plants Trees

In July 2008, in an effort to fulfill our open commitment to the society and encourage people to integrate the "Going Green" art into their daily living, we provided an exclusive sponsorship for the documentary film "The Man Who Plants Trees", which tells a true story on LU Ming-Shih, a man who vows to plant trees along the Tropic of Cancer. Production of the film took over a year with the crew going out of their ways to obtain countless interviews with the main character and experiencing his spirit of "action is louder than words". The audience is deeply intrigued by the authenticity of the passion for land and nature. The documentary film was nominated by environmental conservation groups as an excellent teaching material for ecological education.

Besides a nation-wide screening tour and free downloads from MOD and hiChannel, we have also offered the film for organizations and groups to use free of charge. We also invited experts to write a teaching program on screening of the film. The green concepts are communicated to viewers of different ages to awaken their passion for this land- Taiwan!

Promotion of "Biodiversity"

Starting from fall 2007 to June 2008, we joined efforts with our business partners and green organizations to promote the concept of "Biodiversity" by going to 104 schools across the nation to promote the concept of going green by planting native trees. It was a warm, inspiring activity with our friendly volunteers accompanying the school children to touch, exercise and experience the softness of soil together and get to know the resilience and vital force of native species.

The exclusive website of the documentary film not only provides online filming but also a platform for opinion exchanges.
The Man Who Plants Trees
http://life.cht.com.tw/TreeMan

Unification of our love for the earth and concerns for the disadvantaged people: our corporate volunteers accompanied children with multiple disabilities to experience the nature.
The Digital Forest Green Thumb Event Journal
http://blog.xuite.net/chttree/treeblog

Community Cultural Industry

Little Market Place & Little Indigenous Market Place

At the end of 2007, for the purpose of promoting local industries, we organized a 3-day "Forest Black Tea" fair in "southvillage" located at the commercial circle within the proximity of the National Taiwan Normal University. The event was a huge success in that we have successfully marketed a local brand outside of the local community, which received overwhelming popularity. Beginning March 2008, the Chunghwa Telecom Foundation once again joined efforts with southvillage to host a series of activities for exhibition of local produce. Besides, during the period from March to June 2008, we organized 6 story-sharing events about the origins of some local industries with community industry participants including the Fuh Ting Aboriginal Development Center (Hualien), Varasa Workshop (Titung), Yuanaye Cloth Workshop and Wood Workshop (Hsin Hsin Primary School), Melihang Workshop (Miaoli) and Cidiyao Farm (Nantou).

During the period from August to November 2008, a total of 13 local industries participated in the little market place events that took place at "southvillage" including: Forest Black Tea, Varasa, Cidiyao, Melihang Workshop, Yuanaye Wood Workshop and Yuanaye Cloth Workshop and so on. A fruitful sale of approximately NT$ 1 million was created through The "Little Market Place" and "Little Indigenous Market Place" events that lasted for over 6 months.

The little market place at "southvillage" narrows the distance between remote and urban communities as well as the producer and consumer. We not only integrated network with actual events, but have also assisted with the development of local culture and industries.

2007 CSR Report
Our Commitments to Digital Opportunities:

From 2006, the Chunghwa Telecom Foundation has launched different projects in 16 communities nation-wide. Prior to including each community to our project, we undertook detailed study and several field visits, including full interactions with the local people until we are certain about the true needs of the local residents for information services. We then draw up a constructive project and action plans, which we implement step-by-step with revisions to the project plan from time to time with our corporate manpower and resources.

Click Taiwan

In 2008 the website of "Click Taiwan" has contained information on over 100 community cultures, 74 unique community stories and over 100 documentary films. In 2009, we expect to add 16 community life stories about "Digital Good Neighbor" to the website so that more people can understand the beauty of Taiwan.

Starting February 2009, we started to publish the monthly "Click Taiwan" ePaper of which contents are presented in different subject areas. The ePaper gives the reader an introduction on the abundant contents of the "Click Taiwan" website and some interesting local stories associated with the "Digital Good Neighbor" communities and other local industries. At present, the "Click Taiwan" ePaper has attracted close to 10,000 subscribers. In future, we will continue to add more diverse and in-depth contents to the ePaper to enhance the compactness between the "Click Taiwan" website and "Click Taiwan" community partners.

Touring Taiwan

Based on the concept of "Click Taiwan," Chunghwa Telecom Foundation and the Tourism Bureau of the MOTC co-organized the event, "Touring Taiwan & Tell Your Own Story," in November 2007. We invited 50 celebrities and 150 travel experts to write their own travel stories and construct a database containing over 300 scenic spots classified under the Natural, Cultural, Local and Energetic categories. In January 2008, the Chunghwa Telecom Foundation and Reading Times co-published the book, "Touring Taiwan, Celebrities Telling Their Own Stories". In light of the overwhelming support received for the first book, in June the same year, we published the 2nd book "Touring Taiwan, Follow the Experts", taking our readers for an in-depth, inspiring tour of Taiwan with the experts.

To continue the awesome feelings inspired by traveling, we donated the full amount of the royalty payment for the first book "Touring Taiwan, Celebrities Telling Their Own Stories" to support the "Charity Tour for Children" program, which provides for children from deprived regions and disadvantaged children living in metropolitan areas to genuinely feel the beauty and warmth of Taiwan through travel exchanges and experiences. The "Charity Tour for Children" program organized four, 2-day itineraries of art, cultural, science and local experience tours. Children can freely choose their favorite tour as they prefer and enjoy a fun, special tour that enables them to learn at the same time.

Click Taiwan
http://www.clicktaiwan.com.tw

Children who participated in the charity tour expressed their heart-felt gratitude through their drawings.

Major Responses

Charitable Telecom Services

Toll-Free Numbers and Public SMS Services

We provide various toll-free numbers (local telephone and mobile), such as 110 (police), 113 (children and women protection), 118 (coastline crime reporting), 119 (fire), 165 (anti-fraud inquiry), 1922 (national epidemic situation report), and 1957 (assistance), a total of eight numbers. In addition, 1985 (MOD consultation service) is a local telephone toll-free number. In 2008, the total expense on public communications service is estimated to be NT$ 18.72 million with 11.22 million calls.

We also send SMS messages to assist the government in sending out information on Chinese New Year Transportation, enterovirus, government-issued coupons, and etc. In 2008, we have sent a total of 11.43 million public SMS messages.

Anti-Fraud Dedicated Line

- 165 Anti-Fraud Dedicated Line
  - Our customer service center initially takes all calls through the 165 anti-fraud dedicated line and deals with any queries about telephone fraud, but if the caller wishes to report a crime the call is immediately transferred to the police.
  - In relation to any fraudulent number reported through the 165 hotline, we use the network management system of the signal network to make call tracking and filter the related calls. Designated personnel manually goes through the warning reports and confirms that the reported number has been diverted without authorization. We will cancel the call divert and notify the account user.
- Offer Customers Call Filtering Service: We provide our customers with the call filtering service. Customers may activate the function to reject any private number calls.
  - Mobile Phone Service (caller black list): customers may create their own black list (up to 30 sets of telephone numbers) through the Internet and activate the black list or divert any private number calls to the voicemail system.
  - Fixed Line Telephone (call filtering service): filters calls according to the black list created by the client. The function may be used to filter private number calls and international calls. The account user may reject any private call numbers.
  - Secure Lock Service for the Fixed Line Call-Divert Option: when a local call customer sets up the call-divert option on the telephone, he/she is required to get the password authenticated. The password verification mechanism may effectively avoid the telephone number being unlawfully diverted by fraudsters.

● Anti-Fraud Measures

To avoid fraudsters from installing intercepting or eavesdropping devices in our outdoor cross connecting cabinets or cabinets installed inside buildings, we have completed the construction of a cabinet surveillance system in all regions. Besides enhancing the surveillance function and the structure of the cabinets, we have affixed anti-eavesdropping posters on the bulletin boards of buildings, the building administration office, on the cabinets or at other visible places in accordance with the NCC requirements to remind the building occupants to be highly alert of and join efforts to prevent any act of fraud and eavesdropping.

Complete the Construction of the Emergency Rescue and the Special Charitable Number Service System

● In line with the project of the National Fire Agency, Ministry of Interior, to improve the 119 emergency reporting network, we have restructured the 119 reporting network and finished constructing the related network equipment platform.

● The 1999 Citizen Hotline provides a one-contact service system for government information and enquiry services to callers. We have assisted the Taipei Municipal and County Governments to complete constructing the telecommunications and information system required by the 1999 Call Center to ensure that enquiries or complaints be handled in a timely manner.

● In line with the project of the Council for Economic Development, Executive Yuan to set up a 24-hour consultation services center for government-issued consumption vouchers, we have devoted a massive amount of manpower resources and supplies to complete constructing the network platform (0800-883-600 and 02-412-3600) for the Consumption Voucher Contact Center.

Sea Rescue Communication Service

Our coastal radio stations, in coordination with the national policies as well as rules of the international organizations, are assigned by the Ministry of Transportation and Communications to deploy a communications service called "Global Maritime Distress and Safety System (GMDSS)." The service provides local and foreign vessels in our sea regions with free information on communications with the land in case of emergencies, navigation safety, rescue plan, and international news. The service is also responsible for the communication work in case of any dangers or accidents on the sea. The Ministry of Transportation and Communications allocated a NT$ 35 million subsidy grant for this service. Our actual business expenditure was approximately NT$ 100.46 million. In 2008, 122 emergency radio transmissions were deployed. Out of 122 emergency radio transmissions deployed, there were 35 shipwrecks in particular and 229 people were rescued. There were also 79,502 DSC safety calls and 172,930 times of navigation warning telex (NAVTEX) were issued.

You can call "1999" from your cell phone at any place in Taipei to be connected to the Citizen Hotline of the Taipei Municipal Government.

COSPAS-SARSAT System
http://www.cospas-sarsat.org

📖 **Major Responses**

Charitable Activities

Olympic Broadcast-Outdoor TV

We obtained the exclusive right to broadcast the 2008 Beijing Olympic Games. We broadcasted the Olympic through MOD (TV), hiChannel (network) and emome (cell phone) and leverage on the various advantages of IPTV to offer customers high-resolution services (MOD), the most comprehensive coverage (hiChannel) and the convenience of viewing the games at any time (emome). Comparing to services provided by traditional wireless and cable broadcasting providers, our synchronized Olympic Games broadcasting services gave local viewers an entirely new viewing experience, which also received a high level of recognition from the governmental organizations, the academic fields and the general public.

During the period of the Olympic Games, free Olympic programs offered to our customers are in excess of NT$ 40 million. To help our citizens cheer for the Chinese- Taipei team, we joined efforts with the various county/municipal governments and organizations to host 110 rounds of the "Olympic Broadcast, Outdoor TV Party" in 34 locations. We endeavored to offer the baseball fans a higher level of visual experience and created the awesome feelings as if they were in a live show through our live broadcasting (MOD) and high-resolution images. The launch of the Olympic parties received overwhelming responses from citizens and every party was packed. We estimated total of 300,000 people were cheering for the Chinese-Taipei team in a single outdoor event across Taiwan, creating an amazing record of joining together the largest crowd, spread across the most number of locations with the highest amounts of cash rewards.

We co-organized with the Taipei Municipal Government for the "Olympic Chinese-Taipei Baseball Game Broadcast-Outdoor TV", and attracted thousands of fans to cheer for the Chinese-Taipei team on site.

Appendix Environmental Sustainability Management **Social Contribution** Stakeholder Feedback Responsible Operation Operational Development

67

Warmup for The Deaflymics

The 21 summer Deaflympics will be convened in Taipei on September 5, 2009. Before this, we have offered telecommunication related services including local call, FTTB ADSL and HilinkVPN, server collocation, multimedia messaging system, 3G number and SIM cards, Ideal Card and stored value cards to the Taipei Organising Committee of the 21st Summer Deaflympics in the planning of the "World Deaf Swimming Championships" and "Invitational Games for the Deaf, Taipei". The sponsorship was about NT$ 4 million. We have experienced to provide the services for hearing impaired by participating above activities so that we could brain storm and plan the completed services for 2009 Deaflympics. Our acts fully demonstrate our support for sports events and the determination to care for the society.

Sichuan Earthquake Relief

In order to show our concern for the Sichuan Earthquake, we donated 100 Inmarsat Satellite Phones for people in the disaster zones to make external contacts. We offered 20 voice phones with data modem and 80 voice-only phones. Every phone was sent with two prepaid cards offering 850 minutes of free talking time. The donations were delivered by the China Telecom and the China Charity Association to the Chengdu Command Center, which then passed on the donations to the disaster zones. During the period from May 12, the day of the Earthquake, to late May, calls to Sichuan from any home phone using the "019" IDD service were charged at the discounted rate of only NT$ 1 per minute. The total amount of discount was credited against the balance of the subscriber's phone bill. This special offer was specifically for our clients in Taiwan to extend their concerns to their relatives in the Sichuan disaster zones. Our employees also initiated a fundraising event to raise a cash donation of NT$ 17.67 million in total, which is the act to show the humanitarian concern from the Corporation and employees.

Key Action Items

The convenience of technology shall be accessible to all. As such, we develop the Guide Mouse System to enable visually impaired users to use computers freely.

We organized the event "Explore the Secrets of Communication-Cheng Ching Lake Internet Pals Club". Our volunteers lead the visually impaired friends to experience the culture and people in southern Taiwan. The event also gave us the opportunity to demonstrate the results of applying voice techniques in accessible technology.

The ADOC 2.0 Project

The development of core techniques of over 10 intelligent technology by our telecommunication laboratories is near maturity. The objective of these technological developments is to fulfill our CSR and assist the disabled people. Besides the following technology including the intelligent document analytical system, optical character recognition, intelligent computer text-to-speech synthesis, intelligent Mandarin speech recognition, listen to text messages, the phonebook for answered/missed calls and the 616 fast voicemail dial function, we have been devoted to developing an Internet access interface for the disabled people in 2008. We have completed the following:

- Automatic recognition by a single key, pure traditional Chinese text, pure simple Chinese text or pure English characters and numerical.
- The TTS software system that supports multiple languages.
- The selection of male or female voice to allow system output of the body contents and messages using different voices.
- Customers can listen to SMS messages using a smart phone or choose a male or female voice for the voicemail system.
- The Guide Mouse system (Windows 2000, XP, Vista).
- The website of the telecommunication laboratory is modified to be user friendly to disabled users. They can browse or listen to the page contents. The website is rated as an A+ Accessible Web.

We have donated the above innovation to the Tamkang University's resource center for the visually impaired students for teaching purposes. In 2008, the total number of people that benefited from our innovation was as follows:

- Computer training for the visually impaired: 671 person-times.
- Learning aid for the visually impaired: 842 person-times.
- Accessible website and Chinese e-Library for the visually impaired: 1,936 person-times.

Besides the development of an exclusive information system, we have co-organized ICT experience camps with charities for the handicapped people to reduce the distance between normal and visually impaired people. We hope to create new possibilities and opportunities for the disabled people by giving them warmth and love through our volunteer events.

In the 2003 annual meeting of APEC, Taiwan proposed the APEC Digital Opportunity Center with the mission of narrowing the digital gap. The initiative was put in action in August 2004 to set up digital opportunity centers in 7 member nations including Vietnam, Chile etc. The project is built upon the Taiwan's advantages in information technology and industrial experience. It is project that is affirmed by the APEC each year, which helps to raise Taiwan's international reputation significantly.

In the 2007 APEC meeting in Sydney, Australia, Mr. Stan Shih, Taiwan's representative for the ADOC 2.0 project, which differed from the Phase-1 project in that the project now also relied on private-sector funding instead of just on governmental funding. Private-sector and non-governmental organizations of the APEC member nations were invited to participate in the project to establish a mutual cooperative platform.

On August 1, 2008, we have signed the "Letter of Intent for Participation in the ADOC 2.0 Project" and officially became one of the private-sector initiator of the ADOC 2.0 project. To carry out the related ADOC 2.0 sponsorship programs in line with our spirit to narrow the digital gap and create digital opportunities, we have joined efforts with the Tamkang University Resource Center for the Visually Impaired Students and the customer service center of our telecommunication laboratories to promote the "ICT Assisted Long-distance Working By the Visually Impaired" project to create more employment opportunities for the visually impaired people in Taiwan. Our experience in this project will enable us to set up a model. In future, we expect to offer the related mechanisms and interfaces to required APEC economies to show our contribution to the ADOC 2.0 project.

The ADOC 2.0 Project
http://www.apecdoc.org

Mr. Lee Yen-Song, Vice President of Chunghwa Telecom (left), Mr. Huang Shao-Hua, CEO of the Private-Sector Office, ADOC 2.0 and Chang, Chia-Yi, Principal (center) of Tamkang University jointly hosted the inauguration ceremony for the "ADOC 2.0 Digital Opportunity Center" and announced the official start of the distance-working dream for the visually impaired.

Mitigation of Environmental Impact

Environmental Establishment Management System

Response to Climate Change

Development of Green Technology
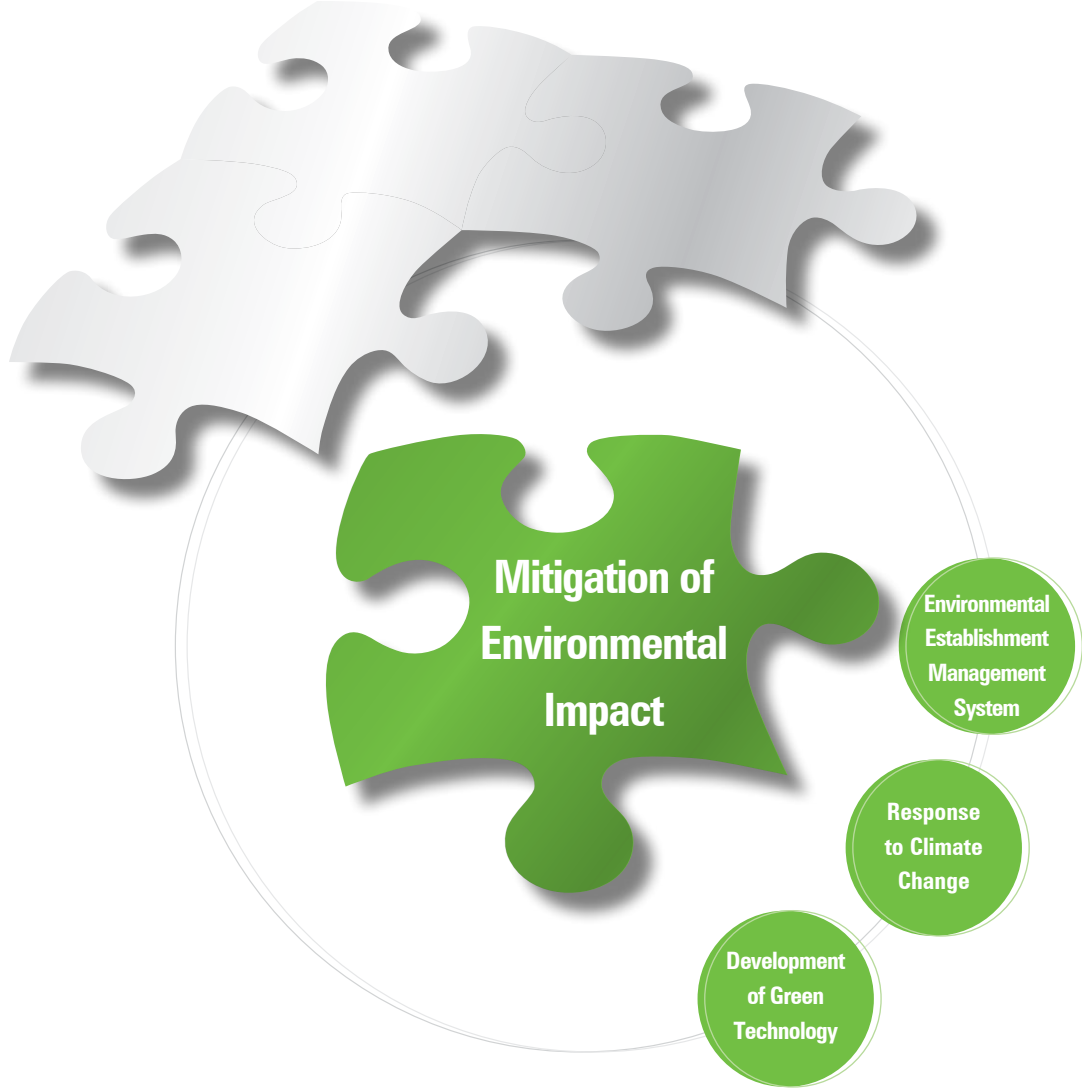
Environmental Sustainability Management

Chunghwa Telecom's vision for "environmental sustainability management" is to "mitigate environmental impacts". We hope to reduce environmental impacts through establishing the environmental management system, responding to climate change and developing green technology.

Management Approach
Environmental Sustainability Management System
Carbon Management Strategic Map

- -

Key Issues
Greenhouse Gas Inventory

- -

Major Responses
Continuous Mitigation of Environmental Impact
Employee Environmental Initiatives

- -

Key Action Items
Energy Efficient and Reduced-Carbon Services

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder
Feedback

Responsible
Operation

Operational
Development

**Management
Approach**

Environmental Sustainability Management System

In 2007, Chunghwa Telecom began to establish an environmental database, the "environmental sustainability management system" for all departments to store, retrieve and control data on environmental performance. This system allows all departments to effectively compile and manage all information related to the environment. After it was put on trial for one year, in 2008, the system was modified with better and new functions including analysis, statistics and departmental comparison. Each department can draw up more specific and quantitative objectives of environmental improvement to improve job efficiency.

The environmental sustainability group of Chunghwa Telecom's CSR committee conducted propaganda tours in 2008 to conduct training and lecturers on the functions and methods of using this system in all departments and offices of the Corporation. All employees were able to understand the correct way of using the system, and through communication and interactions with the users, we obtained different opinions and comments for continuous modification and correction of this system.

Energy Consumption

We use a significant amount of power and chemical fuel in the process of providing telecommunication services including data communication, corporate and engineering vehicles, furnace, switching offices and air-conditioning. Besides adopting systematic data management, we have taken acts to improve the efficiency of power consumption to reduce greenhouse gas emission.

Under the dual strategies of information control and energy conservation measures, we have managed to cut down the consumption of energy and water as well as the amount of waste disposal in 2008 as compared with those in 2007, except that electricity consumption was slightly higher in 2008 as we have acquired new facilities. The figure below illustrates the Corporation's achievements in managing electricity consumption, greenhouse gas emission, total energy consumption and the management of water resources and waste disposal.

**Functions of Environmental
Sustainability Management System**

Statistics on the Number of Times Using Environmental-friendly Bicycles and Waste Recycling Statistics

Water and Electricity Cost Management

Statistics on the Recycling of Water Resources

Information Management of Greenhouse Gas Emission

Environmental Innovation and Energy Conservation Management

Documentation of Tree Inventory and Corporate Forest
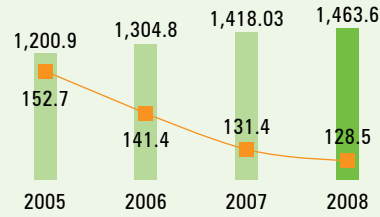
Lighting Facility Management

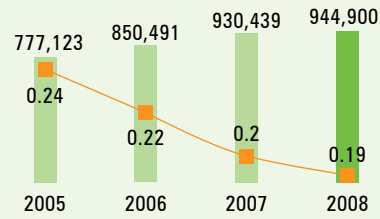Assessment and Expert Management System of Power Consumption Efficiency

Management Approach

Electricity

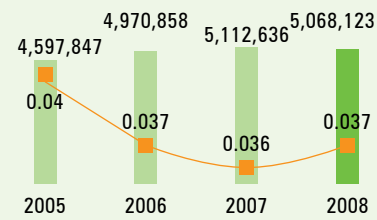**Electricity Consumption (MWh)**
Eco-Efficiency Ratio

1,200.9 — 152.7
1,304.8 — 141.4
1,418.03 — 131.4
1,463.6 — 128.5

2005 2006 2007 2008

Greenhouse Gases (GHG)

Greenhouse Gas Emissions(t-CO_2e)
Eco-Efficiency Ratio

777,123 — 0.24
850,491 — 0.22
930,439 — 0.2
944,900 — 0.19

2005 2006 2007 2008

Energy Consumption (Electricity + Fuel)

Energy Consumption(GJ)
Eco-Efficiency Ratio

4,597,847 — 0.04
4,970,858 — 0.037
5,112,636 — 0.036
5,068,123 — 0.037

2005 2006 2007 2008

Water Consumption

Water Consumption(1,000m³)
Eco-Efficiency Ratio

2,603 — 70.4
2,514 — 73.3
2,431 — 76.6
2,378 — 75.5
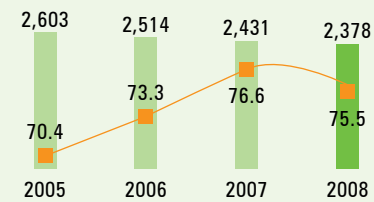
2005 2006 2007 2008

Energy-Consumption Analysis

Electricity

	2005	2006	2007	2008
	System Value[4]	System Value[4]	Verified Value[3]	System Value[4]
Electricity Consumption (MWh)	1200.9	1304.8	1418.02[2]	1453.6
Eco-Efficiency Ratio[1]	152.7	141.4	131.4	128.5

*1: Eco-Efficiency Ratio = Operating income for the current fiscal year / category. Chunghwa Telecom's operating income for 2008 was NT$ 186,780.65 million.

*2: As shown in the 2007 CSR Report, electricity consumption in 2007 was 1,364.1 (MWh); This figure was estimated from the total amount of electricity costs. The total level of electricity consumption for 2007 was revised to 1,418.0 (MWh) after an inventory, and therefore, the eco-efficiency ratio was revised to 131.4.

*3: Verified Value: Verified Value: the total level of power usage of Chunghwa Telecom's equipment with "Numbered Electricity Meter & Un-numbered Electricity Meter", which was assured by a third party.

*4: System Value: the total level of power usage of Chunghwa Telecom's equipment with "Numbered Electricity Meter". In our annual exercise of greenhouse gas inventory, we will compile the power usage level of the equipment with "Un-numbered Electricity Meter" to modify the total level of power usage for the previous year.

Greenhouse Gases (GHG)

	2005	2006	2007	2008[5]
	System Value	System Value	Verified Value	System Value
Emissions (t-CO_2e)	777,123.7	850,491.6	930,439.94	944,900
Eco-Efficiency Ratio	0.24	0.22	0.2	0.19

*5: The total level of greenhouse gas emissions in 2008 is the value measured by the "environmental sustainability management system" that will be confirmed in 2009.

Energy Consumption (Electricity + Fuel)

	2005	2006	2007	2008
Energy Consumption[6] (GJ)	4,597,847	4,970,858	5,112,636	5,068,123
Eco-Efficiency Ratio	0.04	0.037	0.036	0.037

*6: Total energy consumption (GJ) calorific value = total electricity consumption (GJ) calorific value + total fuel consumption (GJ) calorific value.

Water Consumption

	2005	2006	2007	2008
Water Consumption (1,000m³)	2,603.8	2,515.4	2,431.0	2,378.0
Eco-Efficiency Ratio	70.4	73.3	76.6	75.5

Waste

	2005	2006	2007	2008
Waste Production (t)	-	-	10,295	7,917
Eco-Efficiency Ratio	-	-	18.1	23.6

Management Approach

Carbon Management Strategic Map

The Taiwanese government, consumers and the general public are beginning to pay serious attention to the issue of "energy conservation and carbon reduction". One can see that the industrial structure will gradually reshape and we shall expect development of low carbon industries. As a telecommunication service provider, we are in a place to support other industries including improving their energy efficiency, reducing the amount of raw materials and supplies, or cutting down energy consumption and carbon with alternative methods (such as video conferencing and the intelligent energy saving system).
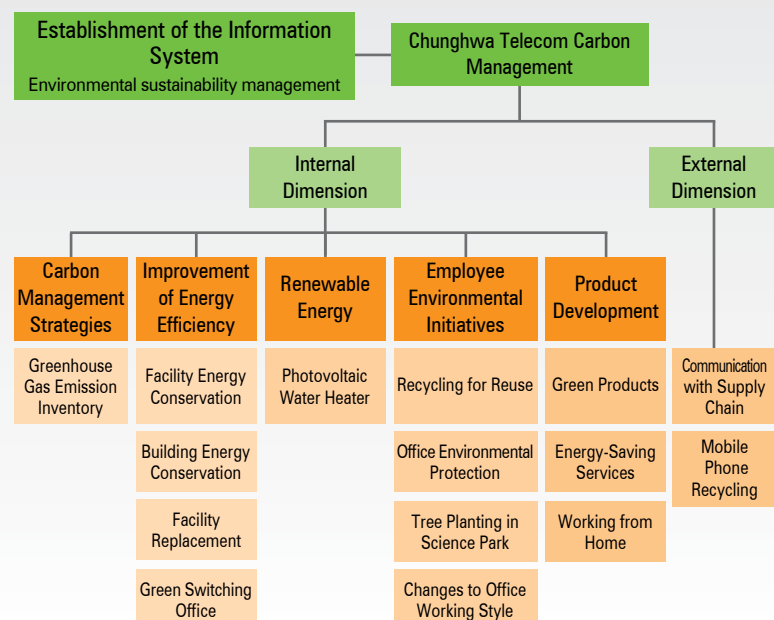
By elaborating on such feature, the Company will help other industries achieve the goal of energy conservation and carbon reduction. On this issue, we are dedicated to improving eco-efficiency and cutting down the environmental footprints created in the process of our operations. In 2008, we have taken more constructive actions in hope of allowing consumers to enjoy more environmental friendly and high energy-efficient telecommunication services.

We formally incorporated the issues of energy conservation, carbon reduction and environmental protection into our business plan in 2008, and drew up the "Chunghwa Telecom Carbon Management Strategic Map" based on the Corporation's current situation to be used as the basis for our future actions. Internally, we have sought enhancement of our fundamental capabilities through improved energy efficiency, employee environmental initiatives, and development of low carbon products. Externally, we communicated with our suppliers to carry out green supply chain management and mobile phone recycling. We endeavored to build up a network of reduced wastes and low carbon within the scope of our business operation.

Step-by-step introduction of solar and wind power generators to reduce the level of greenhouse gas emissions.

Chunghwa Telecom Carbon Management Strategic Map

Establishment of the Information System
Environmental sustainability management

Chunghwa Telecom Carbon Management

Internal Dimension

External Dimension

Carbon Management Strategies	Improvement of Energy Efficiency	Renewable Energy	Employee Environmental Initiatives	Product Development	
Greenhouse Gas Emission Inventory	Facility Energy Conservation	Photovoltaic Water Heater	Recycling for Reuse	Green Products	Communication with Supply Chain
	Building Energy Conservation		Office Environmental Protection	Energy-Saving Services	Mobile Phone Recycling
	Facility Replacement		Tree Planting in Science Park	Working from Home	
	Green Switching Office		Changes to Office Working Style		

73

Key Issues

Greenhouse Gas Inventory

A corporation's carbon management capabilities are acquired through long-term accumulation of experience. In order to increase the efficiency of energy saving management practices and set quantitative targets, in 2008, we were the first in the industry to implement the GHG Inventory project and became the first telecommunication services provider in Taiwan to complete the inventory of greenhouse gas emissions.

We adopted the Greenhouse gas protocol (GHG Protocol) developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) to calculate the Corporation's overall level greenhouse gas emissions. We established a complete register of GHG emissions, which will serve as the basis for the Corporation's future endeavors in reduction of greenhouse gas emission.

We took year 2007 as our base year. The "Environmental Sustainability Development Working Group" under our "CSR Committee" formed a "GHG Inventory Promotion Group" in a project-oriented way together with all relevant departments to promote and implement GHG inventory. Missions of the GHG Inventory Promotion Group are as follows:

● Inventory and management of greenhouse gases
● Be informed of GHG emission by the company
● Look for feasible solutions to reduce GHG emission
● Implement GHG emission projects
● Promote ecological strategies and execute environmental sustainability development

Organization Chart of Chunghwa Telecom's GHG Inventory Promotion Team
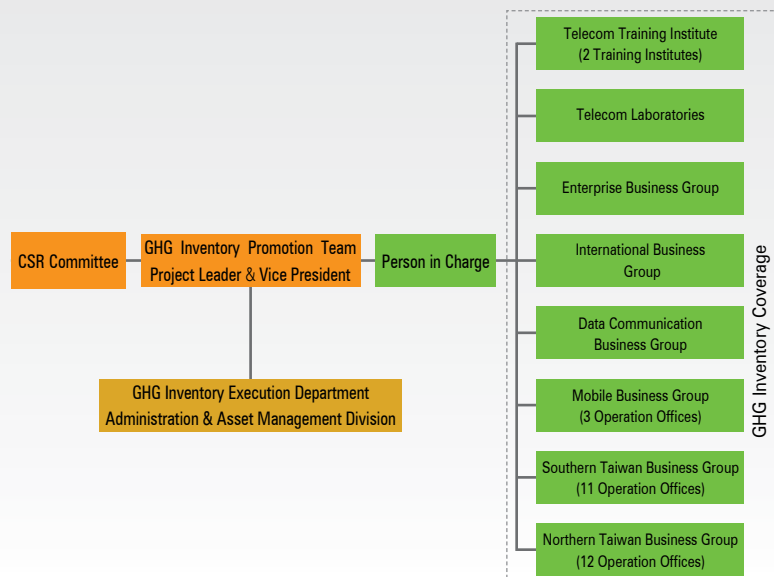
The Scope of Inventory

The scope of our inventory exercise is rather extensive in that it covered a total 37 business units, over 1,800 operation offices and 20,000 electricity meter numbers including the corporate headquarter, branches, offices and their corresponding operation offices, telecommunication laboratories and telecommunication training institutes. We also conducted 3 training sessions in Taipei, Taichung and Kaohsiung to ensure that all employees understand the objectives and contents of the inventory. We estimated that a total of 300 people including those assisting with the exercise were involved in the inventory process.

Data Verification

We engaged the SGS Taiwan to verify the statistics we obtained on greenhouse gas emissions to ensure its credibility. In accordance with the ISO 14064-1 standards and stringent verification procedures (paper and on-site evidence investigations) of the SGS, we were successfully certified to the ISO 14064-1 standards after over 30 days of verification.

Analysis of Greenhouse Gas Emissions

Upon undertaking the inventory and verification procedures, we hereby revise the total level of greenhouse gas emissions by the Corporation for 2007 to 930,439.94 t-CO_2e in this CSR Report; The figure is higher than the estimate published in the 2007 CSR Report.

In the verification process undertaken in 2008, we installed an inventory computation tool in the system to allow employees to obtain statistics on greenhouse gas emission during the process of managing power consumption information. The overall goal is to improve the management of system efficiency. According to system measurements, the total level of greenhouse gas emissions for 2008 was 944,900 t-CO_2e (the data will be verified in August 2009). Upon close examination, the reason of the rise was attributed to the introduction of second-generation telecommunication network facilities in line with business growth, thus causing a slight increase in power consumption.

Sources of greenhouse gas emission are from indirect emissions generated by externally purchased electricity (Category 2), which made up about 97.08% of the total emission level. Direct emissions (Category 1) are from fuel consumption for the need of our daily business operations (eg. gasoline, diesel fuel), gas dissipation from fire extinguishers and air conditioners, and methane dissipation from septic tanks, representing 2.92% of the total emission level.

Education and training that involved the most number of people.
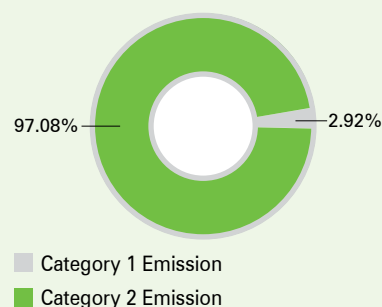

Good Sound preparation to meet verification requirements.

SGS ISO 14064-1 verification statement

Percentage of Each Emission Category

97.08%   2.92%

- [ ] Category 1 Emission
- [x] Category 2 Emission

Key Issues

The Emissions of 6 Greenhouse Gases in 2007

Greenhouse Gases	Emission (t-CO_2e)	Percentage of the Total Emissions (%)
CO_2	924,258.25	99.33
CH_4	2,187.65	0.24
N_2O	580.26	0.06
HFCs	3,403.82	0.37
PFCs	5.52	0
SF_6	4.44	0
Total	930,439.94	100

We investigated greenhouse gas emissions produced by outsourced activities, classified as Category 3, including employee commute, outsourced waste disposal, outsourced coffee bar, duty jobs, outsourced restaurants, etc. In consideration of internal communication and the predicted user purposes of future emission inventory, we only listed the sources of greenhouse gas emissions in Category 3 without incorporating this category into the business margin and calculation of the inventory. This part of estimation and calculation work will begin in 2009 after we further understand our employee commute and business travels.

Analysis on the inventory of greenhouse gas emissions in 2007 showed that CO_2 and methane (CH_4) occupy 99.33% and 0.24% of the total emissions respectively.

We understand that climate change may result in the risks of natural disasters, and if the rise of temperature caused by global warming persists, the air conditioners in telecommunication switching offices will require more energy, and that will largely increase our service cost and greenhouse gas emissions. Thus, after the inventory of greenhouse gases in 2007 was completed, we immediately drew up relevant energy conservation plans, which include the five-year project of gasoline and vehicle reduction, and the five-year projects of energy conservation and carbon reduction in telecommunication switching offices and office buildings. Action plans were also drawn up to improve energy efficiency of telecommunication switching offices, office buildings and vehicle control in the goal to systematically and gradually lower various types of energy conservation with middle-term and long-term plans.

Internet is the most important common platform for modern industrial development. Taiwan is not one of the nations listed in Appendixes 1 and 2 of the United Nations Framework Convention on Climate Change, and is not subject to the restriction of national carbon reduction. Taiwan government has not yet set up specific goals of carbon reduction for each type of industry. We however take the initiative in reducing carbon production by establishing the goal to "restore greenhouse gas emissions to the level of 2008 in 2013". We will also elaborate ICT technical experience and service capabilities by assisting industry in establishing information system and database, developing application services and techniques, strengthening the collaboration with emerging industrial partners, and elaborating the integrated effect of the industry. We expect the company to serve as a common platform for the development of emerging industries, and provide crucial support to the development and growth of future low-carbon industries.

Major Responses

Continuous Mitigation of Environmental Impact

We have been eagerly promoting technological innovation, behavioral changes and better control as well as seeking possible solutions in reducing energy consumption and continuous mitigation of environmental impact in terms of architecture, electricity, telecommunication facilities, air conditioning, traveling and shipping and recycling.

Energy Conservation in Office Buildings

Based on our computation, a possible 20% saving on energy consumption may be achieved through improving the energy saving features of power supply, lighting, air-conditioning and office equipments. We formulated the "5-Year Office Building Energy Conservation & Carbon Reduction Plan" to promote power management in office buildings as follows:

● Inventory on Building Usage: Our buildings include office blocks, telecommunication switching offices and composite buildings. Before embarking on any improvement, we took an inventory of the energy costing equipment used or installed in the various types of buildings and record the power consumption status in detail.

● Intelligent Energy Network (iEN): Upon analysis, in 2008, we selected office buildings housing the most number people and delivered more significant results in relation to energy saving for installation of the iEN equipment to monitor the level of energy consumption.

● Energy-Saving Diagnosis: We formed the " Energy Conservation Taskforce" in each business unit and instituted the inter-departmental "Energy Saving Diagnosis" groups to offer diagnosis and recommendations for improvement on power consumption, air-conditioning, lighting system and general business affairs. Meanwhile, we also conduct analysis on power consumption management and efficiency of the respective buildings.

● System Record: We document our energy-saving measures in the "Energy Conservation and Innovation" system, which is a sub-system of the environmental sustainability system that allows information and experience sharing across the board.

● Benefits Evaluation: To compare the efficiency of energy consumption before and after the improvement, we offer customized power consumption control reports generated by the environmental sustainability management system to enable our various departments can compare and control the power consumption by specific buildings.

Energy-Saving Benefits

As for office buildings installed with iEN facilities, using electronic ballasts and T5 and high-efficiency lamps can save 12% of building electricity consumption each year. The iEN system for control of air conditioners and other electricity-consuming facilities can save about 5% electricity. These measures thus can approximately save 17% electricity of each office building each year.

Major Responses

Saving Energy in Switching Offices

Telecommunication switching offices the vital facilities for telecommunication service providers. Energy consumption by switching offices is primarily attributed to telecommunication equipments and the air-conditioning system. We aim to cut down electricity consumption by our switching offices to carry our energy saving initiatives.

Ever since 2007, we have embarked on an overall energy saving plan with respect to our switching offices, which was carried out from 3 respective dimensions, the up, middle and down streams. Moreover, we further launched the "5-Year Switching Office Energy Saving Plan" in hope of more effectively cutting down electricity consumption by switching offices.

Promotion of Green Buildings

A building from construction, repair and maintenance, use to dismantling can cost a Note able amount of energy as well as CO_2 emission. In consideration of this aspect, we took promotion of green buildings as an important measure, based on which, we could propagate the ideas of eco-system, energy conservation, waste reduction and health.

We launched the "green building action plan" in 2008 that any new buildings with construction cost above NT$ 50 million shall meet the regulations stipulated in the "Guidelines for promotion and use of green house label for public buildings and candidate green building certificate" promulgated by the Ministry of the Interior. It was in the hope of providing our employees and consumers a healthy, comfortable and safe environment while causing only minimum impact on the environment.

Application of Renewable Energy

The most advantage of renewable energy is the nonstop and repeated use of energy without producing greenhouse gas emissions and other air pollutants. Good use of renewable energy will give us a better environment.

With the efforts of our branch offices in North and South Taiwan, and oversea and mobile branch offices, 16 sets of "solar power regenerator" with a total of 71.8kWp capacity were established. At our training centers and guild halls, 66 sets of hot-water heaters covering an effective area of 252.12 m² were installed in 2008 which saved about 291,900Wh electricity and NT$ 729,700 electricity cost. This showed the commitment of our guild halls to "care about our environment from the aspect of a telecommunication industry".

We installed photovoltaic panelplates at appropriate locations to save the cost of electricity.

Reduction of In-Use Vehicles and Gasoline Consumption

In terms of reducing greenhouse gas emissions from in-use vehicles, we introduced the project to cut down the number of in-use cars and motorcycles in 2007, in addition to the education and training for changing drivers' driving habit to lower gasoline consumption. By 2008, we cut down the use of 1,012 cars and 549 motorcycles.

After examining and gathering statistics on the actual situation, we modified the "5-Year Project of Gasoline and Vehicle Reduction" and "5-Year Project of Vehicle Replacement" in early 2008, and planed to cut down 625 cars and 248 motorcycles in 5 years of time.

Chunghwa Telecom 5-Year Project of Gasoline and Vehicle Reduction

	2009	2010	2011	2012	2013	Total
Cars	166	138	145	141	35	625
Motorcycles	94	46	44	44	20	248

Note : as set in the Chunghwa Telecom CSR Report 2007, the company aimed to cut down 495 and 205 cars and motorcycles respectively; these numbers were modified to 324 and 214 respectively in early 2008.

Chunghwa Telecom 5-Year Project of Vehicle Replacement

	2009	2010	2011	2012	2013	Total
Cars	1,126	792	631	367	302	3,218
Motorcycles	279	290	263	164	229	1,225

Note : as described in the Chunghwa CSR Report 2007, the company aimed to replace 333 motorcycles, which was then modified to 60 in early 2008.

Green Procurement

We actively promoted green consumption action in coordination with the policy of the Environmental Protection Administration, "daily life environmental protection and consumption with labels". We purchased products with environmental protection labels, and signed the "consent form of green procurement for private industries and organizations" with the Department of Environmental Protection of the Taipei City Government. Green procurement seminars were also held for our employees to promote the concept of green procurement.

The price of our green procurement in 2008 was NT$ 201 million; if classified according to city and county, the procurement in Taipei was worth more than NT$ 100 million and that in Kaohsiung exceeded NT$ 30 million. We fulfilled our commitment to environmental sustainability and contributed to the economic development of local cities and counties.

Outcomes of Vehicle Reduction in 2008
Unit: Car

- Goal
- Outcomes

	Cars	Motorcycles
Goal	324	214
Outcomes	396	236
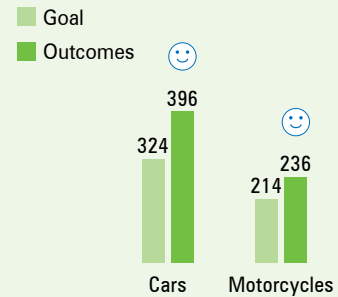
Outcomes of Vehicle Replacement in 2008
Unit: Car

- Goal
- Outcomes

	Cars	Motorcycles
Goal	1,160	60
Outcomes	999	57
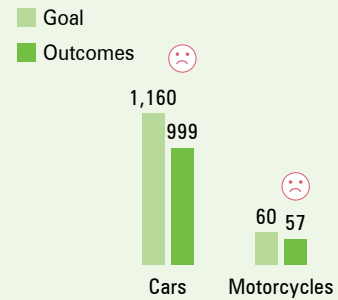
Our endeavors were recognized by the Department of Environmental Protection of the Taipei City Government. The Chunghwa Telecom headquarters, the Southern Taiwan Business Group and Mobile Business Group were also awarded the prize of "Excellent Green Procurement Industry" by the Environmental Protection Administration.

Major Responses

Waste Recycling

A majority of our industrial waste is mixed hardware, which belongs to recyclable resources. We classified the waste into R, D and E three types in accordance with waste disposal related laws and regulations to be recycled by qualified contracted companies.

- R: waste that should be recycled or reused as promulgated.
- D: general waste cables and mixed hardware.
- E: oil-containing waste cables.

Total Amount of Recycled Waste in 2008

● Amount of Recycled Mixed Hardware

Kind	2007	2008
Battery (uni)	3,315	3,006
General Cables (Metric Ton)	5,018	3,219
Waste Hardware (Metric Ton)	1,137	875
Jelly Filled Cables (Metric Ton)	825	817

Note : batteries should only be discarded if they are no longer usable after five years of use. The number of recycled batteries is associated with the amount of construction that year, and does not serve as an indicator of achievements. Due to different capacities, the number of batteries cannot be converted to weight. The weight of recycled batteries in 2007 was 1,028 metric tons, and that in 2008 was 582 metric tons.

● Number of Recycled from Internet Customers

Recovery Type	2008
ATU-R (uni)	380,213
VTU-R (uni)	57,735
MOD-ST (uni)	129,084

We set up recycling bins in offices and encouraged employees to classify and recycle office and living waste, and register recycling results into the "environmental sustainability management system" for tracing.

Outcomes of Office and Living Waste Recycling in 2008

Plastic (Kg)	Mobile Phones (Unit)	Waste Computers (Unit)	Waste Light Tubes (Unit)	Aluminum Cans (Kg)
9,565	609	3,061	26,101	4,650
Waste Batteries (Kg)	**Waste Paper (Kg)**	**Paper Reduction (Sheet)**	**Toner Cartridges (Unit)**	
10,465	361,161	4,579,273	4,807	

After the wires were uninstalled, we conducted a thorough check on the parts that were still good for re-use to cut down the level of resource wastage while achieving cost saving for the company.

Appendix | Environmental Sustainability Management | Social Contribution | Stakeholder Feedback | Responsible Operation | Operational Development

81

● Water Recycling

We implemented water-saving measures in 2008 and launched rainwater and living waste recycling programs. Recycled water was used in watering trees and cleaning outdoor areas and sidewalks. The recycling data were registered into the environmental sustainability management system for analysis, control and evaluation by all departments. The water-saving measures include:

- A spraying apparatus was installed to each tap to reduce water flow.
- Two-stage flushing systems were installed to some female toilets to lower flushing water.
- Rainwater and living wastewater recycling programs. (The volume of rainwater and shower water recycled for 2008 was 5,078,984 liters and 11,940 liters, respectively. On the other hand, the actual volume of RO Water recycled was 1,238,608 liters.

Shower Water Recycling System
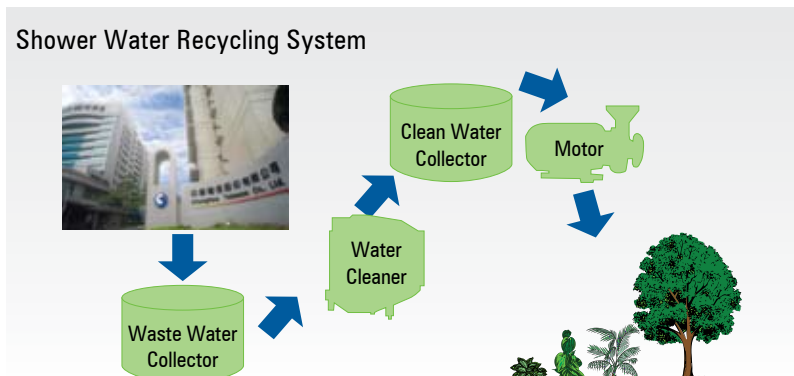
● Mobile Phone Recycling

If waste mobile phones are recycled and processed, one can prevent the hazardous substances inside mobile phones from contaminating the environment during waste burning and burying processes. The usable substances in mobile phones can also be recycled to reduce resource and energy consumptions.

In past few years, mobile telecommunication technology advances rapidly, and more and more innovative products are sold in market. This encourages consumers to purchase new mobile phones. For convenient recycling of waste mobile telecommunication products, we signed the "memorandum for collaboration on recycling waste mobile telecommunication products" with the Environmental Protection Administration of the Executive Yuan on December 30, 2008. The recycling of mobile phones was launched at our 319 service centers and 210 retailers of the Senao International Co., Ltd.

We hope to urge the public to pay attention to the recycling and reuse of technology products through the promotion of mobile phone recycling. This can avoid not only the distribution of waste telecommunication products to developing countries, but also damage and contamination to local environment and resident's health.
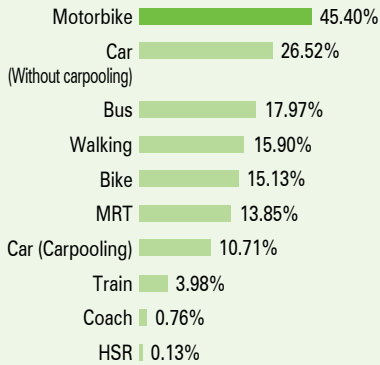

The mobile phone recycling bins made of recycled papers symbolizes how determined we are to recycle and reuse resources.
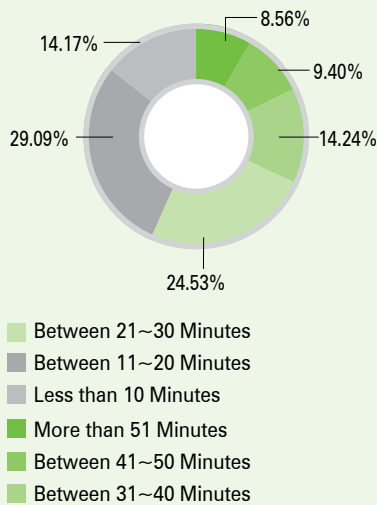
Operational
Development

Responsible
Operation

Stakeholder
Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

% of Commute Means (Multiple Selections)

Motorbike — 45.40%
Car (Without carpooling) — 26.52%
Bus — 17.97%
Walking — 15.90%
Bike — 15.13%
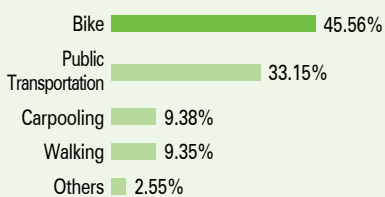MRT — 13.85%
Car (Carpooling) — 10.71%
Train — 3.98%
Coach — 0.76%
HSR — 0.13%

Note: Multiple choices are allowed, thus the percentage total does not equal to 100%.

One-Way Commute Time Comparison

8.56%
9.40%
14.17%
14.24%
29.09%
24.53%

- Between 21~30 Minutes
- Between 11~20 Minutes
- Less than 10 Minutes
- More than 51 Minutes
- Between 41~50 Minutes
- Between 31~40 Minutes

What Kind of Low Carbon Commute Means Would You Like to Use?

Bike — 45.56%
Public Transportation — 33.15%
Carpooling — 9.38%
Walking — 9.35%
Others — 2.55%

Employee Environmental Initiatives

Employee participation is vital for promotion of environmental conservation. We encourage our employees to try their best to take action in environmental and energy conservation.

In order to allow the employees to fully understand the Corporation's commitments to and actions in environmental conservation, we have formulated the "Code of Environmental Friendly Living and Energy Saving Behaviors" in 2007. to allow employees to realize environmental conservation and energy saving concepts in daily life.

Starting from 2008, we have been promoting employee environmental initiatives. The goal is to enable every employee to make his/her part of the contribution to preserving our natural environment through changing the ways they live or working habits.

Investigation of Employee Commuting

We have over 24,000 employees all over Taiwan. We also have perceived troubles brought to human beings by a large amount of commutes, as long commute time wastes natural resources, worsens environment pollutions and wastes time. If we could reduce GHG emissions due to daily commutes for a day, we can then reduce 101 tons of CO_2 emission, thereby mitigating the adverse effects on the Earth and the environments.

In order to understand GHG emissions generated during commute hours and their willingness in participating low carbon commute means, we have deployed the first "Employee Commute Questionnaire" on International Car Free day in 2008. Most employees participated enthusiastically and 32% participated in online questionnaire.

The questionnaire result shows that:

- Primary means of commute are motorcycle and car, which are adopted by 45.4% and 26.52% of the employees respectively, showing that most employees rely highly on motorcycle and car.

- Approximately 80% of the employees spend 40 minutes on commuting.

- As for GHG emissions during commutes, every employee, on average, produces 4.11 kg CO_2 everyday (estimated using the GHG calculator provided by Environmental Quality Protection Foundation).

- Even though commute conditions may not be improved immediately, employees are still willing to use low carbon commute means for three days every week. Primary low carbon commute means are bicycle and public transportation, which are adopted by 35.48% and 25.80% of the employees respectively.

- Time spent on low carbon commute means is slightly increased but employees are still willing to adopt a more environment-friendly commute means.

Appendix | **Environmental Sustainability Management** | Social Contribution | Stakeholder Feedback | Responsible Operation | Operational Development

83

Competition of Energy Conservation in Telecommunication Switching Offices and Offices

We encouraged our employees to adopt the attitude and habit to save energy. We therefore held the "competition of energy conservation in offices" in September 2008. By participating in this activity, our energy-saving measures can be well practiced, and our employees can share their energy-saving experience with each other at the "Chunghwa Telecom Forum", and that can influence more people.

We encouraged creative energy-saving plans, for instance, an orchid garden on the rooftop can help lower indoor temperature and provide a form of recreation to our employees.

Assessment on Energy-Saving Achievements

The energy-saving promotion group was established not only at the headquarters but also each branch office and business operation centers. The chief of each unit assigned energy-saving management staff to draw up goals and plans of energy conservation each year, and conduct various energy-saving measures.

After certain achievements were obtained by the energy-saving measures, we conducted the "internal assessment of energy saving" in 2008; the headquarters sent a group of experts to assess the energy saving at each branch office and business operation center. We expected them to view and learn from each other by examining energy-saving results so as to encourage the growth of professional technology and innovative development.

We understand that energy is limited. By allowing all institutions to view and learn from each other about energy saving, we hope our employees can keep in mind the idea of energy saving.

Operational
Development

Responsible
Operation

Stakeholder
Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

Major Responses

Environment-friendly bicycles for business purpose had been commonly used.

Reducing the Number of In-Use Cars by Sharing the Same Business Cars

As our telecommunication services are distributed throughout the nation, relevant constructions and services require the use of business cars. To reduce the greenhouse gas emissions from fuel consumption, we launched the plan of arranging and sharing business cars in 2008. An effective arrangement of business cars can reduce the number of in-use cars and fuel consumption. We educated our employees correct driving concepts with some measures including:

● Central arrangement of business cars, and encouraging or coordinating staff who have the same routes of business trip to share the same car.

● Encouraging employees having short-distant business trips to travel by public transportation or riding bicycles (more than 25,915 users in 2008).

● Supervising drivers to keep appropriate tire pressure and temperature of air conditioner, and prohibiting car idle operation.

Walking on Stairs Activity for Employees

Elevators are essential to office buildings for saving people's strength and time. However, avoiding frequent use of elevators can reduce electricity consumption and save energy as well as allow people to do exercises by walking on stairs.

Chairperson of the Hope Foundation, Ms. Chi Cheng, and Chairperson of the company, Mr. Lu recommend the card swiping system for walking on stairs activity.

Therefore, we launched the activity, "walking on stairs more rather than taking an elevator", in December 2008 for all employees. We developed an intelligent card swiping system for this activity that all employees or contracted workers can make a record by swiping their ID cards on the machine located on the corner of stairs room on each floor when they walk on different floors of the headquarters building.

This activity was estimated to save elevator operation for about 80 hours each month, and NT$ 60,000 electricity cost each year. This is equivalent to 12,000 kg of carbon reduction. Walking on stairs is not merely a good exercise as it can save energy and lower carbon emissions.

Eco-System Protection

We not only strived to lower the negative impact to our environment, but also contributed to eco-system protection by taking the initiative to plant trees after considering biodiversity. We encouraged our employees to make green by planting trees. A management system was used to control the growth of plants. So far we had planted more than 50,000 trees.

An ecological pond was built at an open space.

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder
Feedback

Responsible
Operation

Operational
Development

85

Key Action Items

Energy Conservation and Carbon Reduction Services

We have long been establishing optical fiber network and NGN network, and assisting with Taiwan industrial upgrade and development by providing excellent and complete IT service platforms. In view of an important issue in this century, "energy conservation and carbon reduction", we will strengthen the market development of emerging industries and create industrial cluster effect by establishing information systems and databases, developing application services and techniques and collaborating with partners.

To fulfill our commitment to environmental sustainability, we promoted the service of "energy conservation and carbon reduction" in 2008. Taking Intelligent Energy Network (iEN) as an example, computer data processing and analysis provide industries a solution of excellent environmental management, and allow them to carry out energy conservation management. This service can at least increase energy consumption efficiency by more than 20%.

The Telematics that is in progress of development is the first service mode of Intelligent Transportation System (ITS). It provides consumers the information ranging from energy conservation, security, emergency aid, navigation, real-time traffic information, entertainment, traveling and shopping premiums…etc as well as the convenience of enjoying mobile recreation and entertainment.

In the field of fine agriculture, as we hold the key techniques of near infrared ray (NIR), Internet overseeing service and information integration technique, we can assist in automation of fine agriculture to monitor the growing process of agricultural products, and establish production resumes for more product additional value. In the field of tourism, we are actively setting up new fundamental platforms for traveling websites to provide consumers information about traveling, stores and festivals by combining existing GIS map system and yellow page shops. With electronic means, energy consumption can be reduced while improving living convenience.

Keeping in mind the idea of sustainable development, we are responsible for the society and friendly to the environment. We will continue the research and development of telecommunication and network technology and make innovations. We hope to bring more plentiful, beautiful and innovative low-carbon living services to the public.

Dr. Michael Nobel is a great grand-nephew of the founder of Nobel Prizes, Alfred Nobel. He is currently the chairperson of the Nobel Foundation. He has long been paying attention to environmental protection and energy conservation, and in recent years, has dedicated to the exploitation of new energy resources in the hope of improving environmental pollution and slowing down global warming. Dr. Nobel was invited to give speeches at the "Conference of National Energy Resources". His first stop in Taiwan was to visit our iEN, and we had a great discussion on the importance of energy conservation.

Operational
Development

Responsible
Operation

Stakeholder
Feedback

Social
Contribution

Environmental
Sustainability Management

Appendix

Key Action Items

2007 CSR Report
Our Commitment to Environmental Sustainability:

"We hope to draw on our experience of strict carbon management, energy conservation and carbon reductions, and integrate this with our core skills in Internet telecommunications to develop innovative services that are more environmentally friendly and provide substantial energy savings."

Account Integration and Electronic Bills

Electronic bills have the advantages of "carbon reduction" and "carbon fixation". Electronic form of bills can reduce CO_2 produced during mail delivery which helps reduce carbon. Using less paper can help cut down fewer trees. That increases the effect of carbon fixation and CO_2 absorption.

We encouraged customers to manage their bills in electronic form, in order to promote the concept of energy conservation and carbon reduction. We chose to begin account integration with telephone bills, which cost the largest amount of paper. By end of 2008, about 84% customers used account integration, saving about 206.4 million pieces of A4 paper, equivalent to savings of 18,763 trees and 3,715 metric tons of CO_2 emission.

To take a further step to cut down the use of paper, we introduced the "online electronic bill service" in August 2005 providing consumers the services of checking bills, online fee payment and bill analysis etc. By end of 2008, there had been 2,020,000 accounts (about 1,300,000 bills) using electronic bills. This saved 38,700,000 pieces of A4 paper, equivalent to savings of 3,518 trees and 697 metric tons of CO_2 emission.

Outcomes of Account Integration and Electronic Bills

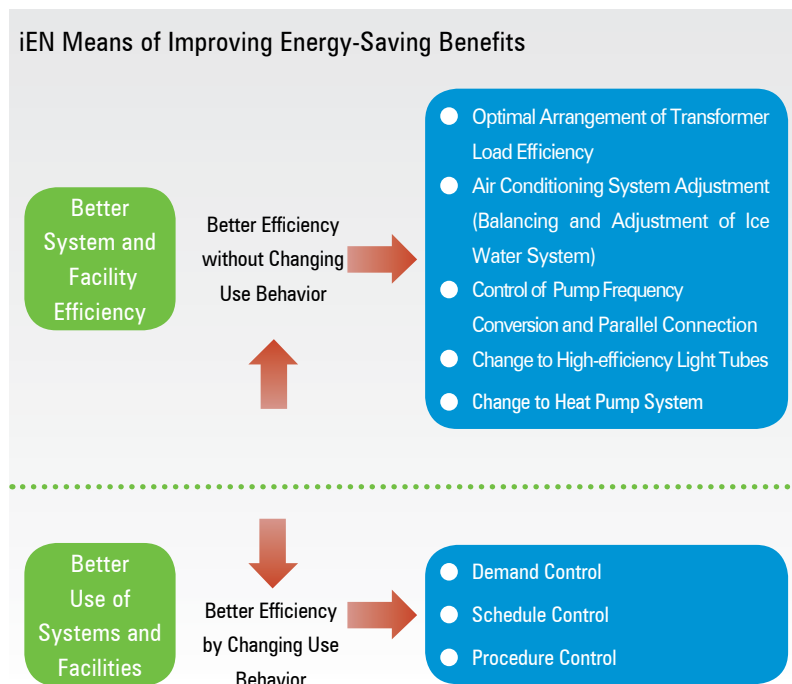|	2007	2008	2009 Target
Percentage of Customers Using Account Integration (%)	82	84	84
Customers Using Electronic Bills (million)	1.18	2.02	3

Note : 220,000 pieces of A4 paper ≒ , 1 metric ton of paper pulp ≒ 20 trees, According to the CO_2 reduction information station of the environmental protection administration, one piece of A4 paper can produce 0.018kg of CO_2 .

Appendix   **Environmental Sustainability Management**   Social Contribution   Stakeholder Feedback   Responsible Operation   Operational Development

87

Intelligent Energy Network Service

Although ICT industry holds the probability to solve the risks of climate change and create low-carbon life, it cannot achieve these goals independently. We continue to develop new products and services through partnership, and hope to meet the goal of low-carbon life with our consumers.

With 25 years of electricity-monitoring and energy-saving experience, in addition to independent energy conservation, we dedicate to develop complete green energy-saving solutions using information technology and innovation and integration skills: intelligent energy-saving services, to manage energy-saving outcomes using iEN, in order to achieve the goals of environmental protection and energy conservation.

The service provided by iEN is not only systematic, but a total solution, covering power management system, air conditioning system, heat pump and boiler system, solar system, illumination system, water supply & sewerage system, environmental surveillance system, water-saving system etc.

Scope of iEN System

iEN Means of Improving Energy-Saving Benefits

Better System and Facility Efficiency → **Better Efficiency without Changing Use Behavior** →
- Optimal Arrangement of Transformer Load Efficiency
- Air Conditioning System Adjustment (Balancing and Adjustment of Ice Water System)
- Control of Pump Frequency Conversion and Parallel Connection
- Change to High-efficiency Light Tubes
- Change to Heat Pump System

Better Use of Systems and Facilities → **Better Efficiency by Changing Use Behavior** →
- Demand Control
- Schedule Control
- Procedure Control

Key Action Items

Enjoy Carpooling Network
http://carpool.hinet.net/open/acced.html

Graph of Number of Transcripts Each Year
Unit: 10,000 pieces

- Counter Application (orange)
- Electronic Transcript (green)

Year	Counter Application	Electronic Transcript
2005	2,758	1,526
2006	2,729	2,024
2007	2,562	2,253
2008	2,121	2,405
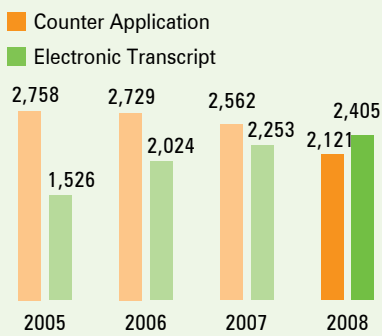
Enjoy Carpooling Network

Promotion of energy saving and carbon reduction can never be accomplished by a single organization or institute, and it is also not possible to change the modern lifestyle instantaneously, thus, we have used our core technology and professionalism to build a platform for carpooling search. The goal is to make the first step with the public majority to create "multiple win" results for individuals, the society and the environment.

- Individuals: This platform allows the individuals to save on fuel, parking fees and car depreciations, and at the same time increase social activities, get to know new friends and reduce commute times.
- Society: This program is integrated into the environment protection policy as well as the transportation policy, aiming to mitigate the problem of traffic jam and decrease the demand for car park construction. As to the environment, the program reduces CO_2 emissions and air pollution.

In 2008, the total mileage achieved by the platform was 79,951 kilometers, which is equivalent to rounding the Earth for 1.99* times. Currently, we are planning the corporate version of the carpooling service. With a customized platform, we expect to build the carpooling network platform for companies within the shortest time and in the most cost-effective way, thus enhancing the benefits of energy saving and carbon reduction.

* Note : One circle of the planet ≒ 40,000 km

Telex Information System

We assisted the government to build the Land Administration Telex Information System, which electronically links every municipal/county land administration offices. People are able to surf the Internet via computers or PDA, and by using the Natural Person (Corporate) Identity Certificate, one can then make an inquiry on all municipal/county land registration information. The service is both convenient and fast, which indirectly cuts down CO_2 emissions from the various forms of transporation.

System Features

- Convenience: You just need a HiNet account to make inquiries on all municipal/county land registration information over the Internet.
- Accuracy: Data is synchronized real time with the database in every municipal/county land registration offices.
- Safety: The user may make an inquiry of the land registration information by category to ensure confidentiality of personal information.

From 2005 to January 2009, we issued a total of 83.5 million transcripts. If each transcript costs 5 minutes, we saved 3.8 million hours for the government, and if people travel for one hour and pay NT$ 50 for transportation to get a transcript, we saved 45.63 million hours about NT$ 2,281.5 million for people.

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder
Feedback

Responsible
Operation
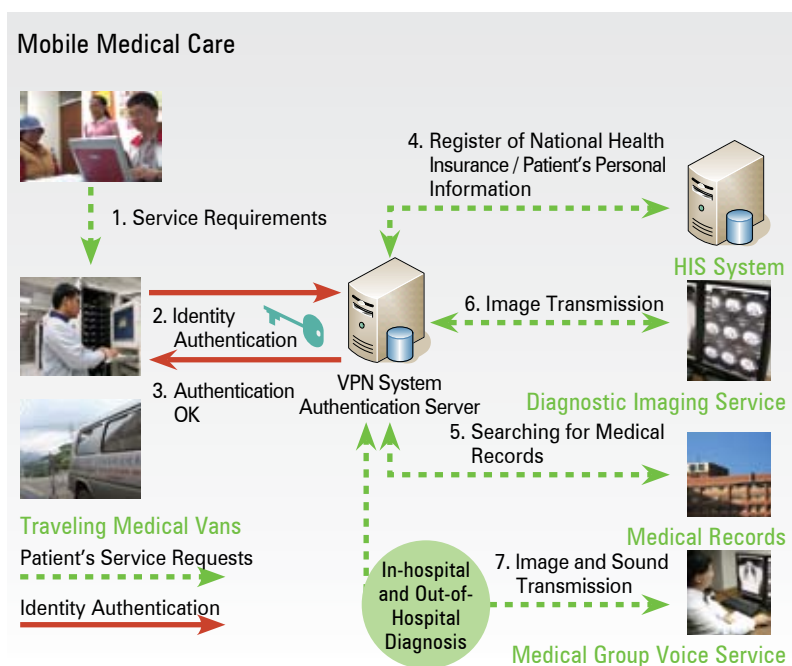
Operational
Development

Digital Homey Service

Digital homey service is a powerful, stable and high-safety service management platform. Making use of our optical fiber network, mobile network and wireless technology, it provides customers the terminal monitoring function, allowing them to remote control curtains, lighting, air conditioners and gas interceptor etc.

We can use this platform to maintain and control our customers' facilities, and by combining with MOD and broadband Internet, provide them safe and comprehensive digital household services.
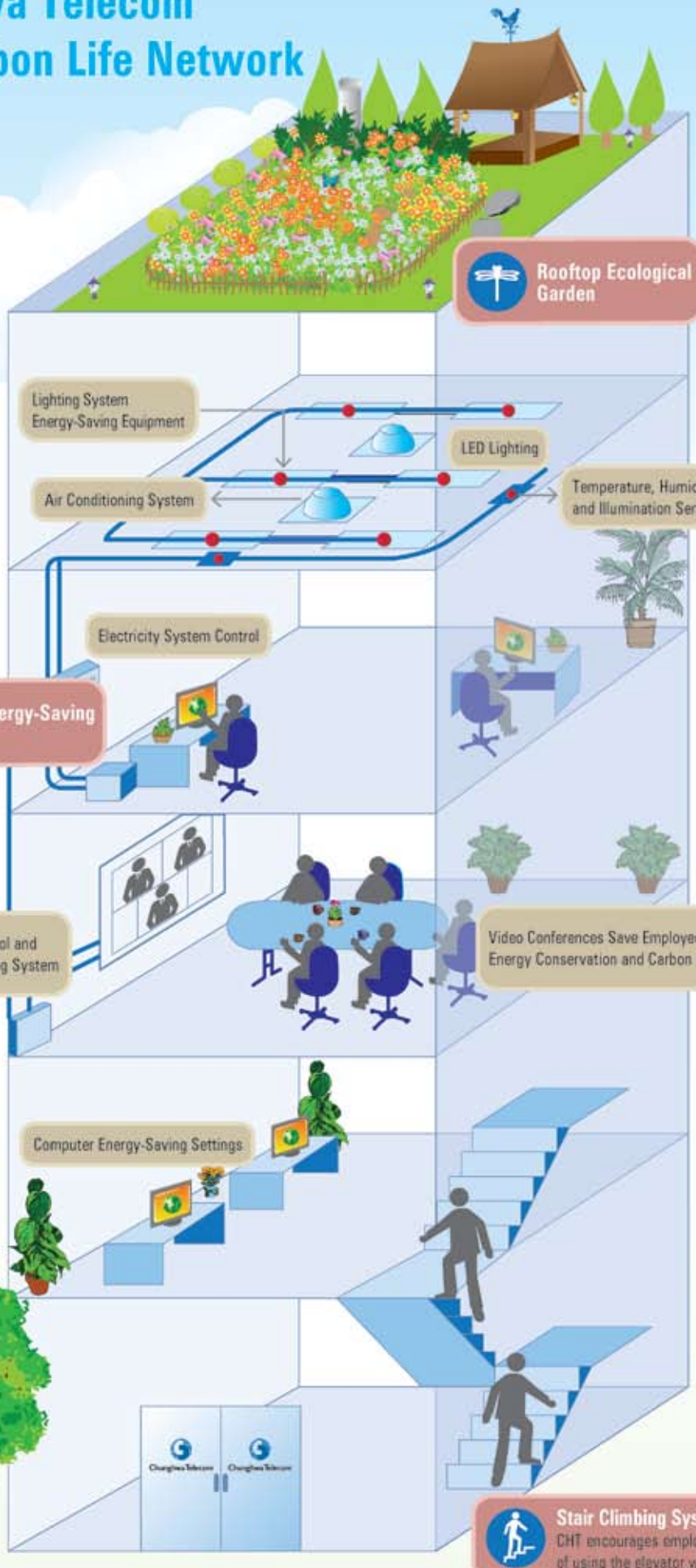
Distance Medical Care

We cooperated with Puli Christian Hospital to install WiMAX broadband network (with bandwidth about 40 Mbps and end-terminal FTTB network) in two traveling medical vans, which serve as "mobile clinics" to conduct traveling medical care.

The WiMAX broadband network confers the functions of mobile hospitals to medical vans. Distance medical care can be given by integrating in-hospital resources. We also installed the authentication mechanism for information security to protect medical records. Seeking medical care in the medical vans would be as safe and convenient as in a hospital. People living in mountains would have a quick access to medical care without delay due to traffic inconvenience. It can also save medical personnel's time of traveling and increase medical care efficiency. It is no doubt beneficial to the quality of medical care service provided to people living in remote areas and tribes. Mobile Medical Care.

Mobile Medical Care

1. Service Requirements

2. Identity Authentication

3. Authentication OK

VPN System Authentication Server

4. Register of National Health Insurance / Patient's Personal Information

HIS System

6. Image Transmission

Diagnostic Imaging Service

5. Searching for Medical Records

Medical Records

In-hospital and Out-of-Hospital Diagnosis

7. Image and Sound Transmission

Medical Group Voice Service

Traveling Medical Vans

Patient's Service Requests

Identity Authentication

Chunghwa Telecom
Low-Carbon Life Network

Rooftop Ecological Garden

Lighting System Energy-Saving Equipment

LED Lighting

Air Conditioning System

Temperature, Humidity and Illumination Sensors

Electricity System Control

Intelligent Energy-Saving Services

Electricity System Control and Environmental Monitoring System

Video Conferences Save Employees' Transportation Time/ Energy Conservation and Carbon Reduction

Computer Energy-Saving Settings

Stair Climbing System
CHT encourages employees to walk on stairs instead of using the elevator with a reward system.

Chunghwa Telecom   Chunghwa Telecom

Photovoltaic Water Heater

Water Saving

Ecological Pond
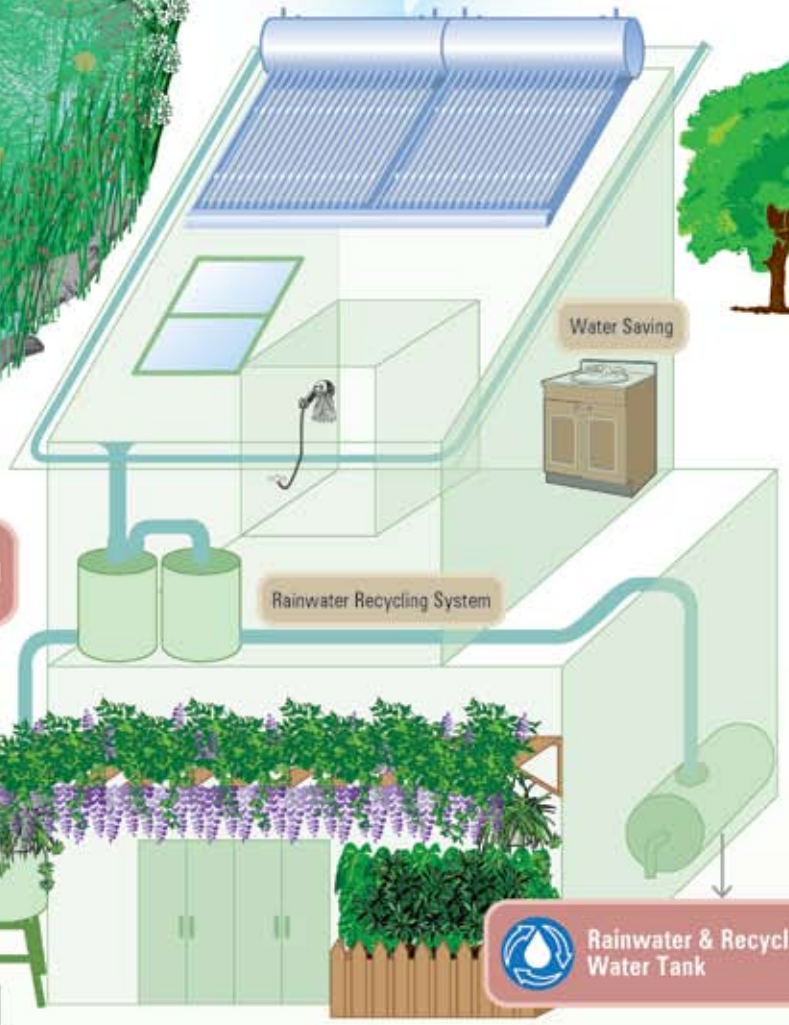
Rainwater Recycling System

Environment-Friendly Bicycles
for Business Purpose

Rainwater & Recycling
Water Tank

Greener Eco System

Rainwater & Recycling
Water Tank

Management Approach

Third Party Review Opinion

This is the second independent Corporate Social Responsibility Report published by the Chunghwa Telecom. Co., Ltd ("Chunghwa Telecom" henceforth). In comparison to CSR Report for 2007, there were significant improvements in terms of the selection of CSR issues, clarity, comprehensiveness and balance of the report contents and the completeness and reliability of reported data. There are several features that are worth mentioning as follows:

1. Chunghwa Telecom recognizes that CSR fulfillment is built upon matching the reasonable expectations of stakeholders. Chunghwa Telecom adopts a systematic "Materiality Assessment Process" to prioritize its CSR issues and clearly disclose the list of its stakeholders and issues requiring feedback from the corporation.

2. Chunghwa Telecom measures its social welfare expenditure through an innovative quantified management approach, which is a valuable reference for other corporations in Taiwan to manage their social welfare investments.

3. Chunghwa Telecom has in-depth understanding on the uniqueness of its own industry. In response to the issue of climate change, the corporation has been actively researching and developing products and services in line with the concept of "energy conservation and carbon reduction". This is indeed a very good demonstration of the contributions that the ICT industry is capable of making with respect to energy and climate change related issues.

Listed below are the few areas of improvements we expect Chunghwa Telecom to make with respect to the preparation of its future CSR report and fulfillment of its CSR:

1. Formulate a comprehensive set of CSR goals and commitments: Disclosure of statistics and data on the corporation's current status of operations have raised the interest of many stakeholders in gaining further understanding on Chunghwa Telecom's short-, medium- and long-term goals or commitments for the various CSR issues.

2. Illustration of qualitative and quantitative data analysis: The CSR Report not only provides an avenue of communication between a corporation and its stakeholders, it is also an important management tool. However, the benefits of this management function will somehow be limited and report users will not have access to key information due to the lack of analysis on historical data.

3. Description of the interactive process between the corporation and its stakeholders: Issues such as electromagnetic waves and liberalization on the "last mile" have attracted quite significant social concern. However, the report did not include a description of the process of communication or discussion between Chunghwa Telecom and its stakeholders and ways in which the final management decision was made to govern the issues.

4. Influence on suppliers: The relevant environmental and ethical requirements were mentioned in the report but the relevant countermeasures were not disclosed.

Overall, we observed marked improvements in Chunghwa Telecom's Corporate Social Responsibility Report for 2008 with respect to report preparation, planning or contents. The issues and items disclosed in the report fully reflect the challenges currently confronting the corporation. The Report is worthy of reading and may be referred to by other industry peers in preparation of their CSR reports.

Niven Cheng-Chung, Huang

Secretary General, Business Council for Sustainable Development

Appendix

Environmental
Sustainability Management

Social
Contribution

Stakeholder
Feedback

Responsible
Operation

Operational
Development

ASSURANCE STATEMENT

SGS

Independent Assurance Statement

SGS Taiwan's report on sustainability activities in the CHUNGHWA TELECOM CO., LTD. Corporate Social Responsibility Report 2008.

Nature and Scope the Assurance / Verification

SGS Taiwan was commissioned by CHUNGHWA TELECOM CO., LTD. to conduct an independent assurance of the Corporate Social Responsibility Report 2008. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the CHUNGHWA TELECOM CO., LTD. Corporate Social Responsibility Report 2008 and its presentation are the responsibility of the governing body and the management of CHUNGHWA TELECOM CO., LTD.. SGS Taiwan has not been involved in the preparation of any of the material included in the report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below.

The SGS Group has developed a set of protocols for the Assurance of Corporate Social Responsibility Report based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines (2006). These protocols follow differing levels of Assurance depending the reporting history and capabilities of the Reporting Organisation. This report has been assured using our Level 2 protocol for:
● content veracity;
● evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines;

The assurance comprised a combination of pre-assurance research to identify issues of materiality to the organisation, as identified by stakeholders, peer organisations, those which are expectations of regulations or international standards and those of general concern both in the public eye and raised by expert opinion. The process also included interviews with managers and relevant employees at their head office in Taipei, Taiwan; documentation and record review and evaluation of the report contents against the GRI's G3 application requirements.

The process also includes the provision of an internal management report designed to feedback to the organisation on improvements and recommendations as a result of the assurance process.

Financial data was drawn directly from the audited accounts of CHUNGHWA TELECOM CO., LTD. and has not been checked back to source as part of this assurance process.

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social ASSURANCE STATEMENT and sustainability report assurance. SGS Taiwan affirms our independence from CHUNGHWA TELECOM CO., LTD. being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience of the industry and qualifications for this assignment, and include auditors who are registered Quality, EMS, OHSAS and SA 8000 Lead Auditors and IRCA Registered Sustainability Assurance Practitioner.

Verification/ Assurance Opinion

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within CHUNGHWA TELECOM CO., LTD. Corporate Sustainability Report 2008 is accurate, reliable and provides a fair and balanced representation of CHUNGHWA TELECOM CO., LTD.'s sustainability activities during the reporting period.
We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

The report is the first time to be assured by an independent assurance team and CHUNGHWA TELECOM CO., LTD. have taken a bold step by offering the report to evaluation against GRI's G3 guidelines. This shows a deserved confidence in their Corporate Social Responsibility Report development.

In our opinion, the contents of the report meet the content and quality requirements of the Global Reporting Initiative G3 Version 3.0 Application Level A+.

Signed:
For and on behalf of SGS Taiwan Ltd.
Dennis Yang, Chief Operating Officer of Eastern Asia
17 August, 2009

GRI G3 Content Index

Profile		Disclosure Items	Chunghwa Telecom's Responses	Page
Strategy and Analysis	1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	Messages from the Chairman and CEO	4
	1.2	Description of key impacts, risks, and opportunities.	CSR Issues Management	30
Organizational	2.1	Name of the organization.	Chunghwa Telecom Co., Ltd.	Back of the cover page
	2.2	Primary brands, products, and/or services.	Product and Service	8
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organization Structure, Other Venture Investments	7,13
	2.4	Location of organization's headquarters.	21-3 Hsinyi Road, Sec, 1, Taipei, Taiwan 100 R.O.C.	Back of the cover page
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Other Venture Investments	13
	2.6	Nature of ownership and legal form.	Shareholders Structure	11
	2.7	Markets served.	Market Position	10
	2.8	Scale of the reporting organization.	Operating Results and Economic Impact	11
	2.9	Significant changes during the reporting period regarding size, structure or ownership.	Change of Board Directors	18
	2.10	Awards received in the reporting period.	Awards	Back of the cover page
Report Parameters	3.1	Reporting period for information provided.	January 2008 to December 2008	Back of the cover page
	3.2	Date of most recent previous report.	May 23rd, 2008	Back of the cover page
	3.3	Reporting cycle.	Annually	1
	3.4	Contact point for questions regarding the report or its contents.	Purpose of the Report	1
	3.5	Process for defining report content.	CSR Issues Management	30
	3.6	Boundary of the report.	Purpose of the Report	1
	3.7	State any specific limitations on the scope or boundary of the report.	Purpose of the Report	1
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Purpose of the Report	1
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Energy-Consumption Analysis	72
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Energy-Consumption Analysis, Reduction of In-Use Vehicles and Gasoline Consumption	72,79
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	(No Significant Changes)	-
	3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3 Content Index	94
	3.13	Policy and current practice with regard to seeking external assurance for the report.	Third Party Review Opinion; Assurance Statement	92,93
Governance, Commitments, and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance	17
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	(No)	-
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or nonexecutive members.	Corporate Governance	17
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Improvement in Information Transparency	22
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	Corporate Governance	17
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance	23
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	CSR Committee	27
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	CSR Committee	27
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	CSR Committee	27
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CSR Committee	27
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management Mechanism	19
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	ADOC 2.0 Project	69
	4.13	Memberships in associations and/or national/international advocacy organizations.	(Descried by Associations Types)	15,29,40

Profile			Disclosure Items	Chunghwa Telecom's Responses	Page
Governance, Commitments and Engagement		4.14	List of stakeholder groups engaged by the organization.	Stakeholders' Engagement	29
		4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholders' Engagement	29
		4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholders' Engagement	29
		4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholders' Engagement	29
Economic Performance Indicators				Chunghwa Telecom's Responses	Page
Management Methods to Expose				Sustainable Operation	7
Economic Performance		EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Operating Results and Economic Impact	11
		EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Change and Countermeasures	21
		EC3	Coverage of the organization's defined benefit plan obligations.	Employee Rights	35
		EC4	Significant financial assistance received from government.	No Financial Aid from Government	-
Market Presence		EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Employee Rights	35
		EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Supply Chain Management	49
		EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Employee Rights	35
Indirect Economic Impacts		EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Quantifiable Social Contribution	53
		EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Five Dimensions of Social Contribution	51
Environmental Performance Indicators				Chunghwa Telecom's Responses	Page
Management Methods to Expose				Environmental sustainability management system, Carbon management strategic map	71,73
Materials		EN1	Materials used by weight or volume.	Energy-Consumption Analysis	72
		EN2	Percentage of materials used that are recycled input materials.	Waste Recycling	80
Energy		EN3	Direct energy consumption by primary energy source.	Energy-Consumption Analysis	72
		EN4	Indirect energy consumption by primary source.	Energy-Consumption Analysis	72
		EN5	Energy saved due to conservation and efficiency improvements.	Continuous Environmental Impact Mitigation	77
		EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Application of Renewable Energy	78
		EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Continuous Environmental Impact Mitigation	77
Water		EN8	Total water withdrawal by source.	Energy-Consumption Analysis	72
		EN9	Water sources significantly affected by withdrawal of water.	No Such Cases	-
		EN10	Percentage and total volume of water recycled and reused.	Water Recycling	81
Biodiversity		EN11	Location and size of land owned, leased, managed in, or adjacent to, protected	(No Fixed Assets in Such Areas)	-
		EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	No Such Cases	-
		EN13	Habitats protected or restored.	No Such Cases	-
		EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Promotion of "Biodiversity", Eco-System Protection	61,84
		EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	No Such Cases	-
Emissions, Effluents, and Waste		EN16	Total direct and indirect greenhouse gas emissions by weight.	Energy-Consumption Analysis	72
		EN17	Other relevant indirect greenhouse gas emissions by weight.	Energy-Consumption Analysis	72
		EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Energy-Consumption Analysis	72
		EN19	Emissions of ozone-depleting substances by weight.	We do not report on this issue (no intention of reporting in the future), since the disclosure does not relate to our business because we are not a manufacture	-
		EN20	NO, SO, and other significant air emissions by type and weight.	We do not report on this issue (no intention of reporting in the future), since the disclosure does not relate to our business because we are not a manufacture	-
		EN21	Total water discharge by quality and destination.	We do not report on this issue (no intention of reporting in the future), since the disclosure does not relate to our business because we are not a manufacture	-
		EN22	Total weight of waste by type and disposal method.	Waste Recycling	80
		EN23	Total number and volume of significant spills.	No Such Cases	-
		EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No Such Cases	-
		EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	No Such Cases	-
Products and Services		EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Continuous Environmental Impact Mitigation, Employee Environmental Initiatives	77,82
		EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	No Such Cases	-

95

Environmental Performance Indicators			Chunghwa Telecom's Responses	Page
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	No Such Cases	-
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Reduction of In-Use Vehicles, Investigation of Employee Commuting	79,82
Overall	EN30	Total environmental protection expenditures and investments by type.	Continuous Environmental Impact Mitigation	77

Labor Practices and Decent Work Indicators			Chunghwa Telecom's Responses	Page
Management Methods to Expose			CSR Organization, Stakeholder Feedback, CSR Managemen	27,29,30
Employment	LA1	Total workforce by employment type, employment contract, and region.	Diversity	33
	LA2	Total number and rate of employee turnover by age group, gender, and region.	Turnover Rate by Category	32
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Rights	35
Labor/Management Relations	LA4	Percentage of employees covered by collective bargaining agreements.	Employee Rights	35
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Employee Rights	35
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	Occupational Safety and Health Management System	36
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	Occurrence of Occupational Accidents	37
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Looking After the Mental and Physical Health of Employees	36
	LA9	Health and safety topics covered in formal agreements with trade unions.	Harmonious Labor Relations	34
Training and Education	LA10	Average hours of training per year per employee by employee category.	Employees Training	38
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Training and Development	38
	LA12	Percentage of employees receiving regular performance and career development reviews.	Training and Development	38
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Diversity	33
	LA14	Ratio of basic salary of men to women by employee category.	Once hired, employees who do the same job are offered the same basic salary, regardless of gender	32

Human Rights Performance Indicators			Chunghwa Telecom's Responses	Page
Management Methods to Expose			CSR Organization, Stakeholder Feedback, CSR Managemen	27,29,30
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Supply Chain Management	49
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Supply Chain Management	49
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Diversity	33
Non-Discrimination	HR4	Total number of incidents of discrimination and actions taken.	Diversity	33
Freedom of Association and Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Harmonious Labor Relations	34
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	No Such Cases	-
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	No Such Cases	-
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	No Such Cases	-
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No Such Cases	-

Society Performance Indicators			Chunghwa Telecom's Responses	Page
Management Methods to Expose			Five Dimensions of Social Contribution, Chunghwa Telecom Foundation, Create digital opportunities	51,52
Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Five Dimensions of Social Contribution	51
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	Corporate Code of Ethics	23
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Corporate Code of Ethics	23
	SO4	Actions taken in response to incidents of corruption.	Corporate Code of Ethics	23
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying.	Countermeasures for Policy & Regulatory Changes	21
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No political donations in 2008	-
Anticompetitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Rules of Conduct for Sales and Marketing Staff	23
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Rules of Conduct for Sales and Marketing Staff	23

Product Responsibility Performance Indicators			Chunghwa Telecom's Responses	Page
Product Responsibility Performance Indicators			Products and Services	8
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Lowering Negative Service Impacts	46

Product Responsibility Performance Indicators			Chunghwa Telecom's Responses	Page
Customer Health and Safety	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Lowering Negative Service Impacts	46
Product and Service Labeling	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	No Such Cases	-
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No Such Cases	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Service Satisfaction Survey, Opinion Feedbacks	42,44
Marketing Communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Rules of Conduct for Sales and Marketing Staff	23
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Rules of Conduct for Sales and Marketing Staff	23
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customers Privacy Protection	43
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Rules of Conduct for Sales and Marketing Staff	23

Telecommunication Sector Specific Indicators			Chunghwa Telecom's Responses	Page
Internal Operations				
Investment	IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	Consolidated Capital Expenditure	12
	IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable.	Quantifiable Social Contribution	53
Health and Safety	IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	EMF Issues	47
	IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets.	EMF Issues	47
	IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	EMF Issues	47
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	EMF Issues	47
Infrastructure	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts.	EMF Issues	47
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	EMF Issues	47
Providing Access				
Access to Telecommunication Products and Services	PA1	Polices and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.	Universality of Telecommunication Services	54
	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services.	Promote Digital Learning, Bridge the Digital Divide	55,58
	PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	Natural Disasters	20
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates.	Marketing Position	10
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population.	Discount of Telecom Services Fee	58
	PA6	Programs to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Emergency Rescue System, Sea Rescue Communication Service	65
Access to Content	PA7	Polices and practices to manage human rights issues relating to access and use of telecommunications products and services.	Lowering Negative Service Impacts	46
Customer Relations	PA8	Policies and practices to publicly communicate on EMF related issues.	EMF Issues	47
	PA9	Total amount invested in programs and activities in electromagnetic field research.	EMF Issues	47
	PA10	Initiatives to ensure clarity of charges and tariffs.	Opinion Feedbacks	44
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Opinion Feedbacks	44
Technology Applications				
Resource Efficiency	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	Energy Conservation and Carbon Reduction Services	85
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects.	Energy Conservation and Carbon Reduction Services	85
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above.	Energy Conservation and Carbon Reduction Services	85
	TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development.	Energy Conservation and Carbon Reduction Services	85
	TA5	Description of practices relating to intellectual property rights and open source technologies.	R&D and Innovation	14