

Inspiring Service

Customers, Community Organizations
takeholder

Voices | Inspiring service comes from an experience that “exceeds my expectations”

Commitment | Continue to be the consumers’ most trusted telecommunications brand

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Index Category	2009 Commitment	2009 Performance	2010 Target	Page
 Customer Satisfaction: General Consumers (Scored out of 5)	Improvement needed	3.73 ✓	Continued improvement	P51
 <ul style="list-style-type: none"> “Professional Medal and Certificate” - Ministry of Transportation and Communications “The Benchmark Enterprise with Best Reputation – First Place in Telecom Services” – Common-Wealth Magazine “Taiwan Conscience Enterprises – 1st Place in the Service Industry” – 1111 Job Bank “The Ideal Brand Award – 1st Place in the Telecom Brands category” – Business Today Magazine “6th Service Awards – 1st Place in Mobile / Fixed Communications (emome)” – Next Magazine “5th Service Awards – 3rd Place in Mobile / Fixed Communications (HiNet) – Next Magazine “Ideal Consumer Brand in Taiwan – 1st Place in the Mobile Phone System & Data Network Services (ADSL) category” – Management Magazine “Fixed Broadband Service Provider of the Year Award” – Frost & Sullivan Asia Pacific ICT Awards 				

Customers, Community Organizations

Brand Management and Product Promotion
Customer Service Feedback

Disaster Response and Responsible Communications

Privacy Protection and Combating Telephone Fraud
Healthy User Environment

Innovative Value-Added Services

Electromagnetic Radiation Decision-Making Mechanism and Education

Management Brand Management and Product Promotion

“Chunghwa Telecom” has always represented high quality, dependable and localized services. We are always thinking about how brand management can be used to make the best use of existing resources, differentiate ourselves from our competitors and continuing to track customer requirements. In addition to provide high quality telecommunications products/services, we also strive to help our customers make use of telecommunications products/services in a more efficient manner.

Brand Management Strategy

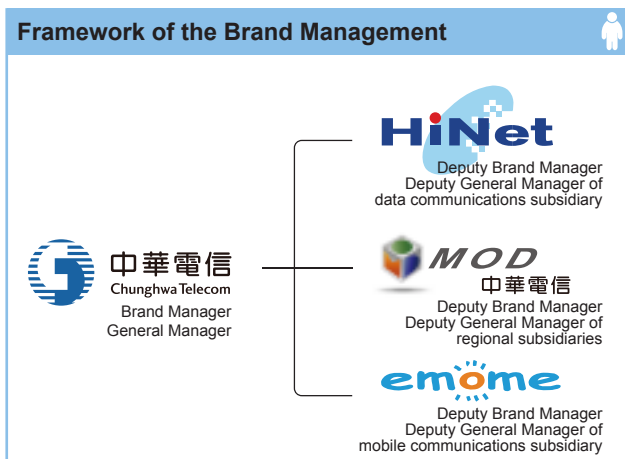
The General Manager of CHT is also the Brand Manager in charge of supervising the creation, management and modification of all CHT brands. The Brand Manager also communicates with the deputy brand manager of each business group through the CSR committee. The role of deputy brand managers is undertaken by the deputy general managers of each business division. Their responsibility is to carry out the overall corporate brand strategy as well as promoting their brands in their own way to the extent of their authority.

“Chunghwa Telecom” is the byword for absolute dependability in Taiwan. We have therefore adopted a supportive brand framework where all secondary brands are semantically or visually linked to CHT.

We have also adopted a variety of performance indicators including market/product penetration, customer loyalty/satisfaction, brand value, employee and recruitment/retention to measure brand’s influence on long-term development.

CSR Brand Development

CHT does not want to be just a “green” brand but also to be the No. 1 “Telecom CSR” brand in Taiwan. CSR is a key strategy in all of our activities as it helps to boost customer acceptance, preference and loyalty. CSR can also enhance employee loyalty, creating a positive feedback cycle. For this reason, the General Manager (Brand Manager) regularly meets with executives in charge of CSR strategy and development to discuss how business strategy and CSR strategy can complement each other.



High Quality Product/Services

It has always been our strategy to provide high quality products/services. In terms of the actual products and services, we passed the 3G mobile telephony service quality survey conducted by the NCC in 2009. The results of quality testing from CHT’s data access network are also reported to the NCC on a monthly basis. The key performance indicators are as listed below and our performance has consistently exceeded the standards defined by the NCC.

We are also continuing to strengthen our relationship with channel partners to provide our customers with better quality service.

Key Performance Indicators for the Telecommunications Service Industry			PR5
Item	NCC Standard	Actual CHT Performance	Period
Local Call Connection Rate	≥ 95.6%	99.99%	2007.7.1-2008.6.30
Mobile Phone Interruption Rate	≤ 3%	0.49%	2009.2.1-2009.4.30
Packet Loss Rate for Digital Communications	≤ 3%	0.0005%	2008.7.1-2009.6.30

Note: Local Call connection Rate Survey was not conducted by NCC in 2009.

Free Customer Education

As the leader of the Taiwanese telecom industry, it is the responsibility of the CHT to educate consumers about using telecom equipment/services in an efficient way. To help smartphone customers make the most effective use of their mobile phones, we set up nine types of free Dr. mPro training courses on basic mobile phone usage and configuration, advanced and special features, mPro mobile briefcase and introduction to the Hami service. A total of 459 classes were taught with 7,979 students.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Management Customer Service

After all regional customer service centers were consolidated under the Customer Service Department in 2007, CHT immediately began introducing international training and certification for customer service management in an effort. The move was intended to build the customer service team's consensus on improving the quality of service and meet international customer service benchmarks. Professional certification training such as AQF (Australian Qualification Framework) customer service management & management, customer communications and skill development were introduced in 2008. In 2009, the APCSC (Asia Pacific Customer Service Consortium Customer Service Analyst and Auditor certification) were introduced between 2009 and 2010. We also introduced process improvements for ISO 9001 certification and set up a mystery shopper scheme to carry out self-audits from a customer perspective. The push for constant improvement is aimed at providing customers with more attentive and better quality service.

Responsible
Management

Value
Integration

Innovation

Environmental
Sustainability

Employee
Care

Inspiring
Service

Digital
Opportunities

Social
Philanthropy

Customer Service Quality Improvement

We are improving customer service quality by enhancing the collaboration between physical and virtual counters. By also setting up a coordination mechanism for handling complex cases, we can provide customers with a total service regardless of the customer type or service channel. Satisfaction surveys are also carried out at customer service centers on counters service, customer service hotlines and installation/repair services to improve the quality of service in a timely manner.

- Introduced "ON-site Customer Service Quality Survey" in customer service centers to check the overall service quality and verify the behavior of customer service representatives.
- Implemented the "Inspiring Service – Re-engineering Project" to establish a set of quality service standards, improve the quality of counter service and instill the values of quality service into our corporate culture.
- Completed "SGS Qualicert" international service quality certification for all branch counters to maintain a high standard of service.
- Implemented automatic monitoring of counter waiting times and queue lengths. When the number of customers in the queue exceeds a certain multiple of the available counters, the system automatically alerts the supervisor to assign more staff. Supervisors are also required to adopt management by walk about.
- Upgraded the computerization of transaction systems and counters to more efficiently process applications and streamline the application process.

Internet Support and Call Centers

For the customer convenience and the reduction of the travel time, we have expanded the scope of our service provided in the call centers and internet. For example, proof-of-payment can now be resent by just one click in the Internet support web site, and "HiNet KOD" can be applied through just one call to the call centers. This is not only more convenient for the customer but also more environmental friendly.

Enterprise Customers

- Customers with an account manager: An account manager is assigned to key customers and high value SMEs as their contact window. We also offer enterprise customers with custom integrated data and communications service to help them reduce operating costs.
- Customers without an account manager: We provided discount bundles for each branch to promote through telephone marketing and customer information sessions as necessary.

Reducing Contractor Turnover

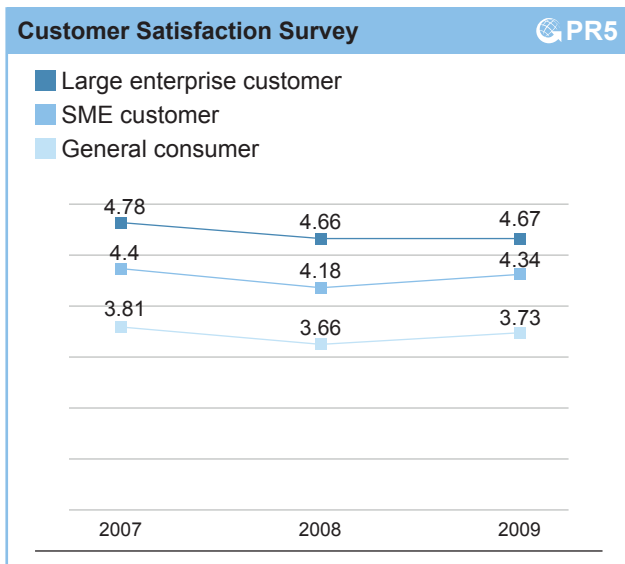
We have significantly reduced contractor turnover to 0.75% from 3.34% through the consolidation of the outsourcing standards for regional customer service contractors, the effective evaluation of contractor performance, and the adoption of reasonable fixed-price selective tenders. Even more, our outsourcing contractors also explicitly require the contract to conform to the Labor Standards Act and the Labor Safety & Health Act.

Management Feedback

CHT values the opinion from every one of our customers and have set up an easy to use customer feedback mechanism that is available all year round. CHT also commissions customer satisfaction surveys from market research firms each year to identify customer issues and expectations.

Customer Feedback Mechanism

The opinions of our customers are important to us and CHT has a 24-hour service window in place that customers can use to send us their feedback online, over the phone or through e-mails. We have also set up a CPS (Customer Opinion Process System) to pass customer feedback (including complaints, praise and suggestions) directly to the relevant technical/service (e.g. line maintenance, product design/marketing, accounting), risk management and public relations departments for response. The feedback is reviewed every month with customer service at a meeting chaired by the deputy general manager of the product subsidiary.



Note: Satisfaction with each service is measured using the 5-point scale: Very satisfied, Satisfied, Average, Dissatisfied, These are represented by a score of 5, 4, 3, 2 and 1 respectively.

Customer Satisfaction Survey

To find out how satisfied customers are with our services and their perception of our corporate image, brand value, and quality of service, we have commissioned an external market research firm every year to survey the customer satisfaction of general consumers, SMEs, and large enterprise customers. The surveys are aimed at identifying the key issues and expectations in each service and provide a guide for our future development.

	2007	2008	2009
Customer satisfaction	4.41	4.71	4.74
Percentage of calls answered within 20 seconds	79.1%	87.1%	82.61%
First call resolution rate	-----	96.7%	86.17%

Note: "First call resolution rate" refers to whether the customer service representative was able to provide a complete service "after just one call" by the customer.

Address Disaster Preparations

The most touching moment for field technicians involved with emergency repairs for Typhoon Morakot was how “when people finally got through on the mobile phone, both sides started crying.” When a hurricane strikes, CHT repair teams are immediately mobilized to restore communications to the disaster area. For the repair team, “restore communications first” and “accomplishing the mission” is the most important thing even if they have to bulldoze their way through or carry water pumps to flooded exchanges on a bamboo raft. The emergency repairs must also be carried out with zero accidents.

Maintaining Contact

Typhoon Morakot wreaked havoc on fixed networks and mobile phone base stations in parts of southern and central Taiwan. CHT immediately mobilized all available manpower and resources to make emergency repairs. The military was also called in to help transport technicians and satellite base station equipment by helicopter. Ultimately, a total of 43 sorties were flown, transporting 102 people, over 9,610 liters of fuel, 18 power generators and 8 sets of satellite communications equipment.

At the same four-wheel-drive satellite trucks carrying portable satellite antenna, base station equipment, diesel generators, fuel and repair technicians advanced deep into the disaster areas such as Pingtung County’s Linbian Township, Taitung County’s Dawu and Taimali Townships, Kaohsiung County’s Namaxia Township, Jiaxiang Township, Taoyuan Township, Maolin Township as well as Baolai and Laonong in Liugui Township. The teams set up emergency satellite base stations and made emergency repairs to mobile phone base station. These efforts provide disaster rescue units and disaster victims with emergency communications that allowed them to “maintain contact”.

Disaster Preparations

Weather anomalies caused by climate change such as rising sea levels, drought and heavy rains will all affect the placement of telecom exchanges. Maintenance costs for telecom services will also increase significantly due to the added manpower required for emergency repairs and consumer compensation. For this reason, we stepped up our education and awareness efforts in 2009 in the hopes of forming a “bottom-up” innovation chain that will help each region adapt to problems caused by climate change.

CHT places a strong emphasis on disaster prevention and has emergency repairs teams standing by at all times to maintain communications in disaster areas. Our disaster prevention preparations include:

- Annual self-inspection in April each year the typhoon season.
- Typhoon defenses are inspected in May every year.
- Emergency repair supplies are checked to ensure an adequate inventory is on hand and regularly maintained.
- Emergency repair machinery are maintained by dedicated staff and regularly tested.
- Portable satellite phones are tested to ensure they are serviceable.
- Emergency repair teams organized and regular drills carried out.
- Equipment lists and maps are kept up to date so they can be quickly restored after a disaster.
- Redundancy is built into the design of switching and transmission nodes.
- Central monitoring system automatically manages primary and secondary backup circuits.



Emergency Mobile Communications Vehicle Fleet

Due to the lessons of Typhoon Morakot CHT not only upgraded existing disaster prevention and response mechanisms but also invested \$45 million into building a fully computerized operations platform, five emergency repair vehicles with heavy cross-road capability, winches and snorkels, satellite communications equipment and 36 sets of portable generators. The move signaled our determination to ensure that communications will be restored and maintained during future disasters so losses can be reduced to a minimum.

Disaster Response Story 1

Time: 23:00, August 16.

Employee: Assistant Engineer LIN Zuo-teng

On August 16, the Linkou-Zhongzhou fiber-optic cable accidentally was severed by the Taiwan Water Company, interrupting fixed line, mobile and broadband communications to Chishan, Meinong, Liugui and Jiaxiang. Assistant Engineer Lin had already been carrying out emergency repairs for 8 straight days but he still immediately set out to meet with other CHT personnel. With the No. 21 Taiwan Highway half washed out and covered with mud, he nevertheless made a slow and thorough survey using just the car's headlights to find the break. Once he confirmed that all four fiber-optic cables were out of service Lin sent an emergency rerouting request. Communications was finally restored at 3:20AM on August 17.



Assistant Engineer Lin was publicly honored at an audience with President Ma

Disaster Response Story 2

Time: August 10

Employee: Chairman LU, Shyue-ching



Chairman Lu checking on the situation in Pingtung and personally inspecting the disaster area in Linbian.

Chairman Lu surveyed the disaster area at Linbian early in the morning on August 10 accompanied by Deputy General Manager Hsieh from CHT South, Manager Su from the Pingtung branch and others. At the time, the route between the Linbian Fire Department and the Linbian Exchange was still under waist-high flood waters so the group could only proceed slowly by a telecom engineering truck. On the way back, they encountered an old woman who was trapped at home with no hot water for milk to feed her baby. Chairman Lu immediately gave up the front seat of the engineering truck to the old woman and joined the other employees on the truck bed piled high with tools and supplies. The compassion of CHT employees have become another heart-warming local story.

Response

Privacy Protection and Combating Telephone Fraud

The right to privacy is a basic human right and a pillar of modern social order. Since the Computer-Processed Personal Data Protection Act was introduced, CHT has maintained a comprehensive management system that makes use of advanced network technologies. CHT not only works closely with government agencies to combat telephone fraud but is also protecting customer data from illegal theft and exploitation through international cooperation.

Communications Security

For network and communications security, CHT now offers the “HiNet OTP” and “Caller Blacklist” services for our customer’s protection. “HiNet OTP” uses a One Time Password randomly generated every 60 seconds that can be only used once to prevent hackers from hijacking accounts or fraud websites from stealing personal data.

“Caller Blacklist” allows the customer to blacklist a phone number they don’t want to take calls from. By default, these calls are automatically rejected by the system. Calls with hidden caller ID or an unidentifiable number are redirected to the voice mailbox instead, effectively protecting the customer against organized fraud groups or harassment.

Network Management

We helped the government establish the 165 anti-fraud hotline in November, 2007. In 2009 an average of 15 customer service representatives were assigned each month to assist the Criminal Investigation Bureau handle tier-1 services between 8AM and 8PM weekdays. Key management measures included:

1. Development of the automated communications record inquiry system (CRIS)
2. Encrypted call forwarding for fixed line exchanges.
3. Blocking of 30 telephone numbers belonging to government and private organizations identified by the CIB as having been tampered with each day.
4. Screening of billing data to identify and block fixed lines suspected of having been hijacked.
5. Caller ID screening service.
6. Providing the “Retain 886 country code for international calls” function.
7. Adjusting the coverage of mobile phone base stations in the Kinmen and Mazu regions to prevent remote mobile telephone fraud.
8. Setting up of anti-tampering alerts for telephone switch boxes to prevent the hijacking of telephone lines as well as strengthening the management of wiring closets.

Disconnection Operations

The Fraud Disconnection Operations System (FDOS) was set up to refer suspicious phone activity to the police for investigation. Three customer service representatives are on average assigned each month to helping the police with immediately disconnecting suspicious phones to reduce the impact of telephone fraud on customers and the general public.

Telephone Fraud Awareness

More than 100,000 shifts were allocated to the various telephone fraud prevention tasks between 2004 and the end of 2009. Anti-fraud awareness information was also printed on over 1.78 billion account statements, sent through over 70 million SMS messages and over 340,000 suspicious phone records turned over at the request of law enforcement. Total cost amounted to over NT\$1.8 billion.

Privacy Protection Measures

All customer details at CHT are rated as “Very Confidential” and customer applications stored in locked file cabinets to prevent leaks and unauthorized access by customer service representatives (including both CHT employees and contractors). All employees are required to sign a “Confidentiality Agreement” and their direct superior required to take collective responsibility. For outsourced operations that involve the use of business secrets the contractor and its employees are also required to sign confidentiality agreements as well. Subsidiaries are required to report on their implementation of customer data protection each year while the head office and subsidiaries also conduct surprise audits at service centers to ensure proper protection of consumer privacy.

SMS Spoofing Detection System



SMS spoofing is where unethical overseas operators manipulate the sender address to send SMS fraud messages around the world through CHT network. Signal analysis is used by our system to check the actual position of overseas SMS senders. If spoofing is confirmed, the SMS center is immediately alerted to block the message and the victim’s account balance corrected.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Response Healthy User Environment

Advances in telecommunications services may produce some products and services that have negative consequences. We are committed to ensuring that our customers can enjoy a digital lifestyle with complete peace of mind.

Improper Content Filtering

We offer HiNet e-mail customers with a free webmail service to deal with the problem of spam. The user can then set the webmail service to delete suspected spam directly.

We also offer parents the K12 mailbox for blocking pornographic spam. The mailbox features include text filtering, picture filtering, web feedback and network-side quarantine.

The “HiNet Porno Gatekeeper” service blocks websites that may be harmful to children and youths such as pornography, violence, suicide, drugs, weapons and gambling without requiring any special settings, software or hardware. Our comprehensive black list covers multiple languages and is updated once every two hours for a high level of safety.

Health User Environment		
Potential Consequences	Our Response	
Improper Content Filtering	Spam e-mail	<ul style="list-style-type: none"> Use webmail to filter spam
	Pornography	<ul style="list-style-type: none"> K12 mailbox quarantine HiNet Porno Gatekeeper Mobile Internet Porno Gatekeeper
Time Management	<ul style="list-style-type: none"> Internet: “HiNet Online Time Management” Mobile Phone: “3G Talk Easy” 	
Communications Security	<ul style="list-style-type: none"> Internet: “HiNet OTP” Mobile Phone: “Caller Blacklist” 	
Electronic Waste	<ul style="list-style-type: none"> Mobile Phone Recycling 	

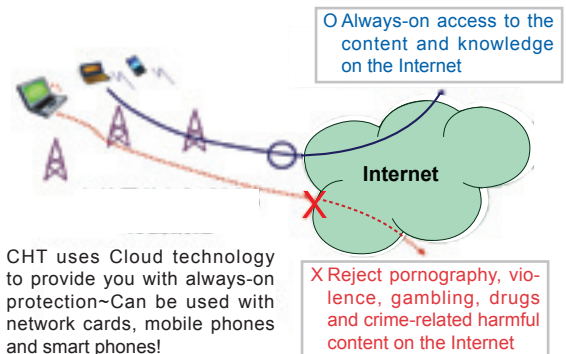
Time Management

For elementary and junior high school students whose self-control are still underdeveloped, parents can opt for the “HiNet Online Time Management” and “3G Talk Easy” service to limit the calling times and call lengths. Our proprietary advanced management features allow the parent to effectively to track their children’s phone/Internet usage and bills so they can teach their children good communication habits.

Mobile Internet Porno Gatekeeper

To fulfill our duty of care to underage mobile Internet customers, CHT offers an industry-leading mobile Internet filter service that identifies and blocks pornographic web pages in 54 languages (including traditional/simplified Chinese, English, Japanese... etc.), e-mail links to malicious content, phishing websites, all types of malware (not just Java) and harmful content on Youtube and Next Media. CHT conforms with the NCC “Regulations for the Rating of Internet Content” and our comprehensive blacklist database ensures the online safety of CHT customers.

CHT expects the service to have 20,000 subscribers by the end of 2010 and to reach 50,000 subscribers by the end of 2011.



Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Response

Electromagnetic Radiation Decision-Making Mechanism and Education

Mobile phone technology has now evolved from offering basic voice calls to delivering the latest mobile broadband communications. To provide our customers with the most advance and high quality mobile communications service, CHT has continued to build and optimize our core networks and base stations. Constant increases in wireless transmission rates has enabled an increasing number of wireless Internet and multimedia applications that require more bandwidth to run smoothly. The improvements have not only increased customer satisfaction but have spurred the development of many entertainment, industrial and commercial applications.

Compliance with National Standards

The World Health Organization (WHO) launched a 10-year international study at a cost of US\$250 Million to study the effect of electromagnetic fields on public health in 1996. The results were published in Fact Sheet No. 304 by WHO in May, 2006, and concluded that “considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects”. There is therefore no cause for concern and the general public is free to enjoy the economic benefits and convenience of mobile communications.

As for the telecommunications industry, the regulatory authority in Taiwan has now set limits on the level of permissible EM radiation from base stations. All base stations must pass a technical review by the regulator before it may enter service. EM radiation should only be measured by trained experts using professional instruments. Measurements taken by laymen or improper instruments (e.g. using low-frequency Gauss meter to measure high-frequency EM waves) increases the chance of invalid readings.

Electro Magnetic Fields:
<http://www.emfsite.org.tw/>



Community Communication

We have adopted a two-stage approach the communicating with the general public. Under normal circumstances, base stations are beautified and awareness programs run to explain their safety. In the event of a dispute, an independent third-party agency is commissioned to take measurements

Within CHT we emphasize the beautification of base stations to reduce their visual impact on the environment and the local people. Apart from beautifying the antennae of new base stations, we are also retro-fitting existing base stations as well. Decorations vary depending on the site and surroundings including painting, garden lights, vines and other special shapes. By the end of 2009 62% of all base station antennae have been beautified.

We partnered with the Taiwan Telecommunications Industry Development Association to set up the “Electro Magnetic Fields” website to educate the general public about EM radiation. Members of the public that still have EM radiation concerns can submit an application to the free base station EM radiation measurement hotline (0800-873888) jointly set up by CHT and other telcos, or request a meeting between CHT and the base station’s stakeholders. If they agree to have the EM radiation measured, we will commission an independent company to make on-site measurements. The results will be explained to the stakeholders by experts. The resistance to base stations is now showing signs of improvement in 2009 with 158 appeals received from the general public, a decrease of 6% on 2008.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Our competitiveness has always been based on our ability to meet customer requirements. CHT has therefore continued to leverage our competitive advantage by providing a variety of integrated and value-added services. In addition to new subscription upgrade packages, new digital lifestyle value-added services are also constantly being released in response to the change in consumer habits from digital convergence in order to boost their customer benefits.

Hami Book



The Hami mobile phone book store system was developed by in 2009 in support of the government's policy on creative culture, cloud computing and digital content industries.

Hami Book's use of digital content reduces the amount of paper required for printing and also offers improved re-readability compared to paper books. Benefits include less energy consumption, carbon reduction and the ability for book lovers to choose their preferred reading environment without being limited by the weight of books.

hifree



Hifree is offered as a basic service for CHT that delivers the latest online music, video and lifestyle information straight to their door. No registration, login or selection is needed for our subscribers to legally access free multimedia content in a secure network environment.

The service is expected to have over 10 million by the end of May. Currently each subscriber uses the service an average of 3.5 hours a day.



iHome



The concept is intended to meet customer needs and offer them peace of mind, comfort, convenience and economy. The smart telephone serves as the heart of the "iHouse" to provide MICE (Monitor/ Information/ Communication/ Entertainment) services. Family members can use the smartphone to access a wide range of lifestyle information, home monitoring, e-commerce and health management services.

Smart Phone Mobile Office



Chunghwa Telecom developed the "Mobile Inbox of the Future" as a mobile office for business people on the move. The secure and efficient Push Email and document approval solution is compatible with iPhone/ Symbian/ Windows Mobile smart phones and supports the following e-mail systems: IBM Lotus Notes, Microsoft Exchange Server and standard POP/IMAP mail servers.

The service has been adopted by many enterprises since it was launched in October 2009.



Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy