

**S**trategy **Caring for Employee Needs**

**M**anagement **Human Resources Management**  
**Performance Evaluation**

**A**ddress **Talent Attraction and Retention**  
**Joy at Work, Happiness at Home**

**R**esponse **Occupational Health and Safety**

**T**arget **Fulfillment of Environmental Education**



- *The Taichung campus and Kaohsiung campus of Chunghwa Telecom Training Institute both winning the gold medal from the “2010 Taiwan TrainQuali System (TTQS)Evaluation” event held by the Executive Yuan’s Council of Labor Affairs, and also selected as benchmark units.*
- *Reception of the outstanding unit award for promoting labor safety and hygiene from the Executive Yuan’s Council of Labor Affairs in 2009*
- *Reception of the Taipei City Government’s labor safety award*
- *Reception of the health initiative medal, health promotion medal, and anti-smoking prevention medal from the autonomous healthy workplace certification program of the Bureau of Health Promotion, Department of Health, Executive Yuan*

# Caring for Employee Needs

*We believe that employees are the company's most important assets and cooperative partners. Therefore, we respect every employee, with no differentiation over gender, age, and race. Wages are also paid on the principle of commensurate wages for commensurate work. We are committed to improving the work environment, focusing on employee rights, respecting employee opinions, attending to employee needs, and continuing enhancements over communication channels and dialogue with employees.*

## Employee Overview

In 2010, Chunghwa Telecom employed a total of 24,474 persons, of which 566 employees left their positions and 398 new employees were hired, resulting in an employee turnover rate of 2.31%. There were 6,927 female employees, accounting for 28.30% of all employees. The number of female employees remained nearly constant over the last three years, but the number of female managers rose gradually, accounting for 23.04% of all managers in 2010.

In accordance with the Gender Equality in Employment Act, we have outlined the "Prevention and Complaint Regulations for Sexual Harassment." In 2010, we did not receive any relevant complaints.

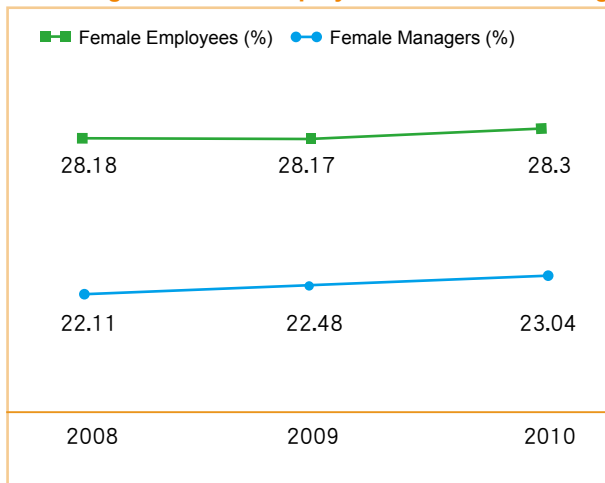
According to Article 38 of the People with Disabilities Rights Protection Act, Chunghwa Telecom shall employ 228 persons with disabilities. 721 such employees were actually hired, 3.16 times more than legally required. In 2010, we employed 49 aboriginal employees, while properly respecting their unique cultural traditions.

## Labor-Employer Harmony

Employees not only enjoy rights to appeal, complaint, and union participation, the collective agreement stipulates that labor-employer representatives from the headquarters and all branches and subsidiaries shall hold at least one labor-employer meeting once every 3 months, with additional provisional labor-employer meetings if necessary. Labor representatives may be invited to staff appraisal meetings and sit in evaluation meetings, business reports, etc. also, the Board of Directors contains one seat for Labor Director. In 2010, union participation among employees reached 99.80%.

Chunghwa Telecom's Chairman and President irregularly holds meetings or telephone conversations with the union secretary general, supervisor, and other union representatives to ensure that there are proper labor-employer communication channels. A total of 6 national labor-employer meetings and 1 provisional meeting were held in 2010, reaching consensus on many relevant issues. Also, 18 coordination meetings related to labor conditions further increasing labor-employer harmony.

Percentage of Female Employees and Female Managers



Average Age and Years of Service of Employees

Year	2008	2009	2010
Total Employees	24,551	24,668	24,474
Average Age	47.08	47.66	48.21
Average Years of Service	22.80	23.31	23.81

# Human Resources Management

*To assist employees with their career development, we have established various professional skill training systems to increase work efficiency and human resource application. Our internal training classes are very diverse, providing higher learning required for employees of different levels and fields of work. All agencies also have personnel training teams to facilitate planning and execution of personnel training and undertake the career planning and training development of their colleagues.*

## New Training Development System Oriented for Professional Skills

We have established various professional skill training systems for various technical and commercial professions to gradually implement training development oriented towards professional capabilities. We hope that capabilities needed for work can be closely combined with training to increase work efficiency, and enable new replacement manpower to develop sufficient job aptitude within short periods of time through this solid training. Also, to develop managerial capabilities for all levels of management, we are currently planning educational classes to develop managerial talent for managerial and staff positions. After relevant plans are completed, professional skill-oriented training development will become more consolidated.

## Employee Education, Training, and Higher Learning

We are committed to providing employees with an open and diverse learning environment. We have established the Telecom Training Institute and their Taichung and Kaohsiung campuses that are dedicated to employee education and training. The Telecom Training Institute holds annual professional aptitude training, which systematically focuses on the eight professions of core network technologies, connection network technologies, mobile communication technologies, value-added services, information technologies, business management, operational management, and human resources management. To develop high level managerial talent for the future, we hold "high level management preparation workshops". All agencies contain personnel training teams to undertake the career planning and training development of their colleagues, as well as fulfilling colleague education and training through planning, execution, and evaluation mechanisms, in order to increase the professional aptitude of our colleagues and improve service attitude and overall work performance. In 2010, employee training totaled at 1.98 million hours, while a total of NT\$ 728.58 million was invested for the endeavor.

### Employee Education and Training

	2008	2009	2010
Total Training Budget (NT\$)	659,309,528	661,362,885	728,577,757
Per Capita Training Budget (NT\$)	26,855	26,819	29,769
Total Training Hours (Hours)	2,190,419	1,927,751	1,979,407
Per Capital Training Hours (Hours)	89	78	81

# Performance Evaluation

*To attract talented personnel and inspire morale, we have formulated the “Employee Performance Evaluation Regulations” to facilitate year-end evaluation of employees, which act as references of promotions, salary raises (reductions), awards, discipline, training, work adjustments, and issuing of incentives and bonuses for our colleagues.*

## Industry-Academic Cooperation

We have formulated the “International Corporate Staff Training Plan” with focus on expanding overseas markets. Also, we have established the “Chunghwa Telecom Southeast Asia Scholarship” to develop competent overseas telecommunications personnel, which annually provides scholarships to competent Southeast Asian and foreign students in National Chiao Tung University.

The Telecom Training Institute initiated the “Advanced Telecommunications Network Technologies” program with National Taiwan University, which can train 50 of our colleagues with each class, which lasts 4 terms and achieves distinguished results in setting the foundation for telecommunications network theories.

We also encourage employees to engage in lifelong learning, providing a maximum of NT\$ 30,000 in learning bursaries for each term. In 2010, a total of 1,135 employees applied for learning bursaries; while a total of NT\$ 17.65 million was invested.



Successful completion of the first telecommunications elite development program, conducted in partnership between Chunghwa Telecom and National Taiwan University

## Enhancing Performance Evaluation Procedures

We have concrete operational regulations and operational procedures for performance reviews of employees at all levels in the company to achieve the objectives of impartial evaluation, rewarding competence, and remedying shortcomings. To ensure that the company's CSR policies can combine properly with business strategies, we further incorporate feedback to stakeholder opinions, achievement of environmental targets, raising the company's charitable image, etc., into our considerations of performance reviews for high level managerial personnel.

We have introduced the newly “Employee Performance Evaluation Regulations” and the “Essentials of Evaluation Interviews.” Evaluation managers will directly notify employees of work performances that require enhancement or improvement, and will provide necessary assistance and guidance. Through improvements in management procedures, employees of subpar performance can instantly and appropriately gain opportunities for improvement through managerial assistance and advice, which also fulfills the true function of performance reviews.

## Employee Satisfaction Survey

To uproud to be employees of Chunghwa Telecom. To understand the status of employment satisfaction for Chunghwa Telecom, we have initiated continuous employee satisfaction surveys since 2010, which focuses on measuring employee satisfaction for their workplaces, benefits, and income, and thus achieve a composite understanding of employee satisfaction, impressions, and expectations from employees of different professional characteristics. According to the survey of 2010, 82% of employees are satisfied to work for Chunghwa Telecom. Also, 82.4% of employees feel that they are proud to be employees of Chunghwa Telecom.

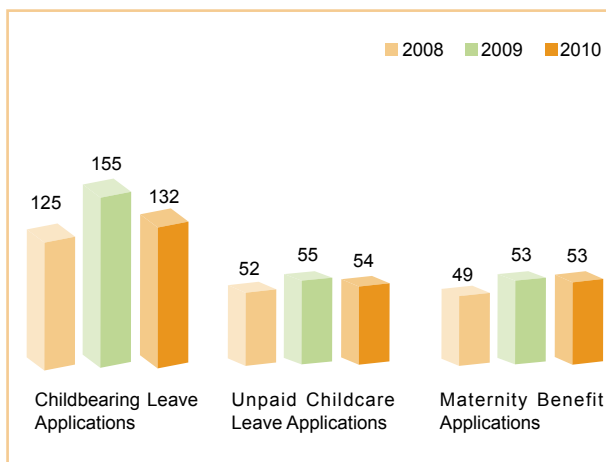
# Talent Attraction and Retention

We focus heavily on competent personnel. To assist them with balancing career development and family life, we took initiative in implementing unpaid childcare leave systems, providing health and preventative care exceeding legislative requirements. In 2010, relevant employee health care expenditures account for 0.14% of annual revenues. Also, to improve employee well being, employee mutual fund systems are established to enable corporate profit sharing for employees.

## Balancing Work and Family

To assist employees with balancing their careers and families, we took leadership in implementing unpaid childcare leaves starting from July 2006. To care for female employees, they are paid childcare leave benefits equal to half of their insured salaries during their leave, which they can receive for up to 2 years. After employees receive their maximum number of monthly employment insurance payments from the government, female employees can then begin receiving maternity leave benefits equal to half of their insured salaries. Family leaves, paternity leaves, menstrual leaves, nursing rooms, etc. are also provided. In 2010, a total of 132 persons applied for childcare leave, while 54 persons applied for unpaid childcare leaves, and 53 persons applied for childcare benefits.

Number of Employee Applications for Childcare Leave Benefits



Note: because both men and women are qualified to apply for unpaid childcare leave, and only women are qualified to apply for maternity benefits, the former category has more applications.

## Employee Benefit Programs

We issue welfare payments according to the Employees' Welfare Funds Act, and we have established the Employee Welfare Committee to facilitate benefit measures such as employee marriage, childbearing, child education, retirement, bereavement, spousal bereavement support, group insurance, recovery, celebration activities, etc.

In terms of preventative employee health care, we provide health care exceeding legislative requirements, allowing employees one free health inspection every year. In 2010, inspection fees are increased by 25% to enhance inspection priorities and increase inspection accuracy. In terms of employee health promotion, we have established health clubs that provide various exercise and leisure facilities, such as basketball courts, badminton courts, tennis courts, ping pong tables, swimming pools, treadmills, etc. Leisure clubs have been established, which covers areas such as dance, singing, yoga, classical Chinese music, karate, etc. In 2010, we held a total of 208 health seminars, 25 sport competitions, and 99 field trips. Also, we continue to enforce the Employee Assistance Program (EAP), which provides one-on-one professional counseling service, which covers assistance with employees in resolving psychological, legal, financial, medical inquiries, as well as questions on work and lifestyle services. In 2010, a total of 360 persons received such services.

In terms of healthy lifestyles for employees, a total of 28 telecommunications clubs were established for employees in 2010, which encourages employee vacations and provides leisure and accommodation. Every employee is also provided with NT\$ 8,000 in travel subsidies. Relevant employee health care-related expenditures account for approximately 0.14% of annual revenues.



# Joy at Work, Happiness at Home

Only happy employees can deliver heartfelt service to customers. In 2010, we held group marriages to encourage employees start up families and initiate a new phase in their lives. Furthermore, our comprehensive retirement benefits are the greatest foundation and support for our employees' families.

## Retirement Benefits

To enhance employee well being, enhance employee loyalty for the company, and enable corporate profit sharing so as to ensure stability of employee lifestyle after retirement or leaving their jobs, employee mutual funds are established, which awards bonuses based on the amount of monthly salaries of employees and in accordance with the bonus ratio agreed upon by the company and the Employee Shareholder Committee.

Retirements are processed in accordance with the Employee Retirement Pension and Separation Guidelines, the Labor Standards Act and the Labor Pension Act. The maximum pension contribution (15%) is paid into employees' pension funds each month.

In 2010, Chunghwa Telecom donated \$4.5 Million to the CHT Retirement Association to improve the care of retired Employee. A dedicated website (<http://www.chtr.org.tw/>) has also been established to promote healthcare and lifelong learning among retirees.



30 newlywed couples complete their vows under the witness of Chairman Lu during Chunghwa Telecom's group marriage ceremony

## Employee Health Inspections

	2008	2009	2010
Number of Employee Health Inspections	24,018	23,924	23,782
Percentage of Employees Receiving Health Inspections	98.09	98.03	98.35
Total Expenditures in Employee Health Inspections (NT\$)	39,851,601	67,978,876	67,874,199

# Occupational Health and Safety

*Providing healthy and safe occupational environments is our non-negotiable obligation to our employees. We not only continue in improving various occupational health and safety management systems and maintaining certification for such systems, but we have also completed various hazard identifications and risk assessments for the telecommunications industry, especially for work-related high risk operations, employed control measures such as work permits, in order to enhance risk control for high risk work and effectively prevent incidences of occupational Injuries.*

## Occupational Health and Safety Management Systems and Associated Certifications

We proactively provide workplace-related health and safety facilities and programs to establish safe, clean and comfortable work environments, which safety and health performance are also inspected regularly to ensure the effectiveness of such management. We have established a health and safety management system based on the PLAN-DO-CHECK-ACT framework. By the end of 2010, a total of 33 out of 34 branches have been certificated under the Occupational Health and Safety Assessment Series 18001, while 23 branches have passed the TOSHMS management system certification from the Council of Labor Affairs. Therefore, despite growing operational growth across all of our services, our safety and health performance is still distinguished. In 2010, occupational injuries rates per thousands of persons was far lower than the industry average.

## Occupational Injuries Statistics

We have completed various hazard identification and risk assessments for the telecommunications industry, adopting control measures such as work permits for high risk work such as working at heights, confined space, manhole and tunnel excavations, hot work, live power lines, crane lifts, etc, to lower the risks from such work. In 2010, the “Safety Enforcement Regulations for On-Site Operational Personnel” was drafted, and then implemented in March 2011, focusing on high risk work such as working at heights, confined space, manhole and tunnel excavations, hot work, live power lines, crane lifts, etc. Other than enhancing onsite monitoring and management, we also incorporate our information and telecommunications professionalism to take 3G cell phone photographs of on-site safety facilities and personal protective equipments prior to work commencement, by sending those photos took on-site back to designated systems for real-time monitoring, so that we can enhance risk control over high risk work and effectively prevent incidents of occupational hazards.

### Occupational Injuries Statistics

Occupational Injuries Indicator	Year	2008	2009	2010
Frequency of disability		0.89	0.56	0.83
Severity of disability		282	136	514
Occupational Injuries Rate per 1,000 Workers		1.06	1.09	1.26
Occupational Injuries Rate per 1,000 Workers (Industry-Wide)		2.09	1.92	1.96

Note:  
 Frequency of Disability = Times of disability \*10<sup>6</sup>/Total person-work hours  
 Severity of Disability = Total workday lost\*10<sup>6</sup> / Total person-work hours  
 Occupational Injuries Rate per 1,000 Workers = ratio of the annual average number of occupational injuries per 1,000 workers.Source: Council of Labor Affairs Web site.

# Fulfillment of Environmental Education

*The Environmental Education Act as passed by the Legislative Yuan in May 2010, containing a total of 26 articles aimed at imparting public education processes that improve people's knowledge, capabilities, attitudes, and value systems over environmental protection, and encourage people to focus on the environment, take action, and thus achieve sustainable development.*

## Fusion between Environmental Education and Business Activities

Article 19 of "Environmental Education Act" : "Government agencies, state-run enterprises and institutions... all employees... shall participate over four hours of environmental education," which appropriately echoes Article 15 of "Corporate Social Responsibility Best Practice Principles for TWSE / GTSM Listed Companies": "Listed Companies should establish a dedicated unit or assign dedicated personnel for environment management to maintain the environment management system and should hold environment education courses for their managerial officers and other employees on a periodic basis." To account for these obligations, we will begin implementing the following in the future:

1. 4-hour environmental classes for all employees every year.
2. Fusion between environmental education classes and major corporate activities.



Chairman Lu leads his colleagues in the visit to Tsuchi's recycling work, hoping to encourage environmental protection through the power of corporate volunteers

## Corporate Volunteer Exchange

Our "CSR Committee" includes the "Environmental Sustainability Group" and "Corporate Volunteerism Group," enabling our colleagues from business locations across Taiwan to engage in environmental education, already accumulating considerable results and experience.

In 2010, we visited the environmental protection education area of Tsuchi Cultural Education Center's Guandu campus with Chairman Lu in the lead, jointly engaging in environmental protection practicums, as well as participating in spirituality seminars and all-day physical and spiritual environmental protection classes.

Also, Chunghwa Telecom's corporate volunteers participated in the Taiwan Energy Conservation Patrol initiated by Epson Technology and other corporations, which focuses on increasing energy efficiency within corporate operations and production processes, and thus achieving the objectives of carbon reduction and mitigating global warming. Hopefully, through on-site inspections and provision of energy conservation advice for inspected units, we can achieve maximum win-win benefits for environmental protection and corporate profits.



Our corporate volunteers join the "Taiwan Energy Conservation Patrol," assisting more corporations in achieving energy and carbon reduction