

Employee Care



S Strategy	Caring for Employee Needs/ The Promotion of Harmonious Labor Relations
M Management	Human Resources Management
A Address	Talent Attraction and Retention/ Joy at Work, Happiness at Home
R Response	Occupational Health and Safety/ Safety and Health Management and System Certification
T Target	Fulfillment of Environmental Education



- Chunghwa Telecom was awarded a Gold Medal and the 1st National TrainQuali Prize, NTQP (NTQP) and TTQS.
- The Taipei Telecom Operation Department, the Mobile Business Group, the Hsinchu Telecom Operation Department, and the Northern Taiwan Business Group received Certificates of Appreciation for their efforts in the peach promotion campaign.
- In 2010 Chunghwa Telecom received an Excellence Award for Transportation Mobilization Preparation Operation Evaluation from the Ministry of Transportation and Communications.



From Employee Care to Corporate Excellence

Chunghwa Telecom is dedicated to employee care and provides employees with good benefits and we are also improving our manpower development policies on a long term basis. Ever since we started our corporate social responsibility efforts, we have been expanding our care for the families of employees and the whole of society. We are making the idea of “Joy at Work, Happiness at Home” a reality.

During the major “One Bike One” event in celebration of the 100th anniversary of ROC’s foundation, CEO Shyue-Ching Lu invited 7,000 employees and their families to join in this event from all around Taiwan and the outlying islands. With mobile uploading and location technology, “One Bike One” became a milestone in the history of our corporate excellence.

Caring for Employee Needs

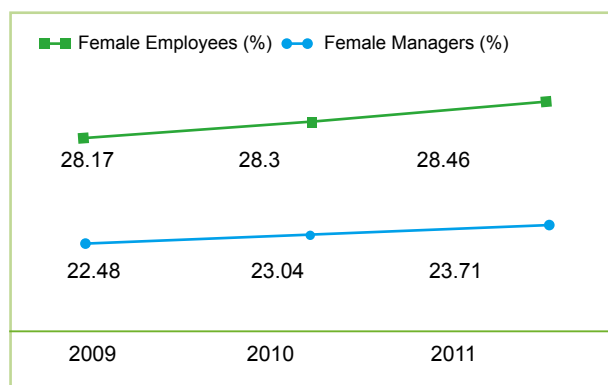
We believe that employees are the company's most important assets and cooperative partners. Therefore, we respect every employee, with no differentiation with respect to gender, age, or race. Wages are also paid on the principle of commensurate wages for commensurate work. We are committed to improving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

Protection of Human Rights

Our business spread throughout the country and the standard starting salary is higher than the required local wage. In 2011, Chunghwa Telecom employed a total of 24,664 personnel, with 17,644 male and 7,020 female employees. To accommodate the needs for customer services and sales, we have contracted 3,612 positions. To take advantage of the early retirement package introduced in early 2011, 367 employees chose to either leave their positions or retire. At the same year, we recruited 1053 elite new graduates. The employee attrition rate is 1.49%, with female employees making up 28.46% total. There were 93 more female employees than in the previous year and the percentage of female employees in managerial positions is on the rise and was 23.71% in 2011.

To abide by the constitution, protect human rights, and uphold the spirit of the Act for Gender Equality accounted for more than half the entire body. In 2011, no discriminatory incidents were reported. According to Article 38 of the People with Disabilities Rights Protection Act, Chunghwa Telecom should employ 233 persons with disabilities. In fact 757 such employees were actually hired, 3.25 times higher than the legal requirement. In 2010, we employed 51 aboriginals, and properly respect their unique cultural traditions.

Percentage of Female Employees and Female Managers



Channel for Complaint

If an employee should observe conduct in their unit that is in breach of regulations or against the law, they may file a complaint or report it via the hotline, fax or email. The reported case will be investigated in accordance with corporate regulations and procedures. If such case is found to be true, the appropriate punishment will be imposed for the sake of the employees' code of conduct, corporate discipline, company image, and stakeholder rights. However, no such human rights case was filed in 2011.

Ratio of total number of employees to the number of managers

Year	2011		
	Female	Male	Total
Total number of employees	7,020	17,644	24,664
Ratio of total number of employees	28.46%	71.54%	100.00%
Number of operation managers	2,724	7,882	10,606
Ratio of operation managers	25.68%	74.32%	100.00%
Number of staff managers	432	2,225	2,657
Ratio of staff managers	16.26%	83.74%	100.00%
Number of executive managers	8	72	80
Ratio of executive managers	10.00%	90.00%	100.00%
Number of directors	3,164	10,179	13,343
Ratio of directors	23.71%	76.29%	100.00%

The Promotion of Harmonious Labor Relations

Chunghwa Telecom is the only operator in Taiwan that has established a Union and signed a collective bargaining agreement with employees. This not only conforms to domestic regulations and the requirements of international human rights instruments, but also shows our determination to preserve employee rights. One seat in our board of directors has been reserved for a labor director, allowing the voice of the employees to be heard.

The Protection of Employee Rights

In line with our early retirement buyout, and employee career planning, retirement is pending for 367 employees at this time, 276 male and 91 female. To ensure continuity and to pass on our expertise, we have recruited 1,053 new employees, 703 male and 350 female, represents a turnover rate of 1.49%.

For the protection of employee rights, all company employees enter into a formal labor contract with the company. For those who have served for more than three months, but less than one year; more than one year, but less than three years; and more than three years, a ten, twenty, or thirty-day notice period is respectively in force. The company labor-management committee has also started to build a harmonious community relationship using a consultation and cooperation mechanism to ensure operational efficiency. We will start early to communicate the implementation schedule to the relevant units and personnel, and hold communication seminars with the corresponding union officials and personnel to ensure smooth organizational adjustment. This allow job transition and continuation base on mutual agreement, to realize a more refined integration service and a company image of harmonious operation.

Average Age and Years of Service of Employees

Year	2009	2010	2011
Total Employees	24,668	24,474	24,664
Average Age	47.66	48.21	48.68
Average Years of Service	23.31	23.81	24.19

Smooth Communication Channels

We respect the rights of our employees and their interests and believe in effective communication. Employees not only enjoy the right to appeal, complain, and to Union membership, but the collective agreement also stipulates that labor-employer representatives from headquarters and all branches and subsidiaries shall hold at least one labor-employer meeting every 3 months, with provisional meetings to be held if necessary. Labor representatives may be invited to staff appraisal meetings and attend evaluation meetings, business reports, etc. Also, the Board of Directors includes one seat for a Labor Director. In 2011, employee union membership reached 99.54%.

The Chunghwa Telecom Chairman and President hold regular meetings and telephone conversations with the Union Secretary General, Supervisor, and other Union representatives to maintain proper labor-employer communication channels. The labor-employer meetings are attended by 18 representatives (9 labors and 9 employers) and the chair is held by each side in turn. Six national labor-employer meetings and one provisional meeting were held in 2011, reaching consensus on many relevant issues.

Both labor and employer have sufficient voice at the meetings to express their concerns and interact positively to avoid conflict and realize harmonious labor-employer relations.

Human Resources Management

A number of training systems have been established to assist employees with the development of their professional skills. This not only enhances work efficiency and human resource application but advances the careers of the employees. Our internal training classes are very diverse, providing the higher learning required for employees at different levels and fields of work. All the agencies have personnel training teams as well to facilitate the planning and execution of personnel training and assist in the career planning and development of their colleagues.

Profession Oriented Training System

We have specific professional skill training systems for the different technical and commercial professions. The training is oriented towards particular professional capabilities needed for work in many different areas. This develops job aptitude within short periods of time, increases work efficiency, and also provides replacement manpower where needed. In addition, to develop managerial capability for all levels, we are currently planning educational classes to develop management talent. After these plans are completed, professional skill-oriented training development will become more consolidated.

We will establish a competence oriented employee training and development system that includes 16 information categories with approximately 700 sub-functional projects. This system is being implemented gradually and we expect that employees will be able to integrate the competence and capacity developed from the program to reinforce their skills on the job.

Employee Training and Advance Learning

We emphasize career development for our employees. We have established different talent cultivation groups in all departments to design implement and develop programs at dedicated training institutions (the Telecom Training Institute and their Taichung and Kaohsiung campuses) in a systematic, layered, and well planned way. The Telecom Training Institute will offer competence related training courses each year. In 2011, the courses offered included core network, connection network, access network, and mobile communication technologies; value-added services, information technology, business management, operational management, and human resources management. In 2011, a total of 1.61 million hours of employee training was given and NTD\$ 733.22 million had been invested for the endeavor.

To develop high level managerial talent for the future, we hold “high level management preparation workshops”. All agencies have personnel training teams to undertake the career planning and training development of their colleagues. This fulfills the needed education and training through planning, execution, and evaluation mechanisms, to increase the professional aptitude of our colleagues and improve service attitude and overall work performance.

Employee Education and Training

Year	2009	2010	2011
Total Training Budget (NT\$)	661,362,885	728,577,757	733,221,300
Per Capita Training Budget (NT\$)	26,819	29,769	29,730
Total Training Hours (Hours)	1,927,751	1,979,407	1,613,248
Per Capital Training Hours (Hours)	78	81	65

Talent Attraction and Retention

We focus heavily on competent personnel. To assist them with balancing career development and family life, we took the initiative and implemented unpaid childcare leave systems. We also provide health and preventative care that exceeds legislative requirements. In 2011, the employee health care expenditure accounted for 0.14% of annual revenues.

Industry-Academic Cooperation

An “International Corporate Staff Training Plan” has been formulated with a focus on expanding our overseas markets. We have also established the “Chunghwa Telecom Southeast Asia Scholarship” for the development of competent overseas telecommunications personnel. Scholarships to the National Chiao Tung University are awarded annually to competent Southeast Asian and foreign students.

The Telecom Training Institute initiated the “Advanced Telecommunications Network Technologies” program with the National Taiwan University. Fifty of our colleagues are trained over four terms in each class. Distinguished results are obtained which set a foundation for telecommunications network theory.

We also encourage employees to engage in lifelong learning, providing a maximum of NT\$ 30,000 in learning bursaries for each term. In 2011, a total of 1,081 employees applied for learning bursaries and NT\$ 16.95 million were invested.

Employee Satisfaction Survey

To be proud of being employees of Chunghwa Telecom, to determine the degree of employment satisfaction at Chunghwa Telecom, we have conducted employee satisfaction surveys since 2010. The surveys focus on measuring employees’ satisfaction with their workplace, benefits, and income, to achieve a composite understanding of employee satisfaction, impressions, and expectations in their different professional positions. According to the survey of 2011, 66% of employees are satisfied to work for Chunghwa Telecom, compared to 67% in the previous year.

Health Promotion and Management

Employees’ health is a company’s wealth. It is our priority to provide a safe and healthy working environment. In 2011, our commitment included:

1. Health examinations for employees and families: Instead of prevention, we provide medical care over legislative standard, provide free health inspection every year, and such benefit also extended to employee families at a lower health examination cost.
2. Sustain Employee Assistance Program(EAP): Through the EAP, employees are offered one-on-one counseling services, which covers assistance for employees in resolving psychological, legal, and medical inquiries. In 2010, a total of 320 persons received the services.
3. Continued to promote employee health: In 2010, we held a total of 192 health seminars, 22 sport competitions, 73 field trips and 18 sessions of health screenings; with total 31,173 participants. We also offered recreational facilities in a variety of sport item and other leisure clubs to encourage leisure activities.
4. Balanced career life: Twenty-eight telecommunications clubs were established in 2011 to encourage employee vacations and provides leisure and accommodation services. Each employee receives NT\$ 8,000 for subsidies.



The Chunghwa Telecom Women's Basketball Team is our Goodwill Ambassador for promoting sports culture.

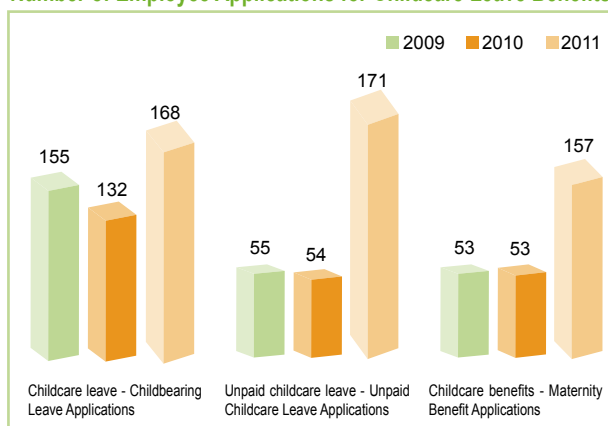
Joy at Work, Happiness at Home

Only happy employees can provide a sincere and honest service to customers. We encourage employees to start families and initiate a new phase in their lives. Furthermore, our comprehensive retirement benefits are the greatest foundation and support for the families of our employees. To provide employees with more benefits, and to share business revenue, we have set up an employee stock ownership trust plan.

Balancing Work and Family

In July 2006, to assist employees with balancing their careers and families, we took the lead in implementing unpaid childcare leave. Female employees are paid childcare leave benefits equal to half their insured salaries during the leave period which may be for up to 2 years. After employees have received the maximum number of monthly employment insurance payments from the government, female employees can then begin receiving maternity leave benefits equal to half their insured salaries. Family leave, paternity leave, menstrual leave, nursing rooms, etc, are also provided. In 2011, a total of 168 persons applied for childcare leave, while 171 persons applied for unpaid childcare leave, and 157 persons applied for childcare benefits. This brought a combined retention rate of 83.4% of male and female employees accounting for 4.2% and 79.2% separately.

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.

Retirement Benefits

To enhance employee welfare and employee loyalty to the company, we enable corporate profit sharing by establishing employee mutual funds to ensure stability of employee lifestyle after retirement or resignation. Retirement is processed according to the Employee Retirement Pension and Separation Guidelines, the Labor Standards Act and the Labor Pension Act. For former employees who retired before privatization, their monthly pension payments are paid by the supervisory department from central government. For those who are entitled to pension payments as specified in the Labor Standards Act, a maximum pension contribution (15%) is paid to their pension funds each month and this process is supervised by the Labor Pension Fund Supervisory Committee at Chunghwa Telecom. For those employees who are in the Retirement Pension System under the Labor Pension Act, more than 6% of their salary (based on Monthly Contribution Wages Classification of Labor Pension approved by the Executive Yuan) is withheld for contribution to their individual labor pension account.

In 2011, Chunghwa Telecom donated \$4.5 Million to the CHT Retirement Association to improve the care of retired employees. A dedicated website (<http://www.chtr.org.tw/>) has also been established to promote healthcare and lifelong learning among retirees.



The company has given their blessings to the newly wedded couples at group weddings which have been held for two consecutive years.

Occupational Health and Safety

The provision of a healthy and safe work environment is a non-negotiable obligation to our employees. We not only continue to improve various occupational health and safety management systems and maintain certification for them, but we have also completed the identification and assessment of different hazards and risks in the telecommunications industry. This has been done especially for work-related high risk operations. We employ control measures such as the use of work permits, to enhance risk control for high risk work and effectively prevent the incidence of occupational injuries.

Safety and Health Commitment

We promise to offer appropriate resources based on organizational risk. Our company continue to improve our safety and health facilities. In this way we prevent injuries and unhealthy practices in accordance with relevant law and regulations. We provide health and safety to employees, also for subcontractors and third parties. To persist the enforcement, we:

1. Follow the Safety and Health Regulations and Enforce Self-Management. Internalize daily operations as a part of company culture. We further need to benchmark under relevant international standards to realize safe and healthy.
2. Implement Hazard Identification and Enforce Risk Control. Identify and evaluate all unsafe and unhealthy practices to enforce control high-risk operations effectively.
3. Strengthen both mental and physical health services. Increase the quality of health inspections; host promotion events to improve health care and willingness for employees.
4. Encourage participation through open communications and available consultation; adopt ICT technologies to upgrade performance.
5. Create quality work places, continue on equipment improvement, strengthen safe and healthy practices, hence to ensure a safe, healthy, comfortable and friendly work place for employees.
6. Host labor safety training programs to raise safety awareness. Host on the job labor safety and health training programs, in accordance with the Labor Safety and Health Act.

Occupational Hazard Statistics (for enterprise under the Labor Safety and Health Act)

		CHT	Countrywide
Number of disabilities		45	11,492
Frequency of Disabling Injuries		0.92	1.83
Severity of Disabling Injuries		148	143
Number of deaths		1	80
Occupational Hazard Rate per 1,000 Workers	Male	1.76	--
	Female	1.99	--
	Total	1.82	3.79

Note:

1. Frequency of Disability = Times of disability x 10⁶/Total person-work hours. Severity of Disability = Total workday lost x 10⁶/Total person-work hours.

Occupational Injuries Rate per 1,000 Workers = ratio of the annual average number of occupational injuries per 1,000 workers.

2. Source: Yearbook of Labor Statistics 2011, Council of Labor Affairs Website.

Safety and Health Management and System Certification

We have introduced an occupational safety and health management system and the system is being certified by external agencies. The management of employee safety and health is implemented with both a “standardized” and “systemized” approach to improve our operational quality and safety level.

OHSAS18001 Certification

To ensure labor safety and health, we have established two labor safety and health organizations: 1) The Occupational Safety and Health Committee, responsible for reviewing, coordinating and recommending related labor safety and health initiatives; and 2) Management Units for Labor Safety and Health, responsible for planning and processing and labor safety and health related services.

Each member at the Occupational Safety and Health Committee serves a two year term and employers or their deputies are appointed as committee chairman to supervise affairs. At least one meeting is held every three months, with one additional provisional labor-employer meeting if necessary. A total of four meetings were held in 2011. The committee has 27 members and in addition to the representatives of the business entities, the committee also has labor representatives, labor safety and health managers, labor safety and health related engineers, and healthcare professionals. Nine of the members are labor representatives, accounting for a third of the total. In 2011, the Occupational Safety and Health Committee discussed 20 labor healths and safety related issues in the meetings and all were solved satisfactorily.

We proactively provide workplace related health and safety facilities and programs to establish safe, clean and comfortable work environments. Regular inspections are made 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 2011, 27 of 28 branches had received certification under the Occupational Health and Safety Assessment Series 18001. This means that despite an increase of operations across all our services, safety and health in the company is still notable. In 2011, the occupational injuries rate per thousand people was far lower than the industry average.

Operational Safety Management

We have completed the identification and assessment of the different hazards and risks associated with the telecommunications industry, and have adopted control measures such as the use of work permits for high risk situations such as working at heights, in confined spaces, manhole and tunnel excavations, hot work, live power lines, cranes and lifts, etc, to lower the risks from such work. The “Safety Enforcement Regulations for On-Site Operational Personnel” was drafted in 2010 and implemented in March 2011. The focus is on high risk work as mentioned above. In addition to enhancing onsite monitoring and management, we also supplement our information and telecommunications professionalism by including the recording of 3G cell phone images of on-site safety facilities and personal protective equipment before work is started. The pictures are sent to designated systems for real-time monitoring, so that we can observe risk control at high risk work sites and effectively use this as a means to prevent accidents.



OHSAS18001 Certification to upgrade labor safety and health.

Fulfillment of Environmental Education

The Environmental Education Act as passed by the Legislative Yuan in May 2010 includes 26 articles aimed at imparting public education processes that improve the public's knowledge, capability, attitude, and value system with respect to protection of the environment, and encourage people to focus on the environment and take action to achieve sustainable development.

Education and Business Activities

Article 19 of the "Environmental Education Act" : "Government agencies, state-run enterprises and institutions... all employees... shall participate in more than 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 to environmental management to maintain the system and should hold environment education courses for their managerial officers and other employees on a regular basis." To comply with these obligations in the future, we will begin implementing the following:

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

Nine environmental education courses were held in 2011 and 8,915 persons enrolled.

Corporate Volunteer Exchange

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

The Chunghwa Telecom corporate volunteers also participated in the Taiwan Energy Conservation Patrol initiated by Epson Technology and other corporations. This focuses on increasing energy efficiency within corporate operations and production processes to achieve the objectives of carbon reduction and to mitigate global warming. It is hoped that on-site inspections and the provision of energy conservation advice, given to the units inspected, will help us achieve maximum benefit for both environmental protection and corporate profit.

Environmental Volunteers in "One Bike One"

Our employees responded actively to the "One Bike One" event held to celebrate the 100th anniversary of the foundation of the Republic of China. The event attracted 110,000 bikers who simultaneously hit the road all over Taiwan. By reducing energy wastage by substituting body heat they fulfilled the ideal of "Energy Conservation & Carbon Reduction" by simply working out. The vigorous promotion of our CSR Committee resulted in a turnout of 7,428 Chunghwa employees and their families. In addition another 79 employees volunteered to help with other tasks at the event.

Chunghwa Telecom also demonstrated innovative ICT technology in "One Bike One" by utilizing cutting-edge cloud servers and databases to instantly locate the track and position of any biker with GPS-enabled mobile devices. Since our move into cloud service, we have been committed to combining innovative technology and heartwarming service to create new industrial value that incorporates sightseeing and ICT, and in turn allowed the Guinness record breaking moment (72,919 people rode at one time) to be shared using Internet technology, to show the world the Taiwan miracle of the cloud era.



Environmental education and low carbon living biker workshops held in conjunction with "One Bike One."