

Smart CSR Leads Smart City



Chunghwa Telecom
Corporate Social Responsibility Report 2013

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Editorial Policy

Welcome to the Chunghwa Telecom Seventh Corporate Social Responsibility Report. This report is published in both Chinese and English on a dedicated CSR website. We hope to integrate the advantages of both paper-based and internet-based reports to let those who care about us gain a better understanding of our CSR-related efforts and performances in 2013.

Reporting Period

This report discloses the company's CSR management policies, key issues, countermeasures, initiatives and results between January 1 and December 31, 2013. However, to ensure complete coverage, parts of the Report include descriptions of initiatives and results outside the stated period.

Scope and Coverage

The report covers Chunghwa Telecom, and the Chunghwa Telecom Foundation. Combined, they are referred to as "Chunghwa Telecom." Data covered by the report includes financial (Chunghwa Telecom and its subsidiaries), environmental, and social performances. In addition, as G4 reporting guidelines were introduced this year, the organizational boundaries of this report that covers the material issues identified inside or outside the organizations and information of the affiliated subsidiaries is different from that of the previous years. In the days to come, we will continue to incorporate material information of the subsidiaries to unveil a more comprehensive impact and result of CSR that Chunghwa Telecom has on the value chain.

References

This Report is compiled following the G4 Guidelines of the Global Reporting Initiative (GRI), part of the report involves the indicators of specific topics for the telecommunication (hereinafter referred to as "Telecom") sector, in that the G4 telecom sector supplement is not yet available, the disclosure will be conducted in accordance with the G3.1 version.

Assurance

This Report has been sent to SGS Taiwan Ltd, Taipei Branch, for data confirmation and certification purposes. This Report is certified to be in compliance with GRI G4 Comprehensive Option and Accountability Assurance Standard of Sustainability AA1000 AS 2008 high level (Type 2).

Feedback

If you have any feedback to share regarding the "Chunghwa Telecom CSR Report," please do not hesitate to contact us through:

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Former CSR Reports

Download: <http://www.cht.com.tw/csr/download.html>



Report Guide

This year, the Chunghwa Telecom CSR report is compiled based on G4 Guidelines of Global Report Initiative (GRI) to address the disclosure of G4 material issues (or aspects), in that, the disclosure of actions, performance, and results are conducted in terms of “material issues” identified.

In order to facilitate Chunghwa Telecom to strengthen the deepening of mobile content and improve the quality of disclosure, we are hoping to bring all stakeholders who pay close attention to the telecom sector and the sustainable development of Chunghwa Telecom to focus on the issues Chunghwa Telecom is interested in, actively involved in, and influential in the industry.

SMART Management Structure

We use capitals to mark on each paragraph’s headline, in order to category each paragraph’s content. The meaning of each capital: S refers to Strategy, M refers to management, A refers to action, R refers to response, and T refers to target. We hope to make this report friendlier and well-organize to read by this structure.

Identification of Material Issues

To identify, first of all, we have used the issues and principles recommended by various international sustainability standards and guidelines (Global Compact, GRI G4, and ISO 26000) and the surveys (such as Dow Jones Sustainability Indices and Carbon Disclosure Project) of the major international sustainability rating agencies as the foundation to identify issues, after that, core business operation of Chunghwa Telecom and recommendation by external stakeholders are taken into consideration and discussed in the sustainability reporting meeting.

Process for Determining Material Issues

Step 1

Collect Information

CSR Secretariat is responsible for collecting the materials to support the meeting of sustainability report including international guidelines, sustainability rating survey, international benchmark, and news events and mid to long term development strategy of Chunghwa Telecom in 2013.

Step 2

Find the Correlation between Material Issue and Corporate

Based on internal consideration, industry status, industry chain practice, and the recommendations of stakeholders, we asked CSR members to confirm the potential impact of the material issues within and outside the organization, in other words, the positive, negative, or potential impact on the economy, environment, and society, and later invite key parties within and outside the organization to conduct discussion and disclosure of the impact. The influence and impact of material issues of Chunghwa Telecom in 2013 within and outside the organization is summarized in the following table.

Material Issue	Material Aspect	Within the Organization	Outside the Organization	Material Issue	Material Aspect	Within the Organization	Outside the Organization
CSR Management Corporate Governance	Supplier Assessment for Labor Practices	A	D	Customer Service	Customer Relations	A	E
	Conflict Mineral	A	D		Compliance-Product Regulation	A C	D
	Economic Performance	A B C			Product and Service Labeling	A	D E
	Market Presence	A B C			Customer Complaint Process	A B C	D E
	Procurement Practices	A	D		Customer Privacy	A	E
	Anti-competitive Behavior	A	E		Customer Health and Safety	A	D E
	Content Management of Product and Service	A	E		Marketing and Communication Regulation	A	D E
Employee Care	Employment	A C	D	Green Enterprise	Emissions	A	D
	Labor/Management Relations	A C	D		Products and Services' Environmental Impact	A	D
	Occupational Health and Safety	A C	D		Compliance-Environmental Regulation	A	D
	Training and Education	A			Mobile Phone Recycling	A	E
Innovative Research	Resource Efficiency	A		Society Coexistence	Local Communities	A	E
	Training and Education	A	D E		Infrastructure Investment	A	E
					Social Investment	A	E
					Telecom Infrastructure	A	E
					Bridging the Digital Divide	A	E
					Health and Safety Protection	A	E
					Drive Public Works	A	E

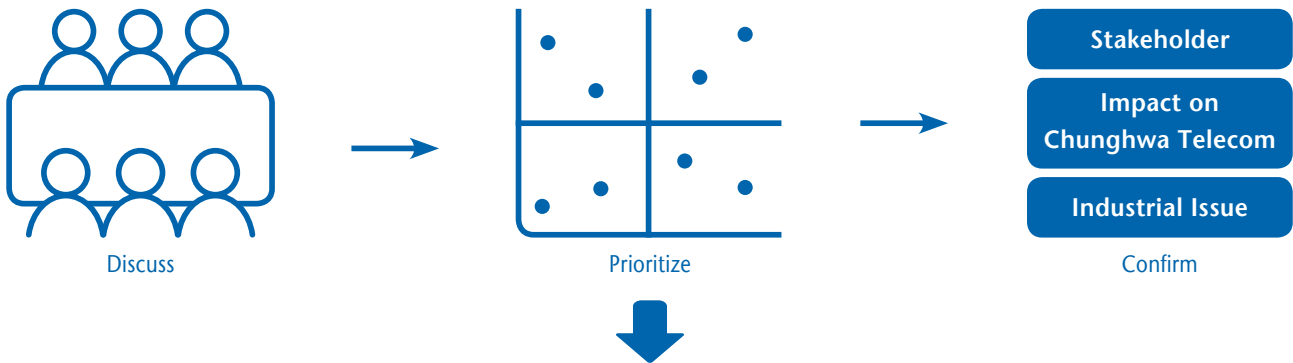
- A Chunghwa Telecom
- B Chunghwa Yellow Pages
- C Honghua
- D Suppliers
- E Customers



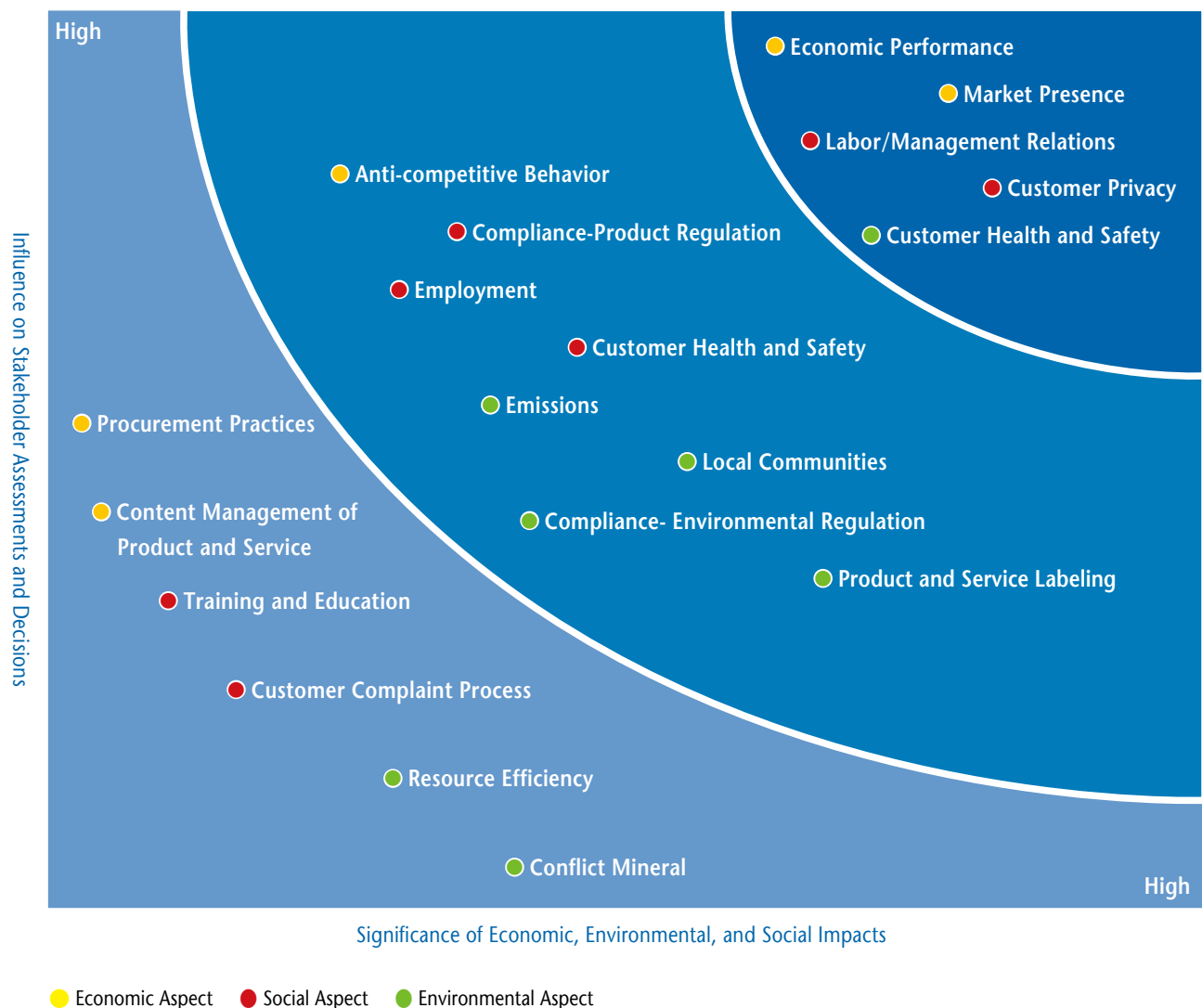
Step 3

Prioritize and Confirm Material Issues

Once the material aspect and scope of impact is ensured, we assemble an assessment team consisting of members from relative departments to identify the material issues matrix on the ground of internal and external information and the connection between the issues and Chunghwa Telecom, and come up with a critical issues matrix and 17 material issues.












Key Issue Matrix 2013



Disclosure on Management Approach

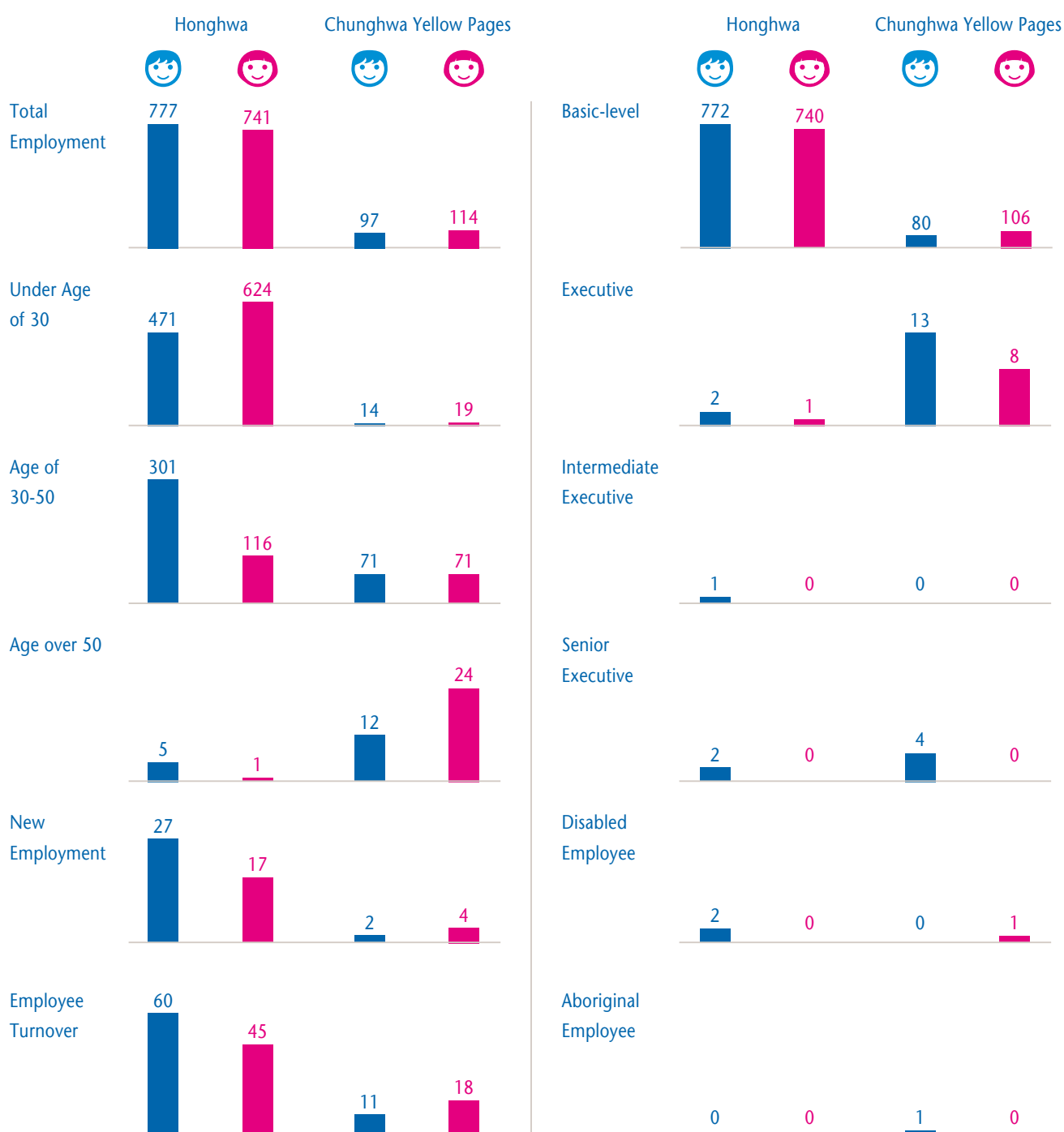
Disclosure on Management Approach (DMA) gives the organization an opportunity to explain how the economic, environmental and social impacts related to material aspects are managed. Here we provide an index of all DMA that will help readers easily to find the needing information.

Key Stakeholder	Material Aspect	Page Number of DMA
 Shareholder/ Investor	Economic Performance	p.13
	Market Presence	p.61
	Labor/ Management Relations	p.64
 Supervision Organization	Product and Service Labeling	p.36
	Economic Performance	p.13
 Employee	Employment Content Management of Product and Service	p.64
	Labor/ Management Relations	p.64
	Occupational Health and Safety	p.68
 Community/ NPOs	Emissions	p.79-80
	Overall Performance	p.77-78
	Local Communities	p.57,95
 Consumer	Customer Privacy	p.52
	Resource Efficiency	p.57,58
 Rating Agencies	Market Presence	p.61
	Economic Performance	p.13
	Customer Privacy	p.52
	Supply Chain Management	p.26
 Competitor	Economic Performance	p.13
	Compliance- Environmental Regulation	p.36
	Anti-competitive Behavior	p.36
	Market Presence	p.61
 Suppliers/ Contractor	Procurement Practices	p.24
	Supplier Assessment for Labor Practices	p.26
	Compliance- Environmental Regulation Customer Health and Safety	p.57,58
 Media	Market Presence	p.61
	Customer Privacy	p.52
	Product and Service Labeling	p.57

Organizational Boundaries - Subsidiaries' Basic Information

Item	Honghwa (International) Co., Ltd	Chunghwa Yellow Pages (International) Co., Ltd
Date of Establishment	2013/01/28	2007/01/02
Main Product and Service	Human resource management	Yellow page
Revenue in 2013	NT\$ 622 million	NT\$ 340 million
Operating Costs in 2013	NT\$ 585 million	NT\$ 585 million
Net Income in 2013	NT\$ 11 million	NT\$ 17 million

Subsidiaries' Human Resources Structure



Message from the Chairman

The year 2013 was a new CSR milestone for Chunghwa Telecom (CHT); we became the first telecommunications operator in Taiwan, China and Hong Kong to be simultaneously selected as one of the global components of the Dow Jones Sustainability Index (DJSI) series as well as the DJSI-Emerging Markets Index. This indicates that our long-term cultivation in CSR has received the seal of approval from international appraisal institutions, and that we can keep abreast of other sustainable international corporations!

Since 2006, CHT has launched CSR initiatives in three areas including corporate governance, environmental protection and social inclusion. In terms of corporate governance, aside consistent, steady management, information transparency and disclosure, we also received A++ for the information disclosure and transparency ranking in Taiwan for 9 straight years. In response to international and domestic trends, we are also the first company to launch supplier CSR performance appraisal and second party audit during recent years. By focusing on the management of the corporate value chain, we are able to unleash the full potential of CHT.

Concerning environmental protection, we will continue to expand on our proprietary “Environmental Sustainability Management System”. Each year, the company’s internal energy conservation, carbon reduction goals and plans are devised. Meanwhile, the “iEN Intelligent Energy Network Service” will also be expanded to assist other enterprises to manage their resources more efficiently, in turn achieving the objective of energy conservation. In the future, we will also launch more “Green Concept” product services and save more time and energy for our consumers as well as corporate clients via cloud technology.

In terms of social inclusion, “Bridging the Digital Divide and Creating Digital Opportunities” is our unchanging philosophy. Over the past decade, we have invested approximately NT\$ 800 million each year to provide telecommunications service in remote townships, so that more residents living in remote areas can enjoy the right to basic communication. In the future, we will continue in this endeavor. Through collaboration between the CHT Foundation and other NGOs, schools, or cultural & creative organizations, we expect CHT’s information and telecommunications technology to build a digital bridge for the public in order to integrate various resources and create digital opportunities.

Looking ahead, IOT (Internet of All Things) will become a new development opportunity for the telecommunications industry. CHT possesses professional technologies in broadband and cloud computing. Therefore, it is hoped that we will be able to develop various intricate IOT services through the cross-field and cross-industry cooperative mechanism, thereby creating a vivacious, intelligent metropolis for individuals, families and businesses.

"The Faster the World, the Slower the Heart" is the message CHT intends to convey to everyone in the era of 4G telecommunications. As a close partner in people's lives, CHT is aspired to constantly refining our products and services so that people may live with confidence and composure in the fast changing digital world, in turn creating a quality, enriching slow living lifestyle!

Chairman of the Board of Directors

蔡力行



Profile of Chunghwa Telecom

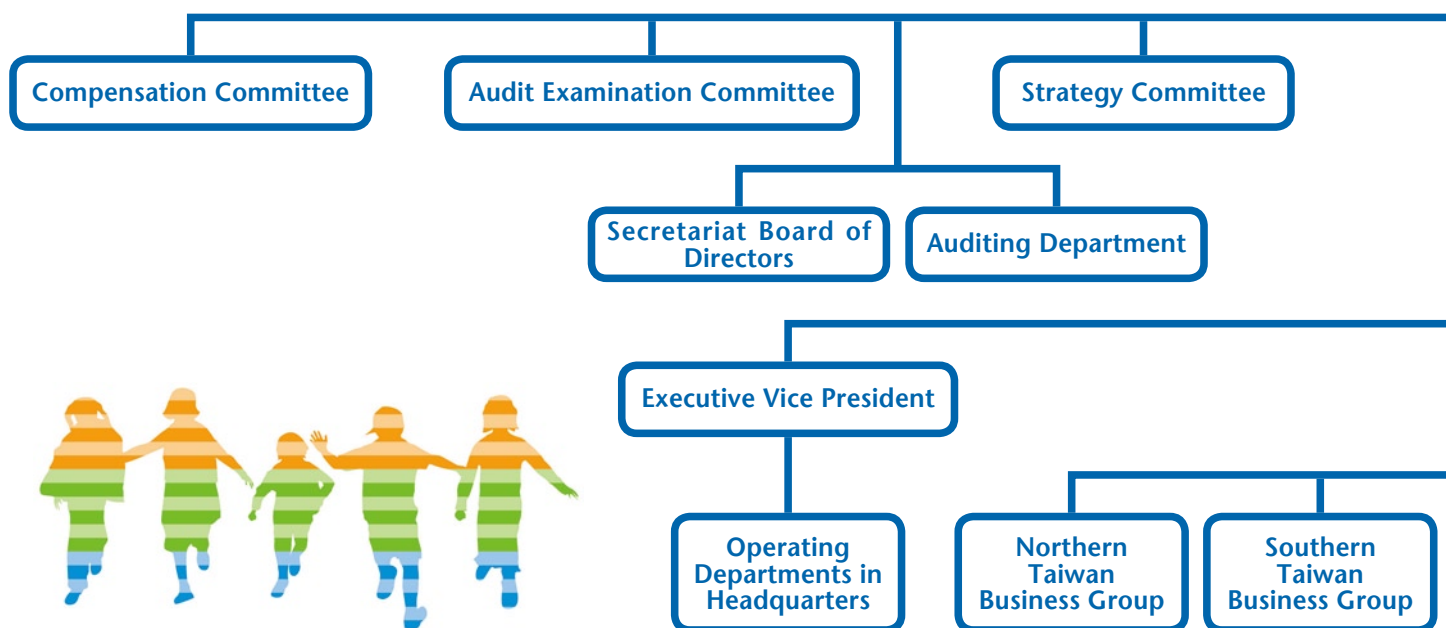
Chunghwa Telecom was officially established in 1996 as part of corporatization efforts by the government of the Republic of China in accordance with the "Three Telecom Laws" including "Telecom Act", "Organizational Statute of the Directorate General of Telecommunications" and "Statute of Chunghwa Telecom Co., Ltd." It was operating as a business unit of the Directorate General prior to the formation. In 1997, Chunghwa Telecom started to push forward the privatization policy to reduce the government's shareholdings. Eight years later on August 12, 2005, Chunghwa Telecom became a privatized company by way of reduced ownership of the government to less than 50%.

We are the largest integrated telecom carrier in Taiwan providing fixed, mobile, and data communication services. With the best networking and service quality, we are guaranteed to provide the best services to meet consumers' demand.

Business Philosophy

To cope with the trend of splendid lifestyles and upgrading of business operations set off by the extensive use of mobile communication and the internet, we continue to strengthen core competence, and expand the integration of telecom networks and information technology through alliances, cooperation, mobile commerce development, internet use, and broadband media services, in hopes to provide services to meet the needs of the public and become a business partner of the majority of corporations. To fulfill corporate social responsibility, Chunghwa Telecom is dedicated to utilize its core competence, and creating digital opportunity, environmentally sustainable development, consumer care and employee care, so as to demonstrate corporate citizenship behavior that goes beyond regulatory requirements.

Chunghwa Telecom Organizational Chart



We Will



Enhance the operational efficiency of the corporations with our services



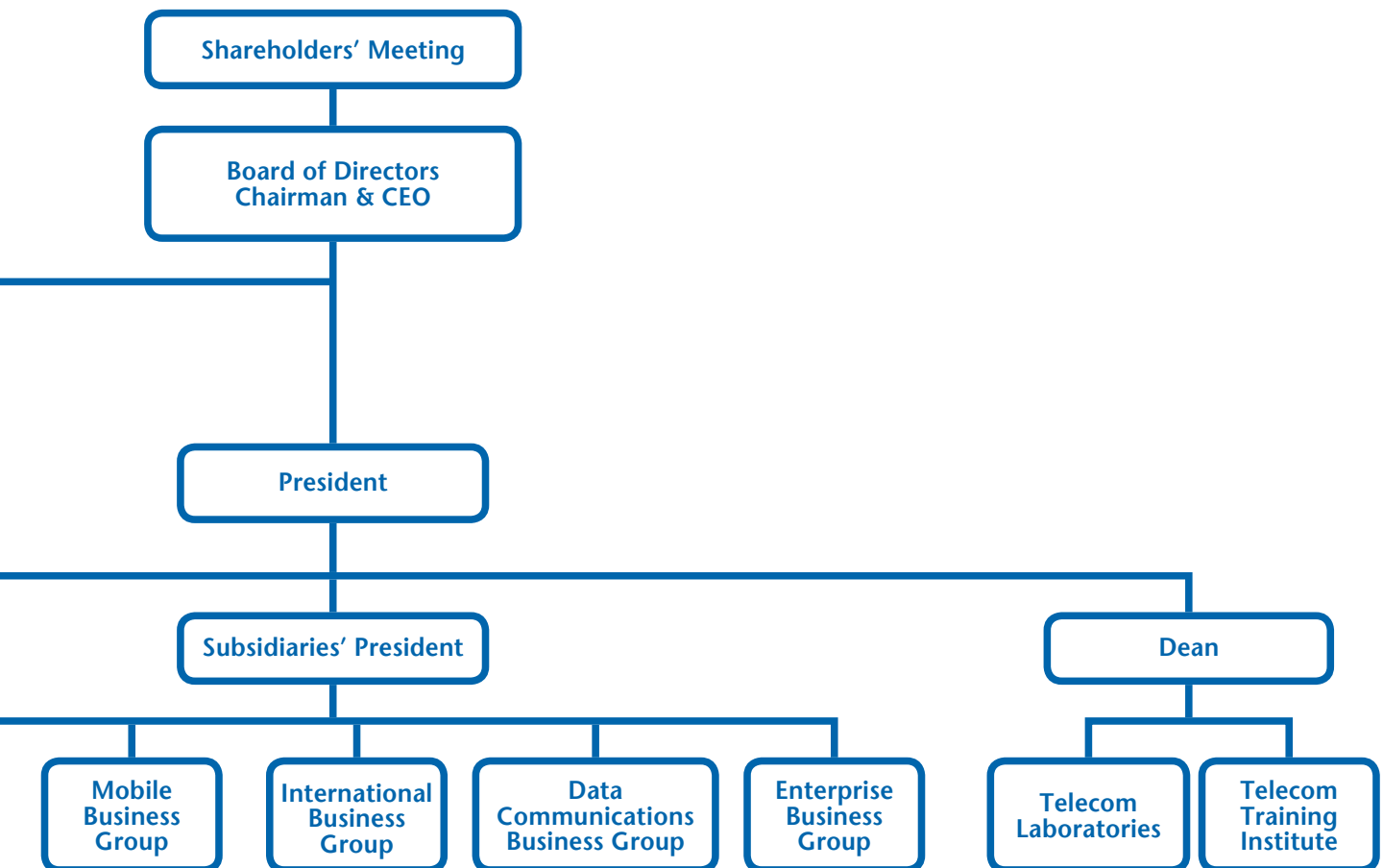
Create a gateway to an enjoyable digital life for people who use our services



Facilitate industry scale to expand in a good way with our contribution

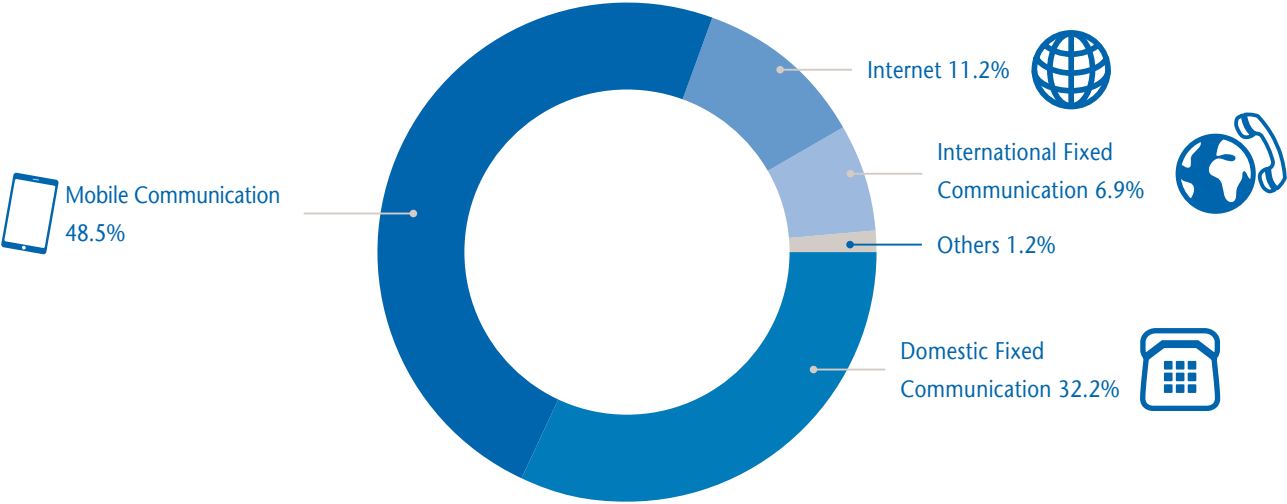


Allow investors to enjoy business profit while receiving compliment from consumers



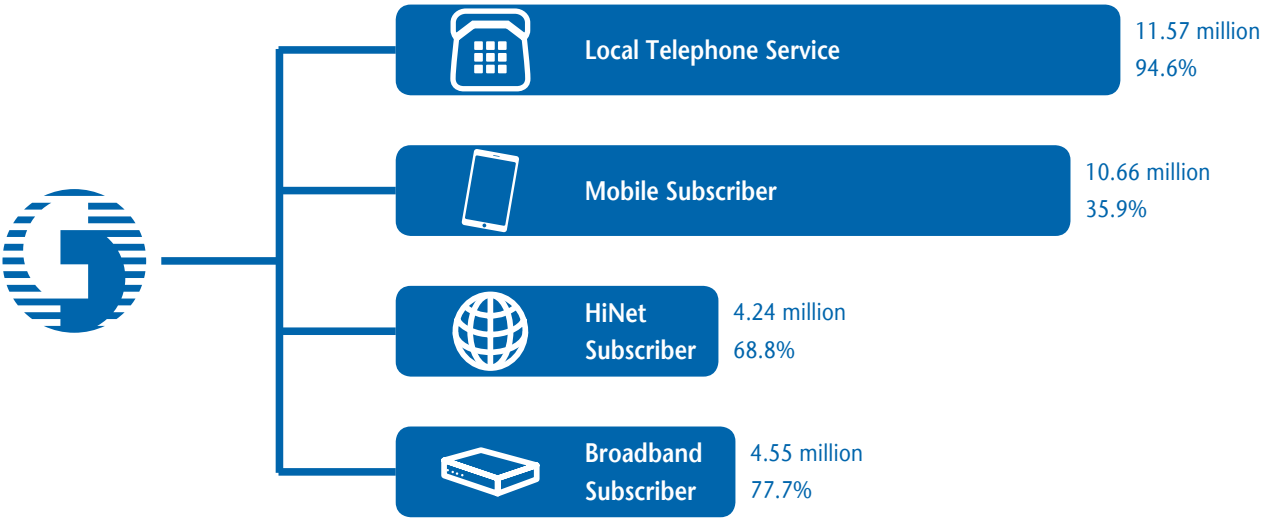
In 2013, Chunghwa Telecom aimed to achieve performance of value-added services and continued to push forward user migration to higher speed services. The domestic fixed communication revenue accounts for 32.2% of the total revenue, mobile communication accounts for 48.5%, internet accounts for 11.2%, international fixed communication accounts for 6.9%, and others accounts for 1.2%.

The Contribution of Business



With the effort of all employees, mobile internet subscription had reached 3.94 million by the end of 2013; market share has led the industry with a quarter-on-quarter increase to 34.8%. HiNet broadband subscription reached 2.96 million, among which, subscription for above 60Mbps has reached 1.14 million. With complete network infrastructure, and stabilization of innovative business such as information technology and cloud services, the acquisition of related corporate and government information and communication projects indicates the competitiveness of Chunghwa Telecom in the industry cannot be ignored.

Market Share



The market share of our telecom services demonstrates our importance to economic development, while the ICT (Information and Communication Technology) industry has had a great impact on the country's overall industry and economic development through enhancement of operational efficiency and productivity. Hence, we strive to improve our sustainable competitiveness and align with peer industries and consumers to create pioneering products and services, and achieving win-win collaboration.

Create Shareholder Value

The penetration and rapid growth of smart mobile devices in 2013 has shaped the world into continuous development of innovative applications to meet the demand. The ever-increasing consumer expectation in terms of internet speed and quality has resulted in fierce competitiveness among players. In the midst of a market full of opportunities and challenges, Chunghwa Telecom is determined to contribute its full efforts on the deployment of mobile and fixed broadband networks, while providing products and services to meet customers' satisfaction, so as to stabilize its market-leading position and demonstrate good business performance.

The consolidated revenue of Chunghwa Telecom increased 3.0% YoY to NT\$ 227.98 billion in 2013, exceeding forecast by 104.7 %. Whereas the prevailing of smart mobile devices and growth of both value-added revenue and sales revenue, not to mention the growth in the revenue of information and communication project, the impact of decreasing in the revenue of voice services has become minimal. Net profit attributable to equity holders of the parent company is NT\$ 39.7 billion and EPS is NT\$ 5.12, both have exceeded 105.6% of the financial forecast.

Total joint venture was NT\$ 17.23 billion by the end of 2013, related profit was NT\$ 1.1 billion, and the contribution of the subsidiaries included in the consolidated report to consolidated revenue was NT\$ 33.91 billion, a YoY increase by 13%. In the days to come, we will continue to develop new business domestically, value added services, and overseas ICT market.

Tax Incentives

In addition to continuous profitability and financial soundness for a stable operation over the years, we, as an honest tax payer, have made significant and substantial contributions to the country. Despite the challenging business environment in the days to come, we are determined to focus on our profession to create maximum profit for our shareholders.

Chunghwa Telecom has adhered to the principle of being an honest taxpayer. The difference between the 16.23% effective tax rate computed by Chunghwa Telecom and the statutory rate of 17% in 2013 is: According to Article 4 of the Income Tax Act, net dividends or net surplus earnings received by a profit-seeking enterprise organized as a company from its investment in another domestic profit-seeking enterprise is exempt from profit-seeking-enterprise income tax. In addition, according to Article 10 of the Industrial Innovation Act regarding the tax incentives for the application investment tax credit.



Key CSR Milestones in 2013

- Received Certificate of Recognition from Tamkang University for schooling fund donation.
- Received 1st place in "Best Brand Award" - telecommunication sector issued from Business Today for the 6th consecutive years.
- Received Certificate of Recognition for Tutoring Children in Remote Areas Program "Reading with You" from Ministry of Education.
- Received 2013 "Taiwan Top 50 CSR Awards" and three "Corporate Sustainability Development Awards".

Nov



- Selected as component stocks in DJSI-World and DJSI-Emerging Markets.

Sep

- Received "Taiwan TOP5000 Enterprise Award" for Telecommunication sector issued by China Credit Information Service.
- Information disclosure ranking of A⁺⁺.

Jul

- Received Reader's Digest Trusted Brand's Platinum Award -Telecommunication Communications Service.

May



- Received S&P long term rating of "AA" and Taiwan Ratings long term/short term rating of "twAAA/twA-1+".
- North District received Outstanding Award of "Taipei City Excellent Healthy Workplace Award".

Jan

Dec

- Received 1st place for both “Outstanding Brand Awards” and “Outstanding Strategy Awards” in “Agency and Advertiser of the year 2013.”
- Received Arts and Business Awards from Ministry of Culture.

Oct

- Received Gold for Technology Innovation Awards - Broadband Communication and Excellent for Cloud & IOT for “e-Fleet Management System Service” and “System Integration and Reengineering for Taxation Information Systems” in “Broadband Taiwan 2013”.
- Received 3 Gold, 3 Silver and 3 Bronze Medal for invention contest at the 2012 Taipei International Invention Show & Technomart.
- Chunghwa Telecom Laboratories received Industrial Innovation Achievement Award for Product/System/Service Innovation Awards.
- EARTH System received “3rd Taiwan Green Classics Awards”.

Aug

- Received 1st place in Commonwealth CSR Awards for the 7th consecutive year.

Jun

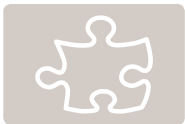
- Received CRE Awards 2012 - Contact Center of the Year.
- Ranked 2nd place in “Digital Service Benchmark Enterprise”, and 1st place in “Information Channel and Communication Industry” in Digital Age.

Apr

- Selected by 2013 Young Generation Brand Survey in 30 Monthly as favorite brand.
- Selected by 2013 Influential Telecommunication Brand in Manager Today to receive Super Power Brand Award.



CSR Management



**SMART
CSR**
system



DJSI 2013/2014
**World
Index
Member**



1st
execute supply chain
management



Local
procurement
71.1%



S Corporate Sustainability Development Strategy

Chunghwa Telecom's vision is becoming "The Most Valuable and Reliable Information and Communication Provider". On top of continuous innovation in the telecom industry, Chunghwa Telecom stresses hard on the long term impact of sustainable development issues on corporate management. The key to our promotion of corporate social responsibility is to create a CSR mindset to integrate into corporate culture; that way, employees will think CSR, discuss CSR, and implement CSR.



We launched the implementation of sustainability/corporate social responsibility management mechanism in a systematic and organizational manner in 2006, including establishing the CSR committee with members from the board of directors and stipulated sustainable policies; instead of sticking ourselves into only making plans and slogans, we implement sustainable actions from six aspects using top-down approach to achieve the concept of "Living Water Fertile Ground, Sustainable Green Energy, Prosperous Innovation, Multiplex Coexistence and share Mutual Benefits with all."

Chunghwa understands that the key to position itself as a sustainable corporation is to know and observe society and market trends, using core business competence to affect all related stakeholders and adopt more responsible and innovative actions. In this regard, Chunghwa Telecom's sustainable development strategy is utilizing corporation's unique resources and competence to implement sustainable issues such as "Create society coexistence, Digital inclusion, Green ICT product and service, Green brand management and Energy conservation and carbon reduction".

Despite integration with the international sustainability standards, we also maintain a high level and ethical standard; we equip our employees with the correct corporate social responsibility concept through a comprehensive mechanism, while infusing corporate social responsibility into daily operations and penetrating into corporate culture to create sustainable values for all stakeholders.

World's Leading Sustainable Telecom Carrier

In 2013, Chunghwa Telecom became the only telecom carrier in the three geographical locations of greater China selected as a component stock of the telecom industry by the Dow Jones Sustainability Index (DJSI), DJSI-World, and DJSI-Emerging Markets.

In 2013, seven Taiwanese corporations were elected by DJSI-World Index (including Chunghwa Telecom, TSMC, UMC, AUO, Delta, Lite on and China Steel), but Chunghwa Telecom was the only and the first from the service industry in Taiwan selected by DJSI-World, it demonstrates by integrating its contribution in sustainability into the operation of environment and society and reflected on the operational result, Chunghwa Telecom's effort has been recognized by the world's investors.

10 telecom carriers were selected by DJSI-World this year, Chunghwa telecom, with a total score of 86, has beat other competitors (industry average is 59) and was named one if the top 10 sustainable telecom carriers in the world along with BT (UK), Telefonica (Spain), SK Telecom (South Korea)...etc.

In this competition, Chunghwa Telecom received a full score (100) for "Risk and Crisis Management", "Environmental Strategy/Management System" and "Human Resource Development"; on top of it, for "Digital Inclusion" and "Corporate Citizenship and Philanthropy" that relate closely to telecom carriers, Chunghwa Telecom received 89 and 90 and largely exceeded the industry average of 50 and 54, which demonstrates Chunghwa Telecom's performance in terms of the aspect of economic, environment and society has achieve the highest standard in international telecom carrier.

Dow Jones Sustainability Index

The Dow Jones Sustainability Indexes (DJSI) launched in 1999, are a family of indexes evaluating the sustainability performance. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices. To be incorporated in the DJSI, companies are assessed and selected based on their long-term economic, social and environmental asset management plans.



M CSR Management

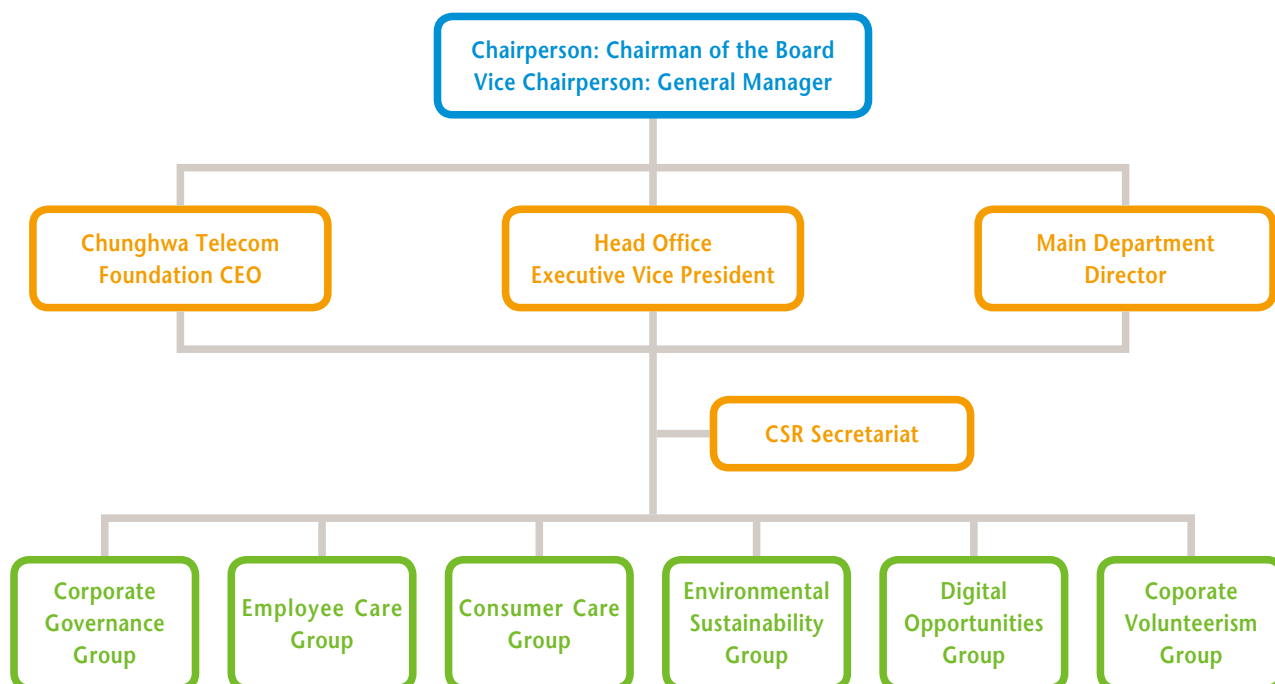
We established “CSR Committee” in 2007 in hopes to promote corporate social responsibility and environmental sustainability development systematically in a keen and forward looking perspective. As a corporate citizen, we seek to achieve eco-efficiency, provide more environmental friendly and efficient telecom services to the consumers, in the high hope that our contribution will facilitate the development of environmental sustainability in Taiwan.

CSR Committee Management Mechanism

Chunghwa Telecom’s CSR Policy is approved by the Board of Directors and passed over to be coordinated and monitored by the CSR Committee, which in turn, reports to the Board on a regular basis regarding key CSR issues and communications with stakeholders. The Board is responsible for the yearly evaluation of CSR.

Management Representative	General Manager
Policy	CSR policies and strategies is approved by the Board of Directors
Meeting Frequency	Quarterly
Execution	CSR Secretariat (Vice Presidents) is responsible for planning of policies and actions; Public Affairs is responsible for planning of execution and budgeting, and educational training, demonstration of results, management of following up and awards measures; Branches and affiliates are responsible for promotion and implementation of the related projects.
CSR Approval	Submit to president for final approval after reviewed by the managements (Vice Presidents).

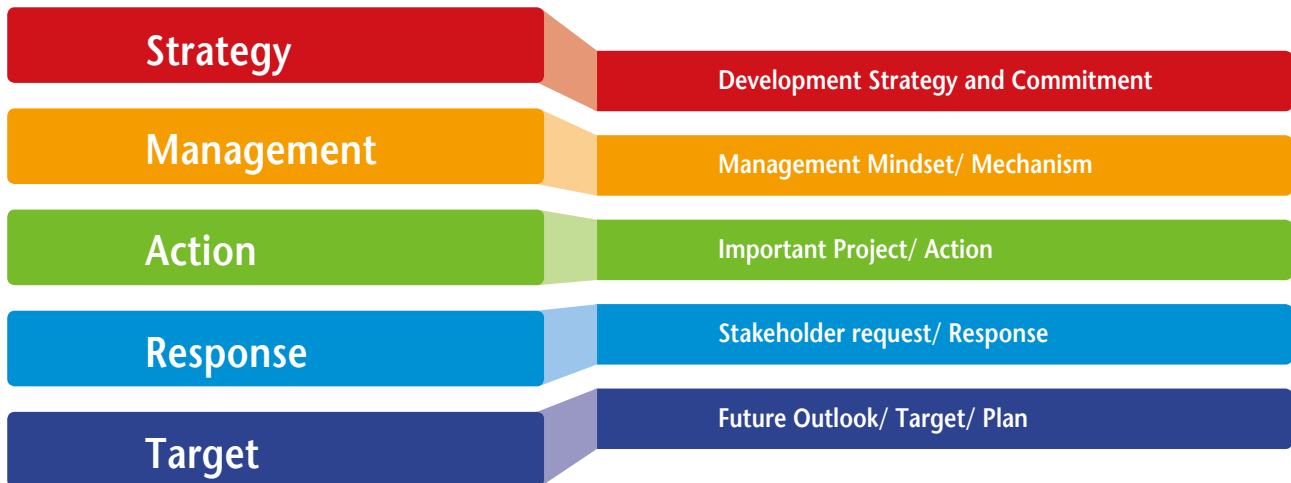
CSR Committee Organizational Chart



The unique Strategy-Management-Action-Response-Target (SMART) corporate social responsibility management system of Chunghwa Telecom systematically manages and summarizes social responsibility actions; to respond to the launch of G4 and the world’s demand for CSR implementation, we have incorporated the updated reporting guideline in 2013 and aim harder on the communication and disclosure of the material aspects and issues impacting Chunghwa Telecom.

SMART CSR

Chunghwa Telecom has followed Environmental, Social, and Corporate Governance (ESG) guideline to categorize corporate social responsibility into 3 parts, and we developed unique 5 stages SMART corporate social responsibility management system and incorporated into business plan and stipulated organizational structure of corporate social responsibility.



At the end of every year, we activate a review mechanism through feedback, external surveys, and internal evaluations, and re-evaluate short, mid, and long term targets while determining the improvement and supplement of relevant strategies, managements, measures, responses, and target; in addition, we also incorporate the recommendations and responses of the external stakeholders. We believe, the strategic management of corporate social responsibility will facilitate the sustainable operation of promoting corporate social responsibility.

Create Sustainable Value

We believe that the strategic planning and management of CSR will effectively control risks, lower costs, increase brand values, and create new growth opportunities. In the future, we will continue to apply our core capabilities as we enforce ethical business practices to create corporate social responsibility benchmarks; enter the cloud age, create responsible brands, address climate change, concentrate on digital opportunities, and face the challenges of the new era. The core of all strategies points to the same objective, our vision to “become the most valuable and reliable information and telecommunication company.”

Comply with Global Compact

We are aligned with the UN Global Compact on a voluntary basis. In the perspective of human rights principles, we respect and maintain international recognized human rights principles and refrain from participating with any actions to disregard and violate human rights. In the perspective of labour principle, we support freedom of association, recognize labours’ rights to collective negotiation, eliminate all forms of compulsory labour and child abuse, while restricting any hiring discrimination.

We support international recognized human rights conventions, such as the core value of Universal Declaration of Human Rights and International Labour Organization adopted by the United Nations, prohibit any form of discrimination and compulsory labour and child labour. To respond to the domestic legalization of International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights adopted by the United Nations, we reinforce the raising of human rights awareness to allow stakeholders to be respected and treated fairly. Furthermore, we also support “Protect, Respect and Remedy: A Framework for Human Rights” and its Guiding Principles. Our due diligence on the evaluation of human rights will be conducted in accordance with the above two documents.

A Coexistence with Stakeholders

Since the first CSR report in 2007, Chunghwa Telecom had been enhancing interaction by inviting stakeholders to meetings with relevant departmental managers. There are third parties that review our CSR reports to ensure their reliability and accuracy.

Communications with the Stakeholders









Identification of key stakeholders and issues is the main focus of implementing CSR. By preparing the conference of CSR reports, we invite members from all departments to exchange the issues relate to current key stakeholders and their concerns, upon reaching mutual understanding, the result is incorporated into a table which in turn is regarded as the important reference for preparing the disclosure in the report.

In the process of promoting CSR activities or information disclosure, we consult the opinion and recommendation of the internal and external stakeholders, relevant important mechanism including:

- CSR report "consultation meeting with external professionals".
- Invite external professionals to "CSR Conference" and host relevant forums on the irregular basis.
- Host "Supplier CSR Meeting" on the annual basis.
- Pioneering "CSR video" to record the implementation of CSR actions on the regular basis, and collect internal and external feedback for further improvement. CSR video: <http://www.cht.com.tw/portal/csr>.
- Designate specialist for CRS and foundation.

Other communication and feedback is as follows:

Stakeholder Communication Channel and Frequency

Category	Forms of Communication	Communication Frequency
 Employee (Current Employee and Employee's Family)	E-mail, Telephone calls, The Chunghwa Telecom Web 2.0 Interactive Platform, labor-employer meeting	Immediately
 Consumer (Regular Customer, Corporate Client)	Service hotline, Customer Service center	Immediately
 Supervision Organization (NCC, National Transportation Committee)	Official document, Meeting, e-mail, Telephone calls, Visit	4~6 times per month
 Media	e-mail, Hotline, Meeting, Press release	4~5 times per month
 Community/ NPOs	e-mail, Hotline, Stakeholder conference	3~4 times per year
 Shareholder/ Investor	Stockholder hotline, IR Website, Results call, Roadshow	13 meetings were convened in 2013 (including shareholder general meeting & investor conference)
 Supplier/ Contractor	e-mail, Hotline, Supply chain conference	Annually
 Competitor	Official document, Meeting	1~2 times per year

*National Communications Commission is so called NCC.

Internal Communication and Advocate of CSR

To ensure that all employees understand, implement, and give appropriate feedback, we have constructed multiple communication channels to advocate CSR issues in the company and incorporate performance review to transform CSR concept into actions and eventually infuse into daily operations.

Communication Channel		Content
Intranet	Chunghwa Telecom Online Forum	We have an intra-site for employees to share opinion and give suggestion to the company, and with top issue which most employees discuss, we will take it seriously and to see if it could be improved or take some actions by company.
Management Level	Senior Management Meeting	Key CSR issues will be discussed in the senior management meeting every year.
Training	Environmental Training	We provide at least 4 hours training annually and by hosting ecological tour, we combine teaching with pleasure to bring environmental education into life.
	CSR Training	Every year we will provide basic CSR training around departments, and invite consultant for further courses.
	New Employee Training	We have 3 days pre-service training, including personnel system, working guidelines, labor relation and etc. In addition, we will send employees to attend specific labor right training courses outside.
	E-learning	We put relevant courses and information on our E-learning system to let employees learn and download freely.
Performance Assessment	Administration Management Assessment	We set energy reduction targets and link with performance bonuses.
	Online-test	All our employees are required to take the "Chunghwa Telecom Code of Business Conduct and CoC Test" each year to maintain their professionalism and integrity.
	Reporting Mechanism	Once employee is found to violate corporate regulations, it will affect his/her performance bonuses.
Others	CSR Report Workshop	Every year we will have a CSR report workshop to study the latest issues and trends.
	CSR Supplier Social Event	We hold the event annually to invite our critical suppliers share their experience in CSR issues.
	Dedicated CSR Multimedia Webpage	To fit stakeholders' communication habits nowadays, we set a dedicated CSR multimedia webpage to be one of our communication ways with our stakeholders.

Coexistence with Stakeholders

Whereas our relationship with the suppliers is inextricable, to provide better services to consumers, Chunghwa Telecom insists on the concept of mutual benefit and sharing. Chunghwa Telecom Code of Conduct" clearly specifies: We must treat our suppliers fairly and will not obtain unfair profit; suppliers are also strictly prohibited from obtaining improper profits; and we will not join with competitors to boycott or refuse to deal with suppliers.

By sharing all resources with the suppliers to enhance their research and development capabilities, we are able to keep abreast of future technology and commit to the innovation of a friendly environment. We have introduced variable mechanisms, such as joint R&D with the suppliers and provide incentives; equitable transfer of the acquired patents; for hardware, we continue to support the development of telecom facilities and testing environment; for software, we reach mutual benefits with the suppliers through expanding and open cooperation platform.

- In Cooperation with Cathay United Bank, Taishin International Bank, E.Sun Bank and Chinatrust Commercial Bank to launch NFC payments to enable the issuing of credit cards over the air to mobile phones, and creating a new milestone by integrating credit card consumption and mobile payment. In addition, we also cooperate with Kaohsiung RTC to streamline card issuing system of iPASS and CHT TSM system, launching the first NFC payments to enable transportation card issued over the air to mobile phones.
- We have implemented five Content Delivery Network (CDN) in 2013, including site acceleration, downloading large file, multi-screen service live, multi-screen service VoD and video services acceleration, currently, seven service providers including gaming, video, manufacturing and newspapering industries have started to try out the services, it is expected to improve the service quality of domestic content service provider.
- The rapid growth of internet usage caused the possible exhaustion of IPv4, to prevent the cost rise and the danger of inability to use services by some users, the internet industry will need to start using IPv6 addresses. In view of this, Chunghwa Telecom continues to carry out the preparation for the commercial operation of IPv4/IPv6, while enhancing the readiness and deployment of IPv6 of public Wi-Fi, mobile network, CHTNet, cloud, IDC and major outward service network.
- Currently, the number of ISP and ICP enable IPv6 service is 42 for HiNet, including service providers from Japan, the US, and Hong Kong and content providers including Google, YAHOO, Facebook and Microsoft. The domestic interconnection operator for HiNet is 14, among which, 5 operators have implemented IPv6 interoperability (TANET, TWAREN, Sinica, TWGATE, and Verizon Taiwan). The interconnection operator for TWIX is 21, and 9 operators (HiNet, NAP, CHIEF, DYXnet, PACNET, CHT International, SYMPHOX, TFN and APOL) have implemented IPv6 interoperability in 2013.
- Apart from standardization of cloud operation system and cloud application services, Chunghwa Telecom strives to provide comprehensive cloud testing services. In addition to achieving 17 verification testing for the self-developed Cloud Boss and Virtuoso to ensure its product quality, Chunghwa Telecom also provides third-party testing services to contribute to the upgrading of domestic cloud operator, such as ITRI Cloud OS has its operating system tested at Chunghwa Telecom.

Firefly Project

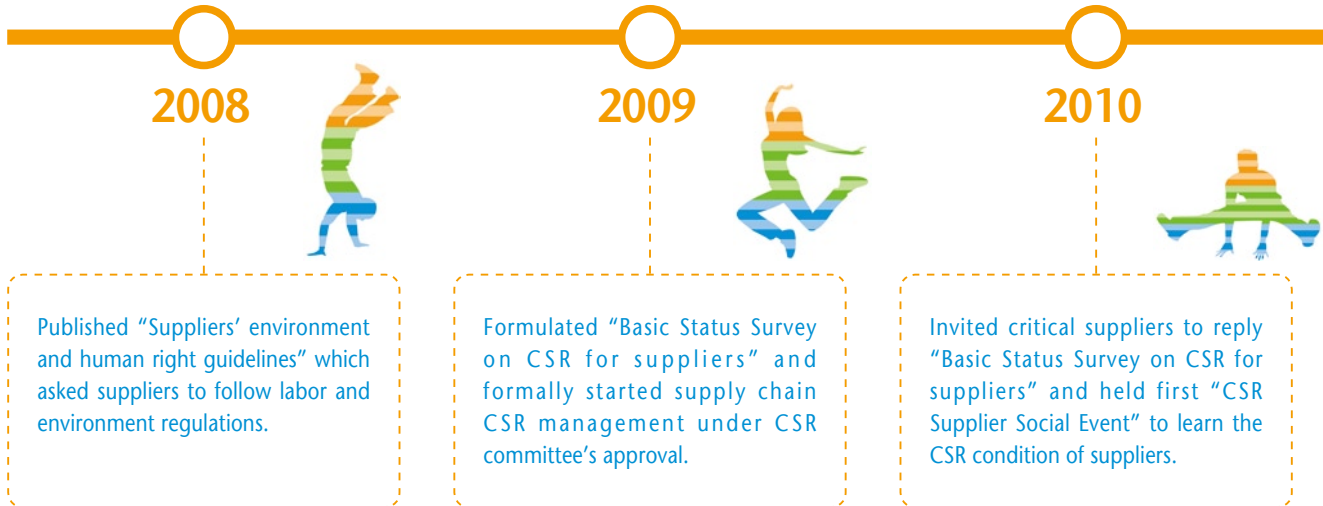
Partnered with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to establish the “Chunghwa Telecom Firefly (counter guarantee) Project Credit Guarantee.” All first-rate corporations recommended by us can apply for credit guarantee. So far, a total of 20 companies had been recommended, and the project was instrumental in obtaining NT\$ 278 million.

Professional Training to Suppliers

As we are committed to share mutual benefit with our suppliers, the Telecommunication Training Institute of Chunghwa Telecom provides, based on business needs, professional and certification training to suppliers, including skill testing for cable contractors, certification for quality controllers of telecom construction engineering, or cable connection contractor training...etc. In 2013, we delivered 67 courses, 61 suppliers with a total of 2,528 persons have participated in the courses, and 1,245 persons have received relevant certification.

R Supply Chain Management

Leading Supply Chain CSR Management



Every year, Chunghwa Telecom purchases vast amounts of financial, labour and engineering services, including networking devices, IT devices, cables, marketing design, and waste disposal services from a large number of domestic and foreign suppliers. This indicates that we will be able to act as an inducer to invite suppliers to fulfill social responsibilities. We believe that:

- As a company with excellent CSR reputation, we have the responsibility to lead and guide our suppliers to implement CSR best practices through experience sharing and cooperation.
- CSR supply chain is the issue most concerning foreign investors and stakeholders, but experience told us that the key is not management issues, instead, communication and cooperation with suppliers, and together establish a fundamental capability to move toward sustainable operation and infuse positive momentum to the society and environment overall is what really matters.

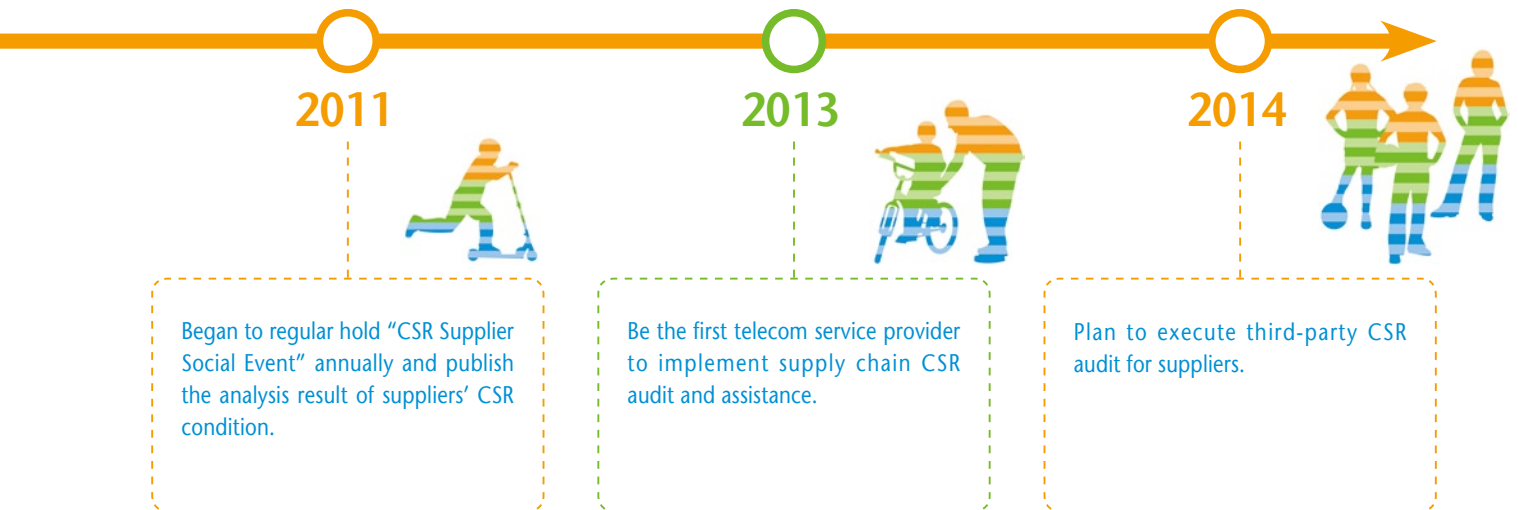
In this regard, Chunghwa Telecom holds "CSR Supplier Social Event" every year to discuss and share CSR practices with our partners, and work together to facilitate the sustainable development of the social and industrial development in Taiwan.

To understand the CSR implementation of our business partners, we are prepared to officially launch supplier third-party audit on ESG (Environmental, Social & Governance) factors in 2014, in hope to contribute our effort to deepen the implementation of CSR in telecom industry in Taiwan.

Procurement Analysis

Region of Supplier	2011	2012	2013
Domestic	77.0%	74.8%	71.1%
Overseas	23.0%	25.2%	28.9%

* Overseas suppliers include "foreign companies, foreign company's branch in Taiwan or Agent.



The First Telecom Carrier in Taiwan to Formulate "Supplier CSR Guidelines"

With supplier CSR management launched since 2009, Chunghwa Telecom is the first telecom carrier in Taiwan to formulate a CSR management policy. In addition to continuous comprehensive stipulations, in 2014, we will become the first service provider to promote supplier corporate social responsibility management in Taiwan, in hopes to provide more and better products and services to stakeholders through mutual benefit and shared growth with our suppliers.

In "Chunghwa Telecom Supplier CSR Guidelines" that we formulated for our suppliers, we put down our expectation in terms of "corporate ethical standard, labour, environment, safety and health" with an expectation that, through sustainable actions, together with our partners to move forward to a more sustainable business environment. In addition, we stipulated "Chunghwa Telecom's Operating Guidelines for Qualifying Material Suppliers." in 2013, to manage the implementation of suppliers' ethical business practice.

Chunghwa Telecom's Operating Guidelines for Qualifying Material Suppliers

Tenderer qualification standard is as follows:

- Qualification documents for tenderers is as follows (omitted)
- If the tenderer is suspended due to Article 15 of the general articles, or Article 103 of Government Procurement Act (omitted)
- The tenderer shall record all acts of good faith.
- The tenderer prevents the use of conflict minerals from Democratic Republic of the Congo or in adjoining countries, when necessary, is willing to provide proof of origin for minerals or third party certification that no conflict mineral is used or accept inspection.
- If the tenderer requires to use its employee's certificate to participate in a tender, confirmation executed by the relevant parties is required (omitted)

Contents of the “guidelines” apply to all suppliers providing products or services to the Chunghwa Telecom Group, subsidiaries and joint venture companies and companies in the supply chain, including five aspects:



Besides, through “survey”, we understand the condition and risk of suppliers’ implementation of CSR, and are used for future reference of training, supplier selection or on-site inspection. In the period of 2009 to 2013, we have helped the suppliers to understand and respond to Chunghwa Telecom’s commitment to CSR; we have evaluated CSR risks, but we did not use it as supplier selection, therefore, no supplier rating is conducted based on CSR terms or any contract is terminated due to CSR.

With 311 survey received in 2013, we conducted an evaluation on the status of CSR and classified them accordingly. For suppliers at the elementary stage, we introduce CSR by promoting and providing training programs to walk them through necessary principle of CSR while also constructing an interface for them to advance further. At the same time, on CSR Supplier Social Event that we held annually, experts were invited to share with us regarding CSR’s latest development, issues and trends, so as to enhance suppliers’ awareness and understanding of CSR and demonstrate Chunghwa Telecom’s commitment and effort toward supplier management, while establishing mutual benefit with the suppliers.

Supplier Management

Chunghwa Telecom manages suppliers in accordance with “General terms of tender instruction ” and “Tender qualification check list”, any violation or inappropriate behaviors will be suspended, terminated, or terminate contracts accordingly.

In 2013, our customer services were outsourced to external operators, the dismiss of inappropriate outsource personnel by the supplier has resulted in labour dispute concerning severance pay, the supplier has, after communication and negotiation, agreed to bear responsibility to protect ethical business practice and fulfill social responsibility of both parties. A total of 12 suppliers violations were discovered in 2013 and fined NT\$ 1,072,000.

Supplier CSR Survey and Audit

Starting from 2012, we began to demand the suppliers with procurement of NT\$ 5 million dollars or more to agree to abide by the “Chunghwa Telecom Supplier CSR Guidelines” and “Operating Guidelines for Promoting Supplier Implementation of CSR”, and request tenderers to complete “Basic Status Survey on Corporate Social Responsibility for suppliers” questionnaire, so as to evaluate and manage CSR and the status of sustainable system.

In 2013 audits were conducted on 93 suppliers (paper audit on 30 companies and on-site audit on 63 companies); in addition, we have conducted 427 audits on route engineering suppliers through on-site inspection, interview with management and employees to manage construction quality.

Starting from 2014, we will formally request all suppliers with procurement of NT\$ 5 million or more to complete “Basic Status Survey on CSR for suppliers”, in addition, we will engage external validation services to conduct “third-party audit for suppliers” to establish comprehensive supplier management mechanism through “comprehensive analysis” and “on-site inspection”. In the future, we will provide necessary training and guidance to the suppliers with low penetration of CSR to enhance their awareness and actions toward CSR.

CSR Supplier Social Event

In 2013 Chunghwa Telecom held the 3rd CSR Supplier Social Event. With President Shih Mu-piao hosted the event, 43 companies attended with a total of 67 representatives participated.

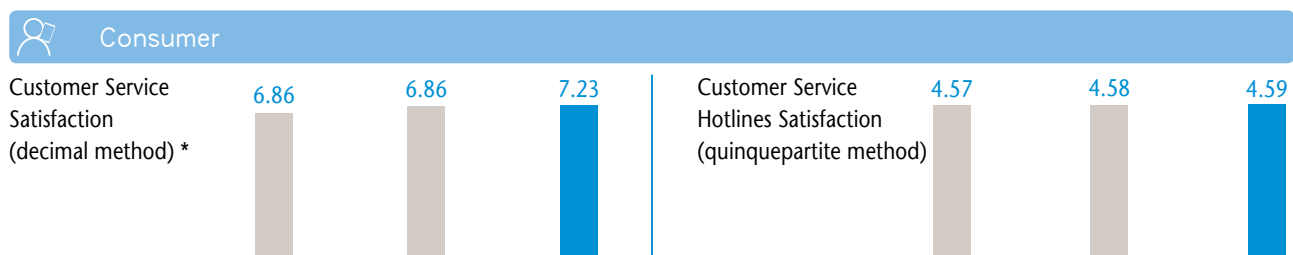
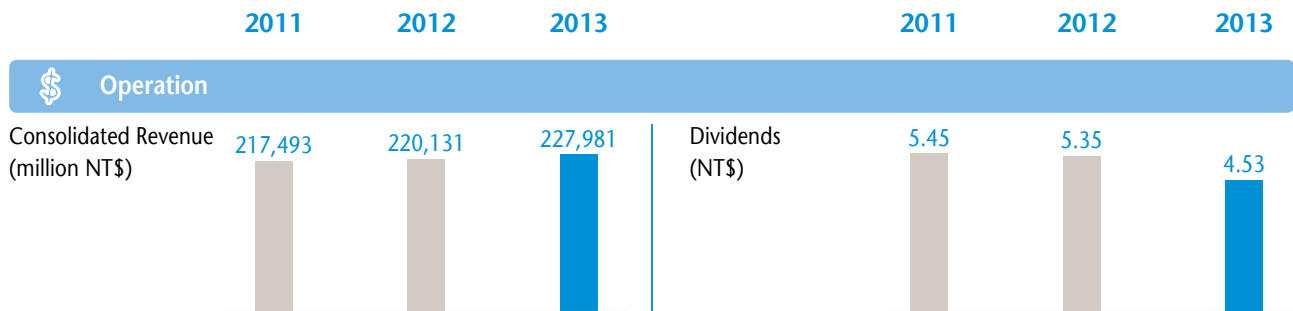
The social event provided an interface to create bilateral exchange opportunity between Chunghwa Telecom and the suppliers, and to facilitate suppliers' understanding of Chunghwa Telecom's expectation and plan on social responsibility. Furthermore, we also awarded 7 excellent CSR suppliers; by doing so, we hope to encourage suppliers' contribution in CSR and create a good role model for other suppliers, while together with our partners to establish a good sustainable development environment.

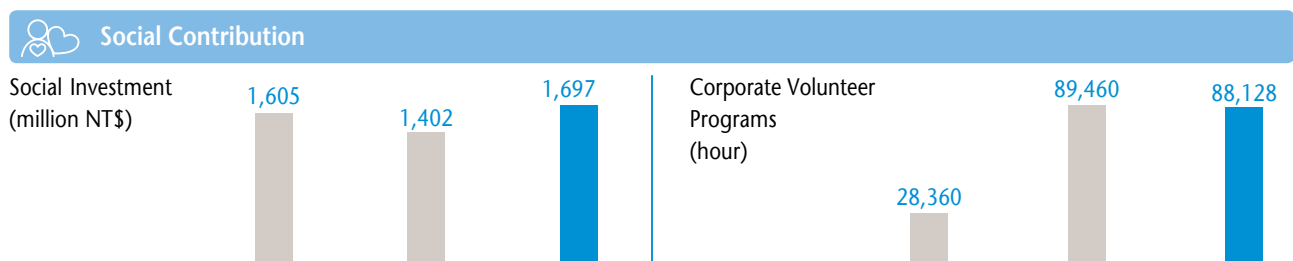
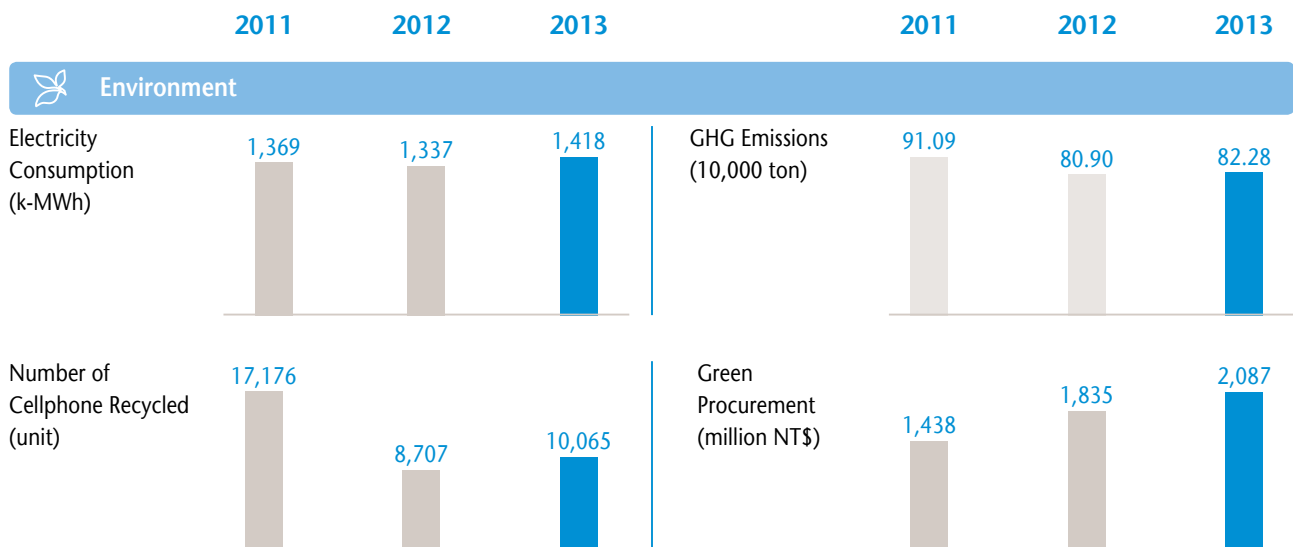
Charity Event

Chunghwa Telecom devotes much attention to the communication and interaction with the suppliers, in addition to the annual CSR Supplier Social Event, we invite suppliers and partners to promote and participate in social events. In 2013, we, together with HTC, Resource Center for Blind and Visually Impaired Students at Tamkang University, China Trust Commercial Bank, Cathay United Bank and a few other banks have participated in 3 events to raise funds for stray animals, visually impaired and charitable events, in hope to arouse the attention of the general public to social issues through corporations' influence and consumers' behavior.



T Key Performance Indicators of Corporate Social Responsibility







Corporate Governance



Risk management
expense

NT\$ **391** million



Information
disclosure assessment

A++



100%

of employees
took CoC exam



Taiwan

Largest

4G spectrum provider

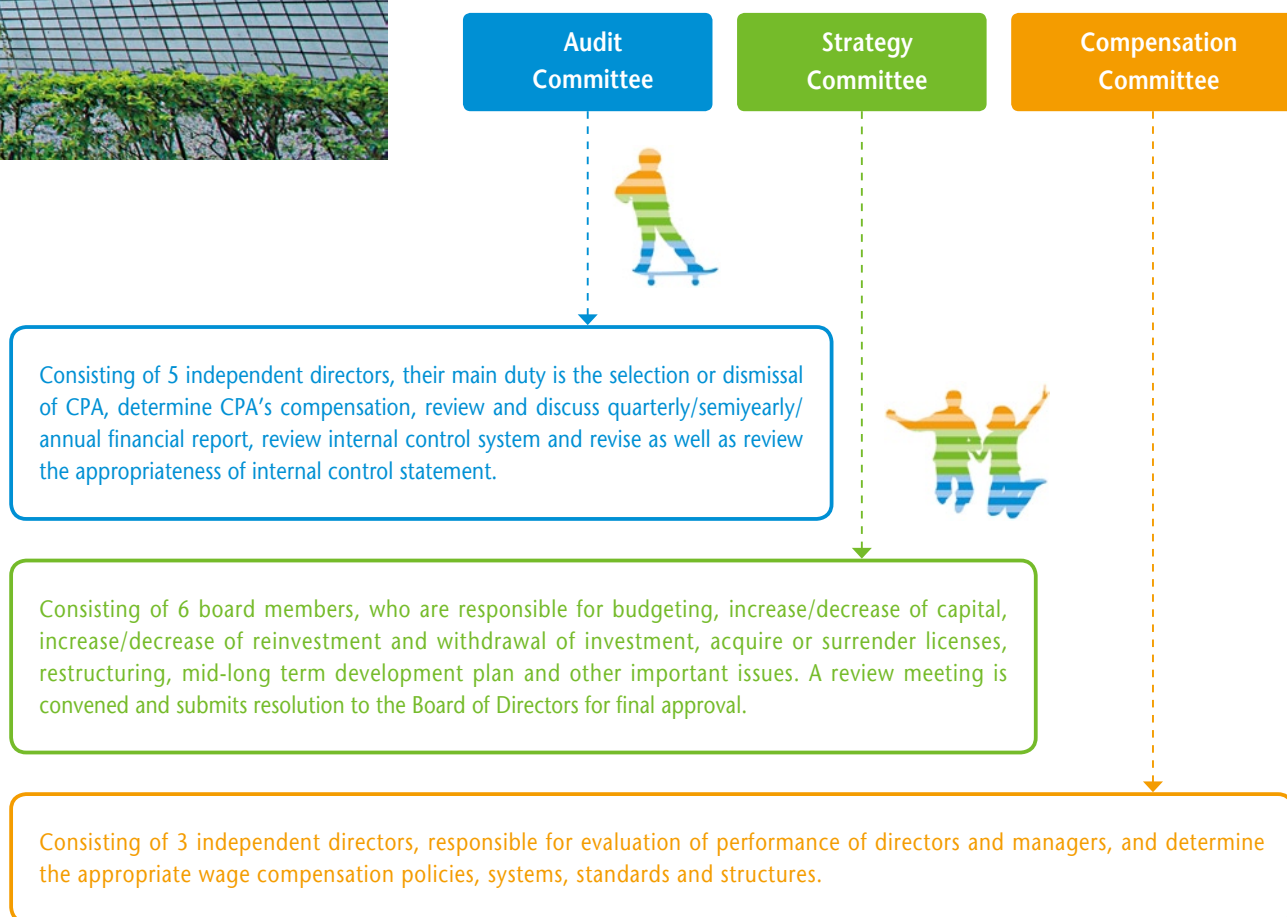


S Ethical Business Practices

The Chunghwa Telecom Board of Directors is the highest governance body, with the Chairman also acting as the Chief Executive Officer. The Board of Directors is responsible for appointing and nominating high level managers, as well as formulating company corporate social responsibility, corporate citizenship, and sustainable development strategies. The Board has 13 directors that include 5 independent directors. To date, there are 5 female directors amongst 13 directors. Director's period of office is three years (June 25, 2013–June 24, 2016), to ensure the governance's independence and stakeholders' perspectives, 5 Independent Directors are included while an Auditing Committee is designated to replace the supervisor.

Chunghwa Telecom's independent director and external director provide expertise based on their respective area of practice and professionalism, to assist the Board of Directors to make decisions as to benefit the company and the shareholders. To prevent financial losses from third party litigation for directors and supervisors, we have purchased indemnity insurance for Directors and Supervisors.

To improve monitor functions and strengthen the management functions, three functional committees are established under the supervision of the Board:



*Introduction of the members of the Board of Directors please refer to annual report p14-17 and p65-66.



Chunghwa Telecom's director is responsible for the election of Chief Executive Officer and Directors, in that, a nomination system is adopted based on relevant provisions and articles of Securities & Exchange Act, which candidates are nominated by directors and shareholders with qualified shareholding, and director's nomination and review is conducted accordingly. We have adopted the following control measures to prevent conflict of interests.

- Directors and all signed Consent to Act as Director, announced that they follow the section 23 of Company Act.
- All directors signed Statement to show that they clearly knew the content of Section 206 of Company Act.
- Section 17 of Rules of procedure of board of director clearly defines the things that directors should recuse himself with.

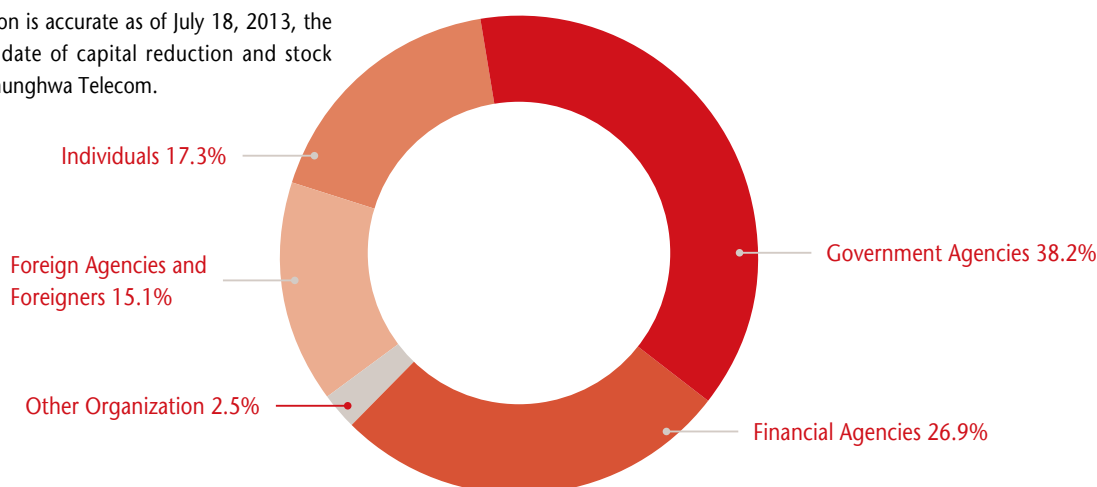
Thanks to the directors' high ethical standards and self-disciple, in the operation of comprehensive mechanism, no conflict of interest has occurred since the Board of Directors is established. The Board has resolved to approve total of 50 articles of "Code of Corporate Governance for Chunghwa Telecom", while all departments are required to implement the Code of Conduct, the secretariat also evaluates on a regular basis.

Encourage Shareholders to Participate in the Corporate Governance

For the past two years, Chunghwa Telecom has conducted changes and revisions on a number of systems and measures based on a corporate governance mindset, including electronic voting system, voting of shareholder meeting on the case-by-case basis and disclosing the resolution of all motions; with diversified resolution channels, shareholders are able to exercise their rights in an efficient manner and corporate governance effectiveness is then enhanced.

Shareholder Structure

This information is accurate as of July 18, 2013, the standardized date of capital reduction and stock transfer for Chunghwa Telecom.



Obey International Telecommunication Laws and Human Rights Duties

The International Telecommunication Union held the World Congress on Information Technology (WCIT) in Dubai near the end of 2012. The conference set an International Telecommunication Regulations to ensure there is a general rule for free circulation of global information, and add new contents, such as "transparency of competing and fees for mobile roaming", "Provide convenient access to telecommunication service for the disadvantaged", "Protection for the freedom of speech". As our membership, we commit to follow the regulation and put into practice to spread it.

The Board of Directors Approved CSR Best Practice Principle

"Chunghwa Telecom CSR Best Practice Principle" and relevant CSR policies have been discussed and revised by the president and higher management and subsequently reported to the Board of Directors, it is scheduled to be approved by this term of service of the Board. A top-down strategy is conducted to implement the principle and action of corporate social responsibility.

M Sound Operation

To ensure the sound operation of the company and not be affected by the external environment and internal operation, Chunghwa Telecom stresses on the management of operational risk, and has formulated the “Chunghwa Telecom Risk Management Regulations” as the guidance for all employees. The authority responsible for risk and crisis management is the President, who reports to the Board on the regular basis, to ensure all operational risks are identified and managed so as to protect the rights and interests of all shareholders, investors and consumers.

“Chunghwa Telecom Risk Management Regulations” clearly defines risk management framework, management procedure and departmental responsibilities, besides conducting risk management accordingly, risk management platform, systematic recording and follow up management is utilized to manage mid-long development plan, annual operating plan, significant event, additional projects and business execution report, to make certain that all possible risks are under control.

The Scope of Chunghwa Telecom Risk Management Regulations



We have “Risk Maps” for risk assessment tools to evaluate regulatory risks, internet maintenance risk, market competition risk and financial operation risk; at the same time, we conduct sensitivity analyses and stress tests for the company’s major business operations to minimize possible losses through risk absorption, risk transfer, risk reduction and risk avoidance.

Risk Management Expense

unit: NT\$ thousands



*Including insurance premium, man power, system maintenance, and training expense, etc.



Risk Management for Climate Change

Global climate is the significant challenge confronted by human race in this century. For the people in Taiwan, the most serious challenge of climate change is short-time heavy rainfall, and the rise of temperature and sea level, in the long run, may affect the operation of telecom facilities and manpower scheduling. The manpower and materials used to repair the damages, backup power increased for power failure and compensation to consumers may largely increase our operating cost. Not to mention if any infectious diseases caused by climate change, Chunghwa Telecom's daily operation and services will be drastically impacted with over 20,000 employees across Taiwan.

In consideration of the climate change risk, Chunghwa Telecom has officially included "Climate Change Issue" factors into the evaluation system of "Performance and Risk Management", adding significant risk into the Group's annual business planning and schedule disaster budgeting, while conducting objective management and performance evaluation to monitor its effectiveness.

For the business model of the ICT industry, we introduced risk adaption strategy to respond to climate change, enhanced carbon management measures, developed energy conservation and carbon emission reduction as well as environmental protection measures to reduce greenhouse gas emission and risk for ICT industry; and in hope, with our effort, to expand our influence over the society overall on a positive manner.



Action Program in Response to Climate Change

In order to manage risks caused by climate change, we completed the "Response to Climate Change – Chunghwa Telecom Environmental Protection Energy Conservation Carbon Reduction Strategic Action," and formulated priorities, improvement of disaster resilience, ensure clear communications, and the safety of overall communications network.

Plans for flood-prone equipment rooms reform:

- Install sealed water resistant panels.
- Install water resistant sluice gates for equipment.
- Seal up or raise up basement vents, doors, and windows.
- Establish relevant prevention measures in vent line, entry of underground tunnel, entry of high tension cable, lanes, etc.

Improvement plans for telecom equipment:

- Move basement equipment: Move diesel generators and AC distribution equipment to the 1st floor and install DC equipment to above 2nd floor.
- Prepare and stock generators and pumps.
- Enhance generator configurations in remote equipment room and increase oil storage tank capacity.
- Amplify batter capacity: When natural disaster struck and caused power outage, backup battery can be maintained up to 72 hours (3 hours in normal facility) to support the remote areas, when necessary, SMR capacity can be enlarged.

Code of Conduct

As Chunghwa Telecom is committed to conduct business operations at the highest ethical standard, “Chunghwa Telecom Code of Conduct” is formulated as the basic guideline for employees’ ethical standard while engaging commercial activities. To create a healthy working environment, we have a reporting hotline to encourage employees to voice their opinions in a safe and confidential manner. This Code of Conduct is included in the training program of new employees, not only it is re-examined annually, it is used to evaluate employees performance, to ensure that all employees understand and will be put into practice.

The principle of Chunghwa Telecom Code of Conduct includes:

- To strengthen determination and commitment, specific company regulations and external documents are clearly announced for integrity management policy and its implement.
- Avoid transactions with those who have dishonesty records in order to conduct commercial activities under fairness and transparency.
- Prohibit bribery, accept of bribes, provide illegal political contributions, improper charitable donations, sponsor unreasonable gifts and hospitality, or other improper benefits.
- The board of directors should urge the company to prevent dishonesty and ensure to implement policy through dedicated department.
- To implement integrity management, all Chunghwa people should conduct business by regulations so as to prevent dishonesty.
- Clearly specify a conflict of interest avoidance policy for board members, supervisors, and managers.
- To ensure the implementation of integrity management, the company should establish an effective accounting system and internal control system. Internal auditor should regularly confirm compliance status.
- To implement the promotion of integrity management, clearly specify that the company should regularly hold education and training, and establish an expedient rewards and disciplinary system.
- Clearly specify that the company should strengthen the fulfillment of integrity management information disclosure.

Corruption Prevention

To establish a corporate culture of ethical management, we have formulated an ethical corporate management best practice principle to a sound operation. In addition, we also formulated “Procedures for Ethical Management and Guidelines for Conduct” to prevent unethical behavior and put ethical policy into effect. Additionally, the Chunghwa Telecom Employee Review Guidelines and Chunghwa Telecom Reward and Discipline Standard are published to evaluate employees, who are also confirmed to thoroughly understand and followed.

All our employees are required to take the “Chunghwa Telecom Code of Business Conduct and Code of Conduct Test” each year. By doing so to maintain their professionalism and integrity, which optimize corporate governance and risk control, which establish honestly principled corporate culture. Other than those who were not available during the testing period, all employees (100%) have participated in the test.



R Information Disclosure

With integrity, responsibility, and a trustworthy spirit, Chunghwa is committed to reduce the information asymmetry between business management and external stakeholders and establish diversified information transparency, enhance the communication with the stakeholders, and improve the efficiency, quality, balance and credibility of information disclosure.

To facilitate stakeholders' understanding of the company's latest information, we disclose information through corporate website, Market Observation Post System, annual report, CSR report, press conference and investor conference.

Chunghwa Telecom's contribution and effort has been honored by receiving top 10 awards in the "Information Disclosure and Transparency Ranking System A++". This is the 8th consecutive year that Chunghwa Telecom receives this honor since Securities and Futures Institute promulgated this rating. In the future, we will continue to follow the highest standard of ethical best practice and win the trust and support of the investors and shareholders.

Strengthen Business Management

To improve the quality of business marketing and consumers' trust, we have formulated the "Business Marketing Standards" to ensure the execution of business in line with the requirement of competent authority, while including compliance status into the evaluation of higher management's performance. Though Chunghwa Telecom has not been penalized by taxation and improper actions, however, 59 incidents in the total of NT\$ 19.98 million were fined in 2013. Based on the fined items, the main reasons and subsequent improvement is described below:

Installation of Base Station

- (1) Chunghwa Telecom has long been complained about its "poor signal" and "base station might endanger health", in quite a number of times, it was also penalized or received administrative sanctions due to base station issues.
- (2) In consideration of consumers' communication interests and difficulty in placing base stations, we will continue to adopt the following measures:
 - Communication with the public in an aggressive and positive manner concerning the setup of base station and adjustment issues.
 - Continue to communicate with the competent authority to relax the restriction of setting up base stations.
 - Work on regulations for administration of base station for a more definite and convenient measures.
 - Strengthen public awareness on the issues of electromagnetic waves and provide free testing services.

Two Incidents of Fair Trade Commission Sanction in 2013

As confirmed, both are the cases of failing to file merger reporting. In the future, Chunghwa Telecom will be more diligent on the procedure of cooperating with other partners.

Case Name	Sonet Supernetting Project	Sochamp and Smartfun Project
Reason	Violation of Article 6.1.4 of the Fair Trade Act concerning merger reporting, and Article 11.1 of the same regulation.	Violation of Article 6.1.2 & Article 6.1.5 of the Fair Trade Act concerning merger reporting, and Article 11.1 of the same regulation.
Solution	Cooperation of supernetting project with Sonet has been terminated.	Supplementary reporting procedure has been submitted to the Fair Trade Commission.

Management of Employees

On the management of employees, 20 cases were reported in 2013 with a total of 25 employees violating the Business Principle and Ethical Corporate Management Best Practice Principle, but no employees were dismissed or disciplined or litigation arose due to bribery. In addition to punishment, we will continue to help employees to understand the importance and necessity of best practice principle.

- The violation of Business Principle and Ethical Corporate Management Best Practice Principle: Violation of confidentiality: 3 cases with 4 employees.
- Inappropriate behavior or violate company regulation: 17 cases with 21 employees.

Pay Attention to Digital Convergence Development

Since any changes in policy or regulation might affect the operation and development of Chunghwa Telecom, Chunghwa Telecom therefore on one hand stay communication with the government and competent authority, on the other, pay close attention to the development of any related regulations. Among the regulations, we have been monitoring closely on the development of “Digital Convergence Development Plan”, as it is crucial to national competitiveness and the development of ICT industry development.

The Executive Yuan approved the “Digital Convergence Development Project” in 2010. The digital convergence development project will increase national competitive strength and effectively accelerate digital convergence services and ICT industry development. We are happy to see its success and in addition to continuing to observe amendment status and direction and communicating our suggestions to the competent authorities at the right time to maximize benefits, we will actively construct a fiber optic network simultaneously, enhance the competitive strength of fiber optic broadband, separately commit to expanding innovative value added service operations, and create business opportunities in the ICT industry to maintain our leading position in the high speed broadband market.

Telecom Charge Policy Adjustment

In order to catch up to the European and American’s liberalized telecommunication market, the national communications commissions decided to adjust the current telecom charge policy. Beginning of 2013 there will be controlling over medial price among industry. The National Communications Commissions also decided to reduce the mobile termination rates next year to promote constructive competition.

The mobile termination rates refer to when a customer makes a call to someone who is not a customer of the same company, both companies must calculate the share cost according to the speaking time. Starting in 2013, the mobile termination rates will decline gradually in four year, from NT\$ 2.15 to 1.15 in 2016, which is equivalent to 46.5% price reduction.

We strive to bridge the digital gap, however, in Taiwan there’s no clear policy for radio frequency, people have concern about base station and part of people use most broadband resources, it’s hard for us to well distribute internet resources and infrastructure among people and regions. We will continue to communicate with the competent authorities and hope the industry and government can cooperate to establish a healthy environment that is advantageous to mobile broadband development.



Lead the Market with 4G Mobile Communication

Whereas mobile applications developed by intelligent terminal equipment are changing people's behavior, multimedia audio-visual services are replacing voice services. To improve the communication quality and transmission efficiency of mobile communications, Chunghwa Telecom's goal is leading the market by providing 4G mobile communication networking services.

With NT\$ 39.07 billion, we have been awarded a total of 35 MHz in bandwidth in the 4G license auction in 2013 which made us the largest spectrum telecom carrier in Taiwan. The blocks we acquired include B2 block in the 900MHz frequency band and the C2 and C5 blocks for 1800 MHz; while C2 is currently used for our 2G service, C5 block will be used for 4G networks and terminal equipment. This new addition will continue from our existing 2G system into a 4G system in the future.

Chunghwa Telecom lead the market by establishing 4G at C5 block, it is expected that 4G service will be available to the market before the 2nd quarter of 2014; at the same time, we are planning to establish at least 7,000 4G base stations in 5 years, with radio coverage reaching population of at least 96%, so as to providing quality 4G mobile communication services.

"4G" - Fourth Generation of Mobile Telecommunication Network

4G provides information transmission speed of 100 Mbps for high mobility communications and at least 1 Gbps for stationary users. The first 4G standard recognized is LTE-Advanced, while the earlier released version is LTE, supporting the most updated mobile communication network used by telecom carriers in Taiwan; since LTE's peak transmission speed is only 150 MBPS, it only regarded as BEYOND or PRE 4G networking technology.



T Sustainability

Confronted by the challenges of telecom operation and a rapidly changing market, Chunghwa Telecom aims to develop business operations based on “Innovation, Broadband, Value-added, Integration, Principle-protected, and Touching service” to improve business performance, increase sustainable values of shareholders and the Company.

We will continue to abide by the principle of corporate governance, strengthen social care and environmental protection, implement corporate social responsibility and capitalize on technology and management to improve employees’ expertise and the Company’s business performance. It is believed that these efforts will equip us with the capability to respond to the ever-changing environment, and continue to create values to respond to the support of the consumers, shareholders and employees, thereby achieving sustainable operations.

- 1 Facilitate positive business evolution through action, broadband, value-added and ICT integration service**
 - Introduce new broadband products, expand major business of the corporate customers and increase business capacity.
 - Create competitive advantage through ICT integration services.
- 2 Develop emerging service opportunity such as cloud and IOT (Internet of Things), work with partners to generate best strategies**
 - Take the initiative to integrate cloud and IOT industry to stimulate market needs.
 - Develop emerging applications, cost saving and strengthen operational efficiency.
- 3 Continue to strengthen the application of internet facility and information technology to support business transformation and growth**
 - Internet upgrade and integration.
 - Utilize information technology to enhance operational efficiency, support new business and intensify information security.
- 4 Strengthen resource utilization and management mechanism to improve the efficiency of resources**
 - Centralized planning, utilization and management of resources, control operation cost and expense.
 - Promote the revitalization and utilization of non-operating assets to enhance asset value.
- 5 Develop overseas ICT market to explore new opportunities**
 - Evaluate target market’s development criteria and select suitable products for overseas promotion.
 - Plan business model to facilitate market expansion.
- 6 Sharpen the unique advantage of the subsidiaries to enhance the Company’s competitiveness**
 - Intensify company cooperation to enhance the advantages of company operation.
 - Deepen expertise of the subsidiaries to bring out competitive advantage.
- 7 Infuse telecom expertise into corporate social responsibility issues to implement the commitment of corporate citizenship**
 - Initiate digital rainforest project to facilitate the innovation of ICT application through business depth.
 - Utilize expertise to facilitate the reduction of digital differences and environmental protection, and narrow urban-rural gap to enhance social well-being.



Innovative Research



R&D expense

NT\$ **3.7** billion



Number of patents

1,071



180,000

participants in
innovation & application contest



S Accumulation of Research Capacity

Research and development capability drives a company to grow. With the rapid evolution of technology and consuming trend, digital service is entering into the era of convergence; as a leader of telecom industry, Chunghwa Telecom continues to uphold its forward looking and innovative mindset and implement multi-screen interaction and co-existence concept in the digital rainforest.

Utilize ICT Core Technology and Activate Smart Life through Integration

We believe that by capitalizing a corporation's unique resources and expertise and infusing into related welfare issues, not only a corporation's competitive advantage is improved, society and corporation as a whole can also be benefited; a matured corporate social responsibility must be incorporated into a corporation's major activities to generate a corporate culture with centralization mindset and stimulated innovation.

With its resources and core competencies, Chunghwa Telecom has incorporated policies such as R&D, product sales and human resource management into strategic CSR planning, while taking internal conditions and external demand into consideration, to come up with a systematic and goal-oriented CSR strategy to providing concrete help and positive influence on social issues. Subsequently, a continuous improvement on efficiency and performance of relevant CSR projects through analysis of performance.

We are determined to contribute considerable resources into the development of ICT industry to establish its core competitiveness, and manage the key technology of network efficiency, operational management and business innovation through innovative development, introduction of domestic and foreign technology and collaboration with industry, government and academic fields.

(1) Broadband network (2) Intelligent network (3) Convergence management system (4) Product and technology of corporate information security (5) Analysis of large data (6) Service and technology of digital life (7) Government and corporate ICT solution, and (8) Eight topics including cloud computing products and technology.

R&D Award Received in 2013

Granter	Awards
Institute of Transportation	Received Excellent for "Introducing Intelligent Transportation System to Tourist Recreation Area-i3 Travel Love Travelling"
Ministry of Economic Affairs	Received 3 Gold, 3 Silver and 3 Bronze in Taipei Int'l Invention Show & Technomart.
Department of Industrial Technology	"Commercial Vehicle Management Platform and Application Service Platform" won "2013 Industrial Innovation Achievement Award" Product/ System/ Service Innovation Award"
Bureau of Foreign Trade	"EARTH" system won "3 rd Taiwan Green Classics Award"
Intelligent Society of Taiwan	"RSU-based Real-Time Traffic Database System" won "ITS Application Award", "Real-time Urban Traffic Sensing with GPS Equipped Probe Vehicles" won "ITS Paper Award"



M Innovation and Brand Management

To provide network efficiency, operational management and innovation capacity, Chunghwa Telecom Research Institute was re-named Chunghwa Telecom Laboratories (hereinafter referred to as CHT-TL) on July 2012. The restarted CHT-TL concentrates on innovation and accumulates solid research capacity to facilitate industry upgrade and strengthen national competitiveness, and eventually pave way for Chunghwa Telecom to become the leader of ICT industry. In 2013, a total of NT\$ 3.72 billion that accounts for 1.63% of consolidated turnover have been contributed to research and development.

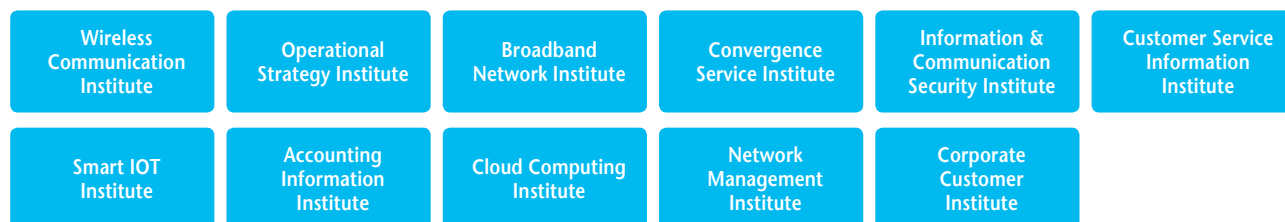
Encourage Internal Innovation

To encourage innovation atmosphere, "Chunghwa Telecom innovation network" was established to encourage employees to develop creative strategies, employees whose proposal accepted by the Company is rewarded handsomely. Once a proposal is adopted and launched, the proposer is entitled a reward of up to NT\$ 30 million based on the actual operations.

Talent Sets Key to Innovation

Among over 1,600 employees (accounted for 6.5% of all employees) in CHT-TL, 90% is functioned as R&D. In addition to develop the abilities required for business expansion, Chunghwa Telecom group stresses innovative service, fundamental technology and forward-looking research, and develops convenient but practical services to meet consumers' demand. To ease up complication, Chunghwa Telecom transforms complication into simplicity, allowing consumers to "point and done", in hope to meet "Simple for consumers, Complication stays at Chunghwa Telecom".

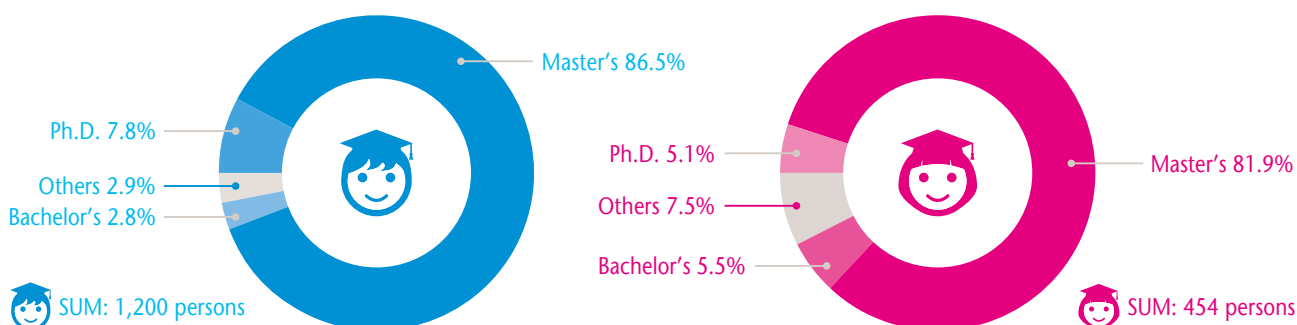
R&D Team



In addition to establishing quality promotion team, quality assurance center and engineering process team, Chunghwa Telecom also infuses ISO R&D quality system, Capability Maturity Model Integrated, project management and system development procedure in order to incubate innovative corporate culture. In the meantime, "Chunghwa Telecom Innovation Network" has been established to encourage employees to develop creative ideas.

In recent years, CHT-TL is committed to obtaining patents for product services. There were 139 patents obtained in 2013 (domestic and foreign) as of end of 2013. The accumulated patents has reached 1,071 (965 in Taiwan, 106 in foreign countries), among which, 592 patents remain effective (506 in Taiwan, 86 in foreign countries).

CHT-TL Talent Summary



Brand Management

With diversified marketing creativity and channels, Chunghwa Telecom delivers expertise, convenience and a brand image meets consumers' expectation. Among various brand marketing, Chunghwa Telecom proclaimed its leading position in digital brand in TV commercial "Digital Era", and established and implemented digital life to ensure its leading position in digital convergence. With effective promotion of brand management mechanism, with its brand value of NT\$ 115 billion, Chunghwa Telecom ranked 384 among the "500 most valuable brands worldwide in 2013". It is the only company in Taiwan included in the list.

* Note: "500 most valuable brands in the world" is a benchmark study by Brand Finance concerning the strength, risk and future potential of a brand relative to its competitor set as well as a Brand Value.

2013 Brand Recognition

- Received 1st place in "Best Brand Award" - telecommunication sector from Business Today for the 6th consecutive years.
- Received Reader's Digest Trusted Brand's Platinum Award -Telecommunication Communications Service
- Received "Golden Service Awards" from CommonWealth Magazine.
- Selected by 2013 Young Generation Brand Survey in 30 Monthly as favorite brand.
- Received 2nd place in "Digital Service Benchmark Corporation" and 1st place in "Information Channel & Communication Industry".

Chunghwa Telecom adopts concentrated brand frameworks that account for individualistic brand presentation. We have a Brand Manager (President) in place to undertake the supervision of all brand creation, design, management, and adjustments in the company. The Deputy Brand Managers for business groups follow the company's overall brand strategies as they undertake implementation responsibilities, as well as flexibly and independently operating their own designated brands under authorized parameters.

- Brand Policy: concentrated strategies that account for the development needs of individual fields.
- Brand Management: the company's Brand Manager is designated to handle the formulation, control, and adjustment of all brand strategies for the company, while subsidiaries are responsible for implementation.
- Brand Structure: concentrated brand structures that account for individualistic brand presentation.

In 2014, we plan to invite top business executives to participate in "Brand positioning and marketing of Chunghwa Telecom and subsidiaries" project, to define Chunghwa Telecom's major business positioning through establishing mutual understanding, enhancing efficiency and quality of decision making, while facilitating consumers' brand awareness, image and nature through diversified analysis. These efforts will enable Chunghwa Telecom to deliver an ideal corporate and business image to enhance brand image and corporate value, and pave way for subsequent product and marketing planning.

For You, Always Ahead

For years, Chunghwa Telecom has uphold the brand spirit of "For you, always Ahead", in addition to winning 1st place in "Outstanding Strategy Awards" and "Outstanding Innovation Award", Chunghwa Telecom received 1st place for both "Outstanding Brand Awards" and "Outstanding Strategy Awards" in "Agency and Advertiser of the year 2013". This recognition proves that Chunghwa Telecom never stops listening to consumers and improving service quality. While improving innovative soft power in digital convergence, the Company continues to provide consumers with better and more convenient ICT life. As a pioneering company, Chunghwa Telecom vows continuous forward-looking and innovation for you, always ahead, as promised.



A Cloud Development

To welcome the digital convergence era, Chunghwa Telecom develops cloud computing business (SaaS CRM, ERP, POS, etc.) through cloud technology to provide cloud computing services and solution, at the same time, promoting various Hami value-added services to provide multi-screen contents and services including personal clouds, video, music, bookstore, news, weather, travel and payment. Furthermore, through the continuous integration of internal resources and enhancing multi-screen services, Chunghwa Telecom introduced consumers with brand new experience in digital life by providing more differentiated digital convergence multi-screen integration service that is personalized, location-based and cross-serviced.

Hami+Personal Cloud

Chunghwa Telecom's Hami+Personal Cloud provides multi-screen, storage, sharing and exchange services, combines HiNet, emome, MOD platform value-added service to provide consumers with personalized digital convergence experience. It allows consumers to enjoy diversified and convenient digital life through "multi-screen & one cloud" by way of collaboration with software providers including promoting digital book with Chun Shui Tang and providing multi-screen cloud music with KKBOX.

Mobile Payment

As a pioneer in the industry, we started working with international and domestic industries from 2007 to try out mobile payment services. In terms of NFC mobile payment service, we have established a joint venture "TSM Company" with six partners including MRT card and peer companies and started to provide services in early 2013. To further our diversification in mobile payment, we pioneered the industry by obtaining patent for QR Code mobile payment in 2013 to build a more convenient digital life experience for users and service providers in Taiwan.

HiNet IOT

HiNet IOT is the foundation of future smart life. Through the integration of broadband networking with sensing devices as well as digital monitoring services such as iEN, UCam and Smart Home, we implement the vision of smart family and green corporation.

Ucam plays an important role in security guarding. In 2012, Chunghwa Telecom worked with the New Taipei City Police Department to construct "Cloud Road Video Rental Service" to provide critical video record and effect police manpower management. For "Intelligent Energy Network Service", we have accomplished the "Taoyuan Main Canal Remote Sensing Project ". By utilizing the concept of IOT, a more comprehensive water management, disaster prevention, auto surveillance and water gate remote functions is available. As for the three-in-one cloud function of "Smart Home", an integrated access control intercom, situational control, energy management and environmental monitoring is made available.

hicloud

Chunghwa Telecom's hicloud service introduced hicloud CaaS, hicloud VPC, hicloud Box[®] and hicloud Mall to fulfill different cloud application needs of the corporations. For example, the hicloud VPC adopted by "WebPro Securities and Futures Market Video Network" of Taiwan Stock Exchange is able to efficiently deploy and support the expansion of bandwidth and support operational efficiency and competitiveness. With target marketing toward the Taiwan ICT industry and Small and Medium Enterprises, Chunghwa Telecom aims to facilitate the development of cloud industry and making Taiwan a cloud exporting country.

Corporate Cloud

Chunghwa Telecom's corporate cloud service (hicloud VPC/ Box[®]/ S3) provides dynamic expansion and flexible cloud computing resources to construct the exclusive cloud data center that corporation demanded while, with the advantages of fast, flexible, security and low cost, supplying corporate headquarters with comprehensive solution of unified management computing

resources, storage services, networking services and information security services and achieve a better operational efficiency and competitiveness. To expedite the formation of ecosystem of cloud software and hardware industry in Taiwan, we cooperated with cloud hardware strategists to establish domestic-made Virtuoso Appliance and launched integration products in 2013 to create digital opportunities.

With the vision of “Developing cloud services of tomorrow”, we donated 3 Virtuoso Appliance main engines to the Ministry of Education to support its “Information Technology Software Academy”, contributing to the education of students on the core technology of cloud application and the cultivation of innovation capacity, hoping to effectuate commercial use in different aspects and create an ideal environment for the Taiwan cloud industry to grow.

SaaS

With cloud structure design and integrated services, Chunghwa Telecom penetrates into the market by providing hicloud CRM, hicloud POS and hicloud ERP, and aims to provide one stop service ICT and cloud service to corporate customers.

With the strategy and ambitious of developing cloud service in the digital rainforest, Chunghwa brings together a number of quality information software providers in Taiwan to develop corporate application cloud and logistics cloud, to meet the needs of ICT operation, in hope to become the leader of SaaS cloud services in Taiwan. In addition, Chunghwa Telecom has won Technology Innovation Awards in 2012 Taipei International Electronics Show (TAITRONICS) and Innovation Awards issued by Cloud Computing Association in Taiwan.

HiNet Travel Cloud

Provide services to those who love to travel in Taiwan and schedule traveling plan online based on attractions, transportation and accommodations. Travel cloud is a platform lies between industry and consumers to provides a full range of integrated travel services for an interesting digital travel life.

By cooperating with travel agency, accommodation, food & beverage, souvenirs, transportation and logistics industries, HiNet travel cloud provides online travel package booking, accommodation booking and restaurant reservation. Besides, travel cloud estimates travel time based on vehicle used for a better travel experience.

The rise of mobile device and its integration with ICT technology make easy for consumers to schedule travel plan, for example, download travel plan by scanning QR Code or combine with local mapping information to estimate vehicle-based travel time. The potential revenue created by travel cloud is difficult to estimate at this point, Chunghwa Telecom’s role is acting as a platform that combine with local travel service provider to develop a tourism and travel electronic commerce and help partners to integrate more payment platform.





R Pioneering Smart City

Chunghwa Telecom believes that urban development is not stereotypical, different cities should live up to its own beauty. With comprehensive network infrastructure, along with software and hardware integration of 4G and cloud, Chunghwa Telecom is fully equipped with the ability to help Taiwan's urban development and transformation, by constructing "distinctive and innovative" smart cities, quality of life is improved and tag along industry upgrade.



In different stages of city development, Chunghwa Telecom is always here with you!

In the stages of city development, what inhabitants need is industry and life-related facilities.



Traditional City



Provide the Establishment of Basic Network Facilities

- Planning and design of basic equipment
- Establish basic information management

When a city grows into maturity, the inhabitants start to ask for better environment and quality of life, hoping for a better life.



Wi-Fi

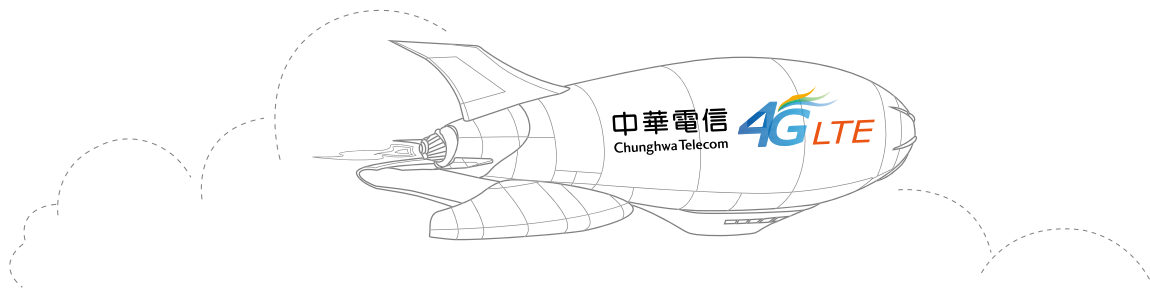


Digital City



Provide Fast Network, Voice Mail

- The foundation is to construct computer,
- Utilize broadband network to facilitate the
- Capitalize sensing, global positioning,



At the same time when a city is maintaining current functions, it also start to develop its distinctiveness, to meet the ever-increasing needs of the industries, technologies, societies and inhabitants, and upgrade itself into a smarter city to provide better life quality to its inhabitants.



Utilize ICT Function to Provide Customized Smart City Solution

- Digital City + IOT +Cloud Computing
- To deploy sensor into city infrastructure to form an IOT
- Realize integration of IOT by way of cloud computing, to provide analyses and management of smart city

and Information Transmission Service

multi-media and mass storage technology.

digitization of city information

geographical information system technology to utilize city digitization



T Developing Industry Transformation

With the advantages of network infrastructure, telecom value-added service and integration of software and hardware, Chunghwa Telecom is acting as a pioneer to drive the transformation and upgrade of ICT industry in Taiwan, and provide consumers with comprehensive customized cloud and value – added solutions. We expect to lead and drive the transformation and development of ICT industry in Taiwan to achieve the following three goals: 1. Become the cloud computing leader in Taiwan. 2. Promote the cloud computing industry. 3. Work with strategic partners to create innovative cloud computing services.

Lead Cloud Computation

Simply put, cloud computation consists of cloud servers, terminals, networks, and services. Cloud “networks” and “services” are part of Chunghwa Telecom’s industry and two of its advantages which connect the “cloud” to the “terminals” and provide people and businesses with convenient cloud computation services. Currently, in addition to providing customers with services such as relationship management services, computing cloud, cloud anti-virus and anti- hacking, cloud storage, etc., we are also promoting the six primary services of the personal, storage, business, travel, circulation and health clouds with partners from different industries. At the same time, we are actively strengthening cloud infrastructure through cooperation with strategic cloud partners such as Microsoft, Intel, Fujitsu, Trend Micro, Quanta, Show Chwan, etc. to drive the development of the cloud computing industry in Taiwan.

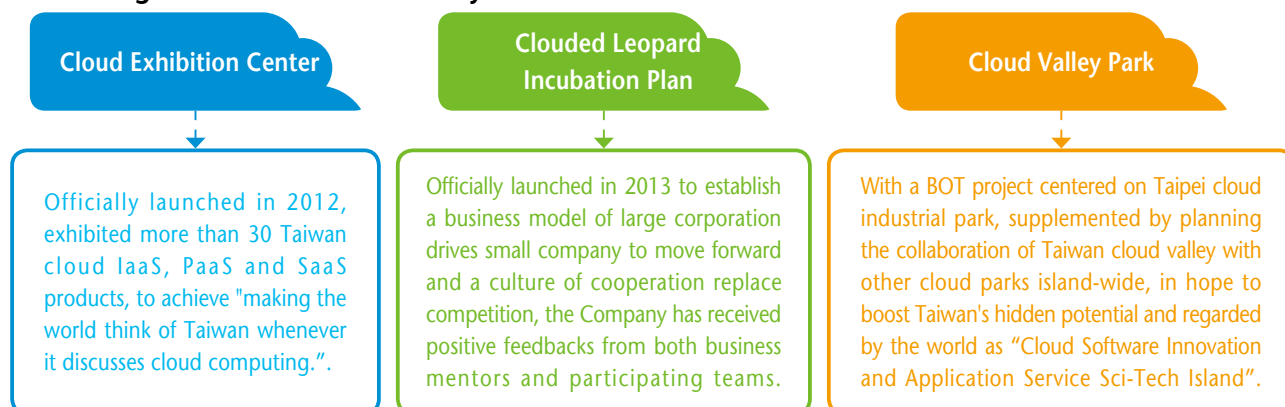
Four Centers, One Platform, One Marketplace

Chunghwa Telecom’s cloud computing layout follows the strategic framework of “four centers, one platform, one marketplace” to gradually move forward. Four centers refer to an R&D center, test center, operations center, and experience center. In addition, Chunghwa Telecom has built a large capacity “cloud service creation platform” focusing on cloud software developers to build a “Chunghwa Cloud Marketplace” and provide business customers with one-stop shopping, buy to rent, on-demand, safe, and stable cloud application services. From this we hope to expand cloud application use and build the largest cloud settlement in Taiwan.

Expedite Taiwan Cloud Valley

In 2010, Chunghwa Telecom united 64 service providers including telecom, software development, industry research and design and manufacture of computing system to form “Taiwan Cloud Computing Consortium” and established “Cloud Computing Association in Taiwan” with President of Chunghwa Telecom as the Chairman. With members exceeded 110 companies, Cloud Computing Association in Taiwan has become the medium of value enhancement for the value chains of Taiwan cloud computing industry, creating a matching platform for industrial, academic and research circles to conduct development, integration, verification, commercial and output. Besides, through the association, Chunghwa Telecom is able to plan and expedite the birth of “Taiwan Cloud Valley”, allowing Taiwan cloud computing industry to enter the world stage of “Inter-Cloud”.

Three Stages of Taiwan Cloud Valley



Cloud Computing Association in Taiwan has initiated the 1st finals of the “Taiwan Clouded Leopard Incubation Plan”, in 2013 with Mr. Kunming Lin, Chairman of Taiwan Venture Capital Association along with 9 other senior executives from venture capital industry to conduct evaluation, a total of 10 cloud vendors participated in the competition. The final winner took away one million NT dollar prize was MeWorks, a company providing Taiwan designed and corporate cloud solution services and is mentored by Chunghwa Telecom.

Collaboration of Industrial and Academic Creates Mutual Benefit

Chunghwa Telecom is committed to develop ten technologies including future network, network energy efficiency, network security, large data, cloud effects, smart directory, Telematics, health management, near field communication and mass information system. To expand the depth and communication interface of technology research and development, we have worked with universities in Taiwan to conduct technology research, strategic cooperation and participate in International Organizations for Standardization/island wide organizations and associations.

We have cooperated with Center of Innovation and Synergy for Intelligent Home and Living Technology (iNSIGHT) to conduct industrial and academic research. The user interface redesign of Chunghwa Telecom’s MOD APP remote control combines the design of iNSIGHT, the program development of Chunghwa Telecom, and the function of set-top-box. Furthermore, we are also working on mass data issues – “Traffic cloud mass data business”, and accumulating experiences through actual cases.

Innovation & Application Contest – Incubate Innovation Seeds

Starting from 2011, Chunghwa Telecom consolidated “Network Contest” and “Value-added Software Contest” into “Telecom Innovation & Application Contest”, this is the largest innovative and digital learning contest targeting elementary school, junior high school, high school, college and non-students. The selected works will be presented on Hami, MOD, HiNet, and FunPark.

2013 Telecom Innovation & Application Contest differs from past contests in the addition of “MOD interactive micro-film” and “Travel report”, while the Apps designed by student team and non-student team are worth watching, they are now available to download on Hami Apps. 6,000 applications were submitted and 90% of the colleges island wide with a total of 119 students and 688 design works participated. Total participants exceeded 180,000.

Chunghwa Telecom Creative Cloud Salon, Irrigate Digital Rainforest

Chunghwa Telecom aware that the development of cloud industry requires the talents of more creative thinking and entrepreneurship, whereas the innovation requires to think outside the box and connect through different areas of expertise to bring out different ideas and create new industry value.

In this regard, Chunghwa Telecom promotes “incubating of innovative talents from internal + External environments” with business philosophy of “Emphasizing on Professions, Focusing on Expertise, Enhancing Efficiency, Affecting Service”. In response to the changing times, Chunghwa engages in emerging social networks, provides innovative products and services on the continuous basis to show positive momentum to lead the industry into tomorrow land. In 2013, we proposed a “Think beyond – i cloud” initiative, with 4 I (Love), namely i connect, i develop, i interchange, i support” to promote the thoughts and culture of cross-boundary innovation and entrepreneurship, encouraging those endeavor to engage in innovation, creativity and entrepreneurship to think out of the box and exchange ideas with different social network to bring out more creativity.

There are over 700 participants and 20 participants from different industries visited 2013 Creative Cloud Salon, over 2,000 views on social network, besides, we also cooperated with “Shanghai Cloud Base” to form “Cross-Strait Cloud Platform Exchange Forum”, deepen cooperation and exchange.





Customer Service



704

service centers



42,000

hot spot



86%

100 Mbps broadband
coverage



**Contact
Center
of the Year**

- CRE Awards 2012



S Touching Service

Chunghwa Telecom values its service quality and consumers' opinions. We step down from the past mentality of superiority in technology and put ourselves in consumers' position to evaluate our services in a rigorous manner, so that a comprehensive, quality and efficient service can be provided through front line customer service such as stores and cloud counters, or customer hotline, website and interactive network counter and social network. We have 704 service stations across Taiwan providing continuous services, in response to the growth of urban population, we plan to establish additional 99 service stations, while improving the existing service centers and root services into communities in a continuous manner so as to expand and upgrade our services and capabilities into an efficient, convenient and touching service provider.

Both Chunghwa Telecom service center and customer hotline have been approved by International Organization for Standardization ("ISO"), with business counter, cloud counter and network customers working separately as a whole, we were honored by "2012 Contact Center of the Year" in "Customer Relationship Excellence Awards" from Hong Kong Asia Pacific Customer Service Consortium.

Transformation and Upgrade of Physical Channel

- Set up additional retail stores to expand channel service capacities: In the end of 2013, physical service centers including 431 direct and 273 franchise stores.
- Establish a specialized "district coach" who is responsible for coaching retail store management and marketing performance, to enhance the management efficiency of the store operations.
- Establish self-evaluation, inspection and coaching of retail store service quality to improve quality of service counter.

Multi-Channel Services

Channel	Content
Live Web Chat Service	For Instant Message (IM) users and for persons with hearing impairments, we have introduced text-based live web chat customer services, all Chunghwa's operations are now covered.
Internet Communities	To serve the ever-growing Internet community populations, we created a Facebook fan page "Chunghwa Telecom Dr. Q" to answer questions, proactively publish information, and to gather suggestions.
Web Call Center	To save our customers the trouble of calling and visiting counters, we are increasing the scope of self- help services provided through the web call center.
Mobile Customer Service	In response to the ever-increasing smart phone users, we started to provide mobile-optimized network customer service center from June 2013, that is, optimize the interface of network customer service center to fit mobile phone interface, so that when users login network customer service center, the system will take it to mobile-optimized web interface automatically.
Customer Service APP	Starting from November 2013, we provide free customer service APP download on iOS and Android system, customers are free to download the APP anytime. As of end of 2013, more than 60,000 users had downloaded the APP and more than 300,000 services were provided.



M Customer Service and Information Security Management

Chunghwa Telecom understands customers' needs, it incorporates the negative effect of overuse in the process of designing the products and places friendly reminder in marketing materials; in addition, instructions on the products and services are to facilitate customers' understanding of the product specification and information. In 2013, no violation of health and safety and product labeling was reported.

To accurately deliver information of more than 3,500 products from customer hot line, we incorporated a "Message Box" in our company website as product information center and designated personnel to review and update the information, in addition, the same is uploaded to customer service information center, so that customer service personnel is able provide customers with first-handed information.

Besides, to maintain the consistency of display of point of sales materials and management at the service stations, we stipulated "Chunghwa Telecom management guideline for point of sales materials" and "Chunghwa Telecom point of sales management enforcement rules", to facilitate the provision of quality environment by all service stations and maintain our corporate imagine and service quality.

Multiple Payment Methods and Accounting Management

We provide multiple and convenient payment methods to ease consumers' effort, including:

1	Payment counter (service stations, franchise centers and convenient stores)	5	Chunghwa Telecom Voice Payment Hotline [overdue payment is available]
2	Regular transfer	6	Chunghwa Telecom mobile phone payment [overdue payment is available]
3	Chunghwa Telecom online payment [overdue payment is available]	7	Chunghwa Telecom MOD payment [overdue payment is available]
4	Telephone voice transfer at financial institutions	8	Automatic Teller Machine payment

We value consumers' opinions or objections in connection with payment issues. Before a controversial incident is clarified, we will stop sending reminders and suspend communications. In addition, we will also designate a team at customer hotline to respond to customers' queries online.

With transparency being the key element of our pricing philosophy, any payment issues occurred as a result of accounting error or problems will be informed to the affected consumers, concurrently, message be delivered to customer hotline through internal message reporting platform, from which customer service personnel is updated with information to answer queries when needed.

Customer Privacy Service and Measures

We treat the rights and interests of our customers as priority; we follow strictly to the Personal Information Protection Act and had never got beyond any range. We only collect data for legitimate and legal reasons. We have added "Collection Inform of Customer's Personal Information Clause," "Customer's Personal Information Application and Disposition Form" and similar document. We also provide protection services to customer, such as search and review their personal information, cease marketing usage, delete their information.

In response to the implementation of the "Personal Data Protection Act", we established "Personal Data Protection Team" under the "IT Strategy Committee". We set up personal data safety training and awareness plan, personal data process analysis and inventory plan, risk assessment plan, which are all categorized as our KPI indicator.

To strengthen customer data protection, Chunghwa Telecom has categorized basic customer information as "top secret" documents and stored in locked counter. Employees are asked to sign the "Trade Secret Protection Contract" and their

supervisors are jointly liable. Any outsourcing company is involved in trade secrets, must also sign related confidentiality agreements. In addition, to prevent the use of portable storage device by customer service personnel, we stipulated "Guideline for using portable storage device at customer service center" which is promoted by service center on the half yearly basis, and the record is kept for future reference.

Should there be breaches of personal data, the customer service center will handle consumers' complains in accordance with ISO9001 Suspected Leakage Handling Procedures. There were 57 suspected privacy complaints reported and handled in 2013, a 21% decrease compared to 2012, and accounting for 0.0015% of customer hotline business. However, no privacy complaints were confirmed and penalized by the competent authority.

Leading Information Security Management Systems (ISMS) Certification

Chunghwa Telecom continues to strengthen the protection and management of information every year, including obtained certification for ISO 27001 Information security management system in 2007, initiated "Expanding certification for ISO 27001 international information security standard", obtained "ISO 27001 international information security management system" in 2010 and verification of "NCC ISO 27011 supplementary telecom auditing "in 2011, become the first mobile telecom carrier to meet NCC standard.

Leading the Industry by Obtaining Certification for Personal Information Management Information

Chunghwa Telecom has led the industry by obtaining Personal Information Management System Certification (BS10012:2009 PIMS) in 2013, becoming the first telecom carrier in Taiwan to receive certification, it is expected that the certification will be extended to other line of certification in two years and positioned as a benchmark industry for personal information security.

To introduce the great importance of personal information and the protection measures, we held eight sessions of personal information campaign and educational training in connection with emergency response of personal information incidents for more than 4000 customer service personnel.










A Ensure Service Quality

We started a five-year investment plan in 2012 to inject NT\$ 100 billion construct broadband network, establish digital convergence and niche market for innovative services, so as to respond to government project "Digital Convergence Development Plan", that is, reaching 7.2 million fiber optical users and 11 million broadband users by 2015.

Chunghwa Telecom strives to establish telecom infrastructure and broadband network, while supporting the government's plan regarding shorten digital differentiation strategy to deliver indiscriminate medical service and educational resources in remote areas. In 2013, with coverage ratio better than expected at 84.4%, Chunghwa Telecom has reached its goal by establishing broadband network in 190 rural areas, and awarded "Promotion of increasing of broadband speed in remote areas" by NCC in 2014.

By the end of 2013, the coverage ratio of Chunghwa Telecom's broadband with 100 Mbps speed is 86.42%, it is expected that Chunghwa Telecom's coverage ratio for 100Mbps will reach 90% in 2014.

*Broadband Coverage: Percentage of area covered by fiber or wireless within a radius of 400 meters that can be used in a month after consumer applied among total consumers in Taiwan.

Product and Service	Performance in 2013	Target in 2014
 HiNet Broadband	4.55 million users (Users of broadband speed over 60 Mbps reached 1.14 million, increased 25.6% in 2013)	Users of broadband speed over 60 Mbps increase 600 thousand
 FTTx	296 million users (increased 8.7% in 2013)	Reach 3 million users
 MOD	1.24 million users (increased 3.8% in 2013)	Reach 1.4 million users
 4G	Scheduled to provide service in 2014	Market share over 40%
 3G Mobile internet	4.38 million users	Reach 5 million users

Expand Wireless Hotspots

Going online anytime anywhere has become a necessity and trend for modern people. Especially with the rapid growth of smart phone and tablet PC users, mobile broadband traffic has grown exponentially in the last couple of years. Between 2012 and 2013, we invested over 16 billion to expand mobile broadband network infrastructure, and procured over thousands units of 3G and 4G base stations to upgrade the capacity, transmission speed and coverage of mobile broadband network. To provide a more intensive mobile networking service, we have established 42,000 Wi-Fi Hot Spot and 100 Wi-Fi Hot Zones as of end of 2013. It is expected that Wi-Fi Hot Spot will be increased to 50,000 by the end of 2014.

With more than 8.17 million 3G users, to provide consumers with better 3G and Wi-Fi experience, we have initiated Wi-Fi automatic certification (EAP-SIM) for contracted consumers holding iPhone. In it, an automotive login Chunghwa Telecom's Wi-Fi network will be conducted without the need to enter ID and password. Moreover, by completing one time ID and password setup through APP to login Chunghwa Telecom's Wi-Fi network, customers using Android mobile devices will be able to download free the "CHT Wi-Fi" APP and enjoy a fluent and convenient mobile network experience.

To provide a user friendly network environment, we have increased hot spots in respond to the network traffic demand in certain festivals in 2013, for example: an additional 150 hot spots in New Year countdown and 67 hot spots in National Day firework festival held in Hsinchu, which marked an additional spending of NT\$ 4 million in 2013.

Initiated Disaster Emergency Communication to Prevent Isolation

With experiences learned from past disaster relief, we have established multi-route transmission, backup routing with wireless sensor and higher capacity (good for 72 hours) backup battery in remote areas, so that the remote areas will not be isolated from communication with the outside world due to power outages caused by natural disaster.

To intensify our disaster response capability, we have conducted simulation for network and equipment dispatch and repair every year, while developing backup plan for mobile phone base stations, that is, a decentralized base station plan to prevent service interruption, when circuit/power outage or equipment failure in any base station, its neighboring base station will be able to maintain its operation.

When disaster struck and caused communication interruption, we will, based on actual circumstances, provide small microwave dish, satellite or mobile base station to maintain the communication of the affected areas. In the unique geographical location with single exit/entrance such as Suhua Highway, we provide duplex base stations to cover service areas, so that a failed base station will be covered by its paired base station to maintain its normal communication. Such base station has functioned well to maintain uninterrupted communication in the two major accidents occurred in the past two years.

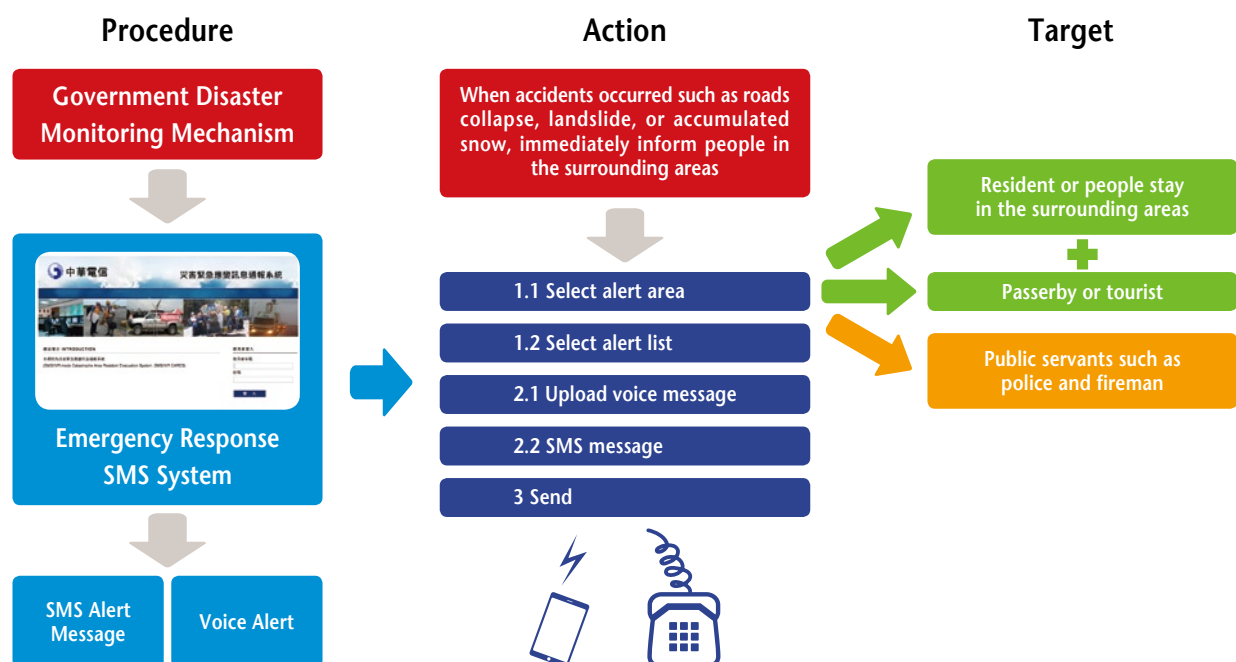
Upgrade of Disaster Reporting System

Sought to minimize the impact of disasters, Chunghwa Telecom's "Emergency Response SMS System" sent out more than 650,000 SMS alerts in 2013. Its role in disaster prevention and notification is outstanding.

Chunghwa Telecom has assisted Directorate General of Highways to send SMS alert to passer-by regarding the traffic information before and after road accidents such as roads collapse, landslide, accumulated snow and accidents in certain region, which has been acknowledged and appreciated by the government and public.

We have assisted Taiwan Power Company to plan landline voice alert service based on the users' location for the nearby areas of nuclear power plant. In case of nuclear power plant accidents, in addition to immediate SMS alert, landline users in the nearby areas will also receive voice alert. The government also plans hundreds of potential disaster areas for downstream reservoirs, landslide areas and flood-prone areas. Upon the occurrence of emergency condition, immediate SMS alert will be sent to warn the people in the surrounding areas to ensure that their life and property is protected.

Moreover, with its qualities of fast, inexpensive, uninterruptible power supply, not taking up public communication resources and island-wide coverage, "Low Frequency Wireless Time Signal Broadcast System" is especially good for emergency alert such as weather warning and landslide warning.



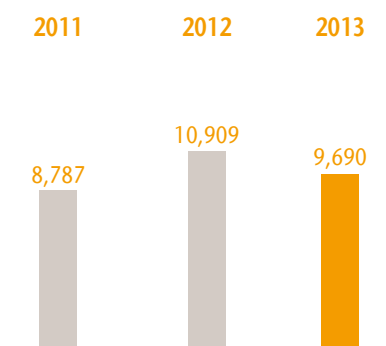


R Value Customers' Voice

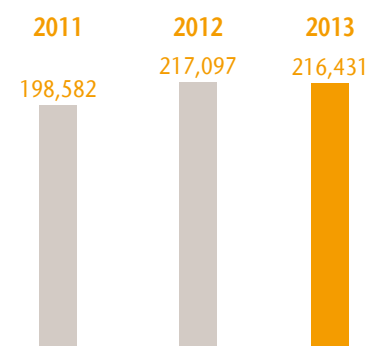
We strive to provide quality services, by utilizing "Learning Organization", we plan value network for comprehensive customer services and establish integrated customer service information system. In addition, we built mutual service concept through teamwork and encourage employees to have innovative mindset, to create better service quality and customer value.

With 3,900 customer service personnel island-wide, Chunghwa Telecom has 15 customer service centers responsible for network counters and call center services. To respond to customers' queries promptly and provide quality services, we have invested considerable resources on training courses in terms of business, career and communication skills, in hope to provide customers with best possible services.

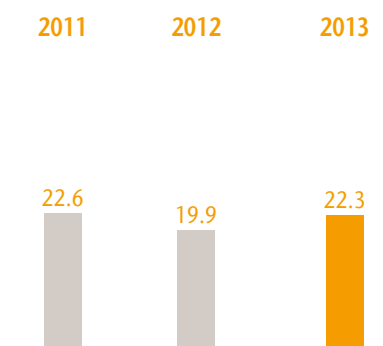
Total Personnel Participated in Training



Total Training Hours



Average Training Hours



Introduce Exquisite Service

By challenging itself and achieving excellence, Chunghwa Telecom strives to provide exquisite services with efficient and convenient qualities, thereby realizing its corporate vision of "most valuable and trusted ICT company". By creating a customer-oriented culture and acquiring expertise in the field of ICT, we are dedicated to providing heart-touching services with sincerity, genuineness, attentiveness, patience and caring.

- Professional technology service: Emphasis on new technology equipment to generate new demand from customers. We established a professional technical service team to provide instantaneous, customized, and competent service.
- SGS Qualicert: In stores, not only do we apply our SGS Qualicert international service qualification but we also seek Consultancy Company's advice and move towards exquisite services, have mystery customer to identify any weakness in our customer services. In addition, our services have been well received and recognized by the consumers and we have received first place in CommonWealth Magazine's 2013 Gold Medal Service Award in telecom carrier.
- Service standard at clerk counter: By introducing exquisite service guidance, we have designated internal consultant and coach to help service personnel to provide customers with dedicated and heart-warming service with professional touch.
- Touching service: To motivate service personnel to develop enthusiasm and expertise, thereby providing best services to exceed customers' expectation, we have established "Touching Service Arena" to record excellent services for others to share, learn and download.

Complaints Per 10,000 Consumers

	2011	2012	2013
Fixed Line (Cases)	0.97	0.81	0.61
Mobile (Cases)	2.53	1.95	1.55
Data (Cases)	1.27	1.27	0.88

Key Performance Indicator of Customer Hotline

KPI	2011	2012	2013
Personnel Response Rate in 20 Sec	77.9%	84.1%	78.4%
Service Satisfaction (Out of 5)	4.57	4.58	4.59
Achievement Rate in the First Call	79.0%	78.4%	77.9%

Comprehensive Consumer Complaint Management

Our target is to complete customer complaints within three business days. To ensure an open, result-driven complaint resolution process for customers, our service hotline processes passed ISO10002:2004 (Guidelines for Handling Customer Complaints), and we are the first domestic operator in the industry to pass such an international standard certification.

Besides customer service hotlines, customers can file their complaints through our website or PR hotline (02-2344-6789) authorized by our chairman. After cases are opened, they are passed to the customer complaints handling task force to be processed as urgent cases. Customers can enquire into case dates at any time via telephone and our customer complaints handling task force will inform customers of the latest updates on their cases.

To enhance customer satisfaction, we collaborate with relevant parties to establish effective detection of potential consumer complaints and related prevention measures as well as “poor mobile communication” and “monitoring fixed line broadband disability” mechanism. Due to the effective monitor of the mechanism, Chunghwa Telecom has topped other telecom carriers in the improvement of customer complaint in “Monitoring report for communication complaints” issued by NCC in 2013.

Retain Precious Photo Memories of a Customer's Late Father

One evening after 10 pm, Chunghwa Telecom's call center received a worrying call from Ms. Hsieh, who is retired from the financial industry. As Mrs. Hsieh was worried that her late father's photos saved in Wrench's (a Taiwanese community website) online photo album would be lost along with the closing of Wrench, her anxious voice revealed the love for her late father. “Those are the photos of my late father. I don't want to lose any photos, not a single photo”.

Lai Yu-Chen was providing second-line support service that night. Lai Yu-Chen immediately understood the seriousness of the problem after hearing Ms. Hsieh's story. She comforted Ms. Hsieh and walked her through necessary steps to retrieve the photos. During the process of providing services, Lai Yu-Chen could feel Ms. Hsieh's sadness and how much she missed her father. It reminded Lai Yu-Chen of her late grandmother who brought her up. Through the encounter was short, Lai Yu-Chen already regards Ms. Hsieh as her own family.

During the process of the operation, Lai Yu-Chen heard Ms. Hsieh coughing on the other end, which made her eager to help Ms. Hsieh. She thought, “ Ms. Hsieh must be really anxious to get those photos back;” that's why she is calling at this hour even though she is unwell”. After the backup setting was completed, Lai Yu-Chen could not help herself but remind Ms. Hsieh, “Not to worry, we have done all the settings. Let the system take care of the rest. All you need to do now is have a good rest and get well”. Ms. Hsieh was so touched by Lai Yu-Chen's effort, she said, “Your voice comforted me, I cannot thank you enough. Please let me buy you a good meal, if by any chance you visit Taipei”.



Alleviate Public Concerns in Electromagnetic Radiation

When establishing base stations at certain sites, Chunghwa Telecom evaluates regional population, crowd density, radio coverage, customer complaints and base station capacity in the nearby areas. In addition, local residents' consent is obtained through management committee or borough chief. Once a suitable site is found, we will submit the information of to-be-installed base station to NCC for approval and prospecting, and before the base station is officially activated, we will conduct emergency telephone testing as well as road testing to verify that devices function well and coverage is satisfactory. It should be noted that the radiation value of the electromagnetic radiation of our mobile telephone base station is much lower than the standard required by the government.



Furthermore, to reduce the number of base stations and reduce the visual impact of the public, NCC officially approved "The revised administrative rules for the establishment of mobile communication network base station" in 2013 to include protection facilities of base station into affiliated telecom facilities of telecomm to legalize the landscaping of base station facilities. While in the same year, "Encourage the release of public building or land to establish base station, which is included in the annual evaluation and will be published every year" approved by the legislative Yuan will facilitate communication quality and lower the number of base station established in residential areas.

In 2012, we and other trades entrust telecommunication association to set up a fan page on Facebook, we also host online events to propagandize the right notion of electromagnetic radiation from base station. In 2013, Chunghwa Telecom cooperated with Taiwan Telecommunication Industry Development Association to hold media conferences concerning "Get to know electromagnetic radiation used for mobile communication" in Taitung, Hualien, Taichung and Kaohsiung and invited three professors take turn to explain the principles of electromagnetic radiation. In addition, by cooperating with NCC's Office of Commissioner in central district to hold 2 workshops on electromagnetic radiation used for mobile communication in Nantou district office and Caotun town hall, we also penetrate into suburban areas to introduce accurate information and avoid unnecessary public fear.

For network system and business operation, we also provide complaint hotlines to answer the public's queries about electromagnetic radiation as well as free testing service. In 2013, we received and completed 221 cases of free testing for electromagnetic radiation.

Fraud Prevention

We created the 165 reporting line in 2007 to assist the government. As of 2013, it is operated by 8 customer service personnel on monthly basis to assist police bureaus in undertaking priority cases during peak hours. The FDOS, operated by 3 customer service personnel, was also created to provide suspicious fraud-like phone calls information to the police, which is to assist police units with the instant termination of fraudulent calls.




Internet Safety for Youth Population

Chunghwa Telecom seeks to expand business on the basis that safety and health is placed at first priority, in this regard, we pay special attention on the potential issues arouse from use of internet by growing children. In the environment that information is easily accessible, it is extremely important to provide a safe internet environment for young population. In response to this need, we introduced Internet Porno Gatekeeper and Online Time Management to allow parents to manage information accessed by children through modern technology, and protect our children from harmful effect of internet.

In April 2013, we participated in New Taipei City's Children Safety Experiences to promote internet safety for children, and to introduce the great importance of children safety on internet using through network safety survey and games, to establish a safe and healthy environment for our next generation to grow.

Digital & You - Reduce Negative Impacts

Customers can use our services without worries only by eliminating the potential negative impact of telecommunications services. We also provide the following services:

 Junk Mail	By using a HiNet mailbox, customers can enjoy free webmail service. Through a simple setup, users can decide whether questionable e-mail will be automatically deleted in the future.
 Adult Content	Adult Content: Provides K12 mailbox forced isolation, HiNet Adult content gatekeeper, and mobile internet adult content security guard keep children and teenager far away from harmful websites.
 Usage Time Control	Usage Time Control: "HiNet Online Time Management Service" and mobile phone "3G Talk without Worry" programs, give parents effective control on mobile phone and online status.

T Ensure Customer Satisfaction

To ensure that consumers' need is satisfied and service quality is enhanced, we conduct customer satisfaction survey for Chunghwa Telecom service center, customer service hotline and installation & repair service every year to ensure that we provide the best possible service and continuous improvement on our services. In addition to regular consumer satisfaction survey conducted by market research company, we also accept NCC's service quality survey on telecom carriers on the regular basis. The results show that our performance is significantly better than the standard requested by NCC.

Item	Target	Performance
Landline Connection Rate	≥ 95.6%	99.88%
Interruption Rate of Mobile Phone Communication	≤ 3%	2G 0.780% 3G 0.372%
Packet loss % in Data Transmission	≤ 3%	0.004%

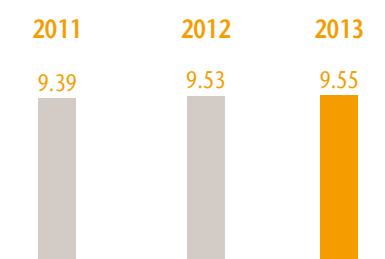
Satisfaction Survey of "Corporate Consumer" and "Average Consumer"

To understand the satisfaction of Chunghwa Telecom's services and the recognition of our corporate image, brand value and service quality, we designate external market survey company to conduct consumer satisfaction survey on "average consumer", "SME (small to medium sized enterprise) consumer and "large corporation consumer", thereby identifying the issues and expectations of most concern to consumers and as the target of our future endeavors.

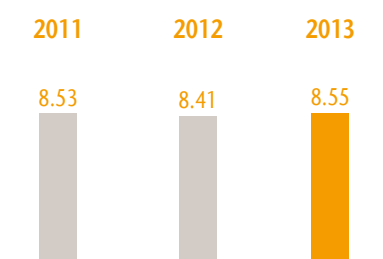
We deliver the consumers' opinions and suggestions to product and business personnel including risk management and public relations department through consumer opinion reporting system. Moreover, regular review meetings are convened by product management and customer service team in order to meet consumers' expectations. In 2013, our satisfaction survey performance was improved from 2012, indicating that our effort has been recognized.

Customer Satisfaction Survey (10 point scale)

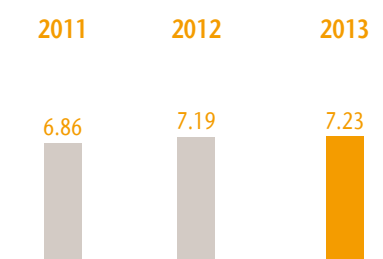
Large Enterprises



Small and Medium Enterprises



Average Consumer



Customer Service Satisfaction of Call Center

There are three sources from which we survey customer satisfaction for service hotlines: 1) manual out dialing from our call centers; 2) automated surveys by the CTI system; 3) entrust Chunghwa University to mail out questionnaires once a year. The first and second methods are integrated as one KPI requirements with satisfaction calculated on a 5 point scale, result of 4.59 in 2012. The third method has individual KPI requirement calculated on a 10 point scale, result for 2013 was 7.2.

Source 1	Manual out dialing from our call centers in 3~7 days.
Source 2	Automated surveys by the CTI system in 30 minutes.
Source 3	Entrust Chunghwa University to mail out questionnaires once a year.



Employee Care



870

specialty-training
projects



Per capital
training hours

58



Total training expense

NT\$ **750** million



Spending on employee
health care

NT\$ **83** million



S Respect for Employee

Chunghwa Telecom regards employees as the most valuable assets and partners,. In addition to providing equal opportunity to job seekers and every employees, we are dedicated to construct comprehensive mechanism to ensure that employee rights is not violated, at the same time, establishing healthy working environment where employees are able to bring initiative and creativity into full play.

Committed to "Let our employees feel at ease", we respect every employee and treat them in an equal manner., in this way, employees will be indifferent of their gender, age, ethnic groups and religions. In a proactive manner, we care about our employees' needs, health, safety, freedom of association rights and right to providing feedback, we also continuous to strengthen the communication and conversation mechanism with our employees.

A Competitive Compensation System

In terms of recruitment, entry-level employees of the same category enjoy the same level of compensation, and experienced employees are compensated based on their education, expertise and certification. All employees are treated equally, regardless of their gender and ethnic group.

To provide competitive remuneration to potential employees, we have formed "Remuneration Committee" and distribution measures for remuneration of top management, to carry out remuneration institutionalization and disclose the same in annual report.

CHT Standard Base Salary: Taiwan Base Salary	1.79 : 1
Top Remuneration: Medium Remuneration	5.6 : 1

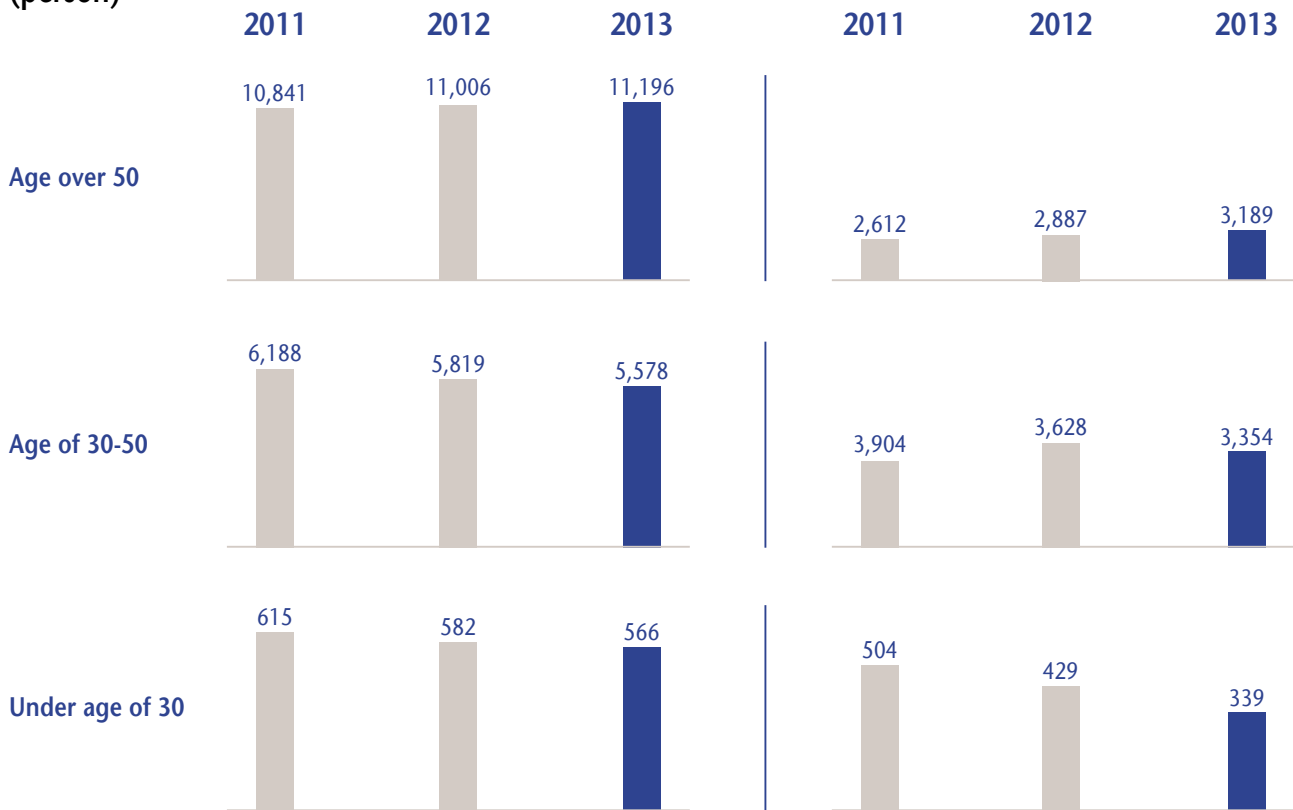
Gender Equality and Diversity

To implement the protection of human rights and "General Equality in Employment Act", Chunghwa Telecom has incorporated strict recruitment systems, measures and activities. In addition, Chunghwa Telecom has stipulated various anti-sexual harassment measures to implement sexual harassment prevention and mechanism. To handle employees victimized by misconduct, Chunghwa Telecom has established "Complaint Committee" that consist of 5 members, with 3 female members (more than half) and effective mechanism, no discriminative manners reported in 2013.

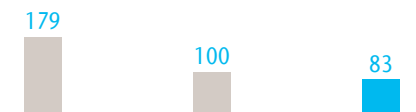
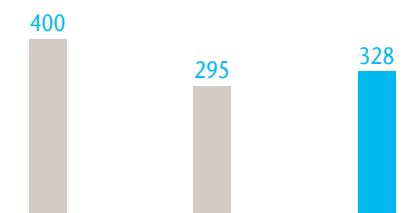
According to Article 38 of the People with Disabilities Rights Protection Act, Chunghwa Telecom should employ 230 persons with disabilities. In fact 792 such employees were actually hired, 3.44 times higher than the legal requirement. In 2013, we employed 49 aboriginals, and properly respect their unique cultural traditions.

Chunghwa Telecom Human Resource Structure

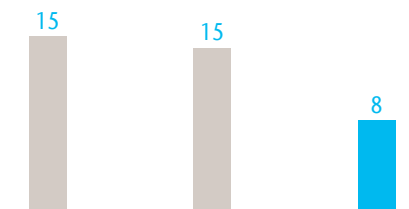
Total Employees
(person)



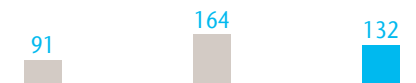
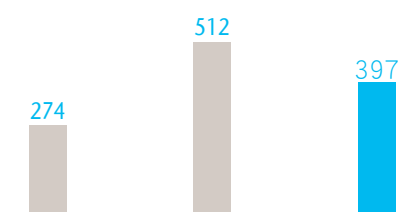
New recruits
number











Turnover number
of new recruits






Total turnover
number



Proportion of Male and Female Executives

	Basic-level		Executives		Intermediate Executives		Senior Executives	
								
2013	15,051	6,464	2,216	410	34	2	39	6
2012	15,123	6,517	2,211	420	32	3	41	4
2011	15,347	6,580	2,225	432	29	4	43	4

	Specialist	Disabled Employees	Aboriginal Employees
			
2013	3,903	792	49
2012	3,837	758	49
2011	3,332	757	51

* Specialist is outsourcing human resource.

The total number of Chunghwa Telecom employees is 24,222 which consists of 17,340 male and 6,882 female (28.41%), in the mean time, the proportion of female chief is 24.71%. For customer service and marketing purpose, we have outsourcing 3,903 specialists.





Institutionalize Employee Rights

As the only telecom carrier in Taiwan with a labor union and to have signed a Collective Agreement with a labor union, Chunghwa Telecom has complied with domestic regulations and the requirements of the international human rights convention, which demonstrated its determination in protection employee rights. In 2013, 99.8% of the employees were unionized, while a labor director seat was added to corporate board of directors to voice on behalf of all employees.

Since the implementation of "Amendment of Union Law" in 2011 to include the expansion of exercising the rights of labor solidarity and specify the type and organization of labor union, in addition to Chunghwa Telecom's labor union, additional approved corporate labor unions include North district branch, South district branch, Mobile district, Kaohsiung branch office and Affiliated company. The major issues discussed by the labor union in 2013 stressed overtime and night shifts. We have proposed improvement measures on the latter issue. Please see p69 of Humane Management paragraph.

The Protection of Employee Rights

For the protection of employee rights, we strictly follow legal regulation and all employees enter into a formal labor contract with the Chunghwa Telecom. 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. We also hold explanation session and labor-management conference to maintain a harmony company operation.

With introduction of Golden Handshake along with certain employees' personal career planning, a total number of 529 employees were retired in 2013 and a retire rate of 2.18%, the manpower structure remain stable. However, to enhance the establishment of broadband network, strengthen ICT technology and the promotion of cloud, value-added and channel business, we continue to educate new talents and recruited 411 employees in 2013.

Smooth Communication Channel

In order to listen to the voices of employees, we constructed variable employee communication channels to ensure that employee needs and suggestions are delivered. In addition, any violations or illegal conducts can be reported to the company through hotline, fax and email. The admissible cases are investigated through relevant regulations and procedures, and the violation cases will be penalized accordingly to ensure that employees acting in accordance with company policy, respect company principle, maintain company image and ensure that shareholders rights are protected. In 2013, no human right violation cases were reported.

Labor-Management Meeting is convened on the regular basis, 9 representatives from both sides are participated in the meeting and each take turn to chair the meeting. The Chunghwa Telecom Chairman and President hold regular meetings and telephone conversations with the Union to maintain proper labor-employer communication channels. The Director General of Chunghwa Telecom labor union is invited to the meeting, participates in the evaluation meeting and business report to ensure that employees understand company operation.

There were a total of six Labor-Management Meetings and 1 provisional meeting held in 2013 and several mutual understanding has been reached. Furthermore, there were four labor related consultative conference held to discuss issues including principles of employees' special leave.

M Training and Development

Chunghwa Telecom promotes “Incubating of innovative talents from internal + External environments” with business philosophy of “Emphasizing Professions, Focusing on Expertise, Enhancing Efficiency, Touching Service”. In response to the changing times, Chunghwa engages in emerging social networks, provides innovative products and services on the continuous basis to show positive momentum to lead the industry into tomorrow land.

To help the career development of our employees, we have established variable job training systems to enhance work efficiency and utilization of human resources. We offer diversified internal training courses for employees with different positions and business natures. In addition, each institution has its own talent training team to promote the planning and execution of talents and the planning and development of employees.

Telecommunication Training Institute of Chunghwa Telecom

Talent is the required asset to facilitate a company to develop. Chunghwa Telecom established Telecommunication Training Institute to incubate telecom technology and management talents, thereby combine training programs and business development to ensure the company development meet consumers’ needs and establish core competency and competitive advantage for Chunghwa Telecom.

To combine training result and business policy to meet the target of “integration of training and practice”, we have established “Chunghwa Telecom training development management team” with the president as the convener. The meeting is held twice a year to plan training program and evaluate training results.

To strengthen company’s competitiveness, we continue to establish a competence oriented employee training system that includes 19 information categories with approximately 870 sub- functional projects. We have built a Training Information System (TIS) in 2012 for our employees and finished training sessions plan in 2013.

Diversified Learning Channels

Each institution has its training team to promote the planning and execution of talent training while also responsible for the planning and training of employee development, and through planning, execution and evaluation to implement employee training to improve employee expertise and improve services and overall performance.

Furthermore, to enhance employees’ expertise and career development, Telecommunication Training Institute offers diversified learning opportunities from which employees are able to sharpen their expertise or sophisticate management function in accordance with job requirement and personal interests. Not only does the Institute offer day, evening, holiday, remote and internet training programs, it sends instructors to offices upon request, not to mention employees can utilize library resources or take programs externally.



With comprehensive training mechanism, Chunghwa Telecom conducts “pre-training analysis” and “detailed planning” and post training performance evaluation for its employees, in hope, with the mechanism, to help its employees to grow and acquire expertise and skills systematically.

In addition to job training, there are training courses such as core network technology, transmission network technology, mobile communication technology, value-added service, information technology, business management, operational management and human resource management in 2013; in addition, we have “top management preparation workshop” to nurture the management, innovative management and leadership capabilities of the future top management talents.

On top of general training programs, in order to enhance training quality, we have professional certification program that include internal and external certification; internal certification is developed by Telecommunication Training Institute and external certification refers to certification obtained from external institutions with the assistance of the Institute.



New Employee Training

To facilitate new employees in understanding the vision, value and corporate culture of the Company while accelerating the adoption of workplace environment, we have scheduled a three-day training program in which mainly focus on company introduction, telecom industry regulation, laws and regulations, employee code of conduct and departmental job training, by way of guided training, lecture, self-training, audio visual training and role play to help employees to get to know the company.

Fair Assessment Mechanism

To ensure the training results, all employees are assessed based on their nature of work and categorized into entry-level staff, middle management and top executives. The assessment is conducted through interviews with his/her supervisor based on personal goal determined at the beginning of the year and achievement at the year-end as well as daily performance and mid-term follow up. Meanwhile, the supervisor also discusses career planning and provides suggestions for future training.

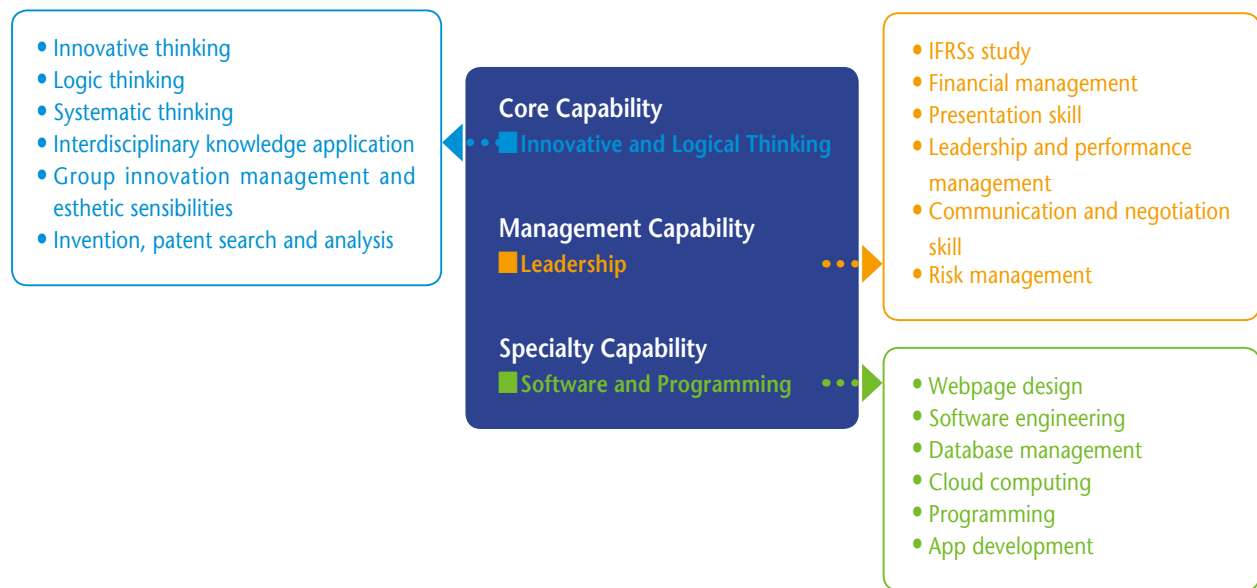
To evaluate employee performance and establish mutual benefit of employee, customers, shareholder and the company, Chunghwa Telecom has stipulated Staff Performance Evaluation System.

Security Guards Training

For our security guards, we provide training program covering fire prevention, reporting, personnel and vehicle access control, confidentiality of information and normal every events on the annual basis. 12 sessions and total 24 hours of the program were held in 2013, and 620 guards participated in the programs.

Provide Training Course for Enterprise Client

Our Telecommunication Training Institute also provides enterprise client different kinds of training course, such as:





A Occupational Health and Safety

Provide a healthy and safe work environment is Chunghwa Telecom's commitment. We are the first telecom service provider introduced OHSAS 18000 (occupational safety and health management system). The management of employee safety and health is implemented with both a "standardized" and "systemized" approach to improve our operational quality and safety level. In addition to telecom job hazard identification and risk evaluation, we adopt restriction measures such as work permit to strengthen risk control to prevent the occurrence of any occupational hazards.

We promise to offer appropriate resources based on organizational risk and continue to improve safety and health facilities. In this way we prevent injuries and unhealthy practices in accordance with relevant law and regulations. To persist the enforcement, we:

- 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.
- Implement Hazard Identification and Enforce Risk Control. Identify and evaluate all unsafe and unhealthy practices to enforce control high-risk operations effectively.
- Strengthen both mental and physical health services. Increase the quality of health inspections; host promotion events to improve health care and willingness for employees.
- Encourage participation through open communications and available consultation; adopt ICT technologies to upgrade performance.
- 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.
- 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.

Establish Dedicated Management Unit

We have a dedicated "Labor safety and health unit" responsible for planning and implementation of labor safety and health matters, meanwhile, "Labor safety and health committee" is established and meets quarterly to review, coordinate and make suggestions on the issues of labor safety and health. In 2013, 4 meetings were convened to discuss 25 cases of labor health and safety issues concerning safety and hygiene management of staff restaurant and design or maintenance of traffic flow, content and budget distribution of employee health care and staff shifts scheduling, all issues have been resolved after discussion.

"Labor safety and health committee" consists of 27 members, including representatives from each business units and labor union as well as labor safety and health personnel, technician and medical personnel, etc. Among which, 10 members are from labor union, accounted for 37% of all members. Despite the increase in operations across all our services, safety and health in the company is still notable, in 2013, the occupational injuries rate per thousand people was far lower than the industry average.

OHSAS18001 Certification

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 2013, 27 of 28 branches had received certification under the Occupational Health and Safety Assessment Series 18001, with both a "standardized" and "systemized" approach to improve our operational quality and safety level.

Safety and Health Mechanism

To ensure that employees receive immediate medical help when needed, we designated 5 full time nurses and 4 resident doctors to meet employees' medical needs, and established "health service center" at Xinyi, Aiguo and Guoguang Park to provide the following health and safety services, including:

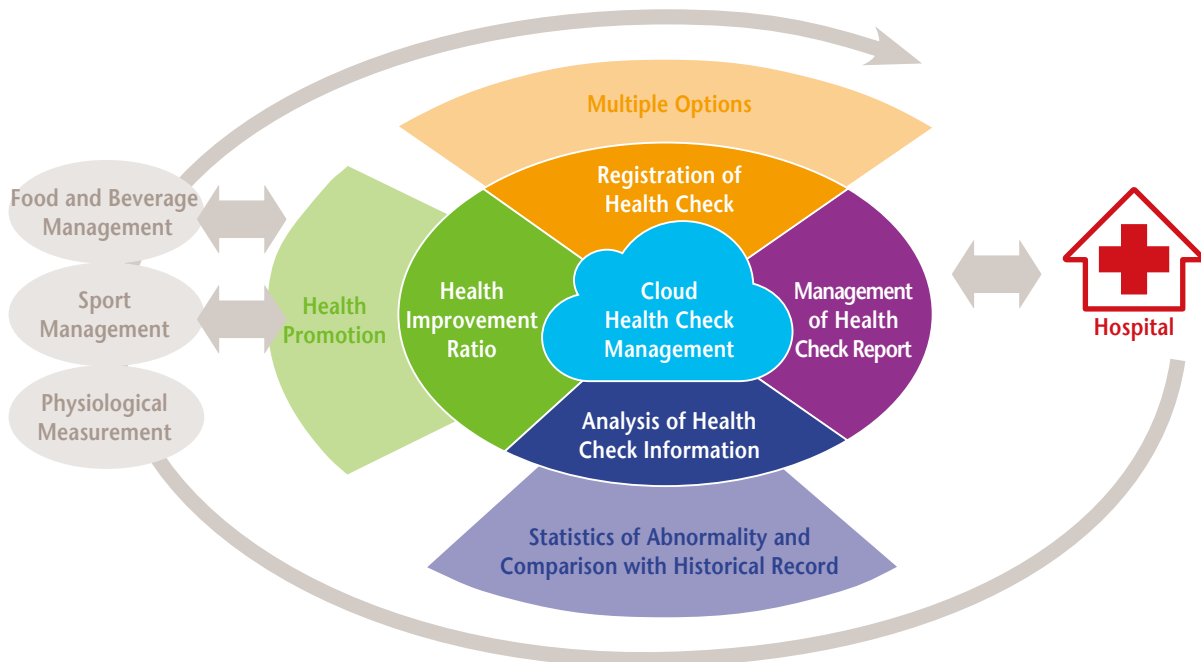
- Health education, health promotion and hygiene guidance
- Prevention of occupational injuries and general injury, health consultation and first aid and emergency treatment
- Vaccination and health
- Assist in the selection of proper job function
- Analysis of physical and health check record, evaluation, management and maintenance and health management
- Research report of occupational health and maintenance of injury and disease record
- Assist health personnel to implement prevention of occupational disease and improvement of work environment

To show solicitude for employees working night shift, we provide overtime pay for non-rotating personnel attending night shift, and giving additional rest. In addition, for personnel working elevated operation, we established "i-med" system at institutional customer network center to provide daily blood pressure monitoring and management for elevated operational employees.

Development of Occupational Health Management Products

To help corporations to comply with relevant provisions of occupational health management and dispatch that required by Occupational Safety and Health Act and prevent fatigue and reduce occupational injuries, Chunghwa Telecom provides cloud health management service by developing wearable health management device, mobile APP and cloud health care data base, to help corporations to establish healthy working environment, benefit employees and improve corporation image.

Chunghwa Telecom "i-health" Occupational Health Management System Functions











Lower Occupational Injury

Based on categorized occupational injury occurred in the past, we conducted detailed statistical analysis focusing on prevention of falling accidents, and resolved to improve construction method to eliminate the occurrence of falling accidents, relevant measures including:









- Prohibitions of working on sites such as roof constructed by asbestos board, metal board, tiles, wood, thatch and plastic.
- New cable construction route is prohibited to cross over sites such as roof constructed by asbestos board, metal board, tiles, wood, thatch and plastic.
- Improve the cables of the established scaffolding (such as roof constructed by plastic board, asbestos board and tiles), total of 10,655 cases were reported in 2013.
- Lower the height of the existing distribution junction box (DJ box) to 2.2M, total of 13,620 poles lowered in 2013.

We never stop reviewing the identification and risk of telecom operation hazard and integrating with our ICT technology. Before the engagement of high risk operation, it is required to send the photo (taken by 3G phone) of on-site facilities and personal protection equipment worn to a designated system for a remote real-time monitoring, so as to enhance the control of high risk operation. In terms of employee health and safety knowledge and skills, we conducted a variety occupational safety and health training in 2013, with total of 283 courses and 14,905 people participated.

	2011	2012	2013
Injury rate (IR) IR = Total number of injuries * 200,000/ Number of hours worked by all employees			
	0.13	0.07	0.07
	0.06	0.03	0.07
Total	0.18	0.11	0.14
Lost day rate (LDR) LDR = Total loss of work days * 200,000/ Total work hours			
	28.73	2.72	1.94
	0.81	0.74	2.19
Total	29.54	3.46	4.12
Absentee rate (AR) AR = Total number of missed (absentee) days/ Total number of workforce days			
	0.20%	0.26%	0.20%
	0.40%	0.38%	0.41%
Total	0.26%	0.29%	0.26%

* There is no occupational diseases or work-related fatalities in these years.

2013 Occupational Hazard Statistics

Numbers of Disabilities		
Chunghwa Telecom	 16	 18
Countrywide	11,318	
Frequency of Disabling		
Chunghwa Telecom	 0.33	 0.37
Countrywide	1.66	
Severity of Disabling Injuries		
Chunghwa Telecom	 10	 11
Countrywide	118	
Occupational Injuries Rate per 1,000 Workers		
Chunghwa Telecom	 0.66	 0.74
Countrywide	3.72	

R Talent Attraction and Retention

The support and incubation of innovative and creative talents allows Chunghwa Telecom to be on top of industry trends and respond with strategies and actions, while materializing the product, service and innovative research into “revenue and brand image”.

As we understand that the accumulation of talents and technology allows us to develop convenient and practical services from consumers’ perspective and transform complication into simplicity, that is, allowing consumers to “point and done”, in hope to meet “Simple for consumers, Complicate stays at Chunghwa Telecom”.

In 2013, the total training hours of Chunghwa Telecom’s employees reached 1.41 million hours, and training expense reached NT\$ 747.83 million. In the meantime, to encourage our employees to engage in lifelong learning, we provide training grant up to NT\$ 30,000 per semester. In 2013, 845 employees applied for training grant and a contribution of NT\$ 13.7 million for the employees’ training programs.

Investment in Education and Training

	2011	2012	2013
Total Training Expense (NT\$ million)	733	752	748
Per Capital Training (NT\$)	29,730	30,888	30,877
Total Training Hours (hours)	1,613,248	1,855,255	1,413,923
Per Capital Training Hours (hours)	65	76	58

Training Grant

2011		2012		2013	
Benefited (person)	Amount (NT\$)	Benefited (person)	Amount (NT\$)	Benefited (person)	Amount (NT\$)
1,121	17,540,132	1,028	16,131,496	845	13,701,175

Academic Talent Training

Chunghwa Telecom has cooperated with universities to foster telecom technology talents. Starting from 2008, we have initiated the “Advanced Telecommunications Network Technologies” program with the National Taiwan University, the topic of the training program held in 2013 concerns “management of network application service” and “special research”. The special research also covers the company’s future development, which sets solid foundation for the telecom networking theory.

To strengthen the integration of training program and business, we scheduled “ICT technology training program” which consist of “network planning”, “IOT” and “cloud computation and application”, and adopts output-oriented learning method. With each session 10 weeks and each class 30 employees, there were 18 special research projects published in 2013.

We provide Summer Internship Program for 13 students from National Tsing Hua University, National Chiao Tung University, and National Central University. Other than giving wages, we also provide comprehensive training program to allow students to combine academic and practice and achieve excellence along with Chunghwa Telecom.

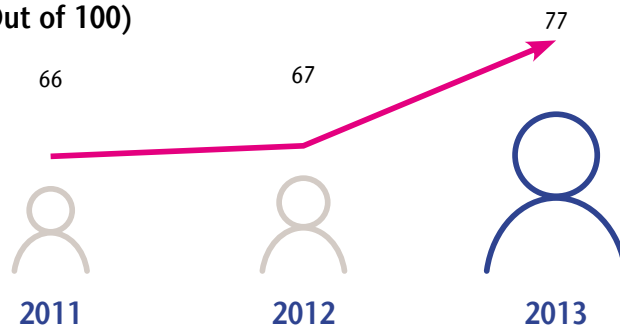
In order to open up overseas market, we also developed “International corporate staff training program” to enhance the training of international management talents. In the meantime, we have “Chunghwa Telecom Southeast Asia Scholarship” available for Southeast Asian and foreign students studying at National Chiao Tung University, the awarded student has the opportunity to participate in our research project or work part-time at our branch offices. In 2013, Chunghwa Telecom was awarded by National Conscription Agency, Ministry of the Interior as Development of merit employer of substitute service.

Employee Satisfaction Survey

Starting from 2011, we conducted “Chunghwa Telecom job happiness survey” through anonymous online questionnaire every year, to listen to employees voice in terms of workplace environment, welfare and remuneration, and understand employees’ expectations for a better labor-employee communication.

In 2013, we designated an external third party to conduct the investigation and the overall satisfaction was up to 77. We respond to issues raised by employees through actual response, communication and introduction of educational training to enhance employees’ happiness. To encourage employees to speak out, we are planning a lucky draw activity along with “job happiness survey” in 2014.

Employee Satisfaction (Out of 100)



Improve the Recognition of Employees’ Families

 Healthy Workplace	<p>Invite employees and family members to participate in regular workplace activity, there were 5 road running, 105 hiking, 86 ball activities and 171 other activities (such as employee year-end dinner and travel, etc.) in a year, total of 47,371 family members participated in the activities.</p>
 Chunghwa Telecom Hostels	<p>29 Chunghwa Telecom hostels island-wide are available for employees ‘business and family travel accommodation. The average accommodation rate during holiday is 70%.</p>
 Preferential Schemes for Health Examination of the Family Dependents	<p>Preferential schemes for health examination of the family dependents are available. In 2013, Chunghwa Telecom has provided health protection for 2,935 family members of the employees.</p>
 Joint Wedding	<p>Chunghwa Telecom has held 3 joint weddings and a total of more than 230 couples have received blessing through this meaningful activity since 2010. By attending the joint wedding, employees and their family members gained recognition toward the company and enjoyed the cheerfulness.</p>
 Annual Outstanding Employee Award Ceremony	<p>Award annual outstanding employees at the company’s anniversary activity and invite family members to participate in the activity.</p>

T Establishing Happy Corporation








A corporation needs happy employees to deliver touching services to consumers. We encourage happy family concept thereby creating new high in life, we believe that comprehensive employee protection is the support and strengthen for a company to grow. To enhance employee well-being and share business results with our employees, we have Employee Stock Ownership Trust available.

Comprehensive Employee Welfare

With "sustainable operation" as target, Chunghwa Telecom has developed a series of training and career development measures to retain talents. Our commitment to employees is "no layoffs and no pay cut" to reduce employees' insecurity and allow employees to be dedicated to their work performance.

In addition to existing welfare, Chunghwa Telecom has established other welfare measures including Employee Stock Ownership Trust compensation, unpaid leave with parental subsidy, corporatization special bonus, employee cash and stock bonus.

In respect of employee care, in addition to employee leave, retirement, health care, menstrual Leave, parental leave, unpaid leave with parental subsidy, child care measures, child birth subsidy, breast feeding devices, we also offer dependent education subsidy, employee travel allowance, funeral subsidy and group insurance.

	Activities and Sessions	Participant/ Benefited	Contribution/ Supplement \$
 Child Birth Subsidy (Company)	Company continue to provide subsidy to full term after 6 months unpaid leave is matured (up to 1.5 years)	50	NT\$ 6,308 thousand
 Sports Activity	Regional activities including 5 road running, 105 hiking, 86 ball activities and 171 other activities (such as employee year-end dinner and travel, etc.)	47,371	NT\$ 12,330 thousand
 Stock Ownership Trust	Improve employee welfare, enhance employee coherence, share company's achievement and establish employee stock ownership committee, so that employees' life quality is guaranteed after retirement or resignation	20,563	NT\$ 2,000 / person per month on average
 Dependent Education Subsidy	Twice a year (2 semesters)	25,902	NT\$ 169,430 thousand / semester on average
 Wedding Subsidy	Wedding subsidy is available for employees got married lawfully	288	NT\$ 720 thousand
 Childbirth Subsidy	Childbirth subsidy is available for childbirth of employees or employees' spouse	445	NT\$ 1,113 thousand
 Funeral Subsidy	Funeral subsidy is available for the death of employees' parents, adopted parents, step parents, spouse and children	866	NT\$ 4,330 thousand



Employee Health Care

Chunghwa Telecom considers employees health as company's fortune, providing a safe and healthy workplace is the basic requirement of corporate social responsibility. In 2013, our spending on employee health care is NT\$ 83,464,034, accounted for 0.04% of the company's revenue. Our contribution in relation to employee health including:

Health Examination of Employees and Dependents	Provide a health care scheme more favorable than those provided in the Act, a free health examination is available for all employees; the health examination fee for 2013 is NT\$ 3,500 per employee, and a preferential scheme is provided to employees' dependents.
Employee Assistance Program, EAP	As one of the large corporation to introduce EAP (Employee Assistance Program), Chunghwa Telecom has started to promote since 2007. EAP offers up to 3 external consulting service in a year, such as attorneys, family physicians, financial advisors and psychological counselors, to assist employees to resolve the issues of law, medical, parenting, occupational relationship and psychological. Chunghwa Telecom initiated "Case manager consulting service" and established "EAP E-Service platform" in 2013 to help employees' to improve physical and mental health, a total of 319 employees utilized the consulting service in 2013.
Employee Health Promotion	We have organized 258 health seminars in 2013 with a total of 20,520 employees participated; 16 sports competitions with 756 employees participated. 94 intellectual trips with 10,384 employees participated. 16 sessions of health examination with 5,035 employees participated and 204 large and community activities with 19,983 employees participated.
Balancing Work Life	With 29 hostels established in 2013, Chunghwa Telecom provides travel accommodation and annual travel subsidy of NT\$ 8,000 to encourage employees to balance their work life.
Flexible Working Hours	Chunghwa Telecom provides 2 sessions of flexible working hours in the morning and afternoon: 8:00~9:00 and 17:00~18:00. In addition, variable sites available for employees to enjoy community activities including Yoga, ballroom dance, badminton, table tennis, basketball, tennis and swimming.

Develop Paid Volunteer

Chunghwa Telecom never stops to encourage its employees to contribute to the society. Since 1985, Chunghwa Telecom and its branch offices have initiated social responsibility programs such as "New Hope Project", "Love and Dedication Group", "Changhua coal team", "Computer program in Shanlin Tzu Chi Love Creat Community, Kaohsiung city" to help those who need help.



Chunghwa Telecom supports the initiatives proposed by its employees. In November 2007, Chunghwa Telecom completed the first corporate volunteer guideline and corporate volunteer plan based on The Volunteer Service Act.

In addition to providing paid volunteer leave and volunteer basic training course (including special training), Chunghwa Telecom also assists its employees to obtain Volunteer Handbook from Ministry of Interior to ensure that the rights of those who accept service is protected, so as to encourage its employees to take the initiative to propose and participate in the social activities. In 2013, a total of 49 trained corporate volunteers increased.

Balancing Work and Family

In 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 2013, a total of 163 persons applied for childcare leave, while 97 persons applied for unpaid childcare leave, and 83 persons applied for childcare benefits with total about NT\$ 6 million subsidies.

Unpaid Parental Leave (UPL) for Raising Children

Item			Total
The Number of Qualified for UPL for Raising Children in 2013 (A)*	1,005	510	1,515
The Number of Person Actual Applied UPL in 2013 (B) *	11	55	66
Application Rate for UPL in 2013 (B/A)	1.1%	10.8%	-
The Number of Reinstatement-to-be in 2013 (C) *	11	39	50
The Number of Application for Reinstatement in 2013 (D)	10	34	44
Reinstatement Tare in 2013 (D/C))	90.9%	87.2%	-
The Number of Reinstatement in 2012 (E)	5	30	35
The Number of Retention Over 1 Year After Reinstatement in 2012 (F)	5	27	32
The Retention Rate in 2012 (F/E)	100.0%	90.0%	-

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. The current pension reserve is NT\$ 19.7 billion, which values 4.67 times of the pension fund payable.

For retiree care, Chunghwa Telecom organized the first session of "Retirement counseling program" in 2013 and invited 55 employees to participate in the program. In 2013, a total of NT\$ 4.5 million was contributed to "Chunghwa Telecom Retirees' Networking" and an additional of NT\$ 1.5 million for travel activities to enhance retirees' care. In addition, whereas an abundance of information is available on Chunghwa Telecom Retirees' Networking, the retirees are encouraged to regard it as lifelong learning channel.



Green Enterprise



Green procurement

NT\$ **2** billion



HCMC certified

**Green
Environmental
Hostel**



Received Taiwan

**Green Classic
Award**

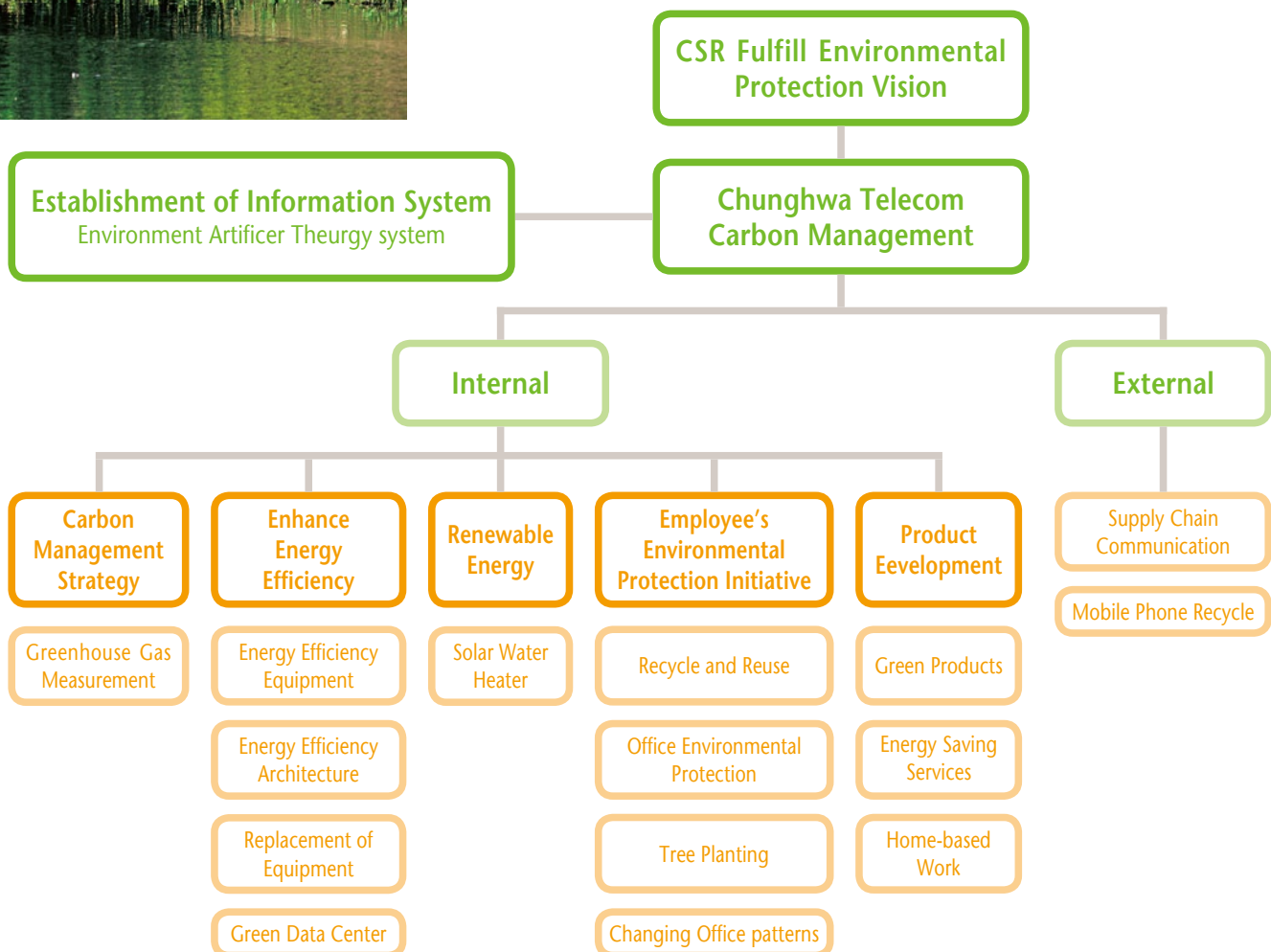


S Green Enterprise

As a leading telecom carrier in Taiwan and the "Big neighbor" of the society, Chunghwa Telecom aims growth and sustainable development while incorporating environmental issues into business operation and management. As a devoting member of the society, we strive to offer environmental friendly and energy efficient product and service, in hope to make positive contribution on energy and climate change issues, thereby leading the development of the next generation low carbon industry.

Floods, storms, earthquakes and droughts caused by climate change have endangered people's wellbeing and sustainable business operation. Chunghwa Telecom is committed to alleviating global climate change issues, providing low carbon services by lowering environmental footprint of its operations and helping society and industry to achieve energy conservation and carbon reduction. Furthermore, facilitating the greenness of ICT industry (Green of ICT) and greenness of the society overall through ICT (Green by ICT) is regarded as an important strategy when implementing environmental sustainability initiative.

Chunghwa Telecom's Carbon Strategy

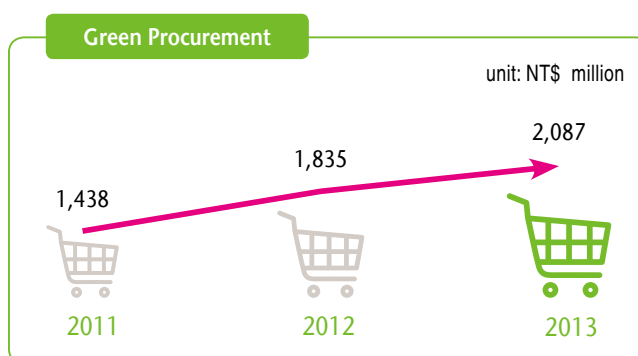


Green Initiative in Full Swing

As an ICT service provider instead of a manufacturer, Chunghwa Telecom stresses how its product and service affect the environment, while developing and offering environmental friendly products and services. Its effort has won a number of environmental certification and awards for its products and services.

- "Environment Artificer Theurgy (EARTH)" won 3rd Taiwan Green Classics Award.
- "iEN Intelligent Energy Network Service" received best company award in 1st Energy Service Company (ESCO).
- Chunghwa Telecom hostels received Eco-Hotel certification and Green Life Achievements certification.
- Chunghwa Telecom's "LED light bulb" received BSMI certification from Bureau of Standards, Metrology & Inspection.

Chunghwa Telecom was among the 9 institutions and 1 green shop received award from Environmental Protection Administration for "Green procurement and green shop promoting green consumption" in 2013. In addition, Chunghwa Telecom also participated in "The green procurement of the Enterprise and public" that initiated by Taipei City. Of the six institutions received awards, Chunghwa Telecom's north district branch received first place in "Excellent Green Procurement Company".



A Green building is academically part of the earth sustainable development policy, which is mean to build with fewer resources and simply put, generate minimum amount of waste with minimum resources. The "Green Building Promotion Program" promulgated by Executive Yuan defines seven environmental assessment indexes regarding buildings, which includes greenness, water conservation, energy saving, the reduction of CO₂ emission, the reduction of waste disposal, indoor environment, water resources, and improvement of sewage and garbage disposal. Therefore, here we declare that with a fifty million or above construction budget, we will apply for environmentally-friendly and energy-saving green building labels for new buildings and datacenters.

Implement Environmental Education

To promote environmental education and achieve environmental sustainable development, Chunghwa Telecom has been offering environmental education program at Telecommunication Training Institute to facilitate employees' understanding of interdependence between individual and society & environment, while improving employees' environmental ethics and responsibility, thereby maintain the balance of ecological environment, respect life, improve social justice, nurture environmental citizen and learning community.

Participation in GreenTouch

In 2011, We joined formal membership in GreenTouch Consortium, we continued supporting technology document formulation and case study; besides, to contribute toward ICT field, we continued sharing our energy saving findings in GreenTouch conference, IEEE ICC12 conference, etc.

In 2013, we conducted energy efficiency analysis for mobile network together with French Telecom and Bell Laboratories. The results were published at 2013 IEEE Wireless Communications and Networking Conference (WCNC). We cooperated with international telecom carriers such as China mobile and France Telecom to publish research result for 2020 Small Cell Backhaul model and collaborated with National Chiao Tung University to implement GreenTouch Consortium to develop cloud networking architecture and green technologies. The research results were revealed at the 2013 Asia-Pacific Radio Science Conference (APRASC).

M Environmental Sustainability Management

To achieve green enterprise commitment, respond to energy and climate change and stay on top of green opportunities through product and service development, Chunghwa Telecom planned “Sustainable Environment Development Strategy and Objective, a five-year plan (2011- 2015)” and “five-year energy conservation and carbon reduction plan for telecom data center (2012~2017)” in accordance with issues of “environmental protection, energy conservation and carbon reduction, green product service and green procurement”, and budgeted annually to promote the initiatives.

Environmental Sustainability Policy

- Follow environmental regulations and promote self-regulated environmentalism
- Improve energy efficiency to implement energy conservation and carbon reduction
- Use green energy and employ green purchase
- Develop green product and promote green economy
- Enhance ecological environment and green buildings
- Apply recycle and waste reduction to build a sustainable environment



Environment Artificer Theurgy

To manage resources and environmental protection in a more efficient manner, we developed Environment Artificer Theurgy (EARTH) system to manage in-house electricity, water management, water resources, lighting equipment, recycling and tree planting. EARTH system features:

Energy Saving and Innovation	Departmental uploading of energy saving and innovation initiative to encourage employees to learn from each other.
Performance Evaluation	Performance evaluation is conducted systematically to encourage employees to contribute to environmental sustainability actions.
Power Management	<ul style="list-style-type: none"> • Request centralized payment of electricity bill; currently there are more than 53,858 electricity number and 1.69 million electricity payment data under management. • Replace TaiPower's paper bill with electronic bill notification to reduce administrative effort. • Provide electricity summary and analysis to enhance power management efficiency.
Water Management	<ul style="list-style-type: none"> • Request centralized payment of electricity bill; currently there are more than 1,161 electricity number and 50,348 electricity payment data under management. • Document type, method, management department and location of recycling of water resources. • Provide electricity summary and analysis to enhance power management efficiency.
Carbon Management Operation	In response to the material and regulatory risk of carbon emission, EARTH provides carbon verification form to facilitate our carbon measurement and promote carbon reduction measures, thereby reduce operational risk and enhance corporate benchmark image. The results showed that ISO14064-1 carbon verification efficiency is largely enhanced as 300 men-day operation, traveling expense and carbon emission from transportation is saved.
Fuel Management	To reach energy efficiency and carbon reduction, we also increased fuel management in 2013, in which we incorporated the information of daily gasoline and diesel and analyzed the fuel data of hybrid vehicles and ordinary vehicles.
Corporate Tree Planting	Document type, number, management department and location of trees. Manage 248 types of trees planted in Chunghwa Telecom Park, including over 67,371 trees data saved in EARTH data base.
Recycling Management	Document type, number and management department of recycling objects. We have recorded 22 recycling types and 1,458,024 entries.

All Branch Offices Have Completed Certification of ISO14001

All the major branch offices including Southern branch, mobile communication branch, northern branch, digital communication branch, international branch, Chunghwa Telecom Laboratories and Telecommunication Training Institute have obtained environmental management system certification. In other words, 100% of Chunghwa Telecom's revenue is derived from offices that have obtained environmental management system certification.

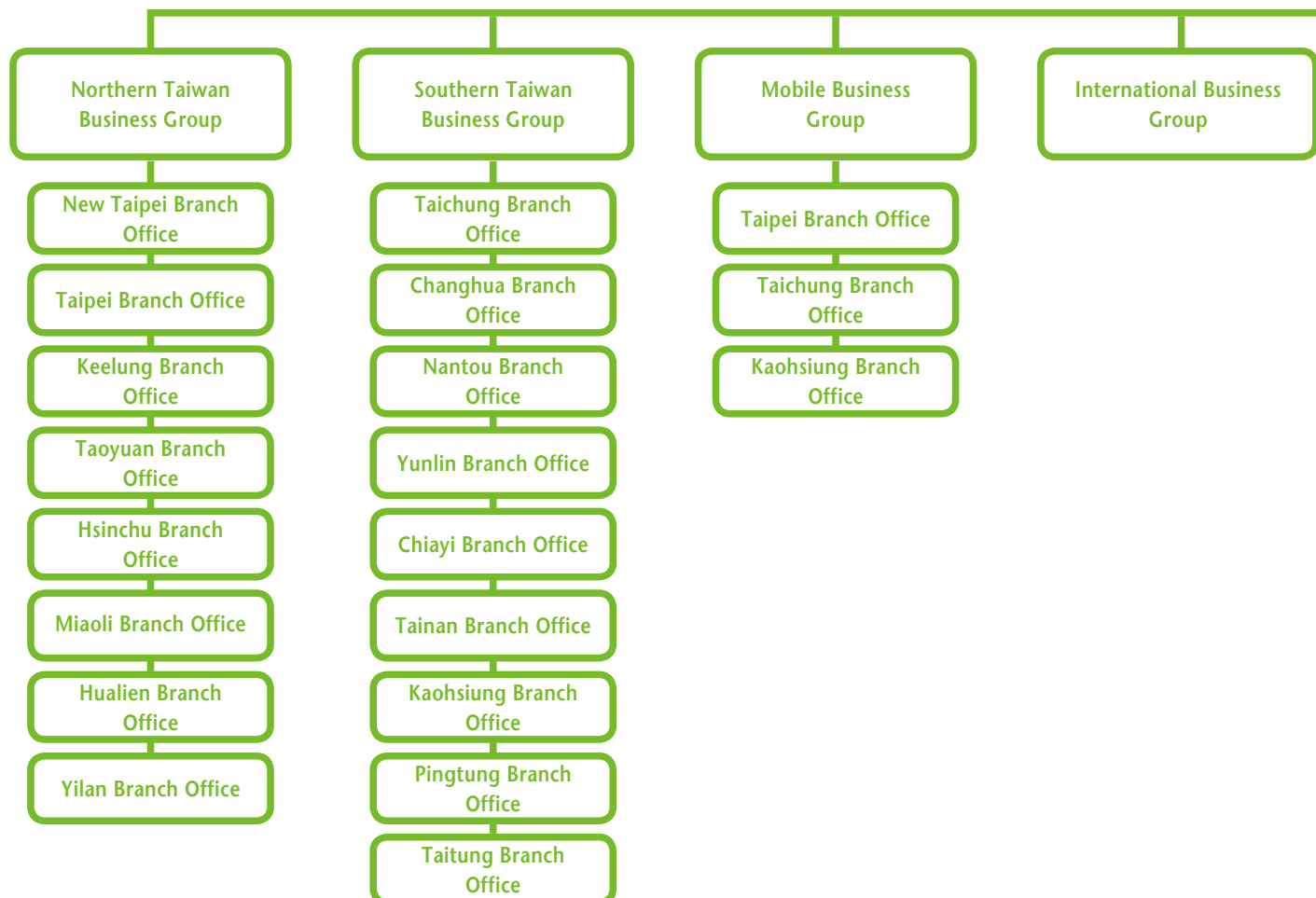
ISO50001 Energy Management System Certification

ISO50001 energy management system certification provides corporations with process and structure to enhance energy efficiency without affecting current operation, while supplementing PDCA (Plan-Do-Check-Action) mechanism to improve energy efficiency and achieve corporate sustainability management.

Chunghwa Telecom is the only Taiwan telecom carrier to implement ISO 50001 energy management system. Digital branch and the research institute have obtained certification in 2011 and 2012 respectively, offices governed by mobile communication branch including operation offices of Taipei, Taichung and Kaohsiung, data center and base station also obtained certification in 2013.

Environmental Management Expense

Unit: NT\$ million



A Environmental Sustainability Action

The responding strategy of climate change issues and a company's long term business positioning are closely related. In order to reduce climate related cost and risk in value chain and evaluate the result of voluntary carbon reduction measures, Chunghwa Telecom initiated "Greenhouse Gas Measurement Project" in 2008 to carry out on-site verification on major emission sources such as telecom equipment, vehicle fuel and motorcycle fuel. A total of 500 manpower efforts were contributed and 2 months were spent to complete the project.

Comprehensive Greenhouse Gas Measurement

With the company overall covered in the scope of measurement control, we are proud to have the most comprehensive Greenhouse Gas Measurement in the industry. Under the guidance of "Greenhouse Gas Measurement Promotion Team, we will conduct group-wide "Greenhouse Gas Measurement and Verification Operation" annually.

The Executive Vice President convened "Greenhouse Gas Measurement Promotion Team" which covering northern branch (including 8 branch office), southern branch (including 9 branch office), mobile communication branch (including 3 branch office), corporate consumer branch, international telecom branch, digital communication branch, Chunghwa Telecom Laboratories and Telecommunication Training Institute (including 2 branches) to conduct Greenhouse Gas Measurement operation.

Chunghwa Telecom

Data Communications
Business Group

Enterprise Business
Group

Telecommunication
Laboratories

Telecommunication
Training Institute

Taichung Branch

Kaohsiung Branch

Greenhouse Gas Emission

Initially, our carbon management objective was "reducing greenhouse gas emission to the standard that was acceptable in 2007 by 2012", our effort has largely reduced the greenhouse gas emission and the target was met in 2011.

Owing to the requirement of increasing mobile communication facilities to respond to the expected 2% annual growth of 4G and mobile communication business volume, greenhouse gas emission is expected to rise. We proposed a new greenhouse gas management objective in 2013. It is:



Benchmarking 2012 carbon emission standard, control the annual growth of carbon emission to no more than 2%.

The total greenhouse gas emission is 822,791.5 t-CO₂e in 2013, including CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. As a comprehensive telecom carrier, the major energy source consumed by Chunghwa Telecom is electricity, which is classified as Scope II (purchased electricity) gas emission and accounted for 97.02% of total gas emission. Scope 1 gas emission is normally sourced from general greenhouse gas emission such offices and accounted for 2.98% of total gas emission.

unit: t-CO₂e

	2011	2012	2013
Direct GHG Emission (Scope 1)	25,322.4	22,489.1	24,519.2
Energy Indirect GHG Emission (Scope 2)	885,556.1	786,472.2	798,272.3
Total GHG Emission (Scope1+Scope 2)	910,878.5	808,961.3	822,791.5
Emission Intensity- Emission/Revenue (t-CO₂e/NT\$ million)	4.2	3.7	3.6
Coverage of Revenue	100%	100%	100%

* Carbon accounting, GHG inventories and certification are followed ISO 14064-1 standard, and the value of Global warming potential is referred to IPCC Fourth Assessment Report (2007). All the data are certified by SGS-Taiwan.

Analysis of Growth of Greenhouse Gas Emission

The rising of greenhouse gas emission in 2013 was due to the introduction of next-generation communication facilities to meet the growth of telecom demand and resulted higher electricity usage.

The major greenhouse gas emission source, according to our measurement, is purchased electricity. Our strategy in reducing greenhouse gas emission focuses on power management, that is, reduce electricity usage.

Measurement of Emission from Employee Commuting and Travel (Scope 3)

In response to the international trend of measuring employees' commuting carbon footprint, we have initiated the discussion on the subject. Based on Scope 3 of World Business Council for Sustainable Development (WBCSD), we incorporated the measurement into "Employee Business Travel Management System" to calculate the greenhouse gas emission in terms of mileage travelled by employees during business trips. In addition to learning more about Scope 3 greenhouse gas emission, we hope to promote the concept of low carbon commute along with environmental education to facilitate employees' understanding of how business travel may affect environment. In the long term, we hope to include consumer impact into Scope 3 to complete the perspective of greenhouse gas emission measurement.

Annually Report to Carbon Disclosure Project

Carbon Disclosure Project (CDP) was raised by international corporation investors, and they started to invite companies to reply CDP questionnaire since 2003, in order to understand how enterprises face and deal with carbon issue.

In response to international investors' concern, that we began to reply CDP questionnaire since 2010 through world café style that held trans-department meeting for discussion, and Chunghwa Telecom is the only telecom service provider continuously responses to CDP. By reporting to the CDP questionnaire that we not only can review our defects but also can set concrete target of carbon deduction, which is the most important function for us.

Power Management

Chunghwa Telecom has incorporated energy conservation and carbon reduction, environmental protection, ecological concern and green construction into “five-year energy conservation and carbon reduction plan” to ensure development strategy and initiative.

In addition, we evaluate and revise energy saving projects on the annual basis within budget range, and incorporate the energy outcome into the assessment of “Assessment of administrative management” and “Evaluation of maintenance of power and air-conditioning equipment”.

After meeting previous power management goal, we revise our power management target to “Benchmarking 2012 electricity usage standard, control the annual growth of electricity usage to no more than 2%, in hope to accumulate 22% energy saving up to 297 million kWh by the end of 2015. Despite the hard time to control the rising of electricity usage due to the increased telecom facilities to meet business growth, we manage to introduce various energy saving measures in our buildings, including:

- Differentiate scope of responsibilities, monitor temperature adjustment in office, conference room and classroom.
- Monitor air-conditioner temperature on 26-28°C, and install automatic temperature control equipment.
- Turn off compressor (replace air-conditioning to air supply) 30 minutes before office is vacated to reduce energy consumption.
- Install inverter to control the air conditioning volume of ice water and air conditioning system to save electricity.
- Install heat sensor switch in the conference room, meeting room, walkways, stairs and washroom...etc., so that the lights switches on automatically when someone enters.
- Replace energy saving tube (bulb) to save 6% energy compare to traditional incandescent lamps.
- Set power saving mode for business machines, so that the machine enters power saving mode automatically when idled for 15 minutes.
- Encourage planting or renting plants to afforest office environment.
- Install energy saving elevator interconnecting inverter when installing or replacing elevator.
- Promote electronic operation (electronic billing, electronic documents, e-procurement and electronic meeting) to reduce resource consumption.

Our energy saving measures and control demonstrated fruitful results; we have saved up to 2.58% or 24.64 million kWh in 2013 compare to 2012 and reduced carbon by 13,158 t-CO₂; from the period of 2007~2013, we have saved up to 232.27 million kWh or 22.92% and reducing carbon by 138,886 t-CO₂.

Power Management Performance

unit: kWh

Year	Total Power Consumption (A)	General Consumption	Business Consumption - Meter Rate Lighting Service (C)	Business Consumption - Flat Rate Lighting Service (D)	Business Consumption Increment (E)	Business Consumption Increment Rate (F)
2007	135,181	(B)	16,559	609	NA	NA
2011	137,567	115,387	16,528	5,652	557	0.40%
2012	139,954	115,835	17,925	6,194	1,940	1.39%
2013	141,773	117,072	17,981	6,721	582	0.41%

* Baseline: 2007

** General consumption mainly includes the power consumption from office building.

*** A=B+C+D , E = Business consumption (C+D) this year - Business consumption last year, F=E/A

In terms of energy saving for data center, in addition to obtaining green building certification, self-developed iEN (Intelligent Energy Network) is installed in the Banqiao IDC data center to meet energy saving, carbon reduction and environmental protection. The measures for ICT data center including:

Air-conditioning Improvement	<ul style="list-style-type: none"> • Change air speed, remove vent pipe, or disable small air-conditioner to be compatible with new equipment. • Use high sensible heat engine when replacing air-conditioner in annual replacement plan. • Isolate air-conditioning area of air-conditioner placement to avoid unnecessary air-conditioning usage.
Energy Management	<ul style="list-style-type: none"> • Monitor air-conditioning temperature, designate personnel to maintain adequate temperature in different areas. • Increase data center's temperature by 1°C after one year monitoring. • Unload cooling water tower in accordance with water outlet temperature. • Use ventilation for low loading mobile base station, telecom office and power distribution equipment. • Introduce renewable energy system such as solar power generation system.
Equipment Consolidation	<ul style="list-style-type: none"> • Cut off disabled equipment and replace bad energy-consumption equipment after the consolidation of mobile base station, digital switching equipment, transmission equipment, broadband equipment and power supply equipment. • Consolidate equipment and isolate unused space to reduce energy consumption.

In addition to using energy saving equipment, automatic power off equipment and introduce energy monitoring system, we continue to implement "five-year energy conservation and carbon reduction plan (2012~2017)", including adjust data center temperature, use high efficiency equipment and consolidation of DC load. All the energy data is analyzed and managed through EARTH system.

Water Resources Management

Chunghwa Telecom's water use is sourced from ordinary tap water. In addition to daily use of water, water is utilized to cool air conditioner. Water reduction has become an even harder task with the growth of business and increase of manpower. In this regard, our water control relies heavily on recycling of rainwater and cooling water. For water resources management plan, we have scheduled specific management objective such as promotion of relevant water saving measures supplemented by centralized water management and introduction of water resources, in the hopes of enhancing the efficiency of water usage.

In addition to incorporating leaking detection capabilities into products, we also include water use into environmental sustainability management system to manage and analyze using informational interface, while continuously promoting water saving measures such as recycle and reuse of rainwater and wastewater.

The plan and objective of water resource management

Currently, Chunghwa Telecom's annual business growth is 2%, we therefore benchmarking 2012 water usage standard, control the annual growth of water usage to no more than 1% and promote water saving measures accordingly, including:

- Install sink faucet sprayer to reduce water waste.
- Replace toilet with dual-flush toilet to reduce flushing water.
- Limited use of office water supply from 8:00AM to 18:00PM.
- Insist water conservation principle to prevent water waste.
- Recycle rainwater for office plants watering.
- Contact maintenance personnel immediately once water supply equipment is damaged to prevent water waste.
- Encourage the installation of water reclamation equipment in new buildings, so that the treated sewage water can be reused for non-potable and physical separated use after reaching certain water quality standard.



Recycling of Water Resources

Started from 2007, Chunghwa Telecom initiated water conservation measures by including water resources management into EARTH system, while registering centralized water bill payment through EARTH's "water bill management" function to reduce printing of water bills.

EARTH's information interface allows administrative personnel to inquire, run sequence plot and statistics report, while generating abnormal report to avoid billing or meter reading errors by the water company. By analyzing water use in accordance with sequence plot and statistics report, we are able to reduce water consumption and increase manpower and management efficiency.

We have scheduled a five-year plan to enhance the effectiveness of water recycling and reusing. In the plan, we are expected to establish underground raft foundation water collection system to collect clean rainwater from rooftop and ground. Meanwhile, we also initiated recycle of cool-condensed water project for office air-conditioner. Through the recycle and reuse project, rainwater, bathing water and air conditioning condensation water is given 2nd life on tree planting and cleaning of buildings and sidewalks.

The total of 10842 square meters of ecological pond were established by each governed institution respectively. By beautifying 10000 square meters of abandoned agricultural reservoir and conducting upstream wastewater treatment, Chunghwa Telecom Laboratories has maintained water resources in an effective manner, and created a natural ecological lake.

Water Usage Management Performance

unit: ton

Item	2011	2012	2013
Tap Water	409,500	452,780	462,922
Air-conditioner Water	1,865,500	2,062,663	2,108,866
Recycled Water	7,873	5,587	4,289

Waste Management

Understanding the importance of resources reduction, recycle and reuse, Chunghwa Telecom combined its five-year environmental sustainability development plan and EARTH system to manage the use of resources and control energy efficiency, while conducting systematic management on recycled and waste treatment as well as encouraging cell phone recycling in all branch offices.

Daily Waste Treatment

Chunghwa Telecom designated professional waste treatment company to transport its daily waste to landfills or incinerator for necessary treatment. For recyclable waste, the contracting cleaning company is designated for the classification and disposal treatment.

unit: ton

Item	2011	2012	2013
Weight of Daily Waste	5,033	5,018	6,465

Industrial Waste

The scrapped lead-acid battery is a recyclable industrial waste regulated by the EPA as. To reduce pollution the recycling and disposal operations are outsourced by joint contract based public auction. The contractor must be a qualified service provider listed on the website of the Recycling Fund Management Board of the EPA to ensure legitimate management and disposal.

All the lead-acid batteries scrapped by each business unit are auctioned on site and proper documents for their disposal are filed for audit tracking. There were 30,415 scrapped lead-acid batteries, sold about NT\$ 39 million with a total weight of 1,623,556 kg disposed in 2013.

The public and private waste clearance and disposal organizations recognized by environmental institution is designated to handle the treatment of other industrial waste such as cable and hardware miscellaneous.

Type of Waste	Unit	Total Quantity			Treatment Cost (unit: NT\$ million)		
		2011	2012	2013	2011	2012	2013
Plastic-filled Cable	Ton	627	462	803	519	368	263
Ordinary Cable	Ton	2,996	2,711	3,917			
Hardware Miscellaneous	Ton	1,393	1,454	3,250			
Battery	PC	17,072	88,395	26,436			



Targeting on Green Enterprise

As a localized telecom carrier, facilitator of community development and important partner of international telecom carrier, we strive to become green enterprise. Following the development of technology, telecom carrier is no longer as traditional as it used to be, while incorporating Corporate Social Responsibility (CSR) into the development and application of product and service, business management strategy is integrated with CSR.

Develop Green Product and Service

Chunghwa Telecom's energy efficiency initiative in 2013 is "extending our technology to the industry", that is, utilize our core technology to enhance energy efficiency for the industry. By joining "Low carbon management cloud association", Chunghwa will be able to install intelligent meters for 500 corporations in New Taipei City, and help corporations in New Taipei City to conduct carbon emission measure through "iEN platform", thereby enhancing corporations' green international competitiveness.

It is expected that this initiative will reduce 280 million kWh for the corporations in New Taipei City every year, which is equivalent to the reduction of 15,000 billion metric tons of carbon dioxide equivalent (CO₂e) (this is approximately the one year's electricity consumption of Luzhou District, New Taipei City).



Video Conferencing

Video conferencing system connects different meeting rooms through telecom network, the participants are able to see and hear each other through TV monitor as if they are seeing each other in the same location. In addition, charts, documents and data can be transmitted to each other at ease. This system saved unnecessary business trips, contributed to environmental protection, and generated NT\$ 13 million in 2013.



Ucam

Combining current network bandwidth, business camera and storage and management platform of large cloud images, Ucam provides cloud storage and management services of business images, so that store managers and headquarter administrator is able to monitor instant or historical store images through PC and smart phone; currently there are 3,600 serves and creating NT\$ 45 million revenue in 2013.



IaaS Cloud Service

With services covering hicloud CaaS, hicloud Box^e and hicloud VPC, IaaS cloud service provides corporate or individual consumers with 24 hours flexible cloud computing resources, storage space and monitoring virtual resources. IaaS made information sharing convenient, stable and safe. In 2013, revenue of NT\$ 100 million was generated.



SaaS Cloud Service

SaaS cloud service covers Consumer Relationship Management (CRM) and Vis-à-vis; the former provides sale, marketing and customer service, while the latter provides management of customer visit report. By facilitating corporations to manage complicated consumer information, sales report and accurate handle of marketing activities, CRM helps corporations to save costs. Vis-à-vis allows employees to record important daily interactions with consumers or colleagues for future reference and tracking. In 2013, revenue of NT\$ 30 million was generated.



Intelligent Energy Network (iEN)

With years of experience in monitoring power environment and developing ICT system, we have developed "Intelligent Energy Network (iEN)" to integrate the surveillance equipment in the building, provide consumers with performance computation, equipment operation and immediate reporting through cloud platform, provide corporations with professional energy saving

solution project, and offering three monthly rental services including “power management, environmental management and air-conditioning energy saving”.

In addition to providing project establishment, establishment and maintenance services, iEN service provide monthly rental service to help corporations to lower energy saving and carbon reduction standard, which has been applied to hospitals, schools, government institutions, fish farming industry and large stores and won many awards. In 2013, a revenue of NT\$ 900 million was generated.

Intelligent Transportation System (ITS)

“Fleet Management Express” combines cloud technologies such as GPS dual communication, personalize door plate positioning technology and fuel management to effectively reduce operational cost of message transmission and enhance business efficiency. One year after importing the service, average vehicle fuel consumption is reduced by 6.6%, average vehicle idle time is reduced by 31%, total fuel saving is amounted to NT\$ 4 million, equivalent to 282 metric tons of carbon emission.

“Taxi Dispatching System” adopts Application Service Provider (ASP) model to provide management functions including fleet management, dispatch operation, consumer service, security monitoring, account statement and customer service, as well as information services to facilitate the reduction of cost and increase of average occupancy rate by taxi fleet. As of the end of 2013, we have improved operational efficiency of the system to support daily service of 30,000 calls, meanwhile, by working with 11 fleets, we helped 3500 taxies to reduce dispatching time by 56%, increase daily occupancy rate by 28%, and reduce vacant hours by 48%, which is equivalent to reducing 7.7 kg of carbon emission.

QR Code Reporting System

To improve meeting quality and information transmission efficiency, Ministry of Education has collaborated with Chunghwa Telecom to incorporate ICT technology into National Director of Student Affairs Conference. Our MMS and SMS paging function provide instant SMS for checking-in notice, QRCode, seating, venue maps, emergency notice, caring and gratitude notice, more than 437 users were served and gave positive ratings in 2013.

Our Green Product and Service Are Well Recognized

• “Environment ARTificer THEurgy” won 3rd place at the Taiwan Green Classics Award

Our self-developed “Environment ARTificer THEurgy (EARTH)” won 3rd place in the Taiwan Green Classics Award from Bureau of Foreign Trade in 2013. It is the only telecom carrier to receive this award. EARTH was initially used in-house and later commercialized in 2012 to provide energy saving assessment and expert diagnosis analysis for corporations, thereby lower energy expense and improve environmental management efficiency and eventually demonstrate the result of environmental protection effort without having to install or change existing equipment.

• “Intelligent Energy Network (iEN)” Service received best company award in 1st Energy Service Company (ESCO)

With the government’s effort in promoting energy saving policies, Energy Service Company (ESCO) has become an emerging industry that creates integration and high added value; ESCO’s professional and order planning, design and technological support facilitates the implementation of sustainable energy policy to meet energy saving and carbon reduction objective.

ESCO is an important green industry that helps enhancing energy efficiency and encouraging energy saving of corporate users, promoting ESCO is, in the developed countries, regarded as an important method to reduce greenhouse gas emission. Chunghwa Telecom’s “Intelligent Energy Network Service” received the Best Company Award at the 1st ESCO in 2012.

Importation of Renewable Energy

To reduce the impact of operation on the environment, we imported frequency energy saving, high sensible heat energy saving, ventilation energy saving measures for data center. Starting from 2007 to end of 2013, we had completed energy saving inverter module of 5,515HP, high sensible heat air conditioner of 26,394RT, 5,637 high efficiency air conditioners, 2,098 RT ventilation air conditioner and 366 natural ventilation air conditioners. In addition, to enhance the efficiency of renewable energy, we have established capacity of 26.6kW for wind power generator, 157.16kWp for solar photovoltaic power generation system to reduce power use and impact on the environment.

Promotion of Green Building

Our investment of NT\$ 50 million to establish new building and data center is expected to receive Green Building Label, Our data center located in An-Keng, Hsin-Tian also received Green Building Label in 2013. In addition, to provide quality data center service and accelerate the internationalization of Taiwan's cloud service, we have established IDC and cloud data center in Banqiao to cope with the needs and is expected to complete in 2015. IDC is expected to receive LEED gold certification rating from U.S. Green Building Council (USGBC) as well as Green Building Label and Intelligent Building Label in Taiwan. For energy efficiency, we combine Cold-Hot Aisle design with iEN to conduct environmental surveillance, thereby achieving high energy efficiency of below PUE 1.5 based on "The Green Grid" Association's data center measurement standard.

Besides, Chunghwa Telecom works with construction companies on construction projects in an aggressive manner such as green building "Spotlight", in hope, in the future, to apply the energy efficiency service or product to the existing old building, making intelligent life available to everyone, and contributing to green building.

Green Environmental Hostel – Received HCMI Certification

Chunghwa Telecom Hostels provide accommodation for employees business or leisure travel. In response to environmental protection and personal hygiene, the hostels do not provide disposal consumption goods and towel, and implement energy saving measures such as solar water heater, air conditioning heat pump and LED lightings. Environmental friendly and tidiness has made 30 hostels island-wide become the employees' favorite travel accommodation. In 2013, total of 90,000 reservations, received 230,000 residents and created NT\$ 160 million revenue. In response to Hotel Carbon Measurement Initiative (HCMI 1.0) formulated by World Travel & Tourism Council (W TTC) and International Tourism Partnership (ITP) in 2013, we introduced "carbon footprint calculator of hotel rooms" in Siziwan hostel, along with the combination of iEN system to manage the use of facilities and electricity in the hostel and construct comprehensive power monitor and room management model, so as to reach maximum energy and water saving efficiency. By reducing electricity by 20.9% and water by 2.0%, our effort has demonstrated impressive results while seeing good revenue result in 2013.



Greenhouse Gas Emission of Siziwan Hostel

Item	2011	2012	2013
Revenue (NT\$ million)	6.3	8.4	9.1
Carbon emission (ton)	68,054.4	78,405.2	71,869.0
Electricity usage (kWh)	111,200	128,113	117,433

Merger of Electronic Bills

Chunghwa Telecom has monthly electronic bills available to replace traditional paper bills, consumer may simply go to Chunghwa Telecom's business counter, cloud counter and web counter to make such request. In addition, consolidation and centralization of bill service is also available. That is, bills of different telecom number can be issued on the same bill, or different bills can be sent in one envelope. By the end of 2013, total of 9 million users have requested bill merger, accounted for 87.8% of all users, in addition, more than 4.76 million users have requested e-bills. Both measures save 750 million pieces of paper, equivalent to 3.7 million trees and reduce carbon emission of 13,531 metric tons.

Adopt Electric Vehicle

On October of 2012, we signed a 2-year lease for 20 business use Luxgen Electric Vehicles. For every kilowatt-hour the electric vehicle can travel 6 kilometers and releases 0.536 kg of CO₂e; therefore, 0.089 kg of CO₂e per kilowatt-hour is released every kilometer. Compared to similar vehicles, the average gasoline use is 8 km per liter and releases 2.361 kg of CO₂e per liter; therefore, 0.295 kg of CO₂e per kilowatt-hour is released every kilometer.

After switching over to electric vehicles, we are saving 0.206 kg of CO₂e per kilometer. Estimating that we travel 2,000 km per month, every vehicle is reducing CO₂e emissions by 4,944 kg and a total of 98,880 kg less CO₂e emissions for 20 vehicles. It's a small step but a big change to the earth if every company adopts electric vehicles. Therefore, in order to take responsibility for our earth we plan to increase the use of electric vehicles in our company.

In 2013, total of 20 electric vehicles have travelled 17,361 km with carbon emission of 1,550.92 kg-CO₂e, which generated carbon reduction of 3,572.75 kg-CO₂e comparing to same type of fuel vehicle and same distance of travel.

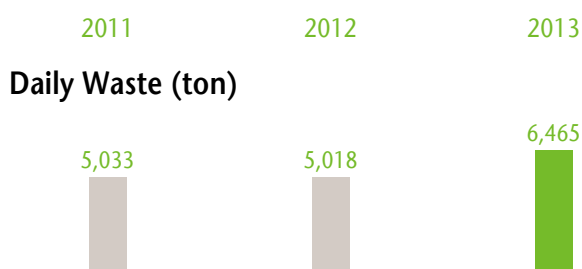
Item	Electric Vehicle	Fuel Vehicle
Fuel Consumption Per Km (liter)	0	0.125
Carbon Emission Per Km (kg-CO ₂ e)	0.089	0.295
Carbon Emission Reduction Per Km (kg-CO ₂ e)	0.206	-



Summary of Environmental Impact

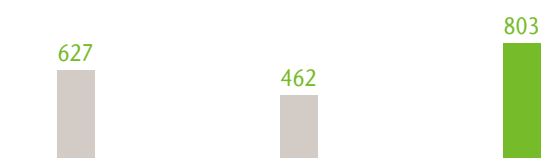
Recycling of Equipment

Chunghwa Telecom's major business facilities covering ATU-R, VTR-R and MOD set-top box, we recycle and reuse all equipment, making recycling rate as high as 100%.

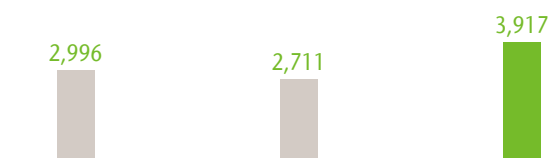


Industrial Waste

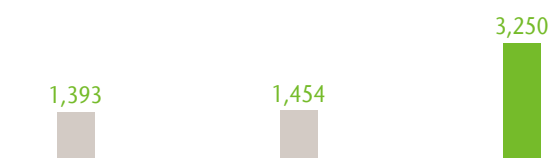
Plastic-filled Cable (ton)



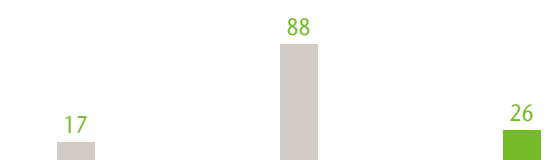
Ordinary Cable (ton)



Hardware Miscellaneous (ton)

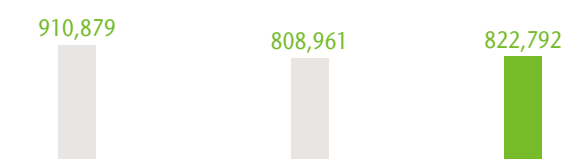


Battery (ton)

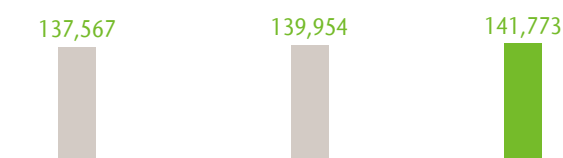


Energy Consumption

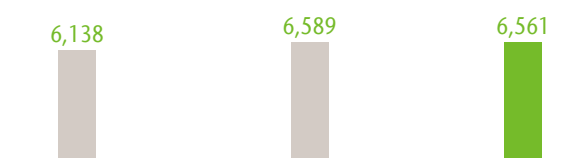
GHG Emission (ton)



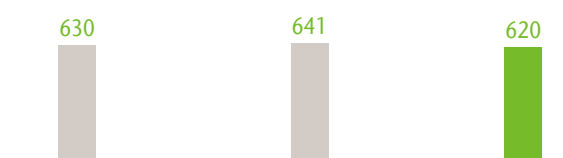
Power Consumption (ton)



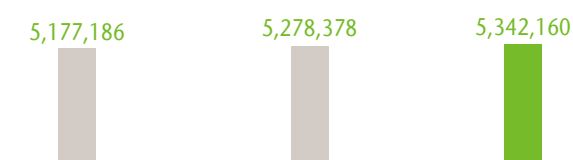
Gasoline (m³)



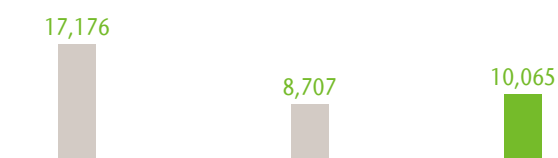
Diesel (m³)



Total Energy Consumption (GJ)



Number of Cellphone Recycled (unit)



* Both Chunghwa Telecom and Senao service centers are recycled channels

T Safeguard Our Beautiful Homeland

With frequency of storm and strength of typhoon increasing, and summer temperature hitting record high, it is obvious that Global climate has significantly changed in recent years. The goal of global initiative on energy saving and carbon reduction is reducing the depletion of earth resources, while allowing the environment to renew and regain strength. Confronted by the deterioration of the ecological environment and energy crisis, all the methods are pointing to one purpose, that is, to create a better homeland for us all.

Environmental Education



Chunghwa Telecom hopes to deliver the concept of “Everyone bears his/her share of responsibility of environmental issues, corporation bears responsibility for the sustainable operation.” to its employees, who then shall understand the close correlation between extreme weather and personal environmental gestures, and incorporating product life cycle into product design; in the hopes of marking environmental sustainability as the company’s green culture on the basis of energy saving, resources reduction and waste reduction.

We offer each employee with 4 hours of environmental education training each year, covering topics such as promotion of environmental conservation, trend of international environmental act and making of handmade soap; In addition, by hosting ecological tour, we combine teaching with pleasure to bring environmental education into life.

Environmental Education

Item	2011	2012	2013
Session	30	5	5
Participant	2,652	1,626	254

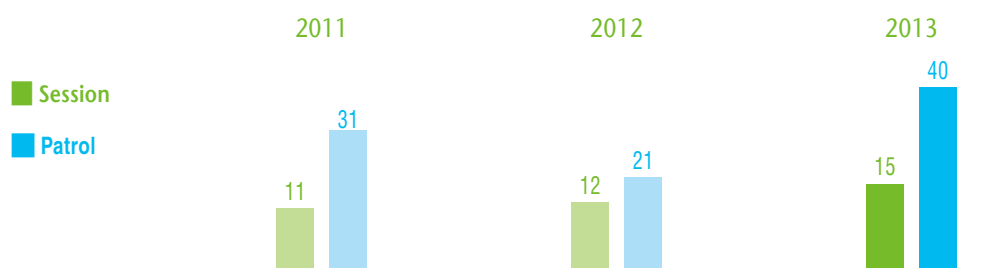
Ecological Tour

Item	2011	2012	2013
Session	25	25	38
Participant	5,441	6,067	9,304

Corporate Volunteer Exchange



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. 35 sessions of training courses were offered and 92 energy saving volunteers participated in the last three years.



Environmental Information Disclosure



- Implement annual greenhouse gas inventory. Obtain ISO14064 verification and certification.
- Respond to the annual Carbon Disclosure Project (CDP) questionnaire.
- Respond to environmentally related issues in the annual Dow Jones Sustainability Indexes (DJSI) questionnaire.
- Respond to the Common Wealth Magazine and Global View Magazine questionnaires.
- Publish the CSR report (environmental protection): Provide data on greenhouse gas inventory, power, water, and fuel consumption, as well as waste recyclables generation.

Improve Energy Use Efficiency



- Integrate datacenters: Merge and exploit datacenter space.
- Add iEN to buildings: Incorporate iEN Intelligent Energy Saving System into new datacenter construction.
- Save cooling energy: Use high-efficient and air- conditioners, and cold/hot channel air-conditioning systems in the datacenters.
- Green building and accommodation: Use green materials for newly constructed datacenters or buildings.
- Solar water heaters: Install solar water heaters in Telecommunications clubs.
- Recycling: Set up rainwater, underground, and condensed cooling water recycling systems.
- Environmentally-friendly LED bulbs: Internal office building trial plan.



Green Energy



- Photovoltaic system: 157.16 kWp capacity System constructed in 2013.
- Wind power: 26.6kWp capacity built in 2013.
- Fuel cell: Pilot program with the Industrial Technology Research Institute, 30kWp capacity system

Autonomous Environmental Protection



- Vehicle energy conservation and carbon reduction: Replace old vehicles with environmentally friendly, and use electric vehicles for trial.
- Clean homes, energy saving office, health management system, car-free days, and paperless ODAS.
- Taiwan Energy Conservation Patrol: Focus on increasing energy efficiency within corporate operations and production processes to achieve the objectives of carbon reduction.
- Industrial waste recycling: Set recycling goals.
- Environmental award summary: Annual enterprise environmental protection award, energy-saving gold award, and Ministry of Economic Affairs energy conservation award.

Value-added Products and Services



- Electronic billing: Features environmental protection, promote with marketing section.
- Promote iEN and other energy-saving categories.
- Mobile device recycling: Recycle bins are available at service centers in line with the promotion of waste recycling.
- Assist suppliers to apply for product eco-labels.



Society Coexistence



Social investment
NT\$ **1.7** billion



Provide data
communications services to
80,000 households
in remote area



Preferential subsidies
benefited
10,757



Help **45**
visually impaired to
enter job market



S Digital Inclusion



Chunghwa Telecom expects to create an environment without technology and information boundary through telecom technology, so that inheritance of culture, extension of education, promotion of industry and upgrade of arts and intellectual can be connected in the universe of internet, and everyone can be benefited from digital technology despite their age, social standing, geographical location and education, creating infinite hope.

Based on the characteristics of ICT industry and the spirit of “value is where the responsibility lies”, Chunghwa Telecom penetrates into the communities in Taiwan; with the objective of “shorten digital difference and create digital opportunity”, Chunghwa observes the trend of digital difference and put forward solutions to facilitate society innovation and digital inclusion.

Chunghwa Telecom Digital Inclusion Strategy

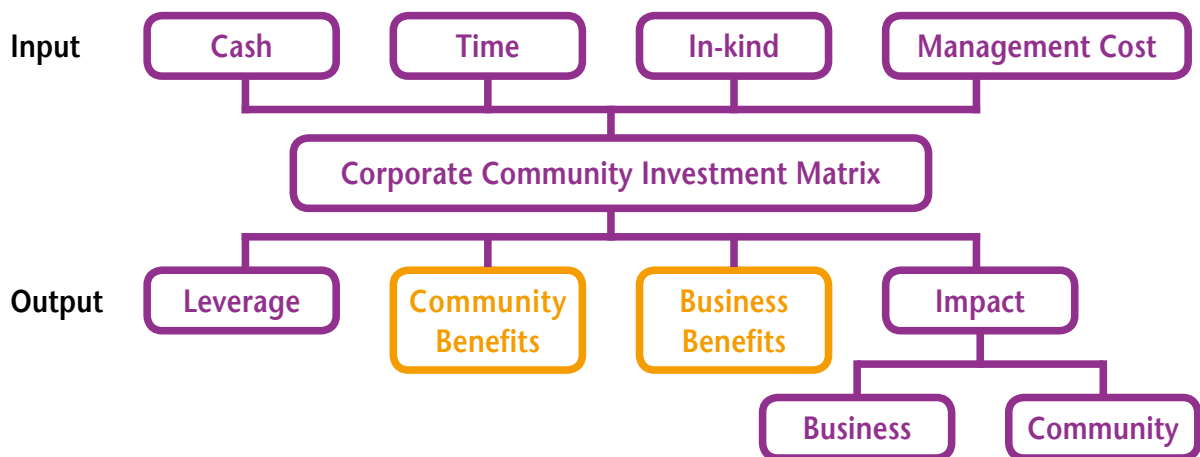
Disabilities	Help disabilities and economically disadvantaged persons to use telecom services through ICT technology and favorable rates; develop ICT equipment and provide the same to the disabilities thereby improve their life quality, education and job opportunities. In addition, with the development of ICT services, we also assist to improve the life quality of people with chronicle disease and aged people who need special care.
Low Income Earners	In addition to providing favorable rates to disadvantaged groups, we also install ICT equipment for remote and disadvantaged communities.
Remote Area	Be it geographical location, distance or outlying islands, ICT service shall not have any boundary. Chunghwa Telecom never ceases to ensure the connectivity of communication. In addition to establishing dual-route in remote areas, we also use satellite to improve the communication quality in mountain area and outlying islands.
General Public	Provide learning opportunities through sufficient and comprehensive educational programs. We help users to utilize ICT services, smart communication equipment and value-added service through mobile equipment, our network and branch office.

M Social Investment Management

Chunghwa Telecom believes “Taking from the society and contributing back to the society”. Being the largest telecom carrier in Taiwan, our network and services provided throughout Taiwan and remote islands shapes our self-demanding of contributing to the society. Over the years, by exerting our core competence, we continue to create values for society and help society overall to improve quality of life.

Quantify the Contribution of Social Investment

By referencing community investment evaluation mechanism of LBG (London Benchmark Group), Chunghwa Telecom conducts evaluation on the possible Community benefits and Business benefits before social investment is made. The quantification of contribution of social investment allows us to make reasonable resources allocation, while avoiding repetition. It helps our future decision-making and promotion of charity or sponsor activities.



Example of LBG Evaluation - Long Distance Tutoring for Students in Remote Areas

Input	Resource	<ul style="list-style-type: none"> Combine academic resources and manpower with our expertise and core-competence of communication network, industry work with academic to solve long distance tutoring for students in remote area. From end of December 2009 to end of January 2014, a total of NT\$ 2.152 and 41,697 tutoring hours.
	Impacts	<ul style="list-style-type: none"> The first company in ICT industry to establish collaboration relationship with university, the combination of industry and academic resources to solve long distance tutoring in remote areas. Exerting the core competence of communication and corporate advantage of the “Big neighbor” of the society, to help remote schools solving computer maintenance and communication issues.
Output	Community Benefit	<ul style="list-style-type: none"> Exerting corporate core competence, implement the corporate social commitment of “shorten digital difference” and “create digital learning opportunity”. Fulfill “Big neighbor” duty to shorten the distance between urban and rural areas through communication technology, and convey warmth between people.
	Business Benefit	<ul style="list-style-type: none"> The deepening care helps to open up the dialogue with stakeholders, and establish corporate image in welfare project. Combine social resources and minimize the gap of manpower in corporate social welfare.

Comprehensive Inclusion Action Plan

We define four aspect of telecom performance assessment according to different groups and priorities:

1. For disadvantaged groups: trouble-free communication use, life quality improvement, disadvantaged group employment, social change in the community, and enhance image.
2. For low-income groups: easy to use, affordable rates, life quality improvement, social change inside community, equipment utilization, revenue, and enhance image.
3. Public education by telecom equipment and services: course integrity, service course for attentive to customer, course utilization, revenue, social changes in community, and enhance image.
4. Infrastructure improvement in remote areas and outlying islands: basic communications coverage, high-speed wireless broadband coverage, guarantee of smooth communication, improvement of user life, equipment utilization, revenue, enhance image, social change in the community and community environment.

Digital Gap

- Geographical gap: a gap that results from people being in urban and remote areas.
- Economic gap: a gap that results from people having different levels of income.
- Knowledge gap: a gap that results from different levels of knowledge between different groups of people.
- Disability gap: a gap that results from the general public and disabled persons.
- Health gap: a gap that results from people of different age groups or health conditions.
- Gender gap: middle aged and senior women suffer from significant significant disparities when using information and communications services as a result of traditional notions of family care.

Digital Opportunity

- "Hardware infrastructure" is the foundation for modern people's communication.
- "Product or service donation" allows communication technologies to properly utilize their values.
- "Research, development, and innovation" focuses on assisting disabled persons with sharing convenient communication.
- "Corporate volunteerism" allow our employees to directly utilize their capabilities and participate in community building. Meanwhile.
- "Chunghwa Telecom Foundation" is the pioneer in our endeavor to create digital opportunities.

Social Investment

unit: NT\$ thousand

Type of Social Investment	2011	2012	2013
Cash Donations	260,934	231,202	173,560
Product or Service Donations	1,324,955	1,150,656	1,466,125
Management Expenditures	14,110	88,687	35,512
Volunteer Expenditures	4,863	22,365	22,032
Total	1,604,862	1,492,910	1,697,228
Percentage of Business Revenues (%)	0.83%	0.68%	0.74%
Hours of Corporate Volunteer Services (hour)	28,360	89,460	88,128

A Digital Good Neighbors, New Cloud Vision

With the philosophies of "Responsibility is where value lies" and the objective of "shorten digital difference", "develop local industry", "improve community life" and "record local story", we established Chunghwa Telecom Foundation to facilitate the development of local cultural industry and improvement of community life while combining caring and accompanying concept with Chunghwa Telecom's core competence from the perspective of culture, industry, life and education.

Connect External Resources

In 2006, Chunghwa Telecom combined its core competence and established the first local learning center "Digital Good Neighbor" in Jingliao Village, Houbi District, where locals communicate and exchange information as well as connecting with the external resources, thereby helping the communities and tribes to grow and gradually developing into an independent community and creating the unique local happiness that cannot found anywhere else.

As of 2013, we have completed the establishment of 67 locations, which is, 67 communities, tribes and 67 different local conditions and needs. While continuing to move forward, we remember to slow down to exchange our experiences and bring along our partners.

Nurturing and Giving Back

In October 2013, with the help of students trained and learned in Jingliao Village's digital good neighbor to provide professional test and evaluation, some ready to be thrown into trash but recycled computers are given 2nd life and donated, by Institute for Information Industry, to Min Sheng Elementary School of Namaxia District, Kaohsiung City.



The expertise of the participated students is the result of computer program they attended at Digital Good Neighbor where their expertise and professional knowledge was cultivated since elementary school, hence established their ambition of developing career in the field of information engineering. The philosophy of "Taking from the society and contributing back to the society" helps people to understand that helping others is to benefit oneself. However, Rome was not built in one day. To come this far, the Foundation has played the role as information exchange platform and the support of Digital Good Neighbor for 6~7 years.

Create New Momentum at Work Place

Pingtung's Laiyi Tribe and Wulaluzi Tribe were migrated down to the village below after Morakot typhoon. By collaborating with local Red Cross and utilizing the expertise of both parties, we have established a Digital Good Neighbor where tutoring program of Microsoft Office Specialist (MOS) Certification is offered to help the communities gaining life skills. The students who attended the program have turned years of study into career momentum and move forward to advanced certification to develop more opportunities and possibilities.

Nurture Arts and Culture Talents in Remote Areas

During the course of interacting with Digital Good Neighbor, we discovered that there is a shortage of resources among remote areas or disadvantaged groups. To facilitate the availability of resources to the communities and help them to make way for the resources, Chunghwa Telecom Foundation has established a platform and bridge to meet the demand; "Starting from where needed" facilitates resources to be used in an effective manner. This year, we have cooperated with a few other external institutions to introduce reading, arts & culture, digital reading, universities and other NGO groups to the communities, in hope to help the communities to receive professional services and open more possibilities.

Making Arts and Culture Possible in Remote Areas – Children Theater

As most of the Digital Good Neighbors are inconveniently located which makes musical and theatrical play difficult to reach; the Foundation has planned, since 2010, to invite quality theatrical/musical groups to performance at remote areas. The plan was put into practice in 2013, we invited Paperwindmill Theatre and If Kids Theatre to perform edutainment shows at 8 communities in September when school started. The show was a hit and more performances were held in December. One student from Songpu Elementary School decided to practice script writing on "How to become a responsible student" after he watched the show. We know the seeds we planted are sprouting.

The Fun of Reading – Introduce Mobile Library

Though cities are never short of libraries, cultural centers and bookstores, children and residents in rural area do not have such privilege. In this regard, by cooperating with Eslite Foundation for Culture and Arts, the mobile library is wheeled into Digital Good Neighbor along with selections of books as well as imagination and fun to satisfy the desires of the book lovers. The addition of other NGO groups also diversified the functions of mobile library. As the world is overwhelmed by the digital trend, we encourage communities adopting new digital equipment to infuse life into words. The addition of Hyper Convergence Foundation in 2013 made both digital reading and traditional reading available to readers, and deliver correct concept to confront a typhoon of digital trends.

The 3rd Fang, Xian Qi Scholarship

In order to appreciate Mr. Fang, Xian Qi's contribution to Taiwan's telecommunication development and encourage students to participate in social services, charity events and local caring initiatives, while shorten digital differences and attract more volunteers, we have established Fang, Xian Qi Scholarship on the date of his centenary birth.

In 2013, NT\$ 1.95 million scholarship to 135 students has been distributed.

R Contribute to the Society with Core Competence

Ubiquitous Telecommunications Service

To safeguard the basic communications rights of citizens and to allow all citizens to enjoy ubiquitous telecommunications service fairly is a policy goal that the government is promoting for the long term. We have disregarded cost to provide more than 21 households in 81 remote villages and underdeveloped areas nationally with telephone service and over 80,000 households with data communications services, over 74,000 public telephones in 22 counties and cities, and data communication access services to 3,700 elementary schools and libraries. The total net cost of Chunghwa Telecom ubiquitous service construction in 2013 amounted to NT\$ 850 million.

In addition, to implement the digital convergence project initiated by the Executive Yuan and provide superior services to customers in remote areas, we have provided broadband service of 12Mbps (original base rate was 2Mbps) to meet the demand of NCC to. In order to reach the coverage rate of more than 75%, Chunghwa Telecom has established 190 locations and contributed NT\$ 400 million in 2013, however, the geographical locations of the remote areas deepen the maintenance difficulty, besides, the maintenance expense is no lower than construction fee since damage possibility is extremely high when natural disaster struck.

Read with You “Community Network Tutoring”

After Morakot typhoon in 2009, by cooperating with universities to extend caring to the disaster shelter center and emerging communities, we provided tutoring program through network video technology to deliver educational resources to the remote and disadvantaged group, and avoid the risk of having traffic accident when the tutors traveling back and forth.

To facilitate the interaction between tutors and students, the tutors are called “Instructors” and the tutored junior high and elementary school students are called “Students”. In addition to helping the students with schoolwork, instructors and students also share their ambition, future and dreams; together, they walk hand in hand toward their unknown future.

Currently, the participating institution of the tutoring program includes Taitung Jinlun Hot Spring, Taitung Jialan Community, Pintung Sunshine Afterschool Tutoring Program, Pingtung Maplewood Church, Pingtung Chaozhou Boystown, Kaohsiung Liugui Catholic Church, Kaohsiung Shanlin Daai Park, Jiayi Fu Jen High School and Touyuan Yeheng Tribe. To plant the seeds of love, we hosted Summer School and Getting Together in summer and winter to create multi-learning activities for the students, as well as the humbleness and commitment one must have when helping others. Best of all, getting together allow the warming care to develop among Instructors and Students.

In consideration of students’ learning needs shall be catered based on their aptitude, we classified the tutoring program into “Outstanding”, “Improving” and “Accompanying” in September 2013 to create rooms for outstanding students to develop and opportunities for the less outstanding students to learn, while showing love and caring to those in need of parents’ company and help them to gain learning momentum. Out of our expectation, this program opened the door for adaptive education program, hopefully, this will facilitate our goal of providing a learning environment of “Security, Dignity and Hope” to the new generation children.

Participated Students	Participated Instructors	Tutoring Hours	Participants of Getting Together	Participants of Summer and Winter School	Total Cost (NT\$)
1,035	1,604	41,697	1,848	925	21,524,016

Note: Recorded from December 1, 2009 ~ January 31, 2014.

Bridge to Love -“Click Taiwan”

Aiming at “Shorten digital difference”, we established “Digital Good Neighbor” at more than 40 remote communities island-wide, offering computer and broadband network as well selection of free computer programs to help the locals with educational and industry development opportunities.

Together with National Chengchi University, Chunghwa Telecom held the first Click Taiwan in July 2009, which encourages students to participate in Click Taiwan program including shooting documentaries, participating in community volunteer service, and serving as a teaching assistant or lecturer in computer courses during summer vacation.

By means of this opportunity, we hope to walk the university students to see the love and spirit hidden under the land they grow up with. In addition, we also encourage the participants to combine what they learn from school with “helping is learning” concept, creating connection between helpers and helped and responding to the needs of the communities.

As of 2013, with 208 students from 30 universities serviced 54 villages and towns recorded 1500 minutes of images, Click Taiwan has planted the seeds of love throughout Taiwan for 5 years.

Micro-Industry Lighten Economy

In 2006, CTF set up virtual and physical channels to help promote local industry, but consider the limited scale and human resource, since 2012, we have gradually turned into micro industry concept to provide solution for local communities.

“Clicktaiwan.com” was established in 2011, as a marketing platform for communities’ products. Through systematic plan and operation, we have built a complete database for local industry, and provide a chance for consumers to know the manufacturers’ background. In the same time, we also issue electric news paper to all our membership, about 30,000 members, to invite more people to support the idea of local industry.

QR Code Charity Donation

We launched QR Code mobile payment in 2013, to allow donations to be made immediately by “Scanning QR Code”. To ease the donation process, we developed the technology of “scan and donate”, so that on top of convenience store, internet and gas station, more methods are available for donation. In addition, to lower the loading of donating institution, we added minimum donation restriction in APP so that donation is more convenient, smart and efficient. To open up the visibility of this program, we cooperated with Tzu Chi to place an ad at Taipei City Hall MRT Station to show to the world how Taiwan is making a difference with its power of love.



T Technology Turns Hope into Reality

By utilizing Chunghwa Telecom's expertise in telecom technology, we hope to improve wellbeing of the society, in that, everyone shares the advantage of technology despite their wealth, social status or geographical location, thereby achieving the objective of shorten digital difference and creating digital opportunities. We also contributed resources in developing products and services to meet the needs of the disabled, so as to achieving their rights of enjoying the universe of digital technology.

Personal Assistant APP for Visually Impaired and the Elderly

To enable the visually impaired and the elderly to use smartphones, thereby ensured that the disadvantaged groups receive the same rights of telecom services, we integrated various ICT technology to introduce "Personal assistant APP" that exclusively designed for Chinese. This application can be downloaded for free to allow the visually impaired and the elderly, with the help of the volunteers, to see the world in more diversified methods. The function covers speech recognition, image recognition, cloud reading and life helper.

The cloud recognition technology imported by Chunghwa Telecom has money bill recognition function that recognizes USD, EURO, JPY, NTD and RMB at ease; as for daily life recognition, the user will need to upload photo shoot of the object through APP, a remote volunteer will help to identify the object from the other end. Through voice recognition, the visually disabled and the elderly will be able to listen to radio, read newspaper and track stock performance by speaking to smartphone. In addition, the APP combines with GPS bus locator. Therefore, by inputting telephone numbers of emergency contacts, the visually impaired and elderly may send SOS SMS by pressing a button. As of end of 2013, the APP had been downloaded by more than 1000 users.

EYE Society Innovative Call Center

Our long time cooperation relationship with Tamkang University Resources Center for the Blind (TKU RCB) prepared us to establish EYE Society Innovative Call Center, where blind and visually impaired students are trained to become voice operator, which covers part of Chunghwa Telecom customer service satisfaction survey, Taipei 1999 hotline, Taoyuan County 1999, Kaohsiung 1999 and Centers for Disease Control, while offering more job opportunities for the visually impaired.

After 3 years of conducting research and demonstration with TKU RCB, we published the first "Total Solution" in Taiwan that includes R&D, improvement and manpower training of barrier-free phone system to train visually impaired personnel with capability to become phone operator. As of end of 2013, "Total Solution" had trained 7 operators for Chunghwa Telecom customer service satisfaction survey and 12 operators for Taipei 1999 hotline that handle 10,097 calls, better yet, one of the operator performed so well that he/she was promoted to supervisor position. We have successfully helped 45 visually impaired to enter job market.

Open a Window for the Visually Impaired

People love to say, "Give visually impaired a chance", in fact, how many people are truly willing to offer THIS chance. I was regarded as an ordinary teacher when I was working as intern at a kindergarten. But after the headmaster heard about my visually impaired condition, I was sent to do administrative work. After graduated from school, I was confronted by frustration in job searching, but I believe "When God closes a door, he always opens a window", I can be as good as others or even better as long as I work hard.

I submitted my CV as soon as I heard about the recruitment of visually impaired operator by Taipei 1999 hotline. Fortunately, I was able to start taking phone calls after I was admitted and trained. No words can describe how happy I was to be able to serve people. Recently one event happened which really made my day. One morning, I received a call to enquire about Labor Standards Act and the conversation did not last long. That afternoon, she called in again to show her gratitude and told me that she even sent letter to the Mayor describing how I helped her. She told me: I know this is your job, but I am a 9-to-5er too, I understand how little encourage meant to you". Honestly, I was so touched to know that there are people out there who care about us and willing to give us opportunity; that phone call also motivated me to do my best.

Huang Ya-Chi

Start from "Heart"





My name is Yang, Zhi-Mei. I suffered from Retinal Detachment when I was first year in graduate school. It was so painful to be surrounded by classmates who are doctorate candidates. I could not figure out how this has happened to me. Fortunately, Christian faith supported me to go on. God helped me to understand that every one of us has a mission in this world. I finally accepted myself and started to take computer program for disabled at Technology Development Association for the Disabled.

My friends encouraged me to work as phone operator. "You have a good voice"; that is what they said. But at the very beginning, I had difficulty adapting to the work due to the restriction of the operational system and time. Fortunately, Chunghwa Telecom offered job opportunities, they even collaborated with TKU RCB to develop interface suitable for visually impaired, I knew I was one step closer to my dream. Thanks to the help from Chunghwa Telecom, I learned a lot of professional knowledge and skills during the course of training. In the days to come, my goal is becoming a loving, patient and compassionate phone operator, so as to serve people and showing my gratitude to Chunghwa Telecom.

Yang, Zhi-Mei

Preferential Subsidies for the Disadvantaged Groups

To make communication services available to the disadvantaged groups, Chunghwa Telecom offers them with preferential subsidies.

Preferential Plan	Preferential Plan	Total Benefited and Total Preferential Amount
Broadband Preferential Plan for Low-income Households	<ul style="list-style-type: none"> 50% off on HiNet 6M/2M, 20M/5M, 60M/15M monthly rate. 50% off on ADSL 2M/64K and 5M/384K monthly rate. 	 15,833 NT\$ 3,927 thousand
Broadband Preferential Plan for the Disabled	<ul style="list-style-type: none"> 5% off on HiNet 20M/5M and 60M/15M monthly rate. 15% off on ADS 5M/384K monthly rate. 5% off for other rates. 	 1,311 NT\$ 1,674 thousand
Public Phone Card Subsidy	<ul style="list-style-type: none"> NT\$ 100 IC public phone card for the disadvantaged applicant. 	 24,802 NT\$ 4,992 thousand
Caring Series Rate Plan	<ul style="list-style-type: none"> Double communication hours at original rate plan. 300 free SMS intra-network and 100 free SMD extra-network. 	NT\$ 22,800 thousand
Mobile Rate Plan for the Disadvantaged Groups	<ul style="list-style-type: none"> Preferential plan including free low monthly rate plan or credit to domestic communication fee, intra and extra-network SMS and visual phone. 	NT\$ 1,240 thousand
Healthy Internet Plan	<ul style="list-style-type: none"> For low-income households, providing free first year service to protect children from harmful websites such as pornography, violence, suicide, weapons, gambling, drugs. 	 164



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE CHUNGHWA TELECOM CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by CHUNGHWA TELECOM CO., LTD. (hereinafter referred to as CHT) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2013. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the CHT's CSR Report of 2013 and its presentation are the responsibility of the superintendents, CSR committee and the management of CHT. SGS has not been involved in the preparation of any of the material included in the CHT's CSR Report of 2013.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of CHT's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Communications based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for CHT and moderate level of scrutiny for subsidiaries, and applicable aspect boundaries outside of the organization covered by this report ;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013); and
- evaluation of the report against the GRI Telecommunications Sector Supplement (Pilot Version 1.0).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts 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 and sustainability report assurance. SGS affirms our independence from CHT, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors experienced in one or more of the following; AA1000, GRI, ISO 26000, ISO 20121, ISO 14001, OHSAS 18001, SA8000, SMETA, EICC, ISO 50001, QMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SGS Integrating Sustainability Communications service provision.

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 CHT's CSR Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of CHT sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the sixth to be assured by an independent assurance team and CHT has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process. In our opinion, the contents of the report meet the requirements of GRI G4 Comprehensive Option, GRI Telecommunications Sector Supplement (Pilot Version 1.0) and AA1000 Assurance Standard (2008) Type 2, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

CHT has demonstrated a strong commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts underpin the organization's understanding of stakeholder concerns, and its ability to integrate them into its decision making processes. This is demonstrated by surveys and communication to its employees, consumers, investors, authorities, local communities, suppliers, media, and other stakeholders. CHT has established its direct engagement with stakeholders by setting up meetings with stakeholder and having dialogue between CHT's management and stakeholders. For future reporting, CHT might consider continuing the proactively direct engagement with stakeholders.

Materiality

CHT has established appropriate processes for determining issues that are material to the organization implemented appropriate process for determining issues that are material to the organization. Formal review has identified and direct engagement with stakeholders and those issues that are material to each group, moreover the report has addressed theses at an appropriate level to reflect their importance and priority to the identified stakeholders. For future reporting, CHT may consider profiling the sustainability impacts outside of organization in more detail.

Responsiveness

The report cover comprehensive response to the issue and stakeholders concerns relating to CHT's activities. Future reporting would benefit from the results of direct engagement with identified stakeholders.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, CHT's CSR Report of 2013, is adequately in line with the GRI G4 Comprehensive Option and GRI Telecommunications Sector Supplement (Pilot Version 1.0). The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on subsidiaries, supply chain management and material aspects having boundaries outside of the organization are encouraged in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taipei, Taiwan
16 July, 2014
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8

G4 Index

General Standard Disclosures				
Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	8-9		✓
G4-2	Provide a description of key impacts, risks, and opportunities.	32,77		✓
G4-3	Report the name of the organization.	2		✓
G4-4	Report the primary brands, products, and services.	44-45		✓
G4-5	Report the location of the organization's headquarters.	2		✓
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Taiwan		✓
G4-7	Report the nature of ownership and legal form.	31, 32		✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Taiwan		✓
G4-9	Report the scale of the organization.	10-13		✓
G4-10	Report the total number of employees.	13, 61, 62		✓
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	64		✓
G4-12	Describe the organization's supply chain.	24-27		✓
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	None		✓
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	33-34		✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	20,32		✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	32, 48, 78		✓
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	Please refer to Chunghwa Telecom's 2013 annual report p15-16		✓
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	4,5		✓
G4-19	List all the material Aspects identified in the process for defining report content.	4,5		✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization	4		✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	4		✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None		✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	2		✓
G4-24	Provide a list of stakeholder groups engaged by the organization.	21		✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	21		✓
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	21		✓

General Standard Disclosures				
Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
G4-27	Report 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. Report the stakeholder groups that raised each of the key topics and concerns.	6		✓
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2		✓
G4-29	Date of most recent previous report (if any).	2013/8/31		✓
G4-30	Reporting cycle (such as annual, biennial).	Annual		✓
G4-31	Provide the contact point for questions regarding the report or its contents.	2		✓
G4-32	Report the 'in accordance' option the organization has chosen.	2		✓
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	2		✓
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	31		✓
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	19		✓
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	19		✓
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	19		✓
G4-38	Report the composition of the highest governance body and its committees.	31		✓
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Yes		✓
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	31		✓
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	19		✓
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	19		✓
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Please refer to Chunghwa Telecom's 2013 annual report p65-66		✓
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	19		✓
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	19-20		✓
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	19-20		✓
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	19		✓

General Standard Disclosures					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
G4-48		Report the highest committee or position that formally reviews and approve.	19-20		✓
G4-49		Report the process for communicating critical concerns to the highest governance body.	19		✓
G4-50		Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	31		✓
G4-51		Report the remuneration policies for the highest governance body and senior executives.	Please refer to Chunghwa Telecom's 2013 annual report p28-33		✓
G4-52		Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	31		✓
G4-53		Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	31		✓
G4-54		Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	61		✓
G4-55		Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	No data	Since recent President has not served more than 1 year	✓
G4-56		Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	35		✓
G4-57		Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	64		✓
G4-58		Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	64		✓
Specific Standard Disclosures					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
Category: Economic					
Material Aspect: Economic Performance					
G4-DMA p13	G4-EC1	Direct economic value generated and distributed	13		✓
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	77-80, 87-90		✓
	G4-EC3	Coverage of the organization's defined benefit plan obligations	73-75		✓
	G4-EC4	Financial assistance received from government	13		✓
Material Aspect: MaarkET PreSense					
G4-DMA p61	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	61		✓
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	All our employees are Taiwanese and hired from local community		✓

Specific Standard Disclosures					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
Material Aspect: Procurement Practices					
G4-DMA p24	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	82		✓
Category: Environment					
Material Aspect: Emissions					
G4-DMA p79-80	G4-EN15	Direct greenhouse gas(GHG) emissions(SCOPE 1)	82		✓
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (SCOPE 2)	82		✓
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (SCOPE 3)	No data	Plan to calculate Scope 3 emission in the future	✓
	G4-EN18	Greenhouse gas (GHG) emissions intensity	82		✓
	G4-EN19	Reduction of greenhouse gas(GHG) emissions	87-90		✓
	G4-EN20	Emissions of Ozone-Depleting substances (ODS)	Not applicable		✓
	G4-EN21	NOX, SOX, and other significant air emissions	Not applicable		✓
Material Aspect: Products And Services					
G4-DMA p77, 78	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	87-90		✓
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	81-86		✓
Material Aspect: Compliance					
G4-DMA p36	G4-EN29	Monetary value of significant fines and total number of significant fines and total number of non-monetary sanctions for non-monetary for non-compliance with environmental laws and regulations	None		✓
Category: Social					
Sub-category: Labor Practices and Decent Work					
Material Aspect: Employment					
G4-DMA p64	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	62-63		✓
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	73-75		✓
	G4-LA3	Return to work and retention rates after parental leave, by gender	75		✓
Material Aspect: Labor/Management Relations					
G4-DMA p64	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	64		✓
Material Aspect: Occupational Health and Safety					
G4-DMA p68	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety program	68		✓

Specific Standard Disclosures					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
G4-DMA p68	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	70		✓
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	None		✓
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	68		✓
Material Aspect: Training and Education					
G4-DMA p65	G4-LA9	Average hours of training per year per employee by gender, and by employee category	71		✓
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	65, 66, 71		✓
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	66		✓
Material Aspect: Supplier Assessment for Labor Practices					
G4-DMA p26	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	No data	Plan to implement relevant measures in 2014	✓
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	No data	Plan to implement relevant measures in 2014	✓
Sub-category: Society					
Material Aspect: Local Communities					
G4-DMA p57, 95	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	57, 58		✓
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	57, 58		✓
Material Aspect: Anti-competitive Behavior					
G4-DMA p36	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	36		✓
Sub-category: Product Responsibility					
Material Aspect: Customer Health and Safety					
G4-DMA p57, 58	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	57, 58		✓
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	None		✓
Material Aspect: Product and Service Labeling					
G4-DMA p57	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	100%		✓
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None		✓
	G4-PR5	Results of surveys measuring customer satisfaction	59		✓

Specific Standard Disclosures					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
Material Aspect: Marketing Communications					
G4-DMA p36	G4-PR6	Sale of banned or disputed products	None		V
	G4-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	36		V
Material Aspect: Customer Privacy					
G4-DMA p52	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	53		V
Material Aspect: Compliance					
G4-DMA p36	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None		V
Telecommunication Sector Specific Indicators					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
Sub-category: Internal Operations					
Material Aspect: Investment					
G4-DMA p54, 55	IO1	Capital investment in telecommunication network infrastructure broken down by country/region	54, 57, 58		V
	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. Describe relevant legislative and regulatory mechanisms	100		V
Material Aspect: Health and Safety					
G4-DMA p68-70	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	68-70		V
	IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	57, 58		V
	IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations	57, 58		V
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets	57		V
Material Aspect: Infrastructure					
G4-DMA p50, 51	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible	50, 51		V
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures	75%, 25%, 100%		V
Sub-category: Providing Access					
Material Aspect: Access to Telecommunication Products and Services: Bridging the Digital Divide ¹					
G4-DMA p95	PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied	55, 100		V

Telecommunication Sector Specific Indicators					
Indicators		Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p104-105
G4-DMA p95	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied	95, 98, 102, 103		✓
	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	95, 98, 102, 103		✓
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered	54		✓
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas	103		✓
	PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	55		✓
Material Aspect: Access to Content					
G4-DMA p58	PA7	Polices and practices to manage human rights issues relating to access and use of telecommunications products and services	58		✓
Material Aspect: Customer Relations					
G4-DMA p56	PA8	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material	57, 58		✓
	PA9	Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation	57		✓
	PA10	Initiatives to ensure clarity of charges and tariffs	52		✓
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use	56, 57		✓
Sub-category: Technology Applications					
Material Aspect: Resource Efficiency					
G4-DMA p41	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered	22, 23, 42		✓
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	44, 45, 87, 88		✓
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings	44, 45, 87, 88		✓
	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. This may include social consequences as well as environmental	44, 45, 87, 88		✓
	TA5	Description of practices relating to intellectual property rights and open source technologies	42		✓



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