

Chunghwa Telecom  
2014 Corporate Social Responsibility Report



Smart CSR  
Leads Smart City



## Editorial Policy G4-28, G4-31, G4-33

Welcome to the Chunghwa Telecom eighth Corporate Social Responsibility (CSR) 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 2014.

### Reporting Period

This report discloses the company's CSR management policies, key issues, countermeasures, initiatives and results between January 1 and December 31, 2014. 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, the materiality as indentified in the report involved the subsidiaries and is also disclosed to present a full picture of Chunghwa Telecom in the performance of CSR and the result along its 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 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, please do not hesitate to contact us through:

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**GRI** GRI indicator

 More information

**CHT** Chunghwa Telecom own indicator

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## Message from the Chairman

G4-1

Chunghwa Telecom has emerged as the first telecommunications service provider to launch a 4G high-speed online service in Taiwan in 2014. The performance of Chunghwa Telecom has been superb as can be seen in the indicators of vision, innovation, finance, and technology. In the face of increasingly fierce competition, Chunghwa Telecom continues to sustain its leading position in data communications and innovation. At the same time the company places great value on the influence of corporate operations on society and the environment which remains one of the most important corporate strategies for sustainable development.

Chunghwa Telecom has been included in the Dow Jones Sustainable Index (DJSI) for two consecutive years and is one of the top eight sustainable telecommunication service providers in the world. This result was not unexpected because Chunghwa Telecom has long realized the importance of sustainable development and has been engaged in the management of corporate social responsibility since 2006. Chunghwa Telecom engages in a full-range of corporate governance and environmental protection activities and also promotes social harmony. With a spirit of “value is a matter of responsibility”, Chunghwa Telecom recruits talent, distinctive resources and technologies to nurture an inside out corporate culture of sustainability.

Chunghwa Telecom is committed to its stakeholders with transparency, sincerity, and steady sure operation. For nine years, Chunghwa Telecom has been rated as the top performer in disclosure. The company has a long-term S&P credit rating of “AA”, and short and long-term credit rating of “twAAA/twA-1+” from Taiwan Ratings. Chunghwa Telecom maintained its leadership position in the industry in 2014 and was the first telecommunications service provider to implement second-party audits of suppliers in corporate social responsibility to both reinforce communications value chain management and exert a positive influence along the industry chain.

To be a “Green Enterprise” in the data communications industry remains a terminal mission of Chunghwa Telecom. In 2014, Chunghwa Telecom was the first telecommunications service company conduct Scope 3 inventory. Chunghwa Telecom will continue expanding the use of the “iEN Intelligent Energy Service” as well as the development of other green products and services to assist the government and enterprises with their enhancement of the efficient use of energy. Chunghwa Telecom translates its sense of responsibility, both internally and externally, into concrete action by a positive response to a low-carbon economy.

“Narrow the digital gap for digital opportunity” is an important piece of Chunghwa Telecom philosophy for input to society. It clearly conveys the realization that the prevailing use of the Internet is critical

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to the improvement of knowledge sharing and social transformation. For this reason, Chunghwa Telecom has invested about NT\$ 800 million to improve the accessibility to telecommunication services across Taiwan and the offshore islands. In 2014, Chunghwa Telecom completed the infrastructure of Wi-Fi and telecommunications services at “Smangus”, home of the tribe of god. This move helps the aboriginal tribes upgrade and improve their tourist and agricultural trade and subsequent economic performance.

For years, Chunghwa Telecom has spared no effort in the advocacy of the “Digital Good Neighbors” campaign and has extended its joint ventures with NGOs, schools and artistic and cultural entities by providing hardware and software resources in 72 different locations across Taiwan. We have enriched the way of life of many communities. Our “Youth Training Scheme” events, have fused feelings in both the youth and adult communities. More than 2,000 minutes of documentary footage and data communication technology helps convey the warmth and passion of mankind everywhere.

4G has rejuvenated Taiwan and the IoT and digital convergence has helped to bring in many more opportunities and challenges to the industry as a whole. Chunghwa Telecom is backed by professional technology focused on cross-platform integration services, and that has made it possible for us to add many new things to our daily lives. Chunghwa Telecom wants to be a close partner of the people, and use ICT properly to give more value-added smart services to the public. Chunghwa Telecom is also sowing the seeds of sustainable development with the view that sustainability should spill over into society everywhere.

Chairman of the Board of Directors

蔡力洋





一起迎

中華

shy



# Corporate Overview

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." On August 12, 2005, Chunghwa Telecom became a privatized company by way of reduced ownership of the government to less than 50%.

Our main operation site is in Taiwan, and head office is in 21-3, Sec. 1, Hsinyi Road, Taipei, Taiwan. 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.

迎向

電信

Chunghwa Telecom

4G LTE

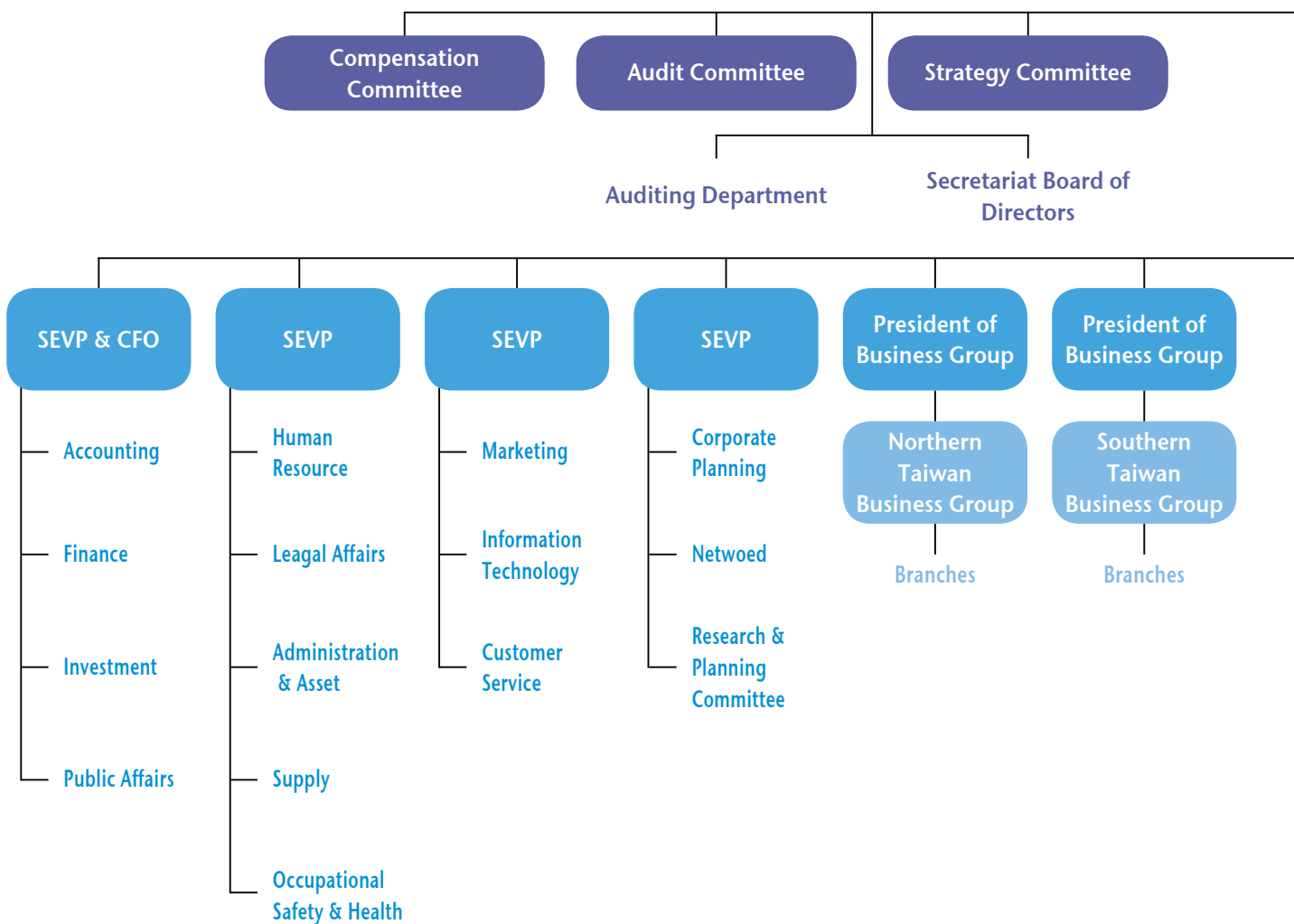
## Business Philosophy

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 CSR, Chunghwa Telecom is dedicated to utilize its core competence, and creating digital opportunity, environment sustainability, consumer care and employee care, so as to demonstrate corporate citizenship behavior that goes beyond regulatory requirements.

## Organizational Chart

G4-9

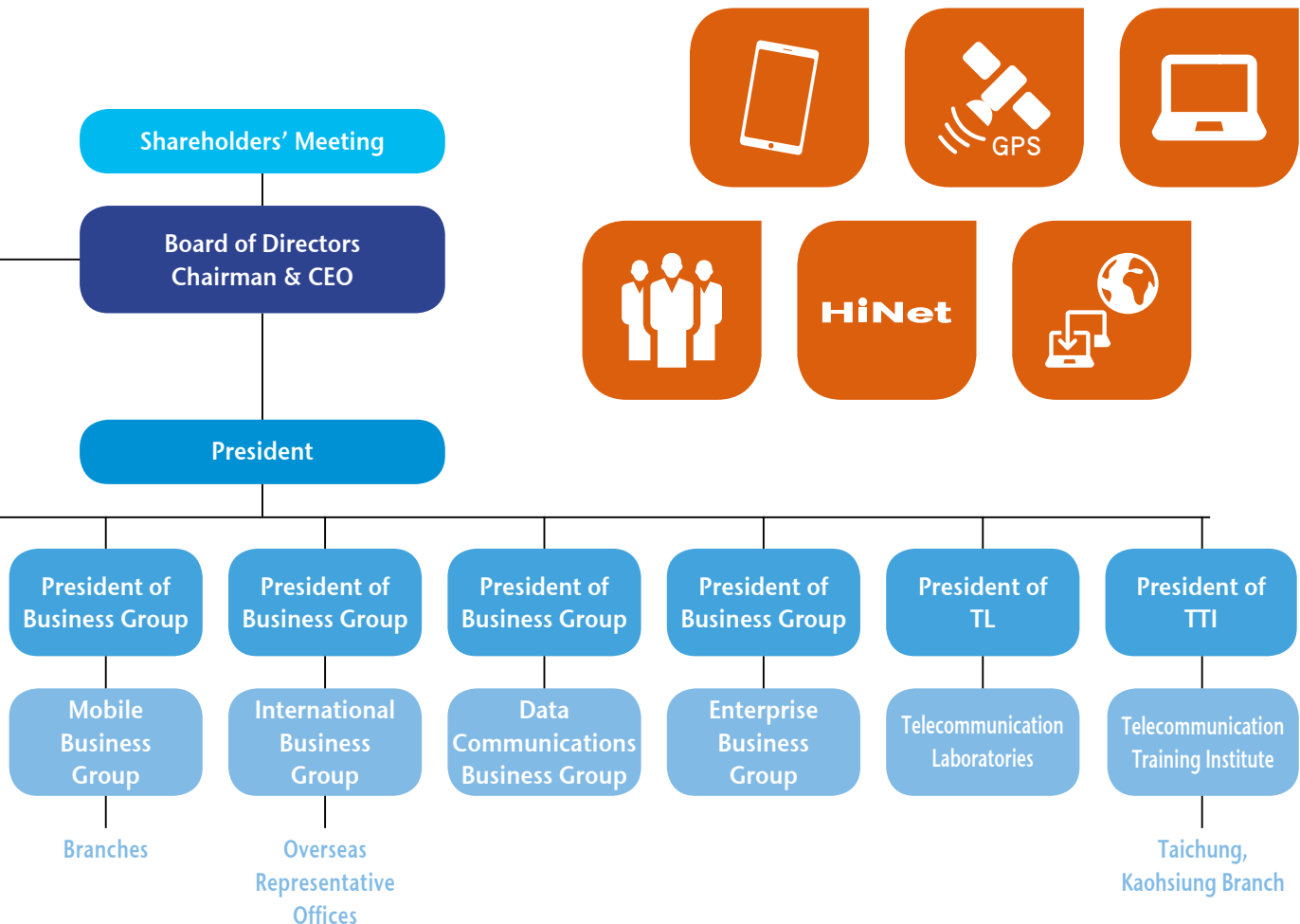


\*SEVP:Senior Executive Vice President

\*CFO: Chief Financial Office

## With Our Services

- We enhance the operational efficiency of corporations.
- We create a gateway to an enjoyable digital life for people
- We facilitate industry scale to expand in a good way with our contribution
- We facilitate industry scale to expand in a good way with our contribution



### The First 4G Service Provider in Taiwan

With NT\$ 39.07 billion, we have won the right 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, and is the first provider of 4G service launched on May 29, 2014, at the same time, we are speeding up to establish 4G base stations, with expected radio coverage reaching population of at least 99% in 2015, so as to providing quality 4G mobile communication services.



## Create Shareholder Value <sup>G4-9</sup>

The penetration and rapid growth of smart mobile devices has shaped the world into continuous development of innovative applications to meet the demand. 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 decreased 0.6% YoY to NT\$ 226.6 billion in 2014, exceeding forecast by 99.3%. 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\$ 38.6 billion and EPS is NT\$ 4.98, both have exceeded 107.7% of the financial forecast.

In addition to continuous profitability and financial soundness for a stable operation over the years, we, as an honest taxpayer, 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.

## Always Ahead

Chunghwa Telecom was the first telecommunication service provider in Taiwan; this move was a milestone for the development of the mobile communication and digital convergence industry in Taiwan.

Chunghwa Telecom has enjoyed the growth of its mobile service customer population. With the state-of-the-art infrastructure, innovative businesses such as data communication and cloud service also developed at a stable pace. The successful contracting with related enterprises and the government on data communication projects implies the strong competitive power of Chunghwa Telecom in this domain.

"For you, always ahead" is our motto, showing ceaseless effort for driving toward perpetual competitiveness. Chunghwa Telecom will continue to launch fast and convenient products and services to assist the industry and society to achieve the vision of smart and low carbon development.

## Risk and Opportunity <sup>G4-2</sup>

Despite the breakthrough in bandwidth and speed limitation, and much faster speed for accessing the network, 4G will trigger keener competition in more application services which in turn brings about risk and opportunity. In responding to the rapid changing competition in market, Chunghwa Telecom will continue its effort in innovative research and development (annual investment in R&D accounted for more than 1% of the overall revenue), and sustain the broad bandwidth feature of 4G so as to create a high quality 4G mobile broadband and digital convergence life.

<b>Risk</b>	There are six 4G service providers in Taiwan, which drove this service into an era of acute competition.
<b>Opportunity</b>	The business opportunity of smart city and Internet of Things (IoT) allowed variety of big data products, which will help Chunghwa Telecom in the development and offering related application products and services.
<b>Target</b>	Annual growth rate at 3% is the goal for the development of value-added application service.

## Three Main Markets and Services



### Household Market

- Domestic fixed network service
- Domestic leased line service
- Internet and value adding service
- MOD (IPTV) service
- International fixed network service



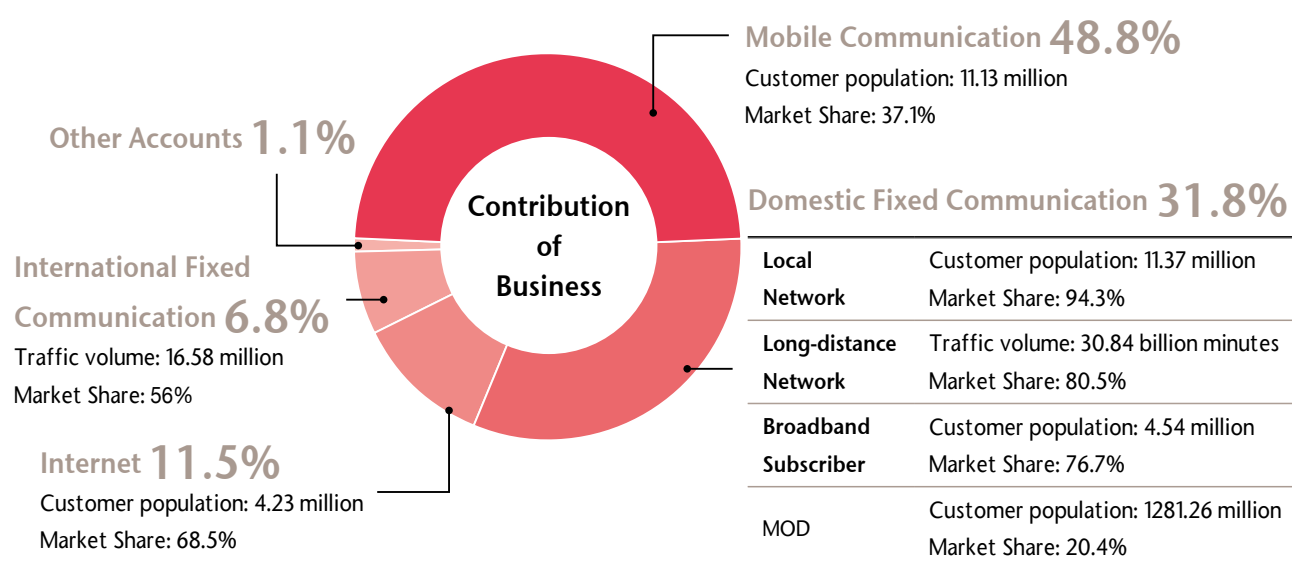
### Personal Market

- Mobile communication service
- Wi-Fi service
- International fixed network service



### Corporate Market

- Integrated service
- Data security service
- Mobile service
- Data service
- International service
- Diversified integrated payment and collection service



## Products and Services



### Mobile Subscriber

Customer population: 11.13 million  
Result of Operation:  
Annual growth rate at 4.4%



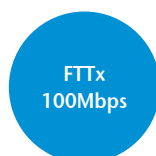
### FTTx

Customer population: 3.12 million  
Result of Operation:  
Annual growth rate at 5.6%



### Mobile Internet

Customer population: 5.16 million  
Result of Operation:  
Annual growth rate at 31.0%



### FTTx 100Mbps

Customer population: 870 thousand  
Result of Operation:  
Annual growth rate at 132%



Customer population: 1.33 million  
Result of Operation:  
Market Share 38.6%



### HiNet/Broadband

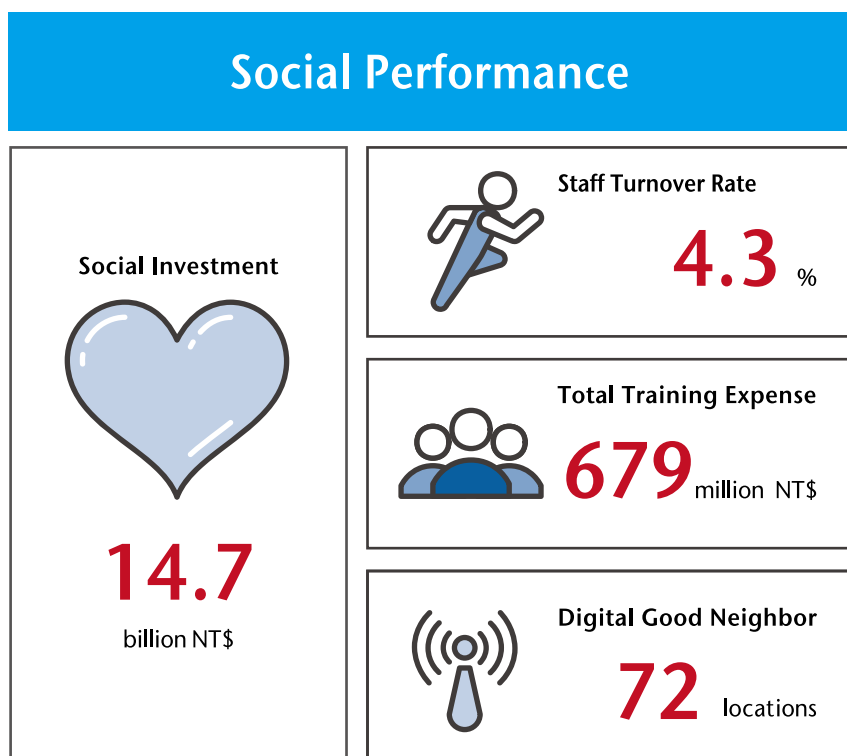
Customer population: 3.79 million  
Result of Operation:  
Annual growth rate at 0.2%

## Economic Performance

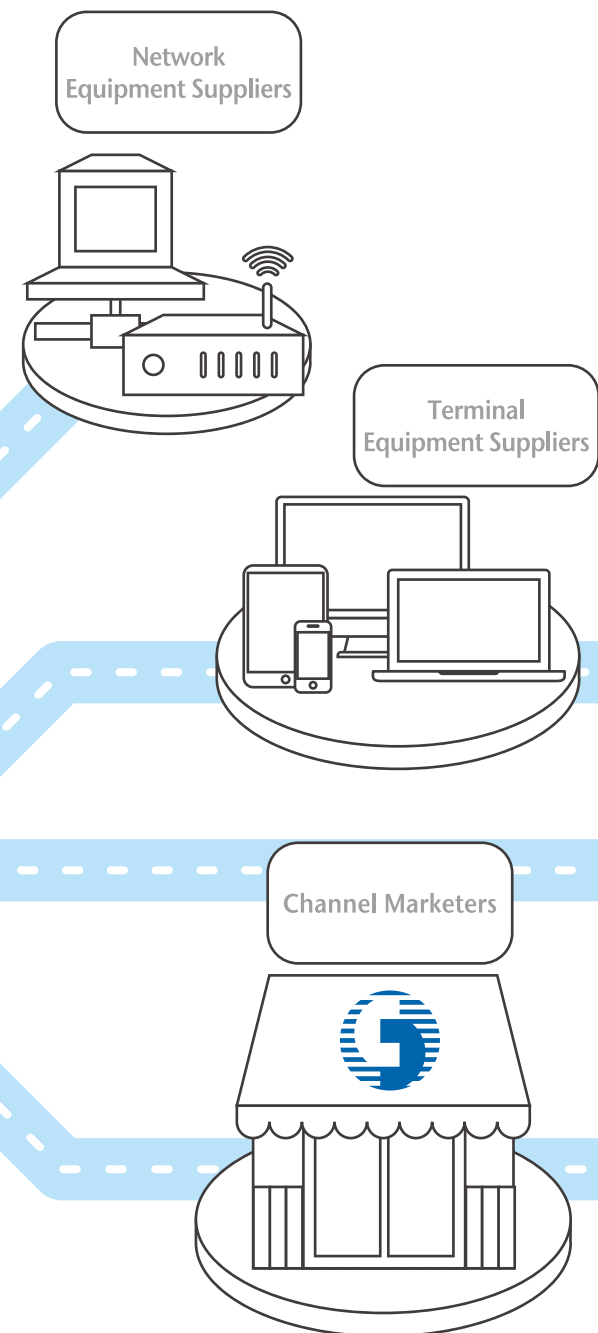
Unit: NT\$ million

Revenue	Revenue	226,609
	Operating cost and expenses	148,379
Distribution	Employee salaries and benefits	46,622
	Dividends paid to shareholders	18,526
	Taxes	7,393
	Expenses of social investment/donation	1,472
Retained	Retained economic value	4,217

There is a combination of all markets that blurs industry boundaries due to advanced technologies. This implies cross-industry operation and cooperation becomes prevalent. Under the impact of digital convergence, the scope of the telecommunication industry value change broadened further. All service providers desire to launch innovative eICT services and provide more services to customers so as to gain a larger share of the market. Over the years, content providers/ integrators, application service provider, internet equipment suppliers, and terminal equipment suppliers are vital partners of the telecommunication service providers in the value chains of digital convergence service development.







## Economic Performance



Consolidated Revenue

**226,609**

million NT\$

Complaints Per  
million Consumers



**182** cases

Customer Service  
Satisfaction

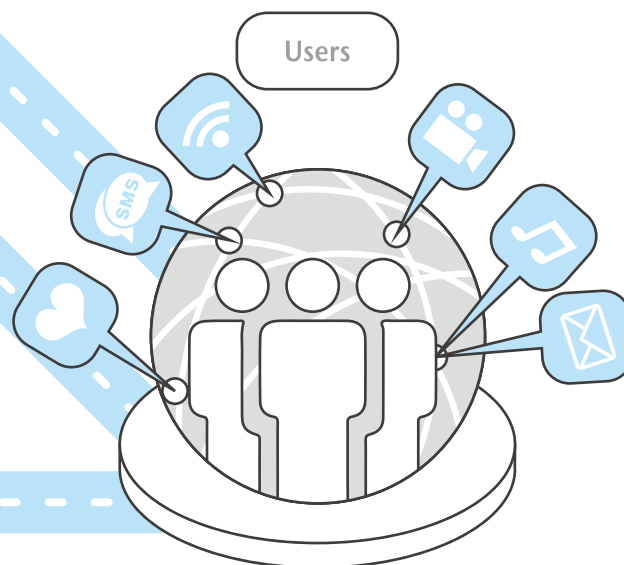


**7.3** points  
10 point scale

Employee  
Satisfaction



**78** points  
100 point scale



## Environment Performance



Electricity  
Consumption

**1,422** k-MWh



GHG  
Emissions

**839,200** t-CO<sub>2</sub>e



Water  
Consumption  
Volume

**2,567** m<sup>3</sup>



Waste

**9,142** ton



## CSR Milestones in 2014

- Mobile Business Group was accredited with the ISO 50001 for its sustainability and successful performance in carbon reduction
- Won the Corporate Sustainability Bronze Award of RobecoSAM
- Received S&P long term rating of “AA” and Taiwan Ratings long term/ short term rating of “twAAA/ twA-1+”



- The only enterprise in Taiwan ranked the 384<sup>th</sup> place on the list of The World's Top 500 Most Influential Brands
- The “Advocacy of Broadband Upgrade in Rural Area Award” by NCC

- EARTH System won winning the “EPIF 2014 International Green Classics Awards – Honor Award”



- Repeat winner of the “Gold Medal Service Award” of Common Wealth Magazine
- Repeat winner of “30 Monthly “&”Manager Today” on branding

- Information disclosure ranking of A++
- Received Reader's Digest Trusted Brand's Platinum Award – Telecommunication Communications Service
- Ranked 1<sup>st</sup> in “Digital Service Benchmark Enterprise”, and 1<sup>st</sup> place in “Information Channel and Communication Industry” in Digital Age.



- Ranked among the Top 10 Telecommunication Service Providers of the Corporate Citizen Award of Common Wealth Magazine

MEMBER OF  
**Dow Jones  
 Sustainability Indices**  
 In Collaboration with RobecoSAM

- Data Security Expert service won the ISLA, hacker contest award, the result of international recognition
- Selected as component stocks in DJSI--World Index and DJSI--Emerging Markets Index

- Winner of the 2014 TAITRONICS in Cloud IoT and Broadband Communications
- The iEN service won the “Distinguished Company in Energy Technology Service” from Bureau of Energy, MOEA
- The benchmark telecommunication service providers on the list of “Benchmark Enterprises in 20 years” and the most preferred benchmark enterprise of Common Wealth Magazine in 2014



- Won the 12<sup>th</sup> Global Views: Five-Star Service Awards of Global View Magazine, the champion in telecommunication service
- Received 1<sup>st</sup> place in “Best Brand Award” – telecommunication sector issued from Business Today for the 7<sup>th</sup> consecutive years
- Won the “2014 Taiwan Corporate Sustainability Award” with 4 issues of CSR

- President Shi Mu-Piao was elected as a fellow to the 15<sup>th</sup> term of the Chinese Society for Management of Technology; the Telecommunication Laboratories won the “16<sup>th</sup> Technology Management Award”



# CSR Management

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



## Sustainable Development Strategy – Create Sustainable Value

We launched the implementation of sustainability 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. We implement sustainable actions from six groups 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 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".

Because of this, Chunghwa Telecom has mapped out and implemented the strategy and management for the realization of corporate social responsibility. This will help to control risk, reduce cost, increase brand value more effectively and bring about new opportunity for growth, and will create better value for all stakeholders.

Chunghwa Telecom will continue to align with the international standards of sustainability and adopt a much higher standard for its code of conduct for voluntary control in business integrity. We equip our employees with the correct CSR concept through a comprehensive mechanism, while infusing CSR into daily operations and penetrating into corporate culture to create sustainable values for all stakeholders.

## The Top 8 World Sustainable Telecommunication Service Providers

In 2014, Chunghwa Telecom was included in the Dow Jones Sustainability Index (DJSI), "DJSI-World Index" and "DJSI-Emerging Markets Index", ranked among BT (UK), PT (Portugal), SK Telecom (South Korea) etc., as one of the Top 8 Sustainable Telecommunication Service Providers of the World.

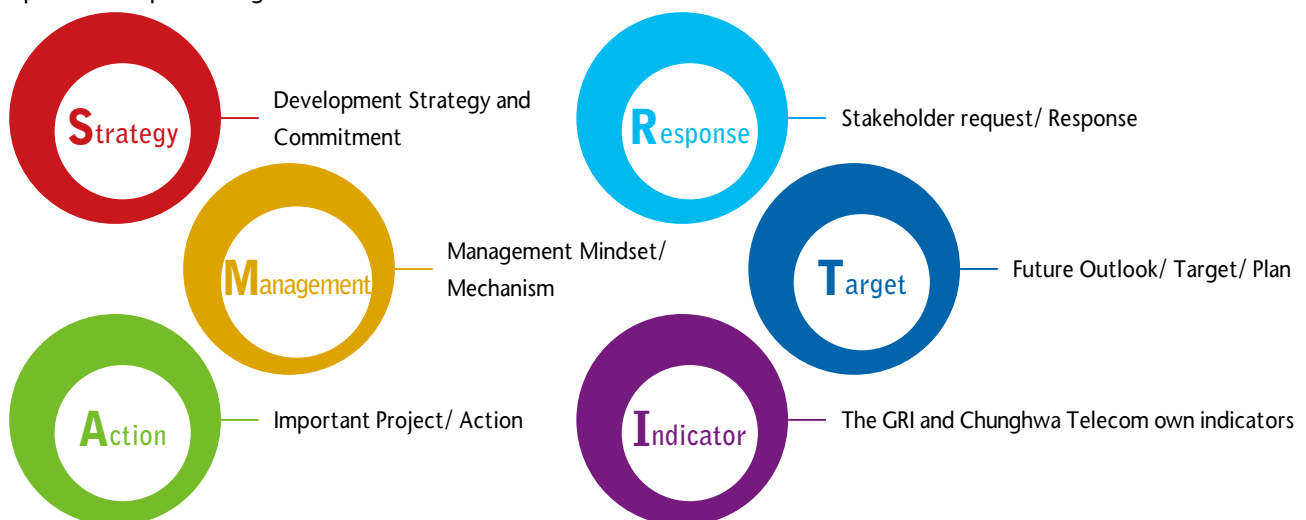
Also, Chunghwa Telecom is the only telecommunication service provider of Taiwan included in both categories of DJSI. This demonstrated the effort of Chunghwa Telecom in the making CSR part of its corporate culture, and its industrious performance of CSR in corporate governance, environmental protection and the society, which manifested in its operation performance. It earned the recognition of international investors.

Furthermore, we gained full scores in "protection of privacy" and "environmental strategy and management system", and scored high mark in "corporate citizen and charity" and "attracting and keeping good people". All these are the performance of Chunghwa Telecom in economic, environmental and social aspects are at the top of international telecommunication industry.

## SMART – I Management Mechanism

The distinctive Strategy-Management-Action-Response-Target (SMART) CSR management mechanism of Chunghwa Telecom shows its response to GRI G4 version in the systematization in management and the compilation and disclosure of facts in corporate social responsibility. New indicators were introduced to the 2014 version, which substantively presented in the chapters and sections corresponding to relevant GRI index. This is our commitment to international standards.

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 CSR will facilitate the sustainable operation of promoting CSR.



## CSR Committee

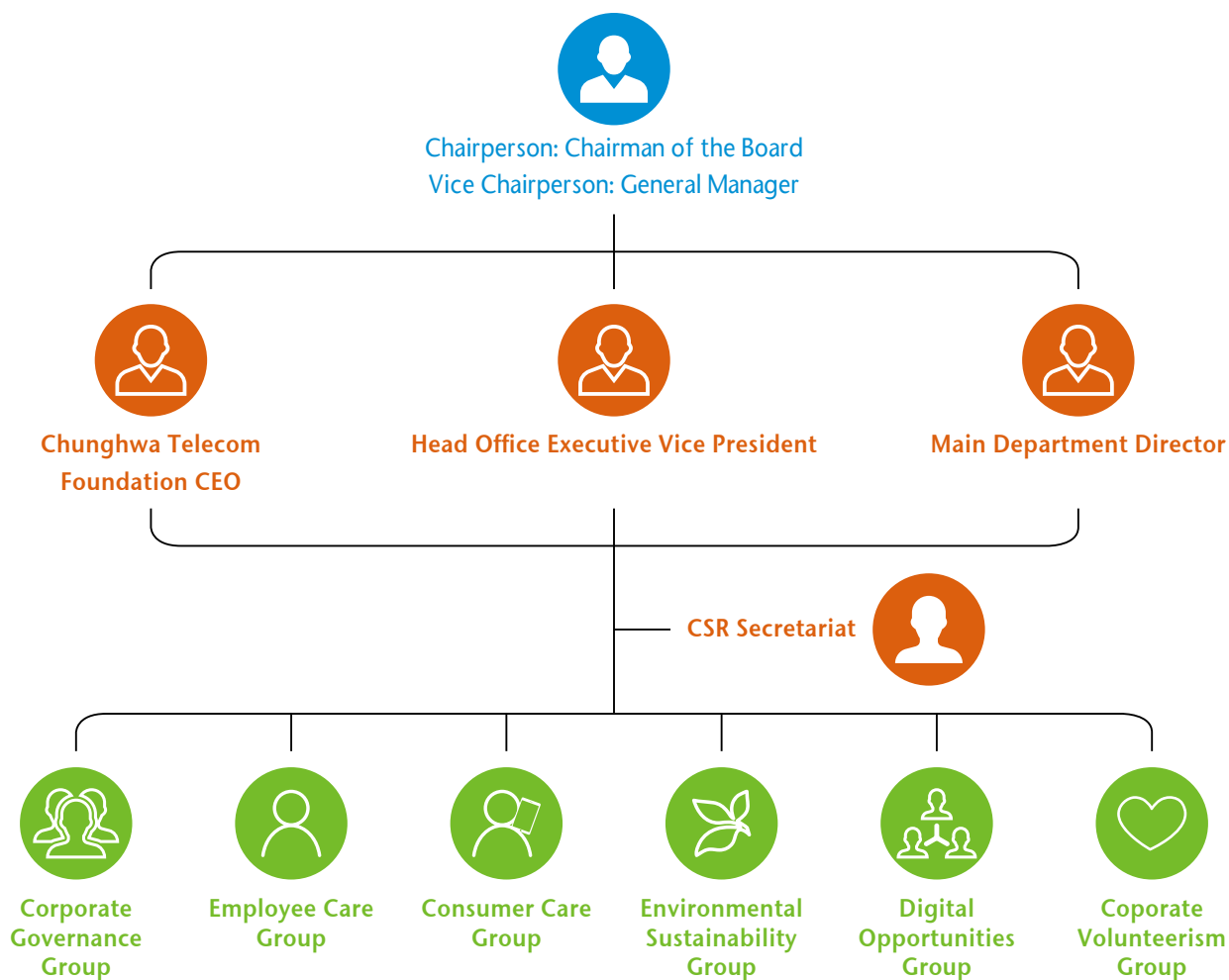
G4-35-G4-37,G4-42,G4-44-G4-49

We established "CSR Committee" in 2007 in hopes to promote CSR 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.

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.

<b>Representative</b>	Lih-Shyng Tsai Chairman of the Board of Directors
<b>CSR Policy</b>	Approved by the Board of Directors
<b>Execution</b>	CSR Secretariat is responsible for planning of policies and actions; Public Affairs is responsible for budgeting, educational training, and management of following up and awards measures; Branches and affiliates are responsible for promotion and implementation of the related projects
<b>Meeting Frequency</b>	Quarterly
<b>Report Approval</b>	Submit to president for final approval after reviewed by the managements (Vice Presidents)

### CSR Committee Organizational Chart



## Internalization of Corporate Social Responsibility

To ensure that all employees understand the spirit of CSR, we have established a diversity of channels for communications and education of related topics. This is integrated with a performance evaluation that helps to translate the concept of CSR into action and is practiced in routine operation.

	Communication Channel	Content
Communication within Senior Management	Senior Management Meeting	Key CSR issues will be discussed in the senior management meeting every year.
	Chunghwa Telecom Online Forum	We have an intra-site for employees to share opinion and give suggestion to the company.
Training	Environmental Training	We provide at least 4 hours training annually and by hosting ecological tour.
	CSR Training	Every year we will provide basic CSR training around departments, and invite consultant for further courses.
	New Employee Training	<ul style="list-style-type: none"> <li>● We have 3 days pre-service training, including personnel system, working guidelines, labor relation and etc.</li> <li>● We will send employees to attend specific labor right training courses outside.</li> </ul>
	e-Learning	We put relevant courses and information on our e-Learning system to let employees learn and download freely.
	Administration Management Assessment	We set energy reduction targets and link with performance bonuses.
Performance Assessment	Online Test on CoC	All our employees are required to take the “Chunghwa Telecom Code of Business Conduct and CoC Test” each year
	Reporting Mechanism	Once employee is found to violate corporate regulations, it will affect his/her performance bonuses.
Others	CSR Report Workshop	Internal training on the new trend of preparing reports at any time.
	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.



## Determining Material Issues and Stakeholders

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.

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.

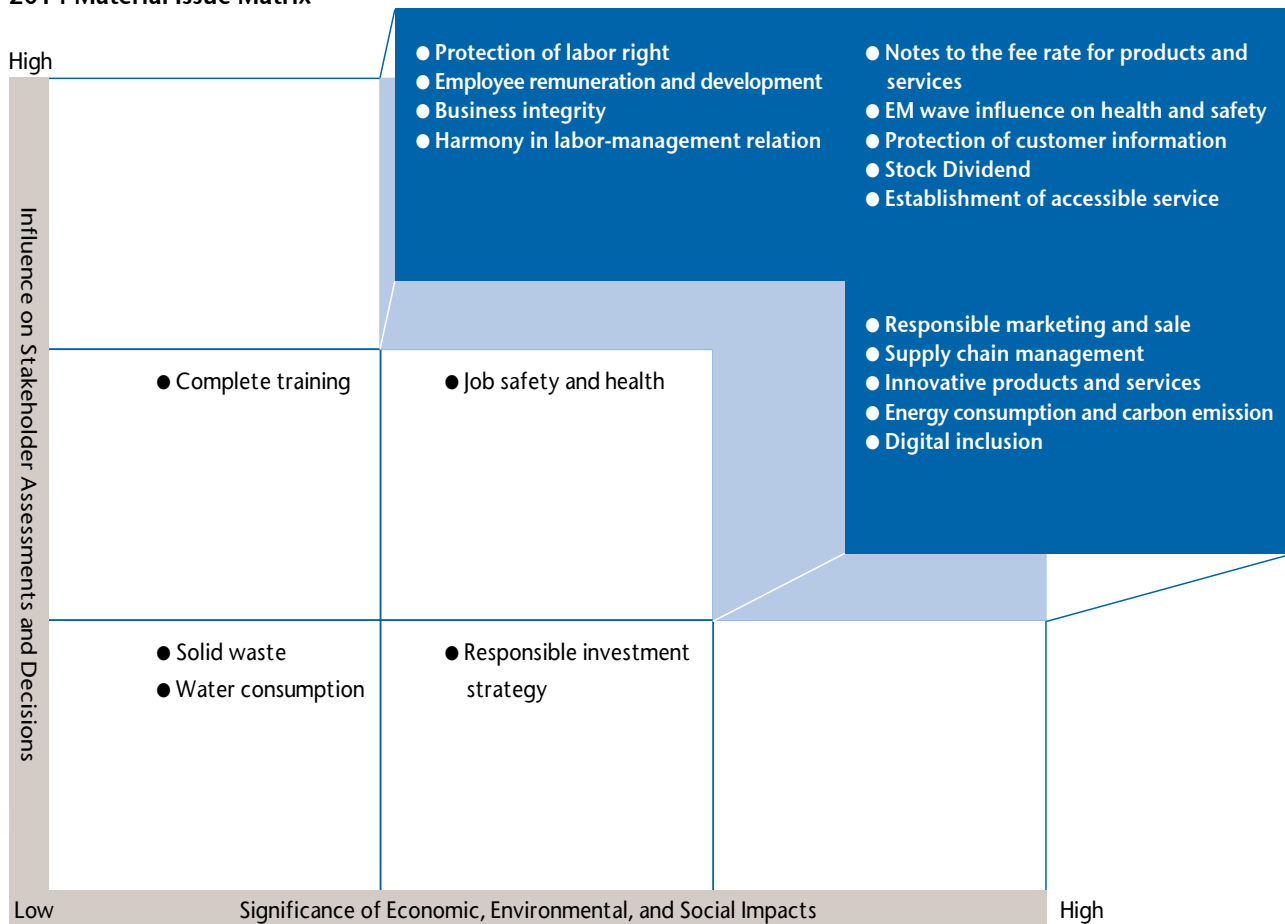
### Process for Determining Material Issues



### Boundaries of Material Issues

Material Issues	Within the Organization			Outside the Organization			
	CHT	Honghwa (Subsidiary)	Consumer	Supplier	Competitor	Community	Shareholder/Investor
Notes to The FeeRate for Products and Services	✓		✓				
EM wave Influence on Health and Safety	✓		✓				
Protection of Customer Information	✓		✓				
Stock Dividend	✓						✓
Establishment of Accessible Service	✓					✓	
Protection of Labor Right	✓	✓					
Employee Remuneration and Development	✓	✓					
Business integrity	✓						
Harmony in Labor-management Relation	✓	✓					✓
Responsible Marketing and Sale	✓		✓		✓		
Supply Chain Management	✓			✓			
Innovative Products and Services	✓		✓		✓		
Energy Consumption and Carbon Emission	✓					✓	
Digital Inclusion	✓		✓			✓	

## 2014 Material Issue Matrix



## 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.

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.

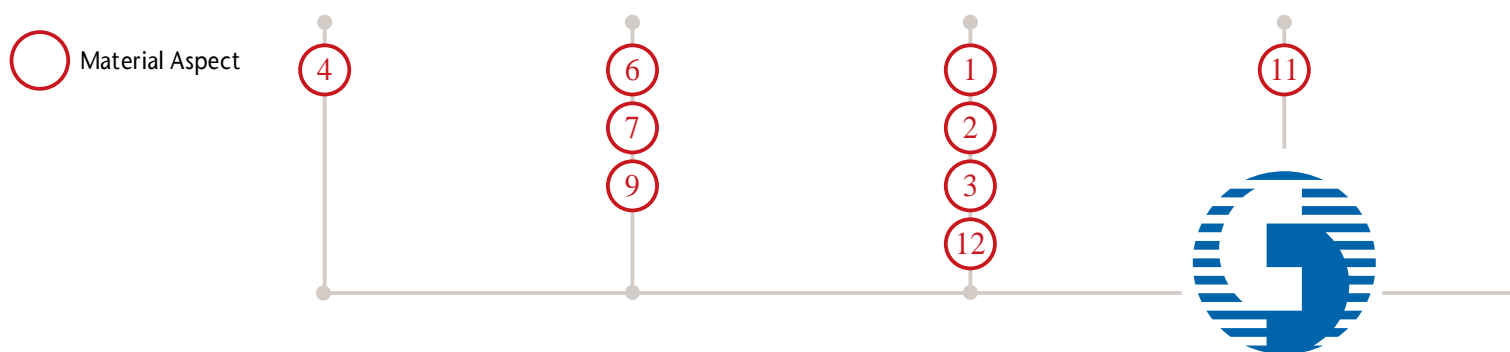
In the process of promoting CSR activities or information disclosure, we consult the opinion and recommendation of the internal and external stakeholders, relevant important mechanism including:

- 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.
- Designate specialist for CRS and foundation.

## Note to Important Topics in 2014 G4-24-G4-27



Meaning to Chunghwa Telecom	As shareholders/investors are the holders of Chunghwa Telecom, we must be accountable to them.	Employees are critical in sustainable development and they are the driving force for sustained growth.	Only when customers prefer the products and services of Chunghwa Telecom could we have value for existence.	The huge product and service chain of Chunghwa Telecom relies on the stable support of the suppliers.
Communication Channel	Stockholder hotline, IR Website, Results call, Roadshow	e-mail, Telephone calls, Online forum, Labor-employer meeting	Service hotline, Customer Service center	e-mail, Hotline, CSR Supplier Social Event
Communication Frequency	Immediately	Immediately	Immediately	4-5 times per month



Material Issues	Meaning to Chunghwa Telecom	GRI Aspect	DMA
① Notes to the Fee Rate for Products and Services	Provide an accurate information on products and services is the way to allow the customers to correctly and quickly search their solutions will be critical for maintaining a professional corporate image in good standing and also service quality.	<ul style="list-style-type: none"> <li>Product and Service Labeling</li> <li>Marketing Communication</li> </ul>	p.53
② EM Wave Influence on Health and Safety	We strictly complies with the safety standard set forth by the competent authority by using equipment conforming to safety requirements for the installation of related telecommunication system in consideration of the anxiety of the public.	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> <li>Product and Service Labeling</li> </ul>	p.67
③ Protection of Customer Information	We seek to reinforce the protection of consumer information through various processes and system design so as to prevent the disclosure of customer information or the undue viewing of the information system for consumer data by customer service personnel.	<ul style="list-style-type: none"> <li>Customer Privacy</li> <li>Marketing Communications</li> </ul>	p.54
④ Stock Dividend	We take the distribution of dividends to shareholders as the most direct and pragmatic means for conveying the message to stakeholders on its operation performance of the year.	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>	p.10
⑤ Establishment of Accessible Service	We believe all people are entitled the right to a fundamental means of communications. For this reason, we entered the rural areas to provide data communication service regardless of the cost.	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	p.108
⑥ Protection of Labor Right	We are committed to the "the peace of mind of employees" and thereby respects every employee. We are also the only telecommunication service provider in Taiwan that has established a labor union and entered into agreement with the labor union.	<ul style="list-style-type: none"> <li>Non-discrimination</li> <li>Training and Education</li> <li>Freedom of Association and Collective Bargaining</li> <li>Market Presence</li> </ul>	p.70
⑦ Employee Remuneration and Development	Chunghwa Telecom takes its employees as a vital asset and partners for cooperation. We also spare no effort in setting up a viable system so that employees can showcase their strengths.	<ul style="list-style-type: none"> <li>Market Presence</li> <li>Employment</li> </ul>	p.67



We wish to feed back to society with its professional standing in telecommunication and create a better future.

They are good friends and teachers for us in sustainable development.

Our products and services and related marketing behaviors are subject to audits by the competent authority.

We wish to engage in fair competition in the industry for a healthy development of the industry.

e-mail, Hotline, Stakeholder conference

E-mail, Hotline, Meeting, Press release

Official document, Meeting, e-mail, Telephone calls, Visit

Official document, Meeting

Immediately

Immediately

Immediately

1-2 times per year

5  
13  
14

8  
9  
12

8  
10

10

Material Issues	Meaning to Chunghwa Telecom	GRI Aspect	DMA
8 Business integrity	Chunghwa Telecom holds that honesty and integrity is the cornerstone for corporate social responsibility. In practice, Chunghwa Telecom will adopt the highest moral standard in business operation and demands all employees to duly observe the Code of Ethics and Responsibility in commercial behavior.	<ul style="list-style-type: none"> <li>Marketing Communications</li> <li>Anti-competitive Behavior</li> </ul>	p.33
9 Harmony in Labor-management Relation	Employees are critical for sustainable corporate development. Labor-management relation in harmony constitutes a positive work environment for employees, which is beneficial for the operation and development of Chunghwa Telecom.	<ul style="list-style-type: none"> <li>Labor/ Management Relations</li> </ul>	p.70
10 Responsible Marketing and Sale	For upgrading the quality of business practice and marketing, and earning the trust of the consumers with the company, Chunghwa Telecom has instituted a "Code of Conduct in Marketing" to keep marketing and sales on track and in compliance with the regulations and requirements of the competent authority.	<ul style="list-style-type: none"> <li>Marketing Communications</li> <li>Anti-competitive Behavior</li> <li>Compliance</li> </ul>	p.34
11 Supply Chain Management	Chunghwa Telecom makes a sizable volume of purchases from a large number of suppliers every year. Chunghwa Telecom is influential to make these suppliers perform their corporate social responsibility as well and create greater value for society.	<ul style="list-style-type: none"> <li>Procurement Practices</li> </ul>	p.38
12 Innovative Products and Services	For achieving the goal of "give the customer simplicity and leave the complication to Chunghwa Telecom", Chunghwa Telecom focuses on innovative service, fundamental core technologies, and advanced research, and makes positive effort to develop convenient and practical products and services.	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> <li>Products and Services</li> </ul>	p.47
13 Energy Consumption and Carbon Emission	Chunghwa Telecom is dedicated to sustainable development into a "green enterprise" and wishes to play an even more active role in the fields of energy and climatic change. Through the upgrade of energy efficiency and the development of environmental friendly products and services in best effort, Chunghwa Telecom starts from its core competence to guide the development of low carbon industry.	<ul style="list-style-type: none"> <li>Energy</li> <li>Emissions</li> </ul>	p.90
14 Digital Inclusion	Chunghwa Telecom wishes to create a barrier-free environment for technology and information through communication technology so that all people are benefited from digital technology irrespective of age, social status, geographic location, and education.	<ul style="list-style-type: none"> <li>Local Communities</li> <li>Products and Services</li> </ul>	p.103



## Sustainable Development Objective

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 everchanging environment, and continue to create values to respond to the support of the consumers, shareholders and employees, thereby achieving sustainable operations.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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.



## Responses to Critical Issues in 2014

### Issue #1: The Dilemma of Coverage of the Base Stations

Service providers are compelled to provide good quality voice transmission and fast mobile connection to the Internet. However, some citizens still have concern about electromagnetic wave. As such, people tend to request for the removal of base stations already installed as “electromagnetic waves will jeopardize our health” even though the landlord have agreed with the installation.

The right cognition about electromagnetic wave should be:

- The electromagnetic wave emitted from the base station is non-ionizing radiation and the electromagnetic particle entails very low energy. It will not give out heat or cause damage to the cell molecules of organism. As such, it will not affect the health of human beings.
- The measurement of the electromagnetic wave in the environment is in conformity to the standard of the International Commission on Non-ionizing Radiation Protection (ICNIRP)<sup>\*</sup>, which must be lower than 0.45  $\mu\text{W}/\text{cm}^2$  at 900MHz and must be lower than 0.9  $\mu\text{W}/\text{cm}^2$  at 1,800MHz.
- Due to the habit of using mobile phones, the public has been exposed to the radio frequency of the mobile phones, which is a thousand times more than the waves emitted from a base station.

If people are still nervous about the electromagnetic waves in the area nearby their homes, they may call 0800-580-010 for a free measurement service of electromagnetic wave from the base station.

### Issue #2: Renewable Energy

From 2008 onward, Chunghwa Telecom has pursued its carbon reduction policy and paid close attention to the renewable energy policy of Taiwan in ceaseless effort and we hope that government can pass applicable laws so that we can take more actions.

The sustained growth of business over the last few years compelled Chunghwa Telecom to commits further efforts to control related use of energy so that greenhouse gas emissions can be contained as much as possible. For newly constructed IDC data center, Chunghwa Telecom has set the standard for electric power consumption at the data center, which targeted at PUE value of less than 1.5.

The more important thing is that Chunghwa Telecom will continue to make the best use of ICT technology to assist other enterprises and industries in energy saving and carbon reduction. For example, the “Low Carbon Management Cloud Union” used iEN intelligent energy service developed by Chunghwa Telecom in cooperation with 500 enterprises for an anticipated reduction of power consumption by 280 million KWh.

<sup>\*</sup>Note: PUE value is the standard for calculating the efficiency of power consumption at the data center. Low PUE value represents a low level of power consumption for the air-conditioning of the machine room.

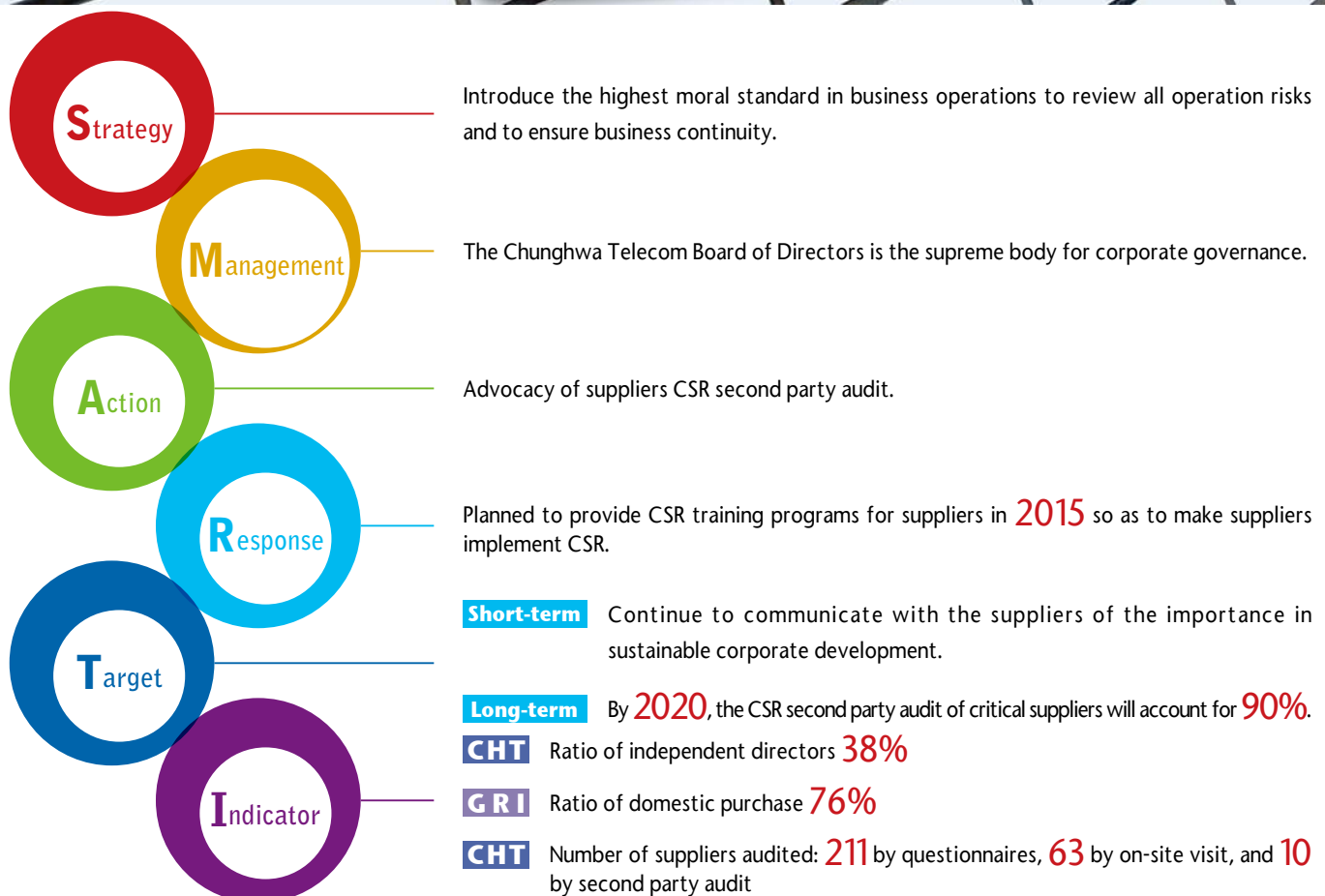
### Issue #3: Response to the protest of dispatched personnel

Honghwa International Corp (hereinafter, “Honghwa”) is a subsidiary of Chunghwa Telecom. Honghwa is a contractor of human resources support for the CHT shop locations and customer service. It also contracts for work from other enterprises. All Honghwa employees are full-time personnel remunerated by salaries and bonuses, and the career development in Honghwa is promising.

Further to the appointment of the personnel previously dispatched as full-time employees of Honghwa, Chunghwa Telecom also wrote to relevant contractors in 2014 reiterating the contracting of work in customer service and protecting the rights and privileges of all employees for transfer of duties or rotation of job in accordance with the employment contract, Labor Standards Act, Occupational Safety and Health Act, Gender Equality in Employment Act, and other applicable legal rules.

- Honghwa is oriented towards autonomous management and promoted their own shop managers, customer network team leaders, customer modes of human resources management. Honghwa is oriented towards autonomous management and promoted their own shop managers, service supervisors from their own staff so that the employees can be nurtured in a positive environment for career development with benign competition. This helps to upgrade the overall production value.
- Honghwa has consulted with its labor union on group contracts. This will help to avoid disputes and enhance labor-management cooperation.

# Corporate Governance





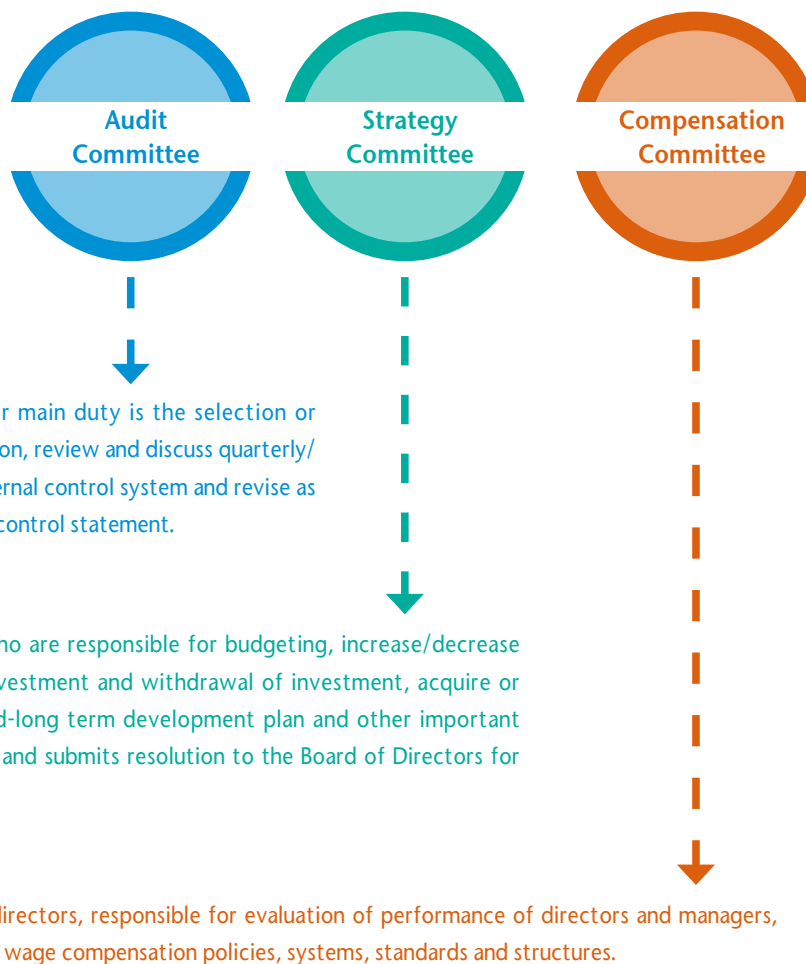


## Ethical Business Practices

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 4 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:







G4-40, G4-41

## Avoidance of the Conflict of Interest

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.

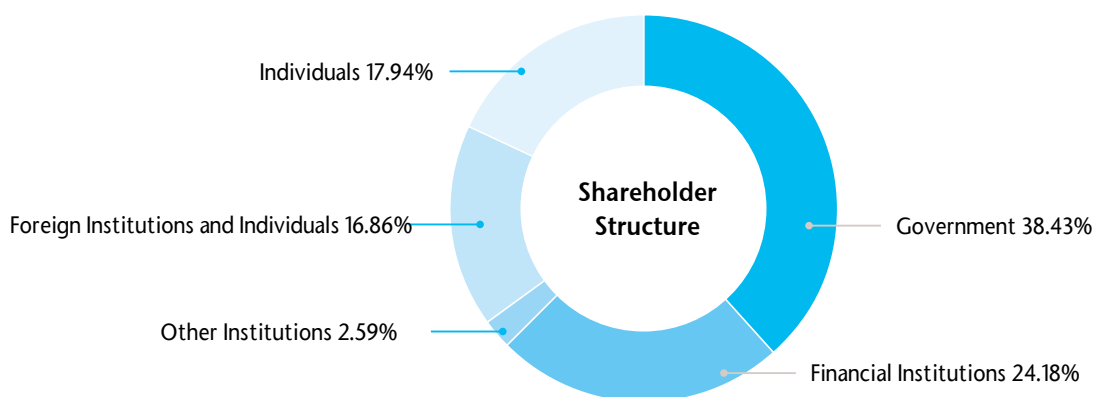
Thanks to the directors' high ethical standards and self-discipline, in the operation of comprehensive mechanism, no conflict of interest has occurred since the Board of Directors is established. The Board has resolved to approve total of 50 articles of "Code of Corporate Governance for Chunghwa Telecom",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

G4-7

## Encourage Shareholders to Participate in 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 e-voting, voting by poll and disclosing the meeting resolutions on the Company's website; with diversified voting channels, shareholders are able to exercise their rights in an efficient manner and corporate governance effectiveness is then enhanced.

As of April 27, 2015



G4-15

## Comply with Global Compact

We are voluntary aligned with the UN Global Compact. 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.

G4-2, G4-14

## Proper Control of Operation Risk

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 stakeholders.

The Board of Chunghwa Telecom approved in 2006 the “Chunghwa Telecom Risk Management Regulations” clearly defines risk management strategy and 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: Million NTD

2012		3,206
2013		3,384
2014		3,441

## 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

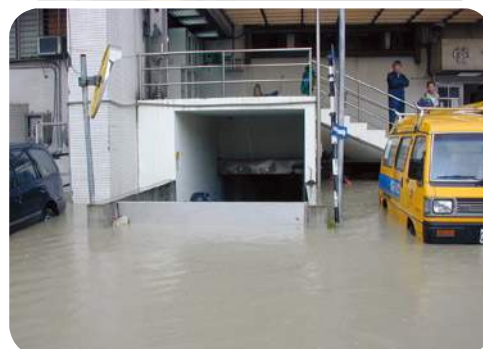
In order to manage risks caused by climate change, we completed the "Chunghwa Telecom Environmental Protection Energy Conservation & Carbon Reduction Strategic Action," and formulated priorities, improvement of disaster resilience, ensure clear communications, and the safety of overall communications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

Reinforcement of flood resistance plan at the data center:

- Installation of water gate and flood prevention devices.
- Introduction of underwater pumps in basement levels for rapid displacement of water trapped in the basement.
- The ventilation opening of underground oil tank moved further up above ground level and introduction of valve to the inlet of oil refuel to prevent flooding of the underground oil tank.
- 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 1<sup>st</sup> floor and install DC equipment to above 2<sup>nd</sup> floor.
- Prepare mobile 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.



G4-56

## Highest Moral Standard

We have established the “Chunghwa Telecom Code of Conduct” is formulated as the basic guideline for employees’ ethical standard while engaging commercial activities so as to have all employees perform business activities at the highest moral standard. 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.
- 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.
- 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 “Ethical Corporate Management Best Practice Principle” and “Procedures for Ethical Management and Guidelines for Conduct” to a sound operation. In addition to the internet and intranet, all employees are required to login to the web to review the “Procedures for Ethical Management and Guidelines for Conduct” and take the test every year. This will help ensure ethical code and the culture of business integrity are extensively advocated and rooted. Other than those who were not available during the testing period, all other employees have participated in the test.

Additionally, the “Chunghwa Telecom Employee Review Guidelines” and “Chunghwa Telecom Reward and Discipline Standard” are published to evaluate all employees, who are also confirmed to thoroughly understand and followed. We have received 85 cases of complaints in 2014 and all have been settled. Of all these cases, 47 were leaking of customer information and 38 were related to discipline. The result of investigations led to the conclusion that there was 1 violation against confidentiality regulations, and 8 misconducts or violations against company regulations, total number were 15 persons.

If the findings validated the accusation, appropriate action is taken depending on the severity, including verbal warning, reprimand, demerit point, and minor demerit point and transfer from the original job position, major demerit point, degradation and disciplinary action at level I. The cases will be taken as case studies for training to correct possible misconduct of the employees to comply with applicable rules and regulations, maintaining company discipline, and improvement of corporate image, and protection of the rights and privileges of the shareholders.

G4-15

## 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.

## Tax Policy

Chunghwa Telecom is committed to be an honest taxpayer with high quality compliance in taxation as a core value:

- Comply with the tax code currently in force for accurate calculation and payment of applicable taxes.
- Quick evaluation on the effect and response to the change in relevant tax laws.
- Disclose of taxation information in the annual reports in favor of stakeholders for transparency of information.
- Maintain sincere communication with taxation authorities with an open mind.



## Transparent Information Disclosure



Top 10 of Information Disclosure Ranking of Taiwan Company for 9 consecutive years

With integrity, responsibility, and a trustworthy spirit, Chunghwa Telecom 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 Ranking of Taiwan Company". This is the 9th 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.

## Pay Attention to Digital Convergence Development

Since any changes in policy or regulation might affect the operation and development of Chunghwa Telecom, we therefore stay communication with the government and competent authority; meanwhile, pay close attention to the trend 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 Plan" in 2010. The Digital Convergence Development Plan 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, we will actively construct our fiber optic network simultaneously, enhance the competitive strength of fiber optic broadband, separately commit to expanding innovative value-added telecommunications and information services, and create business opportunities in the ICT industry to maintain our leading position.

## 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.

NCC started to cut down the connection fee for mobile phones from 2013 for 4 consecutive years, including the 2G, 3G, and communication system users, 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.

\* 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.

## 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, 85 incidents in the total of NT\$ 33.39 million were fined in 2014. Based on the fined items, the main reasons and subsequent improvement is described below:

### Installation of Base Station

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. 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.

### Responses to Entrance Code Failure at the Data Center Happened in December 2014

We failed to enforce the entrance code at the data center last year, and were punished by the NCC. We learned from this lesson and took corrective action to avoid the recurrence of the same mistake:

#### Intensification of Entrance Code and Function

We have amended related regulations governing the entrance code for bolstering security management and as reinforcement to employees of the importance of security of the data center. We also instituted the "Communication Data Center Security Management Guideline":

- An access control system has been introduced at the entrance of the communication data center with a list of personnel for passage clearance.
- Appoint designated persons as the security manager of the data center who shall administer the enforcement of entrance code and the card reader for entrance clearance.
- The data center security manager shall review the list of persons permitting to the data center and those visiting the data center at least once monthly, and forward the review result to the competent authority of Chunghwa Telecom for review.

#### Punishment

- Those who have significant or special contribution to the protection of facilities and security control of the data center will be rewarded. Those who violated the rules will be punished depending on the severity of offense.
- Completion of the teaching materials on "Entrance Code Management Regulation" for online education and promotion.

## Brand Management

With diversified marketing creativity and channels, Chunghwa Telecom delivers expertise, convenience and a brand image meets consumers' expectation. Long-term accumulation of the brand asset of "For you, Always ahead" as its core value and spare no effort to provide consumers with the best digital life.

Chunghwa Telecom adopts concentrated brand frameworks that account for individualistic brand presentation. President supervises 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: Headquarter is designated to handle the formulation, control, and adjustment of all brand strategies, while subsidiaries are responsible for implementation.
- Brand Structure: concentrated brand structures that account for individualistic brand presentation.

### 2014 Brand Recognition

- The leader in mobile communication and data network service in the "Preferred Brands" survey by "Management Magazine".
- Received Reader's Digest Trusted Brand's Platinum Award -Telecommunication Service for 10 consecutive years.
- Received 1st place in "Best Brand Award" - telecommunication sector from Business Today for the 7th consecutive year.
- The leader in telecommunication service in the "Five-Star Service Award" of "Global View Magazine".
- Received "Golden Service Awards" from Commonwealth Magazine as the leader in telecommunication service for 2 consecutive years.
- The leader in telecommunication service in the "Most Preferred Benchmark Enterprise" by Commonwealth Magazine.
- Selected by Young Generation Brand Survey in 30 Monthly as a favorite brand for 5 consecutive years.
- Overall championship as "Digital Service Benchmark Corporation" and number one in "Data Channels and Communication Industry" for 3 consecutive years.

## Brand Management Process and Evaluation Mechanism

- (1) The headquarters unified the establishment and announcement of the Corporate Identification System Regulation, thereby the related functional units and branches shall comply with this regulation for the accumulation and promotion of corporate image. We organized the CIS promotion and training program in 2014 so as to make all employees know and understand the CIS regulation and the proper use of the regulation.
- (2) For integration and synergy, we established the "Chunghwa Telecom Affiliates Branding and Advertising Management Guideline" thereby group companies may properly use the CIS to show the continuation of the group enterprises and upgrade the overall image on condition that such CIS does not defy the purpose of the establishment of the enterprise.
- (3) We instituted the "Chunghwa Telecom Product Naming Principles" for the effective use of marketing resources, focus of branding, upgrade operation efficiency, and promoting products by brand for reinforcing the effect of communication with customers. The scope covers "Corporate Brand, Business Brand, and Product Brand". For branding of service, it must be congruent with the subsidiary brands or under the concept of grouping so that the names of the brands are highly associated with the service.



## Internal Employee Brand Study Project

We have launched the “Chunghwa Telecom and Branches Brand Position and Communication Use” study in 2014 in an attempt to clarify the positioning of key businesses. Through market survey by interviews, we understand consumers in their awareness of the brand of Chunghwa Telecom.

Through the building up of consensus, we bolster efficiency and quality of decision-making and can further convey the ideal images of the enterprise business clearly. In practice, we have mapped out the principles of product naming and the revision of CIS as the prerogatives. In the future, we will review the products and their life cycle regularly to respond to the needs of development and make appropriate and timely adjustment.

### For You, Always Ahead

For years, Chunghwa Telecom has uphold the brand spirit of “For you, always Ahead”. 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.

Under the leadership of the brand spirit of the parent firm, other brands of the subsidiaries were properly developed, including the mobile communication brand, “emome”, the long-term developed “Keep in touch”, and the recent 4G LTE “The world gets faster with our peaceful heart”. The data communication arm, HiNet makes ceaseless efforts to upgrade the bandwidth and speed of its fiber optics, and promotes its “HiNet is speed”, the highly applauded “Every word is deep in heart” in international telecommunications, and “MOD is the foremost choice for digital TV”.

With the offering of optimal solutions for enterprises, Chunghwa Telecom works hand-in-hand with customers while rendering service. The brands are widely accepted by customers and allowed the company to receive many awards. Chunghwa Telecom is oriented toward the vision of being “the most valuable and reliable data communication company”.





G4-12

## Responsible Supply Chain Management

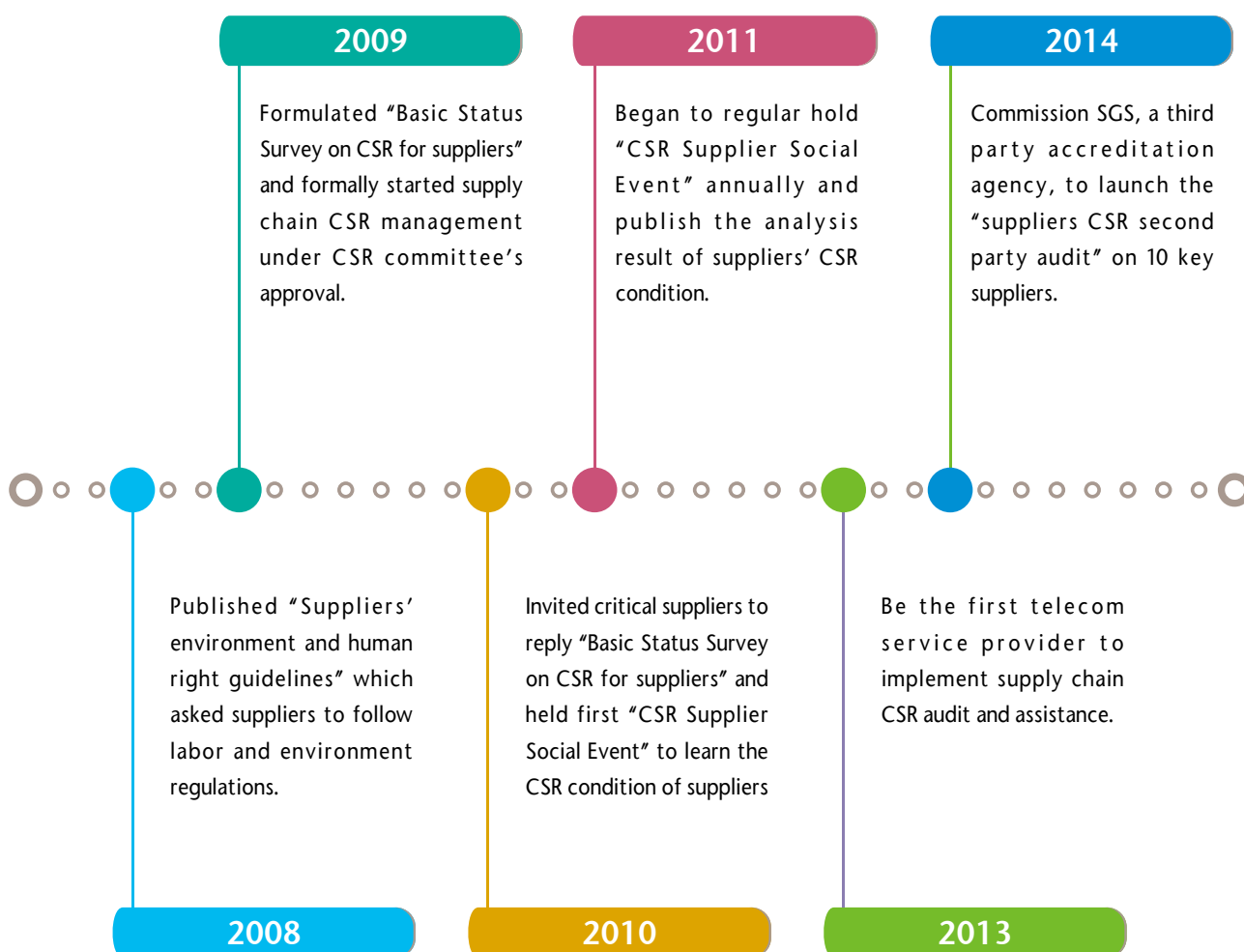
Whereas our relationship with the suppliers is inextricable, to provide better services to consumers, Chunghwa Telecom insists on the concept of mutual benefit and sharing. Chunghwa Telecom Code of Conduct clearly specifies: We must treat our suppliers fairly and will not obtain unfair profit; suppliers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

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 one of the issues that stakeholders concerned, and experience told us that the key is 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.

## Leading Supply Chain CSR Management



## The First Telecom Carrier in Taiwan to Formulate “Supplier CSR Guidelines”

With supplier CSR management launched since 2008, Chunghwa Telecom is the first telecom carrier in Taiwan to formulate a CSR management policy. In addition to continuous comprehensive stipulations, in 2014, we become the first service provider to promote supplier CSR management in Taiwan, in hopes to provide more and better products and services to stakeholders through mutual benefit and shared growth with our suppliers.

We have instituted the “Chunghwa Telecom Supplier CSR Guidelines” as the uniform standard for all suppliers to observe. The guidelines explicitly declare our expectation in the aspects of “enterprise, ethics, labor, environment, and safety and health”, and are applicable to all suppliers providing products and services to Chunghwa Telecom, its subsidiaries and joint ventures, and will extend to firms along the direct or indirect supply chain to suppliers.

Chunghwa Telecom hopes all suppliers will jointly share the commitment to an even more sustainable business ecology circle through further sustainable work. 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

- (1) If the tenderer is suspended due to Article 15 of the general articles, or Article 103 of Government Procurement Act (omitted)
- (2) The tenderer shall record all acts of good faith.
- (3) 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.
- (4) If the tenderer requires to use its employee’s certificate to participate in a tender, confirmation executed by the relevant parties is required (omitted)



### Labor Safety and Health Guidelines for Contractors

For the intensification of on-site audit on safety and health for the realization of the rules and regulation of shop floor safety and health, the branches in north and south Taiwan and the business locations of HiNet have established the position of Safety and Health Officer (excluding the supervisors). They conduct on-site inspection on shop floor on safety and health at least three times a week (half day for each inspection). In 2014, they conducted 8,313 instances of inspection, and informed related units for corrective actions if shortcomings were detected.

## Procurement Status

Type of Contract	Region of Supplier	2012		2013		2014	
		Counts	Proportion of purchase	Counts	Proportion of purchase	Counts	Proportion of purchase
Labour	Domestic	2,322	13.7%	2,203	13.6%	2,085	15.8%
	Overseas	0	0.0%	1	0.0%	32	0.9%
Property	Domestic	2,975	43.5%	2,859	34.1%	2,483	39.0%
	Overseas	53	25.2%	44	28.9%	57	22.5%
Engineering	Domestic	1,849	17.6%	1,755	23.4%	1,653	21.6%
	Overseas	0	0.0%	0	0.0%	4	0.1%
Total		7,199	100%	6,862	100%	6,314	100%

## Pioneer in Second Party Audit on Supplier CSR

From 2012 onward, we require suppliers with purchase amounts of more than NTD 5 million to comply with the "Supplier CSR Guidelines" and the "Particulars for the Promotion of Supplier CSR" whereby suppliers shall fill in the "Supply CSR Status Questionnaire" after being awarded the contract for the assessment and management of the installation of CSR and sustainability system. In 2014, we had 211 respondents for overall CSR status installation and evaluation and rating.

We have conducted audits on 63 work wiring contractors in 2014 through on-site observation and interviews with management and employees in order to control the work quality. There were 115 audits conducted. Chunghwa Telecom has also formally commissioned external accreditation agencies for "supplier CSR second party audit" on 10 key suppliers. Through the two-prong strategy of "understanding and analysis", "on-site visit", we have built up a viable supply chain management system.

For suppliers at the elementary stage, we introduce CSR by promoting and providing training programs to walk them through necessary principle of CSR. At the same time, on annual CSR Supplier Social Event, 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.

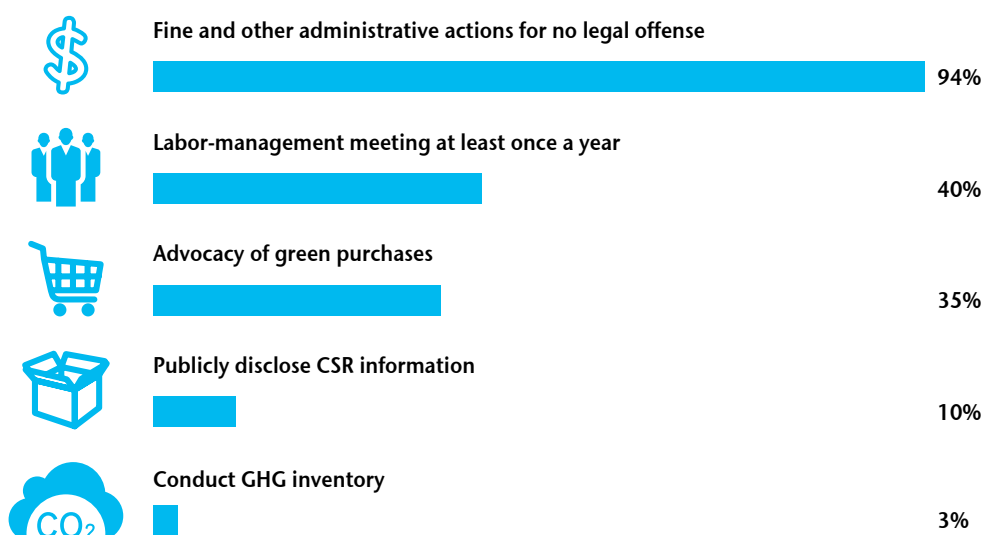
## Supplier Management and Encouragement

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.

We have audited 52 suppliers in 2014 and marked down 117 points for violation of rules and regulation, and have imposed fines amounting to NT\$1,078,000. For encouraging suppliers in good standing, we offered the following preferential treatment in southern Taiwan in 2015 as a pilot project, and assessed the result and applicable regions. We hope we may exercise the influence of large enterprise to allow for proper realization of corporate social responsibility.

- No bid bond is required in the bidding.
- The performance bond is reduced to 5% of the contract sum after being awarded.
- Announcement of the 5% of assessment of the issues for evaluation. In the future, the percentage will incrementally be enhanced depending on the feasibility.

### Supplier's CSR Status Disclosure



## Support the Supplier in Advocacy of CSR

In 2014 Chunghwa Telecom held the 4th Supplier CSR Social Event. With President Shih Mu-piao hosted the event, 58 companies attended with a total of 70 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 5 excellent CSR suppliers, including second party audit and disclosure of suppliers in good standing. 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.

In 2014, we had the honor of inviting VP of HTC, responsible for the Power To Give Charity Project to share ideas. We hope we could share surplus resources with society and assist the international research and development through the advocacy of the CSR platform. This is also in-line with the core value of upgrading the efficiency of resources utilization with telecommunication technology.

### Invitation of Suppliers to CSR Events

Global climate change has caused extreme weather and disasters. This jeopardized the lives and property of the public and also caused economic damage to industrial development.

For this reason, Chunghwa Telecom participated in the project of Water Resources Agency of the MOEA in 2014, and organized the "Flood Prevention Corporate Forum" in north, central, and south Taiwan. We also invited suppliers to share in the cause. Through the cooperation and exchange among private enterprises, academic institutions, and government, we have alerted more enterprises to commit their effort in the prevention of flood and rescue and relief in disasters, and the performance of CSR. This helps to intensify the discussion of the public on disaster prevention and fortify the capacity in responding to floods and droughts.



## Mutual Benefit and Symbiotic Relation with the Business Partners

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.

- **Health management:** Engaged in a joint venture with hospitals in launching the electronic medical record for integration into a large wearable device and health management professional service. Worked in conjunction with Chang Kung Memorial Hospital and Formosa Biomedical Technology Corporation to apply the subsidy of the "Speeding Up Mobile Broadband Service and Industrial Development Program" from the government to upgrade the health industry.
- **Technology joint venture with Hami+ Book Store and Spring House Technology.** Chunghwa Telecom provided the platform while Spring House Technology consulted with the publishers on the content of the eBooks and purchase, replication of eBooks, book store portal, Reader App, customer services, and the overall operation of the book store. This will contribute to the business of the publication industry in Taiwan.
- **Entered into a new MOU with Intel in August 2014** whereby a joint venture is kicked off in IoT, cloud computing, and SDN. With the use of Intel processor, source software as the framework for POC concept validation. This is used to test the SDN service with the Intel solution as the foundation to help corporate customers reduce cost in management of their network architecture.

### "Love and Health Cloud" Union for eMedicare

Chunghwa Telecom is engaged in the "Love and Health Cloud" Union with ASUS and the Show Chwan Hospital so as to integrate cloud technology and medical and healthcare and build up the health cloud living circle. In addition, Chunghwa Telecom also is sparing no effort in supporting the government in the medical and healthcare program in Palau, a country with formal diplomatic relations with Taiwan, providing related software that jointly exports the health cloud indigenously developed in Taiwan overseas.

## 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 2014, we delivered 58 courses, 63 suppliers with a total of 2,673 persons have participated in the courses, and 1,283 persons have received relevant certification.

### 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.



# Pioneering Smart Service



**Strategy** Continue the investment in R&D, the introduction of advanced technologies and the joint ventures with the government and academic circle.

**Management** Establish the quality improvement task force, quality assurance center, and business process task force for introducing ISO R&D quality system for integration with the development of competence, project management and system operation.

**Action** Continue to present innovative products and service through R&D to create a smart city, including ITS smart transportation and smart home.

**Response** Please refer to page 51 "2014 Year in Review and 2015 Prospects"

**Short-term** Continue to pool momentum for research and development and launch new products for the creation of a smart city.

**Long-term** **2015~2018** earn 600,000 paid accounts for 4G smart city service, assist governments to create smart city.

**CHT** **3.5** billion in R&D investment

**CHT** **1,528** talent in R&D



## Sustainable Products and Services

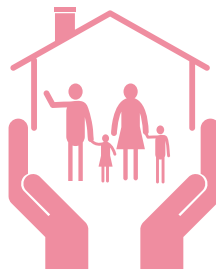
R&D and innovation capacity is the engine driving the perpetual growth of an enterprise. The rapid development of technology and consumption trends drives digital life services into the era of digital convergence. Being a leader in telecommunications, Chunghwa Telecom is spirited in vision and innovation and was conceived with the notion of sharing and the joint prosperity of the industry that materialized into an environment of plenty.

Chunghwa Telecom has fully developed network Infrastructure. With the advantages given by the integration of the hardware and software of 4G and cloud, Chunghwa Telecom can assist the counties and cities of Taiwan for further development and transformation so as to build up the smart city to "Intermingle features and innovation". This will also bring benefits to industrial upgrading and improvement of the quality of living for the people. The goal is sustainable corporate development driving forward the sustainable social development.

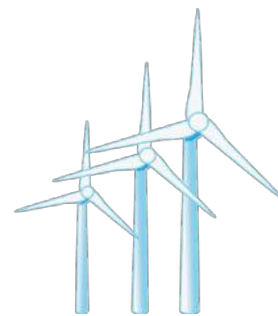
Smart city building is a perpetual process without end. We believe that the city itself is an organism with opportunity and is engaged in change over time under the demands of the people and the vision of leaders. Every city has its challenges. As such, a city also needs to evolve without pause and develop with wisdom in order to tackle problems and challenges. From 4G to IoT, from technology to application, from vision to realization, Chunghwa Telecom will assist you in designing a blueprint for the building of a smart city and development of business opportunities in smart services.



Infrastructure of  
Smart City



Safety and  
Health



Green Energy and  
Sustainability



Technology  
Innovation



Industrial  
Development



Cultural and  
Tourism



# 4G Leads Smart City



Intelligent  
Video  
Surveillance

hicloud



Enterprise  
Cloud



Intelligent  
Energy Service

CHT ITS  
eFMS

e - Fleet Management System



Intelligent  
Transportation  
System



Virtualization  
Platform



Intelligent  
Shopping



Intelligent  
Healthcare



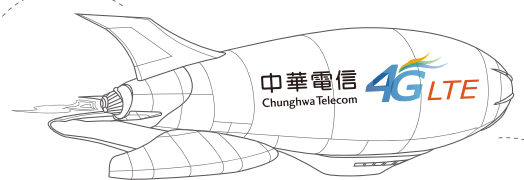
eHome



Wi-Fi



Wi-Fi

A circular icon featuring a black silhouette of a person wearing a fedora and sunglasses.

Data Security Service

A circular icon featuring a blue credit card with a QR code.

Mobile Payment Service

A circular icon featuring a tablet displaying a document and a calculator.

Electronic Invoices Service

A circular icon featuring a house with a large 'S' on a screen in the center.

eHome

A circular icon featuring a blue cloud.

Big Data

A blue square icon featuring a white building with a satellite dish.

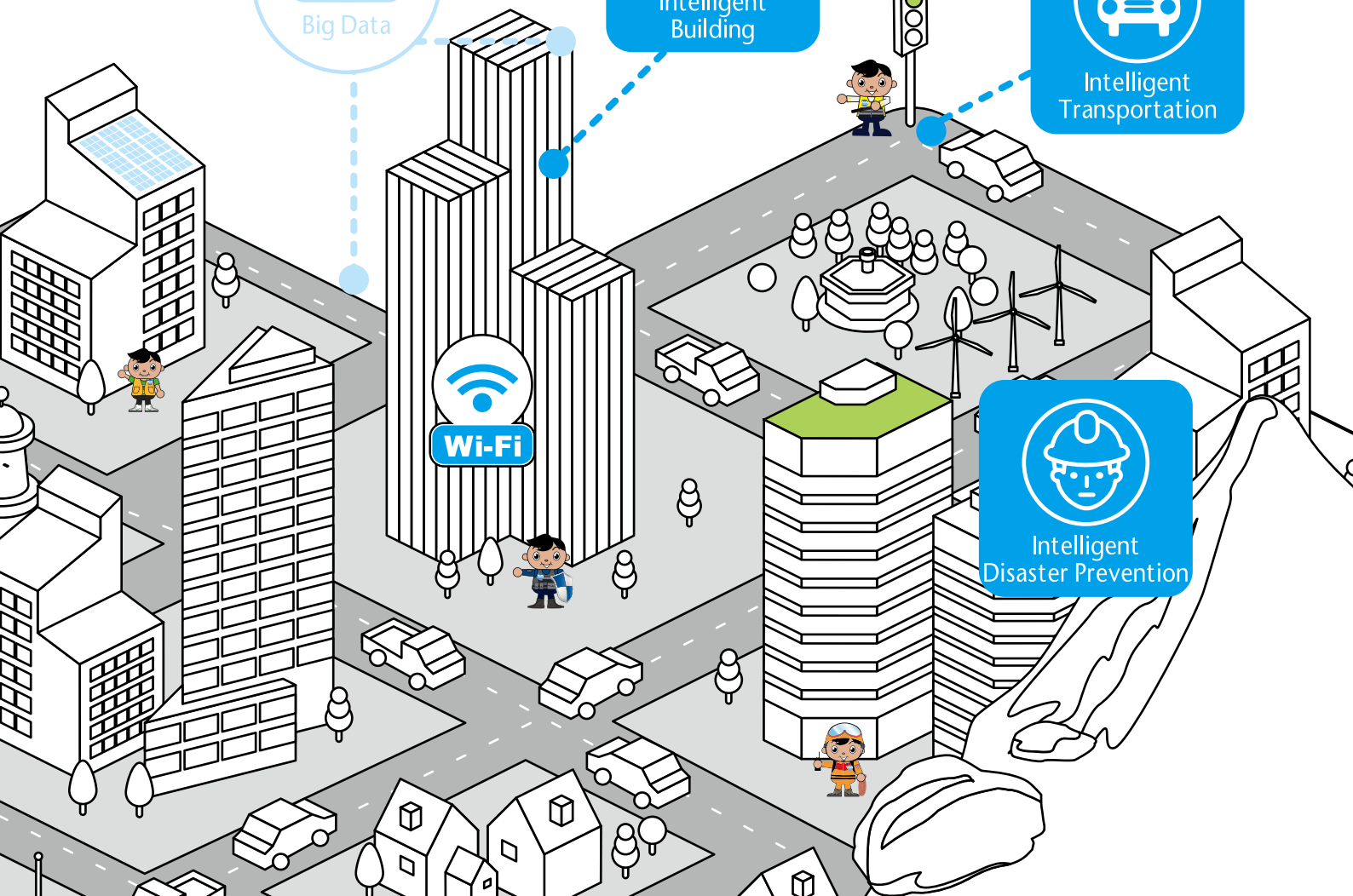
Intelligent Building

A blue square icon featuring a white car.

Intelligent Transportation

A blue square icon featuring a white helmet.

Intelligent Disaster Prevention





## 2014 Performance Highlight

### iEN - Intelligent Energy Service

iEN provides enterprises a full-range of technical services in energy saving and developing an environment of optimal energy management so as to effectively upgrade system operations and cost reduction in business. This service has been successfully applied to hospitals, schools, government agencies, aquaculture and fisheries, and superstores ever since its launch in the market, and has been highly acclaimed. In 2014, we had revenue amounting to NT\$1 billion from this service.

For example, Chunghwa Telecom completed the "Taoyuan Da Zhen Watergate Remote Control Project" in 2014. With the use of the concept of IoT and integration into web pages and the mobile App detection function, this project provides proper management of water resources, disaster prevention, and automatic monitoring and water gate control.

### 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 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 307 metric tons of carbon emission. "As of the end of 2014, we have improved operational efficiency of the system to support daily service of 50,000 calls, meanwhile, by working with 12 fleets, we helped 3,500 taxis 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.

### Thundering in the Cloud Through the Integration of Conventional Technologies

The "hicloud Render" cloud computing service of Chunghwa Telecom provides a brand-new cloud technology and creative process for the digital content industry of Taiwan so that the artistic and cultural creation and audiovisual industry can prepare good quality content at low cost and efficient for penetration into the international market.

"The ARTI-The Adventure Begins", is a 3D animated movie that first introduced the commercial use cloud computing service to movie. Through the cloud patching processing feature, the massive and burdensome computing inherent to animated movie can substantially be reduced.

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#### Traditional Mode

With traditional computing solution, it takes 1.7 million hours to produce 3D+4K film and all the special effects.

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#### CHT Contribution

Reduce the workload significantly by more than 50% in the filming and allow the film to complete in 4 months which otherwise would take 10 months.

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Chunghwa Telecom helped the Oscar Award Winning Director Li An to complete the special graphic effects of the film "The Life of Pi" in 2012. Since then, Chunghwa Telecom has been contracted for performing related duties in special effect computing in the production of numerous films.

In the future, Chunghwa Telecom will combine cloud storage service and the broadcasting HD OTT viewing platform to provide total solution for the digital content of Taiwan from production, post-production to circulation, and to show the outstanding performance of artistic creation of Taiwan to the world.

## Sustainability in Innovative R&D

Chunghwa Telecom incorporated its product R&D, production and sales, and human resources management research and development policies into a strategic CSR plan on the basis of its resources and core competence. Through the gathering and analysis of information on performance, Chunghwa Telecom continues the improvement of related CSR plans for better efficiency and performance.

Chunghwa Telecom continues to invest in relevant resources in research and development works for laying a solid foundation of core competence in the data communication industry in order to control the key technologies in network performance, operation management, and business innovation.

For this reason, Chunghwa Telecom has changed the name of the CHT Institute to CHT Laboratories in 2012 to assist the company to emerge as a leader in data communication service, promote industrial upgrading, and bolster the competitive power of the country. In 2014, Chunghwa Telecom invested approximately NTD 3.5 billion in research and development, which accounted for approximately 1.55% of revenue. It also applied with the Intellectual Property Bureau of MOEA for registration of 178 cases with 162 being approved.

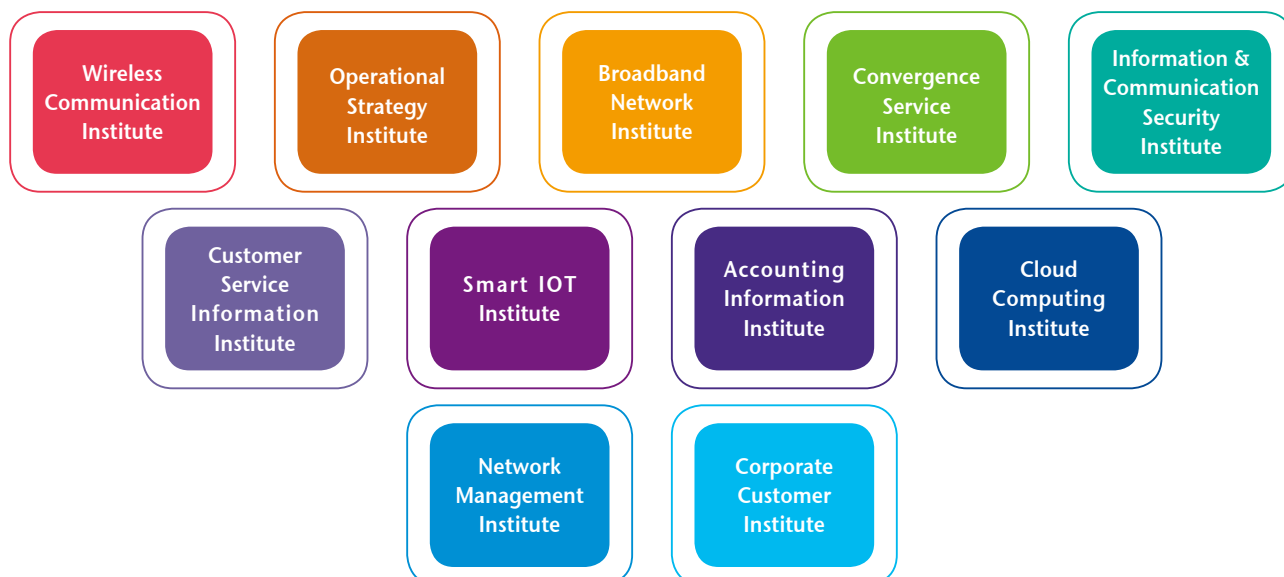
## Encourage Internal Innovation

For nurturing the corporate culture of innovation, Chunghwa Telecom has established a quality promotion task force, quality assurance center, and business process task force at the CHT Laboratories. Proposals being accepted will be rewarded. If a specific proposal has been validated, developed, and launched to market, the proposer will be entitled to a prize of up to NTD 30 million depending on the actual status of operation.

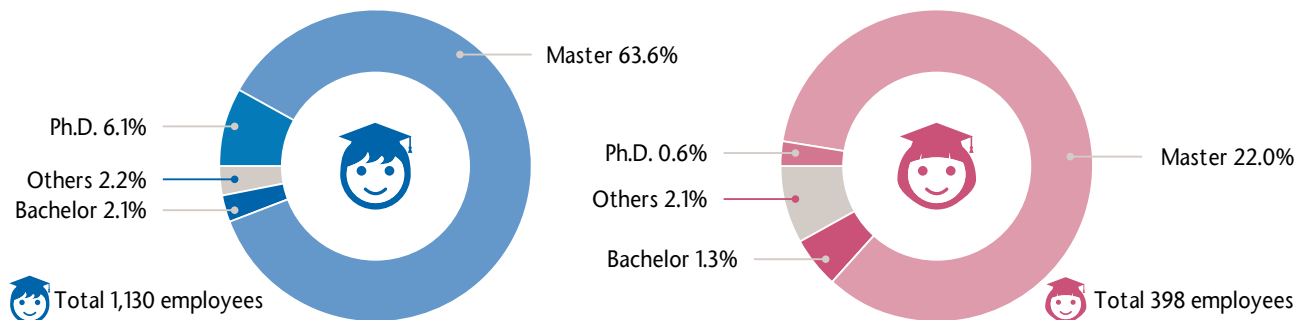
## Talent Sets Key to Innovation

Among over 1,500 employees (accounted for 6.4% 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".

### CHT-TL Talent Summary



## CHT Laboratories' Talent Overview



## Credentials of the CHT Laboratories

Award presented by	Name of Award
Ministry of Economic Affairs	"Environment ARTificer THEurgy won the EPF 2014 International Green Classics Awards – Honor Award
	Winner of 3 Gold, 5 Silver, and 1 Bronze awards from Taipei International Invention Show & Technomart
	Winner of the 2014 TAITRONICS-Technology Innovation Awards
	1.Outstanding product award on cloud IoT: Environment ARTificer THEurgy 2.Big Data Security Log Analysis System 3.Outstanding product award on broadband communication: Smart Communication Service
ITS Taiwan	<ul style="list-style-type: none"> <li>2014 smart transportation application award: "Smart Vehicle Service Sharing Management System"</li> <li>2014 Smart Transportation Essay Award: "Scaling the Real-time Traffic Sensing with GPS Equipped Probe Vehicles", and the "The Method for the Assessment of Transportation Information on the Basis of Cell Network Data"</li> </ul>
IT Month	The "Quick Access to Road Information - Smart Traffic Information Service" won the "2014 IT Month Top 100 Innovative Products Award"
Chinese Society for Management of Technology	The Convergence Service Institute of CHT Laboratories won the "16th Technology Management Award - Corporate Teamwork Award"



## 2014 Year in Review and 2015 Year in Prospects

2014	2015
<ul style="list-style-type: none"> <li>● Focused on the study of the characteristics of the millimeter wave channel and conducted assessment through computer simulation before installing the network on the feasibility and system performance. This saved time and cost to provide the users top quality wireless broadband service.</li> <li>● With the use of Software Defined Network (SDN) technology to optimize Wi-Fi Quality of Experience (QoE), this substantially reduced the cost of monitoring the locations and operation maintenance.</li> <li>● Big Data Gathering function: The use of SDN/NFV (NFV: Network Function Virtualization) for centralization of the structure can reduce the number of data centers, machine cabinet space, power, and complexity in maintenance.</li> <li>● Launched data security value added service: through the SDN optimized structure, reduce the cost and upgrade the expandability of data security service.</li> <li>● Chunghwa Telecom participated in the Super Computing held at New Orleans, USA. and showed the SDN data security value added service; we also participated in APNOMS 2014 and joined the ONF. These enhanced our international visibility.</li> <li>● Our EyeQuila and LiveDump data security services can quickly dig out malicious events and proceed to automatic identification to reduce possible data loss. This saved the time for big data analysis by 94% and the time for big data search by 96%.</li> <li>● We upgraded the capacity of IRMAS and iServer at terminal protection for realization of data security policy. This IPAM system incorporated 6,769 network sections of the company to save external procurement cost by at least NTD 100 million and annual maintenance fee by NTD 15 million.</li> </ul>	<ul style="list-style-type: none"> <li>● Effort will be committed to the R&amp;D of the 5G mobile communications. Millimeter wave allows for broader bandwidth and more antennae for super high-speed and high-precision transmission. It can also trigger the possibility of many things in the future such as help to reduce time and cost of installation.</li> <li>● Our Wi-Fi Gateway virtualized Proof of Service (PoS) helps to condense the time for installation significantly. Economically, it can reduce the number of hardware equipment effectively. At the social level, this upgrades user experience, satisfied the needs of the consumers and social expectation, and reinforces brand identification of the consumers. In environmental protection, energy efficiency could be improved.</li> <li>● Kick off the Virtual Customer Premise Equipment and SDN Virtual Private Network PoS services for enterprises.</li> <li>● We will continue to reinforce the function of EyeQuila and control the server activities from the terminal point in order to provide the tool for the identification of data security events, disclose the threat and respond from the terminal point to contain the dispersion of the situation and feedback to the data security protection system.</li> </ul>



## Developing Industry Transformation

With the advantages of network infrastructure, telecom value-added service and integration of software and hardware, 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

Cloud computing is the totality of cloud server, terminal, network, and service. "Network" and "service" are the advantages inherent to Chunghwa Telecom as a communication service provider. Further to providing consumer relation management, computing cloud, cloud anti-virus service, and cloud storage, we also proactively work in cooperation with partners such as Microsoft, Intel, IBM, Trend Micro, Wiwynn for jointly promote cloud services so as to reinforce the infrastructure of cloud and advocate the development of cloud computing industry in Taiwan.

### Four-center, One-platform, One-marketplace

Chunghwa Telecom develops its cloud computing in accordance with its four-center one-platform one-marketplace strategy framework. Four centers are the R&D Center, Test Center, Operation Center, and Experiment Center.

In the project for "Cloud Service Application for Small and Medium Enterprises of New Taipei City", Chunghwa Telecom provides a high capacity "Cloud Platform" and built up the "CHT Cloud Marketplace", linking all cloud industries of Taiwan and helps the enterprise to save cost by "daily big saving", and provides the cloud station, SaaS CRM marketing guru, cloud mobile business opportunity, cloud server, cloud database, and corporate eChannels.

Some 5,200 small and medium enterprises joined the project since 2014. New Taipei will be the city with the highest population of corporate cloud service and the best performed city in Taiwan.

### Taiwan Cloud Valley Program

For encouraging industries to develop cloud innovation and application service, the Cloud Computing Association of Taiwan officially launched the "Taiwan Cloud Leopard of Cloud Valley Incubation Program" (known as Cloud Leopard Incubation) in April 2013. This program is the convergence of the momentum of the powerful members of the association for soliciting the development of the platform for cloud service with the formation of a tutorial team.

In 2013, Chunghwa Telecom participated in the 1<sup>st</sup> Cloud Leopard Incubation Program. Divisional Manager of HiNet acted as the corporate tutor of Meworks who turned out to be the champion and was awarded a prize of NTD 1 million.

In 2014, Chunghwa Telecom again participated in the 2<sup>nd</sup> Taiwan Cloud Leopard Incubation Program. Divisional Manager of HiNet acted as the representative corporate tutor and supervised four teams, and the Public Social Enterprise won the fourth place and was the first social enterprise being awarded.

## Innovation & Application Contest

Chunghwa Telecom worked in conjunction with students for the development of Innovative telecommunication service for encouragement of network application and digital learning. The Innovation & Application contest, which has been held for 13 years, helped to Identify many good ideas in the applicable of multiple screens, cloud service, and cultural creativity. The contest is consisted of 5 programs, including the "Hami Apps software development and supplier contest", "MOD micro film creation contest", "hicloud creation contest", "FunPark creation story" and "HiNet Digital Learning Contest".

"MOD Micro Film Contest" has been widely applauded and has attracted renowned figures of different social sectors and creative gurus to participate. This program has the largest number of contestants, among other contests. The "Hami Apps software development and supplier contest" is the only contest where the works will be exhibited on the shelf of the biggest App market in Chinese language -Hami Software. The "FunPark Creative Story and Digital Creation Contest" is the first of its kind that avails the platform for digital drawing of the children that help to develop children book writers. There were 3,500 contestants with the participation of 153 schools.



## Join the Taiwan Intelligent Aerotropolis Association (TIAA)

In supporting the government in the realization of the "Taoyuan Aerotropolis Program", Chunghwa Telecom voluntarily invited the pilots in Taiwan and foreign countries in the ecosystem of smart aerotropolis to form the Taiwan Intelligent Aerotropolis Association (TIAA). The objective of TIAA is to "Construct an International Gateway to Taiwan and Build a City of Industrial Technology". We presented a far-sighted innovative smart application service development strategy for the construction of Taoyuan Aerotropolis.

TIAA was officially established in 2013, with the Chairman of Chunghwa Telecom acted as the 1<sup>st</sup> Chairman. Through the operation of the organization, we can demonstrate leadership position in "smart aerotropolis" and "smart city".



# Listen to the Customers



Diversity of channels for services to provide consumers multilateral, high quality, and efficient services.

- Formation of a professional technical service team
- Accreditation of the SGS Qualicert service certification
- Establishment of designated internal consultants and supervisors to advocate refined service supervision
- Setup a vibrant service zone
- Plans for the transformation and upgrading of retail locations
- Accreditation of a personal information management system

Response to "the dilemma of coverage of the base stations" at page 25.

Makes personalized high quality products and services available to customers at Chunghwa Telecom.

**GRI** Average consumer's satisfaction: **7.3** out of 10.

**CHT** The complaint rate per every millions of users: **182** cases.



Chunghwa Telecom treasures the opinions of our customers, and we are oriented towards the needs of the customers in marketing and promotion. For this reason, Chunghwa Telecom has instituted strict standards and procedures for marketing and service, and a diversity of service channels so as to provide multilateral, high quality, and efficient service to the customers.

In response to the growth of urban population, we established 48 new service stations in 2014, 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.

### Upgrade Channels

We have launched the transformation and upgrading plan for the stores so as to refine our service quality and allow consumers to receive quick and convenient service. Related measures are:

- Develop more business locations for bolstering our service network: by the end of December 2014, we have established 165 service centers, 469 stores, and 275 franchised stores, which made up the total of 744 service stations.
- Set "et blict coach" who is responsible for coaching retail store management and marketing performance, to enhance the management efficiency of the store operations.
- Establish the system of self-inspection, audit, and supervision for service quality: all stores must conduct self-inspection and business offices will conduct random inspection and audits of the stores so as to upgrade over-the-counter service quality.

## Customer Service and Information Security Management

We provide manual of products and services informing product characteristics and application, consider the negative overusing effect to consumers, and place friendly reminder in marketing. In 2014, no violation of health and safety and product labeling was reported.

Quantity of Products and Services	Approximately 3,500 unit
Customer Service Information Station	There is an "information zone" in our intranet. Designated personnel review information and upload to the station for the inquiry of all service centers.
Consumer Hotline	Provide complete information on the features of products and services, and related special offers.

In addition, Chunghwa Telecom has instituted the "Channel Sale Support Items Management Guideline" and the "Channel Sale Support Items Management Implementation Procedures" to make the display of sale support items and operation management at all service and business locations consistent, and allow for a positive service environment for the consumers. These are vital for maintaining the professional superior image and service quality of Chunghwa Telecom.



## Customer Privacy Protection

Chunghwa Telecom duly observes the Personal Information Protection Act in the collection, processing, and use of personal information and guarantees the security of customer information through strictly designed management system. In 2014, there were 44 cases of complaints on alleged information leaking, but none of them has been proven to be our mistake. This was an improvement by 23% as compared with 57 cases in 2013. Complaints of this type approximately accounted for only 0.0001% of the all complaints received and answered by our customer service hotline.

Organization	There is the "Personal Information Protection Team" under the "IT Strategy Committee"
Policies and Procedures	<ul style="list-style-type: none"> <li>(1) The Personal Information Protection Policy, Management Regulations, Security training and promotion plan, process analysis and inspection plan, and risk assessment plan.</li> <li>(2) Introduced the "Notice of the Collection of Personal Information of the Consumers Clause" and the "Notice of Confirmation of the Application and Processing of Personal Information of the Consumers" in response to the promulgation of the Personal Information Protection Act.</li> </ul>
Management System	<ul style="list-style-type: none"> <li>(1) Got ISO 27001 certification in information security in 2007</li> <li>(2) Extend ISO 27001 certification project in 2010</li> <li>(3) Got ISO 27001 international data security management system certification and the NCC ISO 27011 audit items on telecommunication services in 2011, which made Chunghwa Telecom the first telecommunication service provider accredited with NCC standard.</li> </ul>
Personnel Control Mechanism	<ul style="list-style-type: none"> <li>(1) All consumer basic information is classified as "top secret" and was kept in a locked file cabinet.</li> <li>(2) All personnel must enter into the "Agreement on Confidentiality and Non-Disclosure of Business Secret". All supervisors must assume joint and several liabilities</li> <li>(3) If outsourced works involved business secrets, related contractors and their personnel must also enter into the agreement on confidentiality and non-disclosure of business secret.</li> </ul>
Customer Service Control Mechanism	<ul style="list-style-type: none"> <li>(1) Risk: The customer service personnel carry portable storage devices to store the information of the consumers in the workplace.</li> <li>(2) Response: In 2013, the company has instituted the "Regulation Governing the Carrying and Use of Data Storage Devices at Customer Service Processing and Operation Centers" and made it a part of the training and education at the operation center. All personnel must receive training of this kind once semi-annually with records for tracking. And we established ISO9001 Suspected Leakage Handling Procedures to report and handle all privacy complaints.</li> </ul>



### Clarification of "Illicit Use of the Consumer Phone Number" Case

Chunghwa Telecom was informed by NCC at the end of 2014 that a consumer complained about the illicit use of its phone numbers. In response, Chunghwa Telecom started an investigation immediately and confirmed that all the connection records are used internally for customer service and fall within the scope of reasonable use. We forwarded all supporting evidence to NCC and confirmed that Chunghwa Telecom has done nothing unlawful.



### Obtained Certification for Personal Information Management

Our mobile customer service hotline has got BS10012 in 2013, which made Chunghwa Telecom the first telecommunication service provider of Taiwan being accredited with this standard. In 2014, data, broadband, international line, corporate customers, and part of the fixed network had also been accredited. It is expected that by 2016, all the customers service hotlines will be accredited that make Chunghwa Telecom a benchmark company in the protection of personal information of the consumers.







## Ensure Service Quality

Chunghwa Telecom makes ceaseless effort to expand the volume and upgrade the quality of its 4G mobile communication system. We introduced advanced technologies, which echoed with the 1800/900MHz base stations. This arrangement allows for the coverage of service from points, lines, and to planes for even more extensive and better quality mobile broadband network service.

Chunghwa Telecom planned to make investment amounting to NTD 100 billion from 2012 to 2016 to install broadband network extensively so as to create an edge for digital convergence and innovative service development. Furthermore, we also support the "digital convergence development plan" of the government in concrete actions, which is manifested in its objective of "7.2 million accounts of fiber optic users and 11 million accounts in wireless broadband users".

In response to the demand for digital convergence and smart digital life, Chunghwa Telecom also launched high-speed surfing on the web with 300Mbps fiber optic to satisfy the needs of customers. This move will lead Taiwan moving towards the age of G from the age of M.

By the end of 2014, the coverage of 100Mbps users was already 87.2%. With the addition of cable TV service providers, and Taiwan Smart fiber optic network, the national coverage of 100Mbps could be as high as 90% or more. This figure has already hit the target set by the government for its policy at this stage.

Product and Service	Performance in 2014	Target in 2015
 <b>HiNet Broadband</b>	4.5 million accounts (867,000 accounts of broadband users at 100Mbps and higher, increased 132.0% in 2014)	An addition of 540,000 accounts in using broadband of 100Mbps and higher
 <b>FTTx</b>	3.1 million users (increased 8.7% in 2014)	Net growth of fiber optic users by 170,000 accounts
 <b>MOD</b>	1.3 million users (increased 3.6% in 2014)	1.4 million user accounts
 <b>4G</b>	There were 1.3 million user accounts since the launch of service on May 29 2014	Market share over 40%

In addition, Chunghwa Telecom also spares no effort to develop the infrastructure and broadband network, and supports the government strategy of mending the digital gap so that people living in the rural areas can enjoy nondiscriminatory medical service and education resources.

### 4G Everywhere, No Distance in Rural Areas

By the end of 2014, the installation of 4G base stations covered all 22 counties and cities and 368 township and villages of Taiwan, including Penghu, Kimmen, Matsu, Liu Chiu, Green Island, and Orchid Island. Even remote areas of Jade Mountain and Ho Huan Mountain or their rural zones are covered by 4G signal for service.

A tiny remote offshore Island, Wuchiu, has been covered with 4G signal service by Chunghwa Telecom since December 28 2014, which made the company the pioneer of 4G service in the industry. Since then, Chunghwa Telecom has accomplished its goal of the most extensive coverage of service with "4G everywhere" and "100% coverage in all villages".

Note 1: Definition of 100Mbps broadband coverage: The coverage perimeter of 400 meters by fiber optics or wireless means, with proper installation of equipment. The number of households/user accounts by families of Taiwan that can be provided in one month at the application of the users.

Note 2: Broadband coverage rate refers to the supply side of service by the service provider, and includes the broadband service within specific territory by Ethernet or VDSL in speed, and is unrelated to the speed that may be used by current users or potential users.

## Expand Wireless Hotspots

As of the end of 2014, Chunghwa Telecom has built more than 50,000 public Wi-Fi hot spots accumulatively and has assisted the local governments and public institutions in building more than 7,200 hot spots at their commission.

For providing the public stable quality, wide bandwidth and convenient service for access to the Internet, Chunghwa Telecom has established the solid user validation platform and full area continuous operation monitoring and control system, and also the Wi-Fi traffic failure repair service system so as to provide the consumers barrier-free and full-coverage Wi-Fi access service. The service quality has been widely applauded by the public.

Furthermore, Chunghwa Telecom also acts as a good neighbor in supporting the activities and special events in the counties and the cities, and expanded the hot spots for the service of the people for access to the Internet. Examples are the expansion of some 136 hot spots for the New Year Eve celebration, and 257 hot spots for the Nantou Lantern Festival. An amount of more than NTD 8.85 million was spent for this cause.

For iPhone users, which are bundled with a user code, Chunghwa Telecom has activated the Wi-Fi automatic validation function (EAP-SIM). With this service, iPhone customers are not required to enter the code and PIN to access the Wi-Fi network of CHT. For Android device users, they just download the "CHT-Wi-Fi" App and set up a one-time user code and PIN to complete the registration, and they can access the CHT Wi-Fi network with barrier-free afterwards.

\* In 2014, Chunghwa Telecom introduced the Wi-Fi AP automatic monitoring and control function. This helps save manual setup time for up to 10,000 work hours annually.

### Sponsorship of the Lantern Festival for 16 Years

Chunghwa Telecom was the principal sponsor of the 2014 Taiwan Lantern Festival at Nantou. Indeed, it was the 16th year that the company sponsored this event. In addition, Chunghwa Telecom also simulcast the event with the use of the MOD, HiNet, and Hami platforms, and supported the Nantou Government to add more mobile base stations in the lantern show area with the extensive coverage of Wi-Fi network for providing real-time action or wireless access to the Internet service.

Chunghwa Telecom is also conceived with the idea of caring for the social misfortunes. In so doing, we invited the balloon guru of "Nantou Association for the Welfare of the Physically Impaired" to show the creativity of balloons during specific time slot at the main exhibition site. The drum band of Chin Ai National Primary School was also invited to perform a drum performance to encourage the local folk art of Nantou. Besides, Chunghwa Telecom provided 250 international call telephone cards so that the spouses and workers from foreign countries can hear the voices of their loved ones.



## Initiated Disaster Emergency Communication

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. And we take 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 normal communication.

## Upgrade Disaster Reporting System

Sought to minimize the impact of disasters, Chunghwa Telecom's "Emergency Response SMS System" sent out more than 400,000 SMS alerts in 2014. Its role in disaster prevention and notification is outstanding.

Other government agencies have also sorted out hundred of zones of potential disasters, in the event of an emergency, an SMS will be sent to alert the people to prepare for possible situations for the protection of their lives and properties.



### Drills for the Prevention and Rescue in Disasters

Chunghwa Telecom supported the Water Resource Agency of MOEA in the activation of the "Early Warning of Flooding System", the NCC in the "2014 National Armed Forces Disaster Prevention and Rescue Exercise Drill", and the county and city governments in exercise drills for the prevention and rescue in disasters.



### Nuclear Security No. 20 Exercise Drill

Chunghwa Telecom assisted Taiwan Power Corporation to organize the "Nuclear Security No. 20 Exercise Drill". With the use of the "Disaster Emergency Information Reporting System", voice broadcasting has been conducted within the perimeter of 3 km from Nuclear Plant No. 2 for 4,800 times. In addition, an SMS has been released covering the perimeter of 8 km from the nuclear facility, including the township and villages in New Taipei, Keelung, and Taipei for 83,000 times.



## Marketing Service and Training

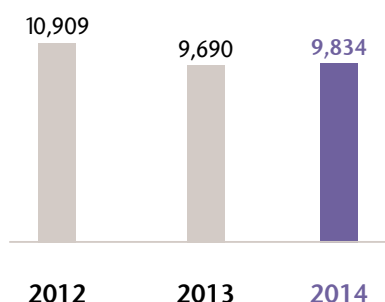
Chunghwa Telecom spares no effort to refine and upgrade its service quality thereby built up the "Learning Organization". With multilateral customer service value network, matched with the integrated customer service information service system and training, the company created even better service quality and customer value. In 2014, Chunghwa Telecom won the championship among other telecommunication service providers in the "Five-Star Award" in the front-line service quality survey conducted by the "Global View Magazine".

Furthermore, the customer service staff of CHT, Miss Lai Yu-Chen, heard the needs of the customer and provided hearty and distinguished service to the customer. She was cited as the "Gold Award Service Personnel of the Year" by "Global View Magazine".

Chunghwa Telecom has 15 customer service centers and about 3,900 customer service personnel across Taiwan. They are responsible for online service and consumer service of the Call Centers. For providing timely solution for the queries of the customers, we have invested tremendous resources in training in the aspects of sales, information protection, service, and communication skills.

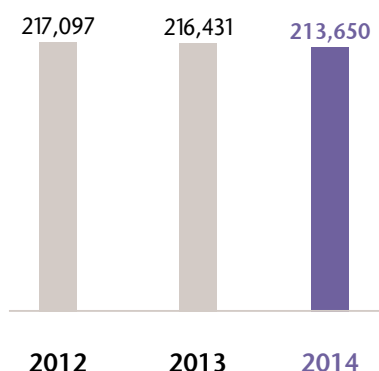
**Total Personnel Participated in Training**

Unit: person



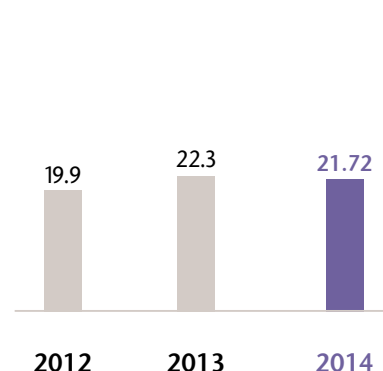
**Total Training Hours**

Unit: hours



**Average Training Hours**

Unit: hours



### Multi-Channel Services

Channel	Content
<b>Live Web Chat Service</b>	For Instant Message (IM) users and for persons with hearing impairments, we have introduced text-based live web chat customer services; which has covered all the Chunghwa's business
<b>Internet Communities</b>	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.
<b>Web Call Center</b>	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.
<b>Mobile Customer Service</b>	In response to the ever-increasing smart phone users, we started to provide mobile-optimized network customer service center from June 2013, when users login network customer service center, the system will take it to mobile-optimized web interface automatically.
<b>Customer Service App</b>	Starting from November 2013, we provide free customer service App download on iOS and Android system. As of end of 2014, more than 79.2 thousand users had downloaded the App and more than 17.6 million services were provided.

## Introduce Exquisite Service

By challenging itself and achieving excellence, Chunghwa Telecom strives to provide exquisite services with efficient and convenient qualities. 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 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, we have mystery customer to identify any weakness in our customer services.
- Service standard at clerk counter: We have designated internal consultant to help personnel to provide customers with dedicated and heart-warming service with professional touch.
- Touching service: To motivate personnel to provide best services to exceed customers' expectation, we have established "Touching Service Arena" to record excellent services for others to share and learn.



### Serve a Helpless Mother to Fulfill the Dream of Her Late Son

Mrs. Huang, who lost her only son at a young age, called the customer service of Chunghwa Telecom for help. She wished to keep the phone number and change the title of the owner to her son for his 20th birthday.

The last two digits of the cell phone number were 11 for the father, 22 for the mother, and 33 for the son. All the numbers were registered under the title of the father previously. The only son of Mrs. Huang, when he was still alive, wished to change the phone number under his own title when he turns the age of 20. Mrs. Huang strongly desires to keep the phone number so that she could call that number when she misses her late son just to image that he is still alive. She was sad and anxious. It came to the attention of -Yee, the customer service staff who happened to answer the call of Mrs. Huang.

Miss Tsai heard everything. She comforted Mrs. Huang, and made series of calls for help from the service center. She shared the sorrow of Mrs. Huang, and never ceases to send an SMS and courtesy call to Mrs. Huang in any festivities and the Chinese New Year. With the efforts of different functions of the company, Mrs. Huang got what she wanted.

With a thankful heart, Mrs. Huang, who is ailing, still brings along a thank you note written by herself and gifts to the Cheng Kung Service Center at Tainan to express her gratitude to Miss Tsai. For Tsai Shu-Yee, she just holds that the very attitude of a customer service staff is to "treat all customers as your own relatives". She wishes she could keep Mrs. Huang company to pass through her desperate life.



## Ensure Customer Satisfaction

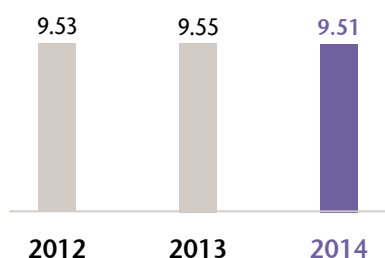
To ensure that consumers' need is satisfied, we conduct customer satisfaction survey for Chunghwa Telecom service center, customer service hotline and installation & repair service every year so that we can provide the best possible service and continuous improvement on our services.

In addition to regular consumer satisfaction survey conducted by third party, 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.

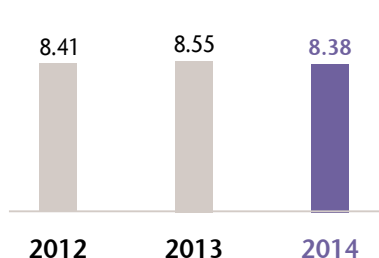
Item	Target	Performance
Landline Connection Rate	≥ 95.6%	99.89%
Interruption Rate of Mobile Phone Communication	≤ 3%	2G: 0.57% 3G: 0.35%
Packet loss % in Data Transmission	≤ 3%	0.0129%
* Measured on the basis of the customer-end HGW in 2014/10/01-12/31		

## Satisfaction Survey of “Corporate Consumer” and “Average Consumer”

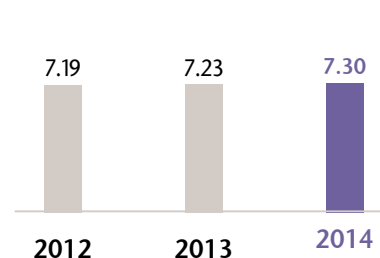
### Large Enterprises



### Small and Medium Enterprises



### Average Consumer



\* 10 point scale

\* Chunghwa Telecom will request relevant functional units to conduct further analysis.

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 and medium enterprise) consumer and “large enterprise 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.



## Customer Service Satisfaction of Call Center

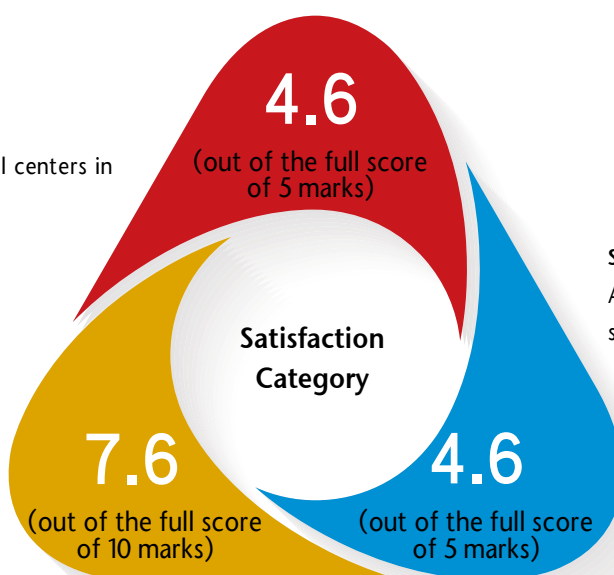
We conducted a customer satisfaction survey by internal staff and external parties in 3 categories of call center on air to ensure the demand of the customers online be met with proper response and service.

### Source 1

Dialing out manually from our call centers in 3~7 days.

### Source 3

Entrust Chunghwa University to mail out questionnaires once a year.



### Source 2

Automated surveys by the CTI system in 30 minutes.



## 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.

If the dispute is caused by system failure, and incurred the additional charges, Chunghwa Telecom will keep the billing system transparent, and voluntarily inform the consumer being affected. In addition, the cause of the problem and the response to the problems will be sent to the customer service staff via a special hotline so that they understand the event and can provide timely and proper answers to the consumers upon request. This will help to reduce customer complaints.

Chunghwa Telecom works in cooperation with relevant functional units to establish a system for detecting potential customer complaints and related improvement measures so as to bolster customer satisfaction. With the effective control under this system, the customer compliant rate of Chunghwa Telecom was the lowest as stated in the NCC "Communication Consumption Complaints Monitoring Report" of 2014.

**Customer Service Hotline KPI**

KPI	2012	2013	2014
Customer Service Response within 20 Seconds	84.1%	78.4%	74.0%
Service Satisfaction (5 marks for full score)	4.58	4.59	4.6
Settlement Rate with the first call	78.4%	77.9%	78.5%

**Complaints from Each Million Consumers**

Item	2012	2013	2014
Fixed Network (case)	0.81	0.61	0.53
Mobile (case)	1.95	1.55	1.20
Data (case)	1.27	0.88	0.45

\* Conducted a trial run on reducing the level of service hotline at 5-10%.

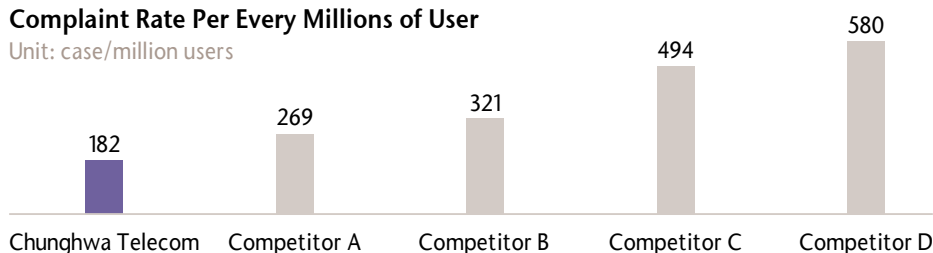
\* Due to the launch of 4G and other factors, the traffic volume of mobile phone from January to November (2013) skyrocketed by 24%, and the shortage of human resources that could not be filled resulted in the service level of the customer service hotline fell below standard and behind target.

### Lowest Average Cases of Customer Complaints

According to data on mobile communication customer complaints compiled by the NCC in 2014, which is based on the complaint rate per every millions of users, Chunghwa Telecom is the service provider with the least complaints! This result demonstrated the effort of Chunghwa Telecom in customer service in the long run and the successful upgrade in telecommunication service quality.

**Complaint Rate Per Every Millions of User**

Unit: case/million users



## Alleviate Public Concerns in Electromagnetic Radiation

According to a research report released by the WHO, there is no incriminating evidence from the perspective of science that electromagnetic waves are harmful to the health of humans. In consideration of the anxiety of customers, Chunghwa Telecom still strictly conforms to the safety standard set forth by the competent authority, and installs the mobile communication system with equipment conforming to related safety regulations. The same applies to our procurement of mobile communications products, which specific absorption rate (SAR) of electromagnetic waves must be complying with the limit set forth by NCC. In addition, we also sponsor the Taiwan Electromagnetic Industry-Academia Consortium NTD 500,000 annually on the study of the influence of electromagnetic waves on the health of humans.

### Procedure for the Installation of Base Stations

Phase	Content of Operation
<b>Communication and Assessment Phase</b>	A number of factors will be considered, such as the population size of the region, the clustering density of people, the area of electromagnetic wave coverage. In addition, the consent of the residents is usually obtained under the facilitation of the management committees or the local district representatives.
<b>Installation Phase</b>	Present the information on the base stations planned to install to NCC for licensing, review, and joint inspection. Equipment will be installed after passing all the aforementioned procedures.
<b>Pre-operation Phase</b>	Conduct emergency telephone test as required, and also the route tests to validate the function and coverage of the equipment.

For installation of base station on lands of public buildings or private property of big enterprises through leasing, Chunghwa Telecom will engage in joint installation with other telecommunication service providers to keep the environment intact and avoid irregular erection of antennae, which will affect the landscape of the buildings.

### Types of Base Stations Installed by CHT

System	Independent Station	Shared Station
<b>4G</b>	5.3%	94.7%
<b>3G</b>	9.2%	90.8%
<b>2G</b>	30.8%	69.2%

\* Installed on existing buildings

NCC passed the "Amendment to the Regulations Governing the Installation and Use of Base Stations by Mobile Communication Service Providers" in 2013. This change made the landscape design of base station legalized. In 2014, about 70% of the antennae were designed for such purpose. In addition, the Legislative Yuan also passed the "Inclusion of the release of public property or lands for the Installation of base stations as a part of the performance evaluation for annual disclosure". Such legislation will help to improve the quality of communication and reduce the proportion of installing base stations at private property.

## Education of Electromagnetic Wave

In 2014, Chunghwa Telecom worked in conjunction with the Taiwan Telecommunication Industry Development Association (TTIDA) to hold 3 sessions of the "Symposium on Mobile Communication Electromagnetic Waves" so as to introduce the proper concept of electromagnetic waves to the public. The public may still request for a detection and measurement free of charge if they have an anxiety of electromagnetic waves. In 2014, Chunghwa Telecom has handled 232 cases in detection and measurement of electromagnetic waves.

We also commissioned the TTIDA to hold training sessions for the front-line engineering staff. They will be trained in communication skills to prevent possible dispute with the public in performing their duties.

## Fraud Prevention

In 2007, Chunghwa Telecom assisted the government to establish the 165 Anti-Fraud Consultation Hotline to support the police authorities to fight fraud and to protect the property of the public.

### Resources Committed

- In 2014, there was an average of 9 customer service personnel that joined the service in a month for working with the Criminal Investigation Policy Bureau in concerted effort in front-line duties from Monday to Friday.
- "Disconnection Service Fraud Prevention System" offers the information on suspected telephone gimmick for cheating customer information by telephone and timely settlement of the problem. An average of 3 customer service personnel participated in the program monthly.

### Prevention of Fraud from Internet/ Mobile Devices

At the time when mobile communication is prevailing, criminal gangs use bogus SMS to trap the consumers to click to connect to unidentified links, or download unidentified malicious programs, or, they forge the Line account of a friend or relative of the user so that the consumers are not alert to the messages and responses to the instruction of gangs, with small amounts of money stolen or their account password hacked.

To prevent this fraud, Chunghwa Telecom started to introduce the two-way confirmation function of small amount payment in 2013. In March 2014, Chunghwa Telecom even introduced warning messages in the content of the two-way confirmation message. Fraud conducted through mobile devices reduced significantly In 2014.

\* As per the request of NCC, the defaulted small payment function has been shut down since July 2014. If you have such need, please bring along your identification documents to our service center.

## Digital and 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.





## Internet Safety for Youth Population

As the "Internet" has emerged as an indispensable factor of modern life with the abundance of content and information enriching your life, unwanted social problems also surfaced. For a long time, Chunghwa Telecom has appealed to the advocacy of "Internet health for children". Through the elements of "service, education, and culture", Chunghwa Telecom conveys the message on the correct attitude of surfing over the Internet to solve the addiction to the Internet of youth and children.

In wielding its core competence, Chunghwa Telecom unveiled the "Internet connection time control service" and "pornography watcher" service. Parents can manage the information viewed by their children with the help of technologies. In so doing, we may mitigate the negative impact of the Internet on the younger generation and give them more protection.

At the end of 2014, Chunghwa Telecom also aligned to the trend of the application of App by offering "Mobile Health for the Internet" service to assist the parents to manage the use of mobile devices of their young children at home for improving family harmony.

### Major Result of the Education on Health Surfing on the Internet

Stakeholder	Participating Partner	Method
Aboriginal Youths	Taiwan Aboriginal Culture Promotion Association	There were 4 events being held on subjects including pornography watching, surfing time management and anti-virus and hacking. Some 400 participants joined the events.
Students in School	Taiwan Telecommunication Industry Development Association	Redesigned the script of the play and performed by "Hung Sheng-Chi Glove Puppetry Opera" with the play "The Third Prince Surfing at the internet". This is a brand new interpretation of traditional glove puppetry that provided education and entertainment at the same time for conveying a message on the healthy use of the Internet. Some 500 participants were in the events.





# A Safe and Healthy Workplace



Chunghwa Telecom is committed to "the peace of mind of all employees" and respects each and every employee regardless of gender, age, ethnicity, or religion.

Ensure all employees enter into a formal "employment agreement," duly observes the Labor Standards Act and other applicable laws, and calls for labor-management meetings at regular intervals.

- Established Telecommunication Training Institute to be designated for employee training.
- Advocacy of Happiness in Working at CHT.

Response to the protests of outsourced workers.

Support good people and allows all employees to share the results of operations to realize happiness.

**GRI** The basic salary offered by Chunghwa Telecom is **1.5** times the minimum wage in Taiwan.

**GRI** Employee satisfaction survey on "Employee Happiness" with overall scoring of **78** marks.

**GRI** Per Capital Training Hours: **48** hours





## Protect Employee Rights

Chunghwa Telecom regards employees as the most valuable assets and partners. 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.

G4-S4

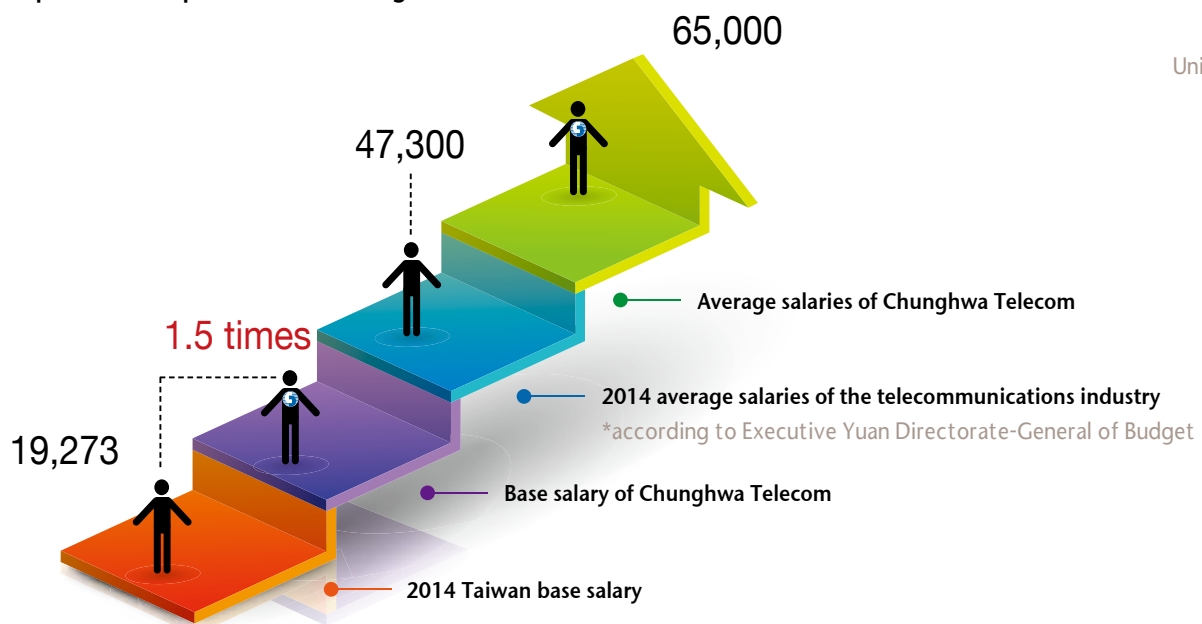
## A Competitive Compensation System

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.

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.

Further to the protection of the rights and privileges of shareholders, Chunghwa Telecom also seeks to feed back operation performance to employees. In 2014, Chunghwa Telecom has the ratio between the top salaries to the median at 5.68:1.

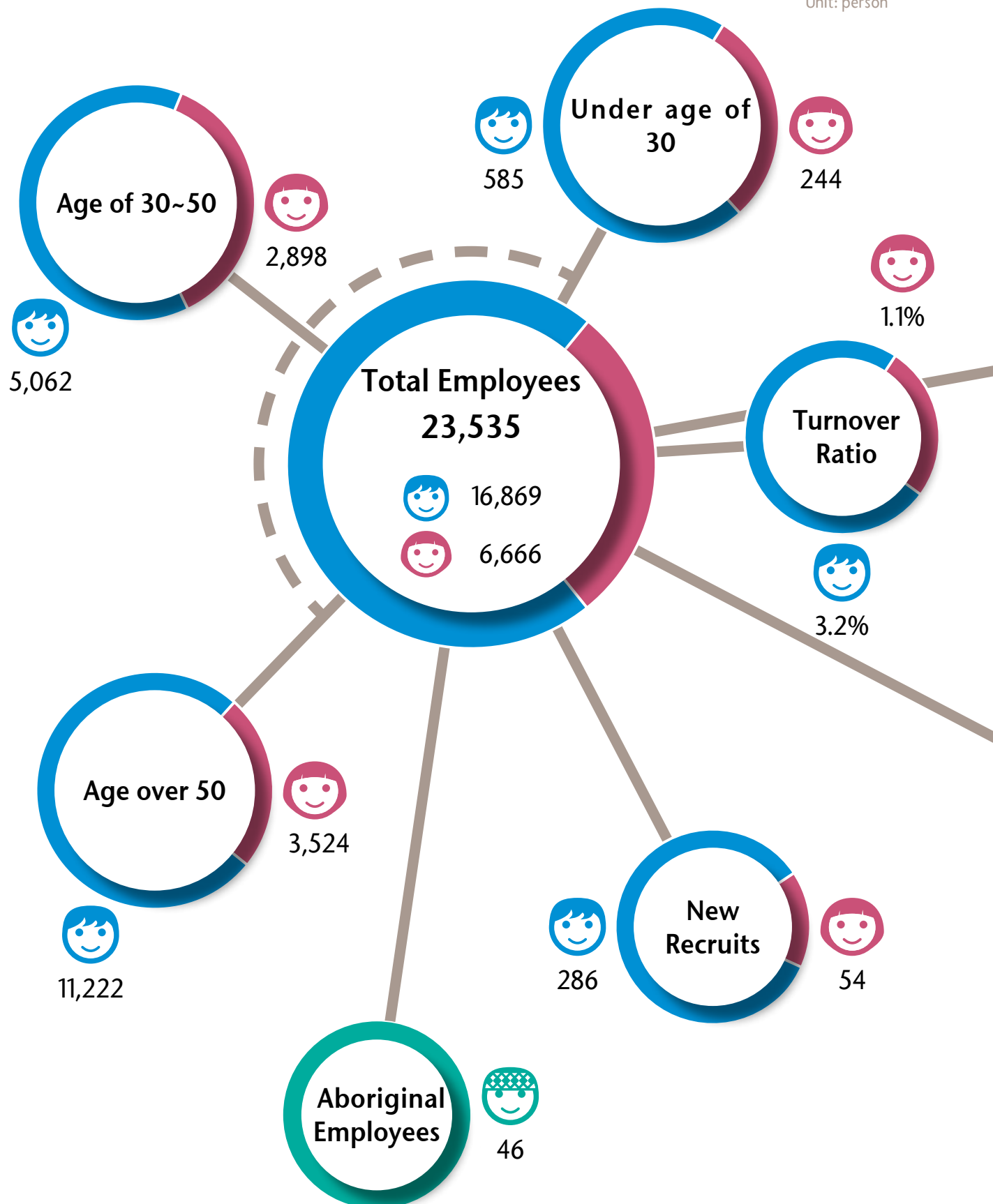
Competitive Compensation of Chunghwa Telecom



## Human Resource Structure

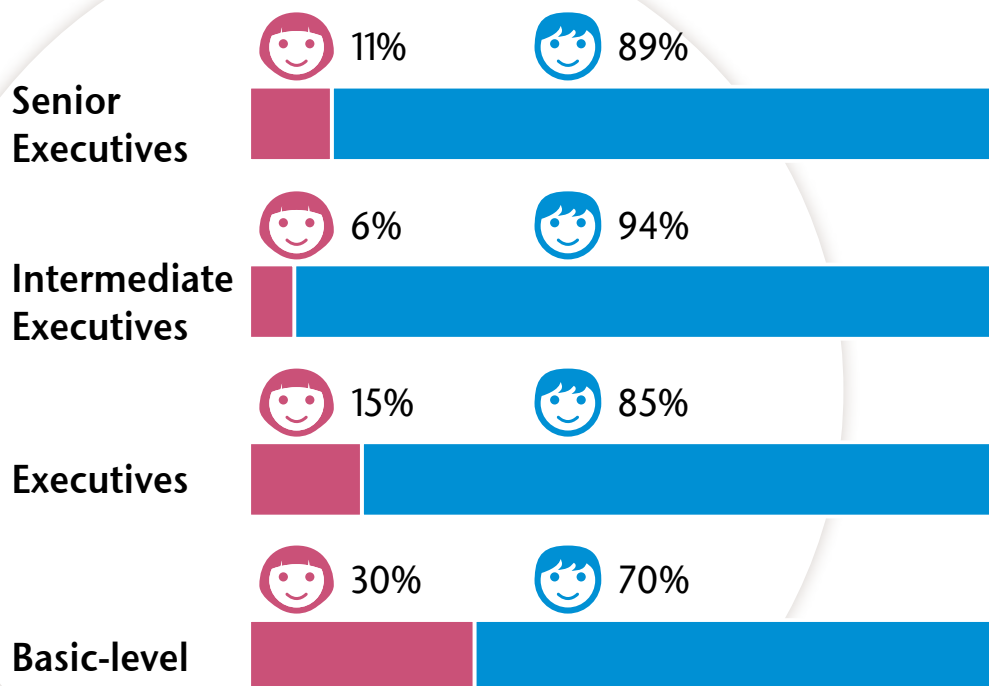
G4-10

Unit: person



\* All employees are Taiwanese.





## Disabled Employees







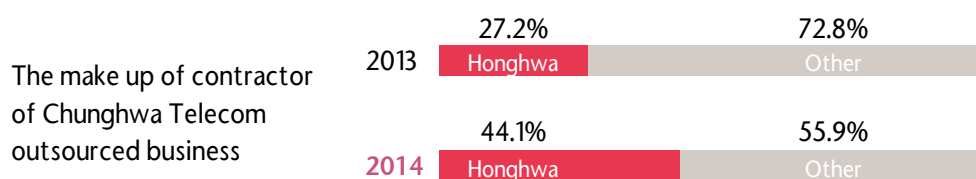
763



### Human Resources Structure of Honghwa Subsidiary in 2014

Full-time employees: 3,402 person

		
Age over 50	11	4
Age of 30~50	739	628
Under age of 30	740	1,280
Disabled Employees 	6	6
Aboriginal Employees 	24	2



## Gender Equality and Diversity

Chunghwa Telecom highly treasures human rights at the workplace, and thereby properly implemented relevant human resources system, measures or activities in accordance with applicable law and the cautiously instituted internal code of the Company. For the realization of equal opportunity for employment between male and female employees, the Company also developed the function for the prevention and handling of sexual harassment.

We have established the “Complaint Investigation and Evaluation Committee” designated with the mission of handling complaints on discrimination and other improper behaviors at workplace. The committee is consisted of 5 persons (3 females) with more than half of the seats occupied by women members. With the effective control and function, there is no discrimination.

According to Article 38 of the People with Disabilities Rights Protection Act, Chunghwa Telecom should employ 220 persons with disabilities. In fact 763 such employees were actually hired, 3.47 times higher than the legal requirement. In 2014, we employed 46 aborigines, and properly respect their unique cultural traditions.

G4-11

## Labor Union -Institutionalize Employee Rights

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 2014, 99.9% of 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. In 2014, the major issue discussed in the labor union was the overall upward salary adjustment of employees. The management communicated with the labor union under the spirit of transparency for positive interaction to ensure harmonious labor-management relation.

## The Protection of Labor Right

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 1,022 employees were retired in 2014 and a retire rate of 4.3%, 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 340 employees in 2014.

G4-57, G4-58

## 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 takes 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 6 labor-management meetings held at the regional level in 2014 with the addition of 1 special session. Consensus has been reached for a number of issues. Furthermore, there were 5 meetings related to the working conditions of the labor force being held with the amendment to the guidelines of the Company regarding accidents to the employees.

### Channels for Complaints

Information on the channels and hotlines for the employees in filing complaints could be found at the CHT intranet portal (<http://eip.cht.com.tw>)/Employee zone.

Administering body: the Human Resources Division of the Corporate Headquarters

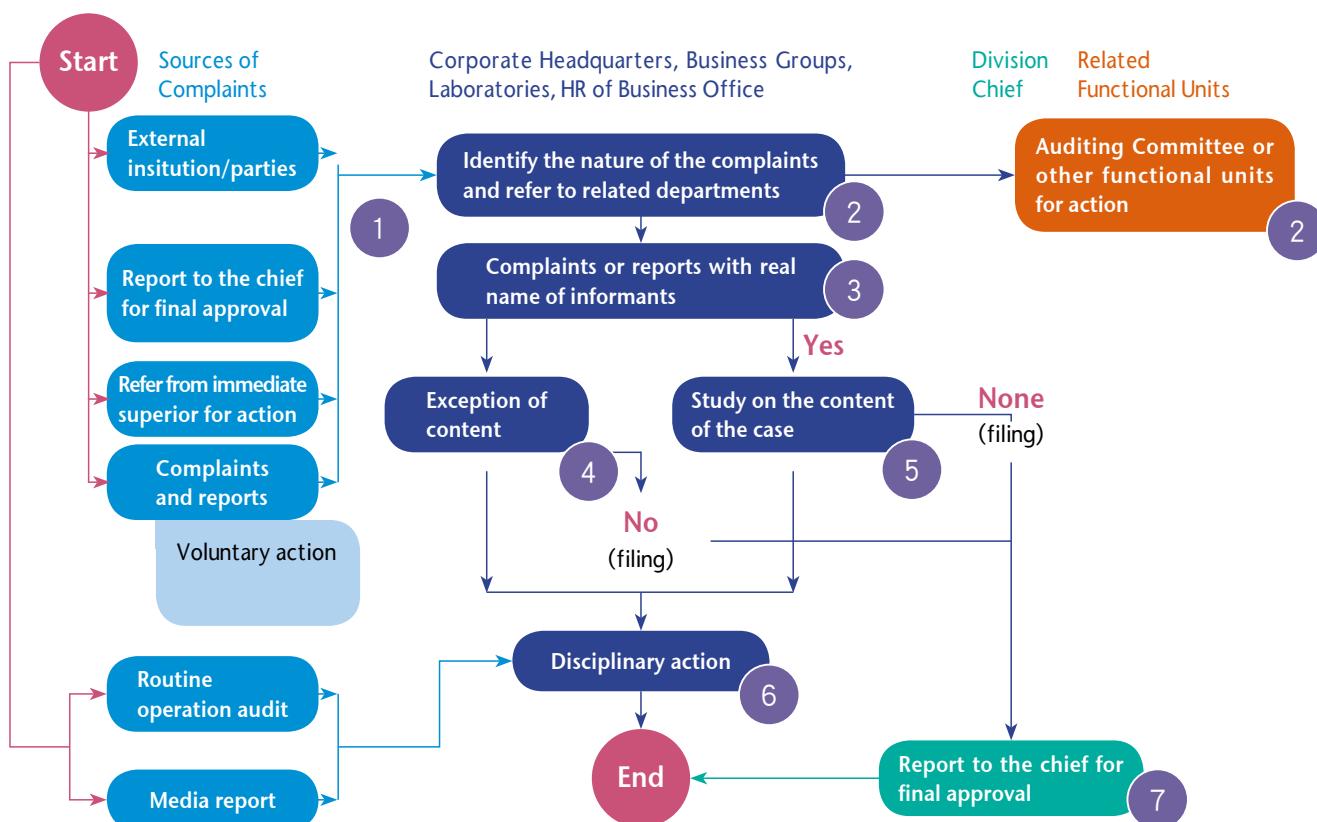
Mailing address: Room 503, the Corporate Headquarters Building of CHT, No. 21-3, Section 1 Xinyi Road, Taipei

Complaints Hotline: 0800-080998

Fax number for report and filing complaints: (02)23570007

E-mail: [chthr@cht.com.tw](mailto:chthr@cht.com.tw)

### Complaint Handling Process



## 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.

Chunghwa Telecom has a viable system for training with “analysis of needs” and “detail-oriented planning” before proceeding to training. Training programs are designed in line with the annual plan with evaluation and review after the training so that the employees can learn the kind of knowledge and skills they needed through systematic learning.

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.

### Chunghwa Telecom Telecommunication Training Institute

Chunghwa Telecom has established online training in 19 systems including marketing with about 870 professional subjects designed for the training of the management staff with management skills at different levels so that they can learn relevant professional skills, improve service attitude and overall work performance, and also the capacity in corporate management. In 2014, training in professional skills has been held for 96,251 persons/days and training in management skills has been held for 4,635 persons/days.





## Diversified Learning Channels

Telecommunication Training Institute provides a diversity of channels for learning to meet organizational needs, personal interest and personality traits of employees so as to help them develop their professional skills in depth and refine their management skills. These help to bring about growth and proper career development of employees.

Employees can receive training at the Telecommunication Training Institute (in a classroom environment) during regular hours and in the evening or on holidays. Telecommunication Training Institute can also dispatch tutors to relevant business units for organizing training. Distance and online learning is also possible through telecommunication technologies. Employees can also use their library facilities for self-learning, or learning outside the Company.

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.



## New Employee Training

Chunghwa Telecom has instituted the “Guide to Orientation and Training of New Employees” in 2014 so as to allow all new employees understand the corporate vision, philosophy and value, and corporate culture of the Company the extent to which new employees can adapt to the environment and regulation of the new workplace. In addition, the system of supervisors to the new employees was also established. In responding to the age of digital learning, Chunghwa Telecom also arrange e-Learning programs for the employees. The content of the training covers the introduction to the Company, rules and regulations governing the telecommunication industry, fundamentals of laws, code of conduct of employees, instruction of works in the functional departments so as to help the new employees to attune to the new rules of the workplace.

## Evaluation of the Training Result

Telecommunication Training Institute has surveyed on the satisfaction of the training and the opinions of the participants in the training after each training program has been held so as to understand the satisfaction of the participants over the quality of teaching and for meeting the needs of employees better. The result of the survey will be sent to relevant departments for follow-up and making improvement.

In addition, surveys will be conducted on 9% of the training programs selected from the trainings in 3 months with specific training periods and applicability to work by sending questionnaire to the participants in training and their supervisors. The training programs will be adjusted as suggested in the feedback to ensure the quality of training and assess if the training is effective.

## Fair Assessment Mechanism

Chunghwa Telecom has instituted the “Employees Performance Evaluation Guidelines” which are applicable to all employees so as to evaluate the performance of employees and develop the corporate culture where employees, customers, shareholders, and the Company are winners. For a particular employee who is underperforming, the Company will give supervision to guide their corrective action and keep track on the correction until improvement is made under appropriate procedures. The performance bonus and employee bonus of the Company are linked to the performance evaluation of employees.

## Reward System at All Levels

- Evaluation is conducted by interviews between supervisors and employees. An individual objective will be set at the beginning of the year with regular and interim evaluation and tracking, and the contribution value at the end of the year so that performance evaluation could be fairly conducted the extent to which the operation performance of the Company can be upgraded. Also, supervisors will discuss the career planning of employees in their interviews and give them recommendation in the training necessary for the fulfillment of their career plans for the next year.
- For the effective evaluation of employee performance, creation of the corporate culture where employees, customers and shareholders are winners. Chunghwa Telecom has instituted the “Employees Performance Evaluation Guidelines”. For a particular employee who is underperforming, the Company will give supervision to guide their corrective action and keep track on the correction until improvement is made under appropriate procedures.



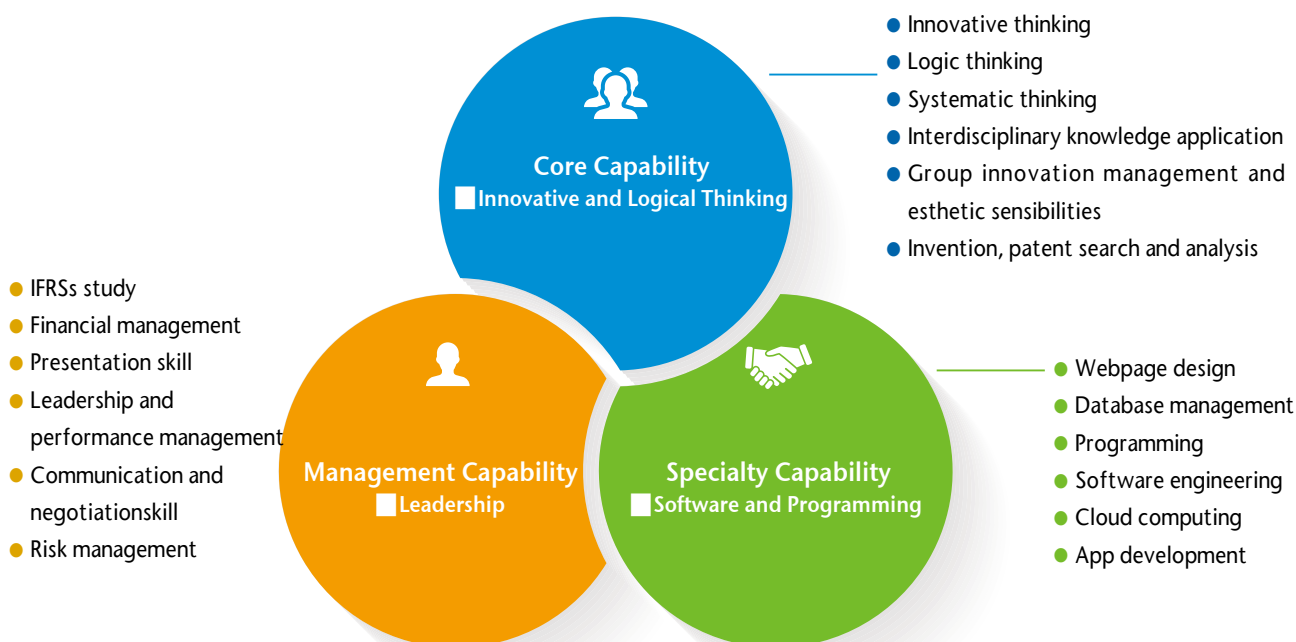
## Security Guards Training

In the training of security personnel in 2014, the education on legal rules and regulations governing occupational safety and health at workplace and basic martial art skill, fire safety and alert system, vehicles and personnel passage control, personal information protection, the intensification of entrance code to the depot, and the basics during routine operation. Training is planned to hold once a month and 12 training sessions will be held in one year and each for 2 hours. A total of 24 hours of training will be given with about 720 security personnel participating in the training.



## Provide Training Course for Enterprise Client

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



## Training of Professional Talents

Chunghwa Telecom spares no effort in providing its employees a diverse learning environment. Through job rotation, project assignment, and overseas assignment, employees can mingle their lives with their career and allow for sharing the joy of knowledge growth and creating a better future. Telecommunication Training Institute has facilities in north, central, and south Taiwan for planned, systematic, and incremental realization of training.

In addition to functional training, programs in core network technologies, connection technologies, mobile communication technologies, value adding service, information technology, corporate management, operation management, and human resources management were also provided in 2014. "Senior Management Staff Training Course" has also been held for the systematic training of senior management personnel in the future with the training of skills in operation, innovation management, and leadership.

In 2014, the total training hours of Chunghwa Telecom's employees reached 1.12 million hours, and training expense reached NT\$ 679.17 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 2014, 740 employees applied for training grant and a contribution of NT\$ 11.5 million for the employees' training programs.

### Investment in Education and Training

	2012	2013	2014
Total Training Expense (NT\$ million)	752	748	679
Per Capital Training (NT\$)	30,888	30,877	28,857
Total Training Hours (hours)	1,855,255	1,413,923	1,129,809
Per Capital Training Hours (hours)	76	58	48

### Training Grant

2012		2013		2014	
Beneficiary	Amount (NT\$ million)	Beneficiary	Amount (NT\$ million)	Beneficiary	Amount (NT\$ million)
1,028	16	845	13	740	12

## Academic Talent Training

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.

Chunghwa Telecom has established the "Chunghwa Telecom Southeast Asia Scholarship" for the education of overseas talent in telecommunications. With the scholarship, specific funds will be awarded to overseas Chinese students and nationals of Southeast Asia studied in the departments of science, engineering, telecommunication and business administration related disciplines at National Chiao Tung University with outstanding academic performance. The students also have the opportunity to take part in the research and development projects of Chunghwa Telecom, or as student workers at the branches of the Company.



## Occupational Health and Safety

Provide a healthy and safe work environment is Chunghwa Telecom's commitment. We are the first telecom service provider introduced "Occupational Health and Safety Assessment Series"(OHSAS 18000). The management of employee safety and health is implemented with both a "standardized" and "systemic" 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 examinations; conduct health promotion activities to improve health care and willingness for employees.
- Encourage participation through open communications and available consultation; adopt ICT 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.
- Conduct labor safety training programs to raise safety awareness. Conduct 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 department" responsible for planning and implementation of labor safety and health matters, meanwhile, "Labor safety and health committee" is established and meets quarterly to deliberate, coordinate and make suggestions on the issues of labor safety and health.

4 meetings were held in 2014 with 14 proposals presented by the labor representatives of which 7 related to the issue of the improvement of safety and health facilities, 4 related to refinement of safety and health management, 1 related to training in safety and health, 1 related to food hygiene, and 1 related to employee benefits.

"Labor safety and health committee" consists of 26 members, including representatives from each department units and labor union as well as technician and medical personnel, etc. Among which, 9 members are from labor union accounted for 35% of all members.



Numbers of Disabilities			Frequency of Disabling			Severity of Disabling Injuries			Occupational Injuries Rate per 1,000 Workers		
											
CHT	13	13	CHT	0.27	0.27	CHT	9	4	CHT	0.53	0.53
Countrywide	11,561		Countrywide	1.65		Countrywide	118		Countrywide	3.42	

## Accredited by OHSAS18001

Chunghwa Telecom introduced the “Occupational Health and Safety Assessment Series” with the accreditation of a third party institution. By the end of 2014, 27 branches have been accredited the OHSAS18001 international authentication system. Under the mechanism of “standardized” and “systemic” management, Chunghwa Telecom realized health and safety management and upgraded operation quality and safety.

## Safety and Health Mechanism

To ensure that employees receive immediate health help when needed, we employed 5 full time occupational health nurses and 4 contracted doctors to meet employees’ health needs, and established “health service center” at Xinyi, Aiguo and Guoguang Park to provide the following health and safety services, including:

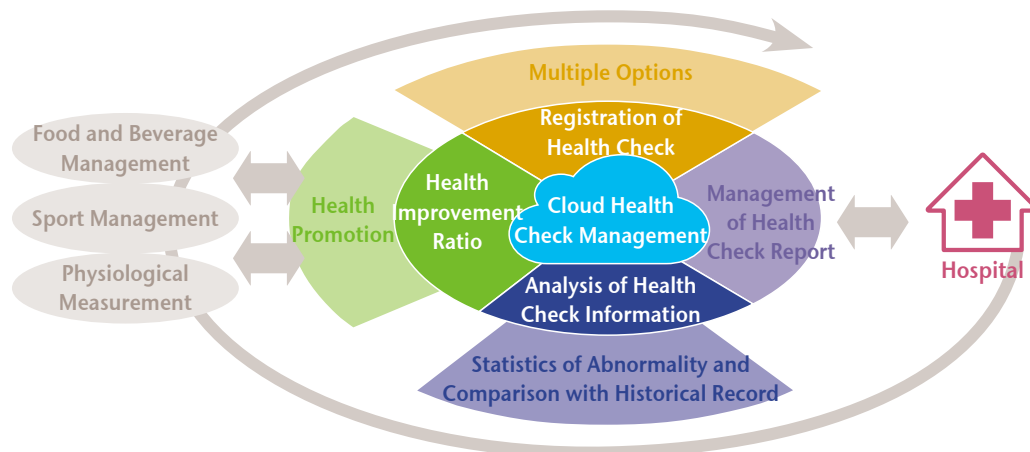
- Health education, health promotion and hygiene guidance
- Prevention of occupational injuries and general injury, health consultation and first aid and emergency treatment
- Vaccination and health
- Assist in the selection of proper job function
- Analysis of physical and health check record, evaluation, 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

Pursuant to Article III-II of the CHT Guide for Responses to Accidents, the procedure for the assessment of occupational diseases has been explicitly stated and read as “Employees of the Company performing different kinds of duties who were found unsuitable for undertaking the previously assigned duties due to ailment may, at the diagnosis certification of a medical institution, report to the function head and may switch to another workplace or other duties or adjust the work load subject to the evaluation and professional recommendation of a designated physician of the Company”. If employees are suspected of suffering from occupational diseases, the Company will assist such employees to petition with the competent authority at the municipal, county/city level for validation in accordance with the rules and regulations governing occupational injury for the protection of laborers.

In 2014, there were 26 cases of occupational hazards, of which 7 occurred in the line of duty and 19 occurred during commuting to and from work. For the effective reduction of traffic accidents occurred during commuting to and from work, Chunghwa Telecom worked in conjunction with the CHT Training institute to prepare the “Traffic Safety Education – Safety and Preventive Driving Chapter”, an e-Learning program for the online learning of employees. At the same time, the Company also provided the program of “Case Studies on Accidents Seminar” to reinforce the concept and skills of safety and defensive driving for employees.

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 9,500 cases were reported in 2014.
- Lower the height of the existing distribution junction box (DJ box) to 2.2M, total of 9,600 poles lowered in 2014.

	2012	2013	2014		2012	2013	2014
Injury rate (IR)				Occupational diseases rate (ODR)			
	0.07	0.07	0.05		0	0	0
	0.03	0.07	0.05		0	0	0
Total	0.11	0.14	0.11	Total	0	0	0
Lost day rate (LDR)				Absentee rate (AR)			
	2.72	1.94	1.75		0.26%	0.20%	0.22
	0.74	2.19	0.81		0.38%	0.41%	0.49
Total	3.46	4.12	2.56	Total	0.29%	0.26%	0.30

\* Injury rate (IR) = Total number of injuries x 200,000/ Number of hours worked by all employees

\* Occupational Diseases Rate(ODR)= (Number of Occupational Diseases / Total work hours) x 200,000

\* Lost day rate (LDR) = Total loss of work days \* 200,000/ Total work hours

\* Absentee rate (AR) = Total number of missed (absentee) days/ Total number of workforce days

For operations of high risk, such as operation at high places and narrow spaces, the Company adopts the system of licensing for practice and makes use of its own ICT specialization to research and develop the use of portable camera system to videotape down the safety facilities at the site and the wearing of safety gear by the personnel before the operation with relevant photographs taken for confirmation. These photographs will be uploaded to the remote monitoring system and will help to prevent falling and the potential hazard of lacking oxygen. In 2014, 200 classes of training in different forms of safety and health education for upgrading the knowledge and skills of employees in safety and health with 9,290 head counts in the classes.








## 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.

Item	Activities and Sessions	Participant/ Benefited	Contribution/ Supplement \$
 <b>Child Birth Subsidy (Company)</b>	Company continue to provide subsidy to full term after 6 months unpaid leave is matured (up to 1.5 years)	89	NT\$ 8,121 thousand
 <b>Sports Activity</b>	Regional activities including 15 roads running, 89 hiking, 69 ball activities and 108 other activities (such as employee year-end dinner and travel, etc.)	44,960	NT\$ 11,693 thousand
 <b>Stock Ownership Trust</b>	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	20,180	NT\$ 2,000/person per month on average
 <b>Dependent Education Subsidy</b>	Twice a year (2 semesters)	26,684	118,813 thousand / Semester on average
 <b>Wedding Subsidy</b>	Wedding subsidy is available for employees got married lawfully	278	NT\$ 695 thousand
 <b>Childbirth Subsidy</b>	Childbirth subsidy is available for childbirth of employees or employees’ spouse	563	NT\$ 1,407 thousand
 <b>Funeral Subsidy</b>	Funeral subsidy is available for the death of employees’ parents, adopted parents, step parents, spouse and children	1,377	NT\$ 6,885 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 2014, our spending on employee health care is NT\$ 84,677 thousand, 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 2014 is NT\$ 3,500 per employee, and a preferential scheme is provided to employees’ dependents. There were 23,332 employees participating in the program with 3,589 family members of employees in 2014.						
Organized the HRV Stress Test	In 2014, the Company took positive action to visit all business locations across Taiwan to conduct the scientific stress test with the help of proper equipment so as to understand the capacity of employees in withstanding physical and psychological stress and overcome the timidity of the victims for voluntary request for help with 1,027 employees responded to the test.						
Employee Assistance Program	<p>As one of the large corporation to introduce Employee Assistance Program (EAP), Chunghwa Telecom has started to promote since 2007. EAP offers up to 5 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. In 2014, project consultants were invited to the plant with the EAP E-Service platform established. There were 583 instances of services with 5 instances of in-house consulting service by the consultants.</p> <p>EAP service is conducted online or telephone appointment. The physicians visited the plant 9 times a month and each employee can have 30 minutes for each appointment. The healthcare personnel use the “Employee Health Management System” for the analysis and evaluation of the health examination record of employees. Care and health education will be given to those falling into the category of risk. Where necessary, consultation will be arranged between the physicians and the employees for proper guiding of health and healthcare. In 2014, the expenses incurred from health maintenance amounted to NTD 3.5 million.</p> <p>Statistics of healthcare service in 2014:</p> <table><tr><td>Head count of medical consultation with physicians</td><td>Frequency of physician on-site service</td><td>Persons/times of consultation</td></tr><tr><td>464</td><td>108</td><td>1,168</td></tr></table>	Head count of medical consultation with physicians	Frequency of physician on-site service	Persons/times of consultation	464	108	1,168
Head count of medical consultation with physicians	Frequency of physician on-site service	Persons/times of consultation					
464	108	1,168					
Employee Health Promotion	We have organized 138 health seminars in 2014 with a total of 8,470 employees participated; 15 sports competitions with 612 employees participated. 84 intellectual trips with 8,006 employees participated. 35 sessions of health examination with 2,956 employees participated and 175 large and community activities with 27,213 employees participated. There were 447 instances with 47,257 participants.						
Balancing Work Life	With 29 hostels established in 2014, 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.						

## 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 that 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 2014, the Company has NTD 8 million to the employees as nursery care for their children. There were 173 employees applying for maternity leave and 70 employees applying for leave of absence for parental care, and 89 employees applying for nursing subsidy.

### Unpaid Parental Leave (UPL) for Raising Children

Item			Total
The Number of Qualified for UPL for Raising Children in 2014(A)*	1,022	515	1,537
The Number of Person Actual Applied UPL in 2014 (B) *	12	58	70
Application Rate for UPL in 2014 (B/A)	1.2%	11.3%	4.6%
The Number of Reinstatement-to-be in 2014 (C) *	7	49	56
The Number of Application for Reinstatement in 2014 (D)	6	35	41
Reinstatement Rate in 2014 (D/C)	85.7%	71.4%	73.2%
The Number of Reinstatement in 2013 (E)	10	34	44
The Number of Retention Over 1 Year After Reinstatement in 2013 (F)	9	33	42
The Retention Rate in 2013(F/E)	90.0%	97.1%	95.5%

Note 1: The number of employees entitled to apply for parental leave of absence in 2014: calculated on the basis of employees who have applied for maternity leave and parental leave in 2012-2014.

Note 2: The actual number of employees applying for parental leave: total number of employees who were still on parental leave in 2014.

Note 3: The number of employees pending on returning to work after parental leave in 2014: total number of employees applying for parental leave in 2012-2014 – the number of employees applying for returning to duties in 2012 and 2013.

## Retirement Benefits

A shareholding trust has been established for the protection of employees after retirement or resignation. A specific percentage of incentive bonus will be allocated as per the agreement with the employees in proportion to their shareholding on the basis of their monthly salaries.

Retirement is processed according to the Employee Retirement Pension and Separation Guidelines, the Labor Standards Act and the Labor Pension Act. For those who are applied to Labor Standards Act, a maximum pension contribution 15% is paid to their pension funds each month. For those who are applied to Labor Retirement Act, more than 6% of their salary (based on Monthly Contribution Wages Classification of Labor Pension) is withheld for contribution to their individual labor pension account. Currently, the pension reserve has asset of NTD 21.3 billion, which is sufficient to pay the pension for the retirement of employees in the next year.

For retiree care, Chunghwa Telecom organized "Retirement counseling program" in 2014 and 55 employees participated in. A total of NTD 4.5 million was contributed to "Chunghwa Telecom Retirees' Networking" and an additional of NTD 1.2 million for 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.

## Reassignment of Employment for Retirees

Chunghwa Telecom has established the “Guideline for Employment of Consultants” so as to share the experience of the retirees and provide consultation service that makes business development positive. There are two types of consultants; consultants with pay and honorary consultants. Executives at the level of vice presidents and higher and at level I could be employed by Chunghwa Telecom as consultants with pay after retirement. Consultants with pay have term of office for 1 year and will be employed as honorary consultants.

## Develop Paid Volunteer

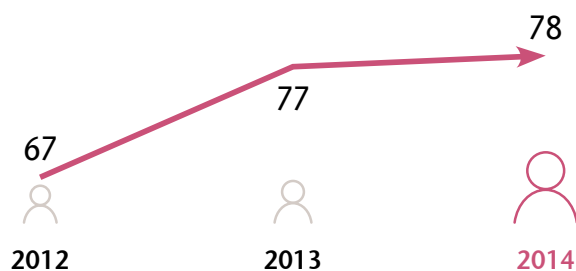
Chunghwa Telecom never stops to encourage its employees to contribute to the society. Since 1985, Chunghwa Telecom and its branch offices have initiated social responsibility programs such as “New Hope Project”, “Love and Dedication Group”, “Changhua coal team”, “Computer program in Shanlin Tzu Chi Love Create 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 plan based on The Volunteer Service Act. In addition to providing paid volunteer leave and volunteer training course, 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 2014, a total of 49 trained corporate volunteers increased.

## Employee Satisfaction Survey

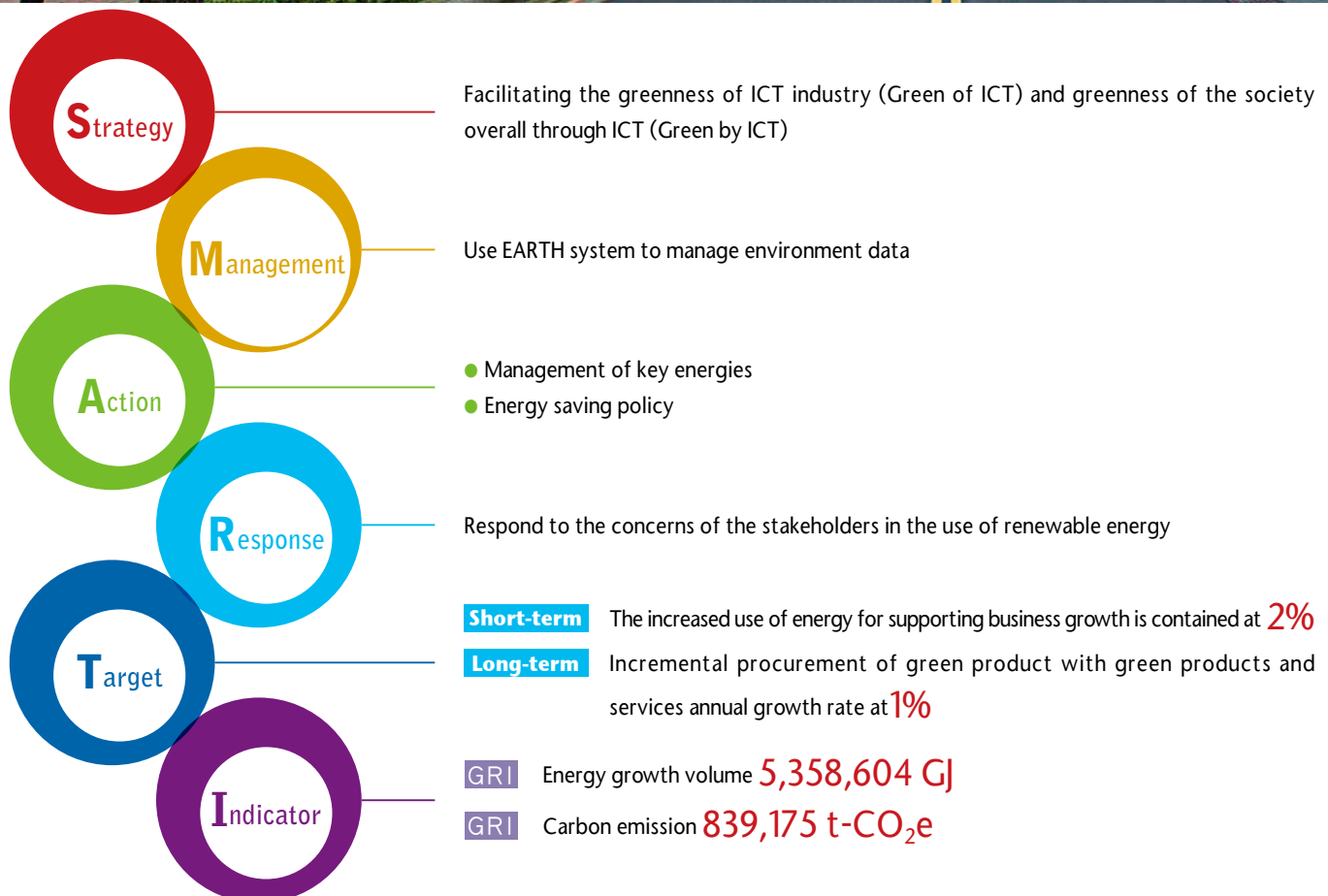
Starting from 2011, we conducted “Chunghwa Telecom job happiness survey” through anonymous online questionnaire every year, to listen to employees voice in terms of workplace environment, welfare and remuneration, and understand employees’ expectations for a better labor-employee communication.

In 2014, Chunghwa Telecom has commissioned a third party institution to conduct a survey on “Employee Happiness” with overall scoring of 78 marks. With positive response to the queries of employees, we made effort to reinforce the sense of happiness of employees through substantive feedback, communication, and education. In 2015, we will continue to conduct the survey so as to fully understand employees better and create an even more comfortable work environment for employees.





# Create a Green Enterprise







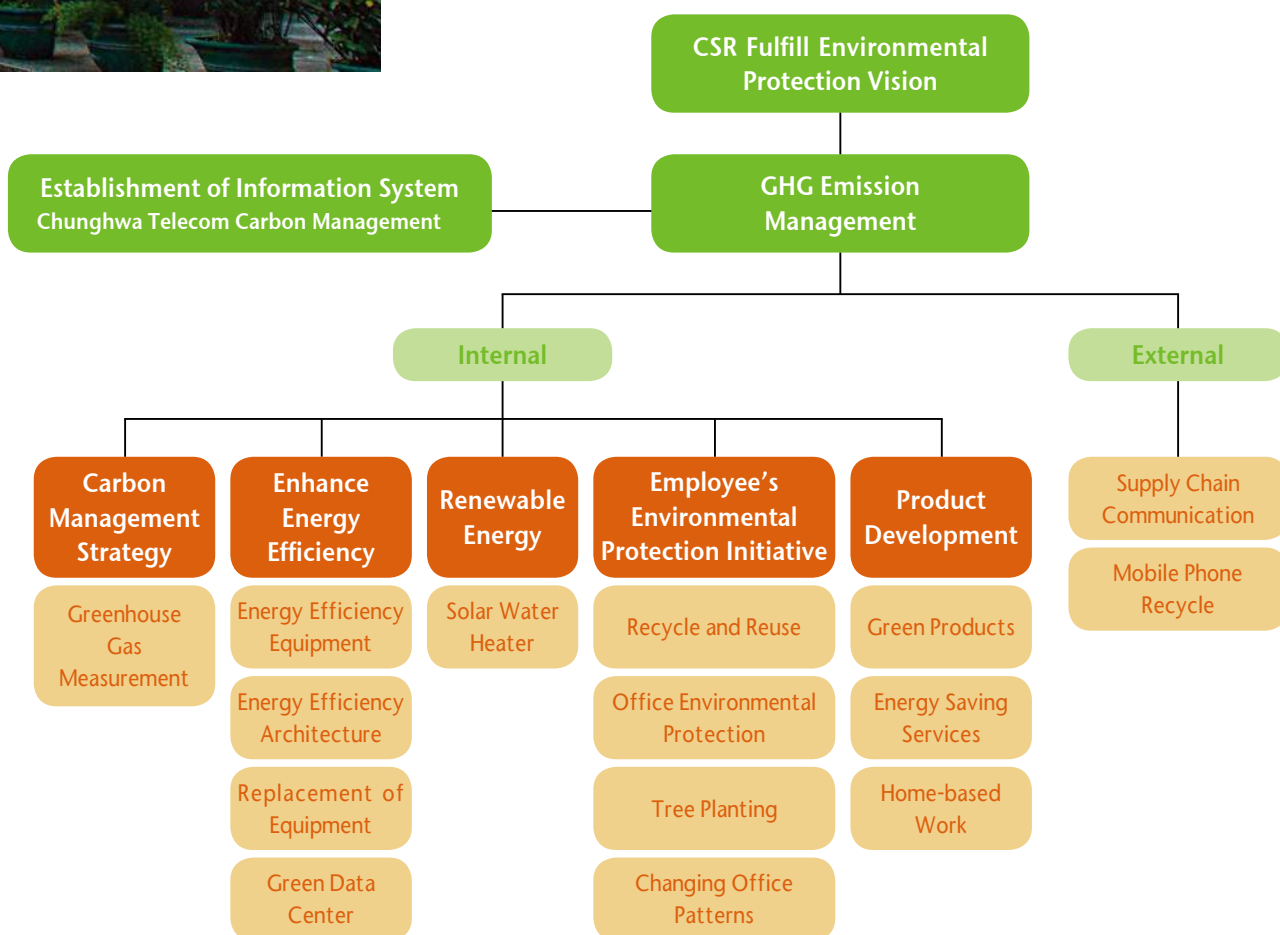
## Risks and Opportunities Deriving from Climate Change

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.

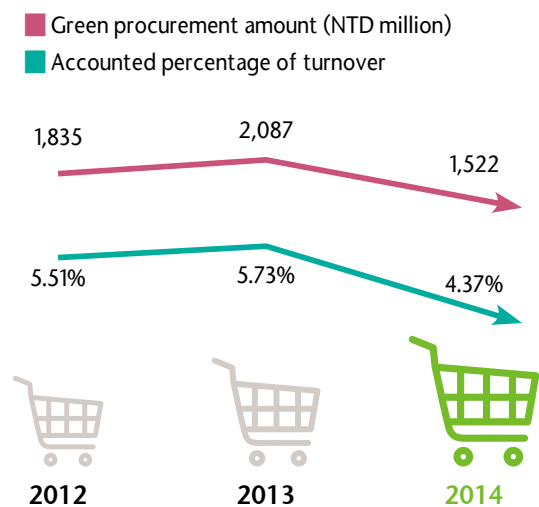
### Chunghwa Telecom’s Carbon Strategy



## 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. Please refer to page 44~46 of this report for details of products.

- The "EARTH system" won the "EPIF" International Green Classics Award.
- Won the 23<sup>rd</sup> Environmental Protection Enterprise Bronze Award.
- Chunghwa Telecom Hostels were accredited as environmental friendly hotel and in green living.
- Chunghwa Telecom's "LED light bulb" received BSMI certification from Bureau of Standards, Metrology & Inspection.
- 9 divisions and 1 green store of Chunghwa Telecom awarded "Outstanding Performance in Green Procurement and Promotion of green consumption" by the Environmental Protection Administration. Chunghwa Telecom has also participated in the "Private Enterprises and Group Green Procurement" scheme with 6 divisions awarded. The Northern Business Division of CHT won the championship of "Outstanding Performance in Green Procurement" with outstanding performance.



## Participation in GreenTouch

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



## 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 (2012~2016)” 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



Telecommunication is an industry of low pollution. Yet, Chunghwa Telecom realizes that the energy and resources, management of dumps, power supply to air-conditioning in the process, base station installation, and the monitoring of electromagnetic waves, water and sound pollution in the operation process, and related procurements may affect the environment. Positive action for the protection of the environment could be taken only by understanding the impact on the ecological environment possibly derived from the operation process of telecommunication service so as to develop a viable management procedure and the idea of environmental protection.

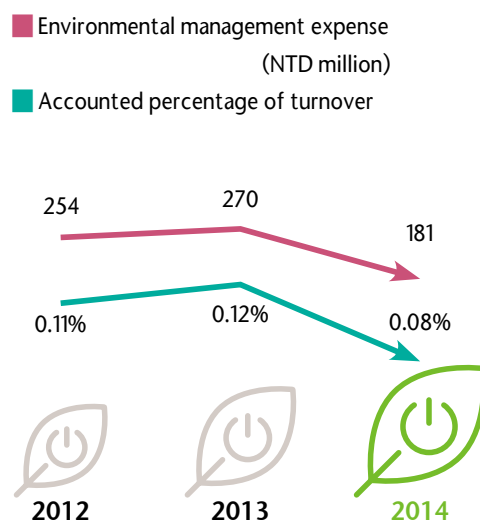
## All Branch Offices Have Completed Certification of ISO14001

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.

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. In 2014, CHT Global, CHT Northern Business Group Taoyuan Business Office, and CHT Southern Business Group Kaohsiung Business Office were accredited as well.



## Organization for Sustainable Environment Management

For the performance of the “Fulfillment of Environmental Protection in concrete terms, the “CSR Committee” of Chunghwa Telecom has established a designated team for managing sustainability of environmental protection, the “Sustainable Environmental Development Team”. This team is responsible for the design of the development objective from short to long run with substantive action plans in energy saving and carbon reduction, and the inclusion of environmental protection issues into the operation plan.

We also strengthen communications throughout the organization and with suppliers at the upper and lower stream for joint action in the pursuit of the energy saving related policy. It is echoed with the voluntary actions of the employees in environmental protection. The Company has built up a network of low carbon life within the scope of operation with the best of its effort.

## Environment Artificer Theurgy

To manage resources and environmental protection in a more efficient manner, we developed Environment Artificer Theurgy (EARTH) system in 2008 to manage in-house electricity, water management, water resources, lighting equipment, recycling and tree planting.

Environment Artificer Theurgy has been officially launched to commercial running in 2012 as the corporate management system for carbon reduction so as to provide energy saving evaluation and professional diagnosis and analysis. Enterprises can directly introduce this service without installing or changing any equipment for energy and environmental resources management. This can effectively help the enterprises to save the spending on energy consumption, enhance environment management efficiency, and show the result of the enterprises in the pursuit of various environmental protection policies. EARTH system features:

<b>Energy Saving and Innovation</b>	Departmental uploading of energy saving and innovation initiative to encourage employees to learn from each other.
<b>Performance Evaluation</b>	Performance evaluation is conducted systematically to encourage employees to contribute to environmental sustainability actions.
<b>Power Management</b>	<ul style="list-style-type: none"> <li>● Request centralized payment of electricity bill; currently there are more than 55,829 electricity number and 2 million electricity payment data under management.</li> <li>● Replace TaiPower’s paper bill with electronic bill notification to reduce administrative effort.</li> <li>● Provide electricity summary and analysis to enhance power management efficiency.</li> </ul>
<b>Water Management</b>	<ul style="list-style-type: none"> <li>● Request centralized payment of electricity bill; currently there are more than 1,258 electricity number and 72,304 electricity payment data under management.</li> <li>● Document type, method, management department and location of recycling of water resources.</li> <li>● Provide electricity summary and analysis to enhance power management efficiency.</li> </ul>
<b>Carbon Emission Management</b>	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 operations, traveling expense and carbon emission from transportation is saved.
<b>Fuel Management</b>	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.
<b>Corporate Tree Planting</b>	Document type, number, management department and location of trees. Manage 250 types of trees planted in Chunghwa Telecom Park, including over 67,982 trees data saved in EARTH database.
<b>Recycling Management</b>	Document type, number and management department of recycling objects. We have recorded 22 recycling types and 14,171,396 entries



## 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.

### Water Usage Management Performance

Unit: ton

Item	2012	2013	2014
Tap Water	657,779	691,907	736,276
Air-conditioner Water	1,849,328	1,891,636	1,830,395
Recycled Water	5,636	4,300	17,158

\* From 2014 onwards, Chunghwa Telecom started to reinforce ERATH system, and thereby adjusted the classification of water consumption to make the ratio more precise. This helps to control water resources more effectively.

In addition to incorporating leaking detection function into products, we also include water use into EARTH to manage and analyze using information, while continuously promoting water saving measures such as recycle and reuse of rainwater and wastewater.

### The Plan and Objective of Water Resources 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.

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.

The total of 10,842 square meters of ecological pond were established by each governed institution respectively. By beautifying 10,000 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.

## GHG Emission Management

The responding strategy of climate change issues and a company's long term business positioning is 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 Inventory" 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 Inventory in the industry. Under the guidance of "Greenhouse Gas Inventory Promotion Team, we will conduct group-wide "Greenhouse Gas Inventory" annually. The Executive Vice President convened "Greenhouse Gas Inventory Promotion Team" which covering northern branch, southern branch, mobile communication branch, corporate consumer branch, international telecom branch, digital communication branch, Chunghwa Telecom Laboratories and Telecommunication Training Institute to conduct Greenhouse Gas Inventory operation.

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 GHG emission standard, control the annual growth of GHG emission to no more than 2%.**

The total greenhouse gas emission is 839,174.8 t-CO<sub>2</sub>e in 2014, including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub>. 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 97.14% of total gas emission. Scope 1 gas emission is normally sourced from general greenhouse gas emission such offices and accounted for 2.86% of total gas emission.

Unit: t-CO<sub>2</sub>e

Item	2012	2013	2014
Direct GHG Emission(Scope 1)	22,489.1	24,519.2	24,036.0
Energy Indirect GHG Emission (Scope 2)	786,472.2	798,272.3	815,138.8
Total GHG Emission (Scope 1+Scope 2)	808,961.3	822,791.5	839,174.8
Emission Intensity- Emission/Revenue (t-CO <sub>2</sub> e/NTD million)	3.7	3.6	3.7
Coverage of Revenue	100%	100%	100%

\* 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.

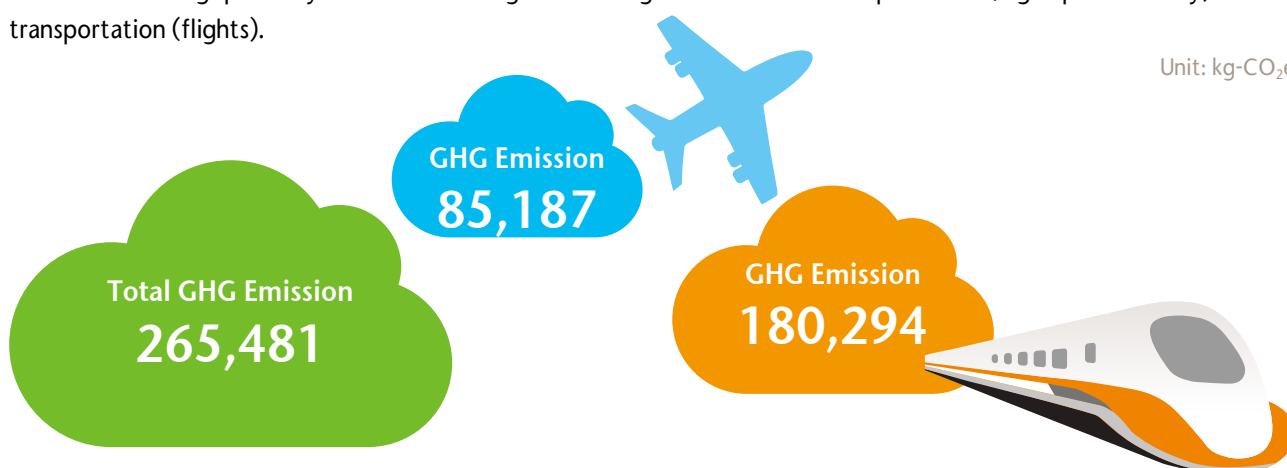
## Analysis of Growth of Greenhouse Gas Emission

The rising of greenhouse gas emission in 2014 was due to the introduction of next-generation communication facilities to meet the growth of telecom demand and resulted higher electricity usage.

## Debut of the Scope 3 Inventory in 2014

Chunghwa Telecom spares no effort in creating a green living environment and encourages all employees to take public means of transportation with the aim of incremental expansion of energy saving and carbon reduction into the daily lives of the employees. In supporting the international inspection of the trend of GHG emission from commuting, Chunghwa Telecom started to discuss the issue of GHG emission volume from employee business traveling. According to the standard of "Scope 3" established by WBSCD, the limit for inventory of the mileage has set. In 2014, the total emission volume in Scope 3 was 265,481 kgCO<sub>2</sub>e in the calculation of the means of transportations for employee business travelling: primarily the emission of greenhouse gases from land transportation (high speed railway) and air transportation (flights).

Unit: kg-CO<sub>2</sub>e



In addition to learning more about Scope 3 GHG 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" convey the message of "Low carbon business travelling for a green living environment" to all employees "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 the concerns of the international institutional investors over the information on carbon and reduction of Chunghwa Telecom, Chunghwa Telecom adopted the world café mode, which is the only telecommunication service provider of Taiwan that has participated in CPD for several years consecutively. Personnel in different functions were invited to a cross-function/level study for positive response to CDP questionnaire. Further to the positive feedback from the questionnaire that show the areas dictated for corrective action, this also helps us to set up an objective for carbon reduction. Indeed, this is the vital function beyond the answers of carbon reduction in the questionnaire.

## 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. Although it is difficult to control the increase in the consumption of electric power due to the increase of telecommunication equipment for meeting business growth, we pursue different measures from the monitoring of energy saving in the buildings as the starting point, which include:

- 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.

With the pursuit of different energy saving measures and the effective performance control, from the period of 2007~2014, we have saved up to 257.72 million kWh or 25.43% and reducing carbon by 134,530 t-CO<sub>2</sub>.

From 2014 onwards, Chunghwa Telecom has reinforced its internal sustainable environment management system through precise classification of power consumption management. General power consumption includes: office area and employee residence. Power consumption for business includes: base stations, depot, electric welding, and public telephone, which are not CHT-owned property.

### Power Management Performance

Unit:10,000 kWh

Year	Total Power Consumption (A)	General Consumption (B)	Business Consumption - Meter Rate Lighting Service (C)	Business Consumption - Flat Rate Lighting Service (D)	Business Consumption Increment (E)	Business Consumption Increment Rate (F)
2007	135,180	9,420	125,151	609	NA	NA
2012	139,272	8,912	124,166	6,194	1,977	1.42%
2013	142,580	8,835	127,023	6,722	3,385	2.37%
2014	142,216	8,873	126,128	7,215	-402	-0.28%

\* 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

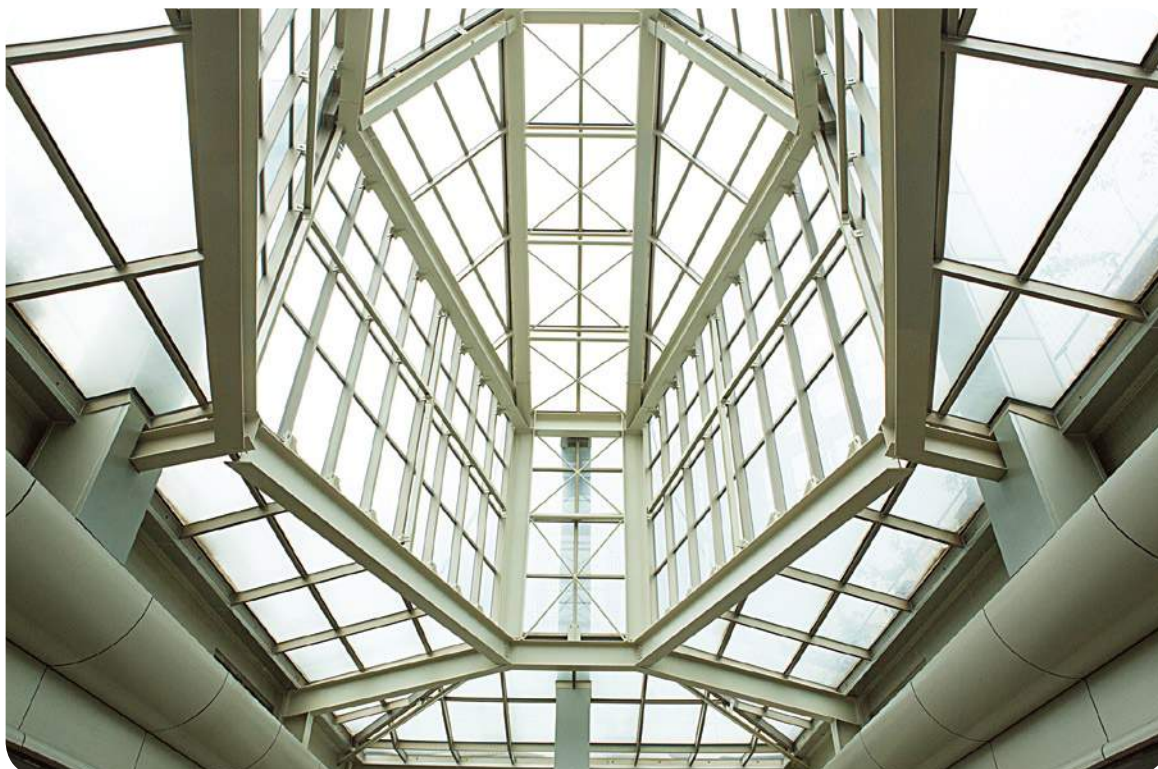


## Energy Saving for Data Center

In terms of energy saving for data center, it is expected that green building accreditation could be accomplished in 2016, 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:

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

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 (2012-2016)", 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.



## 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.

Item	2012	2013	2014
Weight of Daily Waste (unit: ton)	5,018	6,465	9,142

\* There is a reclassification after system upgrade, with an increase of household solid waste in current year.

### 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 21,790 scrapped lead-acid batteries, sold about NT\$ 27,358 thousand with a total weight of 1,339,909 kg disposed in 2014.

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\$ thousand)		
		2012	2013	2014	2012	2013	2014
Plastic-filled Cable	KG	462	803	427	368,081	263,129	191,617
Ordinary Cable	KG	2,711	3,917	1,851			
Hardware Miscellaneous	KG	1,454	3,250	1,781			
Battery	PC	88,395	26,436	24,868			

## 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.

### 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 response to Hotel Carbon Measurement Initiative (HCMI 1.0) formulated by World Travel & Tourism Council (WTTC) 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.

#### Greenhouse Gas Emission of Siziwan Hostel

Item	2012	2013	2014
Revenue (NT\$ million)	8.4	9.1	9.5
Carbon Emission (ton)	78,405.2	71,869.0	75,798.0
Electricity Usage (kWh)	128,113	117,433	123,853
Energy Intensity (t-CO <sub>2</sub> /NTD thousand)	9.3	7.9	7.9



## Merger of Electronic Bills

Chunghwa Telecom has monthly electronic bills available to replace traditional paper bills, consumer may simply use Chunghwa Telecom's business counter, service hotline and web counter to make such request. In addition, combination 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.

Chunghwa Telecom started to combine customer bills in 2001 for facilitating the customers in the management of bills and support environmental protection, and launched e-Bill in 2005. After years of effort and massive investment in equipment and cost, Chunghwa Telecom saved approximately 415 million sheets of paper in two measures for energy saving and carbon reduction by the end of 2014, which is equivalence to the saving of 37,800 trees and reduction of 7,484 tons of carbon dioxide emissions. The result not only meets customer needs but also mitigates the effects of global warming. In the future, Chunghwa Telecom will continue to advocate the reduction of paper bills, the prevailing use of combined and e-Bills to sustain the effort in energy saving and carbon reduction to protect our living environment.

### The Energy Saving Effect of Using e-Bills and Combined Bills

Item	2012	2013	2014
Ratio of Customers Applying for Combined Bills	87%	88%	88%
Ratio of Customers Applying for E-Bills	17%	17%	18%
Quantity of Paper Saved (1,000 sheets)	406,702	412,755	415,765
Reduction of Carbon Emission Volume (ton)	7,321	7,429	7,484

\* The basis of calculation in 2014 is different from 2013. From that year onward, the calculation is based on the quantity of paper saved and reduction of carbon emission after using e-Bills and combined bills.

## 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 2014, we had completed energy saving inverter module of 5,670 HP, high sensible heat air conditioner of 27,779 RT, 6,028 high efficiency air conditioners, 2,198 RT ventilation air conditioner and 420 natural ventilation air conditioners. In addition, to enhance the efficiency of renewable energy, we have established capacity of 26.6kW for wind power generator, 5kW for fuel cell, and 196.8kWp for solar photovoltaic power generation system to reduce power use and impact on the environment.

## 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 CO<sub>2</sub>e; therefore, 0.089 kg of CO<sub>2</sub>e 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 CO<sub>2</sub>e per liter; therefore, 0.295 kg of CO<sub>2</sub>e per kilowatt-hour is released every kilometer. After switching over to electric vehicles, we are saving 0.206 kg of CO<sub>2</sub>e per kilometer. Estimating that we travel 2,000 km per month, every vehicle is reducing CO<sub>2</sub>e emissions by 4,944 kg and a total of 98,880 kg less CO<sub>2</sub>e emissions for 20 vehicles. It's a small step but a big change to the earth if every company adopts electric vehicles.

In 2014, total of 20 electric vehicles have travelled 81,518 km with carbon emission of 7255.1 kg- CO<sub>2</sub>e, which generated carbon reduction of 16792.7 kg- CO<sub>2</sub>e comparing to same type of fuel vehicle and same distance of travel.



## 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.

### The First IDC Depot in Greater China Accredited by Rated 4 Standard

Chunghwa Telecom is oriented towards an international financial information and Asia-Pacific data transmission center thereby installed an IDC (Internet Data Center) depot at BanQiao of New Taipei in conformity to the highest standard of accreditation by TIA 942 of USA. This depot is the first IDC international standard Rated 4 accredited center in Greater China. The building is designed with resistance to a level-7 earthquake, flood resistance, and fire resistance. The equipment of the center can satisfy the N+N architecture to ensure no interruption of service to enterprises. In addition, Chunghwa Telecom also exercises strict entrance code with the combination of RFID and biological identification level-5 control and the ISO 27001 accreditation for information security management system so as to fortify information security and protection.

In the design of energy saving, the BanQiao IDC is built with warm and cool passages. Through the iEN (the smart energy management cloud platform) developed by Chunghwa Telecom, automated environmental monitor and control is in place with the overall energy efficiency objective aiming at "The Green Grid" measurement standard, and achieved the efficiency of less than PUE1.5. In addition, this center is also Gold Level LEED accredited, and the Taiwan Green Building, Smart Building Labels. These demonstrate the spirit of the quest for green buildings. In 2014, the business revenue for IDC of Chunghwa Telecom amounted to NTD 1.65 billion.



## 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 Mingled with Operation Activities

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	2012	2013	2014
Session	5	3	9
Participant	1,555	254	399

### Ecological Tour

Item	2012	2013	2014
Session	56	69	79
Participant	12,818	16,093	14,984

## 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 78 energy saving volunteers participated in the last three years.

### Corporate Volunteer Exchange

Item	2012	2013	2014
Session	12	15	8
Counts of patrol	21	27	17

### 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. In 2014, we have saved the consumption of electric power by approximately 9.3 million kWh or NTD 222.6 million in cost, which is equivalent to the reduction of carbon dioxide reduction of about 4,900 tons.
- 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: 196.84kWp capacity System constructed in 2014.
- Wind power: 26.6kW capacity built in 2014.
- Fuel cell: Pilot program with the Industrial Technology Research Institute, 5kWp capacity system

## Autonomous Environmental Protection

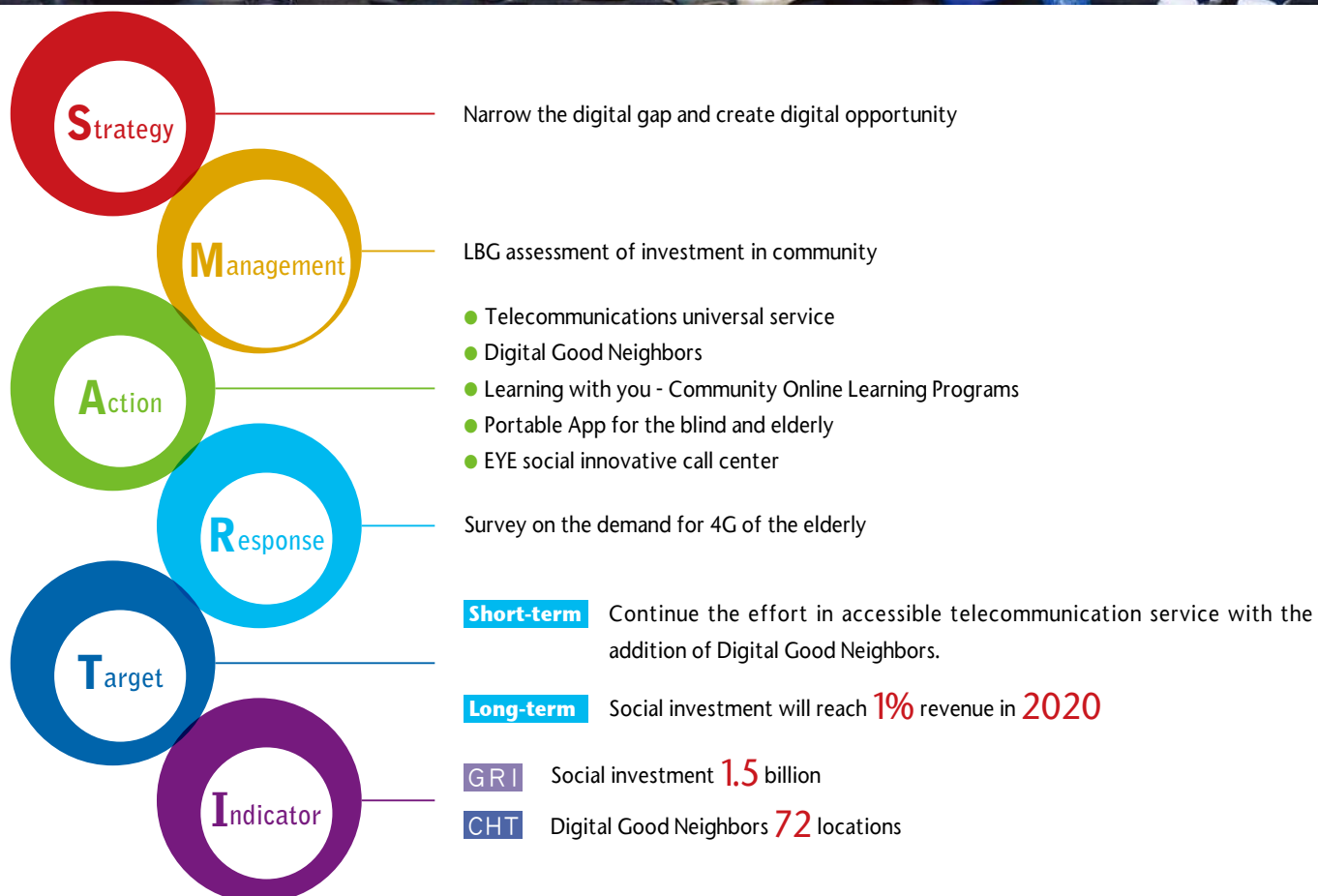
- Vehicle energy conservation and carbon reduction: Replace old vehicles with environmentally friendly, and use electric vehicles for trial.
- Clean homes, energy saving office, health management system, car-free days, and paperless ODAS.
- Taiwan Energy Conservation Patrol: Focus on increasing energy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

## Value-added Products and Services

- Electronic billing: Features environmental protection, promote with marketing section.
- Electronic invoice: Invoice data were treated for cloud storage permanently for saving of materials, human resources, and the preferential taxation treatment as incentive and exemption from fines by the government.
- 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.



# Advocacy of Social Harmony





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.

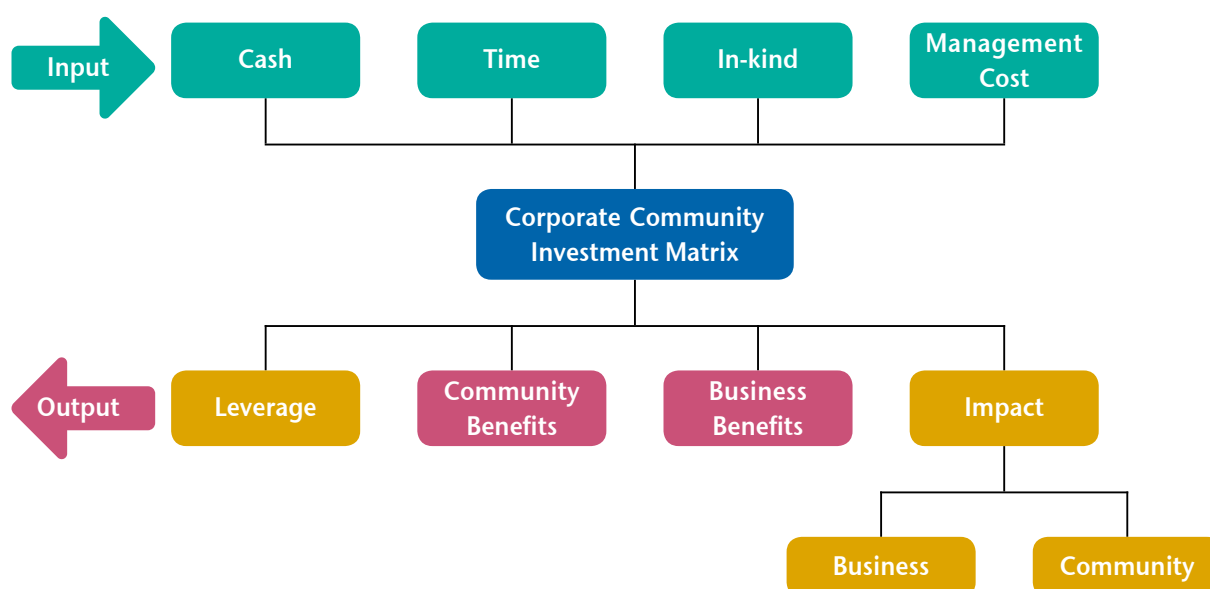


Disabilities	Help disabilities and economically disadvantaged persons to use telecom services through ICT technology and favorable rates; develop ICT equipment and provide the same to the disabilities thereby improve their life quality, education and job opportunities. In addition, with the development 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.

## 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.

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

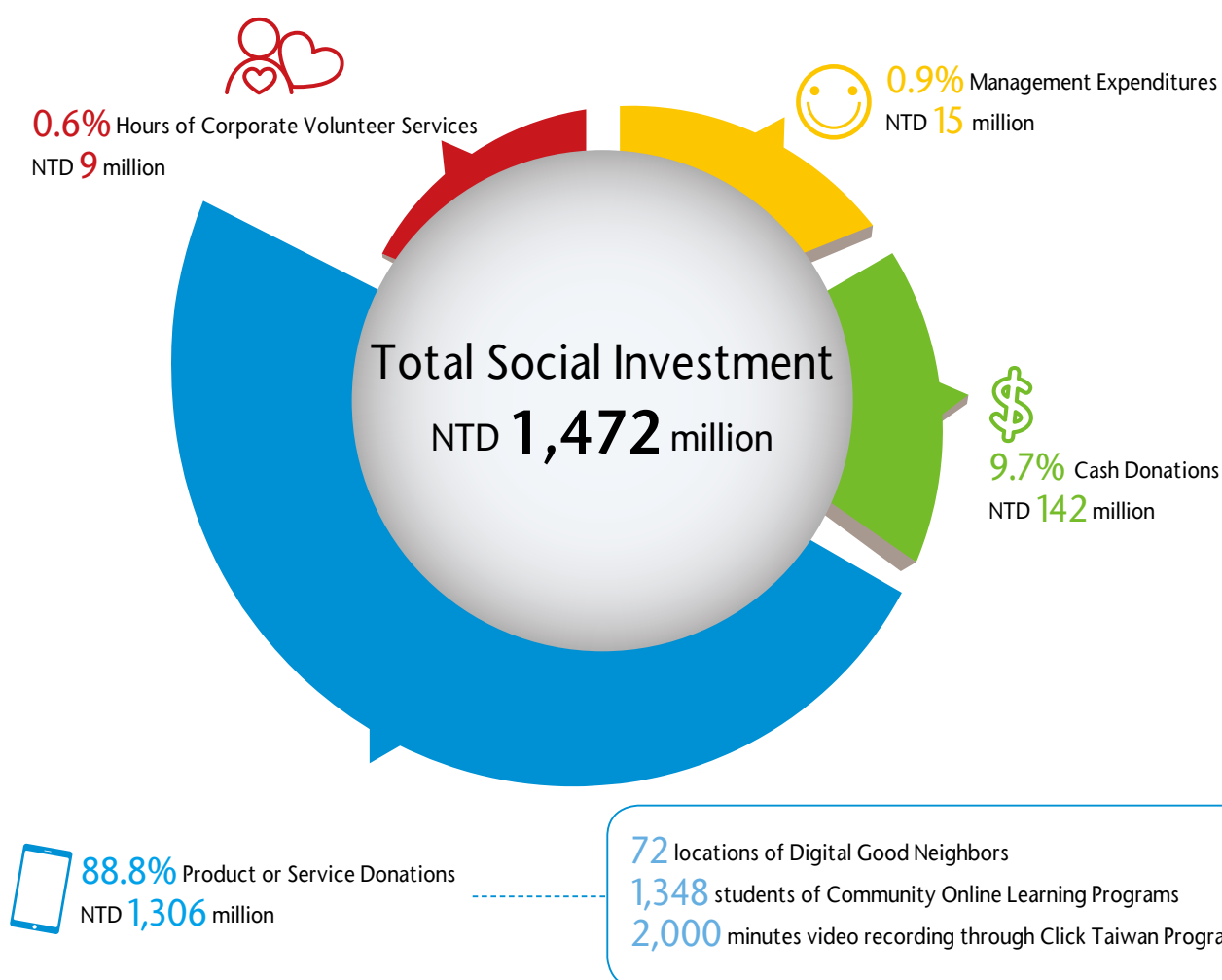
Input	Output		
Resource	Impacts	Community Benefit	Business Benefit
<ul style="list-style-type: none"> <li>Combine academic resources with our expertise of communication network to provide long distance tutoring for students in remote area.</li> <li>From end of December 2009 to end of January 2015, a total of NT\$ 2.97 million and 44,154 tutoring hours.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Exerting corporate core competence, implement the corporate social commitment of “shortendigital difference” and “create digital learning opportunity”.</li> <li>Fulfill “Big neighbor” duty to shorten the distance between urban and rural areas through communication technology, and convey warmth between people.</li> </ul>	<ul style="list-style-type: none"> <li>The deepening care helps to open up the dialogue with stakeholders, and establish corporate image in welfare project.</li> <li>Combine social resources and minimize the gap of manpower in corporate social welfare.</li> </ul>

## 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.

In the era of technology advancement, the “digital gap” has triggered inequality in education and employment opportunity. Chunghwa Telecom focused its social investment in “narrowing the digital gap” and “creation of digital opportunity”, given the specific nature and the core competence of data communication of the industry we are in. In addition, we also spare no effort in the advocacy of “corporate volunteers” to participate in community service, and proactively assist the communities in creating digital opportunity.



## Digital Good Neighbors, New Cloud Vision

The CHT Foundation is conceived with the spirit of “responsibility” and dedicated to “narrowing digital gap”, “creating digital opportunity”, “assisting local industries”, “cultivation of community life”, and “keep local events on record” as the directions of its work, and enter the communities from the cultural, industrial, living, and education aspects to share the growth together with the communities.

### Assessment and Strategic Planning

From 2006 onwards, Chunghwa Telecom installed the “Digital Good Neighbors” program all around Taiwan so as to help the areas with the needs and have the intent, but lack the resources of digital settings to build up computer classrooms. This program helps to provide open and public information exchange space. We hear the needs of the communities with long-term companionship to cultivate positive interactions, build up mutual trust between the enterprise and the community for cooperation, and drive the autonomous growth of the communities.

<b>Characteristics</b>	<ul style="list-style-type: none"> <li>● Different from one time donation.</li> <li>● From preliminary assessment to installation and maintenance of equipment, planning is made with far-sightness.</li> </ul>
<b>Procedure</b>	Run the programs on a “case-by-case” basis with consideration of community factors, culture, time, and space, economic development, level of education, and repeated communication and discussion for proper matching.
<b>Result</b>	72 locations for “Digital Good Neighbors” have been accomplished.
<b>Extension</b>	Make the best of effort in exploring community needs, or culture and arts to the rural areas, creative reading, basketball summer camp, or volunteer service so as to combine internal and external resources for supplying the communities the kind of elements they need for long-term development.

We also encourage the horizontal development of “Digital Good Neighbors”. As such, we organized the two-day “Digital Good Neighbors exchange meeting” once a year to invite all community partners to share, exchange and make things possible. Successful locations of “Digital Good Neighbors” will be arranged in the meeting for sharing their experience. External tutors were also invited to share the insight of their respective specialization. Through interactive discussion and brainstorming, the participants can have more time to know one another and work in harmony as a team. This is also an opportunity for the communities to learn. With the abundance of experience accumulated, they could materialize in the “Digital Good Neighbors”.

### 2014 Social Contribution of the Foundation

Unit: thousand NTD

Item	Digital Learning	Digital Good Neighbors	Click Taiwan	Social Marketing	Documentary Safekeeping Project	CHT Female Basketball Team	Administrative Expense
Input of Resources	2,839	3,975	6,676	3,815	1,000	13,521	10,251





## Click Taiwan

The “Click Taiwan” program co-organized by Chunghwa Telecom and the Department of Radio and Television Broadcasting of National Chengchi University is a continuing effort for encouragement of young people to make a change from practical work, and get out of their constraints to feel different things and meet different people, and take a second look at this country on their own through participation.

The university students spend 15 to 20 days during the summer holidays to the locations of “Digital Good Neighbors” to materialize “service with one hand and keep record with another”. They share what they learned in the communities and keep photographic record on the stories to 21 “Digital Good Neighbors” locations. There were 25 teams of 50 university students in the 6<sup>th</sup> “Click Taiwan” program. They provide local community service and keep photographic record. They came from different places and contributed what they learned to these communities, including story reading, news production, wall painting, English teaching, etc. By the end of 2014, there were 258 students from 44 schools participating in this program in 57 communities with documentary footage of more than 2,000 minutes.

For the perpetuation of the enthusiasm of the young people of Taiwan, Chunghwa Telecom has activated the “Click Taiwan Youth Training Scheme” in 2014 to provide outstanding students who have participated in the program to proceed advanced learning and provide service to the community again. We could see that these young people have their sense of mission and responsibility for the land. With their ceaseless input of creativity and dynamics, we hope they could activate a positive chain reaction to create a better future.

### Click Taiwan “Youth Training Scheme”, Knowledge is New Power

Ya-Chuan and Ya-Chen are two students with major in visual communication. They participated in the Click Taiwan Youth Training Scheme at Luo Shan Village in Fuli, Hualien. They just brought two brushes and started painting the rugged walls. After a few days of work, a large number of villagers joined the effort. They have finished turning 3 walls into colorful paintings and gave the village a fresh look. “We just did something not worth mentioning, but we have motivated the people who in turn motivated all. Finally, we have these walls”, the two recalled. Their documentary titled “Straw Hat” rejuvenated the handcraft of making straw hats which is about to vanish. This reminds people in modern times that simplicity and humbleness could be as good and as warm at the time where the craving for speed is the order of the day.



## “Click Taiwan” Public Talks

We hope more people can learn about the specific nature and happiness of life and we started to hold the “Click Taiwan” Public Talks with “Happiness and Sharing” in 2013 as the theme to convey the philosophy of CHT Foundation of “Cultivate Community Life and Assist Local Industries”.

In 2014, the public talks with the topic “Happiness and Sharing” invited experts who have contributed their effort in different fields and made stories to share their experience of making their dreams come true, and their own ways of passing through their different journeys. There were 6 charity forums held with positive feedback from the participants. At the same time, the public can have more and diversified channels to know the land and its stories.

### Feedback from the audiences

Thank you Director, you made me believe that influence has a spillover effect. It is because these documentaries are no longer just documentaries but the power of life (9/20 session).

It is very touching. The dialogue between man and the land really made an urban boy like myself, who has never had the experience of working in the field before, to understand and respect farmers and agriculture through the speech. (10/12 session).

Thank you to the foundation for holding this event. Through sharing, I believe Taiwan will become better. I learned a wonderful sentence today; it is not one person who has done a lot to make change, but many people who each have done a little that make the change. (10/26 session).





## Artistic Culture in Rural Areas

Most of the locations of “Digital Good Neighbors” are in remote areas with meager transportation. The people dwelling in these locations will have a lot of trouble for joining artistic and cultural events. From 2010 onwards, Chunghwa Telecom invited artistic groups to perform in these areas with positive feedback.

In 2014, Chunghwa Telecom continued to work with the “Paper Windmill Children Opera” to perform in different rural places. We also encouraged the locations of Digital Good Neighbors to show their soft power of local culture outward, and specifically organized an artistic cultural exchange between “Digital Good Neighbors – Feng Lin Church at Lion Village of Pingtung County” and “Chin Ai Philharmonic Orchestra of Chin Ai Primary School in Nantou”. The event was a success. Through two-way exchange with musical notes and songs, local tour, and DIY, the gap between Taiya, Saisiat, and Paiwan were mended. The children in the mountains and by the sea can broaden their horizons.



### Digital Good Neighbors Allows for More Possibilities

“Ching Liao Church” is a location of Digital Good Neighbors in Tainan. After long-term development of digital learning, schoolchildren from primary 5 to primary 6 continue their digital learning until high school and senior high school. With prolonged training, the trainees have turned positive of their future. They advance towards professional career development. In May 2014, Reverend Wu and 2 schoolmates of the location together challenged the Level C technician for computer hardware fabrication. Reverend Wu is not disciplined in computer, but he elected to keep the two children company in the course of certification. He finally got a certificate too. Reverend Wu planned to challenge the Level B and set himself as an example for encouraging the children to create more possibilities.



## Create Digital Opportunity

By utilizing our expertise in telecom technology, we hope 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.

## Telecommunications Universal Service

In 2014, Chunghwa Telecom has established 65 sites for accessibility to telecommunication services in supporting the government for protecting the fundamental right of the people in communication with concrete action.

Beneficiaries of Service	● 82 rural communities in Taiwan
	● Telephone service for more than 210,000 households.
	● Data communication service for more than 80,000 households.
	● More than 69,000 public telephone sets across 22 counties/cities.
	● Data connection service for more than 3,700 high schools, primary schools, and public libraries.
Recourse committed by CHT	2012-2014 with annual average contribution of about NTD 860 million.
Problems	● The topography of different rural zones vary significantly and they are far away, which makes the maintenance of the telecommunication systems difficult.
	● There is a higher probability that natural disasters will cause damage to the telecommunication facilities, and the cost of maintenance will not be lower than the cost of installation.

### Connect Smangus to the World

Smangus is the dwelling place of the Taiya Tribe with a total population of some 170 in 28 household units. The tribe is located at back side of a mountain of Jian Shi Village in Hsinchu County. Chutung, the nearest township to the tribe, takes about 3 hours of driving. The mountainous scene of this tribe is magnificent, covered with century-old trees, and has attracted visitors from far away. This tribe is known as the tribe of the gods.

This tribe is far away from any urban zone and has winding and bumpy mountain trails. It poses much difficulty for the telecommunication service providers to set up related network. From 2003 onwards, Chunghwa Telecom has overcome the hardship of the journey and invested NTD 8 million in setting up digital microwave systems to provide local telephone, ADSL network (1M/256k) service. In 2012, the company has upgraded the backbone broadband of the network and started to provide MOD service in this region. The connection speed with fiber optic broadband line is as high as 20Mbps. In June 2014, the company has completed the installation of 18 public Wi-Fi hotspots for free access to the Internet via Wi-Fi.

Through the connection with the Samangus tribe via the Internet, about 50,000 to 60,000 head counts of visitors have visited the tribe each year. Of these visitors, some were from Japan, the USA, and Canada. The connection of the tribe to the web helps to upgrade the economic efficiency of the tribe through tourism and sale of agricultural produce.





## Read with You - Community Network Tutoring

Chunghwa Telecom has supported the education and showed its concern for the rural villages since 2009, after the turmoil left behind by Typhoon Morakot. We extend our service to the permanent settlement and newly developed communities in the disaster zone. Through the installation of visual technology of the Internet, we delivered the educational resources in the form of private tutorship to rural villages and the hands of the unfortunate.

We hope to give the children of the next generation a learning environment with “safety, dignity, and hope” through pragmatic means of cultivation and development!

<b>Characteristics</b>	By way of online education, university students assist the pupils of junior high schools and primary schools in the rural villages to enhance their learning effect and prompt for equal opportunity of learning.
<b>Method</b>	To realize the spirit of stakeholder engagement, we have cooperated with Catholic Fu Jen University for online education. University students were called to the cause with one-to-one tutoring to take care of the school children in the rural villages and the disaster zones.
<b>Participants</b>	Chin Lun Hot Spring Tribe in Taitung, Galan Community at Taitung, Pintung Sunshine Tutoring Association, Pingtung Feng Lin Church, Pingtung Chao Chou Boys Town, Kaohsiung Liu Kuei Catholic Church, Kaohsiung Shan Lin Tzuchi Park, Chiayi Fu Jen High School, Yilan Toucheng Catholic Church, Orchid Island High School and Matzu High School.
<b>Major result in 2014</b>	For pupils at high junior schools and primary schools, we recruited 42 senior high school students to the tutorial program so as to provide tutorial methods for 3 distinctive learning needs. We also hope the parents can keep their children company in learning and show their concern to motivate the pupils and students in learning!



Tutorship at Primary School Level	Tutorship at University Level	Tutorial Hours	Total Cost (NT\$)
1,348	2,232	44,154	29,716,523

\* The data period started on 2009.12.01 and ended on 2015.01.31

## Personal Assistant App for Visually Impaired and the Elderly

In 2013, Chunghwa telecom was the first to design the “Personal Assistant App for Visually Impaired and the Elderly” for ethnic Chinese. This is the combination of the cloud functions of image, voice, reading, and living and presented as a solution for those who have visual problems in food, clothing, residence, mobility, and entertainment. As of the end of 2014, there were 6,282 downloads.

	<ul style="list-style-type: none"><li>● In 2013, the Android version was launched, and in 2014 the iPhone version was launched. Traditional and simplified Chinese, English, and Japanese languages are available.</li></ul>
<b>Result at Present</b>	<ul style="list-style-type: none"><li>● Banknote identification function: for identification of Banknote including in CNY, NTD, USD, EUR, and JPY.</li><li>● Identification of daily items (under the assistance of the cloud volunteer from remote end via Facebook and Skype)</li><li>● There are 200 cloud volunteers in Taiwan at present. Those who want to become a volunteer may search for “object identification” in FB, and add as a good friend, and you can give a colorful life for the visually impaired.</li><li>● Voice books (30,000 copies)</li></ul>
<b>Future Target</b>	<ul style="list-style-type: none"><li>● Volunteer assistance system that helps to translate static photographs to dynamic audiovisual display.</li><li>● Integrate different ICT technologies and community volunteers to allow the visually impaired to look at things through a wide array of choices.</li></ul>

### Use 4G to Help the Visually Impaired

In gratitude of the perpetual effort of the “cloud volunteers” in helping the visually impaired in “identification of daily items”, and introduction of the function of the App at present and in the future, Chunghwa Telecom, the Resource Center for the Visually Impaired at Tamkang University and the Technology Development Association for the Disabled of the ROC jointly held the “4G in Action to Help the Blind” conference on December 5 2014.

According to the statistics of the Ministry of Health and Welfare, there were approximately 57,000 visually impaired persons in Taiwan as of the end of 2014, which accounted for 5% of the physically and mentally impaired. Chunghwa Telecom wishes to work in conjunction with professional institutions to call for more cloud volunteers to help the visually impaired to open a new window with the 4G visual guide and Beacon guide.

## The 2014 App Surfing Campaign

In the “2014 App Surfing Campaign”, the elderly generation higher than 55 from Taipei, New Taipei, Keelung, Taichung, Changhua County, and Kaohsiung City were invited to run in the “Elder Life Helper App”. Inquiries and interviews were also conducted on the evaluation of the service in general, the interface efficiency, and functional demands. By the end of 2014, there were 868 downloads. A total of 10 such events have been held with promotion to some 1,065 elderly people and 203 of whom have actually taking the test. More than 80% of these elderly people are satisfied with the overall service, and feel that the interface and function of this App are suitable for the elderly.



Feedback from the pilot run: The wording displayed in the Evergreen Helper App can allow the user to clearly understand the functions. The background color is not flashy and has a good feeling in general. The font size is good enough for clear and comfortable viewing. The fonts used are identical with the fonts used in the mobile phone that gives a sense of familiarity.

## Innovation Creates Employment Opportunity

Chunghwa Telecom has engaged in long-term cooperation with the Resources Center for the Blind at Tamkang University, and has established the EYE Social Innovative Call Center in 2011. The joint effort led to the unveil of the first “Total solution” in Taiwan, including the research and development of the computer assisted telephone system for the visually impaired, improvement and the training and supervision of talents and develop the skills of the telephone customer service personnel in responding to the needs of the visually impaired.

In addition to the telephone survey on service satisfaction by Chunghwa Telecom, there is also the Taipei 1999, Taoyuan County 1999, Kaohsiung City 1999 and the Disease Control Bureau 1922 that has introduced the customer service system for the visually impaired. For the time being, Chunghwa Telecom has assisted 45 visually impaired persons to provide telephone customer service in five units including Chunghwa Telecom and 1999.

By the end of 2014, the “Total solution” has provided 9 satisfaction survey personnel for Chunghwa Telecom and 12 customer service personnel for the 1999 system. They have answered to more than 10,097 calls each month, of which 1 of the visually impaired staff has passed the evaluation and promoted as the supervisor of telephone customer service.

## QR Code Charity Donation

In 2013, Chunghwa Telecom unveiled the QR code mobile payment App that enable users to scan QR code to make immediately donation to social charity by credit card. Start from the heart, donation to social charity become smart. The App allows the “Scan and Donate” become a national event and extend the love of people to every corner of the world.

Through this App, we can make use of the low cost advantage of the “Scan and Donate” action so that the donors are no longer constrained to designated venues for making donation such as the chain store, Internet, and gasoline stations. They can make social charity donation with a wide array of choices. This also helped to streamline the operation of the donors. Cooperation with Tzuchi Foundation in 2013 and the Eden Foundation in 2014 for joint promotion of the App. There were 289 participants with donation amounting to NTD 125,800.



## Preferential Subsidies for the Disadvantaged Groups

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

Preferential Plan		Total Benefited and Total Preferential Amount
Public Phone Card Subsidy	<ul style="list-style-type: none"> <li>● NT\$ 100 IC public phone card for the disadvantaged applicant.</li> </ul>	5,007 people NTD 2.5 million
Caring Series Rate Plan	<ul style="list-style-type: none"> <li>● Double communication hours at original rate plan.</li> <li>● 300 free SMS intra-network and 100 free SMS extra-network.</li> </ul>	- NTD 21.1 million
Broadband Preferential Plan for Low-income Households	<ul style="list-style-type: none"> <li>● 50% off on HiNet 6M/2M, 20M/5M, 60M/15M monthly rate.</li> <li>● 50% off on ADSL 2M/64K and 5M/384K monthly rate.</li> </ul>	2,678 people NTD 11.7 million
Broadband Preferential Plan for the Disabled	<ul style="list-style-type: none"> <li>● 5% off on HiNet 20M/5M and 60M/15M monthly rate.</li> <li>● 15% off on ADS 5M/384K monthly rate.</li> <li>● 5% off for other rates.</li> </ul>	992 people NTD 0.4 million
MOD Plan for the Socially Unfortunate	<ul style="list-style-type: none"> <li>● Average service charge: special offer at 50% off (NT\$ 45/month) during the first 2 years after the completion of work.</li> <li>● One-year subscription for family deluxe package is entitled to a 10% discount (NT\$ 243/month) within the effective period.</li> <li>● Family Preferred Package: One-year subscription is entitled to a 10% discount (NT\$ 98/month) within the effective period.</li> </ul>	2,100 people -
Healthy Internet Plan	For low-income households, providing free first year service to protect children from harmful websites such as pornography, violence, suicide, weapons, gambling, drugs.	540 people NTD 0.8 million
Welfare Public Telephone	<ul style="list-style-type: none"> <li>● Installed 110 cm from the floor in public areas for the convenience of the handicapped.</li> <li>● The keyboard was designed with embossment for the visually impaired on the "5" key.</li> <li>● A function for voice adjustment from 3db to 6db that is exclusively prepared for people using hearing aids.</li> <li>● A slot for inserting an IC card is designed on the side of all public telephone sets for the convenience of the visually impaired.</li> </ul>	
Message Relay Service for the Dump and Deaf	<ul style="list-style-type: none"> <li>● All telephone messages will be translated and faxed to the service hotline 0800-080885. The service personnel will then relay the message in voice and return the message to the dump and deaf caller (up to 80 words for relay and up to 30 words for reply).</li> <li>● Those who are not deaf and dump may also call the hotline for the relay of messages via fax to the dump and deaf. The service hours are 08:00-21:00 daily.</li> </ul>	



G4-16

## Table of the Key Associations Joined by Chunghwa Telecom

Chunghwa Telecom has joined almost 100 associations and groups with a view to upgrading its technology and stimulating the development of the industry through exchange and cooperation within the industry and across different industries:

Name of Organization	Note
The Chinese Institute of Electrical Engineering	Present opinions on the telecommunication policy of the government through the telecommunication symposium held by the institute, and sponsor the activities of the institute so as to perform the responsibility of supporting the industry.
Taiwan Intelligent Aerotropolis Association	CHT leads the planning and the operation of the association so as to develop new business opportunities and the industrial prowess of Taiwan, and develop the kind of skills capable of exporting solutions to all parts of the world.
Taiwan Telecommunication Industry Development Association	This is a platform for interchange among the industry peers. With collective consultation and discussion on important issues, this association plays the role as the bridge between the industry and the competent authority.
Chinese International Economic Cooperation Association	CHT delivered speeches on special topics at invitation of the association, and assist in the promotion of international exchange and business joint venture.
TCCDA (Taiwan Customer Service Center Development Association)	Organize seminars frequently and introduce the latest customer service system techniques, operation management, and concept of service and business innovation, which is helpful for CHT to improve its operation management and customer service.
Pacific Telecommunications Council (PTC)	Contact with worldwide telecommunications firms at regular intervals for business deal in nearby locations. This provided substantial result in overseas business expansion.
BCSD Taiwan	Good for the review of sustainable corporate development strategy and the introduction of related management tool, control the dynamics of the international development of CSR issues.
Cloud Computing Association in Taiwan	It helps to get a grip on the information of the government cloud and business opportunity and give recommendations to the government on the cloud industry through the association.
Taiwan Electromagnetic Industry-Academia Consortium	This is a research consortium organized by the university faculties specialized in electromagnetic across Taiwan who have strong potential in the research and development of B4G/5G wireless technology.



## ASSURANCE STATEMENT

### **SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE CHUNGHWA TELECOM CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2014**

#### **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 2014. 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 2014 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 2014.

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 2014 verified is accurate, reliable and provides a fair and balanced representation of CHT sustainability activities in 01/01/2014 to 12/31/2014.

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 eighth 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 2014, 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  
29 June, 2015  
[WWW.SGS.COM](http://WWW.SGS.COM)



**AA1000**  
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000-8

# G4 Index

General Standard Disclosures				
Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p114-115
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.	4-5		✓
G4-2	Provide a description of key impacts, risks, and opportunities.	10,29		✓
G4-3	Report the name of the organization.	Chunghwa Telecom		✓
G4-4	Report the primary brands, products, and services.	11		✓
G4-5	Report the location of the organization's headquarters.	7		✓
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.	7		✓
G4-7	Report the nature of ownership and legal form.	7,28		✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	7		✓
G4-9	Report the scale of the organization.	8-11		✓
G4-10	Report the total number of employees.	68		✓
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	70		✓
G4-12	Describe the organization's supply chain.	37-39		✓
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.	29-30		✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	28,32		✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	113		✓
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	Please refer to Chunghwa Telecom's 2014 annual report p.107		✓
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	20-21		✓
G4-19	List all the material Aspects identified in the process for defining report content.	20-21		✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	20-21		✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	20-21		✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	96		✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None		✓
G4-24	Provide a list of stakeholder groups engaged by the organization.	22-23		✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	22-23		✓
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.	22-23		✓
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.	22-23		✓
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2014/1/1-2014/12/31		✓
G4-29	Date of most recent previous report (if any).	2014/8/31		✓
G4-30	Reporting cycle (such as annual, biennial).	Annual		✓
G4-31	Provide the contact point for questions regarding the report or its contents.	1		✓
G4-32	Report the 'in accordance' option the organization has chosen.	Comprehensive		✓
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	1		✓



General Standard Disclosures				
Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance p114-115
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.	27		✓
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.	18		✓
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.	18		✓
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.	18		✓
G4-38	Report the composition of the highest governance body and its committees.	27		✓
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).	27		✓
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.	28		✓
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.	28		✓
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.	18		✓
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 2014 annual report p.63-65		✓
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.	18	We have formulated assessment procedure and are waiting to get approval by Board of Directors	✓
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.	18		✓
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.	18		✓
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	18		✓
G4-48	Report the highest committee or position that formally reviews and approve.	18		✓
G4-49	Report the process for communicating critical concerns to the highest governance body.	18		✓
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.	Please refer to Chunghwa Telecom's 2014 annual report		✓
G4-51	Report the remuneration policies for the highest governance body and senior executives.	27		✓
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	-	We don't have such process yet	✓
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.	-	We don't have such process yet	✓
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.	67		✓
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.	Highest-paid individual's pay did not increase in 2014.		✓
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	31		✓
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.	71		✓
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.	71		✓

Specific Standard Disclosures					
Indicators	Disclosure Item		Page Number and Comment	Identified Omission and Explanation	External Assurance p114-115
Category: Economic					
Material Aspect: Economic Performance					
DMA p.10	EC1	Direct economic value generated and distributed	10		✓
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	30,85		✓
	EC3	Coverage of the organization's defined benefit plan obligations	80-83		✓
	EC4	Financial assistance received from government	None		✓
Material Aspect: Market PreSence					
DMA p.67	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	67		✓
	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		✓
Material Aspect: Procurement Practices					
DMA p.38	EC9	Proportion of spending on local suppliers at significant locations of operation	38		✓
Category: Environment					
Material Aspect: Energy					
DMA p.90	EN3	Energy consumption within the organization	84		✓
	EN4	Energy consumption outside the organization	91		✓
	EN5	Energy intensity	92		✓
	EN6	Reduction of energy consumption	96-97		✓
	EN7	Reduction in energy requirements of products and services	95-97		✓
Material Aspect: Emissions					
DMA p.90	EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1)	90		✓
	EN16	Energy indirect greenhouse gas (GHG) emissions (SCOPE 2)	90		✓
	EN17	Other indirect greenhouse gas (GHG) emissions (SCOPE 3)	91		✓
	EN18	Greenhouse gas (GHG) emissions intensity	90		✓
	EN19	Reduction of greenhouse gas(GHG) emissions	95-99		✓
	EN20	Emissions of Ozone-Depleting substances (ODS)	-	Not applicable	✓
	EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	-	Not applicable	✓
Material Aspect: Products and Services					
DMA p.47	EN27	Extent of impact mitigation of environmental impacts of products and services	44-46,95-97		✓
DMA p.94	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	94		✓
Category: Social					
Sub-category: Labor Practices and Decent Work					
Material Aspect: Employment					
DMA p.68	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	68-69		✓
	LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	80-83		✓
DMA p.82	LA3	Return to work and retention rates after parental leave, by gender	54		✓
Material Aspect: Labor/Management Relations					
DMA p.70	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	70		✓
Material Aspect: Training and Education					
DMA p.76	LA9	Average hours of training per year per employee by gender, and by employee category	76	Current system dose not support the function of categorizing by gender	✓

Specific Standard Disclosures					
Indicators	Disclosure Item		Page Number and Comment	Identified Omission and Explanation	External Assurance p114-115
DMA p.76	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	72-74		✓
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	74		✓
Sub-category: 人權					
Material Aspect: Non-discrimination					
DMA p.70	HR3	Total number of incidents of Discrimination and Corrective Actions Taken	70		✓
Material Aspect: Freedom of Association and collective bargaining					
DMA p.70	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining maybe violated or at significant risk, and measures taken to support these rights	None		✓
Sub-category: Society					
Material Aspect: Local Communities					
DMA p.104	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	34,104	The calculation method is under discussion	✓
	SO2	Operations with significant actual and potential negative impacts on local communities	None		✓
Material Aspect: Anti-competitive Behavior					
DMA p.34	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	None		✓
Sub-category: Product Responsibility					
Material Aspect: Customer Health and Safety					
DMA p.65	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	63		✓
	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					
DMA p.53	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%		✓
	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		✓
	PR5	Results of surveys measuring customer satisfaction	61-62		✓
Material Aspect: Marketing Communications					
DMA p.34	PR6	Sale of banned or disputed products	None		✓
	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	34		✓
Material Aspect: Customer Privacy					
DMA p.54	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	32		✓
Telecommunication Sector Specific Indicators					
Sub-category: Internal Operations					
Sub-category: Investment					
DMA p.108	IO1	Capital investment in telecommunication network infrastructure broken down by country/region	56,57,65		✓
	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	108		✓
Material Aspect: Health and Safety					
DMA p.63	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	77-79		✓

Indicators	Disclosure Item		Page Number and Comment	Identified Omission and Explanation	External Assurance p114-115
DMA p.63	IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	25,63		✓
	IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations	25,63		✓
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets	25,63		✓
Material Aspect: Infrastructure					
DMA p.63	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	63		✓
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures	63		✓
Sub-category: Providing Access					
Material Aspect: Access to Telecommunication Products and Services: Bridging the Digital Divide <sup>1</sup>					
DMA p.108	PA1	Polices and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied	55,56,57,108		✓
	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	56,57,108		✓
	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	60-62		✓
	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	55		✓
	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	112		✓
	PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	57		✓
Material Aspect: Access to Content					
DMA p.65	PA7	Polices and practices to manage human rights issues relating to access and use of telecommunications products and services	63-65		✓
Material Aspect: Customer Relations					
DMA p.63	PA8	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material	63		✓
	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	63		✓
	PA10	Initiatives to ensure clarity of charges and tariffs	53		✓
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use	58-59		✓
Sub-category: Technology Applications					
Material Aspect: Resource Efficiency					
DMA p.43	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered	53		✓
	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)	43-46, 110-111		✓
	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	43-46, 110-111		✓
	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	43-46, 110-111		✓
	TA5	Description of practices relating to intellectual property rights and open source technologies	47		✓



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