



Corporate Overview

電信
Chunghwa Telecom

AGLTE 威

G4-4~G4-8

Chunghwa Telecom is the largest integrated telecommunication carrier in Taiwan. Our head office is located at 21-3 Hsinyi Road, Section 1, Taipei. In August 2005, we became a privatized company as the ownership by the government was reduced to less than 50%, and the management system officially transformed from a state-owned enterprise to a privately-owned enterprise.

Our main business consists of three major areas: fixed, mobile, and data communications, providing voice services, private circuits, internet, broadband internet, smart network, virtual network, e-commerce, corporate customer integration ICT services, and various value-added services. We use the best network and service quality as the backing to create intelligent communication environments and exciting yet convenient digital lives for our users. Chunghwa Telecom is also an important business partner of other international telecommunication carriers. We have been actively involved in different "corporate social responsibility" conducts in recent years, and have won the appraisal of many domestic and international professional organizations over and over again.

*Three Telecom Laws: <http://goo.gl/678ya>

*The main business of the branched and invests: <http://goo.gl/V13NS1> (p.109~121)





We Will



Enhance the Operational Efficiency of Corporations.



Create a Gateway to an Enjoyable Digital Life for People.



Facilitate Industry Scale to Expand in a Good Way with Our Contribution.



Allow Investors to Enjoy Business Profit while Receiving Compliment from Consumers.



Creating Shareholder Value ^{G4-9}

Chunghwa Telecom generated consolidated revenues totaling NT\$231.8 billion in 2015, up 2.3% from 2014 and represented a 100.3% accomplishment rate given the current year's financial forecast. Due to increasing popularity of smart mobile devices, the Company experienced growing revenues from value-adding services, sales, and data subscriptions that covered the decline of voice service. Net income attributable to parent company amounted to NT\$42.81 billion while EPS reached NT\$5.52, representing the best performance in the last 4 years and a full-year accomplishment rate of 114.2%. In 2015, Chunghwa Telecom's tax expenses were equivalent to an effective tax rate of 15.73%; difference from the 17% statutory tax rate was mainly attributed to the following: according to Article 4 of Income Tax Act, net dividends or net earnings recognized from local invested businesses are exempted from income tax; and tax privileges from investment credits granted under Article 6 of Statute for Upgrading Industries and Article 10 of Statute for Industrial Innovation.

Tax Policy: http://www.cht.com.tw/csr/upload/files/Tax_Policy.pdf

Business Performance

unit: NT\$ million

Total employees in parent and subsidiaries	32,734	person
Paid-up capital	77,574	
Revenue	231,795	
Operating cost	148,126	
Operating expense	33,202	
Employee salaries and benefits	47,324	(Included in operating cost and expense)
Dividends paid to shareholders	37,673	
Taxes	7,178	
Expenses of social investment/ donation	910	(Included in operating cost and expense)
Retained economic value	5,616	



Product and Services

Mobile Subscriber



Customer population
11.18 million
Annual growth rate at
0.5%

4G LTE



Customer population
4.43 million
Annual growth rate at
232.6%

Mobile Internet



Customer population
5.97 million
Annual growth rate at
15.7%

FTTx



Customer population
3.36 million
Annual growth rate at
7.6%

100Mbps



Customer population
1.05 million
Annual growth rate at
21.5%

HiNet/Broadband



Customer population
3.77 million
Market Share in
the **first** place

Household Market

Performance

Business Model



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

- Launched broadband Internet services at 500Mbps and 1Gbps speed
- MOD's monthly movie and drama package launched with success

Personal Market

Performance



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

- 4G subscribers reached 4.43 million accounts that surpassed all peers
- Revenues from value-added mobile services increased by 13.8%
- Hami e-book App was downloaded 5 million times, while Hami+ music App accumulated 1.2 million members and launched a new Mobile payment services

For you, always ahead

In 2015, Chunghwa Telecom saw its 4G users exceed 4.43 million, which is a significant milestone for Taiwan's mobile communication and digital convergence industry.



Corporate Market Performance

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

- Innovative Internet services (ITS, iEN, IVS etc.) delivered yearly revenue growth of 76.5%
- Data security and cloud computing services achieved yearly revenue growth of 23%
- Attained No. 1 overall rating across four major products in the cloud computing category of the government's Cooperative Supply Contractor rating

Other Accounts **1.3%**

International Fixed Communication **6.7%**

Traffic volume: 1,346 million
Market Share: 57.8%

Domestic Fixed Communication **31.3%**

	Customer population	Market Share
Local Network	11.17 million	94.0%
Long-distance Network	2,889 million (Traffic volume)	82.2%
Broadband Subscriber	4.5 million	75.8%
MOD	1.3 million	20.4%

Internet **11.1%**

Customer population: 4.2 million
Market Share: 68.3%

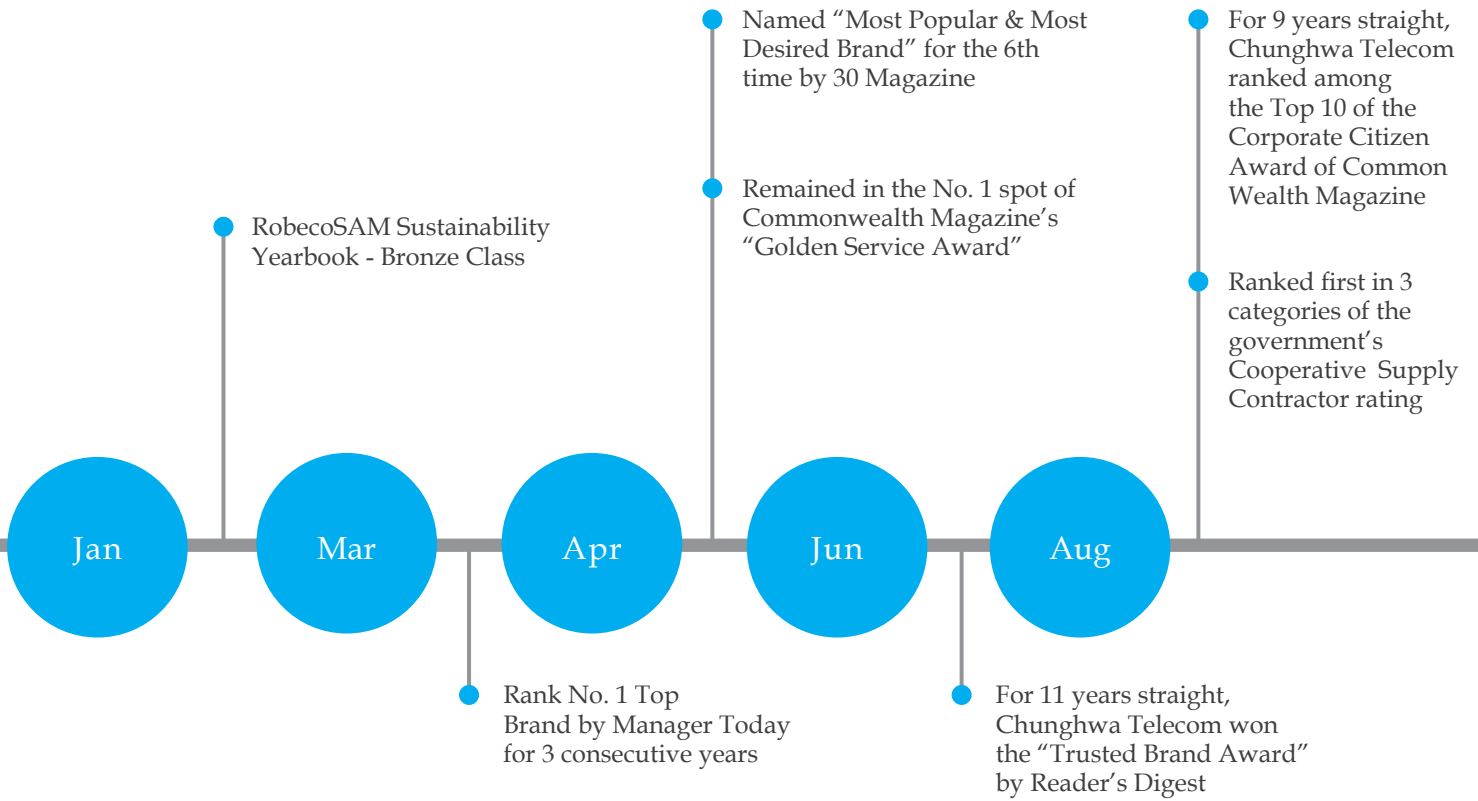
Mobile Communication **49.6%**

Customer population: 11.18 million
Market Share: 38.1%

Contribution of Business



CSR Milestones in 2015



2015 Corporate Citizen Award of Common Wealth Magazine





- 2015 Global Views - Five-Star Service Awards
- Chunghwa Telecom's 4G commercial- "Pacing" and 4G micro film- "Mandy's Story" won "YouTube Taiwan Most Successful Commercial Film" in 2015 third quarter
- Platinum Award for 3 consecutive years in The Asset Corporate Award
- Chunghwa Telecom Laboratories won the "17th Technology Management Award"
- The highest honor in Taiwan Corporate Sustainability Awards

Sep

Oct

Nov

Dec

- Selected for Dow Jones Sustainability Indices - World Index and Emerging Market Index
- National winner (Taiwan) of the 2015-2016 "World Branding Awards"
- "2015 Asia Pacific Best Practices Awards -Taiwan Mobile Service Provider of the Year" from Frost&Sullivan

- Obtained long-term credit rating of "AA" from S&P and a long-term/short-term credit rating of "twAAA/twA-1+" from Taiwan Ratings
- Business Today's "Best Brand Award" for 8 consecutive years
- Chunghwa Telecom's northern branch was named National Model Workplace and ranked first in Taipei City's Best Workplace Ranking
- Gold Award in "2015 Innovative Products" of Information Technology Month
- Obtained the latest ISO/IEC20000-1:2011 certification, which signified upgrade in information security

MEMBER OF

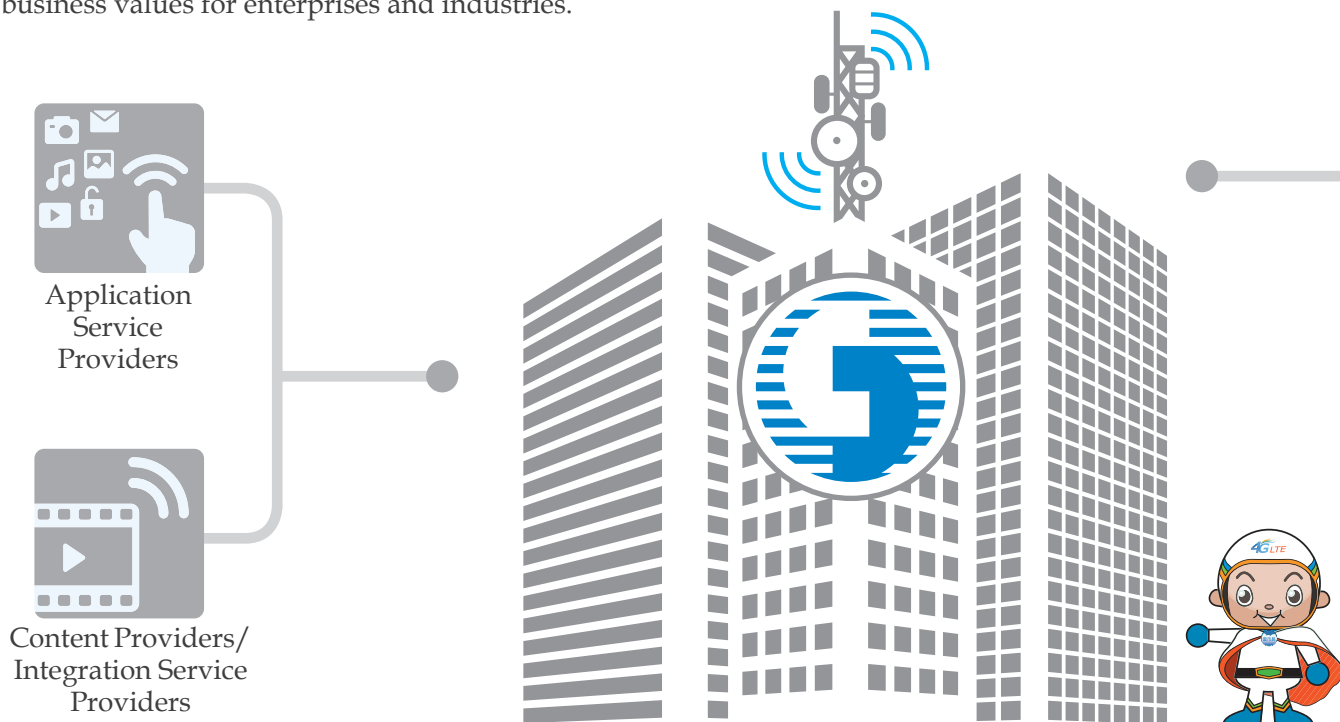
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 

Telecom Value Chain and Key Performance

The telecommunications industry is a high capital expenditure technology industry with intensive technologies, and under the rapid transformation of the industry, the industry value chain of Chunghwa Telecom has expanded because of it. In addition to traditional telecom service businesses, we must also respond to the challenges and impacts from emerging fields including the cost for the creating and maintaining of explosively growing data, cloud big data, content industry and video services (OTT).

Because of this, Chunghwa Telecom will continue to invest in innovative research and development, and combine the hardware and software development capabilities of the upper stream, midstream and downstream industry chains to provide differentiated products and eICT services, and integrate the power of distributors to expand the market and develop digital convergence industries, creating greater business values for enterprises and industries.



EC

Key Performance of Economic

	2014	2015	Explanation
Consolidated Revenue unit: NT\$ million	226,609	231,795	👍 Record-high revenues
Complaints per Million Users unit: case	182	186	👍 Despite the increase, the Company still ranked behind all other carriers, for which we shall continually review and improve
Customer Service Satisfaction unit: 10 point scale	7.3	7.6	👍 Increased 0.3% from 2014
Employee Satisfaction unit: 100 point scale	78	80	👍 Increased 2% from 2014

EN

Key Performance of Environment

	2014
Power Usage unit: million kWh	1,422
Carbon Emission unit: 10 thousand t-CO ₂ e	83.92
Water Usage unit: kiloliter	2,567
Waste Volume unit: ton	9,142



SO Key Performance of Society

2015	Explanation
1,421	Reduction targets achieved even as business grew.
83.47	Reduction targets achieved even as business grew.
2,475	Successful water conservation efforts
3,838	Revised statistical method; see P.94 for details







	2014	2015	Explanation
Social Investment unit: NT\$ thousand	1,471,596	910,230	Revised statistical method; see P.101 for details
Employee Turnover Rate unit: %	4.3	2.2	Reduced 2.1% compared to 2014
Total Training Expense unit: NT\$ thousand	679,171	572,351	The Company has switched to a precision training model, hence the lesser expense
Digital Good Neighbor unit: location	72	76	Expanded social inclusion efforts

Integrated Reporting

In order to give stakeholders a clearer picture of how Chunghwa Telecom creates value, we have incorporated a concept of “Integrated Reporting” into this year’s CSR report and disclosed our commitment and management through the Integrated Reporting Framework.

Capital and Value Creation

We have identified six categories of capital that would affect Chunghwa Telecom’s value-creating abilities. We have also explained the types of resources/relationships we need to commit in order to continually create values, as well as outcome of our efforts.

Capital Input	Impact on Value Creation	Resource Allocated to Sustain Value Creation
 <h3>Financial Capital</h3> <ul style="list-style-type: none"> • Share capital • Capital expenditure 	<ul style="list-style-type: none"> • Assures eligibility to licensing (e.g. 4G bands) • Provides sufficient financial resources to support value creation efforts • Effective execution of commercial activities • Generates and allocates other forms of capital. • Including distribution of shareholders’ equity, investments, and capital expenditure 	<ul style="list-style-type: none"> • Contribution of tax revenues to the government • Support development of network infrastructures • Improve quality of telecommunication services
 <h3>Human Capital</h3> <ul style="list-style-type: none"> • Salary and welfare expenses • Training expenses 	<ul style="list-style-type: none"> • Employees’ knowledge and skills in the telecommunication field are key to corporate sustainability • Human capital represents one of our major operational driving forces 	<ul style="list-style-type: none"> • Introduce compensation and incentive schemes to attract and retain talents • Encourage high value-adding services and innovations • Talent training and development programs
 <h3>Intellectual Capital</h3> <ul style="list-style-type: none"> • R&D expense • Marketing expense 	<ul style="list-style-type: none"> • Licensing, laboratory and R&D expense; acquisition and development of industry technologies • Invest and maintain Chunghwa Telecom’s brand 	<ul style="list-style-type: none"> • Continually invest in R&D, construction and services; maintain service quality and customers’ satisfaction • Invest into the R&D of new technologies and involve in the setting of new protocols
 <h3>Production Capital</h3> <ul style="list-style-type: none"> • Infrastructure 	<ul style="list-style-type: none"> • Allocate financial to develop and maintain infrastructure facilities (e.g. data centers) • Operation of Internet Data Center (IDC); installation of wireless facilities and development of software and applications 	<ul style="list-style-type: none"> • Continually construct, maintain and operate network equipment • Exercise procurement control and acquire network equipment that are more cost/energy effective • Consolidate idle spaces; recycle and dispose obsolete equipment
 <h3>Social Capital</h3> <ul style="list-style-type: none"> • Amount of social investment 	<ul style="list-style-type: none"> • Ongoing communication with government/supervisory authorities helps ensure the legitimacy of the Company’s operations and competition • Positive feedbacks from consumers and the general public help build Chunghwa Telecom’s brand credibility, and minimize financial capital outlays 	<ul style="list-style-type: none"> • Communicate with stakeholders to understand their concerns and legitimacy of the Company’s operations • Commit effort into social engagement and social inclusion; exert influence through core activities to narrow the digital divide
 <h3>Natural Capital</h3> <ul style="list-style-type: none"> • Procurement of green energy • Cleaning expense • Green purchase • Investment in energy /carbon reduction measures 	<ul style="list-style-type: none"> • We need natural capital such as infrastructures, raw materials and energy sources to operate and allocate human capital • Use of energy-saving actions and solutions can effectively reduce consumption of natural capital 	<ul style="list-style-type: none"> • By procuring environmental friendly products, we are able to minimize consumption of natural resources and raise energy efficiency • Through the use of carbon management actions, we are able to manage energy consumption and apply renewable energy solutions to a greater extent

Financial Statements: [http://goo.gl/Vl3NS1\(p.124~265\)](http://goo.gl/Vl3NS1(p.124~265))

Economic

Earnings per share (EPS)	NT\$5.52, best in 4 years
Consolidated operating revenues	NT\$231.8 billion, a historical high
Information transparency	Rated A++ and ranked among the top 10 in information disclosure assessment for 10 consecutive years. Also ranked among the top 5% in TWSE's first corporate governance evaluation.
Dow Jones Sustainability Index	Member of DJSI - World and DJSI - Emerging Markets for the third time
Market share in 4G service	4.43 million customers, representing industry's highest market share at 38.2%

Output of Sustainability Performance



Society Employee

Employee salary and welfare	NT\$47,324 million
Percentage of female managers	25.16%
Average salary adjustment	Salary adjustment averaged 2.5% in 2015, the highest of which was 5.5%
Employee turnover rate	2.2%; down from the previous year by 2.1%
Average training hours per person	47 hrs
Total training expense	NT\$572,351 thousand
Corporate volunteer service hours	36,049 hrs
Occupational accident per thousand people	0.66 for males / 1.7 for females (3.09 nationwide)
Diversity	795 employees with disability (mandatory quota: 217); 45 employees of indigenous background

Society Customers and Community







Care for disadvantaged telecom users	A total of 10,698 users were covered, with subsidies amounting to NT\$35,192,000
Availability of telecommunication service	The Company's 12Mbps broadband service achieved 95% coverage
Wi-Fi hotspots	55,000 public Wi-Fi hotspots
Consumer satisfaction	7.58 (10 point scale)
Satisfaction towards customer service hotline	4.6 (5 point scale)
No. of students receiving long-distance tuition aid	A total of 4,651 students had benefited from the service between December 2009 and January 2016
Voice-based personal assistance App for the visually impaired	10,676 downloads by the end of 2015
Social Investment	910,230,000
Youth Training Scheme	306 attendees at the end of 2015
Digital Good Neighbor location	There were 76 Digital Good Neighbor locations at the end of 2015

Environmental

Power usage	The Company used 1,421 million kWh of power in 2015; its power-saving efforts have saved a cumulative 2.83 trillion kWh of power
Purchase of green electricity	The Company purchased 2 million KWh of green electricity, which made it the nation's fifth largest purchaser
Amount of green purchase	NT\$1,525 million, representing 6.55% of total purchase
Revenues from green product	NT\$5,350 million
Carbon emission	834,745.37 t-CO ₂ e
Water usage	2,475 kiloliter
Green server	LEED Gold-rated data center
Waste volume	3,838 tons
Support for green transportation	The Company was the first to sponsor a Youbike station; it has invested a sum of NT\$1.85 million to date

Value Creation Factors and Future Prospects

To give stakeholders a better understanding of the competitive environment and pressure we face in regards to sustainability, we have assembled six sub-units within the CSR Committee in 2015 and entrusted them with the mission of identifying the key factors to value creation within Chunghwa Telecom. Their findings helped us clarify our current management approach and explain performance and future prospects of our value creation efforts in this report.

Chapter	Key Factors to Creating Value	How We Manage
 Responsible Governance	<ul style="list-style-type: none"> Corporate governance organization and system 	<ul style="list-style-type: none"> Develop a comprehensive and professional governance framework/system to ensure compliance with laws and commercial ethics, and thereby create values Use of CSR Committee to support board's sustainability management
 Supply Chain Management	<ul style="list-style-type: none"> Supplier CSR training Collaborate with suppliers on CSR initiatives 	<ul style="list-style-type: none"> Learn CSR progress of supply chain partners Conduct second-party audits to verify the quality of CSR execution Organize supplier conferences on an ongoing basis
 Lead the Development of a Smart City	<ul style="list-style-type: none"> R&D and innovation ability 	<ul style="list-style-type: none"> Continue R&D efforts in innovative and visionary technologies Expand construction of smart infrastructures Observe, record, and integrate city cultures and characteristics
 Marketing Service	<ul style="list-style-type: none"> Subsidies for the socially disadvantaged (low-income households and persons with disabilities) Renewable energy-powered based stations at remote locations Standardization and development of 5G technology 	<ul style="list-style-type: none"> Secure existing businesses while explore new businesses (e.g. cloud computing and big data) Invest with precision; plan capital expenditures effectively for the purpose of maintaining technological and business competitiveness. Develop and refine technologies such as LTE / 4G and aim to expand market share Plan for investments in next-generation technologies (e.g. 5G) Enhance customer service quality and privacy Ensure legitimacy of marketing, advertising and promotional activities; maintain high information transparency
 Employee Care	<ul style="list-style-type: none"> Issues concerning disruption of knowledge transfer Occupational safety and challenges 	<ul style="list-style-type: none"> Invest into the development of skills that are needed to venture into new markets and new opportunities Utilize the Company's diverse product and service range to establish image of professionalism and service Build a happy business by constantly reviewing and improving the compensation and welfare systems
 Green Enterprise	<ul style="list-style-type: none"> Power usage survey and management at IDCs Associated future IDC power usage with the Company's renewable energy strategy 	<ul style="list-style-type: none"> Enforce environmental sustainability actions within the organization Analyze and execute energy efficiency measures to reduce energy wastage Develop green products and related technologies
 Social Harmony	<ul style="list-style-type: none"> Youth Training Scheme Digital Good Neighbor 	<ul style="list-style-type: none"> Promote "infrastructure constructions" Provide "product or service donations" at the proper timing Continue "research, development and innovation" to assist persons with disability, the socially disadvantaged, and people living in remote areas Mobilize "corporate volunteers" to engage with local communities Train the "young generation" to become pioneers of new digital opportunities

Each key factors will be fully explained in the eight chapters that follow, with details about our input and performance in 2015.

Future Prospects	Performances
<ul style="list-style-type: none"> • Develop a more robust CSR culture and risk management system; uphold integrity to stakeholders' expectations • Maintain political neutrality; prevent capital, personnel, facilities and other resources from being used for political purpose 	<ul style="list-style-type: none"> • Chunghwa Telecom has been listed as one of companies in the top 5% in the 2015 Corporate Governance Evaluation for 2 consecutive years. • Chunghwa Telecom has been selected as component stocks in DJSI--World Index and DJSI--Emerging Markets Index for 3 years in a row. <p>📖 P.33</p>
<ul style="list-style-type: none"> • Explore synergy within the distribution network; collaborate with partners on new products and services • Lead supply chain partners to understanding the essence of CSR and guide their execution 	<p>The first ever telecommunication provider in Taiwan has persisted in implementing supplier management plan.</p> <p>📖 P.42</p>
<ul style="list-style-type: none"> • Develop "featured, innovative, inclusive, and broad" smart lifestyle applications in line with urban development and management 	<p>Accomplish the demonstration cases of Smart City in 15 counties in Taiwan.</p> <p>📖 P.46~47</p>
<ul style="list-style-type: none"> • Consolidate customer service resource; respond to and satisfy customers' needs in a timely and accurate manner • Connect with social networks and groups in response to emerging businesses; generate promotional effects through new media • Aim to become a service-driven ICT company • Execute a sustainable, forward-looking growth strategy • Focused resources (precision management); target on emerging businesses 	<ul style="list-style-type: none"> • Honored with numerous awards for innovation and marketing service at home and abroad. • Offer favorable subsidies to disadvantaged groups. <p>📖 P.18~19,110</p> <p>Operate 4G on 2,600 MHz spectrum bands using 3-carrier aggregation (3CA) technology, advancing CHT's 4G services.</p> <p>📖 P.4~5</p>
<ul style="list-style-type: none"> • Develop a safe and healthy work environment; direct attention to employees' health and safety • Value employees' right of association; maintain open communication and pay attention to opinions and responses 	<p>The only telecommunication service provider in Taiwan that has established a labor union, placing great attention to labor-management communication.</p> <p>📖 P.72</p>
<ul style="list-style-type: none"> • Review and revise environmental sustainability plans every 5 years • Launch action plans with themes such as energy conservation, carbon reduction, care for nature, and green/smart building 	<p>Research and develop environmentally-friendly green products and generate substantial energy-saving performances.</p> <p>📖 P.48,97</p>
<ul style="list-style-type: none"> • Utilize the Company's ICT expertise to create values for the society and improve people's lifestyle quality • Devote effort to "narrowing the digital divide" and "creating digital opportunities" 	<p>Attend to the fundamental right to a means of communication for all people and create the value of social integration to further make all people enjoy the convenience and opportunity technology brings.</p> <p>📖 P.99,108~109</p>

Risks, Opportunities and Mid/Long-term Strategies

The six CSR sub-units have also clarified the risks and opportunities associated with each of the key value creation factors, and proposed mid-term as well as long-term plans in response to current and future challenges.

Key Factors to Creating Value	Risks	Opportunities
<ul style="list-style-type: none"> Standardization and development of 5G technology 	<ul style="list-style-type: none"> 5G technology will bring bandwidth to everywhere and everything, and would require substantial costs to license radio bands and construct the needed infrastructures. This investment may yield poor return if the billing model is not adjusted properly 	<ul style="list-style-type: none"> Chunghwa Telecom already possesses the competitive advantage and is actively deploying resources to capture opportunities first-hand
<ul style="list-style-type: none"> Supplier CSR training 	<ul style="list-style-type: none"> Due to rising CSR awareness, industry leaders have been assigned the responsibility to guide the entire supply chain towards fulfilling CSR. Failure to do so would compromise the leader's brand image and reputation 	<ul style="list-style-type: none"> The Company has the potential to lead or influence CSR development across the telecommunication supply chain Reduce suppliers' risk exposure to environmental or human right-related issues, thereby minimize possible incidents and disputes
<ul style="list-style-type: none"> Collaborate with suppliers on CSR initiatives 	<ul style="list-style-type: none"> In addition to controlling and auditing suppliers' behaviors, the Company also needs to collaborate with suppliers on new CSR initiatives for broader and more profound effects. Failure to do so would compromise future opportunities or affect social relations 	<ul style="list-style-type: none"> By collaborating with suppliers on CSR initiatives, we are able to exchange creativity and establish good faith that would further strengthen our business relationships By engaging supply chain partners of different industries and specialties, we are able to raise our social image and brand value
<ul style="list-style-type: none"> Subsidies for the socially disadvantaged (low-income households and persons with disabilities) 	<ul style="list-style-type: none"> Broadband subsidies for the socially disadvantaged (low-income households and persons with disabilities) would result in loss of revenues 	<ul style="list-style-type: none"> Long-term subsidy to the socially disadvantaged not only assures them of their basic right to communication, but also helps raise corporate image
<ul style="list-style-type: none"> Renewable energy-powered based stations at remote locations 	<ul style="list-style-type: none"> Disclosing the location of base station may result in protests by local residents, and eventually force the Company to remove its infrastructure 	<ul style="list-style-type: none"> Reduce energy usage and minimize greenhouse gas emission Raise the Company's image as an energy-saving, carbon-reducing and environmental friendly business
<ul style="list-style-type: none"> Disruption of knowledge transfer 	<ul style="list-style-type: none"> A vast number of employees are retiring at the same time, and would affect the transfer of knowledge 	<ul style="list-style-type: none"> Understand shortage of manpower within Chunghwa Telecom, and accelerate talents cultivation
<ul style="list-style-type: none"> Occupational safety and challenges 	<ul style="list-style-type: none"> Occupational safety is an extensive topic. It can be difficult to identify, assess and control all factors in the work environment As employees age, their physical abilities deteriorate which puts them in risk of work accidents and diseases 	<ul style="list-style-type: none"> Technologies advance; health and safety officers are required to keep up with new materials and equipment used in the workplace Develop suitable health and safety practices for each business unit to eliminate work accidents while promote employees' health
<ul style="list-style-type: none"> Power usage survey and management at IDCs Associated future IDC power usage with the Company's renewable energy strategy 	<ul style="list-style-type: none"> Unstable power supply: renewable energy sources have yet to be proven stable over the long term External stakeholders have grown concerned towards Chunghwa Telecom's ability to operate major IDC facilities using renewable power sources 	<ul style="list-style-type: none"> Effective control of power consumption at IDC helps reduce energy costs and greenhouse gas emission Use of renewable energy sources in IDC applications helps promote a low-carbon city and improve the nation's power generation technologies
<ul style="list-style-type: none"> Youth Training Scheme 	<ul style="list-style-type: none"> An increasing number of NGOs and NPOs have been encouraging college students to perform volunteer services within and outside the country. However, these activities are mostly targeted at accomplishing the mission of the respective organization, which doesn't fit for the purpose of fit Taiwan 	<ul style="list-style-type: none"> Arouse young people's interest to return home and care for their home land; inspire civic consciousness and encourage them to participate in the action through images Inspires the younger generation to develop their capacity and involve in public/social issues
<ul style="list-style-type: none"> Digital Good Neighbor 	<ul style="list-style-type: none"> Social issues (e.g. declining industrial activities, aging population, grand parenting, and flipped education) can not be resolved simply by donating ICT resources, but require prolonged support 	<ul style="list-style-type: none"> Extend and enhance digital content applications through digital inclusion campaigns, which helps bring digital lifestyle to remote locations More opportunities to contact and explore distinctive communities, and enhance corporate image by providing the proper assistance

Possible Challenges

Mid/Long-term Plans

- | | |
|---|--|
| <ul style="list-style-type: none"> • Technical standards and band allocation of the 5G technology have yet to be defined; it is difficult to estimate product development timeline at this point | <ul style="list-style-type: none"> • Engage with international organizations to grasp the direction of technological trends, while at the same time acquire the necessary bands and make network improvements to prepare for new businesses |
| <ul style="list-style-type: none"> • Suppliers vary in size, talent, and awareness; they can not be trained using the same approach • Some suppliers are engaged for one-time deals; the costs invested may not yield the expected results • Supplier CSR takes a long time to develop; a fixed amount of costs and expenses need to be budgeted on a yearly basis | <ul style="list-style-type: none"> • Invite supply chain partners to participate in various courses organized at the Telecommunication Training Institute • Investigate and maintain records of suppliers that account for significant transaction values or are influential to the environment and society. Perform one-on-one CSR communication and training |
| <ul style="list-style-type: none"> • Without long-term relationship, there would be no mutually beneficial grounds to engage suppliers in sustainability initiatives, which reduces the Company's efforts to one-time events and hence contributes little to the shaping of corporate value • It takes long-term engagement, working relationship and trust to explore common grounds and find the right CSR initiatives that can be communicated and executed with suppliers | <ul style="list-style-type: none"> • Invite concerned or willing supply chain partners to participate in the Company's new CSR initiatives or actions • Record and review performance on a yearly basis to find the best method of collaboration with suppliers |
| <ul style="list-style-type: none"> • Many persons with disability have been considered as high-income earners; providing subsidies to them may give rise to concern of fairness | <ul style="list-style-type: none"> • Refine the existing subsidy plan to direct broadband privileges toward the socially disadvantaged |
| <ul style="list-style-type: none"> • Renewable energy-powered base stations are costly to construct; these investments may produce very little yield because of the low power generation efficiency • Infrastructures are more difficult to construct and maintain in remote areas | <ul style="list-style-type: none"> • In the future, the Company will focus on raising power generation efficiency while paying attention to government policies; new infrastructures will be constructed on a yearly basis at carefully chosen locations |
| <ul style="list-style-type: none"> • The complexity of business activities and technologies involved makes data quite difficult to gather • Personnel expenses are already high, leaving little room for further recruitment | <ul style="list-style-type: none"> • Conduct job role survey across all six business segments • Build up reserve talents to support the Company's development • Apply specialized management for talents in the new technology field |
| <ul style="list-style-type: none"> • Raising employees' safety awareness and implementing safety practices will be a challenging task in the Company's occupational health and safety management system • The Company will incorporate occupational health and safety management as part of its corporate culture | <ul style="list-style-type: none"> • Apply "audit and penalty" as a short-term measure, and "inspection, awareness promotion and counseling" as a long-term solution • Develop health inspection and health promotion measures for people in the high risk group |
| <ul style="list-style-type: none"> • Renewable energy sources such as solar and wind power are still less efficient and costly • These facilities take up larger space and incur additional construction costs. It is difficult to find suitable locations in urban area | <ul style="list-style-type: none"> • The Company will continue focusing on renewable power technologies while paying attention to government policies • Survey and analyze power requirement of IDCs; introduce renewable energy system at the right timing |
| <ul style="list-style-type: none"> • Safety and level of interaction/communication at service locations • Explore ways to differentiate our actions and enhance brand awareness | <ul style="list-style-type: none"> • Use "Click Taiwan-Youth Training Institute" to inspire more youths • Introduce "Click Taiwan - General Education" to keep younger generations involved |
| <ul style="list-style-type: none"> • Outcomes of the campaign can not be replicated and quantified • The outcome takes several attempts to accumulate and can not be achieved immediately. The campaign requires persistence and support | <ul style="list-style-type: none"> • Review and plan anew at various service locations • Conduct survey to determine actual requirements at various service locations; introduce courses and contents other than digital learning |