



Message from the Chairman

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Thank you for taking the time to peruse Chunghwa Telecom's CSR report. To align with international trends, Chunghwa Telecom has adopted the practice of disclosing non-financial information based on the core option of "Global Reporting Initiative Standards" and "Integrated Reporting Framework" (IR) for its 10th CSR report. The report focuses on disclosing material topics of concern to stakeholders and is intended to demonstrate Chunghwa Telecom's management efforts and value creation capacities concerning the United Nation's sustainability issues.

Owing to the contribution of its employees, Chunghwa Telecom was able to deliver consolidated revenues totaling NT\$ 230.01 billion in 2016. In addition to achieving top business performance among peers, we value CSR as much as we value profits and growth. Under the leadership of the CSR Committee and contribution of all its employees, Chunghwa Telecom has made several key CSR accomplishments in 2016, including:

1. The only company in the Greater China Region chosen for DJSI - World and DJSI - Emerging Markets at the same time for the 4th consecutive year
2. Won the World Branding Awards 2016-2017
3. Awarded the highest rating in TWSE/TPEX Information Disclosure Evaluation for 10 consecutive years
4. Rated among the top 5% in TWSE's corporate governance evaluation for two consecutive years
5. Ranked among the top 10 in CommonWealth Magazine's "Corporate Citizen Awards - Large Corporations" for 10 consecutive years
6. Won the 12th Global Vision CSR Award – The Exemplar Award by Global Views Monthly Magazine
7. Obtained a long-term credit rating of "AA" from S&P and a long-term/short-term credit rating of "twAAA/twA-1+" from Taiwan Ratings

In addition to its efforts in corporate governance, environmental protection and social responsibilities, Chunghwa Telecom continues to utilize its information and communication technologies to help Taiwanese businesses realize sustainability goals and exert a positive social influence.

Meanwhile, Chunghwa Telecom actively supports the nation's digital economy policies and broadband infrastructures, and has envisioned itself as "the motivator of digital economy and the pilot of the creative industry" by promoting high-quality, diverse and cross-platform digital streaming services. 4G is a highly competitive service in Taiwan, and as we anticipate competition to remain intensive in the future, Chunghwa Telecom moved ahead of its competitors by opening up the 2600MHz band in 2016, and thus increased network capacity for higher quality 4G services for the benefit of consumers and corporate customers. In the meantime, the Company has executed a comprehensive IoT strategy and expanded industry alliance to include businesses such as information security, energy, optoelectronics, etc. to inspire more creative applications and business models. So far, revenues from information security and cloud services have increased by more than 42% annually, while revenues from IoT service have also grown by 43%. Creative services and businesses are still expected to contribute revenues and profit growth over the next 3 to 5 years.

To respond and capitalize on the low-carbon opportunities endowed by the Paris Agreement, Chunghwa Telecom has been taking steps to transform itself into a green enterprise. The Company has participated in the "4G Smart City Broadband Subsidy Program" organized by the Ministry of Economic Affairs, in which the Company collaborations with 15 city/county governments to create a convenient, healthy and friendly city through technology. Also, Chunghwa Telecom has contributed its advantage and expertise as an information and communication leader to fulfill its 5G (Green) vision: "Green Energy, Green Procurement, Green Operations, Green Stores and Green Supply Chain." It strives to become a green enterprise with a balanced focus between business development and environmental protection.

In terms of sustainable actions, Chunghwa Telecom purchased 4 million kWh of green electricity in 2016, ranking first in the Information and Communication Technology (ICT) industry and second nationwide. The Company has also been active in the development of renewable energy, and installed 42 solar energy stations throughout Taiwan. In 2017, the Company's solar power plants are expected to achieve a total capacity of more than 500kWp. Furthermore, we are planning to turn all our service centers nationwide to Green Stores to provide more green products and services to consumers. Chunghwa Telecom expects revenues from green products and services to exceed NT\$ 1 billion by 2020.

While pursuing innovation, Chunghwa Telecom also ensures the citizens' rights to basic communications. We support the United Nation's Sustainable Development Goals (SDGs) and the government's "DIGI+" program by contributing to people's rights to broadband Internet access. Our actions in this respect include construction of fiber optic networks, infrastructure development in remote areas and the creation of an environment that facilitates digital innovation. It is our commitment to narrow the digital divide and create digital opportunities. We build and maintain broadband networks in 84 remote locations throughout Taiwan, which helps the indigenous people connect to the world and earn income in the form of tourism and agriculture. Through Chunghwa Telecom Foundation's long-term programs such as "Digital Community" and "Click Taiwan," we utilize technology to inspire a cycle of decency and enhance Chunghwa Telecom's connection with residents in various parts of Taiwan.

In the future, Chunghwa Telecom shall commit to its "pioneer" brand spirit and devotion of "value and responsibilities," and inspire a cycle of decency by delivering performance not just in profits, but in terms of environmental protection and social inclusion as well. Through integrative thinking, we hope to propose solutions that are mutually beneficial to the society, the environment and the industry, and continue building our reputation as "the most valuable and trustworthy ICT company" with our expertise, technologies, and visions.

Chairman of the Board

Yu Cheng

