

Chunghwa Telecom Stakeholder Engagement Guidelines

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Foreword

Each Chunghwa Telecom office in Taiwan and abroad supports and encourages the realization of high standards of corporate and social responsibility. Through the engagement of stakeholders and the process for identifying key issues, we can connect more closely with the general community. This enables the voices of stakeholders to be more easily heard and included in the Company's business strategies and considerations, and enhances the transparency and completeness of the Company's information disclosure, enforcing our belief in corporate and social responsibility.

Article 1	(Purpose) These Guidelines are issued to enable Chunghwa Telecom Co., Ltd and its subordinate organizations (hereinafter "the Company") to institutionalize the procedures for stakeholders' engagement and identification of key issues, in accordance with Chapter Five of the Company's Corporate Governance Guidelines, "Respecting Rights and Interests of Stakeholders".
Article 2	(Scope of Application) The application of these Guidelines extends to subsidiaries and joint ventures of the Company, as well as other institutions, juristic persons, groups, enterprises and organizations with substantive control.
Article 3	(Definition of Stakeholder) "Stakeholder" referred to in these Guidelines shall include without limitation: investors, employees, consumers, suppliers, media, communities, governmental authorities, or non-governmental organizations.
Article 4	(Implementation Strategy) When implementing these Guidelines, the Company shall first identify the significance of the stakeholder, before deciding on the extent of engagement of such stakeholder, and finally determining the manner in which to interact with such stakeholder.
Article 5	(Identifying Significance of a Stakeholder) When seeking to identify the significance of a stakeholder, the Company shall score a stakeholder (from 1 to 10) based on the following six principles; a stakeholder with a higher aggregate score from the six principles shall be a stakeholder to whom the Company shall grant priority consideration; and the converse would apply: (1) Responsibility: Means the Company shall be held responsible to this

	<p>type of stakeholder now or in the future.</p> <p>(2) Influence: Refers to a stakeholder who has influence or decision-making power over the Company.</p> <p>(3) Proximity: Refers to a stakeholder who maintains a long-term relationship with the Company.</p> <p>(4) Reliance: Refers to a stakeholder who directly or indirectly relies on the activities and operations of the Company.</p> <p>(5) Representation: Refers to a stakeholder who is legally entitled to declare that it represents a certain group.</p> <p>(6) Political Influence: Refers to a stakeholder who is directly or indirectly related to the policies and strategies of the Company.</p>
Article 6	<p>(Degree of Engagement)</p> <p>The degree of engagement of a stakeholder may be of five types: notice, consultation, tolerance, cooperation, and empowerment.</p> <p>(1) Notice: Means that the Company shall provide the stakeholder with balanced, objective, accurate and consistent information, to assist such stakeholder in understanding the relevant issues, choices, opportunities and solutions.</p> <p>(2) Consultation: Means that the Company shall obtain the stakeholder’s advice or feedback when choosing or issuing or policy.</p> <p>(3) Cooperation: Means the Company shall establish a partnership relationship with the stakeholder, and jointly determine alternative proposals, make decisions, and reach solutions that identify their respective preferences.</p>
Article 7	<p>(Undertakings to Stakeholders)</p> <p>Irrespective of the degree of participation, the Company shall continue to fulfill its undertakings to stakeholders.</p>
Article 8	<p>(Manner of Engagement)</p> <p>The Company shall offer different manners of engagement that corresponds to the different degrees of participation of stakeholders:</p> <p>(1) Notice: Means the Company shall notify such stakeholder of up-to-date developments through news releases, reports and the websites.</p> <p>(2) Consultation: Means the Company shall listen to and understand the stakeholder’s concerns and goals through such channels as public discussions, focus groups, opinion survey, public meetings and Web 2.0 tools.</p> <p>(3) Cooperation: Means that the Company shall seek suggestions from the stakeholder in planning solutions, through such channels as Web 2.0 tools, reference groups, discussion forums, and experimental projects.</p>

Article 9	<p>(Communication of Outcome)</p> <p>The outcomes from stakeholders' engagement will be fed back to stakeholders in the following manner:</p> <ol style="list-style-type: none"> (1) The Company shall first notify the stakeholder of the outcome, collect the views of such stakeholder regarding the outcome, then respond to the questions raised by such stakeholder; where necessary a solution shall be determined. (2) If any meeting is held, meeting minutes shall be prepared and publicly posted or distributed by e-mail. (3) The Company shall regularly track resolved matters, and notify stakeholders of any progress via meetings or letters.
Article 10	<p>(Risk of Stakeholder Engagement)</p> <p>The following common risks of stakeholder engagement should be avoided to the greatest extent:</p> <ol style="list-style-type: none"> (1) Stakeholders have distinct views of the purposes of participation, and that have different anticipates from the outcome of process. (2) Stakeholders feel being neglected from procedures. For example, prevent their participation from geographical factors. (3) Stakeholders can not have sufficient time to fully pose their views or raise concerns. For example, intensive schedule designed.
Article 11	<p>(Risk Management of Stakeholder Engagement)</p> <p>To avoid risks of stakeholder engagement, the company shall consider the following item:</p> <ol style="list-style-type: none"> (1) To make sure stakeholders have the consistent view, the company should clarify the purpose of each activity and the scope of anticipated outcome during activities. (2) The company shall be dedicated to prevent procedural crowding-out effect from stakeholders. If it's possible, the company should have at least two ways to participate in activities. (3) Once existing any potential risk of stakeholder engagement, the company should clarify the problem immediately and keep communicating with stakeholders until the problem is solved. (4) To make sure if there is any defect, the company shall examine the process of participation periodically and design the improvement plan.
Article 12	<p>(Capacity Building Measure)</p> <p>To ensure stakeholders can fully support the operation of company, the company shall strengthen their abilities continuously. The company can establish the system as following:</p> <ol style="list-style-type: none"> (1) Updated industry information and development periodically.

	<p>(2) Provided channels for experience sharing, such as interactive website.</p> <p>(3) Hold educational training or online courses.</p> <p>(4) Hold forums, and invite head of unit or professionals to share their experience.</p>
Article 13	<p>(Experience Sharing)</p> <p>The experience of contact with stakeholders should be systemized by the following manners. Colleagues can learn from systemized information, and make the relationship with stakeholders better and better.</p> <p>(1) Established dedicate interactive website through company intranet</p> <p>(2) Standardization reporting process</p> <p>(3) Develop training courses about ability-strengthened and stakeholders participation method.</p> <p>(4) Held internal conference periodically for colleagues to share their experience.</p> <p>(5) Held forums for each operating office, and invite first-line personnel in contact with stakeholders to share their experiences.</p>
Article 14	<p>(Key Performance Indicators)</p> <p>To keep improving the relationship between stakeholders and Chunghwa Telecom, at least following key performance indicators should be well reviewed. The company should pose concrete improvement plan, if it doesn't reach the target.</p> <ol style="list-style-type: none"> 1. Interactive frequency with stakeholders 2. Responding ratio from stakeholders
Article 15	<p>(Separation of Powers and Responsibilities)</p> <p>The sales departments of the Company will regularly implement participation by stakeholders, and report the outcomes for instructions of their supervising deputy executive general manager. Implementation is included in the annual work management and performance evaluation.</p>
Article 16	<p>(Implementation and Amendments)</p> <p>These Guidelines shall be implemented after being approved by the General Chief Executive Officer; the same applies to any amendments.</p>