中華電信
Chunghwa Telecom

Responsibility and Innovation

2009
Chunghwa Telecom CSR Report

2009 Corporate Social Responsibility Report

Welcome to Chunghwa Telecom's third Corporate Social Responsibility Report. This report is published in both Chinese and English with a dedicated CSR website. We hope to integrate the advantages of paper-based and internet-based reports to let those who care about us have a further understanding on our CSR-related efforts and performances in 2009.

🏠 Our CSR-dedicated website: http://www.cht.com.tw/ou_web/csr/en/default.php

Reporting Period

This report discloses the company's CSR management policies, key issues, countermeasures and initiatives' results in 2009 (i.e. January 1 to December 31, 2009). However, parts of the Report include description of initiatives taken outside the stated period (i.e. before January 1, 2009 or after 31 December, 2009) and their results for a complete coverage.

Scope and Coverage of the Report

The Report covers Chunghwa Telecom, and Chunghwa Telecom Foundation. Combined, they are referred as "Chunghwa Telecom." Data covered by the Report includes financial (of Chunghwa Telecom and its subsidiaries), environmental and social performances.

References

This report is compiled following the G3 Guidelines and the Telecommunications Sector Supplement of the Global Reporting Initiative (GRI).

Public Information Reliability Assurance

This Report has been sent to SGS Taiwan Ltd. Taipei Branch for data confirmation and certifying purposes. This report is certified to be in compliance with GRI A+ Application Level and AA1000 AS 2008.

AA1000
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000-8

Feedbacks

If you have any feedbacks to share regarding the "Chunghwa Telecom CSR Report 2009," please do not hesitate to contact us through:

Chunghwa Telecom Co., Ltd.
Tseng, Chin-Ming, Public Affairs Department, CSR Division
Address: 21-3, Sec. 1, Hsinyi Road, Taipei, Taiwan 100
Telephone: +886-2-2344-4000
E-mail:chtcsr@cht.com.tw

Chunghwa Telecom CSR Report 2007
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Chunghwa Telecom CSR Report 2009
Published in August, 2010

PRINTED WITH SOY INK
Carrying the environment on our shoulders
The Chunghwa Telecom CSR Report is printed using environmental-friendly soy ink.

Message from the CEO

We are very glad to take this opportunity to share the company's visions and accomplishments achieved in 2009 regarding corporate social responsibility through the publication of Chunghwa Telecom's third "CSR Report."

The most important part of being socially responsible is to manage our core business well. "Focusing on core businesses, valuing professionalism" has always been the motto of the company. All along, Chunghwa Telecom was devoted to its core businesses. By integrating telecommunications and information technology, we provide all customers and partners a quality platform for communication to help them in their business development and expansion.

Exceptional corporate governance is the key to a company's sustainable development which is highly valued by us. Our persistence in lawful operation and transparent information contributed to the fact that we are acknowledged amongst the most reliable benchmark business proven by the various awards received. Facing the constant risks brought by climate change and resource consumption, we continue to research on innovative integration through information and telecommunication technologies to develop more environmental-friendly products and services. This is just part of our efforts in the area of Green Economy.

Chunghwa Telecom's Intelligent Energy Network (iEN) integrated the telecommunication network and information technology to develop customized energy-saving products as a total solution that can perform energy consumption diagnosis, control, management and improvement. iEN can assist corporations to perform centralized monitoring of internal electricity-using devices and organize and analyze data to provide optimal operational environment management while realizing energy management at the same time. For example, after Miao-Li General Hospital started to use iEN, 200 million is expected to be saved annually on energy costs. This constitutes to a 49.27% saving rate on costs and a 400 tons reduction on carbon emission. Performances of other corporate clients that are using the system also showed that their energy efficiency could go up to over 20% higher than before. Chunghwa Telecom also implemented the system on all plants and office buildings which won us the 18th Annual Enterprises Environmental Protection Award on 2009 by the Environmental Protection Administration.

Apart from the above, we practice our commitment in becoming an environmental-friendly operation through green procurement. In 2009 alone, we spent over NT$206 million on green procurement. This not only marks a record within Taiwan's service industry but also gained us recognition from Taipei City on Green Procurement by the Government, Private Enterprises and Organizations. Mobile communications equipment waste recycling is also one of our key missions in gradually realizing responsible consumption.

Last year, we successfully recycled almost 40 hundred waste mobile phones and 20 hundred kilos accessories (including batteries). Chunghwa Telecom proved itself to be the best in Taiwan in terms of mobile phone recycling.

Over many years, Chunghwa Telecom has accompanied Taiwan's society in its development and created a strong emotional bond with communities. Charity work and providing care for the disadvantaged is seen as our unshakable responsibility. Chunghwa Telecom Foundation and local volunteers enabled us to go into remote areas to set up "Digital Neighbor sites "providing people with computer hardware and software, computer lectures and repair services so that the disadvantaged, such as children and immigrant spouses, can enjoy the opportunity of learning through digital means.

While the nation was attacked by the Typhoon Morakot with flood on August 8th, 2009, our colleagues went into the disaster areas at the first instance to complete the mission of "zero communication isolation." A disaster relief campaign and local produce fairs were also initiated to help the people who were affected. We also collaborated with Fu Jen Catholic University and made use of our previous experiences on distance learning in helping children in rural areas. A three-year plan is in place to provide children in the disaster areas with a quality after-school learning environment.

Being one of the initiators of ADOC 2.0 (see note) from the private sector, we integrated the Blind Resources Center of Tamkang University to jointly promote the "Assisting the Visually-impaired in Telecommuting through ICT Program". Chunghwa Telecom and the Center are working hand in hand to set up a Call Center for the Visually-impaired so that they can enjoy more employment opportunities. Given the success of the project, we also exported the complete set of operational model to places like the Philippines and Beijing to help them set up their own "ADOC 2.0 Digital Opportunity Center for the Visually-impaired. "

In an environment filled with challenges, Chunghwa Telecom will enhance our dialogues with different communities and partners with the efforts from our staff and support from clients to continuously pursue growth and excellence for a better future for all.

Chairman
Shyue-Ching Lu

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Note: ADOC 2.0 is the acronym for APEC Digital Opportunity Center 2.0. This is the second phase of the Project for Digital Opportunity Center. This project was proposed to APEC and is managed by Taiwan.

CONTENTS

Stakeholder   Management

Operational Development

Even though 2009 was a challenging year, our operational performance was still remarkable thanks to the efforts of all our hard-working staff. The company's operational performance is summarized as follows: the consolidated revenues were NT$ 198.36 billion; Consolidated net income attributable to stockholders of the parent was NT$ 43.76 billion; earnings per share after tax was NT$ 4.51; consolidated income tax expenses were NT$ 12.74 billion.

To comply with the company's mid-term development strategies to advance revenues, investments on domestic and overseas markets are still strongly promoted. This can not only solidify our core businesses but also boost more energy for developing emerging businesses and expanding to overseas markets. We strengthen our communication with companies we invest in through periodical affiliated enterprises management meetings. During these meetings, we review and establish targets and strategies regarding these companies to set up annual operational goals and execution plans. Annual operational performance reviews of the companies we invested on are also included in our Board operational meetings to truly monitor and manage these businesses.

Chunghwa Telecom Organizational Chart ⊛2.3
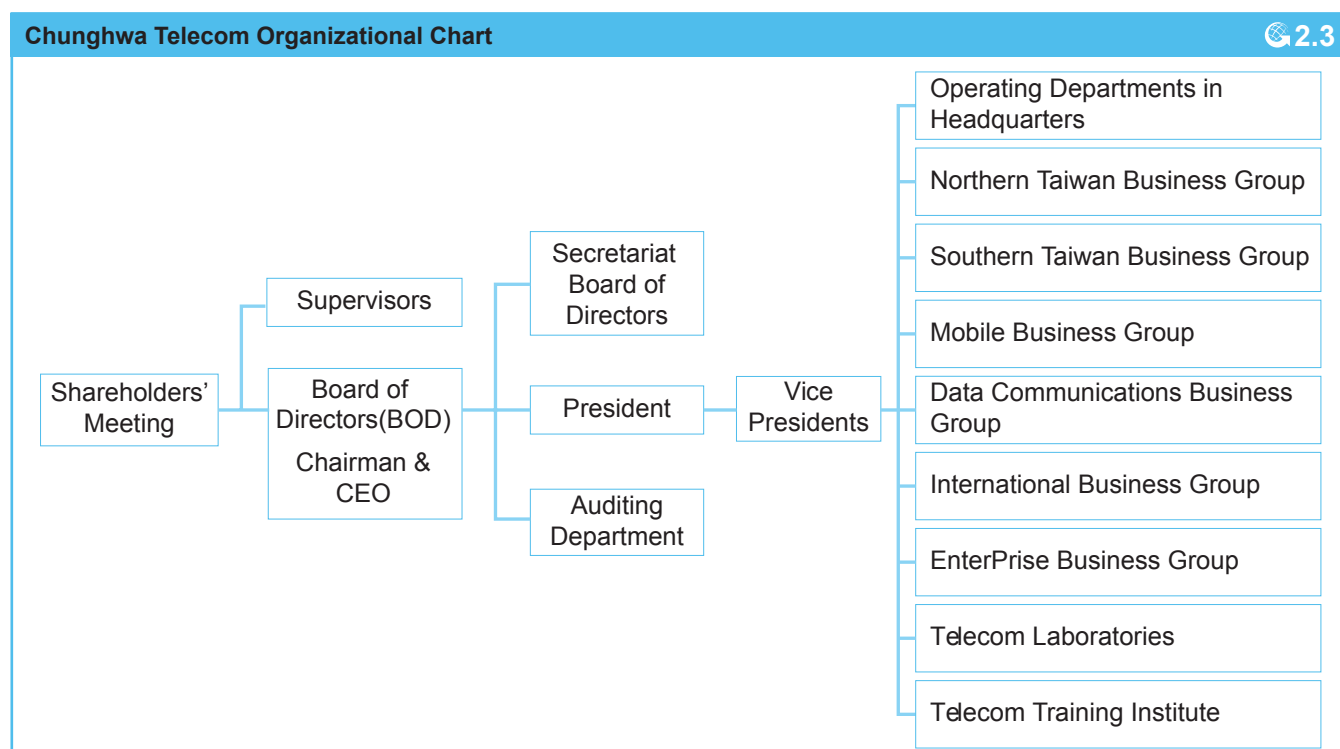
Consolidated Financial Performance of Chunghwa Telecom and subsidiaries (unit: thousand NTD) ⊛EC1		
	2008	**2009**
Net revenues	**201,669,521**	**198,361,220**
Operating Costs	**113,546,289**	**112,735,948**
Operating Expenses	**29,556,241**	**29,231,194**
Income from operations	**58,566,911**	**56,394,078**
Earnings per share	**4.64**	**4.51**

Note: Charts indicated with (⊛) represent disclosure items disclosing GRI G3 indexes (see P.73-80)

Chunghwa Telecom Co., Ltd and Subsidiaries 2.5

| | Senao International Co. Ltd., (SENAO) | Chunghwa International Yellow Pages Co. Ltd.(CIYP) | Chunghwa Telecom Singapore Pte., Ltd. (CHTS) | Chunghwa System Integration Co., Ltd.(CHSI) | Chughwa Telecom Global, Inc. (CHTG) | Donghwa Telecom Co., Ltd. (DHT) | Spring House Entertainment Inc. (SHE) | Light Era Development Co., Ltd. (LED) | CHIEF Telecom Inc.(CHIEF) | Chunghwa Telecom Japan Co.,Ltd. (CHTJ) | InfoExplorer Co.,Ltd. (IFE) | Chunghwa Investment Co., Ltd. (CHI) | New Prospect Investments Holdings Ltd. (New Prospect) | Prime Asia Investments Group Ltd. (Prime Asia) |

Chunghwa Telecom Co., Ltd. (Chunghwa)

28.81% / 100% / 100% / 100% / 100% / 100% / 56.04% / 100% / 69.36% / 100% / 49.07% / 89% / 100% / 100%

3.66%

Senao International (Samoa) Holding Ltd. (SIS) — 100%
Senao International HK Ltd. (SIHK) — 100%

Concord Technology Co., Ltd. (Concord) — 100%
Glory Network System Service (Shanghai) Co., Ltd. (GNSS(Shanghai)) — 100%

Unigate Telecom Inv. (Unigate) — 100%
CHIEF Telecom (HK) Ltd. (CHIEF(HK)) — 100%
Chief International Corp. (CIC) — 100%

Chunghwa Precision Test Tech. Co., Ltd. (CHPT) — 53.74%
Chunghwa Investment Holding Co. (CIHC) — 100%
CHI One Investment Co., Ltd. (COI) — 100%

Market Position of Chunghwa Telecom (User Number and Market Share) 2.7

	2007		2008		2009	
Local Telephone	1,295	97.4%	1,273	97.3%	1,244.8	97.1%
Mobile Phone	870	35.8%	895	35.2%	926.9	34.4%
Broadband Access	425	87.0%	431	83.8%	430.4	83.0%
HiNet	408	68.3%	410	68.1%	406.7	71.8%

Main businesses of Chunghwa Telecom 2.2

Services		Description	Revenues (Comparison of revenue with same period last year)	Ratio
Mobile Communication Services		Due to stiff market competition and instable economy, ARPU suffered some loses. Mobile phone sales also decreased due to the economic downturn.	86.52 billion (-2.6%)	43.6%
Internet		Internet value-added services such as information security and online music services, and incomes from special projects were the main reasons for revenue growth in this area.	23.65 billion (+2.7%)	11.9%
Domestic	1.Local Telephone Services	Influenced by the economic downturn and substitution by mobile phones and VOIP.	33.21 billion (-3.9%)	36.0%
	2.Domestic Long-Distance Telephone Services	Mainly influenced by NCC's demands on lowering connection fees and decrease in phone calls due to the economic downturn.	7.40 billion (-12.7%)	
	3.Broadband Access (ADSL and FTTx)	Revenues from FTTx increased since more ADSL users' were upgraded to optical fiber-based broadband. At the same time, revenues from ADSL suffered some loses due to such upgrade, fierce competition among broadband service providers and NCC's demands of a price cut.	19.90 billion (-0.3%)	
International Fixed Communication		The recession caused the rapid replacement of traditional international communication services by VOIP and other cost-saving services.	15.24 billion (-4.3%)	7.7%
Other			1.47 billion (+74.3%)	0.80%
Total			198.36 billion (-1.6%)	100%

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Integrity

Corporate Social Responsibility (CSR) received a large amount of attention in the past few years. Taiwan Stock Exchange and Gre Tai Securities Market composed the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" to regulate said companies' responsibilities and liabilities in terms of environmental, human rights and labor rights protection. For Chunghwa Telecom, this marks that CSR is moving from voluntary disclose to governmental regulation compliance.

On the other hand, investors from around the world are also seeing CSR as an important index while evaluating potential profiting capability and operational risk management. Chunghwa Telecom will continue to strengthen our management on related issues and properly communicate with all related parties in order to achieve the ultimate goal of elevating our corporate value.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Responsible Management

Stakeholder

Investors/shareholders, employees, government

Voices | We listen carefully to peoples' diversified expectations

Commitment | First company to declare compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Index Category		2008 Commitment	2009 Performance	2010 Target	Page
Compliant Index	First telecom service provider to conduct CSR survey on institutional investors	Execution needed	Enforced ✔	Continued execution	P10

Awards won
- "National Sustainable Development Award" by Executive Yuan
- "Corporate Citizenship Award" by Common Wealth Magazine
- "Corporate Social Responsibility Award" by Global Views Monthly Magazine
- "Taiwan Corporate Sustainability Report Award - Gold Award" by Taiwan's Institute for Sustainable Energy
- "Best Corporate Social Responsibility" by Finance Asia

Management Corporate Social Responsibility

In order to normalize our dialogue with all stakeholders and integrate CSR into our daily operations, a Corporate Social Responsibility Committee was formed comprising of senior executives from various departments in June 2006. The committee is responsible of planning strategies, setting goals and delegating tasks to the 6 taskforces.

CSR Committee

"Chunghwa Telecom CSR Committee" is chaired by the Chairman while the general manager serves as the deputy-director. The "CSR Secretariat" is appointed as the dedicated window of contact. The committee is divided into the following six groups: Corporate Governance, Employee Care, Consumer Care, Environmental Sustainability, Digital Opportunities and Corporate Volunteerism. The committee also collaborates with Chunghwa Telecom Foundation in various project promotions.

CSR Committee Organizational Chart

- Chunghwa Telecom CSR Committee
- Chunghwa Telecom Foundation
- Consultants
- CSR Secretariat
- Corporate Governance Group
- Employee Care Group
- Consumer Care Group
- Environmental Sustainability Group
- Digital Opportunities Group
- Corporate Volunteerism Group

CSR Development Enhancement

Management Process
- Setting an Overall Target
- Planning Management
- Practical Execution
- Follow-up and Evaluation
- Review and Learnings

Reporting Process
- Confirming the cutting angle
- Content Planning
- Report Composing
- Publication, Distribution and Realization
- Review and Learnings

Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies

- Article 54: "In developing its normal business and maximizing the shareholders' interest, a TSEC/GTSM listed company shall pay attention to consumers' interest, environmental protection of community and public interest issues, and shall have high regard for the social responsibility of the company."

CSR Vision 4 Is

Based on our corporate philosophy: "focus on core businesses, value professionalism, enhance efficiency and prove heart-warming services," we strive for becoming the most valuable and reliable information and communication Technology service provider. With years of CSR practice, we created a unique CSR vision that covers various sustainability-related issues.

- **Integrity** Practice honesty-based management to reach the ultimate goal of elevating corporate value.

- **Innovation** Facing the challenging environment and climate change with innovation to accomplish our mission of sustainable operation.

- **Inside** Care for the inner needs of employees and customers and continue all communications and care-giving.

- **Inclusiveness** Create a society free of information barriers by putting together the power of technology, software and volunteers.

CSR Management Model: SMART

We listen and comprehend the voices and needs of stakeholders, and take a step further to obtain information and evaluate our CSR performance. Following systematic information disclosure, we developed the "SMART" management model so that this report presents information in a clearer fashion. This way, the report can serve as a reference for future CSR promotions. Every chapter of the report is composed of five elements: Stakeholder, Management, Points to Address, Response and Target.

SMART Management Model

- Target
- Stakeholder
- Management
- Address
- Response

Management

In 2009, Taiwan's efforts on CSR development had a major breakthrough. Taiwan Stock Exchange Co. (TWSE) and Gre Tai Securities Market (GTSM) established the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" serving as the basic principals for CSR.
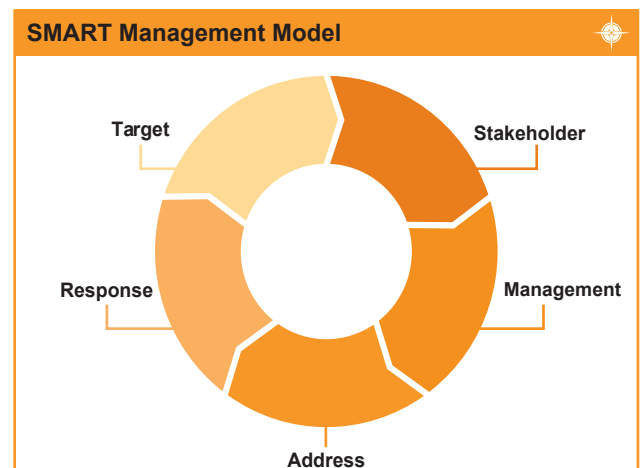
Analysis and Responses on Current Situation

"Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and GRI G3 complement each other. One takes the viewpoint of the management process while the other of the reporting process. Since Chunghwa Telecom's 2008 CSR Report has already reached Application Level A, most of the regulations stated were already satisfied. Still, there is room for improvement. For example:

Article 6 states that: "The board of directors of a TWSE/GTSM-listed company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies."

Article 7 states that "For the purpose of managing corporate social responsibility initiatives, TWSE/GTSM-listed companies are advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies or systems of the company and to report on the same to the board of directors on a periodic basis."

Chunghwa Telecom has already set up a CSR Committee and a dedicated window of contact. In the future, a formal system will be in place for the Committee's Secretariat to periodically report back to the Board regarding CSR-related work process and directions of development.

Corporate Social Responsibility Practice Best Principles for TWSE/GTSM Listed Companies

- "Corporate Social Responsibility Practice Best Principles for TWSE/GTSM Listed Companies" is composed of 6 chapters with 31 articles. It aims at "to assist companies listed on the Taiwan Stock Exchange Corporation ("TWSE") and the GreTai Securities Market ("GTSM") to fulfill their corporate social responsibility and to promote economic, social and environmental balance and sustainable development."

Sustainable Development Training Program

The Environmental Education Act was passed by the Legislative Yuan in May 2010 which made Taiwan one of the few nations in the world that promote environmental education at a legislative level. Article 19 is the one that is most related to us. It states that "Employees of organizations and publicly-operated institutions should receive at least four hours of environmental education per year. The results should be reported back to the central administrative institution." Article 19 nicely responds to Article 15 on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" which states that "TWSE/GTSM Listed Companies should establish a dedicated unit or assign dedicated personnel for environment management to maintain the environment management system and should hold environment education courses for their managerial officers and other employees on a periodic basis." In regards of such articles, we set up plans for

1. All employees receive 4 hours annual training on sustainable development.
2. Managers of all regions should receive special training in terms of external stakeholder communication and participation and performance evaluation.

The Environmental Education Act

- The Environmental Education Act consists of 26 articles in total aiming at improving citizens' knowledge, capability, attitude and values on environmental protection. This law will educate citizens, make them more aware of the environment and urge people to take action towards sustainable development

Responsible Management

Value Integration

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Digital Opportunities

Social Philanthropy

Address CSR Survey on Stakeholders

> Identifying and communicating with stakeholders is the foundation of CSR. We started to actively communicate with stakeholders since 2009 through surveys and interviews to collect internal and external opinions. Stakeholders targeted include employees, customers and institutional investors. We hope to have a comprehensive understanding on the experience and expectations of different kinds of stakeholders so as to serve as reference for future action plans.

Employees

Internally, we used intranet to conduct a series of surveys to collect employees' opinions regarding CSR-related issues. The results turned out impressive:

- The more satisfied employees are regarding a company's CSR performance, the more they identify themselves with the company.
- The more satisfied employees are regarding information disclosure, the more they identify themselves with the company.
- When CSR helps promote the company's brand image, the more employees identify themselves with the company.

Employee's View on CSR

	Agree	HighlyAgree
You feel satisfied about the performance of the company's efforts on promoting CSR.	37.49	56.82
You feel satisfied with the presentation of information regarding CSR by the company.	39.50	54.23
Chunghwa Telecom's performance on CSR is beneficial for enhancing the company's brand image.	30.67	65.54
How do you feel regarding"I am proud of being a Chunghwa Telecom employee."?	33.41	59.85

Source: 2009 Employee CSR Cognition Survey

Three CSR-related Issues that are Most Recognized by Employees

Issue	Percentage
Corporate Governance	20.13
Enhancing Economic Development	15.86
Charity Activities	15.61

Three Employee-related Issues that are Most Recognized by Employees

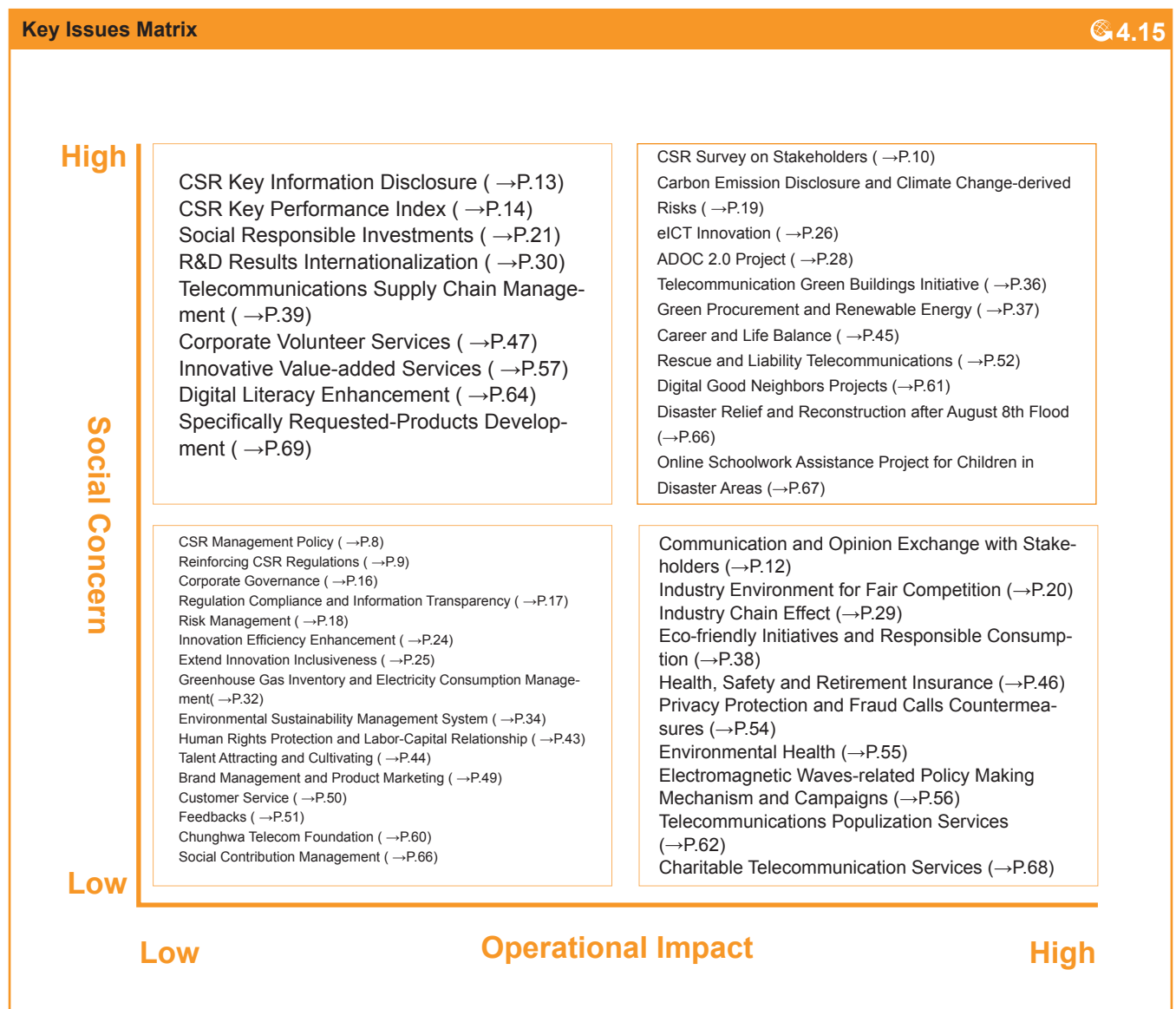| Issue	Percentage
Health and Safety	31.98
Educational Training	21.22
Labor-Management Harmony	20.57

Customers

The public has grown highly suspicious over how trustworthy corporate brands are due to recent financial crisis and company scandals. We commissioned external financial experts to conduct researches on how Chunghwa Telecom's efforts in carrying out CSR reflect on our brand value.

Combining our profiting capability index, risk evaluation index and market value index, the research showed that our stock prices are more stable than others against market volatility and economic turmoil. Through integrating CSR into our daily operation, we performed well in many areas which show that introducing the concept of CSR into an enterprise is beneficial for stabilizing a company's financial performance.

Address **Key Issues Matrix**

> The Materiality Assessment Process was continued on 2009. "Social Concern" and "Operational Impact" were used as the main indexes of evaluation to prioritize key CSR issues and evaluate the tools used to tackle these issues.

To increase objectivity, we conducted analysis on media reports, international standards and global telecommunication industry benchmarks. At the same time, external opinion was sought which includes professional advice from the academia. After we assessed the impact of these issues on our financials, risk management and corporate reputation, final results were agreed on and disclosed in the CSR report.

Key Issues Matrix 🌐 4.15

High

Social Concern

CSR Key Information Disclosure (→P.13)
CSR Key Performance Index (→P.14)
Social Responsible Investments (→P.21)
R&D Results Internationalization (→P.30)
Telecommunications Supply Chain Management (→P.39)
Corporate Volunteer Services (→P.47)
Innovative Value-added Services (→P.57)
Digital Literacy Enhancement (→P.64)
Specifically Requested-Products Development (→P.69)

CSR Survey on Stakeholders (→P.10)
Carbon Emission Disclosure and Climate Change-derived Risks (→P.19)
eICT Innovation (→P.26)
ADOC 2.0 Project (→P.28)
Telecommunication Green Buildings Initiative (→P.36)
Green Procurement and Renewable Energy (→P.37)
Career and Life Balance (→P.45)
Rescue and Liability Telecommunications (→P.52)
Digital Good Neighbors Projects (→P.61)
Disaster Relief and Reconstruction after August 8th Flood (→P.66)
Online Schoolwork Assistance Project for Children in Disaster Areas (→P.67)

CSR Management Policy (→P.8)
Reinforcing CSR Regulations (→P.9)
Corporate Governance (→P.16)
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Risk Management (→P.18)
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Extend Innovation Inclusiveness (→P.25)
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Environmental Sustainability Management System (→P.34)
Human Rights Protection and Labor-Capital Relationship (→P.43)
Talent Attracting and Cultivating (→P.44)
Brand Management and Product Marketing (→P.49)
Customer Service (→P.50)
Feedbacks (→P.51)
Chunghwa Telecom Foundation (→P.60)
Social Contribution Management (→P.66)

Communication and Opinion Exchange with Stakeholders (→P.12)
Industry Environment for Fair Competition (→P.20)
Industry Chain Effect (→P.29)
Eco-friendly Initiatives and Responsible Consumption (→P.38)
Health, Safety and Retirement Insurance (→P.46)
Privacy Protection and Fraud Calls Countermeasures (→P.54)
Environmental Health (→P.55)
Electromagnetic Waves-related Policy Making Mechanism and Campaigns (→P.56)
Telecommunications Populization Services (→P.62)
Charitable Telecommunication Services (→P.68)

Low

Low   **Operational Impact**   **High**

Responsible Management
Value Integration
Innovation
Environmental Sustainability
Employee Care
Inspiring Service
Digital Opportunities
Social Philanthropy

Response Communication and Opinion Exchange with Stakeholders

Chunghwa Telecom values the opinions of all stakeholders. We proactively communicate with them to timely respond to their needs. We also exchange opinions with international advance organizations to widen our eyes to more knowledge regarding CSR and sustainable development. Through collaboration projects, our commitment is now much more influential than before.

Stakeholder Engagement		🌐 4.16
	Issue	Communication Channel
Supervising Party (NCC, the Legislative Yuan)	Fair Competition Communication Management	Dedicated division/ Single Window for Communication
Investors (Shareholders, Institutional Investors)	Financial status & Business development	Chunghwa Telecom's Official Website Annual Reports Scheduled and nonscheduled reports
Customers (Individuals, Corporate Customers)	Quality of Service Charges	Customer Service Hotline/ Project Manager
Partners (Suppliers, Contractors)	Communication of CSR Policies	Scheduled and nonscheduled information survey Suppliers' Conference
Employees (Current employees, family of employees)	Welfare/ Salary Performance Management System Personnel Development Educational Training	The Chunghwa Telecom Web 2.0 Interactive Platform
Communities/NPOs/NGOs	Public Welfare Activities Care for the disadvantaged	Communication with communities
Media/ General Public	Brand Image Care for the disadvantaged Charges Electromagnetic Waves	Dedicated divisions
Industry Peers	Industry Development Fair Competition	Taiwan Telecommunication Industry Development Association(TTIDA)

World Business Council for Sustainable Development

Chunghwa Telecom joined the World Business Council for Sustainable Development (WBCSD) in 2006. WBCSD is the world's most influential business alliance concerning sustainable development and CSR which has many experiences worth us studying. In 2009, we signed the WBCSD Manifesto for Energy Efficiency in Buildings(EEB).

🏠 The World Business Council for Sustainable Development (WBCSD): http://www.wbcsd.org/

Communication with International Environmental Protection Organizations

In September 2009, we visited various environmental protection organizations in UK to learn from advanced enterprises and organizations' experiences and share our performance and results on CSR promotion.

- Carbon Trust: An independent institution set up by the British Government aiming at creating low carbon economy. From them, we learned the most advanced energy saving and carbon reduction standards and specifications, and discussed future long-term strategies together.

- Business in the Community (BITC): Dedicated institution to promote corporate engagement to charity projects. This visit enabled us to exchange opinions with BITC members and brainstorm on how to enhance social development with our initial power.

Chunghwa Telecom was also invited to join the "The Prince's Mayday Network," the largest anti-climate change corporate organization with over 3,027 British corporations as members. We already received the official 2010 May Day logo and committed to reduce carbon emission, record and respond to climate change tracks, take part in industrial initiatives and play out our influence on climate change issues along with large British enterprises.

Target CSR Key Information Disclosure

In order to let the public have a better understanding on our CSR management performance, organizational, management policies and case studies are included in this report. Organizational Index 👤 refers to the relevant organizations we have working on CSR. Policy Index ✧ refers to the guidelines of CSR-related works. Case Index ◎ are examples of best practices.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Target CSR Key Performance Index

Since we started to enforce CSR in 2006, various performance indexes were accumulated and are presented on this report by different symbols. Compliant Index 📄 stand for the CSR works that we performed in compliance with relevant regulations. Benchmark Index 🏅 refer to those items on which we set a benchmark for others to follow while Management Index 🔍 refers to the items on which performance management is still conducted. 🏆 represents the awards we won on such field.

Compliant Index

Corporate Governance Principles	P08
Environmental Education Act	P09
Regulations on Code of Conducts	P17
Risks and opportunities regarding regulations on climate change	P19
WBCSD Manifesto for Energy Efficiency in Buildings (EEB)	P36
Physically and Mentally Disabled Rights Safeguard Law	P42
UN Global Compact	P43
Internalization of the Two Treaties (on human rights)	P43
Labor Union Law	P43
Regulations on training and education	P44
Volunteer Service Act	P47
NCC policies on service popularization	P62

Benchmark Index ①

First telecom service provider to conduct CSR survey on employees	P10
First telecom service provider to conduct CSR survey on institutional investors	P21
Telecom service provider with highest R&D budget: 3.2 billion	P24
First telecom service provider to set up an energy consumption target: 12% reduction	P33
Company with the highest amount of expenditure on green procurement within the service industry: 206 million	P35
Telecom service provider with the highest number of cell phones recycled: 39,807	P37
First telecom service provider to conduct supply chain management	P38
Only one telecom service provider that is equipped with a labor union and that had signed a group agreement with its employees	P43
Mobile telecommunication relief fleet	P52

Management Index

	2007	2008	2009	Description	Page No.
Percentage of female supervisors	21.51	22.11	22.48	↑	P42
Number of employees with disabilities	656	695	709	↑	P42
Applications for maternity leave (ppl.)	----	52	55	↑	P45
Corporate volunteer service hours	----	----	41,979	First time to be listed as an index item	P47
Customer satisfaction: regular customers (5 as highest score)	3.81	3.66	3.73	↑	P51
Computer lessons provided in remote areas (hours)	----	----	1,023	First time to be listed as an index item	P61
Number of remote area residents that passed the TQC certification (ppl.)	----	----	100	First time to be listed as an index item	P61
Amount of donation for community investment (thousand NTD)	----	247,516	1,556,467	↑	P65

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Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Value Integration

Stakeholder

investors/shareholders, employees, government, industry peers

Voices | In this world, only transparency brings us trust.

Commitment | Becoming the benchmark enterprise on local and overseas social responsible investment.

Index Category	2008 Commitment	2009 Performance	2010 Target	Page
Compliant Index Regulations on Code of Conducts	Compliance needed	Enforced ✔	Continued compliance	P16
Compliant Index Risks and opportunities regarding regulations on climate Change	Execution needed	Enforced ✔	Continued evaluation	P19
Benchmark Index First telecom service provider to conduct CSR survey on institutional investors	Execution needed	Enforced ✔	Continued execution	P21

Awards won
- Information Transparency and Disclosure Ranked A+ in Securities & Futures Institute in Taiwan
- "twAAA/twA-1" on long/short-term issuer credit ranking by Taiwan Ratings Corporation
- "Internal Audit Quality Assessment Certificate" by The Institute of Internal Auditors Taiwan
- "Trusted Brand-Network Service Provider: Platinum Award" by Reader's Digest
- "Best Financial Disclosure Award " by IR Global Ranking
- Finance Asia Most Committed to a Strong Dividend Policy, "Asia's Best Companies", "Best Managed Company", "Best Corporate Governance"
- Long-term credit "AA" rating by Standard & Poor's

investorsshareholders, employees, government, industry peers	Corporate Governance Regulation Compliance and Information Transparency Risk management	Carbon Disclosure andClimate Change-derived Risks	Industrial Environment of Fair Competition	Socially Responsible Investment
15	16	19	20	21

Management Corporate Governance

Chunghwa Telecom believes that healthy corporate governance, while being the foundation to sustainable development, is necessary to satisfy customers' and the society's expectations. "Code of Corporate Governance for Chunghwa Telecom Co., Ltd." states the official governance principles which include: establish an effective corporate governance structure, ensure shareholders' rights, enforce responsibilities and liabilities of the directorate board, bring out supervisors' functions, respect the rights of stakeholders and increase information transparency.

Board of Directors

Our Board is currently comprised of 13 directors, including 3 independent directors. To ensure the diversity of members, there are one female director, one independent female director, and one labor director. We also have 3 supervisors, and two of them are female.

To enforce the Board's supervising and management functions, three functional committees are in place to take care of strategy, audit and compensation.

Independent directors provide objective opinion according to their expertise to assist the Board in making the best decisions. To protect directors and supervisors from being held personally liable for or suffering any financial loss on a litigated event as a result of performing their duties, Chunghwa Telecom ensures that they are covered by indemnity insurance.

Ministry of Transportation and Communications is Chunghwa Telecom's largest shareholder with the company Chairman and President acting as the government's representatives. The representatives are responsible for enforcing policies and ensure social responsibilities are fulfilled. Each year, they need to be evaluated by the Ministry according to "Selection, management and evaluation principles on private enterprise and juridical person institution representatives assigned by the Ministry of Transportation and Communications."

In terms of the management of the Chairman, President and share-holding representatives appointed to companies we invested, a management mechanism known as the "Selection, management and evaluation principles on business representatives and share-holding representatives assigned by Chunghwa Telecom" is in place for evaluation and performance assessment.

Shareholder Composition ⊛2.6

- Government 36.16%
- Foreign Institutions and Individual Investors 37.67%
- Domestic Financial Institutions 12.97%
- Domestic Individual Investors 11.87%
- Other Domestic Institutional Investors 1.34%
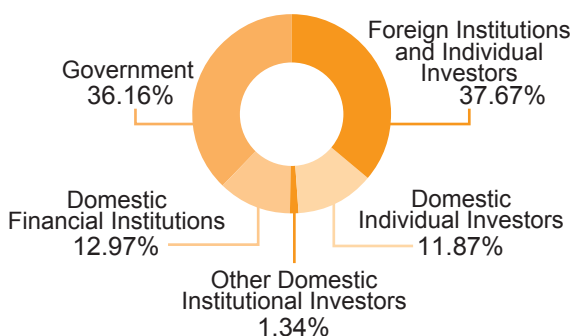
Internal Audit

Internal audit is the core of internal control and corporate governance. To assess IA's conformance to the IIA's International Standards for the Professional Practice of Internal Auditing (Standards), we requested the Institute to conduct a quality assessment (QA) of Internal Audit(IA) in 2009. After over a month's data collecting and document reviewing, added with a two-week field research and interviews, a team of senior quality assess experts from IIA reported that "IA generally conforms to the IIA's Standards and Code of Ethics." It was an excellent rating, and meaned that our IA was recognized as the highest level.

Organizational Chart of the Chunghwa Telecom Board of Directors

Chunghwa Telecom Board of Directors — **3 Supervisors**

Compensation Committee
Director and supervisor's remuneration; remuneration of the Chairman, Vice Chairman, CEO, and President; other matters delegated by the Board of Directors.

Audit Committee
Fair presentation of the Corporation's financial statements; appointment/dismissal of independent accountants and overseeing their independence and performance; effective implementation of the Corporation's internal control system; compliance with regulatory requirements; management of the Corporation's existing or potential risks.

Strategy Committee
Budget listing and reviewing; assessment of capital increase/reduction; financial forecasts listing and reviewing, matters related to new investments or capital increase/deduction or removal of investee companies; review on the acquirement and return business license; review on adjustments made to branches or service stations; review of mid-term and long-term development plans.

Management Regulation Compliance and Information Transparency

Chunghwa Telecom is dedicated to act in compliance with regulations within and outside the nation to improve the degree of transparency and accuracy of all information disclosed. This can not only strengthen investors' confidence in us and increase corporate value but also reduce our financing costs thus reaching the goal of creating a win-win situation for both the corporation and the investors. As a result, we established the "Chunghwa Telecom Code of Ethics" as the fundamental principle of daily operations for all employees and our service providers to follow.

Information Disclosure

Being a listed company in Taiwan and having our ADRs traded on the New York Stock Exchange requires us to be in compliance with all domestic and overseas regulations regarding information disclosure. These regulations include setting up a spokesperson system, publish major announcement and information as required in a timely manner and ensure the accuracy and completeness of information published on the corporate website. All issues of interest to investors should be made publicly available simultaneously in Taiwan and overseas in both Chinese and English to offer investors complete and real-time financial and operational information of the company. By doing so, we enhance the information's degree of transparency and accuracy for investors to base their decision upon, strengthen investors' confidence in us and enhance corporate value to benefit both parties.

Business Principles

To elevate our business quality and enable consumers to have more faith in us, Business Principles were laid out firmly to ensure all our acts are in compliance with the laws and regulations of administrative organizations. High-level managers' performance is also evaluated in this regard to make sure all employees work together to maintain reputation and corporate image.

Business malpractice cases and penalties PR7			
	2007	2008	2009
Amount of Penalty (Thousand of NTD)	430	184	268
Case of Malpractice (No. of Case)	11	5	9

Code of Conduct

Our Code of Ethics outlines the ethical standards and responsibilities required of directors, supervisors, executive officers and all employees while engaging in business practices. This applies to individual employees and groups and the corporation when facing the public and all stakeholders. An employee report hotline is also in place for all employees to express their opinions under a secure and confidential mechanism.

We demand our employees to strictly abide by the code of ethics and shall never, under any circumstances, compromise to achieve a specific purpose. The goal is to ensure compliance of our business practices with legal requirements and social ethical standards to prevent any misconduct. The code of ethics is now a part of our corporate training programs for new employees. Each employee receives an annual evaluation and the results are considered as part of their performance.

In 2009, 12 violations were reported which involved 13 persons. Besides the needed punishment, review and analysis were completed and the Corporation is still working hard on further education and promotion.

Regulations on Code of Conduct 4.8
- Chunghwa Telecom Corporate Code of Ethics
- Chunghwa Telecom Corporate Principles on Violation Cases
- Chunghwa Telecom Corporate Principles on Business Secrets Keeping
- Chunghwa Telecom Corporate Human Resource Department: Employees Complaints Hotline

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Management Risk Management

Risk management is an issue at the core of a corporation's operation. For the purpose of enhancing our responsible operations, identifying and controlling risk events, we have put in place the "Chunghwa Telecom Risk Management Regulations" (the "Regulations" henceforth) for our employees to refer to in performing their duties. The President is appointed as the person in charge for any event involving risk and crisis management. He is required to report back to the Board of Directors concerning those events.

Risk Analysis and Response Mechanism

The Regulations clearly set out the framework and process of risk management operations as well as the authorities and responsibilities assigned to the respective departments. The Regulations require that we carry out risk management of various plans of Chunghwa Telecom and subsidiaries including the med-term and long-term development projects, the annual business and contingency plans, new implementation projects and business execution reporting according to actual requirements. Furthermore, the Regulations also require us to conduct risk analysis, systemized records and follow-up management when appropriate.

Currently we adopt a Risk Map as our main evaluation tool which includes statutory risks, risks of network operation, risks of market competition and risks of financial operation. At the same time, we continuously conduct sensitivity analysis and pressure testing around the company. Our goal is to bring the losses to a minimum through risk acceptance, risk transfer, risk mitigation and risk avoidance.

Risk Management Responsibilities	
Organization Name	Authority and Responsibilities
Board of Directors (including Audit and Strategy Committees)	1. Establish Risk Management Policies, Frameworks, and Culture 2. Ensure the Effectiveness of Risk Management Mechanisms and Proceed with Resource Allocation
High Level Management (Chief Executive Officer, President, Vice President)	1. Execute Board of Directors Risk Management Decision-Making 2. Coordinate with Inter- Departmental Risk Management Interaction and Communication
Headquarters (The Corporate Planning Department takes on the duties of Executive Secretary)	1. Compile Implemented Results of Risk Management Activities 2. Assist and Supervise Risk Management Activities in Subordinate Branches 3. Decide Risk Types based on Environmental Changes and Establish Risk Undertaking 4. Proceed with Efficiency Assessment and Coordination after Risk Adjustments
Subordinate Branches	1. Execute Risk Management Activities 2. Execute Self-Evaluation of Risk Management and Control Activities

After the flood on August 8th, 2009, "climate change" was officially included in our "performance and risk management" evaluation system. Significant risks are all listed in Chunghwa Telecom's annual operation plan and are subject to target monitoring and performance evaluation for constant verification and feedbacks.

Address Carbon Disclosure and Climate Change-derived Risks

In response to the 2009 Carbon Disclosure Project survey results, we organized a "World Cafe" (see Note) in May within the company to encourage discussions. Staffs from various departments were invited to discuss the risks and opportunities climate change might bring to Chunghwa Telecom.
(Note: World Café is a conversational process that's been widely popular in the recent years. This process can encourage dialogues, enhance knowledge sharing and even find people new initiatives.)

Actual Risks

In group discussions, the potential risks regarding climate change that were raised include "greenhouse emission causing a raise in temperature which leads to higher central office costs," "climate change leading to abnormalities increasing the possibility of potential damages on central office by natural disasters," "revenue loses due to communication problems" and "insurance costs for risk transfer." Typhoon Morakot was the perfect proof of those four risks raised.

- Of all the climate abnormalities, torrential rain in a short period of time makes the largest impact to Taiwan and may badly damage central office and telecommunication facilities. We need a large amount of budget for precaution plans and disaster relief activities.

- Chunghwa Telecom employs over 20 thousand people working in all around Taiwan. Contagious diseases that are caused by climate change might influence our staffs' daily operations and services.

- In a long term, temperature increasing and sea level rising might significantly influence central office operation and manpower distribution. Extra manpower and resources for emergency repairs, emergency power supply in the cases of power failure and compensation for consumers are all possible causing for additional operational costs.

Statutory Risks

While discussing actual risks, we continue to follow up on regulations related to climate change and evaluate the possible risks they might cause us. When appropriate, they are included in our risk evaluation system for further management. By responding to regulation changes early, we not only reduce the operational risks but also strengthen our image as a green benchmark corporation.

Risks and opportunities regarding regulations on climate Change		EC2
Regulation	Risks	Opportunities
Renewable Energy Development Regulation	Renewable energy development fund merged into electricity bills is causing an increase in electricity costs	● Provides us an opportunity to evaluate the possibilities of forestation or renewable energy generating facilities establishment on unused non-urban areas.
Energy Management Law	The government audits on the energy efficiency of corporations which might increase our costs in facilities improvement and maintenance	● Use our ICT and telecommunication expertise to assist corporation in achieving carbon reduction and energy saving.
Greenhouse Gas Reduction Bill (under discussion)	Limiting the amount of greenhouse gas emitted by the telecom industry. This might increase future carbon emission cap and trade costs.	● Develop methods for large capacity renewable energy generating. Electricity generated can be used by our company or sold to customers. ● Beneficial for ITS/Telematics development. ● As a response to the current trends of low-carbon communities and low-carbon cities, this can be beneficial for the promotion and marketing of intelligent energy-saving services. ● By responding to the needs in energy-saving appliances household, we can enjoy further earnings through energy-saving. ● LED lighting development.
Energy Tax (under discussion)		● Use our ICT and telecommunication expertise to work with other electricity providers and to create a Smart Grid.

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Response Industrial Environment of Fair Competition

Under the influence of the financial crisis, the domestic economy did not perform well in 2009. Added with the overflow of suppliers in the traditional telecom market and the supervising institutions controlling service charges through administrative means, the whole industry was facing fierce challenges from the environment. Under intense competition, peers started to become doubtful of our market position. While ensuring the rights of our customers and shareholders, we will continue to communicate with supervising organizations and peer service providers.

Supervising Institutions

Any changes in policies or regulations might pose an influence on our operational result. That is why we closely monitor every move of the National Communications Commission (NCC) which oversees all our activities. For example, starting in 2007, NCC has been lowering the X value for three consecutive years leading to an over 14% reduction on mobile phone service charges and an over 19% reduction in broadband service charges. Without any doubts, we are happy to see that broadband is more and more popular around the nation and we are glad to help in minimizing the digital gap in our society. While striving for satisfying customers' needs for high-speed broadband, we still believe that charges should be fixed according to the market.

Facing the said operational impacts, besides keep developing comprehensive value-added services to increase revenue, we also pay close attention to the following regulation/ policies changes and propose countermeasures to tackle them:

- Actively participate and provide suggestions in the amendment process of the Telecommunication Law, the Cable Radio and Television Law, Broadcasting and Television Law, and Satellite Broadcasting Law.

- Our GSM 900 1800 License are due to expire on 2012 2013. We will work harder for a license extension.

- NCC is expected to release 7 licenses for Second SFN of Digital Terrestrial TV in 2011.

- Domestic WiMAX service providers will gradually start operating in 2010. Apart from expanding the mobile network coverage and quality, we will speed up the promotion of Fiber to the Building (FTTB) services.

Peer Relationship

In a highly competitive market, service providers' profits are limited which lead to a lot of concerns regarding the "last mile" from peers and the public. The last mile was released in 2004. In 2006, it was announced as a bottleneck mechanism according to which it last mile circuits are leased to other fixed network providers under historical cost and the number of cores are used as the basis for cost allocation. Under the prizing regulations, the last mile charge we ask for is the lowest in the world (126 NTD/month). This is about 30%~50% of the price asked for in Japan. It is evident that the price we charge is already the lowest we can afford to.

In April 2009, our failure in reaching an agreement on the networking charges with other service providers such as TFN raised a lot of concern. To settle this dispute, we limited parts of TFN's bandwidth with consideration for customers' interests.

In August of the same year, NCC finally stated that the new listed price for connection charges should be1 Mbps/1,480 NTD.

To provide customers with good communication quality and better services, added with the fact that most of our facilities are reaching their retirement age, we continue to put in tens of billions of construction and maintenance funds each year for last mile infrastructure. We sincerely hope to create a sane and healthy competition environment along with our peers in the industry to provide customers with diversified and high quality services.
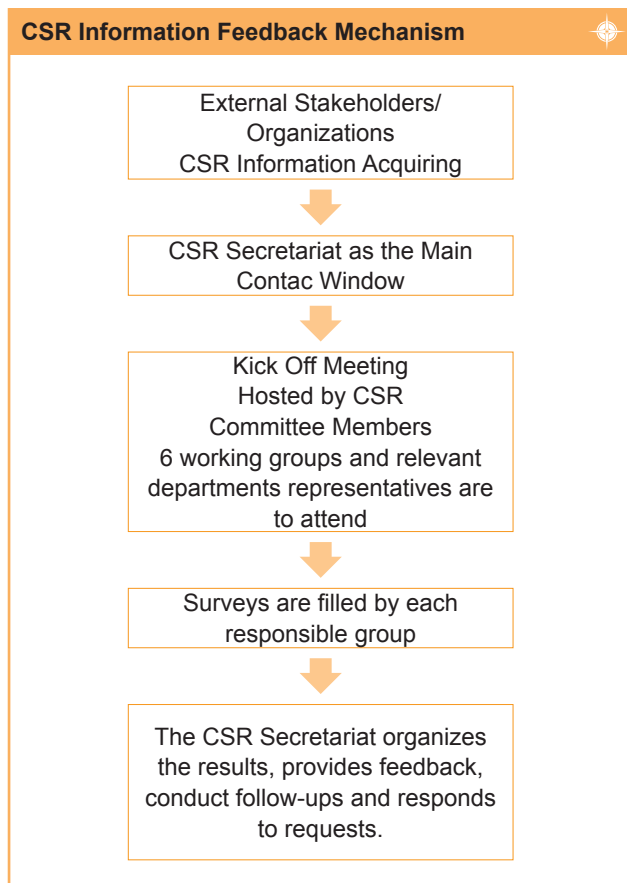
Target Socially Responsible Investment

In 2009, along the global trends in Socially Responsible Investment (SRI), the four major government funds such as the Labor Pension Fund and the Labor Insurance Fund decided to include a company's CSR performance into their decision making process for fund investment. In view of this, we will continue to communicate with investors and shareholders to reach our ultimate goal of enhancing corporate value.

SRI Surveys

We started to reply the two important Socially Responsible Investment surveys that are known around the world since 2008 and 2009: Dow Jones sustainability Indexes (DJSI) and Carbon Disclosure Project (CDP). We firmly believe that by replying surveys from high authority institutions, we can enhance the transparency of information disclosure and encourage CSR management within the company.

On the other hand, even though Socially Responsible Investment is at its early stages in Taiwan, we already started to conduct CSR surveys on our global institutional investors to find out their expectations towards us.

CSR Information Feedback Mechanism

External Stakeholders/
Organizations
CSR Information Acquiring

↓

CSR Secretariat as the Main
Contac Window

↓

Kick Off Meeting
Hosted by CSR
Committee Members
6 working groups and relevant
departments representatives are
to attend

↓

Surveys are filled by each
responsible group

↓

The CSR Secretariat organizes
the results, provides feedback,
conduct follow-ups and responds
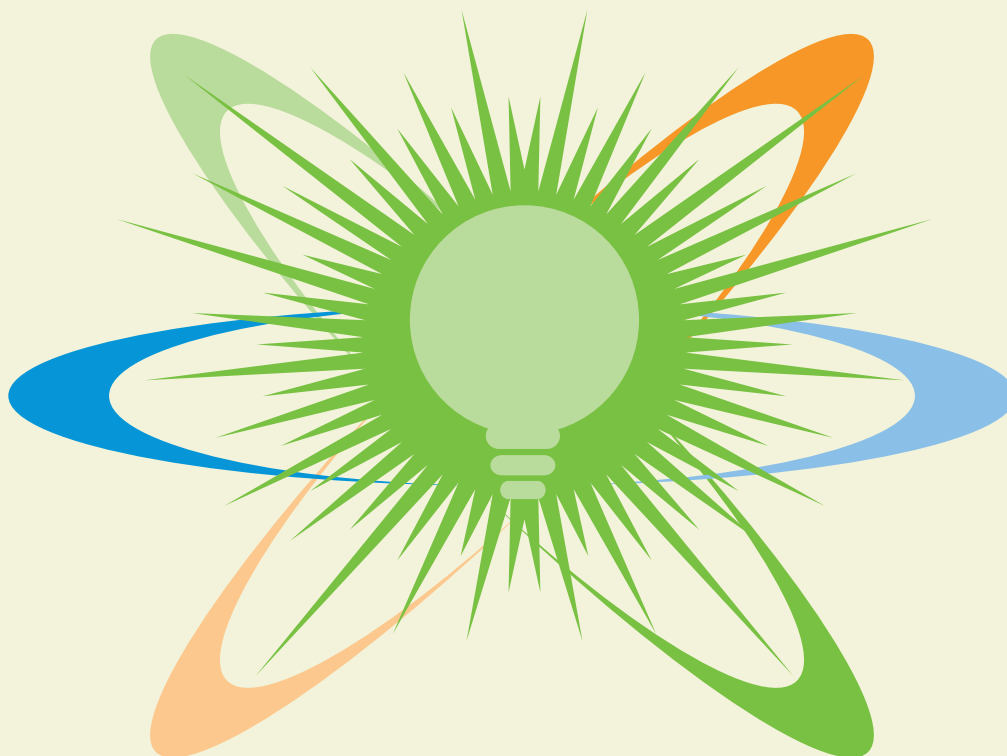to requests.

Investors Relationship

In order to enable our investors to have a better idea of our management strategies and operational performance, quarterly meetings are hold and high level managers can take the opportunity of non-deal road shows for overseas investors to have face to face communication with our institutional investors. Apart from the above, we update financial and business information on our website in a timely manner. At the same time, news releases and importance notices regarding the company's development are also posted on the website for better information transparency.

Institutional Investors CSR Engagement

We take the initiative to send out online questionnaire to local and overseas institutional investors to understand their views on CSR and SRI. This also shows our determination and performance in practicing CSR. The overall return rate was lower than expected but from the returned questionnaires, we still managed to find some SRI trends.

First telecom service provider to conduct CSR survey on institutional investors

- When making investment decisions, some institutional investors take whether a company realizes its CSR into consideration.

- Some questionnaires indicated that "corporate governance" and "human resource development" are important when evaluating a company's performance. Some even take "carbon management" into consideration.

- Some institutional investors showed knowledge and applauded us for our efforts on CSR.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

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Innovation

In the highly competitive telecommunications business environment, if the enterprise does not commence timely action on innovation , it will not only affect the staff loyalty and the consumer perception of the enterprise but also impact the long-term value.

In response to the forward-looking long-term development of innovation, Chunghwa Telecom not only improves the efficiency of its R&D resource, but also enhances the synergy with the external R&D institutions to actively improve the processes and product innovation for the better of the society and the environment.

To cope with climate change is an external drive for innovation, Chunghwa Telecom in recent years focus its innovation on technology in order to extend its new market positioning, and to reduce business risks and operating costs. In addition, Chunghwa Telecom follows the laws and regulations to enhance reputation and legitimacy of the practice for enterprises to increase new market opportunities, expand product diversity, and enhance brand value and reputation

Innovation

Stakeholder

SInvestors/ shareholders, government, business partners, global environment

Voices | Through innovation, the future of human beings can be better

Commitment | Becoming the benchmark corporation in innovation in the country

Responsible Management

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Index Category	2008 Commitment	2009 Implementation	2010 Target	Page
Benchmark Index Have the highest R&D-revenue ratio in the Telecom Service industry	To be reached	3.2 billion NTD	remain leading	P24

Awards won

- Ministry of Economic Affairs "Industrial Technology Advancement Award-Outstanding Innovation Award"
- Ministry of Economic Affairs "National Invention and Creation Award-Contribution Award"
- Bureau of Standards, Metrology & Inspection (M.O.E.A.) "10th National Standardization Award -Company Standardization Award "
- "7th Golden Map Award-Best Application System"-digital duty control and management system for the Police Department
- Cite Publishing "Top Ten Science & Technology Award – Golden Award in Annual Product Innovation, Golden Award in Mobile Communications"
- "2009 IT Month: Outstanding INFO Application and Product Award" and "2009 Linux Golden Penguin Award"-Open Telematics service platform-InfoQ
- "2009 TM Forum Best Practices Award-service provider"-NGOSS Evolution Project

Management Elevating Innovation's Efficiency

Understanding the trends in the industry and performing innovation and R&D are the driving forces for business growth. Even though we were facing great challenges from the downturn of the global finance in 2009, we still invested close to 3.2 billion NTD, the same amount as 2008, on R&D for continuous innovation workflow improvement. The investment accounted for 1.71% of the company's revenue of the year. Our R&D scale was the largest among our peers in Taiwan.

Enhance the Efficiency of R&D Resources

We strive to improve the efficiency of our R&D resource and to maintain the quality of our R&D system's. Apart from setting up the Quality Promotion Working Group (QP), Quality Assurance Center (QAC) and Engineering Process Group (EPG) under the Chunghwa Telecom Telecommunication Laboratories (CHTTL), we also introduced international regulations and organizational audit systems such as ISO quality management system, CMMI(Capability Maturity Model Integration)-based Project Management System (CPMS), several R&D process improvement activities for standardization. All these efforts are to enable high level management to manage audit activities, enhance their project management capability, improve products quality, fine-tune R&D quality and raise employees' quality awareness.

To efficiently and actively integrate the resources from CHTTL and our operational units and to grasp every business opportunity, the Laboratories have set up service stations both in Taipei and Kaohsiung to bring the collective power of R&D and marketing to a full play.

Enhance Joint Innovation with External Forces

We were the pioneers to venture to the Long Term Evolution (LTE): 4G. We developed a "LTE Trial Network" along with Ericsson which will enable Taiwan to keep its competitiveness during ICT industry's transformation to the next generation of mobile broadband services.

In November 2009, we singed a Cloud Computing Strategic Alliance MOU with Microsoft. In the future, we will collaborate with each other regarding cloud computing services and facilities and software applications at the user end. We hope that this new operation model can open up more cloud computing-based business opportunities for both companies.

In terms of Smart Grid Technology, Chunghwa Telecom plans to have the 23,000 users of the industrial high voltage (11000 V) whose usage accounts for 50% of the total electricityin Taiwan completed the switching to Smart Meter by 2012. To achieve this goal, we are currently working with Tatung Co. to develop Smart Meters. Tatung Co. is in charge of the development of the hardware whilewe focus on the the development of wireless data transmission. Smart Meters are currently being tested in small areas. It is our desire to continue being the pioneer and the leader in the field of Smart Grid for the future.

Innovation that Benefits the Society and the Environment

Innovative products and services that focus on the environmental protection and the social issues-solving will be crucial to a companyto compete globally in the future. As the leader of the industry bearing a mission on CSR, we already made environmental and social innovation the core mission of our future R&D strategies. We will invest our resources in a well-planned matter so as to benefit the society, the environment and the company.
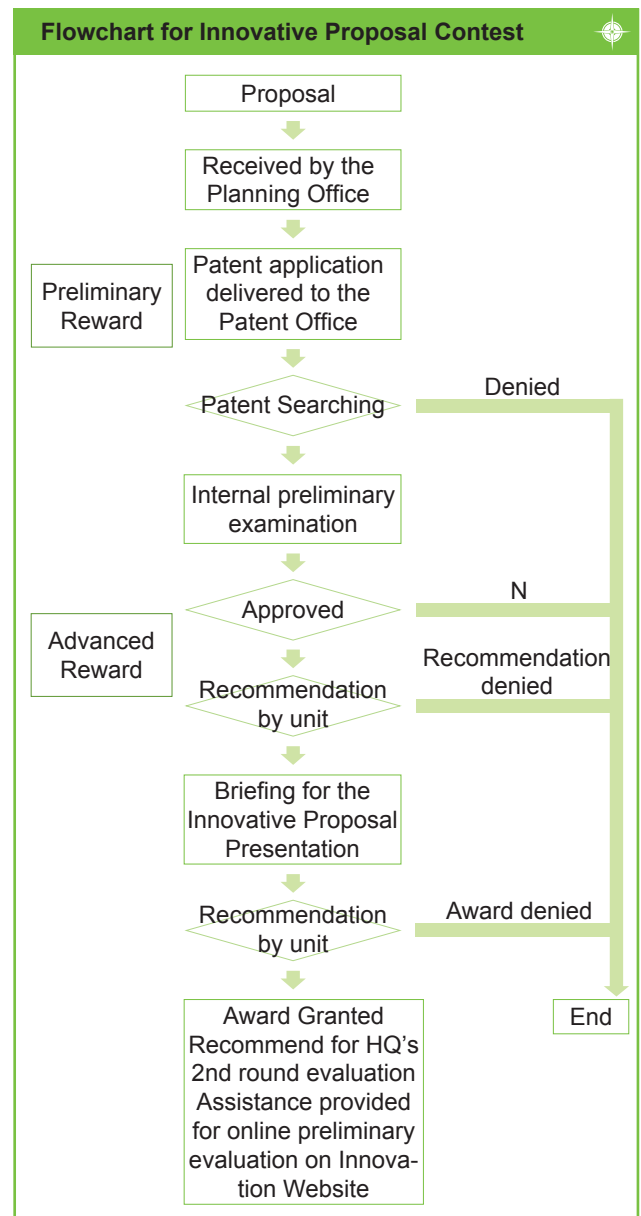
Flowchart for Innovative Proposal Contest

Management Extension of Innovation Engagement

> Facing the constant change of telecommunication applications, diversified life experiences are the source of innovation. In addition to our own R&D departments and external technological partners, we welcome college students and everyone in the company to engage R&D activities and offerR&D positions and opportunity to start-up new business internally to bring R&D results to a full play.

Chunghwa Telecom Application Contest

In 2003, we started to host the "Telecommunications Value-adding Application Contest" for college students. It is now seen as the Oscar Award in the telecommunication field. Every year, the contest attracts more than 2000 teams to participate. Upon to the 7th year (2009), the total number of participants has already exceeded 17,000.

The 2009 Telecommunications Value-adding Application Contest was divided into 5 groups: "Broadband Value-adding Group", "3G Mobile Life Application Group", "3G Campus Mobile Application Group", "Fixed-network Value-adding Group" and "ICT Application Group". We took this opportunity to recruit the talents from participating teams to join us in our R&D branches and CHTTL.

In the future, we will continue to tie the topic of the contest closely to our businesses and continue to invite more and more students with different backgrounds to participate the contests. For example, in 2010, we plan to add another group, "Integrated Marketing Group" for business school students.

Internal Employee Business Starting

In addition to educational training, we also encourage our employees to start their businesses within the company. Currently, Chunghwa Leading Photonics Tech (CLPT) has been evaluated and approved internally to carry our enterprise incubation under CHTTL.

The team utilizes CHTTL's Optical Transceiver Module manufacturing facilities to develop a new generation of Short-wave Infrared Imaging Module while at the same time devotes itself to enhance the technologies for the industry. So far, products are on a trial sale to European nations and the team has been working with European equipment manufacturers to develop environmental protection-related applications such as solar panel crack inspection or waste classification inspection. At the moment, the team is seeking investments from relevant industries in hope to bring theR&D results to life as a product and to truly accomplish the value-adding application on technology and service.

Responsible Management

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Address eICT Innovation

eICT is the perfect demonstration of our innovative vision. Looking into the future development of the ICT industry, we know that in-depth R&D and new applications are not enough. All the technology and development will be tightly connected to sustainable operation and corporate responsibility. Therefore, we revisited our innovative R&D missions and laid down three Es with communication technology as the foundation and information technology for the path of development. The three Es are as follows.
1. Energy: Use renewable energy and reduce energy consumption.
2. Environment: Reduce the amount of resource used and monitor changes in our environment.
3. Empower: Care for the disadvantaged groups and provide assistance to social development.

CT Communication Technology

Lately, we reached the following three kinds of achievements in CT R&D:
1. Full integration of wireless landline and broadband internet access system. Our goal is to provide broadband access to ever village.
2. Improvement of the service quality of wired/wireless communication systems.
3. Introduction and establishment of the mobile satellite system.

Mobile Satellite System

In response to the Ministry of the Interior's policies of establishing a rescue and disaster relief mobile satellite system, and to solve the communication difficulties in rural areas, at sea, in mountain areas or disaster areas, we introduced the famous Thuraya satellite communications system to Taiwan. Via satellite communication, positioning technologies and internet, we can provide our services to every corner of the island.

I Information Technology
CLOUD COMPUTING

As the leader of the Alliance of Cloud Computing Technologies and Applications (ACCTA), we already launched various innovative services in cloud computing.

SaaS Customer Relationship Management (CRM) Service

Through SaaS Software as a Service , we enable SMEs to perform CRM using cloud computing under a limited budget and help them to enhance their operational value. Besides providing enterprises with a full range of CRM applications, customers can apply for value-adding services such as MMS, eDM or fax application. This way, SMEs can lower their IT cost and elevate their operational efficiency.

hiCloud CaaS Service

hiCloud CaaS (Computing as a Service) is a brand new cloud computing service that we developed. Such service provides customers with a virtual computing environment that can be operated on various operation systems (Windows, Linux, etc). Customers can enjoy the safest, most stable and most reliable internet environment. Apart from that, customers can integrate their customized application settings and programs to perform the services they need.

Environment

We are fully committed to innovative R&D in communication networks. Through outstanding R&D capability and our expertises in communications and network, we have developed many resource-efficient products that reduces burden on the environment.

Industry and Business Certification Smart Cards and Card Issuing System of MOEA ◎

To help promote ICT services, we have developed a new generation of Hi-COS 2048 bits Smart Card system. The system has already passed all inspections by the Ministry of Economic Affairs (MOEA) in December 2009. In January 2010, the Distributed Card Issuing System was brought online and started its operation. In 2009, we held 100% market share in Industry and Business Certificate and expect to issue one million certificates by the end of 2010. Looking forward, we anticipate to see more than 130 million transactions completed through this service with a large saving on paper.

⌂ Ministry of Economic Affairs Certification Authority
http://moeaca.nat.gov.tw/news.html

Empowerment

As the citizens in Taiwan, we know it is our responsibility to contribute back to the society. Other than setting up telecommunication and internet infrastructures in remote areas, we will continue to pay attention to the needs of all people in the society, including those at disadvantage, and to help develop more innovative products for the realization of social welfare values.

Smart Mobile National Self Care ◎

With our innovation, we entered the family preventive medical market in which we applied CIT to healthcare and medical treatment services. Users can conduct measurement at specific locations of their limbs (nerves and veins) and transmit the data to the remote database for matching and analysis. From the analyzed data, users will be able to retrieve information regarding his/her personal health for future health management. This is very helpful in saving medical resources and transportation-related resources from hospital visits.

Saving Energy

Continuously utilizing our core expertise in telecommunication technology, we developed various innovative energy-saving and carbon-reducing products. Internally, we can effectively reduce the amount of energy consumed while externally, we can provide customers with a complete range of energy-saving products and services.

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Address ADOC 2.0 Project

In the 2007 APEC conference in Sydney, Australia, Taiwan's delegate proposed the ADOC 2.0 Project. Private-owned enterprises and NGO from all APEC member states were invited to co-establish a multinational collaboration platform through which private and public institutions can work with each other. Chunghwa Telecom signed the "Letter of Intent for Participation in the ADOC 2.0 Project" on August 1, 2008, and officially became one of the private sector initiators of the ADOC 2.0 Project.

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Social Philanthropy

Long Term Relationship with the Visually Impaired

In 1988, we joined the group of "Computer for Blind People" hosted by the Ministry of Education. Alongside Tamkang University Resource Center for the Visually Impaired Students, we developed the "Chinese Information Application System for the Visually Impaired." We committed to provide the visually impaired with a brand new integrated, multifunctional and intelligent telecommunication service that can truly satisfy their needs of a barrier-free communication environment in order to enable them to enjoy the wide range of resources on the internet and thus increase their opportunities in education and employment.

After years of hard-work, our efforts in combining research with practice brought fruitful results. Our self-developed TTS software was applied to the "Chinese/English Information System for the Visually Impaired." Working in combination with the "Barrier-free Mobile Computer Cluster," this system enabled the visually challenged to share the rich results of digital development with the rest of the society.

Our volunteers lead the visually impaired friends to experience the culture and people in northern Taiwan.

Assisting the Visually Impaired to Work Remotely via ICT

Tamkang University's "ADOC 2.0 Digital Opportunity Center for the Visually Impaired" officially started its operation on June 2, 2009. This opened the door of customer satisfaction survey services for the visually impaired while at the same time offered the government and enterprises a new pool of man power. The visually impaired can thus enjoy digital employment opportunities. At the initial stage, 6 visually impaired persons were offered the opportunity to work for Chunghwa Telecom's customer service division. The division will open up more job opportunities in the future.

Through a "fully export operation model," we share our experiences and the successful model with others. In October, 2009, the first overseas "ADOC 2.0 Digital Opportunity Center for the Visually Impaired" was officially launched in Quezon, the Philippines with all the software, hardware, educational training and manpower engagement setup in place at once. It was highly praised by local and foreign media. In addition, the establishment of the "Beijing Digital Opportunity Center for the Visually Impaired" is expected to be completed in September, 2010.

Visually Impaired Information Development Key Index	
Item	2009
Technological Achievement	● Phone CS system by the Visually Impaired ● "Rapid Dictation" System by the Visually Impaired ● Movie Playback System for the Blind ● KTV playback system for the blind, barrier-free reading project and other assisting tools for the visually Impaired.
Computer Educational Training for the Visually Impaired	337 people/year, 454 people in total
Educational Assisting Tools for Visually Impaired Students (people)	407
Barrier-free Internet and Chinese e-Library for the Visually Impaired (viewer)	13,787,249

ADOC 2.0 Project
http://www.apecdoc.org/

Resource Center for the Visually Impaired Students, Tamkang University
http://www.batol.net/

Response 6 Major Emerging Industries

In the Science and Technology Advisory Meeting in November 2009, Premier Wu Den-yih, indicated that the government will actively promote six major emerging industries. After the meeting, the "six major emerging industries" became part of the government's most important industry development strategy. For a very long time, Chunghwa Telecom committed itself in technological innovation. At the same time, we highly value the importance of maintaining a close relationship with Taiwan's industry development. We strive for a healthy relationship with the 6 major emerging industries to bring out our full strength and jointly explore new markets and new business opportunities to create a new phase of collective prosperity.

IPv6 International Standard

Developed by CHTTL, IPv6, an internet management testing tool and standard, has officially become the International IPv6 Ready Logo testing standard.

In 2003, Chunghwa Telecom was commissioned by the government to conduct individual IPv6 standard testing projects and has since devoted itself to promote local relevant technologies. In the past few years, we assisted domestic companies to obtain the International IPv6 Certificate (ranked third in the world in terms of total number of certificates granted) and actively participated in activities regarding International IPv6 Standard Testing. We are one of the founding members of the IPv6Ready Logo Committee and our IPv6 Standard Testing Lab is one of the five IPv6 certified labs recognized internationally. In the future, we will continue to research on and develop relevant standard testing kits to ensure we master the key technology for the next generation internet infrastructure so as to provide assistance for future network technology developments.

GPON Interpolarity Test

We organized "GPON (Gigabit-capable Passive Optical Network)" testing activities for two consecutive years since 2008. This was to speed up the comprehensiveness and maturity of local GPON providers' products and drive the business opportunities of the optical broadband communication industry forward to bring a win-win effect on HiNet 's network infrastructure.

ICT Collaboration

Our full-scale ICT collaboration with the Industrial Technology Research Institute (ITRI) covers 12 areas including cloud computing, e-book, energy-saving applications, remote medical treatment, Triple Play Services/IPTV, Home Messenger system, car-use Telematics system, wireless positioning system, smart monitoring system, HD smart action inspection and service-sharing platform, 3D imaging system technology platform and RFID Reader system.

Trough technological collaboration, we expect to see more inspiration and more telecommunication-related value adding services to perfectly merge our daily needs with ICT. Not only will we reinforce our establishment in the ICT industry but also help carry Taiwan ICT industry forward to complete worldwide.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Target

Internationalization of R&D Results

Years of hard work in R&D brought us fruitful results and helped us to stay connected with the global community. In 2009, we filed for 26 patents in Taiwan, 1 in UK, 1 in France, 1 in Germany, 1 in Japan, 1 in Korea and 2 in China. We also registered 10 trademarks and 99 copyrights in Taiwan. In addition, we took every opportunity to attend international conferences and intensify the exchange of R&D results internationally.

Taiwan-Nippon IT Commerce Promotion Committee

After 8 years since its establishment, the Taiwan-Nippon IT Commerce Promotion Committee has already made a substantial amount of achievement in the fields of electronic data interchange (EDI), Radio Frequency Identification (RFID), etc. Currently, the position of Taiwanese president is served by our Chairman, Mr. Shuye-Ching Lu. In the "Taiwan-Nippon e-Commerce Collaboration- Six-Party Talk with Officials and Citizens" that took place in June 2009, Chairman Lu and the Japanese president, special advisor Mr. Kawamura Toshiro from NEC, signed a memorandum of cooperation. The memorandum states that besides continuous collaboration on e-commerce, both parties will work together to "create new business opportunities" and conduct more "opinion exchange on IT policies." The part regarding the creating of new business opportunities will focus more on the industries that generate contents while the part regarding the opinion exchange on IT policies will focus more on green IT.

In November 2009, Chairman Lu and Michiyoshi Mazuka, representative of Fujitsu, represented the presidents of the "Taiwan-Japan IT Business Dialogue Promotion Committee" to host the "1st Taiwan-Nippon IT Business Dialogue Conference." The conference confirmed the establishment of working groups for "e-Commerce," "Digital Content" and "Green IT." Experts from the industry were elected as conveners and they are expected to present their results on the "2nd Taiwan-Japan IT Business Dialogue Conference" that will take part in Tokyo in 2010.

Taiwan-Japan IT Business Dialogue
http://www.tjbd.org.tw/tw/

Telecommunication Management Forum

In 2008, we won the "Best Catalyst Project Management-Award of Excellence" with One Stop FMC (Fixed-Mobile Convergence) Service. In 2009, under fierce competition with 20 major international telecommunications operators such as AAPT AT&T COX KT Verizon Telestra Telecom ITALIA Microsoft Online Services, etc, we won the "2009 Best Practices Award-Service Provider" thanks to our remarkable operation structure, standardized interface and striking operational performance.

Telecommunication Management Forum
http://www.tmforum.org

Responsible Management

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Social Philanthropy

S Environmental Sustainability

Employees and Business Partners

Stakeholder

Voices | There is only one Earth. The opportunity for future generations and all creatures to live should be cherished.

Commitment | Electricity consumption of 2012 will be reduced by 12% on the basis of the 2007 level; approximately a reduction of 110,000 tons of CO2 emissions.

Index Category		2009 Targets	2009 Performance	2010 Commitment	Page
Compliant Index	WBCSD's manifesto of Energy Efficiency in Buildings	To follow	Enforced ✓	To continue	P36
Benchmark Index	The first telecom services provider that sets energy-saving targets	To achieve	12% of reduction ✓	A reduction of 12% from the 2007 level	P33
Benchmark Index	The services provider that has the highest expenditure on green procurement	To execute	NT$ 206 million ✓	Continued execution	P37
Benchmark Index	The telcom serives provider that recycles the most mobile phones in number	To achieve	39,807 mobile phones ✓	Continued execution	P37
Benchmark Index	The first telecom services provide that take initiative in supply chain managment	To achieve	Enforced ✓	Continued execution	P38

Awards won

- The Annual Enterprises Environmental Protection Award by the Environmental Protection Administration, Taiwan
- The Outstanding Enterprises and Organizations in Green Procurement Award by the Environmental Protection Administration, Taiwan
- Clean Community Award by Business Council for Sustainable Development-Taiwan
- Best Green Strategy for a Data Center by Hitachi Data Systems (HDS)

Employees and Business Partners 31

Greenhouse Gas Inventory and Electricity Management
Environmental Sustainability Management System 32

Telecom Green Buildings Action
Green Procurement and Renewable Energy 36

Environmental Protection Actions and Ethical Consumption 38

Ethical Supply Chain Management in the Telecommunications Industry 39

31

Management Greenhouse Gas Inventory and Electricity Management

Following the initiative of "The GHG Emissions Inventory Project" in 2008, we continued to work on verification of the 2008 emission statistics in 2009, and were awarded with the verification statement by the SGS Taiwan.

Inventory results

After inventory and verification of statistics, our total emissions in 2008 amounted to 946,020.45 t-CO2e, which is higher than the level provided by system measurements in last year's report. The total of 2009 GHG emissions reached 926,063.03 t-CO2e by system measurements. This resulted from a continuous growing need for the telecom services and introduction of the next-generation telecommunications and internet facilities. Therefore, growth in electricity consumption in each telecommunications point leads to a slight increase in GHG emissions.

Results of the inventory and verification show that externally purchased electricity constitutes the main source of GHG emissions. Thus, the main strategy to cut our GHG emissions is to take actions in managing electricity use and cut the electricity consumption.

Emissions of the 6 Greenhouse Gases in 2008   EN16

Greenhouse Gases	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	Total emissions of the 6 GHG
Emissions (t-CO2e/yr)	938,837.24	2,019.91	548.33	3,345.79	5.52	1,263.65	946,020.45
Percentage of the total emissions	99.24%	0.21%	0.06%	0.35%	0%	0.13%	100.00%

Analysis of Chunghwa Telecom's GHG emissions   EN16

Ranges	Sources of the GHG	Level of GHG emissions	
		2008 (verified)	2009 (system measurements)
Scope1	1. Use of gas and diesel fuel of the business cars 2. Kitchen and lavatorial facilities 3. Emissions of the septic tank 4. Emissions of the extinhuisher and refrigerant	31,721.54	28,679.81
Scope2	1. Externally purchased electricity for office buildings, switching offices, and FTTx facilities	914,298.91	897,383.22
	Total amount of emissions	946,020.45	926,063.03

Note: "Verified" means that the values are verified statistics of emissions by the third independent party. "System measurements" means the values acquired from Chunghwa Telecom's "Environmental Sustainable Development Management System." The disclosed GHG emission statistics will be verified the next year, and the previous year's statistics woul be modified.
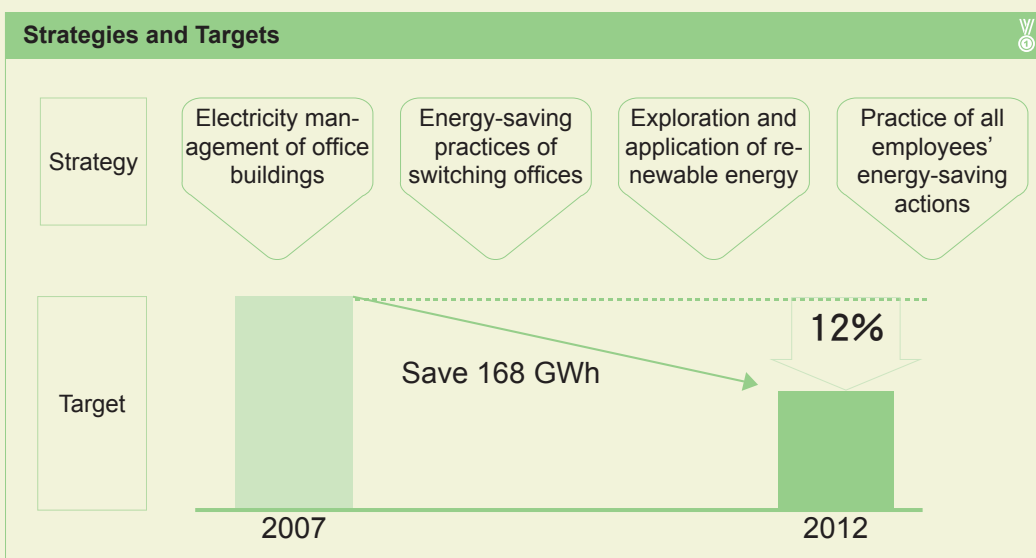
Energy- Saving Targets

We announced specific enegy saving targets in 2009. We promised that excluding the growth in business due to the introduction of the next-generation internet facilities, the electricity use in 2012 will be reduced by 12% from the 2007 level. The reduction is equal to 168 million GWh of electricity and approximately 110,000 metric tons of CO2.

For the switching offices that consume more electricity, we plan to adopt the iEN to control the air conditioning of the switching offices; for telecommunications facilities such as electricity, switches, transmitters, mobile, internet receivers, we adopt energy-saving methods like renewal, replacement, consolidation, and optimizations; as for procurement, we will choose facility providers that meet international green energy standards, so that we can reduce the electricity consumption of switching offices. With the above action plans, we intend to reduce the electricity use of switching offices by 138 GWh in 2012 from the 2007 level. For administrative office buildings, we apply the iEN on current office buildings first and use the smart energy-saving system as well as corporate intnernal management platform, plan to save electricity by 30 GWh by the end of 2012. The energy saving ratio reaches 7.85% and we will take the challenge of 10%.

Effects of Energy Management

With continuous promotion of energy-saving practices for internal switching offices and office buildings, as well as rising awareness of employees and exclusion of the increased amount of electricity due to introduction of the next-generation facilities, the total electricity consumption was cut by 12,063,008 KWh in 2009 as compared with 2008. We found this extraordinary.

Results of 2009 Energy Use Management	
Year	Electricity use (KWh)
2008	1,343,339,812
2009	1,331,276,804
Difference	-12,063,008

Strategies and Targets

| Strategy | Electricity management of office buildings | Energy-saving practices of switching offices | Exploration and application of renewable energy | Practice of all employees' energy-saving actions |

Target — Save 168 GWh — 12% — 2007 — 2012

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Management Environmental Sustainability Management System

The telecommunications industry generates low pollution, but we are aware that energy and resources consumed in the process of operation would still impact the environment. Therefore, we established sound management procedures and built environmental awareness, taking active initiatives that were good for the environment.

Environmental Management System

Our Southern Taiwan Business Group took the lead in integrating the environmental management system ISO 14001:2004 into the operation of the company in 2008. With good trial experiences in implementation, we decided to help each department with integration of the management system step by step. After the Mobile Business Group acquired their certificate in 2009, all of the business institutes that occupy more than 90% of the revenue of the company already acquired the ISO 14001.

While introducing the system, we emphasized the engagement of employees and cultivation of expertise. Take the Mobile Business Group for example. In 2009 with active participation of all of the employees, there were more than 200 people that received the training of ISO 14001; a total of 4 internal promotions were held, and participating employees accounted for more than 300 person-times. Besides, 138 employees were awarded the certificates of "Implementing an ISO 14001 Environmental Management System" and 127 employees were awarded qualified "Internal Auditors." With the back-up of complete knowledge and experts, we can take proper and correct actions.

Water Resources Managment

Global climate change has a lot to do with water resources. Noting the change in the extreme weather, we started to include water resouces into the management. Besides including leakage into the detection function in the products, we also include the water consumption of the company into the environmental sustainability management system, manging and analyzing with the informationalized interface. We also continue to promote water-saving practices such as recycling and reuse of the rainfall and household wastewater.

Recycling of the Rainfall

In order to provide good-quality connection along the coastline, we set up facilities upon the He-Tien Hill in Hualien. To solve problems with air conditioning of switching offices and water for daily use, we collect rain in the most natural way: filters are installed in rain drainage in the buildings; storage tanks were digged out underground for use during maintenance.

An Overview of Environmental Impacts

INPUT

Electricity ■ MWh ■ Eco-Efficiency Ratio

| 2007	2008	2009
1418.02	1453.6	1393.72
131.4	128.5	132
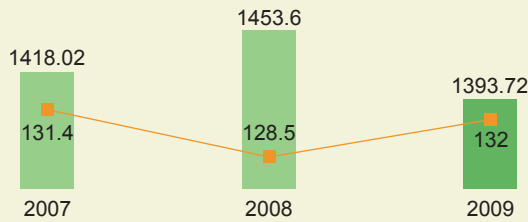
Note1: Electricity includes the electricity consumption of the introduced next-generation telecom facilities.
Note2: To provide good-quality services,12,473 sets of FTTx facilities were lately acquired,which slightly increased the overall electricity consumption.
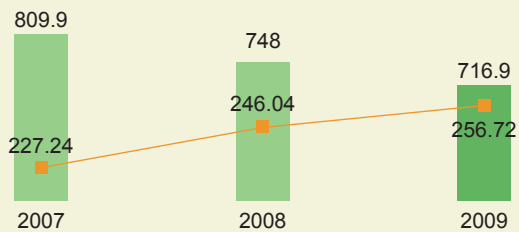Note3: Eco-Efficiency Ratio = revenue of 2009/ electricity consumption.

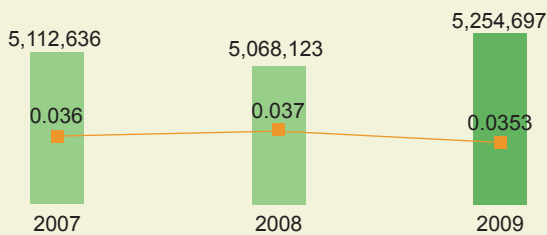**Petroleum** ■ 1m^3 ■ Eco-Efficiency Ratio

2007	2008	2009
6742.7	6607.8	6422.3
27.29	27.85	28.66
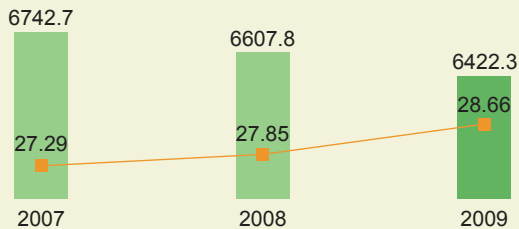
Note: Eco-Efficiency Ratio = revenue of 2009/ petroleum consumption.

Diesel fuel ■ 1m^3 ■ Eco-Efficiency Ratio

2007	2008	2009
809.9	748	716.9
227.24	246.04	256.72

Note: Eco-Efficiency Ratio = revenue of 2009/ diesel fuel consumption

Energy Consumption ■ GJ ■ Eco-Efficiency Ratio
(Electricity + Fuel)

2007	2008	2009
5,112,636	5,068,123	5,254,697
0.036	0.037	0.0353

Note1: Total energy consumption (GJ) calorific value= total electricity consumption (GJ) calorific value + total fuel consumption (GJ) carlorific value
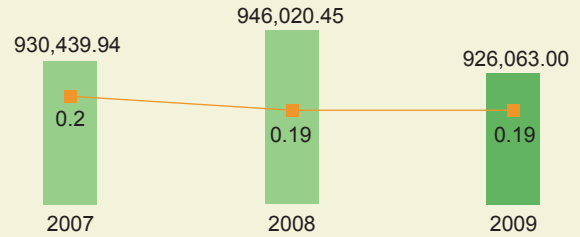Note2: Eco-Efficiency Ratio= revenue of 2009 / energy consumption

Water Consumption ■ 1000m^3 ■ Eco-Efficiency Ratio

2007	2008	2009
2,431.00	2,378.00	2,762.80
76.6	75.5	67.9
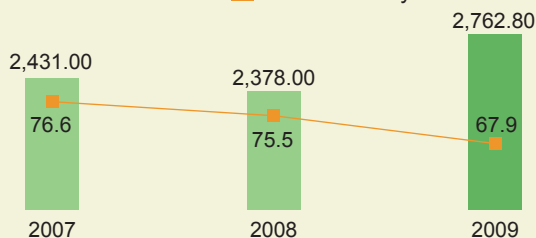
Note: Eco-Efficiency Ratio = revenue of 2009 / water consumption

OUTPUT

GHG emissions ■ t/CO2e ■ Eco-Efficiency Ratio

2007	2008	2009
930,439.94	946,020.45	926,063.00
0.2	0.19	0.19

Note1: GHG emissions of year 2009 will be verified in 2010.
Note2: Eco-Efficiency Ratio= revenue of 2009 / GHG emissions

Waste ■ tons ■ Eco-Efficiency Ratio

2007	2008	2009
10,295.00	7,917.00	5,372.00
18.1	23.6	34.3
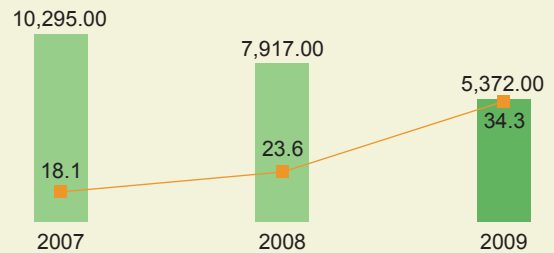
Note: Eco-Efficiency Ratio revenue of 2009 / amount of waste

Amount of Recycled Mixed Hardware

Types	2007	2008	2009
Battery (uni)	3,315	3,006	5,867
General cables (metric tons)	5,018	3,219	3,267
Waste hardware (metric tons)	1,137	875	855
Jelly filled cables (metric tons)	825	817	460

Note: Batteries should only be discarded if they are no longer usable after five years of use. The number of recycled batteries is associated with the amount of construction that year, and does not serve as a performance indicator.

Number of the Recycled from Internet Customers

Types	2008	2009
ATU-R (uni)	380,213	695,999
VTU-R (uni)	57,735	145,394
MOD-ST (uni)	129,084	210,295

Note: ATU-R stands for ADSL Transceiver Unit, remote terminal end. VTU-R is short for VDSL Transceiver Unit Remote.

Address Telecom Green Buildings Action

Chunghwa Telecom has more than 1,800 operation offices across Taiwan. We hope that by effectively increasing the energy efficiency of buildings, we will reduce the operational costs, enhance the production power of employees, and reach the energy-saving targets.

Increasing the Energy Efficiency in Buildings

In 2009, we started to focus on increasing the energy efficiency of construciton like office buildings. Setting targets in creating zero energy consumption to minimize environmental impacts, we tried different solutions and deployed actions to increase the energy efficiency of buildings by improving systems, constructing green buildings, and adopting the innovative behavior management, and etc.

The Energy Saving Auditorium

In 2009, making "environmental protection and energy-saving" as the theme, we renovated the outlook platform and skylight in the auditorium of the Chunghwa Telecom Laboratories. With the energy-saving design, the auditorium can cut approximately 5,760 kWh of electricity per year, which saves about NT$20,000 and reduces GHG emissions by 4000 kg. Even though the direct effects are limited, the message of energy saving for users of the auditorium will perform multiplying effects. This renovation project received positive feedback from the Environmental Protection Administration, and the auditorium was designated as the venue for the "2009 Corporate Environmental Protection Award" Seminar.

The Ecologically Engineered Switching Office

One of the switching offices of Chunghwa Telecom is located in Mt. JiJida in Jhongliao Township, Nantou County. It is a nexus of telecommunications in the central Taiwan area. In September 2008, Typhoon Sinlaku stroke Taiwan with violent rain, collapsing the retaining wall of the office and breaking the road by the down slope. We immediately took emergency actions to ensure the safety of the office, and decided to adopt the ecological engineering method to rebuild the retaining wall on the slope. Meanwhile, we engaged factors such as greening and integration of views in the reconstruction of permanent retaining walls. This construction work was completed in June 2009, and it successfully passed the test of Typhoon Morakot.

Pledging to the Manifesto of "Energy Efficiency in Buidlings"

In 2009, as a Taiwanese member company, we pledged to the "Manifesto for Energy Efficiency in Buildings" initiated by the World Business Coucil for Sustainable Developmet (WBCSD). We will voluntarily put the manifesto into practice.

Response to the Manifesto for Energy Efficiency in Buildings	
WBCSD Manifesto for Energy Efficiency in Buildings	Chunghwa Telecom's responding actions
● To create a baseline of the company's commercial buildings and set time-based energy and/or CO2 reduction targets in line with transformative change.	● We already disclosed our preliminary target of carbon management in the 2008 CSR repor: GHG emissions in 2013 would be mitigated to the level of 2008. We also set targets in reducing the energy consumption.
● To publish a company policy for minimum energy performance levels in the company's commercial buildings.	● The chapter of environmental sustainability in the CSR report clearly discloses our carbon management policy. Currently we are promoting the assessment of enengy efficiency in buildings and improvement projects.
● To define and carry out the company's audit program and implementation strategy to meet energy targets for its commercial buildings	● "The Evaluation on Energy Saving Performance" is conducted in each business group and operation office regularly; among all, the electricity use and energy conservation practices in the offices are included in the performance review.
● To publish annually buildings' energy use, CO2 emissions and progress against reduction targets, in the companies' respective CSR or other report.	● "GHG Emissions Inventory Projects" are conducted regularly every year. Meanwhile, through the "environmental sustainability management system," we can know well and disclose the situation of CO2 emissions.
● To further promote building energy efficiency among suppliers, employees, and other stakeholders through advocacy, marketing activity, R&D, education and training.	● Regular activities include "Energy-saving training," publication of "energy saving brochures," as well as promotion posters and slogans for enengy saving of buildings. ● Energy-saving practices and experiences are shared on the CHT interactive platform ● Consumers are encouraged to use electronic bills and others. ● "The Evaluation on Energy Saving Performance" and educational courses are conducted in each business group and operation office. ● It is planned that the concept of increasing energy efficiency will be communicated and promoted to suppliers since year 2010.

Address Green Procurement and Renewable Energy

Another advantage of Chunghwa Telecom of promoting environmental sustainability is that we budget for the procurement, so that we can promote development of the green industry as a customer. Besides, we take advantage of Chunghwa Telecom's buildings, actively developing and adopting renewable energy; therefore, we can ensure energy conservation, carbon reduction and provide continuous telecommunications services even during the power failure.

Green Procurement Benchmark

In 2009, the amount of our green procurement was NT$206 million. According to the Environmental Protection Administration, there were a total of 20 companies whose expenditure on green procurement exceeded NT$20 million. Consolidating all the branches, Chunghwa Telecom was ranked the first in the tertiary sector, and the third among all. All of Chunghwa Telecom's operation offices have signed the consent form of green procurement, actively participating in green procurement-related activities promoted by local governments. If the expenditure on green procurement was sorted by administrative districts, Taipei City with NT$109 million was the most, Taoyuan County with NT$27.84 million came the second, and Kaohsiung City with NT$20.22 million was the third.

We also actively responded to the green store policy promoted by the Environmental Protection Administration, becoming the first private company that joined the green stores as an employee cooperative, and encouraging employees to consider green products first. Our efforts won us positive feedback from the Taipei City Government as the benchmark of "private enterprises and organizations in green procurement," and as the promoting green store in "bettering marketing channels and procurement information of environmental products."

Expenditure on Environmental Protection

The total of the expenditure on environmental protection in 2009 was NT$468.5 million. We encouraged development of the green industry with tangible actions.

Amount of the Expenditure (Unit: billion NTD)	EN30
Categories	Amount
Decontamination	0.026
Scrap paper	0.002
Waste	0.07
CSRES	0.06
Sanitation	2.46
Green procurement	2.06
Treatement of discarded cemet electricity poles	0.007
Total	4.685

Solar Power Supply System

In 2009, we built the country's first solar power supply system that supplies power for cellphones, e-bulletin board, and telecommunications, and etc. The generated power not only can be supplied for facilities, but also serve as a support during power failure. The promise of "no power, but you can still call" is fulfilled. In order to increase the management efficiency, our solar power supply system has a visualized interface that enables the superintender to monitor daily solar radiation, the temperature of solar panels, the temperature, output electricity, warnings and etc. immediately online. Both the Fangshan switching office of the International Business Group as well as the Hueilai Switching Office of the Southern Business Group won "2009 Golden Sun Shooter Award—excellent demonstration of solar power applications."

We have established 20 sets of "the solar power supply system," whose total capacity was 92.7kWp and 128 sets of the solar water heater, whose toal area of the heating modules were 483.52㎡. With devices of solar power supply system and other energy-saving designs, we can have effects on energy conservation in switching offices and buildings.

Responsible Management

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Response Environmental Protection Actions and Ethical Consumption

Chunghwa Telecom hopes to mitigate their environmental impacts together with the customers by encouraging its employees to take part in environmental protection activities and to decorate the office with plants. During the past three years, we have worked hard on promoting integration of bills and e-bills, and effects have shown. In late 2008, we started to promote the recycling of cellphones, and through the cooperation with a subsidiary company Senao International Co., Ltd., we have recycled approximately 40,000 waste cellphones.

Coastal Cleanup on Earth Day

On the eve of 2009 Earth Day, Chunghwa Teleocm initiated a series of beach cleaning activities, protecting the seashore from the north to the south. In the north, Mr. Siao-Tung Chang, the General Manager, led 250 people, consisiting of employees and their families from the Headquaters and Shilin Operation Office. They cleaned the beach along the Shitsao Coast in Laomay Village, Shihmen Township, Taipei County. In the Taoyuan, Hsinchuh and Miaoli district, the Telecom Laboratoies joined the Coast Guard Administration, Executive Yuan in the spring beach cleaning activity in the Yong An Snow Forest in Sinwu Township, Taoyuan County. The Hsinchu Operation Office took part in the beach cleaning activities along the Ciding coast. The Tainan Operation Office participated in the beach cleaning activities held by the Environmental Protection Bureau, Tainan City. To show the commitment to protecting the environment with energy-saving practices, on the day of April 22, the light was turned off in all of the offices for an hour at noon.

The Clean Neighborhood Actions

We actively engaged ourselves in the EPA-promoted corporate action plan "the Clean Neighborhood," working together on cleaing the neighborhood and commiting ourselves to environmental protection in the community. In January 2009, the environmental volunteer service team was officially formed. Taking the responsibility of a big neighbor, employees are expected to be more concerned about their neighbors and communities and to maintain the quality of the environment spontaneously. With actions, we greatly increased the efficiency in cleaning and maintaining the sanitary of each community and were awarded "Clean Community Award" by the Environmental Protection Administraiton.

Bill Integration and Electronic Bills

To promote the integration of bills, we decided to start with the phone bills because they consumed the most paper. By the end of 2009, 86% of customers have already integrated their bills. This saves us 240 million pieces of paper per year, which is equal to saving 20,000 trees and a reduction of 4000 tons of CO_2 emission. To further our action in going paperless, we started the service of online billing in August 2005; customers can make online inquries, pay online, and analyze the bills online, and etc. By the end of 2009, e-bill has been provided for 2.83 million cellphone numbers. This saves 1.62 million pieces of paper, equal to saving 4,400 trees, and a reduction of 79 tons of CO_2 emissions.

Recycling Waste Mobile Telecommunicaion Products Project

Mobile telecommunications technology advances rapidly, and innovative products are always available in market. After waste mobile phones are recycled and treated, we can avoid the toxic substances contained in the waste ones to contaminate the envrionemnt in the process of incineration or landfill. Besides, some substances in the waste mobile phones can be reused, and we can reduce the consumption of the resources and energy on the Earth.

On December 30, 2008, we signed the "Memorandum for Collaboration on Recycling Waste Mobile Telecommunications Products" with the Environmental Protection Administration, Executive Yuan. Regardless of the brand and types, people can bring their waste mobile phones and accessories such as batteries, and rechargers to the 319 service centers and 210 stores of the Senao International Co., Ltd, a subsidiary company of the Chunghwa Telecom. In 2009, we recycled 39,807 waste mobile phones; 19,120 kg of batteries and accessories. This is the most effective mobile phone recycling project across Taiwan.
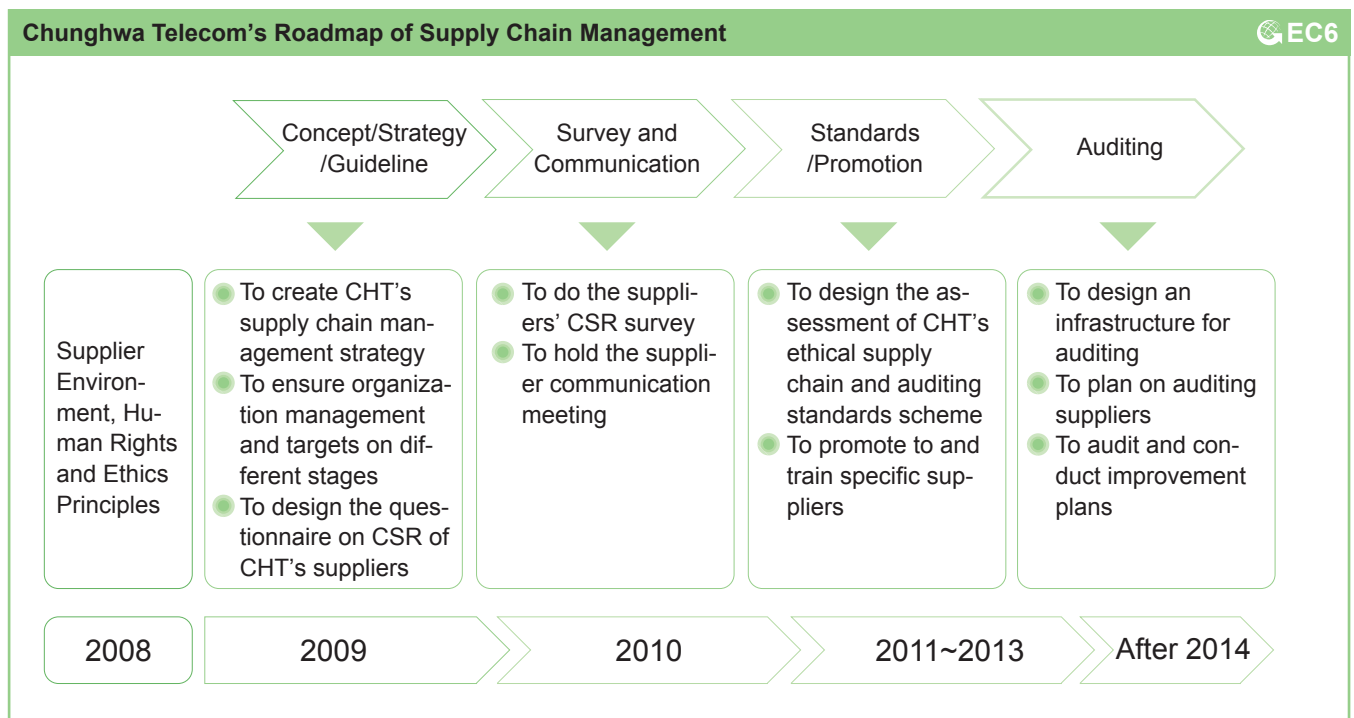
Target

Ethical Supply Chain Management in the Telecommunications Industry

> Chunghwa Telecom purchases products, services, constructions from domestic and international suppliers, which include Internet facilities, information facilities, cables, marketing and design, and the waste treatment. There are a great number of both purchases and suppliers, which also means that we are influential enough to influence our suppliers to take corporate social responsibility together.

Roadmap of Supply Chain Management

Chunghwa Telecom is the first company that made supply chain management policy in the domestic telecommunications industry. In 2008 we officially declared the "Supplier Environment, Human Rights and Ethics Principles." Besides asking suppliers to comply with domestic labor and environmental regulations on the basis of the procurement requirements, we called on the three main departments-the internet, the supply, and the administrative management- to complete the questionnaire "Survey on Chunghwa Telecom's Supplier Corporate Social Responsibility" based on the "Electronics-Tool for Accountable Supply Chains" (E-TASC) developed by the Global e-Sustainability Initiative GeSI in 2009. Permitted by the CSR committee, the "Chunghwa Telecom Ethical Supply Chain Management" action was officially launched.

Since 2010, starting with suppliers that we have a big portion of procurement from and that are influential to the society and environment, we will send questionnaires and hold a suppliers' general meeting. In addition to understanding our suppliers' current CSR performance (labor rights and environment in particular), we would like to let suppliers understand our CSR strategy and practices by communicating and interacting with them. Through our influence, we hope to deepen the roots of CSR in Taiwan.

Chunghwa Telecom's Roadmap of Supply Chain Management — EC6

Concept/Strategy /Guideline	Survey and Communication	Standards /Promotion	Auditing
• To create CHT's supply chain management strategy • To ensure organization management and targets on different stages • To design the questionnaire on CSR of CHT's suppliers	• To do the suppliers' CSR survey • To hold the supplier communication meeting	• To design the assessment of CHT's ethical supply chain and auditing standards scheme • To promote to and train specific suppliers	• To design an infrastructure for auditing • To plan on auditing suppliers • To audit and conduct improvement plans

Supplier Environment, Human Rights and Ethics Principles

| 2008 | 2009 | 2010 | 2011~2013 | After 2014 |

貼心
Inside

CHT conducted the second online employee CSR survey in 2009 to learn more about employees' CSR expectations. CHT also launched a number of convenient value-added services to strengthen the link between our service offerings and our customers' lifestyle as well as well as increase our potential market.

Thanks to a corporate philosophy of emphasizing inspiring service, CHT has long been the voted the best telecommunications brand by consumers. Many top minds also name CHT as their dream employer. The new orange, green and blue corporate identity system embodies the new image shining forth from within.

Employee Care

Stakeholder

Employees, Dependents

Voices | The pride in being a CHT employee comes from social acceptance.

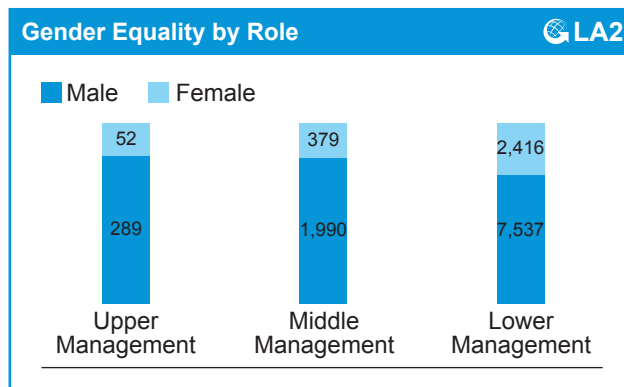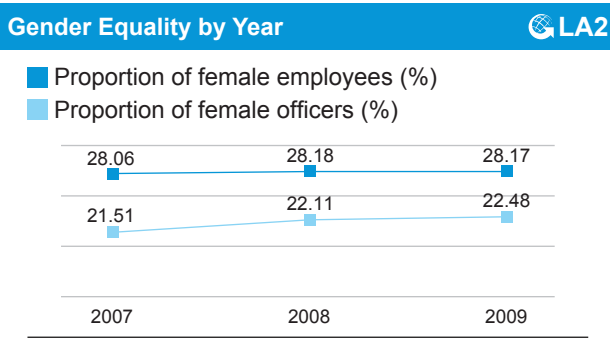**Commitment** | Continue to be the most desirable employer for people from different

Index Category		2009 Commitment	2009 Performance	2010 Target	Page
Compliant Index	Physically and Mentally Disabled Citizens Protection Act	Compliance required	In compliance ✓	Continued compliance	P42
Compliant Index	UN Global Compact	Compliance required	In compliance ✓	Continued compliance	P43
Compliant Index	Incorporation of the two international human rights conventions into domestic law	Compliance required	In compliance ✓	Continued compliance	P43
Compliant Index	Labor Union Act	Compliance required	In compliance ✓	Continued compliance	P43
Compliant Index	Voluntary Service Act	Compliance required	In compliance ✓	Continued compliance	P47
Management Index	Proportion of women officers (%)	Must increase	22.48 ✓	Continue to increase	P42
Management Index	Employment of the handicapped	Must increase	709 ✓	Continue to increase	P42
Management Index	Unpaid parental leave applications (persons)	Must increase	55 ✓	Continue to increase	P45
Management Index	Corporate volunteer service (hours)	Set indicators	41,979 ✓	Continue to increase	P47
Benchmark Index	Only telco to have a company union and sign a collective bargaining agreement employees	Must realize	In compliance ✓	Must maintain	P43
Awards won	● "Healthy Workplace Self Accreditation-Health Promotion Mark(Department of Health, Executive Yuan) ● "Health Management Award" (Bureau of Health Promotion, Department of Health, Executive Yuan) ● "Health Excellence Award" (Taipei City Government)				

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Management Diversity

We respect the differences of our employees and help them balance their career with family life. Employee recruitment is principally through open examinations with no gender restrictions on roles and assignments. To provide disadvantaged groups with more employment opportunities we offer bonus points for people with physical/mental handicaps or from indigenous groups. Once employed, employees performing the same work receive the same salary with no differences due to gender, age, ethnicity or religion.

Equal Opportunity

CHT employed a total of 24,668 people in 2009. The employee turnover rate was 1.27% with 313 separations and 434 new recruits. We employed a total of 6,950 women, or 28.17% of our total workforce. We have issued the "Guidelines for Prevention for Prevention and Reporting of Sexual Harassment" in accordance with the Gender Equality in Employment Act though no related complaints were received in 2009. There has been little change in the proportion of female employees over the last three years though the proportion of female officers has increased slightly up to 22.48% in 2009.

Gender Equality by Year · LA2

Proportion of female employees (%)
Proportion of female officers (%)

	2007	2008	2009
Female employees	28.06	28.18	28.17
Female officers	21.51	22.11	22.48

Gender Equality by Role · LA2

Male · Female

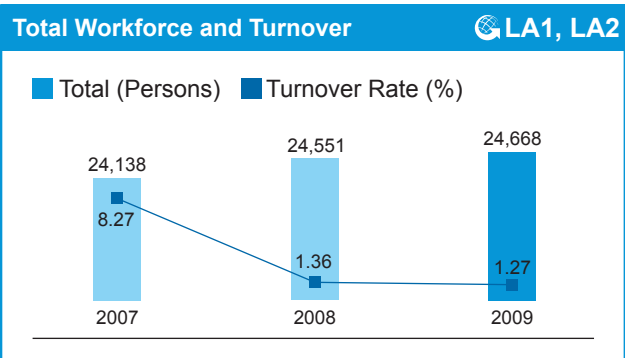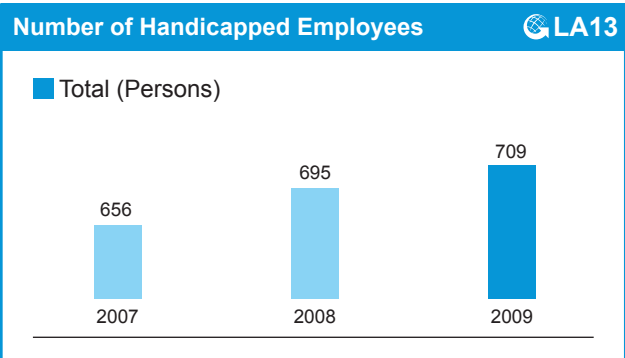|	Upper Management	Middle Management	Lower Management
Female	52	379	2,416
Male	289	1,990	7,537

Support for Handicapped

In 2009 we employed a total of 709 physically or mentally handicapped people. This represents 2.87% of our total workforce and is 3.1 times the statutory minimum, demonstrating our commitment to good corporate citizenship.

Respect for Indigenous Rights

The indigenous peoples enrich the cultural diversity of Taiwan. CHT employs 50 people from indigenous backgrounds and we fully respect their different cultural customs.

People with Disabilities Rights Protection Act

- Article 38, Paragraph 2 of the People with Disabilities Rights Protection Act stipulates: "Any private business organization…. Shall employ people with disabilities with capacity to work and the number of employees with disabilities shall be no less than 1 percent of the total number of employees."

Number of Handicapped Employees · LA13

Total (Persons)

2007	2008	2009
656	695	709

Total Workforce and Turnover · LA1, LA2

Total (Persons) · Turnover Rate (%)

	2007	2008	2009
Total (Persons)	24,138	24,551	24,668
Turnover Rate (%)	8.27	1.36	1.27

Management Human Rights and Labor Relations

CHT is dedicated to maintaining harmony in labor relations. We also uphold the spirit of international human rights conventions such as the Universal Declaration of Human Rights and the International Labor Organization Conventions by forbidding discrimination in any form, coerced labor and the use of child labor.

Human Rights and Anti-corruption

We join other large international enterprises in embracing the ten general principles of the United Nations Global Compact, and oppose corruption and bribery in any form. We will not make any political contributions other than the payment of legal taxes.

In support of the UN International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights being incorporated into domestic law in December 2009, CHT will work to increase employee awareness on human rights to ensure that CHT employees, customers, suppliers, investors and local communities are all treated with respect and fairness.

UN Global Compact

- The Global Compact is a CSR declaration launched in 2000 by the United Nations. The Compact sets out behavioral guidelines for enterprises in human rights, labor standards and the environment.

  In human rights, the Global Compact asks businesses to respect and uphold the international conventions on human rights and to not take part in ignoring or violating human rights under any circumstances. In labor standards, the Global Compact calls on businesses to respect the freedom of association, acknowledge labor's right to collective bargaining, eliminate all forms of coerced labor, stop the use of child labor and eliminate any discrimination in employment.

International Convention as Domestic Law

- On December 10, 2009, the Government announced that the N International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights have been incorporated into domestic legislation. Under the new laws, CHT will continue to promote positive contribution to human rights through business activities and reducing their negative impact.

Labor Relations

CHT is the only telecommunications operator in Taiwan to have set up a company union and signed a collective bargaining agreement with employees. Apart from conforming to stringent local and overseas regulations, it also demonstrates our commitment to protecting the rights of our employees. The collective bargaining agreement not only guarantee employees' right to make suggestions, submit complaints and join a trade union, but also require a labor relations meeting to be convened every 3 months by management and worker representatives at the head office and regional branches. Extraordinary labor relations meetings may also be held as necessary and workers' representatives may attend meetings on personnel evaluations, performance reviews and business reports. A directorship on the CHT Board is also reserved for workers' representatives in accordance with the resolution passed by the Legislative Yuan on June 6, 2003, enabling labor participation in Board affairs. In 2009, up to 99.3% of all CHT employees were union members.

CHT's President and CEO frequently meet or talk with the president, directors and auditors from the union to ensure a clear line of communications between the employer and labor. A total of six national labor relations meetings and two extraordinary meetings were held in 2009, with consensus achieved on several related issues. 13 negotiations on labor relations (performance review and the issuing of performance bonuses) were also convened and a conclusion reached, effectively enhancing harmony in labor relations.

The starting salary for all new employees is set above the minimum wage required by law. Affected units and personnel are also notified in advance of organizational restructuring or transfers and assignments updated as necessary. The above measures all serve to enhance harmony in labor relations.

For exceptional contract employees working in customer service or operations support, we have a program in place to offer them full-time employment. The program is our way of taking care of local contract workers at our regional branches.

Labor Union Act

- Article 6: "An industrial union or craft union shall be organized in accordance with law, which workers of full 20 years of age, of the same industry in the same area or in the factory or workshop, or in the same area and in the craft, exceed the number of thirty."
- Article 12: "All male and female workers within the jurisdictional area of a labor union who have attained full 16 years of age, shall have the right and obligation to join and become a member of the labor union for industry or craft in which they are engaged; provided, that those who have joined an industrial union may be allowed not to join a craft union".

Management Recruitment and Training

> The global financial crisis of 2008 continued to make its presence felt in 2009. At CHT, we lived up to our commitment of "no retrenchments, no salary cuts and no unpaid leave" so employees can continue to focus on their work. In 2009, we invested 3.1% of our annual revenues in personnel development and employee education. Average spending on employee training has remained steady despite the global financial crisis.

Increasing Employment

In 2009, CHT continued to offer increased employment opportunities to help reduce unemployment and recruited 434 new employees through competitive examination. Due to our strategy of diversification and support of government initiatives in the six emerging industries of green energy, biotechnology, healthcare, boutique agriculture, tourism and creative culture, we have embraced employee incentive training programs to develop and retain the next generation of telecommunications expertise.

Performance Review

CHT has established a comprehensive performance review system that standardizes performance reviews for employees at all levels.

We also ensure that every employee can discuss every part of their performance directly with their supervisor. All managers are required to conduct face-to-face interviews throughout the review process. By helping employees understand their expected roles and responsibilities as well as provide guidance on career planning, the system helps to boost employee morale and organizational loyalty.

CSR Review for Executives

To ensure that CSR strategy and business strategy complement each other at CHT, performance reviews for executives look at not only traditional financial indicators but also take into consideration their response to stakeholder opinions, realization of environmental management targets and improvement of CHT's charitable image.

Education & Training Related Regulations 📄

- Chunghwa Telecom Guidelines for Employees Studying at University or College (including Graduate School)
- Chunghwa Telecom Management Development Guidelines

Telecom Training Institute

The Telecom Training Institute (TTI) organizes competency training courses each year to systematically train employees on core networking technologies, access network technologies, mobile communications technologies, value-added services, information technology, business management, operations management and human resources management.

To enhance the capability of the management team, the TTI also hosts regular leadership training courses and training for exceptional managers assigned to re-investment subsidiaries as executives or shareholder representatives.

In 2009, a total of 1.92 million hours of actual employee training were conducted through physical classes and distance education at a total cost of $661.36 Billion.

Elite Development Partnership

In addition to internal training, CHT also partners with respected outside educational institutions to cultivate expertise in telecommunications technology and boost our industrial competitiveness. In 2008, the TTI partnered with the National Taiwan University to host the "Advanced Telecommunications Network Technologies" program. The 4-semester program consists of 50 places and has been very successful in giving students a solid grounding telecommunications network theory. We also encourage general employees to embrace lifelong learning with education subsidies of up to $30,000 per semester. In 2009 a total of 1,142 employees applied for in-service education subsidies and total spending amounted to NT$16,530,000.

| Employee Education & Training			🌐 LA10
	2007	2008	2009
Total Training Costs (NTD)	616,673,532	659,309,528	661,362,885
Training Cost per Person (NTD)	25,549	26,855	26,819
Total Hours of Training (Hours)	2,023,112	2,190,419	1,927,751
Training Hours per Person (Hours)	84	89	78

Address Balancing Work and Lifestyle

CHT led the industry in implementing unpaid parental leave in 2006 to help employees balance their work and lifestyle. We also provide healthcare superior to statutory requirements. CHT's network of "CHT Te-Lodgings" throughout Taiwan offer employees a great option of travel and recreation. The many energy-saving measures implemented at Te-lodgings also demonstrate our efforts in environmental protection.

Balancing Work and Family

The Taiwanese society will increasingly feel the impact of an aging population and decreasing birth-rate in the future. To encourage employees to embrace their responsibilities as parents as well as balance their work and family, CHT introduced unpaid parental leave in July 2006, with employees on unpaid parental leave entitled to receive a parenting subsidy equivalent to half of their insured salary for up to two years. Other benefits include family leave, paternity leave, menstrual leave and nursing rooms. In 2009 there were 155 applications for maternity leave, 55 applications for unpaid parental leave and 53 applications for parenting subsidy.

Employee Applications for Parenting Subsidy

- 2008
- 2009

	Maternity leave applications	Unpaid parental leave applications	Parenting subsidy
2008	125	52	49
2009	155	55	53
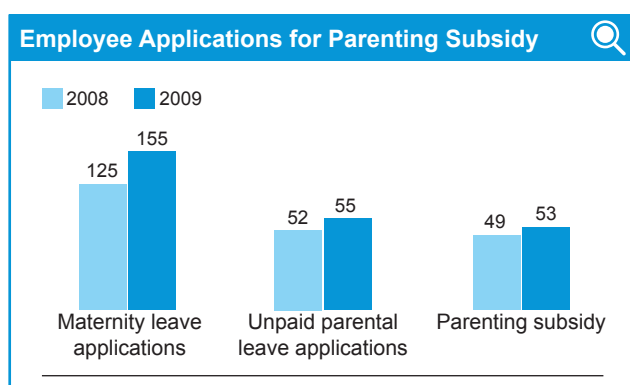
Note: The number of applications for unpaid parental leave is higher than the number of applications for parenting subsidy because the latter is only available to women.

Health Benefits

CHT offers healthcare that exceeds statutory requirements and all employees are eligible for a free health checkup once a year. In 2009, we hosted 230 health workshops as well as 32 physical competitions and 111 excursions to improve employee fitness and introduce them to the beauty of Taiwan. The Employee Assistance Program (EAP) is also continuing to provide employees with one-to-one consultation on mental, legal, financial, medical, work and lifestyle issues. Total cost of employee healthcare amounted to 0.15% of annual revenues.

CHT Te-Lodgings

CHT encourages employees to spend time outdoors and enjoy nature. Unused dormitories around Taiwan have been refurbished into the "CHT Te-lodgings" managed on a part-time, semi-self service basis by CHT employees. The Te-lodgings feature many green initiatives such as unified purchasing of supplies, solar powered water heater and bicycle rental. The Te-Lodgings also promote environmental friendly travel. There are now 29 Te-lodgings throughout Taiwan with a total of 460 rooms.

Employee Health Checkup LA7, LA8	2007	2008	2009
Employees that underwent health checkup (Persons)	23,378	24,018	23,924
Proportion of employees that underwent health checkup (%)	97.08	98.09	98.03
Total cost of employee health checkups (NTD)	38,734,376	39,851,601	67,978,876
Rate of occupational hazard per thousand employees (%)	1.33	1.06	1.09

Response Health, Safety and Retirement Protection

CHT emphasizes safety in the workplace and has continued to implement various occupational safety & health management systems over the years. We pay particular attention to employee retirement entitlements for their peace of mind.

OSH Management System

CHT regularly monitors OSH performance and the safety of work-related equipment t o provide employees with a safe and healthy workplace. IN 2009 the total damage & injury index was 0.14 (Note).

Our OSH management system is externally audited to ensure "standard" and "systemic" management of employee safety and health as well increase the quality and safety of our operations. In addition to the international OHSAS 18001 occupational safety & health system certification, the Council for Labor Affairs unveiled in 2007 the Taiwan Occupational Safety Health Management System (TOSHMS) based on both "overseas certification" and "domestic compliance".

As of the end of 2009, 33 CHT units have passed OHSAS 18001 certification with 23 of these also achieving TOSHMS certification.

Note: Frequency-Severity Indicator =

$$\sqrt{\text{(Rate of disabling injuries*severity of disabling injuries)}/1000}$$

Occupational Injury			LA7
	2007	2008	2009
Occupational injuries and deaths (%)	0.71	0.89	0.56
Death in line of duty (Persons)	6	8	6

Note: Injury Frequency Rate (FR) = No. of disabling injuries * 10^6 / Total work hours

H1N1 Response

H1N1 attracted widespread attention around the world in 2009. As the vectors and symptoms of H1N1 are similar to influenza, precautionary management measures were adopted by CHT.

Pension Fund

Retirements are processed in accordance with the Employee Retirement Pension and Separation Guidelines, the Labor Standards Act and the Labor Pension Act. The maximum pension contribution (15%) is paid into employees' pension funds each month to ensure that employees are properly provided for.

Lifelong Learning for Retired Employees

In 2009 CHT donated $4.5 Million to the CHT Retirement Association to improve the care of retired employees. A dedicated website (http://www.chtr.org.tw/) has also been established to promote healthcare and lifelong learning among retirees.

Target Corporate Volunteering

Corporate volunteering is an extension of CSR. To encourage our employees to be proactive in giving back to the community, volunteer leave is now officially recognized in the personnel system. Flexible volunteering options as well as free and professional volunteer training effectively enhance the contribution to society made by corporate volunteers.

Volunteer Service Act

To realize the ideal of working together for a civil society, CHT released Taiwan's first ever corporate volunteer service guidelines and service plan on November 30 in 2007. The plan encourages employees to participate in volunteer service and a comprehensive management scheme will be gradually developed.

Volunteer Training Program

To ensure the safety and health of corporate volunteers as well as protect the rights of service recipients, CHT offers special training in addition to the basic statutory requirements to maximize volunteer contributions and raise the standard of service. A total of 6,692 hours of volunteer training (including both basic and special training) were completed in 2009.

Corporate Volunteer Service

As of the end of 2009, 892 CHT employees (3.72% of the total workforce) have completed statutory volunteer training and received the national "Volunteer Service Logbook". CHT has drawn upon both corporate and social resources to organize a variety of different charity activities, contributing a total of 41,979 hours of corporate volunteer service in 2009.

Volunteer Service Act

- Article 7 (Implementation of service plan)
  Voluntary service utilization units shall utilize volunteers in accordance with voluntary service plans.
  Voluntary service plans, as referred to in the precedent Paragraph, shall cover volunteer personnel recruitment, training, management, utilization, guidance, evaluation and service scopes.

- Article 9 (Volunteer education & training)
  In order to enhance the quality of voluntary service, and safeguard the rights and interests of service recipients, voluntary service utilization units shall provide the following training to volunteers:
  (1) Basic training
  (2) Special training

Paid Volunteer Leave

The current volunteer leave system provides each employee with a set amount of volunteer leave each year.

As CHT employees over 20,000 people throughout Taiwan, if every employee makes full use of their volunteer leave we can provide community groups with a huge source of manpower and contribute to the development of the civil society in Taiwan.

Employee Participation Survey

We encourage employees to participate in charity activities to enrich their life experience. To learn about employee preferences on volunteer activities an internal online survey was carried out. The results showed that employee preferences in volunteering were as follow:
- Helping students in remote rural regions with e-learning and computer repairs (22.94%)
- Participation in eco-conservation activities (20.08%)
- Community relations building (19.95%)

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Responsible Management
Value Integration
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Digital Opportunities
Social Philanthropy

Inspiring Service

Stakeholder

Customers, Community Organizations

Voices | Inspiring service comes from an experience that "exceeds my expectations"

Commitment | Continue to be the consumers' most trusted telecommunications brand

Index Category		2009 Commitment	2009 Performance	2010 Target	Page
Management Index	Customer Satisfaction: General Consumers (Scored out of 5)	Improvement needed	3.73 ✓	Continued improvement	P51

Awards won

- "Professional Medal and Certificate" - Ministry of Transportation and Communications
- "The Benchmark Enterprise with Best Reputation – First Place in Telecom Services" – CommonWealth Magazine
- "Taiwan Conscience Enterprises – 1st Place in the Service Industry" – 1111 Job Bank
- "The Ideal Brand Award – 1st Place in the Telecom Brands category" – Business Today Magazine
- "6th Service Awards – 1st Place in Mobile / Fixed Communications (emome)" – Next Magazine
- "5th Service Awards – 3rd Place in Mobile / Fixed Communications (HiNet) – Next Magazine
- "Ideal Consumer Brand in Taiwan – 1st Place in the Mobile Phone System & Data Network Services (ADSL) category" – Management Magazine
- "Fixed Broadband Service Provider of the Year Award" – Frost & Sullivan Asia Pacific ICT Awards

Management Brand Management and Product Promotion

> "Chunghwa Telecom" has always represented high quality, dependable and localized services. We are always thinking about how brand management can be used to make the best use of existing resources, differentiate ourselves from our competitors and continuing to track customer requirements. In addition to provide high quality telecommunications products/services, we also strive to help our customers make use of telecommunications products/services in a more efficient manner.

Brand Management Strategy

The General Manager of CHT is also the Brand Manager in charge of supervising the creation, management and modification of all CHT brands. The Brand Manager also communicates with the deputy brand manager of each business group through the CSR committee. The role of deputy brand managers is undertaken by the deputy general managers of each business division. Their responsibility is to carry out the overall corporate brand strategy as well as promoting their brands in their own way to the extent of their authority.

"Chunghwa Telecom" is the byword for absolute dependability in Taiwan. We have therefore adopted a supportive brand framework where all secondary brands are semantically or visually linked to CHT.

We have also adopted a variety of performance indicators including market/product penetration, customer loyalty/satisfaction, brand value, employee and recruitment/retention to measure brand's influence on long-term development.

CSR Brand Development

CHT does not want to be just a "green" brand but also to be the No. 1 "Telecom CSR" brand in Taiwan. CSR is a key strategy in all of our activities as it helps to boost customer acceptance, preference and loyalty. CSR can also enhance employee loyalty, creating a positive feedback cycle. For this reason, the General Manager (Brand Manager) regularly meets with executives in charge of CSR strategy and development to discuss how business strategy and CSR strategy can complement each other.

Framework of the Brand Management
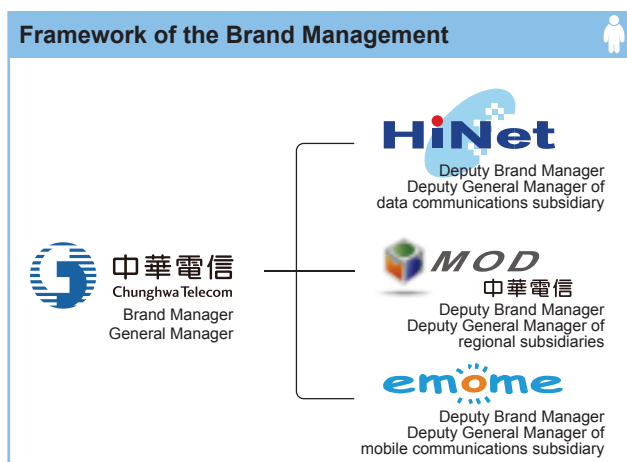
High Quality Product/Services

It has always been our strategy to provide high quality products/services. In terms of the actual products and services, we passed the 3G mobile telephony service quality survey conducted by the NCC in 2009. The results of quality testing from CHT's data access network are also reported to the NCC on a monthly basis. The key performance indicators are as listed below and our performance has consistently exceeded the standards defined by the NCC.

We are also continuing to strengthen our relationship with channel partners to provide our customers with better quality service.

Key Performance Indicators for the Telecommunications Service Industry PR5			
Item	NCC Standard	Actual CHT Performance	Period
Local Call Connection Rate	≥ 95.6%	99.99%	2007.7.1-2008.6.30
Mobile Phone Interruption Rate	≤ 3%	0.49%	2009.2.1-2009.4.30
Packet Loss Rate for Digital Communications	≤ 3%	0.0005%	2008.7.1-2009.6.30

Note: Local Call connection Rate Survey was not conducted by NCC in 2009.

Free Customer Education

As the leader of the Taiwanese telecom industry, it is the responsibility of the CHT to educate consumers about using telecom equipment/services in an efficient way. To help smartphone customers make the most effective use of their mobile phones, we set up nine types of free Dr. mPro training courses on basic mobile phone usage and configuration, advanced and special features, mPro mobile briefcase and introduction to the Hami service. A total of 459 classes were taught with 7,979 students.

Management Customer Service

After all regional customer service centers were consolidated under the Customer Service Department in 2007, CHT immediately began introducing international training and certification for customer service management in an effort. The move was intended to build the customer service team's consensus on improving the quality of service and meet international customer service benchmarks. Professional certification training such as AQF (Australian Qualification Framework)) customer service management & management, customer communications and skill development were introduced in 2008. In 2009, the APCSC (Asia Pacific Customer Service Consortium Customer Service Analyst and Auditor certification were introduced between 2009 and 2010. We also introduced process improvements for ISO 9001 certification and set up a mystery shopper scheme to carry out self-audits from a customer perspective. The push for constant improvement is aimed at providing customers with more attentive and better quality service.

Customer Service Quality Improvement

We are improving customer service quality by enhancing the collaboration between physical and virtual counters. By also setting up a coordination mechanism for handling complex cases, we can provide customers with a total service regardless of the customer type or service channel. Satisfaction surveys are also carried out at customer service centers on counters service, customer service hotlines and installation/repair services to improve the quality of service in a timely manner.

- Introduced "ON-site Customer Service Quality Survey" in customer service centers to check the overall service quality and verify the behavior of customer service representatives.

- Implemented the "Inspiring Service – Re-engineering Project" to establish a set of quality service standards, improve the quality of counter service and instill the values of quality service into our corporate culture.

- Completed "SGS Qualicert" international service quality certification for all branch counters to maintain a high standard of service.

- Implemented automatic monitoring of counter waiting times and queue lengths. When the number of customers in the queue exceeds a certain multiple of the available counters, the system automatically alerts the supervisor to assign more staff. Supervisors are also required to adopt management by walk about.

- Upgraded the computerization of transaction systems and counters to more efficiently process applications and streamline the application process.

Internet Support and Call Centers

For the customer convenience and the reduction of the travel time, we have expanded the scope of our service provided in the call centers and internet. For example, proof-of-payment can now be resent by just one click in the Internet support web site, and "HiNet KOD" can be applied through just one call to the call centers. This is not only more convenient for the customer but also more environmental friendly.

Enterprise Customers

- Customers with an account manager: An account manager is assigned to key customers and high value SMEs as their contact window. We also offer enterprise customers with custom integrated data and communications service to help them reduce operating costs.

- Customers without an account manager: We provided discount bundles for each branch to promote through telephone marketing and customer information sessions as necessary.

Reducing Contractor Turnover

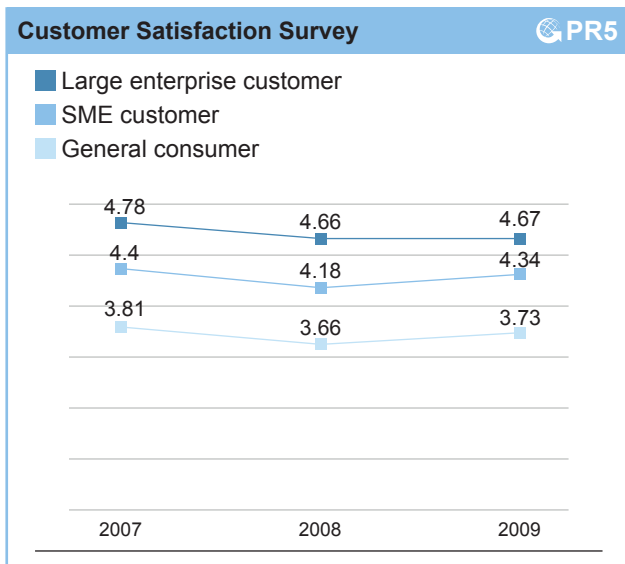We have significantly reduced contractor turnover to 0.75% from 3.34% through the consolidation of the outsourcing standards for regional customer service contractors, the effective evaluation of contractor performance, and the adoption of reasonable fixed-price selective tenders. Even more, our outsourcing contractors also explicitly require the contract to conform to the Labor Standards Act and the Labor Safety & Health Act.

Management Feedback

CHT values the opinion from every one of our customers and have set up an easy to use customer feedback mechanism that is available all year round. CHT also commissions customer satisfaction surveys from market research firms each year to identify customer issues and expectations.

Customer Feedback Mechanism

The opinions of our customers are important to us and CHT has a 24-hour service window in place that customers can use to send us their feedback online, over the phone or through e-mails. We have also set up a CPS (Customer Opinion Process System) to pass customer feedback (including complaints, praise and suggestions) directly to the relevant technical/service (e.g. line maintenance, product design/marketing, accounting), risk management and public relations departments for response. The feedback is reviewed every month with customer service at a meeting chaired by the deputy general manager of the product subsidiary.

Customer Satisfaction Survey　　PR5

- ■ Large enterprise customer
- ■ SME customer
- ■ General consumer

	2007	2008	2009
Large enterprise customer	4.78	4.66	4.67
SME customer	4.4	4.18	4.34
General consumer	3.81	3.66	3.73

Note: Satisfaction with each service is measured using the 5-point scale: Very satisfied, Satisfied, Average, Dissatisfied, These are represented by a score of 5, 4, 3, 2 and 1 respectively.

Customer Satisfaction Survey

To find out how satisfied customers are with our services and their perception of our corporate image, brand value, and quality of service, we have commissioned an external market research firm every year to survey the customer satisfaction of general consumers, SMEs, and large enterprise customers. The surveys are aimed at identifying the key issues and expectations in each service and provide a guide for our future development.

Key Performance Indicators for the Customer Service Hotline PR5	2007	2008	2009
Customer satisfaction	4.41	4.71	4.74
Percentage of calls answered within 20 seconds	79.1%	87.1%	82.61%
First call resolution rate	-----	96.7%	86.17%

Note: "First call resolution rate" refers to whether the customer service representative was able to provide a complete service "after just one call" by the customer.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Address Disaster Preparations

> The most touching moment for field technicians involved with emergency repairs for Typhoon Morakot was how "when people finally got through on the mobile phone, both sides started crying." When a hurricane strikes, CHT repair teams are immediately mobilized to restore communications to the disaster area. For the repair team, "restore communications first" and "accomplishing the mission" is the most important thing even if they have to bulldoze their way through or carry water pumps to flooded exchanges on a bamboo raft. The emergency repairs must also be carried out with zero accidents.

Maintaining Contact

Typhoon Morakot wreaked havoc on fixed networks and mobile phone base stations in parts of southern and central Taiwan. CHT immediately mobilized all available manpower and resources to make emergency repairs. The military was also called in to help transport technicians and satellite base station equipment by helicopter. Ultimately, a total of 43 sorties were flown, transporting 102 people, over 9,610 liters of fuel, 18 power generators and 8 sets of satellite communications equipment.

At the same four-wheel-drive satellite trucks carrying portable satellite antenna, base station equipment, diesel generators, fuel and repair technicians advanced deep into the disaster areas such as Pingtung County's Linbian Township, Taitung County's Dawu and Taimali Townships, Kaohsiung County's Namaxia Township, Jiaxiang Township, Taoyuan Township, Maolin Township as well as Baolai and Laonong in Liugui Township. The teams set up emergency satellite base stations and made emergency repairs to mobile phone base station. These efforts provide disaster rescue units and disaster victims with emergency communications that allowed them to "maintain contact".

Emergency Repair Principles for Telecommunications Networks

Emergency Repair Principles:
- Satellite phone to maintain contact
- Mobile has priority, fiber comes first
- Use both satellite and microwave communications
- Relays have priority followed by fixed lines
- Watch over the generators and protect the data centers
- Divide into areas of responsibility and launch all-out repairs

Priority is restoring communications

Disaster Preparations

Weather anomalies caused by climate change such as rising sea levels, drought and heavy rains will all affect the placement of telecom exchanges. Maintenance costs for telecom services will also increase significantly due to the added manpower required for emergency repairs and consumer compensation. For this reason, we stepped up our education and awareness efforts in 2009 in the hopes of forming a "bottom-up" innovation chain that will help each region adapt to problems caused by climate change.

CHT places a strong emphasis on disaster prevention and has emergency repairs teams standing by at all times to maintain communications in disaster areas. Our disaster prevention preparations include:

- Annual self-inspection in April each year the typhoon season.
- Typhoon defenses are inspected in May every year.
- Emergency repair supplies are checked to ensure an adequate inventory is on hand and regularly maintained.
- Emergency repair machinery are maintained by dedicated staff and regularly tested.
- Portable satellite phones are tested to ensure they are serviceable.
- Emergency repair teams organized and regular drills carried out.
- Equipment lists and maps are kept up to date so they can be quickly restored after a disaster.
- Redundancy is built into the design of switching and transmission nodes.
- Central monitoring system automatically manages primary and secondary backup circuits.
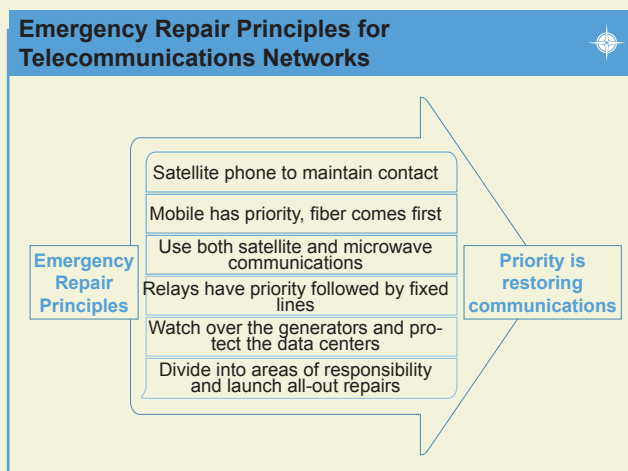
Emergency Mobile Communications Vehicle Fleet

Due to the lessons of Typhoon Morakot CHT not only upgraded existing disaster prevention and response mechanisms but also invested $45 million into building a fully computerized operations platform, five emergency repair vehicles with heavy cross-road capability, winches and snorkels, satellite communications equipment and 36 sets of portable generators. The move signaled our determination to ensure that communications will be restored and maintained during future disasters so losses can be reduced to a minimum.

Disaster Response Story 1

Time: 23:00, August 16.
Employee: Assistant Engineer LIN Zuo-teng

On August 16, the Linkou-Zhongzhou fiber-optic cable accidentally was severed by the Taiwan Water Company, interrupting fixed line, mobile and broadband communications to Chishan, Meinong, Liugui and Jiaxiang. Assistant Engineer Lin had already been carrying out emergency repairs for 8 straight days but he still immediately set out to meet with other CHT personnel. With the No. 21 Taiwan Highway half washed out and covered with mud, he nevertheless made a slow and thorough survey using just the car's headlights to find the break. Once he confirmed that all four fiber-optic cables were out of service Lin sent an emergency rerouting request. Communications was finally restored at 3:20AM on August 17.

Assistant Engineer Lin was publicly honored at an audience with President Ma

Disaster Response Story 2

Time: August 10
Employee: Chairman LU, Shyue-ching

Chairman Lu checking on the situation in Pingtung and personally inspecting the disaster area in Linbian.

Chairman Lu surveyed the disaster area at Linbian early in the morning on August 10 accompanied by Deputy General Manager Hsieh from CHT South, Manager Su from the Pingtung branch and others. At the time, the route between the Linbian Fire Department and the Linbian Exchange was still under waist-high flood waters so the group could only proceed slowly by a telecom engineering truck. On the way back, they encountered an old woman who was trapped at home with no hot water for milk to feed her baby. Chairman Lu immediately gave up the front seat of the engineering truck to the old woman and joined the other employees on the truck bed piled high with tools and supplies. The compassion of CHT employees have become another heart-warming local story.

Response
Privacy Protection and Combating Telephone Fraud

The right to privacy is a basic human right and a pillar of modern social order. Since the Computer-Processed Personal Data Protection Act was introduced, CHT has maintained a comprehensive management system that makes use of advanced network technologies. CHT not only works closely with government agencies to combat telephone fraud but is also protecting customer data from illegal theft and exploitation through international cooperation.

Communications Security

For network and communications security, CHT now offers the "HiNet OTP" and "Caller Blacklist" services for our customer's protection. "HiNet OTP" uses a One Time Password randomly generated every 60 seconds that can be only used once to prevent hackers from hijacking accounts or fraud websites from stealing personal data.

"Caller Blacklist" allows the customer to blacklist a phone number they don't want to take calls from. By default, these calls are automatically rejected by the system. Calls with hidden caller ID or an unidentifiable number are redirected to the voice mailbox instead, effectively protecting the customer against organized fraud groups or harassment.

Network Management

We helped the government establish the 165 anti-fraud hotline in November, 2007. In 2009 an average of 15 customer service representatives were assigned each month to assist the Criminal Investigation Bureau handle tier-1 services between 8AM and 8PM weekdays. Key management measures included:

1. Development of the automated communications record inquiry system (CRIS)
2. Encrypted call forwarding for fixed line exchanges.
3. Blocking of 30 telephone numbers belonging to government and private organizations identified by the CIB as having been tampered with each day.
4. Screening of billing data to identify and block fixed lines suspected of having been hijacked.
5. Caller ID screening service.
6. Providing the "Retain 886 country code for international calls" function.
7. Adjusting the coverage of mobile phone base stations in the Kinmen and Mazu regions to prevent remote mobile telephone fraud.
8. Setting up of anti-tampering alerts for telephone switch boxes to prevent the hijacking of telephone lines as well as strengthening the management of wiring closets.

Disconnection Operations

The Fraud Disconnection Operations System (FDOS) was set up to refer suspicious phone activity to the police for investigation. Three customer service representatives are on average assigned each month to helping the police with immediately disconnecting suspicious phones to reduce the impact of telephone fraud on customers and the general public.

Telephone Fraud Awareness

More than 100,000 shifts were allocated to the various telephone fraud prevention tasks between 2004 and the end of 2009. Anti-fraud awareness information was also printed on over 1.78 billion account statements, sent through over 70 million SMS messages and over 340,000 suspicious phone records turned over at the request of law enforcement. Total cost amounted to over NT$1.8 billion.

Privacy Protection Measures

All customer details at CHT are rated as "Very Confidential" and customer applications stored in locked file cabinets to prevent leaks and unauthorized access by customer service representatives (including both CHT employees and contractors). All employees are required to sign a "Confidentiality Agreement" and their direct superior required to take collective responsibility. For outsourced operations that involve the use of business secrets the contractor and its employees are also required to sign confidentiality agreements as well. Subsidiaries are required to report on their implementation of customer data protection each year while the head office and subsidiaries also conduct surprise audits at service centers to ensure proper protection of consumer privacy.

SMS Spoofing Detection System

SMS spoofing is where unethical overseas operators manipulate the sender address to send SMS fraud messages around the world through CHT network. Signal analysis is used by our system to check the actual position of overseas SMS senders. If spoofing is confirmed, the SMS center is immediately alerted to block the message and the victim's account balance corrected.

Response Healthy User Environment

Advances in telecommunications services may produce some products and services that have negative consequences. We are committed to ensuring that our customers can enjoy a digital lifestyle with complete peace of mind.

Improper Content Filtering

We offer HiNet e-mail customers with a free webmail service to deal with the problem of spam. The user can then set the webmail service to delete suspected spam directly.

We also offer parents the K12 mailbox for blocking pornographic spam. The mailbox features include text filtering, picture filtering, web feedback and network-side quarantine.

The "HiNet Porno Gatekeeper" service blocks websites that may be harmful to children and youths such as pornography, violence, suicide, drugs, weapons and gambling without requiring any special settings, software or hardware. Our comprehensive black list covers multiple languages and is updated once every two hours for a high level of safety.

Health User Environment		
Potential Consequences		Our Response
Improper Content Filtering	Spam e-mail	● Use webmail to filter spam
	Pornography	● K12 mailbox quarantine ● HiNet Porno Gatekeeper ● Mobile Internet Porno Gatekeeper
Time Management		● Internet: "HiNet Online Time Management" ● Mobile Phone: "3G Talk Easy"
Communications Security		● Internet: "HiNet OTP" ● Mobile Phone: "Caller Blacklist"
Electronic Waste		● Mobile Phone Recycling

Time Management

For elementary and junior high school students whose self-control are still underdeveloped, parents can opt for the "HiNet Online Time Management" and "3G Talk Easy" service to limit the calling times and call lengths. Our proprietary advanced management features allow the parent to effectively to track their children's phone/Internet usage and bills so they can teach their children good communication habits.

Mobile Internet Porno Gatekeeper

To fulfill our duty of care to underage mobile Internet customers, CHT offers an industry-leading mobile Internet filter service that identifies and blocks pornographic web pages in 54 languages (including traditional/simplified Chinese, English, Japanese… etc.), e-mail links to malicious content, phishing websites, all types of malware (not just Java) and harmful content on Youtube and Next Media. CHT conforms with the NCC "Regulations for the Rating of Internet Content" and our comprehensive blacklist database ensures the online safety of CHT customers.

CHT expects the service to have 20,000 subscribers by the end of 2010 and to reach 50,000 subscribers by the end of 2011.

O Always-on access to the content and knowledge on the Internet

Internet

CHT uses Cloud technology to provide you with always-on protection~Can be used with network cards, mobile phones and smart phones!

X Reject pornography, violence, gambling, drugs and crime-related harmful content on the Internet

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Response Electromagnetic Radiation Decision-Making Mechanism and Education

Mobile phone technology has now evolved from offering basic voice calls to delivering the latest mobile broadband communications. To provide our customers with the most advance and high quality mobile communications service, CHT has continued to build and optimize our core networks and base stations. Constant increases in wireless transmission rates has enabled an increasing number of wireless Internet and multimedia applications that require more bandwidth to run smoothly. The improvements have not only increased customer satisfaction but have spurred the development of many entertainment, industrial and commercial applications.

Compliance with National Standards

The World Health Organization (WHO) launched a 10-year international study at a cost of US$250 Million to study the effect of electromagnetic fields on public health in 1996. The results were published in Fact Sheet No. 304 by WHO in May, 2006, and concluded that "considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects". There is therefore no cause for concern and the general public is free to enjoy the economic benefits and convenience of mobile communications.

As for the telecommunications industry, the regulatory authority in Taiwan has now set limits on the level of permissible EM radiation from base stations. All base stations must pass a technical review by the regulator before it may enter service. EM radiation should only be measured by trained experts using professional instruments. Measurements taken by laymen or improper instruments (e.g. using low-frequency Gauss meter to measure high-frequency EM waves) increases the chance of invalid readings.

Electro Magnetic Fields:
http://www.emfsite.org.tw/

Community Communication

We have adopted a two-stage approach the communicating with the general public. Under normal circumstances, base stations are beautified and awareness programs run to explain their safety. In the event of a dispute, an independent third-party agency is commissioned to take measurements

Within CHT we emphasize the beautification of base stations to reduce their visual impact on the environment and the local people. Apart from beautifying the antennae of new base stations, we are also retro-fitting existing base stations as well. Decorations vary depending on the site and surroundings including painting, garden lights, vines and other special shapes. By the end of 2009 62% of all base station antennae have been beautified.

We partnered with the Taiwan Telecommunications Industry Development Association to set up the "Electro Magnetic Fields" website to educate the general public about EM radiation. Members of the public that still have EM radiation concerns can submit an application to the free base station EM radiation measurement hotline (0800-873888) jointly set up by CHT and other telcos, or request a meeting between CHT and the base station's stakeholders. If they agree to have the EM radiation measured, we will commission an independent company to make on-site measurements. The results will be explained to the stakeholders by experts. The resistance to base stations is now showing signs of improvement in 2009 with 158 appeals received from the general public, a decrease of 6% on 2008.

Responsible Management

Value Integration

Innovation

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Target

Innovative Value-Added Services

Our competitiveness has always been based on our ability to meet customer requirements. CHT has therefore continued to leverage our competitive advantage by providing a variety of integrated and value-added services. In addition to new subscription upgrade packages, new digital lifestyle value-added services are also constantly being released in response to the change in consumer habits from digital convergence in order to boost their customer benefits.

Hami Book

The Hami mobile phone book store system was developed by in 2009 in support of the government's policy on creative culture, cloud computing and digital content industries.

Hami Book's use of digital content reduces the amount of paper required for printing and also offers improved re-readability compared to paper books. Benefits include less energy consumption, carbon reduction and the ability for book lovers to choose their preferred reading environment without being limited by the weight of books.

hifree

Hifree is offered as a basic service for CHT that delivers the latest online music, video and lifestyle information straight to their door. No registration, login or selection is needed for our subscribers to legally access free multimedia content in a secure network environment.

The service is expected to have over 10 million by the end of May. Currently each subscriber uses the service an average of 3.5 hours a day.

iHome

The concept is intended to meet customer needs and offer them peace of mind, comfort, convenience and economy. The smart telephone serves as the heart of the "iHouse" to provide MICE (Monitor/ Information/ Communication/ Entertainment) services. Family members can use the smartphone to access a wide range of lifestyle information, home monitoring, e-commerce and health management services.

Smart Phone Mobile Office

Chunghwa Telecom developed the "Mobile Inbox of the Future" as a mobile office for business people on the move. The secure and efficient Push Email and document approval solution is compatible with iPhone/ Symbian/ Windows Mobile smart phones and supports the following e-mail systems: IBM Lotus Notes, Microsoft Exchange Server and standard POP/IMAP mail servers.

The service has been adopted by many enterprises since t was launched in October 2009.
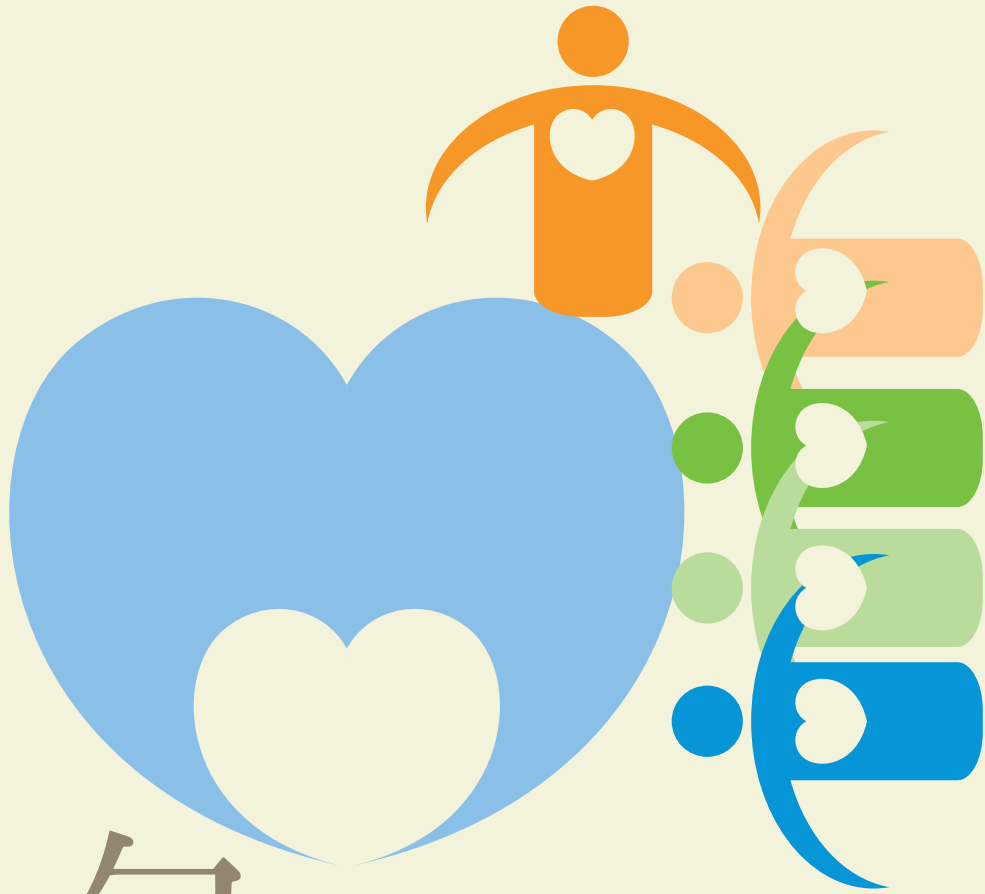
包容
Inclusivity

In the rapidly changing times, CHT is committed to creating a digital inclusive society. There is no gap in this information society. The individual will have equal opportunities to access the information regardless education level, sex, age, race and residential areas.

CHT and CHT Foundation believes: "Make good use of computers, computer is good; make good use of the Internet, the Internet is good; make good use of the opportunity, the opportunity is good." In the process of addressing the digital divide and create digital opportunities, we emphasis on the importance of the integration of technology, software and volunteers. The same principle also applies to our reconstruction for post-Typhoon Morakot Disaster.

Digital Opportunities

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Stakeholder **Local communities and civil groups**

Voices | The digital gap can be made up with the computer and the Internet, but is this enough?

Commitment | We continue to create assessable results of digital opportunities.

Index Category		2009 Commitment	2009 Performance	2010 Target	Page
Compliant Index	NCC's widely-accessible services policy	Compliance needed	Enforced ✓	Continued compliance	P62
Management Index	Offering computer courses in remote areas (hour)	To set up indexes	1,023 ✓	To continue to increase	P61
Management Index	People in remote areas acquiring the TQC certificate (people)	To set up indexes	100 ✓	To continue to increase	P61
Awards won	● Telecom Universal Service Award - Best Volunteer Team by National Communications Commission (NCC) ● Telecom Universal Service Award - Best Construction Award by NCC ● Telecom Universal Service Award - Best Access Service Promotion Award by NCC ● Telecom Universal Service Award - Best Customer Care Award by NCC				

Management Chunghwa Telecom Foundation

To fulfill the promise of creating digital opportunities, Chunghwa Telecom officially founded the Chunghwa Telecom Foundation in 2006 and passed the Foundation bylaw. The Digital Opportunities Group was established under the CSR Committee, committing itself to promoting projects on narrowing the digital gap.

Responsible Management

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Our Mission and Work

The Chunghwa Telecom Foundation combines the core ability of the telecommunications industry and various social resources, to assist communities with development of the culture industry, to narrow the digital gap, and to cultivate lives in local communities. Local culture is the motif of our work, and community participation is the starting point of our services. We hope to contribute our efforts to community development in Taiwan. Our major work includes:
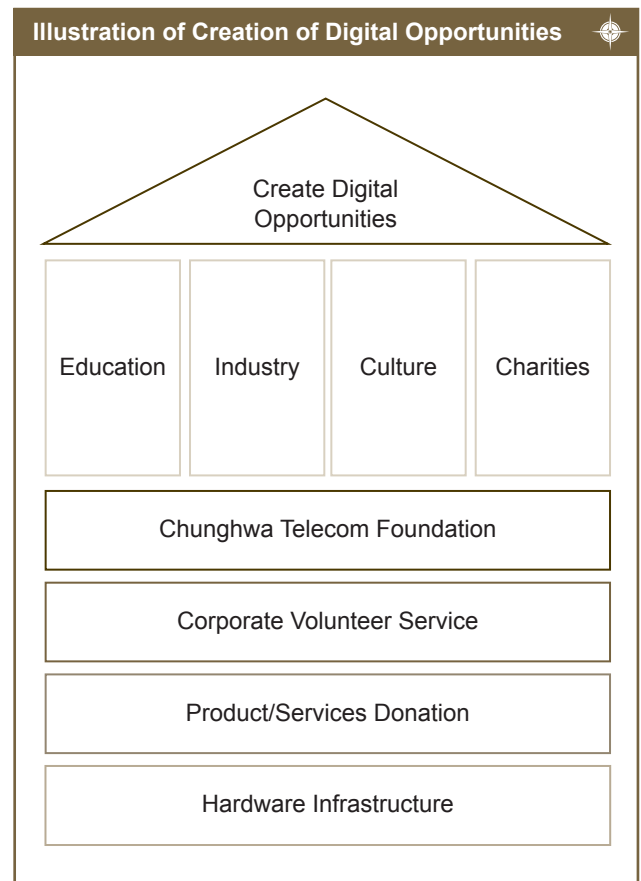
- To assist with the local culture industry: We construct the "Click Taiwan" website, offering the local community industry a platform for information exchange. We hope that through words, images and videos, we can keep a record of their efforts and stories in local communities together.

- To narrow the digital gap: We narrow the digital gap by establishing the Digital Good Neighbor project in remote areas and tribal villages. Besides installing facilities and the broadband Internet, we introduce social resources and corporate volunteers to improve the quality of life, education, and industry in the communities.

- To cultivate lives in local communities: We continue to care about and engage in the communities. Through providing various volunteer services, we help communities with their sustainable development.

The Chunghwa Telecom Foundation
http://www.chtf.org.tw/

Click Taiwan
http://www.clicktaiwan.com.tw

Approaches

The foundation of the digital opportunities was laid by Chunghwa Telecom's employees who went deep into remote areas and shouldered most of the broadband installation tasks. With the backup of hardware facilities, we further donate products or services or provided other special offers. The Foundation and corporate volunteers also have dedicated themselves to educating the remote population. Besides our attention to the next generation's growth, we also assist with development of the local culture industry, and we are concerned about the disadvantaged groups. With bottom-up and multi-faceted efforts, we hope to make Taiwan become a digital-inclusion society.

Illustration of Creation of Digital Opportunities

Create Digital Opportunities

Education	Industry	Culture	Charities

Chunghwa Telecom Foundation

Corporate Volunteer Service

Product/Services Donation

Hardware Infrastructure

Address Digital Good Neighbor

We started the project "Digital Good Neighbor" in 2006. Together with 24,000 employees across the nation, we worked on fulfilling the corporate promise of creating digital opportunities. By the end of 2009, we have established 43 Digital Good Neighbors, and donated 658 computers and 355 sets of software equipment to remote areas and tribal villages. We introduced the service provided by our corporate volunteers and various resources to communities according to their specific needs.

Make Good Use and Do Good

The ideal of the Digital Good Neighbor is that letting everyone "make good use" of computers and "do good" through computers; everyone can "make good use" of the Internet, and "do good" through the Internet; the ultimate goal is to make everyone "make good use" of opportunities, and "do good" through the Internet.

This ideal came from reflection upon years of practices. We found that to narrow the digital gap is not to simply give away computers or deploy the Internet. If there is a lack in proper guidance from the surroundings, the next generation might use the Internet wrongly and cause more social problems.

In addition, the digital gap does not only exist between the urban and the rural. There are one million people in New Taipei City solely who are computer illiterate. The digital gap in the urban area is a miniature of that in Taiwan.

"Do not fail to do good even if it's small; do not engage in evil even if it's small." The Chunghwa Telecom Foundation continues to deepen and cultivate the power of technology, making it well applied on creating social welfare.

TQC Computer Certificate Courses

"In order to tangibly evaluate the effects of promoting digital opportunities, and practice the idea of making good use of computers and making them do good," we started to assist people in remote areas with acquiring the TQC computer certificate courses, and meanwhile, we could ensure their learning effects. There have been 135 people taking the test, and 100 have passed. The passing rate was 74%.

We also have provided computer-related courses for 1,023 hours, helping people in remote areas to make use of resources on the Internet. In 2010, we will introduce computer courses that reinforce the application on daily life, and will keep promoting the TQC certificate test.

Computer Courses for New Residents

The new resident mother in Jingliao Village in Tainan County takes computer courses under the Digital Good Neighbor Project on Tuesdays and Thursdays.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Response Universal Telecom Services

We have worked on the long-term policy objective that citizens are guaranteed with their basic rights to telecommunications and that they have fair and wide access to telecom services. At present, the house- hold penetration rate for fixed line telephone services in Taiwan is 96.8%. We have provided over 220,000households with telephone services and more than 30,000 households with data communication services in over 81 remote and economically deprived areas; over 19,000 sets of public telephones in 25 administrative districts; more than 3,700 primary and high schools and public libraries with data commu- nication services. In 2009, Chunghwa Telecom spent a total of NT$978 million on the widely-accessible services.

Investment on the Infrastructure

Responding to the government's promotion of major public investments, we expect ourselves to facilitate development of the industries and generate the most economic benefits, by taking advantage of our core ICT ability. The govern- ment plans that the coverage rate of broadband (>30Mbps) will reach 80% by 2012. However, by the end of 2009, the broadband coverage rate already reached 73%, so that the policy objective will be achieved successfully. In 2009, Taiwan's FTTB penetration rate by households was ranked the fourth worldwide, only next to Korea, Hong Kong and Japan.

Due to rapid growth in the broadband internet in the Asia- Pacific region, we continue to expand the capacity of cur- rent undersea cables and engage ourselves in establishing new undersea cable systems, to satisfy the need of cor- porate customers for increasing bandwidth. In May 2009, we announced the cooperation with major telecom com- panies in the Asia-Pacific Region in constructing the new undersea cable in East Asia "Asia-Pacific Gateway" (APG), which is estimated to be completed and launched in 2011.

Taiwan Telecom Penetration Rate (%)			🌐 PA4
	2007	**2008**	**2009**
Mobile phones	**105.9**	**110.3**	**116.6**
Broadband Internet	**63.8**	**65.6**	**64**

Common Satellite Shared Discs Project

Commissioned by the Council of Indigenous Peoples, Ex- ecutive Yuan, we have constructed a direct satellite broad- cast system to improve the TV signal reception in tribal villages since 2004. By the end of 2009, we have installed the system in 71,228 households.

Broadband Access to Tribal Villages

We actively assisted the National Communications Com- mission (NCC) with the policy on the universal telecom services, so that we provided residents in remote areas with the broadband network and narrowed the digital gap between the urban and the rural. In 2007, we constructed broadband infrastructure in 43 villages among 46 (93.5%) under the project "Broadband for Villages." In 2008, we constructed broadband infrastructure in 42 villages among 50 (84%) under the project "Broadband for Tribes".

At the "Universal Services and Civic Participation" award ceremony for the third anniversary of NCC's foundation, we won four prizes in total: "Telecom Universal Service Award - Best Customer Care Award," "Telecom Universal Service Award - Best Construction Award," "Telecom Uni- versal Service Award - Best Access Service Promotion Award," "Telecom Universal Service Award - Best Volun- teer Award."

In 2009, NCC continued to promote construction of broad- band infrastructure in 51 tribal villages. In order to well take corporate responsibility, we were responsible for more than 90% of them, which accounted for 48 villages in total, distributed across 12 counties.

Target
Digital Character

We are aware that the key to creating digital opportunities is to cultivate the digital character of the next generation. Facing the virtual world that computers and the Internet create together, adults are not the only one that needs to tell the basic difference between "use them well" and "use them poorly;" it is the next generation that needs an opportunity to learn how to correctly use the Internet. This is what challenges the Chunghwa Telecom Foundation the most, as well as where the importance of corporate social responsibility lies.

Reading Companions for Disaster-Affected Children

To nurture children's heart through reading, the Chunghwa Telecom Foundation picked and gave 300 psychological healing picture books to children in Jialutang Military Camp in Fangshan Township, Fongshan Military Academy, Fongshiung Military Camp and Jingling Military Camp in Yenchao Township, and Renmei Military Camp in Dashu Township, Dahsin Elementary School in Jiadong Township, and Hengchun Christian Hospital in Pingtung. During September and October, the Chunghwa Telecom Foundation also worked with the Hengchun Christian Hospital on a "Mobile Book Wagon" project: we went to the Jialutang Miliary Camp for two days, with one volunteer accompanying the children to read there.

Read First and You Can Surf the Internet ◉

In the Digital Good Neighbor in Xidiyao in Nantou, children have to read first for 30 minutes before they use the computer. It is because we are convinced that a habit to read formed in the childhood will enable these children to better use the power of technology in the future.

From the Digital Opportunity to the Cloud Computing Services

After years of promoting digital opportunities, we have realized that the digital gap is not simply a gap in facilities, but a gap in abilities to make use of information. For individuals, the ability to read serves as the base of using various internet services. For the whole society, the general public's ability to apply information is the base of developing new industries such as the cloud computing. So our long-term goal is to develop better social soil as the base and cultivate every digital opportunity. We hope to make Taiwan a genuine benchmark for information

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Social Philanthropy

Stakeholder

Employees, local communities, and disadvantaged groups

Voices | The point in giving a hand to people is to give the most needed the best.

Commitment | The amount of social contribution will rise and get closer to the standards of the international benchmark.

Index Category		2009 Commitment	2009 Performance	2010 Target	Page
Compliant Index	Service of corporate volunteers (hour)	To set up indexes	41,979 ✓	To continue to increase	P47
Management Index	Amount of Social Contribution (thousand NT$)	To continue to increase	1,556,467 ✓	To continue to increase	P65
Awards won	● Certificate of Appreciation by The 921 Earthquake Relief Foundation				

Employees, local communities, and disadvantaged groups

Management of social contribution

Reconstruction after Typhoon Morakot

E-tutoring Projects for School Children in the Devastated Areas

E-tutoring Projects for School Children in the Devastated Areas

Developing Products for Special Needs

Management Management of social contribution

It is estimated that Chunghwa Telecom's social contribution in 2008 amounted to NT$247.51 million. In 2009, it was even increased to NT$1,556.46 million. The three main reasons for the increase are: 1. the special offer and assistance for relief of the Typhoon Morakot aftermath; 2. Sponsorship for telecommunications facilities for the World Games in Kaohsiung and the Deflympics in Taipei; 3. Intensification of the accounting management of CSR information, with a detailed list of donation in terms of products and services.

Social Contribution

Chunghwa Telecom considers that social contribution is not simply to give something away. How to reinforce quantification of the management and communication is even more important. In 2009, we divided social contribution into three categories: charitable donations, community investment, and business advocacy, in the hope that we can strengthen communication with internal and external stakeholders with transparency.
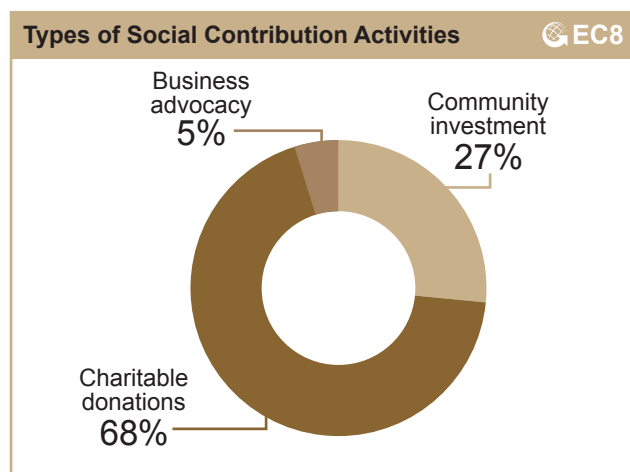
Donations for Typhoon Relief

After Typhoon Morakot stroke Taiwan, we immediately announced "a corporate donation of NT$20 million for typhoon relief," and invited all of the employees to make donations. Donations from the employees amounted to NT$45,725,973，which was already remitted to the relief account of the Ministry of the Interior.

Note: Employee donations do not account for the amount of social contribution.

Types of Social Contribution Activities EC8

- Business advocacy 5%
- Community investment 27%
- Charitable donations 68%

The Total of Social Contribution (Thousand)		EC8
Types	2008	2009
Cash	NT$71,380	NT$ 165,044
Products or Services	NT$176,136	NT$ 1,391,422
Total	NT$247,516	NT$ 1,556,467

Note: In the "2009 CSR Report," we calculated "social contribution as a percentage of the operating profit." In order to make comparison, modifications are therefore provided.

Address Reconstruction after Typhoon Morakot

Typhoon Morakot devastated the eastern and southern areas in Taiwan. We by all means helped with the government's rescue, relief and settlement work and tried to figure out how to make most of the cooperation of the public and private sectors to accompany the victims on the road of reconstruction.

Free Communication Facilities and Corporate Volunteer Service

To assist the official settlement center and other civil groups with relief, we provided 90 mobile phone, 54 satellite phones, 253 telephones, 168 public phones, and 75 broadband Internet accesses, 22 dedicated lines and 16 MOD accesses.

To help villagers in the shelters in Nantou, Chiayi, Fongshan and Taidong to surf the Internet, 108 corporate volunteers provided the service. The accumulated service time was 633 hours.

Special Offers of Telecom Services for the Typhoon-Affected

To show our concerns for customers in the devastated area, we provided various special offers on telecom services fees, including a discount on the monthly cost and the calling fee free replacement of a new SIM card, the cable modems, and the set-top-box, and etc.

Increasing Job Opportunities

To ensure clear communications in the devastated area and meanwhile subsidize the victims, we provided more temporary jobs for them by hiring the aboriginal youth to support the work on saving base stations and transporting the necessities. Our work covered these areas: Laiji in Mt Ali, Lijia, Yuntan in Meishan, Changshu Lake, Liuguei in Kaohsiung, Taoyuan, Namasia, and Wutai in Pingtung. The total of the pay cheques was more than NT$480,000, and more than 600 aboriginal youth were therefore benefited.

Assisting the Government with Reconstruction

We assisted the Morakot Post-Disaster Reconstruction Council with the construction of permanent houses, installation of telecommunications channels, the Internet, copper cables, optical cables, MSAN devices, to provide services of local calls, broadband, and MOD. We spent approximately NT$16 million in Yuemei Farm in Shanlin Township, and about NT$13 million in Majia Farm in Majia Township.

Marketing agricultural produces in disastrous areas

We continue to pay attention to the development of the industry in the devastated areas. In order to provide proper space for business, we started to convert the operation offices in Fongshan, Chiayi, Pingtung and Taitung into the Chunghwa Telecom Passing-the-Love Markets. Farmers in Mingzu Village in Namasia Township and Siaolin Village in Jiasian Township in Kaohsiung, Jinfong Township in Taitung, which are the most severely damaged, were invited to sell their agricultural products here. Our employees and customers were therefore provided with an opportunity to show their concerns for the victims.

The Tribal Handcraft Classroom ◎

The tribal handcraft teachers from the Minzu Village in the Namasia Township were busy collecting weaving materials after arriving in the shelter and taught tribal women to weave, to distract their attention from the disaster. They were encouraged to weave their love for the lost family and home into their works. Such works are also available in the Passing-the-love Market.

Address

E-tutoring Projects for School Children in the Devastated Areas

In the process of company, we gradually figured out the approach to support the long-term reconstruction in the devastated areas. We think the key is to improve the education environment for children who are now doubly disadvantaged. We started to cooperate with the Fu Jen Catholic University in May 2008, working on the E-Tutoring Project for School Children in Remote Areas. Enough experiences have been accumulated ever since, and it is officially changed into the E-Tutoring Project for School Children in the Devastated Areas.

Continuous Projects

In December 2009, the Virtual Elementary School, the experiential project that the Chunghwa Telecom Foundation practiced in the Majia Township, Pingtung County, officially started the E-Tutoring for School Children in the Typhoon Morakot Devastated Areas Project. We will continue to look for proper locations and partners in the devastated areas, in order to help more affected school children. Funding of this project will be provided from the corporate donation of NT$20 million for typhoon relief that we publicly announced.

E-Tutoring Framework

Our online tutoring environment is divided into teaching end and learning end. Each has a personalized equipment to facilitate one-on-one distance learning.

Advantages of E-tutoring

Our idea about education is to provide the most needed with the best. Lesson designs that are one-on-one on-line and customized can better fit the needs of students. Therefore, it is more efficient than asking a teacher to come all the way here and teach quite a few students at one time. We solved problems like the unstable Internet and low transmission rate. The group from the Fu Jen Catholic University was responsible for selection of volunteer tutors.

Compared with traditional tutoring, what one-on-one e-tutoring requires are more than computers on both the teacher and the student sides. To facilitate on-line interaction between the teacher and student, software equipment and hardware equipment like a web camera, a pentop computer, and handwritten flashcards are also necessary. Thus, a set of facilities can cost as much as NT$35,000. However, it is worth it to see children's serious attitudes towards learning and their facial expressions while interacting with the teachers.
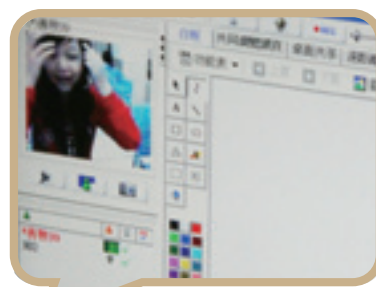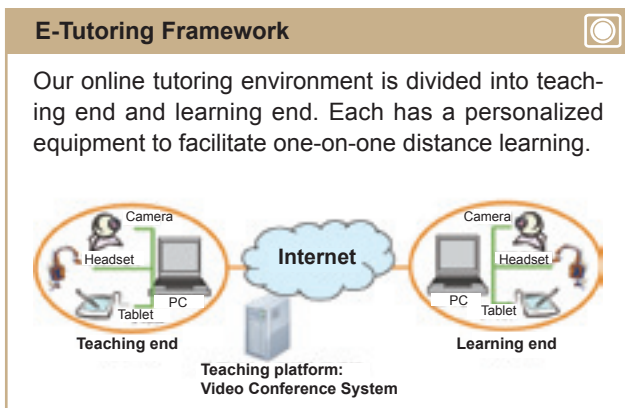
Response Charitable Telecom Services

With our core ability and expertise, Chunghwa Telecom provides various charitable telecom services with society. From as early as filial calls for the prisoners to the latest "The Public-Help-Search System," we have aimed to improve social welfare and solve social problems.

The Public-Help-Search System

"The Public-Help-Search System" invented by the Telecommunications Laboratories was provided with one-year free trial for charities such as the Child Welfare League Foundation and the Seeks Association Center of the Federation for the Welfare of the Elderly. Through approaches such as MOD, HiNet, Hichannel, emome, Xuite, e-bills, greeting letters to customers, and mobile DM, we deliver messages of help-search volunteer recruitment. At the early stage we would recruit mobile phone users of Chunghwa Telecom to join this project, hoping to make use of MMS to expand the broadcast. It requires more attention for missing children, teenagers and seniors to find their way home.

The Public-Help-Search System
https://mfind.echt.com.tw

Toll-Free Numbers and Public SMS Services

We provide various toll-free numbers (local telephone and mobile), such as 110 (police), 113 (children and women protection), 118 (coastline crime reporting), 119 (fire), 165 (antifraud inquiry), 1922 (national epidemic situation report), and 1957 (assistance), a total of eight numbers. Besides, we also send SMS messages to assist the government in promoting policies and orders. In 2009, the accumulated fees reached to almost NT$99.44 million.

GMDSS

Our coastal radio stations, in coordination with the national policies as well as rules of the international organizations, are assigned by the Ministry of Transportation and Communications to deploy a communications service called "Global Maritime Distress and Safety System (GMDSS)." The service provides local and foreign vessels in our sea regions with free information on communications with the land in case of emergencies, navigation safety, rescue plan, and international news. The service is also responsible for the communication work in case of any dangers or accidents on the sea. The Ministry of Transportation and Communications allocated a NT$ 38.95 million subsidy grant for this service. Our actual business expenditure was approximately NT$100.491 million. In 2009, 136 emergency radio transmissions were deployed. Out of 136 emergency radio transmissions deployed, there were 51 shipwrecks in particular and 264 people were rescued. There were also 46,135 DSC safety calls and 165,378 times of navigation warning telex (NAVTEX) were issued.

Low-income households and Disadvantaged Groups

For low-income households and the disadvantaged groups like the physically and mentally challenged, we provide various discount plans on the broadband Internet and phone cards, to help them enjoy high-performance telecom services with low charge.

Special telecom offers for low-income households and disadvantaged groups		
Offers	2008	2009
NT$600 phone card discount for low-income households per year (household)	7,030	11,880
Discount on the broadband Internet for low-income households (household)	5,633	6,958
Discount on the broadband Internet for the physically and mentally challenged (household)	1,022	2,084
NT$200 phone card discount for the visually impaired (person)	1,170	2,222
Special offer of the Care Plan 1 (person)	1,499	2,127
Special offer of the Care Plan 2 (person)	1,558	2,299

Note1: Visually impaired, hearing impaired or speech impaired person may select the "2G-88 type" or "3G-183 type" service plan, and will be offered the same amount of credit (free monthly credit of NT$88 or NT$183). That is, including the monthly fee, the impaired person can enjoy NT$176 or NT$366 of talk time per month.

Note2: Hearing impaired or speech impaired person may select the "2G-188 type" or "3G -183 type" service plan, and will receive the bonus offer of 300 free text messages (same network) or 100 free text messages (different network).

Target Developing Products for Special Needs

A thoughtful communication design can strengthen communication between specific communities and society, and improving the quality of life is one of the corporate social responsibilities of the telecommunications industry; we sponsor great games with state-of-the-art technology, to broaden the horizons of the general public and stretch the imagination of future urban life.

Barrier-free Deaflympics

While Chunghwa Telecom helped with planning the "World Deaf Swimming Championships" and the "Taipei Invitational Games for the Deaf" in 2007 and 2008 respectively, we already started to consider telecom-relevant services that the hearing impaired would need. All of our efforts paid off while we sponsored the 2009 Deaflympics in Taipei.

The 2009 Deaflympics in Taipei was the first time for the Deaflympics to happen in an Asian city. We were well prepared for what could facilitate the information communication for the hearing impaired by taking care of aspects like services, technology and businesses. Besides, we had customized plans with special offers such as the videophone.

In the outdoor MOD live broadcasting of the open ceremony, we added the service of instruction in sign language. Therefore, all of the hearing impaired could have a good grasp of the games and felt the stirring atmosphere.

Obstruction-free World Games

Responding to the M-Taiwan Project hosted by the Industrial Development Bureau, Ministry of Economic Affairs, we made investments of over NT$300 million, completed 25 WiMAX base stations and provided WiMAX services during the time the World Games were held.

In addition to the wireless broadband Internet provided for citizens, we also provided wireless services such as the mobile remote monitor, the mobile navigator, the value-added broadband platform, and the ITS.

Because of the wireless services of Chunghwa Telecom, the World Games in Kaohsiung showed a different perspective to all: reporters could submit their coverage anytime; referees and athletes could check up the games any time; taxi services were available through the information dispatch system; the audience could watch games on their mobile phone, computer, and the new media-MOD.

Dream without Limits, and Shine around the World

Chunghwa Telecom has sponsored the tennis player Yen-Hsun Lu since 2009 as a good companion for the top athletes who pursue their dreams around the world. Besides, we also sponsored cyclists Po-Hung Wu, Ting-Yin Huang and the Chunghwa Telecom Women's Basketball Team.

Responsible Management

Value Integration

Innovation

Environmental Sustainability

Employee Care

Inspiring Service

Digital Opportunities

Social Philanthropy

Listen to Their Stories 1

Project: Digital Good Neighbor--Jingliao Village, Tainan County.
Storyteller: Pastor Chiu-An Wu

"One of my biggest dreams is that one day farmers in Jingliao will sell their agriculture produces online without being exploited by businessmen."

The Chunghwa Telecom Foundation started to promote the Digital Good Neighbor Project four years ago. Directed by Pastor Chiu-An Wu from the Presbyterian Church, the computer lab in Jingliao, Houbi Township, has been rather outstanding. It is the power recharge station in the eyes of the new residents.

Because there were courses of webpage design and multimedia editing, students in the after school in Jingliao were accustomed to using their camera to keep a record of everything around them with their specific perspective. When Typhoon Morakot hit Taiwan, Bajang River overflew the embankment and flooded the computer lab. The first thing these children did afterwards was to take pictures of the aftermath and uploaded them to the website of Click Taiwan of Chunghwa Telecom. "After these children grow up, my dream will not be far away," said Pastor Wu.

Click Taiwan ◎

In 2009 Chunghwa Telecom gave it a new try: We financially supported 20 students from the Chengchi University to engage 10 Digital Good Neighbors. They chose community industries or special communities that have a local character or full of cultural heritage. They kept a record of their stories with documentaries, expecting to put together a picture with local Taiwanese lives and the humanities. More stories on Click Taiwan:

🏠 http://www.clicktaiwan.com.tw/twspot/about.htm

Listen to Their Stories 2

Project: Typhoon Morakot Online Disaster Report Center
Storyteller: Ting-Yao Hsu, Chair of the Association of Digital Culture

"When anything emergency happens in the future world, the Internet world will play a more and more important role. Our dream is to connect the Internet world and the actual world."

Puncar Action ◎

In 2008, three young men and a second-hand microbus together created the "Puncar Action." They made known of the idea "delivering an Otaku person to a remote village to teach computer courses," and was awarded the "Digital Community Award" at the Austrian Digital Arts Festival. Their first piece of sponsorship was from the Chunghwa Telecom Foundation.

PUNCAR ACTION 數位落差行動車

🏠 Puncar Action
http://puncar.tw/

A group of young people who built the relationships with Chunghwa Telecom in 2008 because of the "Puncar Action," started to establish the Typhoon Morakot Online Disaster Report Center during the early hours of the morning on August 9th. They integrated disaster reports of all sources through Twitter and Plurk in the hope of filtering information for rescue assistance and relief.

Similarly, the Chunghwa Telecom Foundation actively provided assistance at the first possible time. Besides coordinating the Research, Development and Evaluation Commission to borrow 40 3.5G USB modems, it also provided the Center with unlimited bandwidth and facilities. The Center therefore had enough strength to become the emergency operations center on the Internet during the most difficult two weeks for rescue.

"We appreciate Chunghwa Telecom's help, so that an Otaku person can become a rescue hero," said Ting-Yao Hsu, Chair of the Association of Digital Culture.

SGS

SGS Taiwan's Report on sustainability activities in the Chunghwa Telecom Co., Ltd. Corporate Social Responsibility Report of 2009

NATURE AND SCOPE THE ASSURANCE/VERIFICATION

SGS Taiwan was commissioned by Chunghwa Telecom Co., Ltd. to conduct an independent assurance of the Corporate Social Responsibility Report of 2009. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the Corporate Social Responsibility Report of 2009 of Chunghwa Telecom Co., Ltd. and its presentation are the responsibility of the superintendent, vice superintendents, CSR committee and the management of Chunghwa Telecom Co., Ltd.. SGS Taiwan has not been involved in the preparation of any of the material included in the Corporate Social Responsibility Report of 2009.

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

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines (2006) and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organisation.

This report has been assured at a type 2, high level of scrutiny using our protocols for:
* evaluation of content veracity;
* evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
* evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (2006).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at headquarter of Chunghwa Telecom in Taipei city, Taiwan; documentation and record (including financial data) review and validation with external bodies and stakeholders where relevant.

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 Taiwan affirms our independence from Chunghwa Telecom Co., Ltd., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with Quality, EMS, SMS, SA 8000 Lead Auditors and experience on the SRA Assurance service provisions.

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 Corporate Social Responsibility Report of 2009 verified is accurate, reliable and provides a fair and balanced representation of Chunghwa Telecom Co., Ltd. sustainability activities from 01/01/2009 to 12/31/2009.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

The is the second year of Chunghwa Telecom's Corporate Social Responsibility Report to be assured by an independent assurance team and Chunghwa Telecom Co., Ltd. has taken a bold step by offering the report to evaluation against both GRI's G3 guidelines and the AA1000AS standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the content and quality requirements of the Global Reporting Initiative G3 Version 3.0 Application Level A$^+$.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

Chunghwa Telecom Co., Ltd. has demonstrated a strong commitment to stakeholder inclusivity. A variety of engagement efforts underpin the organisation's understanding of stakeholder concerns, and its ability to integrate them into its decision making processes. This is demonstrated by the surveys of staff, consumers and suppliers, and also by engagements with other stakeholders. For future reporting, Chunghwa Telecom Co., Ltd. may consider to develop a process to proactively identify and manage conflicting views between stakeholders.

Materiality

Chunghwa Telecom Co., Ltd. has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Stakeholders' understanding of sustainability impacts of Chunghwa Telecom Co., Ltd. may be strengthened in future reporting.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. The report describes the process of stakeholder engagement. Future reporting may refocus on how current stakeholder engagement is managed and the contribution it is making to sustainable development outcomes. In addition, how to reflect the feedback received from stakeholders in future reporting is also a challenge.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Performance Information Collection & Verification

The report, CHT Corporate Social Responsibility Report 2009, is adequately line with the GRI Application level A+. Contents of some performance indicators may further addressed in accordance with Indicator Protocols.

Signed:

For and on behalf of SGS Taiwan Ltd.
Dennis Yang, Chief Operating Officer
10 August, 2010

WWW.SGS.COM

AA1000
Licensed Assurance Provider
000-8

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Investment And Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Ethical Supply Chain Management in the Telecommunications Industry	39
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Ethical Supply Chain Management in the Telecommunications Industry	39
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Human Rights and Labor Relations	43
Non - Discrimination	HR4	Total number of incidents of discrimination and actions taken.	No such cases	- -
Freedom Of Association And Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No such cases	- -
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	No such cases	- -
Forced And Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	No such cases	- -
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	No such cases	- -

Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No such cases	- -
Society		Disclosure on Management Approach	Chunghwa Telecom Foundation, ADOC 2.0 Project	60, 28
Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Management of social contribution	65
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	Code of Conduct, Human Rights Protection and Fighting Corruption	17, 43
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Code of Conduct, Human Rights Protection and Fighting Corruption	17, 43
	SO4	Actions taken in response to incidents of corruption.	Code of Conduct, Human Rights Protection and Fighting Corruption	17, 43
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying.	Supervising Institutions	20
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No political contribution	- -
Anti-Competitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Industrial Environment of Fair Competition	20
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Business Principles	17
Product Responsibility		Disclosure on Management Approach	Product Promotion, Customer Service, Feedback	49~51
Customer Health And Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Healthy User Environment	55
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Healthy User Environment	55
Product And Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	No such cases	- -
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No such cases	- -
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer Service, Feedback	50, 51
Marketing Communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising,promotion, and sponsorship.	Business Principles	17
	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.	Business Principles	17

Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Privacy Protection and Combating Telephone Fraud	54
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Business Principles	17
Telecommunication Sector Specific Indicators				
Internal Operations				
Investment	IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	Universal Telecom Services	62
	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.	Universal Telecom Services	62
Health and Safety	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.	OSH Management System	46
	IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
	IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
Infrastructure	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
Providing Access				
Access to Telecommunication Products and Services	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.	Universal Telecom Services	62
	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services.	Digital Good Neighbor, Digital Character	61, 63
	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.	Responsible Communications	52
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates.	Taiwan Telecom Penetration Rate	62
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population.	Special telecom offers for low-income households and disadvantaged groups	68

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	PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Charitable Telecom Services	68
Access to Content	PA7	Polices and practices to manage human rights issues relating to access and use of telecommunications products and services.	Healthy User Environment	55
Customer Relations	PA8	Policies and practices to publicly communicate on EMF related issues.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
Customer Relations	PA9	Total amount invested in programmes and activities in electromagnetic field research.	Electromagnetic Radiation Decision-Making Mechanism and Education	56
	PA10	Initiatives to ensure clarity of charges and tariffs.	Customer Service, Feedback	50
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Customer Service, Feedback	50
Technology Applications				
Resource Efficiency	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	eICT Innovation	26, 27
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects.	eICT Innovation	26, 27
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above.	eICT Innovation	26, 27
	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.	eICT Innovation	26, 27
	TA5	Description of practices relating to intellectual property rights and open source technologies.	Extension of Innovation Engagement	25

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