Social Investment

S	**Strategy**	Concentration on Digital Opportunities
M	**Management**	LBG Social Contribution Assessment
A	**Address**	Minimize the Digital Gap
R	**Response**	Project Implementation Results
T	**Target**	Digital Inclusion to Create Shared Value

Awards

- Awarded the Excellent Performance and Outstanding Contribution trophy by BCSD-Taiwan, in its 2011 ONE Campaign.
- Received the Enterprise Citizen of 2011 award of the Commonwealth Magazine again and ranked by it as one of the best future and new value telecomm carriers in Taiwan.
- Chairman Lu was honored by the President in the General Recognition Assembly for Japanese Earthquake Humanitarian Aid Activities.
- Won the Sports Supporter Gold Medal in the Sponsorship Category of the Sports Committee of the Executive Yuan.
- Attended the 2011 Listed Companies Expo and won the enterprise society responsibility excellence award, and also passed CG6006 advanced corporate governance system assessment certification.

From ICT Technology to **Job Opportunities for Disadvantaged Groups**

Job opportunities for disadvantaged groups often stem from regulations. However, they need more opportunities and positions beyond those the regulations can offer.

Since our devotion to corporate social responsibility, we have put warm creativity into our social investment by establishing Chunghwa Telecom EYE Social Innovation Call Center. With innovative technological breakthroughs, visually challenged people can skillfully use customer service information system and efficiently carry out counter service satisfaction telephone interviews. We could only offer inadequate assistance to visually challenged people in the past, but now we can give them pride and dignity at work!

Concentration on Digital Opportunities

In the age of technological progress, the "digital divide" has created unfair conditions in education and employment opportunities. Building on the characteristics and core professional capabilities of the telecommunications industry, our social investments are focused on "reducing the digital divide" and "creating digital opportunities." We are also significantly devoted to introducing "corporate volunteers" to participate in localized community services and actively assist with the creation of digital opportunities in local communities.

Six Major Causes of the Digital Gap

The digital divide in today's society is primarily due to the following:

- Geographical gap: a gap that results from people being in urban and remote areas.
- Economic gap: a gap that results from people having different levels of income.
- Knowledge gap: a gap that results from different levels of knowledge between different groups of people.
- Disability gap: a gap that results from the general public and disabled persons.
- Health gap: a gap that results from people of different age groups or health conditions.
- Gender gap: middle aged and senior women suffer from significant disparities when using information and communications services as a result of traditional notions of family care.

Chunghwa Telecom had proposed many solutions to address these digital gaps. In the future, we will actively engage in social innovation to address these issues.
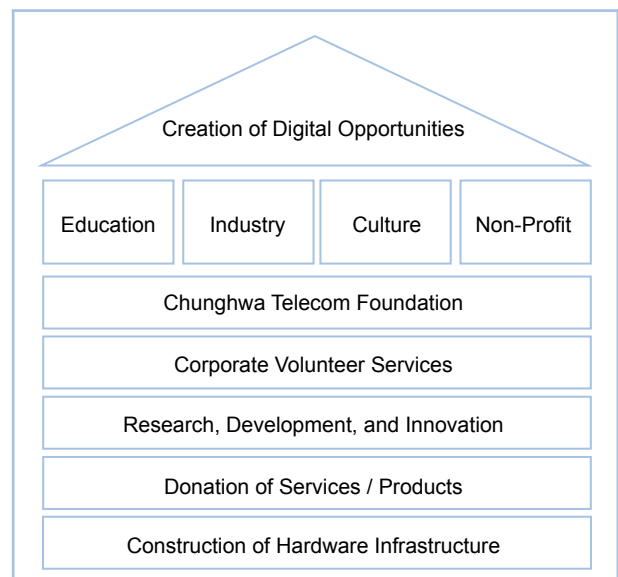
Five Major Aspects of Digital Opportunities

Based on the information and communications characteristics of Chunghwa Telecom, the two major missions of social investments from Chunghwa Telecom and the Chunghwa Telecom Foundation are the "reduction of digital disparity and the creation of digital opportunity".

Chunghwa Telecom's commitment on this issue involves diverse social investments over five aspects. "Hardware infrastructure" is the foundation for modern people's communication. "Product or service donation" allows communication technologies to properly utilize their values. "Research, development, and innovation" focuses on assisting disabled persons with sharing convenient communication. "Corporate volunteerism" allow our employees to directly utilize their capabilities and participate in community building. Meanwhile, "Chunghwa Telecom Foundation" is the pioneer in our endeavor to create digital opportunities.

Creation of Digital Opportunities

	Chunghwa Telecom Solutions
Geographical gap	Increased availability of services, etc
Economic gap	Communication incentives for low income and minority groups
Knowledge Gap	Computer classes for adults, etc
Disability gap	Customer service for visually impaired persons
Health Disparity	GPS, etc
Gender gap	Digital Good Neighbors Provide female community members with information education courses

Creation of Digital Opportunities

Education	Industry	Culture	Non-Profit

Chunghwa Telecom Foundation

Corporate Volunteer Services

Research, Development, and Innovation

Donation of Services / Products

Construction of Hardware Infrastructure

LBG Social Contribution Assessment

We have always been committed to our corporate vision of "utilizing society to care for society." Not only are we Taiwan's most significant composite telecommunications company with networks and services across Taiwan and its outer islands, our corporate vision further shapes our self-recognition over social contributions. Over the years, we have continued to apply our core capabilities to create concrete values for Taiwanese society and assist people to increase the quality of their lives.

Social Investment Statistics

Since 2008, we gradually increased our social investment amounts. In 2010, social investment increased 20% from 2009. Also, we improved our statistics measures: the new section of "management expenditures" has been added to social investment categories to allow costs transparency associated with non-profit activities. In 2011, cash donations accounted for 16.3%, product and service donations for 82.5%, management expenditures for 0.9%, and volunteer costs for 0.3%. We reduce total social contribution expense but maintain other investments is because we improved our management by cutting down manage costs and unnecessary expenditure.

Social Investments (Unit: Thousands of NT$)

Type of Social Investment	2009	2010	2011
Cash Donations	165,044	273,778	260,934
Product or Service Donations	1,391,422	1,470,014	1,324,955
Management Expenditures	------	131,395	14,110
Volunteer Services Man Power Cost	------	------	4,863
Total	1,556,467	1,875,187	1,604,862
Percentage of Business Revenues	0.84%	1.01%	0.83%
Hours of Corporate Volunteer Services (Hours)	41,979	147,083	28,360

Social Contribution Assessment

In 2010, we adopted the London Benchmark Group's (LBG) model to assess the utility of social investments. This model is committed to quantifying the effects of social investments. This model had been used for over 18 years internationally, which had been widely used by 150 corporations.

According to the LBG model:
1. Form targets: community / corporation
2. Activity type (classified by motivations)
3. Investment value : total monetary value, physical objects, employee hours and planning, and management costs
4. External resource integration: community projects result from other resources
5. Community benefit: performance assessment of project results for communities
6. Commercial benefit: performance assessment of project results for commerce
7. Assessment of effects on communities / corporations

Quantify community investments can helpus engaged in optimal resource allocation and avoid repetitive resource investment. Thus, financial and non-financial investment can be combined effectively, while multitudes of stakeholders can be satisfied at the same time to create more effective social contributions. The priorities of social participation for us will enhance on volume management and effective communication.

Minimize the Digital Gap

Chunghwa Telecom continue to assist the government with implementing increasing telecommunications availability and services. Also, we have established Chunghwa Telecom Foundation to fulfill the primary missions of reducing the digital gap, assisting local cultural industries, and participating in community life. Starting from communities, we continue to assist local cultural industries and participate in community life by combining caring companionship concepts with Chunghwa Telecom's core professionalism.

Digital Expression.Digital Communication

The Chunghwa Telecom Foundation (CTF) was established to improve the digital gap between urban and rural populations, social segmentation, the rich and the poor, education levels and dissemination as well as to balance the overuse of information technology for better physical and spiritual health. Based on the vision of "Leverage the computer for everyone's benefit", CTF started to help its Digital Community's members in Taiwan in digital presentation and communication with digital tools. We believe that digitalization is the communication platform and media of the new generation and the best channel for voicing to the external world. With various interactions and learning, more information application opportunities are opened when cross time and space information retrieval becomes possible.

Telecomm Infrastructure in Remote Areas

The CTF has been undertaking the construction related to popular services by fulfilling its society responsibility, narrowing the digital gap between urban and rural communities, and promoting economic growth of remote and tribal areas:

1. Complete 12 tribe wideband access point construction to improve digital communication popularization services in non-economic regions in year 2100.
2. Working together with NCC to identify locations for 10M communication line installations in 81 remote counties' 716 villages for the implementation of wide band policy in remote areas in the future.
3. Assist the NCC in a speed improvement survey for the 173 DOC points provided by the Ministry of Education and 99 remote medical points provided by the Department of Health to facilitate wide band networking and medical care of citizens in remote locations.

Continuous Feedback

Chunghwa Telecom had always played pivotal roles in the communications and networking field. However, we are not only thinking about market leadership. Of greater importance is how to give back to society and fulfill our corporate social responsibilities.

As the community itself and its requirements differ, the CTF assists local communities in building up their digital application capabilities with respect to learning and education, industrial economy, and caring for humanity. In 2011, the CTF donated 66 wide band communication lines and 70 computers, to start digital infrastructure creation, to promote and support a range of computer training programs. Further learning programs were extended, to a total of 934 hours of computer courses, based on themes of local caring and focuses of community development. The entry level courses provide trainees with systematic studies in their initial contacts with digital equipment, the daily life based document applications equipped trainees with a more efficient object processing mechanism, and the advanced computer certification courses give trainees the chance to challenge themselves and to become recognized.

Care and service around every corner in the community, leaving smiles of the faces of the children.

EYE Society Innovative Call Center

CTF cooperate with the ADOC 2.0 Plan on 2008 and became one of its non-governmental sponsors. We created the ICT-based Remote Working for the Visually Impaired project to realize the ADOC 2.0 vision, fulfill the enterprise's social responsibility, decrease the digital gap, and create digital jobs. Start from January 2009, various tasks includes: launch the Remote Call Center for the Visually Impaired, develop tele-market research systems and a Chinese dictation tool. Also, by integrating our ICT technologies, we enhance system with English interface to supplement foreign user, which reach the goal of assisting visually impaired workers.

CTF is good at making the most of various information and communication tools and in breaking through existing limits. In addition to penetrating domestic communities CTF is replicating its successful experience in international societies. Cooperation with the Blind Student Resource Center, TKU, a natural extension from participation in the Asia-Pacific Digital Opportunity Center ADOC2.0, and three years of R&D brought

the EYE Society Innovative Call Center into life on 2011. The EYE center is aimed at helping the visually impaired obtain work and promoting business society innovation, as well as ensuring its sustainable and independent operation to fulfill our social responsibility of assisting the visually impaired obtain employment. This ICT technology model has been replicated in Beijing, China, and in the Philippines. The constitutional interpretation made public on 2008 allowed the sighted to compete with the visually impaired in massage jobs depriving the later of a protected job type. On 2011, the Legislative Yuan passed an amendment to the Disabilities' Rights Protection Law and gave the visually impaired new protection as call center representatives.

The EYE not only secured the Chunghwa Telecom customer satisfaction tele-interview jobs but also managed to get the visually impaired services outsourcing project of the 1999 Taipei City Government. We expect that the EYE project may serve as a model for enterprises in realizing the new act, Council of Labor Affairs, local and central government agencies, legislators, disadvantaged groups, to name a few, that are interested in taking advantage of this regulation.

CEO Lu and Tamkang University Vice-President unveil the "EYE Social Innovation Call Center".

Remote learning for Education at Zero Distance

In 2009, the CTF started working together with the Remote Tutoring Team of the Fu Jen Catholic University to create a new learning journey for school children in remote locations. In 2011, the Remote Tutoring Team conducted 1-to-1 or 1-to-2 online tutoring courses with the Good Shepherd Foundation, Banqiao, Ailiao Cram School, Pingdong, and the Fenglin Church, in Pingdong. It allowed students and teachers to communicate instantly and in a more systematic way. It also made it possible for teachers to more closely monitor the students' learning status and progress using the tutoring reply log.

Although students and tutors can only learn and communicate in separate locations, they can meet and talk in regular "Good to See Each Other" and "Summer Classroom" and "Winter Classroom" during the vacations. Well organized pre-planning and designed material gives students more learning opportunities, while most of the tutors of the program are college students who also received

valuable experience by contributing what they had learned.

In addition to the remote learning project on campus and remote communities, the CTF tried to have more people understand the essence of remote tutoring and the requirements of remote communities for education resources. In November, CTF will co-host a Meet and Share forum with the South village at Taipei Guangdian as part of the Council of Indigenous Peoples' 2011 Pure and Original Aboriginal Cultural Festival Series of Events. This forum has two agendas: the one is to share with the participants how university students and schoolchildren in remote communities met each other using digital technology, and the other is to have

more people know the meaning of remote tutoring and the needs of people on the other side of this society by sharing the core values of this program.

College students involved in this remote tutoring program come to treat school children in remote communities in exactly the same way as their own brothers and sisters after long time tutoring and learning.

Continued focus on disadvantaged children in remote areas, inspiring them to better their lives.

Project Implementation Results

Our vision behind initiating the "Digital Good Neighbors" project in 2006 was: allow everyone to "use computers well," so that "computers can serve well," and allow everyone to "use the internet well," so that "the internet can serve well." The final objective is that people can "use opportunities well," and that "opportunities can serve well." Over the last several years, Chunghwa Telecom's employees across Taiwan continued to provide uninterrupted service assistance, and our corporate promise and commitment to creating digital opportunities have won recognition from local authorities and local residents alike.

Stable Growth of Digital Good Neighbors

In order to help residents in remote areas in digital disparities, Chunghwa Telecom had been running the "Digital Good Neighbor" project for years. As well as computer, network, communication equipment sponsored, and a long term partnerships with local non-profit organizations. Up to 2011, we had set a total of 63 "Digital Good Neighbors" to promote computer education (up to 934 hours of computer training courses), initiate volunteers and assist industrial development. Since Chunghwa Telecom works closely with all the establishments and implement units, those mature "Digital Good Neighbors" are capable of devise their own class contents appropriate for their communities. They also proactively discuss class content with the Chunghwa Telecom Foundation, which ensured the classes were all conducted properly and has all yielded significant result.

Youth Volunteers in Remote Communities

The has been combining youth volunteers in community services from Chunghwa Telecomm since establishment. In recent years, students are encouraged, both in Taiwan and overseas, to engage in regional or global social services not only for their limitless creativities but also in anticipation to increase their liability and overcoming challenges through service to society.The CTF works together of local universities student clubs to host camps under the "Good Neighbor" project with activities that are suitable for school children's and with local characteristics, or programs focusing on information education, or landscape ecology assistance, or demonstrate scientific knowledge with balloon creativity and so on. All these bring joy to school children in remote locations and enable youth volunteers to experience an different life.

Community Industry and Cultural Heritage

Based on the concept of "Deep Community Penetration", the CTF continues to work with individual communities to promote the cultural industries in a sustainable manner and to be a growing partner of them. The CTF manages to cater ideas by the design of suitable development project for the community that close to the industry trend.

Starting with the exhibition and sales of "enterprise gifts" in 2006, the "little mart" in 2007, the "summer culture and creative mart" in 2008, the "CHT love convey mart" in 2009, the theme campaign of "spot·reddening Taiwan" up to the establishment of "Taiwan's hot spot" 2011, the CTF combines nine community industries and more than fifty exclusive local arts and crafts, organic product, foods and fine gifts, by introducing product features, design concepts, manufacturing processes, and backgrounds of the creators. In addition, the CTF continues to sponsor physical exhibitions of products made by individual community industries to combine with virtual exhibition platform for more exposure. By understanding and learning opportunities from community industry, we promote interactions between workers and the public, creating business opportunities for aboriginal villages, and assist the promotion and the continuous of domestic culture.

In addition, community industries also show up in all the key events of CTF in 2011. A total of NT$ 220,000 of product sale from community industries to expose community industries' products, assist their development, improve their visibility and popularity.

The CTF also hired local designers for the R&D packaging and products to highlight industry spirit with modern design concepts as well as injecting new creativity and features so to reach the goal of advanced industry and sustainable business.

Digital Inclusion to Create Shared Value

In an ICT society where information communication has become an inseparable part of people's lives, we are committed to building a trouble-free communications environment and to innovating our service thinking with information and communication technology to share value with the people. In the long term, we will establish comprehensive digital inclusion strategies and promote digital inclusion action plan performance indicators step by step.

Four Aspects of Digital Inclusion Strategy

In our disabled digital inclusion strategy, we leverage ICT together with discounted plans to fill the service gap for all the disabled groups. We are devoted to the development and provision of barrier free communications equipment oriented to improve their lives, education, and employment. The advancement in information and communication services also allows us to assist elderly people with chronic disease or those in need of special care. We offer disadvantage groups and low-income group cheap plans and remote assistance for the installation of communications equipment. We also provide the public a sufficient education courses as a learning channel in changing information and communications discipline. These assist people to learn how to use a wide array of smart communications devices and value-added services through mobile devices, websites, and service locations. We also hold all kinds of computer training courses in every county.

We belief that the provision of information and communications services for remote area is not subject to terrain or distance. We continue to enhance the accessibility of our mobile communications network and build dual-routes in remote areas to ensure communication. We will also strengthen mountain and outlying island communications by satellites.

Comprehensive Inclusion Action Plan

We define four aspect of telecom performance assessment according to different groups and priorities:

1. For disadvantaged groups: trouble-free communication use, life quality improvement, disadvantaged group employment, social change in the community, and enhance image.
2. For low-income groups: easy to use, affordable rates, life quality improvement, social change inside community, equipment utilization, revenue, and enhance image.
3. Public education by telecom equipment and services: course integrity, service course for attentive to customer, course utilization, revenue, social changes in community, and enhance image.
4. Infrastructure improvement in remote areas and outlying islands: basic communications coverage, high-speed wireless broadband coverage, guarantee of smooth communication, improvement of user life, equipment utilization, revenue, enhance image, social change in the community and community environment.

The provision of diverse learning programs for everyone to be able to make use of information and communications services.

We promise to improve the telecommunications infrastructure in remote areas and outlying islands on an ongoing basis to ensure smooth communication.