Chunghwa Post Co., Ltd.



Sustainability Report 2021

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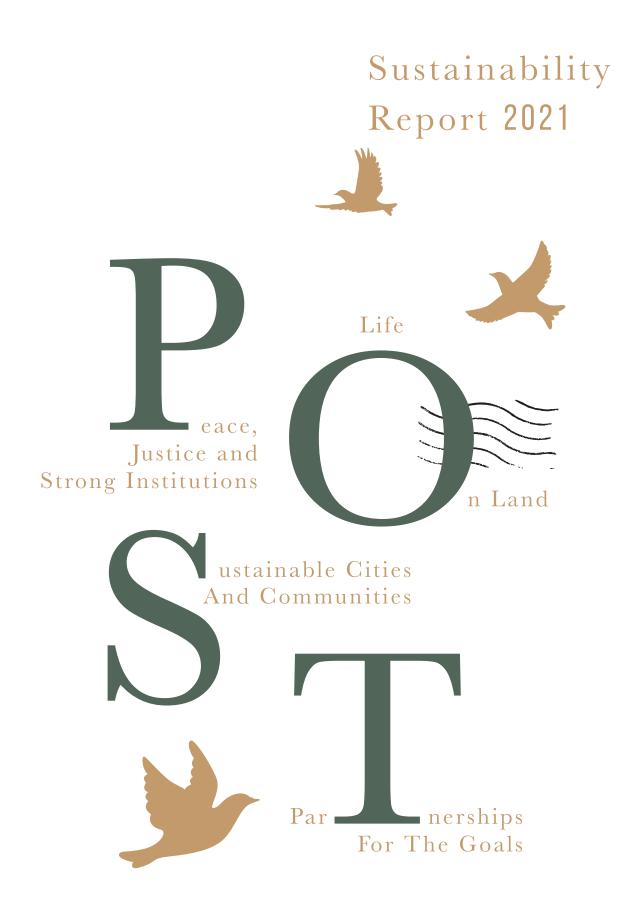
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Message from the Top Management

To all partners who care about the sustainable development of Chunghwa Post

Chunghwa Post Co., Ltd. has a history of over a century, and the major services include postal services, banking services, remittances, simple life insurance services, philately and related merchandises, and management of postal assets. In view of the trend in online financial transactions, the diversified mobile device functions, and the rapid development of application of Internet of Things (IoT) in recent years, the Company established the Cyber Security Office and the Big Data Preparatory Office in July, 2021, and also set up the Digital Development Committee. It is hoped that through the complete information organization structure, we can promote the Company's digital technology development and data analysis application, optimize customer experience and innovative business models to respond to opportunities and challenges brought by the changes in people's living habits in response to digital technology.

To implement and fulfill our corporate social responsibility, the Corporate Social Responsibility (CSR) Promotion Group was established in 2019, with 5 task forces under it, including Corporate Governance, Customer Care, Employee Care, Social Commitments, and Environmental Sustainability, aiming at incorporating environmental protection, social responsibility and corporate governance(ESG) into corporate operations. This is the third year for Chunghwa Post to publish its Corporate Sustainability Report, disclosing the Company's performance in 2021 and its sustainable management goals as follows:

In terms of corporate governance and economic performance, we maintained good profits, continued to strengthen the corporate governance structure, and advanced the directors' continuing education in 2021. We will arrange education and training related to risk management, climate risk, and carbon management for all directors and supervisors to enhance their professional knowledge and capabilities.

For innovative services, Chunghwa Post actively promotes business transformation. With the establishment of Digital Development Committee, the overall digital technology development and promotion plans are reviewed, and suggestions for strategic research and planning on innovative business models, omni-channel services, customer experience, optimization of operation process are also provided to link the digital development plans of various businesses horizontally, and strengthen customer privacy and data security, providing safer, more convenient services with

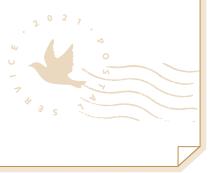


the integration of virtual and reality for the public. In addition, Al and big data applications are also actively introduced to establish a complete information application framework to enhance our operational performance and competitiveness.

As for human resources development, in response to the trend of digital development and business needs, additional

Chairperson

Wu, Hong-Mo



education and training related to digital development was provided in 2021, and the E-Learning mechanism was further improved. We re-examine the courses and add and replace courses in a timely manner to provide more diverse learning resources and channels so as to enrich the individual development and knowledge of the business and management of our employee. The number of digital courses established in 2021 was 71, a 2.9% increase compared with the previous year.

As far as social care is concerned, Chunghwa Post continues to organize a series of Caring for the Community Activities, with a total of 266 sessions in total, participated by as many as 59,387 people in 2021. Through the integration of the postal resources, the Caring for the Marketing of Agricultural Products activities were held to care for small-scale farmers in the local areas; the Caring for the Elders Living Alone Activities were implemented, and 16 old house renovation projects were carried out to improve these older elders' living environment, with an investment of NT\$ 1,354,416. The cumulative number of elders living alone that were cared for in the series activities amounted to 904,924 from 2018 to 2021.

For environmental friendliness, to understand the impact of climate change risks on the operations of Chunghwa Post, we plan coping strategies for climate change and potential opportunities in advance and plan the implementation of the TCFD (Task Force on Climate-related Financial Disclosure) project for postal savings and remittances, and life insurance businesses. By establishing the TCFD framework, the corresponding action strategies are formulated to grasp the development opportunities for relevant businesses. As of 2021, we have adopted 3,241 e-scooters and 54 e-vans and installed solar PV power generation system with the capacity of 2,398KW. In the future, we will keep promoting energy conservation and waste reduction, and give full play to have some influence on environmental protection and work hand in hand together with our partners in the upstream, midstream, and downstream to jointly build a homeland with sustainability.

In terms of responsible finance, we are dedicated to the implementation of the investment in social responsibility. In 2021, what we invested in Taiwanese Listed Companies complying with corporate social responsibility accounted for 97.08% of the total market value of domestic stock investments, and the investment in ESG ETFs at home and abroad amounted to NT\$1.978 billion. In addition, we also purchased four grades of green bonds at home and abroad, with a total of NT\$5.16 billion. In the future, we will continue to improve the utilization efficiency of postal capitals and support the government's major public construction projects and investment projects in the private sector.

Our company vision is to be "To run a postal administration that provides excellent services and

is trusted by all citizens." . We understand that as a state-owned enterprise, we are obligated to help promote national policies and industrial upgrading. In the future, Chunghwa Post will continue to uphold the values of "honor, responsibility, and commitment", striving for sustainable management of postal service and helping create a better society for all.

President





2021 Sustainability Achievements and Performance



Honored with the **Excellent Unit Award**

in the 2021 Critical Infrastructure Protection Exercise by Office of Homeland Security, **Executive Yuan**

Chung hwa Post Co. Lt d



Honored with the top **Gold Award** at the Taiwan Sustainability Action Award (TSAA)



Honored with

TCSA's Corporate Sustainability Report Award-**Platinum Award in the Financial** and the Insurance Industries and Outstanding Case-Social **Inclusion Award**

Evaluated by Joint Credit Information Center as the 2021 **Gold Award** -Credit Information Category





Honored with four awards in the **2022 Insurance Quality Award**

held by the Risk Management, Insurance & Finance Magazine, including "Maximum Visibility Award", the "Best Salesman Award", the "Best Claim Service Award" and the "Most Recommended Award".



Honored with 2021
Best Sustainability Award

by Excellence Magazine



Awarded the TGOS Circulation Service

in the TGOS platform value-added Application and alliance node performance evaluation activity held by the Ministry of the Interior



Awarded **2021 Dragon & Phoenix Award** for Insurance hosted by Risk Management, Insurance & Finance Foundation



Awarded the Outstanding Sales Award in the FSC sponsored "2021 Annual Microinsurance Contest"

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Chunghwa Post's Performance in Sustainable Management

Established **CSR Promotion Group** in 2019.

Identified **8 categories** of stakeholders based on the AA1000 SES 2015 (Stakeholder Engagement Standards).

Summarized 50 sustainability-related topics after data collection.

A total of **3,791 copies** of Questionnaire of Stakeholders' Concern to 8 categories of stakeholders were retrieved, an increase of **750 copies** compared with 2020.

Identified 16 topics of the GRI Standards and 9 custom topics of Chunghwa Post.

Corresponded to and implemented 14 of the SDGs.



Chunghwa Post's Performance in Sustainable Governance

To constantly promote data and digital technology development,

the Digital Development Committee was established in 2021.

The ratio of female directors and supervisors accounted for 50% among all board members.

The total training hours for directors and supervisors in 2021 amounted to 304 hours, with an average of **16.9** hours per person.

Organized **22** sessions of lectures on advocacy of special laws and regulations in 2021, with a total of **1,324** participants.

Compared with 2020, the savings business **increased by 2.63%** in 2021.

Prevented **969** financial frauds with the amount of **NT\$356.09 million** in 2021, and was listed as Excellent Anti-fraud Financial Institution by police agencies.

In 2021, Chunghwa Post provided the services for the issuing and redeeming paper-based Quintuple Stimulus Vouchers, issuing vouchers to **5,433,852 people** and redeeming **6,270,135 vouchers**, with the total amount of **NT\$ 2,816million**.

The total number of life insurance policies in force for 2021 was **2,065,329**, the total amount insured was **NT\$664,152.95 million**, and the premium income was **NT\$99,178.46 million**.

Chunghwa Post's Performance in Innovative Services

The complete delivery rate of mails was 99.40% in 2021.

The number of post offices providing instant card issuance operations increased to **1,117** in 2021, an increase of 595 compared with the previous year.

Initiated the **Financial Blockchain Confirmation Services**, promoting a digital financial environment.

In 2020, the total number of slip-free deposit and withdrawal services and related deposit and withdrawal transactions totaled **1,283,151 transactions**.

As of the end of 2021, the total number of those using Mobile Device Insurance Service amounted to 10,760.

In 2021, the new form of off-site and on-site shopping guide activities successfully obtained more than 1,800 orders, with an amount of more than **NT\$3.78 million**.

The customer satisfaction **increased by 3.97%** in 2021 compared with the base year (2017).

In 2021, the proportion of green procurement was 99.97%.

Promoted the Post app, and as of the end of 2021, with **7.58 million** downloads, an increase of **28.69%** compared with 2020.



Chunghwa Post's Performance in Happy Postal Workers

The ratio of female senior executives (director or higher position holders) accounted for 52.78%.

In 2021, the number of persons with disabilities hired accounted for approximately **3.41%** (778 persons with disabilities should be employed as required by law, and the actual employment was 896 persons, exceeding legal requirement by 118 persons).

In 2021, 42 indigenous people should be employed as required by law, and the actual employment was 257 persons, exceeding legal requirement by **215 people**.

The percentage of total employees covered by the 2021 Collective Agreement was **98.83%**.

In 2021, the standard salary of basic-level staff was **1.56 times** the statutory minimum wage.

In 2021, a total of 459 employees applied for parental leave without pay, with the reinstatement rate was **97.2%** and the retention rate was **99.5%**.

In 2021, **41** outstanding postal personnel were selected, and 4 were honored with Model Civil Servant by Ministry of Transportation Communication (MOC).

In 2021, the establishment of **ISO 45001** was completed in the Headquarters and Taoyuan Post Office.

Since the implementation of the designated partners of the Buddy System and the Mentor Training in 2015, over **3,000** designated partners and mentors have been trained.

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Cahunghwa Post's Performance in Caring for Humanities

In 2021, a total of **266** sessions of Caring for the Community series activities were organized, with **59,387** participants.

In 2021, a total of 627 National Blood Donation Campaign were held all over Taiwan, raising **48,564 bags** of blood (250c.c/bag).

A total of 9,899 people applied for the scholarships for dependants of postal life insurance policyholders, and 3,000 won the scholarship, and the total amount issued amounted to **NT\$ 5 million**.

37 sessions of Chunghwa Post Rejuvenation Campaigns were held in 2021, with a total of **3,346 participants**.

In 2021, a total of 27 marketing activities of agricultural products were held,

assisting **271 small-scale farmers**, and the sales mount was approximately NT\$ 24.8 million while the public welfare donation was around NT\$ 620,000.

The implementation of service of caring for the elderly living alone on the way of mail delivery started in 2008, and as of the end of 2021, the cumulative number of elders we served totaled **904,914**.

We assisted in the food delivery program to deliver food to schools in rural areas. As of the end of 2021, we have assisted in **336** trips (from pick-up points to schools) of delivery.

16 old house renovation projects for the elderly living alone were implemented in 2021, with a total investment of NT\$ 1,354,416.

The land development project around the A7 Station of the Airport MRT is expected to add **4,000** employment opportunities in the local area.

The Chunghwa post logistics park is expected to be completed by 2024, and the estimated output value for 2025 is **NT\$ 5.7 billion**.



Chunghwa Post's Performance in Environmental Friendliness

Cumulative investment of NT\$392.45 million in the use of electric scooters.

Completed the external verification of **ISO 14064-1** GHG inventory in 21 sites in 2021.

Convened 12 paperless board meetings in 2021, saving about 250,000 sheets of A4 paper.

Replaced paper bills with e-statements and e-notices, saving **285,000 sheets** of A4 paper in 2021, effectively saving energy and reducing carbon emissions.

Recycled **704,821** Convenience Boxes in 2021, with the reuse rate of **13.09%**.

According to statistics, the e-billing and voice-billing for the Postal Visa Debit Card was provided to more than **15.9 million households** by the end of 2020, reducing the consumption of paper for energy and carbon reduction to protect the earth.

The energy saving potential of the Smart Green Buildings in the Chunghwa post logistics park is estimated to be more than **30%**.

There were **no violations** of environmental laws and regulations in 2021.

Installed solar PV power generation system with the capacity of 2,398 kW from 2015 to 2021, producing **2.82 million kWh** annually, reducing carbon emissions by approximately **1,492.82 tonnes**.



Chunghwa Post's Performance in Responsible Finance

Established **2,460** accessible ATMs by the end of 2021, an increase of **358** compared with 2020. Established **102** ATMs with voice-activated services by the end of 2021,

an increase of **5** compared with 2020.

Provided disability friendly banking services and obtained Web Content Accessibility Guidelines (WCAG)2.0- Level A.

Organized **32** sessions of Financial Literacy Campus Tour Lectures in 2021.

Prevented 969 financial frauds with the amount of NT\$356.09 million in 2021.

The cumulative number of valid contracts of An-xin Whole Life Insurance was **77,345** in 2021, an increase of **54,256** compared with the previous year.

The cumulative number of valid contracts of Accident Microinsurance Rider was **9,918** in 2021, an increase of **3,421** compared with the previous year.

Invested in foreign green bonds with a face value of **US\$120 million** in 2021 (approximately NT\$ 3.36 billion).

In 2021, the domestic investment in ESG-related ETFs was about **NT\$478 million**, and foreign investment in ESG-related ETFs was about **US\$54.5 million (about NT\$1.5 billion)**.

Participated in **112** shareholders' meetings or special shareholders' meeting of TWSE listed companies by dispatching personnel or exercising e-vote.

After inspection, the invested TWSE listed companies meeting corporate social responsibility accounted for **97.08%** of the overall domestic investment.

CSR Sustainability Management

To implement the promotion and implementation of Corporate Social Responsibility related business to present Chunghwa Post's business performance in economic, social and environmental aspects for the creation of a good corporate image, the Key Points for the Establishment of Chunghwa Post Co., Ltd. CSR Promotion Group was formulated in 2019, and the Corporate Social Responsibility (CSR) Promotion Group was set up.





Stakeholder Identification and Engagement

As is prescribed in the Key Points for the Establishment of Chunghwa Post Co., Ltd. CSR Promotion Group, the Company holds the CSR Promotion Group meeting every year to discuss the identification of stakeholders, and to achieve effective stakeholder engagement. This year, the stakeholder identification and engagement of this Report followed the GRI standards of Stakeholder Inclusiveness.

Stakeholder Identification

After the discussions among CSR Promotion Group and various departments and by referring to the stakeholder groups identified in the same trade, a total of 8 categories of stakeholders were identified based on the principles of Dependency, Responsibility, Influence, Diverse Perspectives, and Tension.



Stakeholder Engagement

Chunghwa Post has considerable responsibility to stakeholders. Therefore, there is a need to understand their needs and expectations of us through various means and channels, and their opinions also serve as reference for the formulation of CSR policies and related projects.

	Issues of Concern	Engagement Channel	Frequency
		Questionnaire on CSR Topics	Frequency Annually Instantly Instantly Instantly Annually Quarterly Quarterly
		Official Correspondence	Instantly
	 Labor/Management Relations 	Chunghwa Post Official Website	Instantly
>	Employment	Opinion exchange platform	Instantly
ees	 Occupational Safety and Health Economic Performance Customer Privacy 	Federation of Trade Unions Congress	Annually
		Labor-Management Meeting	Quarterly
		Trade Union Cooperation and Coordination Briefings	Annually
		Employees Welfare Association	Quarterly
		Employee satisfaction survey	Annually



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Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
Labor/Management Relations Human Capital Development	Board meeting	The board meeting is convened every 2 months, and special meetings are convened occasionally
Complete Delivery Rate	Annual report/Financial report	Regularly
Innovative Services	Official Correspondence	Instantly
Universal Postal Service	Chunghwa Post Official Website	Instantly
	External communication mailbox	Instantly
	Budget & settlement account	Annually



Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
	Grievance mailbox	Instantly
Information Security	Customer service hotline	Instantly
 Customer Privacy Complete Delivery Rate Universal Postal Service Customer Satisfaction 	Chunghwa Post Official Website	Instantly
	Facebook fan group	Instantly
	Customer Satisfaction Survey	Annually
	Service counter	Instantly
	External communication mailbox	Instantly

Suppliers/ Contractors

Government agencies

Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
Task Force on Climate-related	Symposium/Educational Training	Instantly
Financial Disclosures (TCFD)	Supplier Evaluation Questionnaire	Annually
Innovative Services	Chunghwa Post Official Website	Instantly
Anti-corruption	External communication mailbox	Instantly
Emissions	Distributor meeting	Quarterly
Economic Performance	Face-to-face communication	Instantly
	Purchasing/Distribution Contract	Contract period

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Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
	Corporate governance evaluation	Occasionally
Information Security	On-the-spot verification of work	Annually
Customer Privacy	Chunghwa Post Official Website	Instantly
Labor/Management Relations	Official Correspondence	Instantly
Occupational Safety and Health	Discussion meeting	Instantly
Universal Postal Service	External communication mailbox	Instantly
	Budget & settlement account	Annually

Community

residents

Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
 Information Security Customer Privacy Complete Delivery Rate Universal Postal Service 	Chunghwa Post Official Website	Instantly
	External communication mailbox	Instantly
	Visits neighbors	Instantly
Customer Satisfaction	Opinion through public opinion representatives	Instantly
	On-site communication by the person in charge	Instantly

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Media

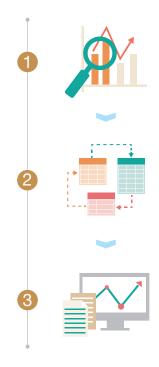
Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
Occupational Safety and Health	Chunghwa Post Official Website	Instantly
Customer Privacy	Press conference	Instantly
Information SecuritySocioeconomic Compliance	External communication mailbox	Instantly
Economic Performance	Line group	Instantly
	News ticker	Instantly



Issues of Concern	Engagement Channel	Frequency
	Questionnaire on CSR Topics	Annually
Universal Postal Service	Chunghwa Post Official Website	Instantly
 Complete Delivery Rate Customer Privacy 	Various public opinion representative discussion meetings, coordination meetings	Instantly
Innovative Services	Legislative Yuan Councils, Committees	Instantly
Demographic Change	Official Correspondence	Instantly
	Face-to-face communication	Instantly

Sustainability Materiality Assessment and Topic Boundary

In addition, to enable effective communication with our stakeholders with this Report, the identification, prioritization, verification and review of the material topics were conducted in accordance with the principles of GRI standards of Stakeholder, including Inclusiveness, Sustainability Context, Materiality, and Completeness for the determination of the material topics of corporate social responsibility and its boundary in this 2021 Corporate Sustainability Report.



Identification

Identification of stakeholders Collection of sustainability related topics

Analysis

Survey on the level of concern among the stakeholders Analysis of the impact of topics on the operation of the Company Analysis and prioritization of topics identified

Confirmation

Determination of material topics Defining topic boundary of each sustainability aspect

After discussion, 25 material sustainability topics and 25 secondary sustainability topics were identified.

2021 Matrix Data Analysis Diagram of Material Sustainability Issues



2021 Prioritization of Material Sustainability Issues

- 1. Information Security
- 4. Socioeconomic Compliance
- 7. Customer Satisfaction
- 10. Anti-corruption
- 13. Economic Performance
- 16. Marketing and Labeling
- 19. Customer Health and Safety
- 22. Demographic Change

- Customer Privacy
 Complete Delivery Rate
- 8. Financial System Stability
- 11. Labor/Management Relations
- 14. Corporate Governance
- 17. Indirect Economic Impact
- 20. Product Portfolio
- 23. Audit

- 3. Integrity management
- 6. Universal Postal Service
- 9. Employment
- 12. Innovative Services
- 15. Occupational Safety and Health
- 18. Training and Education
- 21. Local Community
- 24. Emissions

25. Task Force on Climate-related Financial Disclosures (TCFD)

2021 Prioritization of Secondary Sustainability Topics

26. Human Capital Development 27. Non-Discrimination 28. Information Disclosure 29. Market Position 30. Tax 31. Anti-Competition 32. Diversity and Opportunity 33. Forced or Compulsory Labor 34. Environmental Compliance 35. Public Health Trend 36. Freedom of Association and Collective Bargaining 37. Materials 38. Waste 39. Active Ownership 42. Child Labor 40. Indigenous Rights 41. Energy 43. Supplier Social Assessment 44. Supplier Environmental Assessment 45. Security Practice 46. Human Rights Assessment 47. Procurement Practices 48. Water and Effluents 49. Biodiversity 50. Public Policy

Implementation of United Nations Sustainable Development Goals

About This Report

United Nations Sustainable Development Goals (SDGs) contains 17 Goals and 169 Targets. Countries around the world have successively referred to them as the development topics from 2016 to 2030. Chunghwa Post Co., Ltd. responded to 14 of SDGs for its sustainability development.



1 ^{ng}	 Chunghwa Post launched the An-xin Whole Life Insurance and Accident
poverty	Microinsurance Rider Chunghwa Post served as a member of the Taiwan Economic Revitalization
∱≆∱∲∦Ř	Team
2 ZEDO	 Chunghwa Post planned the Key Points for Assisting Rural Schools with
HUMGER	Food Delivery
3 GOOD HEATH	 Chunghwa Post served as a member of the Taiwan Epidemic Prevention
AND WELFEING	Team
4 EDUCATION	 Postal Preschool Chunghwa Post planned the Financial Literacy Campus Tour Lectures
	• As of the end of 2021, the ratio of female directors and supervisors was 50%, and that of female senior executives (director or higher position holders) accounted for 52.78%
7 AFFORDABLE AND CLEAN ENERGY	 Chunghwa Post installed solar PV power generation system with the capacity of 2,398kW from 2015 to 2021, producing 2.82 million kWh annually, reducing carbon emissions by approximately 1,492.82 tonnes Continuous investment in green bonds to nurture green industries

8 DECENT WORK AND ECONOMIC GROWTH	• The land development project around the A7 Station of the Airport MRT is expected to add 4,000 employment opportunities in the local area
9 MOUSTRY INNOVATION AND INFRASTRUCTURE	 The energy saving potential of the Smart Green Buildings in the Post Logistics Park is estimated to be more than 30%
	We established 102 ATMs with voice-activated services
	 In the aging society, Chunghwa Post has launched a series of Rejuvenation Campaign (formerly the Anti-Aging Movement) since 2017 to respond to the government's long-term care policy and fulfill our corporate social responsibility. In 2021, 37 sessions of activities were held, with a total of 3,346 participants
	 Chunghwa Post handled the redevelopment and activation of real estate assets for lease
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 In 2021, Chunghwa Post recycled 704,821 Convenience Boxes in 2021, with the reuse rate of 13.09%
13 CLIMATE	 Chunghwa Post plans to introduce the TCFD mechanism for savings and remittances, and life insurance business in 2022
16 FFACE AND JUSTICE STORAGE STITUTIONS	• In addition to abiding by the Four Postal Acts and their Sub-laws, Chunghwa Post has also established the Ethical Corporate Management Best Practice Principles for Chunghwa Post Co., Ltd. to establish the concept of integrity and honesty to improve the management of the company
17 PARTINEESHIPS FOR THE BOALS	 The Digital Development Committee has been established to promote data and digital technology development We set up Cyber Security Office and the Big Data Preparatory Office

SUSTAINABLE GEALS

01

Sustainable Governance

In accordance with the Four Postal Acts and by upholding the principle of adopting corporate management practices, the Company aims to provide accessible, fair and reasonable postal services and to promote sound development of the postal business and thereby enhance the welfare of all citizens. Therefore, corporate governance is strengthened while taking into account economic performance to ensure corporate sustainability. Properly internalized external laws and regulations as well as the increasing trust of our stakeholders are the cornerstone of the sustainable development of the Company.

Management Approach of Sustainable Governance

Policies

- To run a postal administration that provides excellent services and is trusted by all citizens
- Strengthen corporate governance, improve financial structure, and enhance risk control and management capabilities
- Integrate postal resources, research and develop diversified products, and provide universal and high-quality services in mail, savings and remittances, and life insurance
- Provide customer-oriented, honest and efficient services
- Honor, Responsibility, Commitment
- Preventing corruption, stamping out corruption, and cracking down on corruption

Organizations in charge

- Board of Directors
- Risk Management Committee
- Strategic Planning Committee
- Department of Auditing
- Department of Civil Service Ethics
- Office of Legal & Compliance
- Risk Management Office

Management process

- Four Postal Acts and their Sub-laws
- Four-year Development Plan for Postal Business
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Code of Conduct for Board of Directors
- Stewardship Principles for Institutional Investors
- Self-disciplinary Rules for Fund Manager
- Self-disciplinary Rules for Equity Linked Note Investment Personnel
- Guidelines for salespeople of the Postal Simple Life Insurance
- Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Chunghwa Post Co., Ltd.
- Dispute Resolution Mechanism of Savings and Remittances Business
- Regulations Governing the Capital Adequacy of Financial Supervisory Authorities, International Financial Reporting Standards (IFRS)

Material topics covering Sustainable Governance

Integrity management (Custom topic)

Socioeconomic Compliance (GRI 419)

Financial System Stability (Custom topic)

Anti-corruption (GRI 205)

Economic Performance (GRI 201)

Task Force on Climate-related Financial Disclosures (TCFD) (GRI 201)

Corporate Governance (Custom topic)

SDGs corresponding to Sustainable Governance



- Risk Management Policy
- Key Points Governing Risk Management of Asset Liability Matching in Insurance Business
- Key Points Governing Liquidity Risk Management
- Regulatory Compliance System (Implementation Plan)
- Internal Control System
- Corporate Governance Best Practice Principles for Chunghwa Post Co., Ltd.

Resources invested

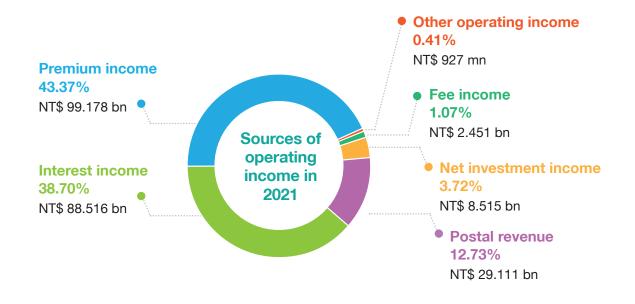
- Education and training of Board of Directors
- Education and training of regulatory compliance
- Education and training of integrity
- Established the Integrity Platform for the Chunghwa post logistics park Construction
- Handled the procurement project of Postal Life Insurance Business Aligning with IFRS 17 Insurance Contracts System and Company Strategy Adjustment Consulting Service
- Set up the corporate governance supervisor and personnel

Grievance mechanism

- Whistleblower's Zone on Chunghwa Post Official Website
- Dedicated mailbox: P.O. Box 610, Taipei Beimen Taipei City, 100900 Taiwan
- Email: whistleblower@mail.post.gov.tw
- Dedicated line: (02) 2396-9104
- Customer suggestion box and customer service hotline 24-hour customer service hotline: 0800-700-365

1.1 About Chunghwa Post

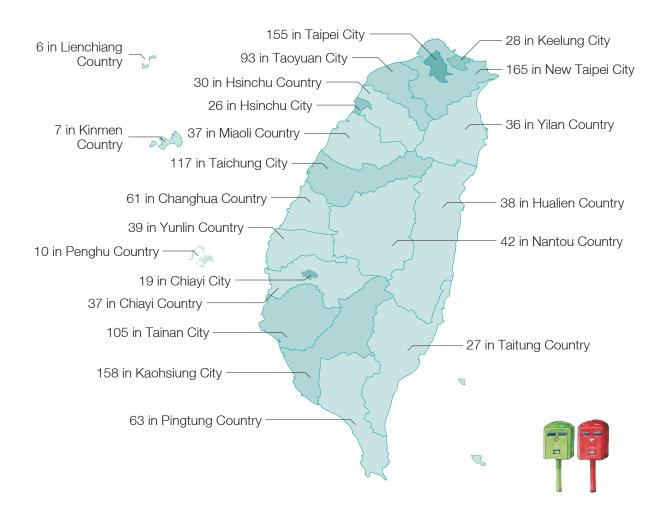
Profile of Chunghwa Post Co., Ltd.				
Company Name	Chunghwa Post Co., Ltd.			
Headquarters	No.55, Sec. 2, Jinshan S. Rd., Da-an District, Taipei City			
Date of Corporatization Jan. 1, 2003				
Total assetsNT\$ 7.69 trillion (as of Dec. 31, 2021)				
Capital NT\$ 79,932million				
Shareholder structure 100% owned by Ministry of Transportation and Communication				
Number of employees 25,868 (as of Dec. 20, 2021)				



Distribution Of Postal Establishments

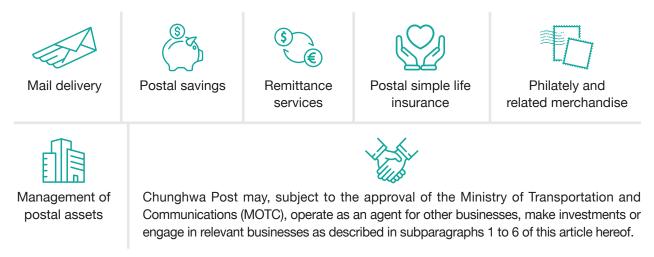
As of the end of 2021, there are 20 administration branches, including the headquarters and post office; there are 2,094 business branches, including 1,300 (self-management) post office branches (1 Mail Processing Centers in Taipei and 1,299 post office branches) and 794 agencies (482 post agencies and 312 stamp-sales agencies).

Distribution Of Postal Establishments



Core Operations and Services of Chunghwa Post

In accordance with Article 5 of Postal Act, Chunghwa Post may engage in the following businesses:

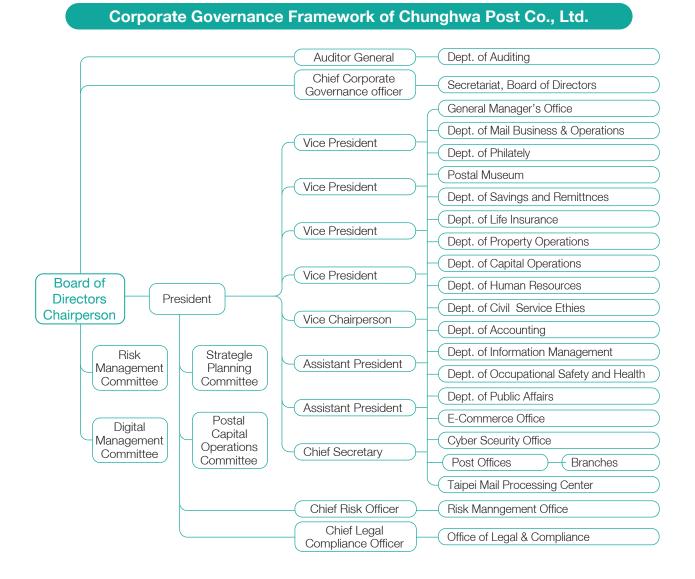


1.2 Corporate Governance

In addition to abiding by the Four Postal Acts and their Sub-laws, Chunghwa Post has also established an integrity system for the directors and employees to improve the management of the Company. Chunghwa Post also fully implements the Legal Compliance system, with one Chief Compliance Officer (CCO) in charge of comprehensive regulatory compliance and legal affairs.

Corporate Governance Structure

To expand the application of information and data, Chunghwa Post established the Big Data Preparatory Office on July 8, 2021, which is in charge of the promotion of data application of all business units. In response to the increasing important application of information digitalization, the Cyber Security Office was set up on July 13 in the same year, responsible for the maintenance of information security and the normal operation of the personal information protection system as well as the coordination of the information security promotion and personal information protection solutions. The Digital Development Committee was established on July 28, in the same year, promote data and digital technology development, strengthen the functions of formulating and reviewing strategies for data and digital technology development.



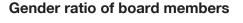
As prescribed in the Chunghwa Post Co., Ltd. Establishment Act, the Company shall have a board of directors composed of 11 to 15 directors. One-fifth of the directors shall be experts in their fields and one-fifth shall be labor representatives assigned by the union. In addition, there shall be three to five supervisors. According to the Articles of Association, the term of the office of directors and supervisors is 3 years. The current term of the 7th session of the board of directors is from July 1, 2021 to June 30, 2024.

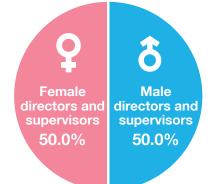
The board of directors has set up the Risk Management Committee convened by the chairperson every two months, and the committee members include the president, vice president or management of equivalent level, Chief Risk Officer, and supervisors of relevant units. An extraordinary meeting may be convened if necessary.

The Company has set the Digital Development Committee, which is composed of the chairperson (as the convener), president (as the deputy convener), corporate governance supervisor, vice president (or management of equivalent level) supervising the digital development promotion group, chief secretary, Chief Digital Officer, and Director of Department of Information Management. This committee is convened every quarter, and an extraordinary meeting may be convened if necessary.

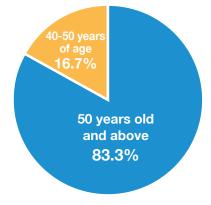
Please refer to 2021 Chunghwa Post Annual Report for detailed basic information and experience of the directors and supervisors







Age distribution of board members



Evaluation of the Board of Directors

Chunghwa Post is a state-owned enterprise affiliated to the MOTC. To strengthen the selection, management, and assessment of the positions of directors and supervisors appointed by MOTC to its affiliated organizations and businesses, the Regulations for the Selection, Management and Assessment of Representatives of Privately-owned Enterprises and Consortium Legal Entities of MOTC affiliated organizations and businesses have been set up. Except for the directors appointed by the labor union, the annual evaluation of the other directors of the Company is conducted in accordance with the above-mentioned regulations, and the evaluation results serve as an important reference for continued appointment. In addition, the Company also carried the 2021 annual self-evaluation and peer-evaluation of the managing directors of the insurance business. The results of the self-evaluation and peer-evaluation were 95.62 points and 94.46 points respectively (out of 100).

Continuing Education for Directors and Supervisors in 2021

The continuing education for directors and supervisors in 2021 included corporate practices, business management, risk management, laws and regulations, and finance, with a total hour of 304 hours, exceeding the 132 hours required by the competent authority, and the average number of training hours per person reached 16.8.

Please refer to 2021 Chunghwa Post Annual Report for detailed information of continuing education for the directors and supervisors



1.3 Integrity management

Integrity and Anti-corruption

The Company's Department of Civil Service Ethics conducts the integrity agency risk assessment of the organization, business characteristics, and personnel on a yearly basis. In 2021, the postal establishments that received such assessment included the Headquarters, post offices, and Taipei mail processing centers, with a total of 21 administration establishments and 1,299 post office branches, reaching 100%. The assessment results in 2021 showed that there was no significant corruption risk. No employees were involved in any cases of corruption in 2021, but there were 5 suspected general illegal cases that were sent to the judicial authorities for investigation, and the relevant employees were held accountable for their administrative liability. There were no incidents of termination of contracts with our business partners or contracts not renewed due to corruption during the reporting period.

Anti-corruption Advocacy at Chunghwa Post

- Text propaganda
- Lectures
- Oral propaganda
- Online and electronic publicity
- Strengthened publicity through reward-based activities
- Anti-corruption and social engagement



To encourage reporting illegal activities for the improvement of the management of the company, Chunghwa Post Co., Ltd. has set up a Whistleblower's Zone on the Company's official website. Channels for whistleblowing include the followings: Mailbox: P.O. Box 610, Taipei Beimen Taipei City, 100900 Taiwan; Reporting line: 02-23969104; Reporting email: whistleblower@mail.post.gov.tw. On Jan. 25, 2019, the Key Points for the Implementation of the Whistleblower System of Chunghwa Post Co., Ltd. was promulgated, specifying the reporting mechanism process and whistleblower protection policy, providing complete reporting channels internally and externally. Provisions on integrity and reporting channels are also stipulated in the procurement contract and bidding instruction for procurement projects. For information concerning the ethics guidelines and recusal due to conflicts of interest, the designated personal is assigned to interpret, explain cases and provide consulting service.

Regulatory Compliance

With professionalism and integrity, Chunghwa Post abides by the Four Postal Acts and adheres to the philosophy of decent operation to ensure fair trade, fair competition, and prevent monopoly and other improper wrongful acts. The Company did not take any legal actions involving anti-competitive behavior in 2021. There were only 8 cases of corrective measures by FSC, and there were no penalty cases.

Internal Audit System

The Company has set up an auditor general and an Department of Auditing under the board of directors to manage the audit business of the Company. Written reports of the audit business shall be reported to the board of directors and supervisors at least every six months.

The Department of Auditing has appointed qualified and appropriate number of dedicated internal auditors to help the board of directors and management departments check and evaluation whether the internal control system works effectively in a detached, independent, objective and impartial perspective and suggestions are given when appropriate to ensure the effective implementation of the internal control system and also serve as a basis for improvement. The inspection feedback listed by external inspecting units such as the FSC, Central Bank and CPAs were reported to the board of directors and tracking will continue until improvement is completely made.

1.4 Business Strategies

The vision of Chunghwa Post is to become "To run a postal administration that provides excellent services and is trusted by all citizens". To reach this vision, the strategic goals are set as follows.



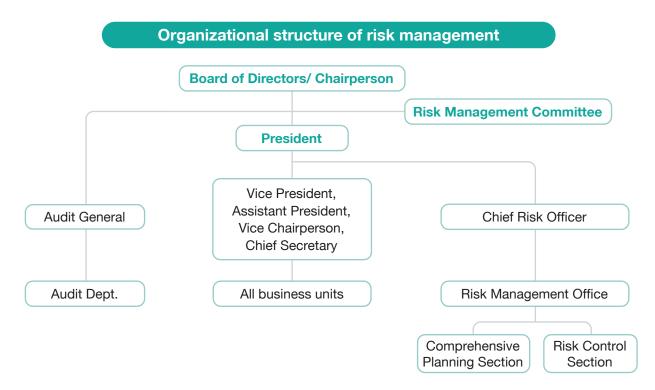
The operation of taxation in the Company is compliant with regulations and laws. The profit-seeking enterprise income Tax is audited by a CPA and tax declaration is honestly filed within the prescribed time period to fulfill the social responsibility of a taxpayer. Tax information is disclosed in the financial statements as prescribed to ensure information transparency.

Financial Information of Chunghwa Post over the 5 years							
Item/Year	2017	2018	2019	2020	2021		
Operating revenues	271,624,527	259,363,793	251,833,952	244,469,950	228,698,823		
Operating cost	225,771,778	217,972,117	211,797,971	202,880,657	181,376,707		
Gross profit	45,852,749	41,391,676	40,035,981	41,589,293	47,322,116		
Operating income (loss)	17,901,816	12,040,507	13,264,275	15,064,620	12,336,610		
Non-operating income (loss)	-250,740	161,328	42,425	-4,668	180,474		
Net income before tax	17,651,076	12,201,835	13,306,700	15,059,952	12,517,084		
Net profit from continuing operations	10,607,613	14,431,281	9,348,343	9,136,804	10,038,477		
Net Profit (loss)	10,607,613	14,431,281	9,348,343	9,136,804	10,038,477		
Other comprehensive income (after tax)	3,903,061	-6,308,584	29,502,869	17,595,129	16,874,500		
Total comprehensive income	14,510,674	8,122,697	38,851,212	26,731,933	26,912,977		
EPS (NT\$)	1.33	1.81	1.17	1.14	1.26		
Employee welfares	35,208,289	36,994,147	33,721,563	33,832,095	42,151,262		
Dividends paid to shareholders	6,795,801	8,383,857	7,618,406	7,911,027	8,589,089		
Tax paid to the government	9,516,411	246,394	6,421,791	7,889,931	4,398,741		

Attainment status of	operationa	al performar	nce goals of	Chunghwa	Post in 2021
Business item	Unit	2021 Final account	2021 Goals	2020 Final account	Target attainment rate (%)
Mail business	Thousand items	1,892,355	1,871,973	1,955,522	101.09%
Philatelic business	Thousand dollars	616,720	558,765	625,663	110.37%
Savings business (Average daily balance)	100 million dollars	65,532.09	66,034	63,850.36	99.24%
Remittance business (Remittance capacity)	100 million dollars	16,420.54	14,039	16,360.07	116.96%
Postal simple life insurance business (Premium income)	100 million dollars	991.78	1,280	1,185.02	77.48%
Agential services (Notional amount)	100 million dollars	82.71	54.39	201.52	152.07%

1.5 Embracing Risks and Opportunities

To ensure the integrity of the risk management system, implement the checks and balances mechanism of risk management and improve the labor division efficiency of risk management, the risk management policy has been formulated and a complete organizational structure of risk management has been established.



Risk Management Process

To reach the annual business targets, effective risk management systems for the type of risks faced have been set up, stipulating various management measures and risk measurement indicators. In addition, reports of risk control and management status are regularly compiled and submitted to the Risk Management Committee every two months and to the board of directors every six months.

	Risk control
Item	Description
Market Risk	The Company's measurement method for market risk has 99% confidence level for the calculation of the market price changes of the existing trading portfolio for 10 business days as the benchmark to set risk limits and management indicators. The Risk Management Office makes daily monitoring of the application of market risk limits and over-limit and submits reports to senior supervisors. Stress tests are implemented to measure the potential losses major event may generate to the Company.
Credit Risk	To measure the credit risk of the debt position, three risk parameters, namely the credit exposure amount, credit default rate, and loss given default are applied for the estimation of credit loss and the establishment of risk limits and management indicators. The Risk Management Office makes daily monitoring of the application of credit risk limits and over-limit and submits reports to senior supervisors. In addition, depending on the nature of business and commodities, concentration management reports taking into account the country, issuer, commodity type, credit rating and so on are made to fully disclose the credit exposure status.
Liquidity Risk	For savings and remittances capital, the table of a maturity structure analysis is prepared by month and the liquidity control indicators are set up. In terms of life insurance capital, appropriate cash equivalents are allocated to cope with the funds required for payment of insurance contracts reaching maturity. Daily control of working capital is made to avoid liquidity risk of the capital. In addition, when handling investment business, the Company would consider the commensurability of market transaction volume and its position to reduce the liquidity risk of the market.
Operational Risk	Each business unit deliberately identifies risk items that generate in the operation process based on the business characteristics. Key risk indicators and warning values that have substantial management effects are set and implementation status is tracked on a quarterly basis to grasp changes in operational risks.
Insurance Risk	Risks factors such as whether the product has policy value, whether it is a short-term repayment policy, whether it allows high-value income and expenditure transactions, whether there is a possibility of anonymity, and whether it is a risk factor identified by the competent authority are taken into account to classify the product as "low risk", "medium risk", and "high risk", and corresponding control measures are implemented for customers with different risk levels.
Asset Liability Matching Risk	The procedures include risk identification, risk measurement, risk response, and risk monitoring. Risk identified include liquidity risk, insurance risk, interest rate risk, exchange rate risk, and reinvestment risk, which are regularly monitored to maintain stable operation of the Company.

Emergency Response and Disaster Recovery Plan

To cope with impacts of various risks on the operation, Chunghwa Post has established different emergency response and disaster recovery plans.

Emergency Response and Disaster Recovery Plan of Chunghwa Post



Emergency Response Measures for COVID-19 Epidemic Prevention

Chunghwa Post has established emergency response measures and backup plans in response to COVID-19 epidemic for administrative units, postal units and counters based on the nature of business.

- Emergency Response Measures and Backup Plans in Response to COVID-19 Epidemic for Administrative Departments (Template) has been formulated for departments, offices, museums, branches and mail processing centers to set up relevant measures based on the template in accordance with business needs.
- 2. The Postal Department has set up the Emergency Response Measures and Backup Plans in Response to COVID-19 Epidemic for Post Offices (Centers).
- Counters have set up Emergency Response Measures and Backup Plans in Response to COVID-19 Epidemic for Counters in Post Offices.

Relevant regulations added or revised are as follows:

- 1. Precautions for Handling Gathering Activities of Chunghwa Post During COVID-19 Epidemic Prevention Period
- 2. Regulations for Access Control Operation during epidemic
- 3. Enhanced Epidemic Prevention Measures for Level 2 Epidemic Alert
- 4. COVID-19 Epidemic Prevention Notice for Post Offices in response to Level 3 Epidemic Alert
- 5. Manpower Plan for Necessary Operations for Level 4 Epidemic Alert
- 6. Instructions for Operation of Employee Epidemic Prevention Notification Management System
- 7. Chunghwa Post's management system for tracking confirmed cases and their contacts
- 8. Instruction for assistance with handling the epidemic prevention measures for "wearing a mask when entering business premises of the post office"
- 9. Employee Health Care Program
- 10. COVID-19 Vaccination Program

Special Column of Sustainability Governance

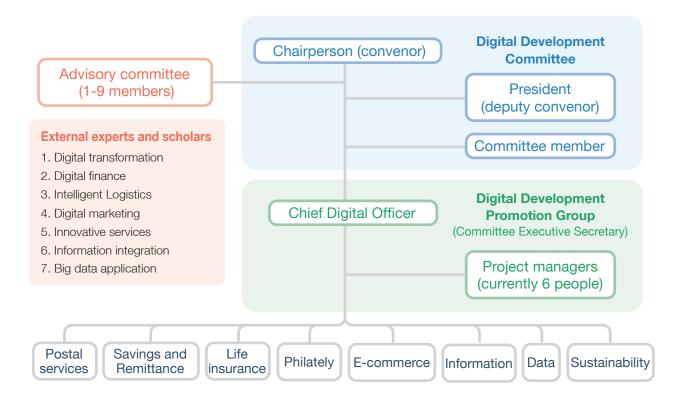
Digital Development Committee

Strengthen data application to promote the development of digital technology

Establishment of Digital Development Committee

To promote data and digital technology development, strengthen the functions of formulating and reviewing strategies for data and digital technology development, Chunghwa Post established the Digital Development Committee in July, 2021, which is composed of the chairperson (as the convener), president (as the deputy convener), corporate governance supervisor, vice president (or management of equivalent level) supervising the digital development promotion group, chief secretary, Chief Digital Officer, and Director of Department of Information Management. This committee is convened every quarter. The main tasks of the committee include the followings.

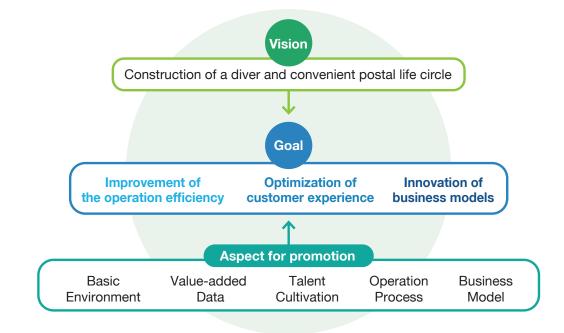
- 1. Deliberate and approve the overall policies for postal data and digital technology development
- 2. Supervise the promotion of data and digital technology development
- 3. Cross-departmental resource integration and work coordination



Members of Postal Services Sub-team: Post offices, Taipei mail processing centers, and Electronic Mail Section of Taipei Post Office.

Members of Sustainability Sub-team: Relevant departments (including the General Manager's Office, Department of Human Resources, Department of Property Operation, Post Logistics Park Administration Preparatory Office.

Digital Roadmap



Digital Development Strategies

To reach the above goals, Chunghwa Post proposed 11 development strategies and relevant action plans plus detailed guidelines for implementation in the five major aspects, including basic environment, value-added data, talent cultivation, operation process and business model. Rolling reviews of these strategies will be made depending on the implementation situation and will be reported to the Digital Development Committee. It is hoped that through the operation of the Digital Development Committee, collective brainstorming can be applied to complete the development strategies and improve the overall promotion efficiency for the sustainable development.

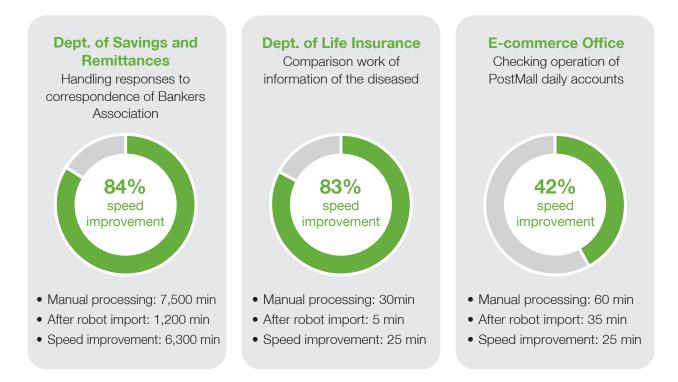
01	Promotion of digital infrastructure Create stable, highly-efficiency, flexible, and agile information environment to lead business development	Complete infrastructure for software and hardware	Promote a framework of small core with large perimeter	Improve information technology capacity and capabilities
02	Development of data application Develop innovative business models with data-driven business to create data culture	Complete big data infrastructure	Aided decision- making, strengthening data empowerment	Shaping data culture, cultivating professional talents
03	Reengineering corporate culture, cultivation of digital talent Introduce external resources and coaching to promote innovation and implementation	Set up cross- departmental task teams	Develop the culture of data- driven decisions	Top-down and bottom-up training programs

04	Optimization of operation and service process Importing digital technologies and tools to improve efficiency and create value-added manpower	Simplified operational processes and work items		Import RPA	Promoting digital tools for team collaboration
05	Optimization of user experience with the Integration of virtual and reality Providing warm and friendly services with transparent omni-channel data from the customers' perspective	the bu	gineering of usiness and ce process	Transparent channel information and data integration	Strategic inter- industry and cross-industry collaborations
06	Resource integration to construct a postal life circle Linking online and off-line services, providing diverse and convenient individualized service	mei	ered on the mbership em Post ID	Establish a database of postal members and services	One-stop on- demand service platform
07	 7 Providing fully transparent postal information, importing automated equipment for smart logistics development 10 Optimize the information system, importing marketing technology and fostering younger customer base of philately 				stem, importing
08	Promotion of diversified financial serv Comprehensive and stable development, ac promoting diverse and innovative services to implement inclusive financing	tively	plat 11 Opti mark	Astructing a high-qua form mization of information s keting technology and e petitiveness of PostMall	system, importing nhancing the
09	Import of Insurtech application Using Insurtech to develop digitalized service	es,			

Embracing RPA, the first step to implement digital transformation

enhancing operational performance

Chunghwa Post started the Robotic Process Automation (RPA) import project in early 2021, and after 6 months, 3 units and 3 automated processes were completed. A total of 11 robot modules were imported, and each process saved 42%-84% of labor time and significantly dropped the probability of errors in manual operation in the past. The process enables us to reexamine the previous operation process for simplification and improve the overall operation efficiency. More importantly, the import of RPA allows employees to focus on work with higher added value and have higher sense of identification about their job. PRA will be actively promoted to every department of the Company. Other technologies such as intelligent image recognition and natural semantic analysis will be gradually integrated to reach the goal of intelligent automation and cognitive automation.



Cultivation of digital talents

The RPA Design Thinking Workshop was organized in February, 2021, participated by 42 employees from 14 units. The external lecturer shared RPA application scenarios and led the participants to experience the RPA design thinking model. Through pre-class learning, in-activity guidance, and group discussions, a total of 50 operation procedures were collected as the reference for the import procedure in the next stage.

To improve the user experience and interface design capabilities of each group members, the general education course of user experience was organized in October, 2021. In addition to the case study from the needs and pain points of each unit for the application value in businesses, participants could also understand the main point of user experience design through basic concept description and group discussions, and further learn how to create services that meet users' need from users' perspectives.



The RPA Design Thinking Workshop



The general education course of user experience



Innovative Services

Chunghwa Post bases on the privatization principle to provide universal, fair, and reasonable postal services to facilitate sound development of the postal business and to enhance the well-being of all citizens. The core value is to provide customeroriented, honest, and efficient services. In the face of the wave of technological and digital transformation, Chunghwa Post has to continue the innovation of service content, improvement of customer satisfaction, and protection of customer privacy, moving toward digitalization and intelligentization so as to reach the strategic vision of being "To run a postal administration that provides excellent services and is trusted by all citizens".

Management Approach of Innovative Services

Policies

- Provide customer-oriented, honest and efficient services.
- To run a postal administration that provides excellent services and is trusted by all citizens.
- Develop smart logistics and digital finance, provide universal and high-quality service in mail, savings and remittances, and life insurance
- Make good use of digital technology, strengthen innovation capability, improve business physique, and enhance competitiveness.
- Continue to expand cross-strait postal and remittance business to provide convenience services to the public.

Organizations in charge

- Board of Directors
- Strategic Planning Committee
- Digital Transformation Promotion Group
- Information Security & Personal Data Protection Committee
- Information Security Promotion Group
- Service Quality Improvement Group

Management process

- Four Postal Acts
- Four-year Development Plan for Postal Business
- Execution Plan for Service Quality Improvement
- Financial Consumer Protection Act
- Principle for Financial Service Industries to Treat Clients Fairly
- Dispute Resolution Mechanism of Savings and Remittances Business
- Complaint Management and Handling Procedure
- Internal Management Review Procedure for Customer Satisfaction
- ISO 27001 Information Security Management System
- BS 10012 Personal Information Management System
- Postal Staff Training of BIF (Business Information Framework)
- Operation Directions for Financial Institutions Using Emerging Technologies
- Key Points for Postal Agency Business Promotion
- Epidemic Prevention Regulations for Mail Collection for Home Quarantine or Home Isolation

Material topics covering Innovative Services

- Information Security (Custom topic) Customer Privacy (GRI 418) Innovative Services (Custom topic) Customer Satisfaction (Custom topic) Complete Delivery Rate (Custom topic) Customer Health and Safety (GRI 416) Marketing and Labeling (GRI 417) SDGs corresponding to Innovative Services
- Key points for the System and Procedures for the Solicitation and Processing of Postal Simple Life Insurance Business

Resources invested

- Established the PostMall Platform
- Established the Smart Post Logistics Park
- Established smart logistics box (iBox)
- Launched Taiwan Pay "Postal ATM Card Cloud Pay"
- Launched Postal VISA Debit Card
- Established the digital post office
- Provided MyData services
- Established and launched the intelligent customer service system
- Introduced the PDA signature service
- Chunghwa Post Service Customer Satisfaction Survey
- Education and training for information security
- Education and training for personal data protection
- Random inspection of products for agency services every quarter
- Set up Cyber Security Office and the Big Data Preparatory Office

Grievance mechanism

- Customer suggestion box and customer service hotline
 - 24-hour customer service hotline: 0800-700-365
- At each post office, there are "Customer Opinion Forms" with free return postage for customers to express their opinions

2.1 Innovation of Mail Business

Chunghwa Post is responsible for popularized delivery, providing customers with full range of services with no boundaries, and post offices are wildly set up in urban and remote areas as well as on offshore islands not for the purpose of profit. As of the end of 2021, there are 1,300 post offices (including 1,299 post offices and 1 mail processing center) and 794 contracted agencies (including 482 agencies and 312 stamp sales agencies). To ensure universal postal service, Chunghwa Post currently still maintains the basic requirement of at least 1 mailbox per village to meet the postal needs of the public. As of the end of December, 2021, there are a total of 9,383 mailboxes.

Starting from July, 2016, Chunghwa Post has actively deploying smart logistic cabinets (iBox), and as of the end of 2021, a total of 2,408 cabinets have been installed, mainly in crowded places such as post offices, train stations, MRT stations, community buildings, and schools.

iBox Post- Accessible, 24-hour Picking up/Sending Services

Chunghwa Post's Banqiao Post Office and Land Administration Department of NTPC has worked together since April 1, 2021 to provide express mail delivery services to people in New Taipei City whose documents or papers handled in the local land offices and cannot be returned on the same day. They can choose express mail delivery at their own expense and send the documents or papers back using the 24-hour iBox Post for self-mailing and pickup, saving their time traveling to and from the land offices.

In addition to the cooperation with Land Administration Department of NTPC, to enable local land offices in New Taipei City to simultaneously activate this service, coordination has been conducted for Sanchong Post Office and Keelung Post Office to participate in the iBox Document Delivery project to enable the service to be launched smoothly as scheduled.

ESG Achievement Combined with the Use of iBox Post

To develop smart logistics while taking into account environmental sustainability, Chunghwa Post's iBox Post combines the IoT Technology and the dense postal network of post offices to provide self-service mail pickup and sending services. This single point with multi-unit delivery effectively reduces the energy consumption and carbon emissions for



round-trip delivery of vehicles, and the 24-hour services effectively extend the service hours and locations of postal offices, reducing customers' waiting time. In recent years, it has even been developed into a platform for environmental protection, public welfare, and resource reuse, creating some touching moments in a better life for the environment and for the society.

In recent years, as the functions of iBox Post improve, the results in environmental protection and sustainability are presented as follows:

- 1. The cooperation with Nespresso (subsidiary of Nestle) for the recycling of coffee capsules started from May, 2020.
- 2.Cooperation with the EPA of Executive Yuan in the promotion of Online Shopping Packaging Recycling Campaign from September, 2020.
- 3. Cooperation with Give-Circle to activate idle materials started from September, 2020.
- 4. The cooperation of SP Bookstore for the promotion of second-hand books started in January, 2021.

To adapt to the development of cross-border e-commerce business, Chunghwa Post has successively cooperated with post offices in 17 countries for the newly ePacket services, and the e-Packet to Australia was added in August, 2021, and will continue to expand the scope of services and have more complete service items. In the future, the cooperation with other postal services abroad will be actively conducted for Taiwanese enterprises to expand the cross-border e-commerce markets to meet different needs of postal customers.

Complete Delivery Rate

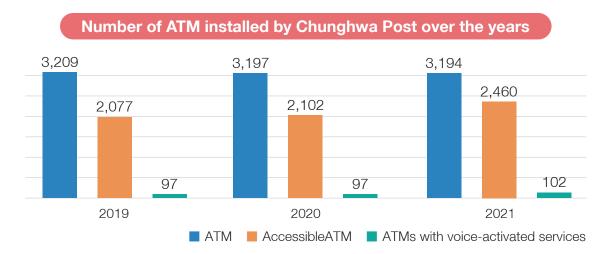
The Complete Delivery Rate refers to the comprehensive calculation of ratio of registered mail, parcel and express mail delivered by the delivery unit to the mail address. Mail delivery is the main business of Chunghwa Post, and the Company has always attached great importance

to the quality of mail delivery and actively urged post offices to improve the quality of delivery services (such as polite greetings and handling customer complaints) and the complete delivery rate.



2.2 Innovation of Postal Savings and Remittances

Our business bases are widely distributed, including in the remote areas and on offshore islands. Taking the communities as the center, we provide universal financial services for all, take care of the remote areas and the disadvantaged groups, and promote friendly financial services. As of the end of 2021, there are a total of 3,194 ATMs, including 102 ATMs with voice-activated services and 2,460 accessible ATMs to provide caring and friendly services.



To work in line with the government's opening of the FinTech and the policy of doubling the penetration rate of electronic payment in 5 years, Chunghwa Post has constantly invested in business innovation and actively developed diverse payment services based on our long-term customer-oriented thinking in response to digital technology and digital economy development. For example, the Postal VISA Debit Card has the functions of EasyCard and iPass, and the electronic payment can be linked to the postal savings account (Account Link).

Diversified Convenience and Digitalized Services

The scope of instant card issuance operation has been expanded. In 2020, the number of post offices providing instant card issuance operations was 522, and it increased by 270 in March, 2021 and in December of the same year, the number further increased by 325. There are a total of 1,117 post offices nationwide (except for post offices operated

by 1 or 2 persons) that provide the instant card issuance service.



Starting from March 13, 2021, the new version of Postal Interbank Remittance Application Form with the function of withdrawal and remittance is provided to simplify operations and improve customer services.



To promote a digital financial environment and implement a comprehensive digitalized audit operation, the Financial Blockchain Confirmation Services were initiated from March 16, 2021. By

using the blockchain technology and combined with the digital confirmation and digital signatures, the audit units can be provided with relevant financial information to reduce manual review, filling & replying and mailing operations to promote green finance.



To provide depositors with more options for payments, Chunghwa Post and EasyCard Corporation

worked together and starting from June 7, 2021, the Easy Wallet app can be bound to the postal savings accounts, providing postal saving customers diverse payment tools. As of the end of 2021, the electronic payment service providers bound to Post Office Savings Account include JKOPay, iPass, PChomePay, GAMAPAY, O'Pay, icash, and Easy Wallet.

To create a digital and friendly financial environment and provide domestic adult customers to apply

for account opening through the internet or mobile devices, the internal trial operation of digital savings accounts was carried out from September 25, 2021 and the trial operation was open to the public in January 2022, which was carried out in combination with high interest incentives and various marketing activities to attract young people to open a digital account and to increase their willingness to open an account.

Chunghwa Post has cooperated with TWCA's TWID for the establishment of the Post Office Account Information Verification Service, using postal savings account with postal debit card as one of the verification methods for online identification. This service function can be applied at the Taiwan Mobile Telecom online store from November 11, 2021.

To provide the public with a digital financial experience with virtual and real integration, as of the end of 2021, the digital post office with financial services were activated in 9 post offices, including Taipei Jinnan Post Office, Banqiao Guoqing Post Office, Taichung Yingcai Post Office,

Kaohsiung Xinxing Post Office, Taipei Stadium Post Office, Taoyuan Chenggong Post Office, Tainan Chenggong Road Post Office, National Central University Post Office Taoyuan Branch, and National Cheng Kung University Post Office, making use of financial technology tools to guide customers to use self-service or online services to simplify the process at physical counters, reducing their waiting time.





You can bind

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2.3 Innovation of Postal Simple Life Insurance

The purpose of the establishment of the postal simple life insurance is to provide the basic economic security to all the people in Taiwan. As of the end of 2021, the number of salespeople who registered in accordance with the Guidelines for Salespeople of the Postal Simple Life Insurance was 25,650. In addition to soliciting postal life insurance, they can also provide relevant services to policyholders at any time. The number of policies (in force) is 2,065,329, with the insured amount of NT\$664,152.95 million and the total premium income amounted to NT\$ 99,178.46 million.

In response to the financial technology development trend and the enhancement of the service efficiency of life insurance business, online reservation for insurance services, internet ATM insurance policy loan, and online application and inquiry functions of the online post office (iPost) and the e-Postal service are provided. Policyholders do not need to visit the counter, and the rapid and convenient service can be enjoyed through the internet. Starting from July 25, 2018, the Mobile Device Insurance Service was launched to provide customers with convenient services. As of the end of 2021, the number of policies purchased through the Mobile Device Insurance Service totaled 10,760.

Improvement of Life Insurance Service Efficiency

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Online Insurance Service

Chunghwa Post's Online Insurance Business was approved by the Financial Supervisory Commission on August 25, 2021. To cope with the changes in customer behavior patterns and to develop the customer base of younger generation, Chunghwa Post launched the online insurance business on March 21, 2022 and released the first online insurance product, Postal Simple Life Insurance e68 Fix-termed Insurance. The aim is to get closer to the consumption habits of new consumers, strengthen the life insurance business operation, optimize customer experience, and create new brand value.

One-Stop Medical Insurance Claim Platform



Taipei City Government, the Life Insurance Association of the Republic of China, and the medical institutions jointly established a One-Stop Medical Insurance Claim Platform. Diagnosis certificates and medical receipts will be electronically transmitted to this shared platform to enable the insurance company to obtain the required documents for claim settlement immediately. The policyholders just need to fill in the consent form at the hospital counter, and once the policyholder apply for claim to one of the insurance companies and agrees this shared platform to actively inform other insured insurance companies, this policyholder will no longer need to spend time providing the diagnosis certificate and medical receipts, greatly reducing the waiting period for the claim settlement. Postal Simple Life Insurance will join the platform from June 30, 2022.

2.4 Innovation of Philately

Philatelic business is one of the major services provided by Chunghwa Post, which has its competitive advantages and should be actively developed. In response to the changes in stamp functions, new consumers and new market, the stamp design, printing, and distribution strategies are also constantly adjusted accordingly. Customer-oriented planning of the philately (commodity) is moving toward gift giving, refinement, customization and the concept of its rareness and preciousness to increase the quality and competitiveness of the stamps (commodity). Through various marketing strategies and promotional activities (such as holding a stamp issue ceremony, a stamp exhibition or establishing a philatelic society) to actively publicize it. This business is mainly to serve domestic philatelic enthusiasts. Most of the customers collect stamps as their hobby, and some people buy the philatelic stamps (commodities) as gifts, dividing the philatelic business into two major areas, the professional philatelic market and the gift market. In 2021, a total of 18 sets of stamps, 1 set of postage stamps, 6 types of stamp folios, 6 analogical cards, and 17 derivative philatelic products were issued.



Issuing "Thanksgiving Souvenir Sheet"Homage to All Health Workers

2.5 Innovation of E-Commerce

PostMall

Launched in 2010, PostMall integrates its virtual and physical channels, providing franchisees with more diversified business tentacles and creating business opportunities for home economic sales. In 2014, PostMall promoted a "Caring for the Marketing of Agricultural Products" activity and assisted local small-scale farmers with distribution and marketing services, providing customers with high-quality agricultural products with safety certification and delivered the products to the consumers' home directly from the production location. These small-scale farmers also contributed to local charitable events to pass on the love. According to statistics from Google Analytics Performance Report, in the two sessions of off-site guided shopping activities held in 2021, the number of successful guided shopping orders was more than 1,800 during the 12 months, with the amount of over NT\$3.78 million, reaching the annual target.

Postal Agency Services

Chunghwa Post accepts consignment from manufacturers to sell all kinds of commodities and sells these products in the physical postal channels (post offices) and virtual channel (PostMall). The listing of consignment products has to go through strict review mechanism, and all products have to pass the inspection by an impartial third party. Moreover, before putting the products on the shelves, the product labels submitted will be carefully checked to see if they are compliant with the Commodity Labeling Act or the specifications of the parent law of the product category (such as the Regulations Governing the Labeling of the Alcohol Products) to ensure that customers can get correct information of the products when they make purchases, enabling people to buy the products as great gifts or feel at ease for their own use.



Chunghwa Post E-Commerce Ensures Customer Safety

Download investment promotion document/ Contract terms and operating charges/ Cooperation agreement of online ordering of commodities



Labeling of the Place of Origin of Pork Products

To cooperate with the government's prevention from the African swine fever and other animal diseases through the online shopping channels of e-commerce platforms, transparent information of the origin of pork raw materials is provided to safeguard the food safety and health of all the people in Taiwan. In accordance with the Statute for Prevention and Control of Infectious Animal Diseases and the Labeling Regulations on



Country of Origin of the Packaged Products That Contain Pork and Other Edible Parts of Pig, the measures taken at PostMall is as follows:

- The product listing process has been added to the backend of the PostMall. Stores have to clearly indicate the origin of meat ingredients before being allowed to put the products on the shelves. This system function is expected to be launched in 2022Q4 to cooperate with the revision of the system product page. Advocacy is also conducted to stores on the PostMall platform to advise them to autonomously specify the place of origin of pork products before the new system functions are launched. Notices concerning related regulatory compliance are constantly posted on the PostMall website.
- Currently, there are more than 430 kinds of food products that are compliant with the abovementioned regulations, accounting for 0.28% (out of 155,000 products) of the total products.

Buying Power- Social Innovation Products

Cross-field Cooperation with Social Innovat ion Organizations for a Win-Win Situation

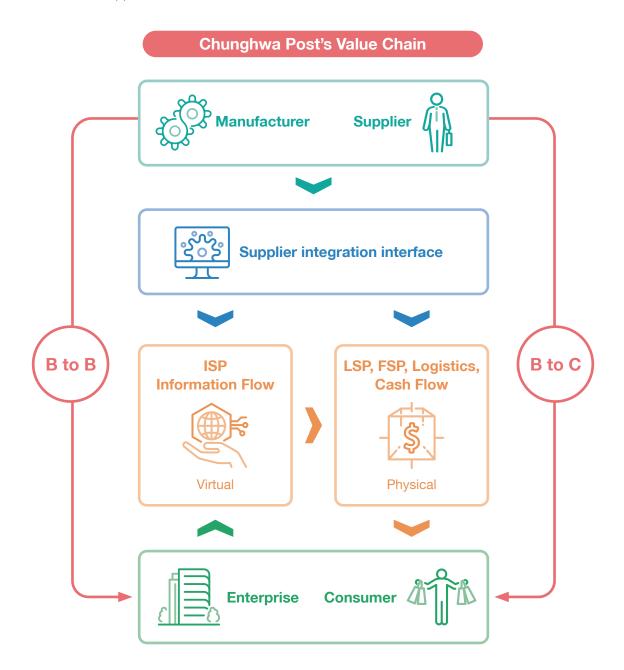
To promote the development of social innovation and to assist social innovation organizations to expand their marketing channels, the Small and Medium Enterprise Administration of MOEA has organized the "Buying Power- Social Innovation Product and Service Procurement Incentive Mechanism" to encourage central and local government agencies, state-owned enterprises, private enterprises, and groups to take the lead in purchasing products or services from social innovation organizations and encourage enterprises and organizations practicing ESG to invest relevant resources to assist social innovation organizations with obtaining resources and expanding marketing opportunities. As of the end of 2021, there are 23 stores in the Social

Innovation Products Section. In the future, social innovation development will be constantly promoted to provide an exclusive platform for these social innovation organizations to increase their exposure.



2.6 Customer Relationship Management

Chunghwa Post's customers include enterprises and general public. The Company provides all customers with the best all-round postal services. Our supply chain includes software and hardware manufacturers or suppliers.



Improvement of Service Quality

To achieve the vision of providing excellent services, the Company has established the Execution Plan for Service Quality Improvement and Plans for Random Assessments of Public Service. Each business unit establishes the Service Quality Improvement Working Group for the formulation of strategies and methods to improve services and inspections are strengthened to reach the goal of improving service quality.

Promotion of Intelligence Customer Service

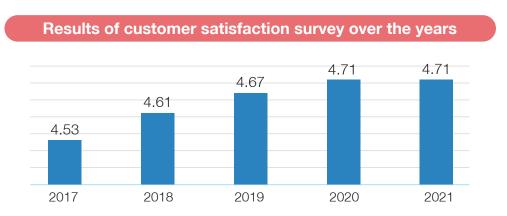
To improve service quality and strengthen the convenience of communication channels, Chunghwa Post launched the intelligence (text) customer service system from February 23, 2021 and continues to optimize the system services. Besides the customer service hotline for postal consultation, our customers are provided with diverse channels for services to enhance the efficiency and competitiveness of postal services.

The use of intelligent customer service increases every month. Except for the average of 14,000 calls in the first 3 months of operation, the currently number of calls is over 20,000 every month on an average. If this platform is a way for customers to change the platform experience to replace calling the customer hotline for dedicated person, this intelligence customer service can save the outsourced personnel costs for the customer service hotline and the phone bills while improving the overall service quality.



Customer Relationship Management

Monthly customer satisfaction survey is conducted for analysis and evaluation, and for the unsatisfied part, relevant units will be notified for improvement. Based on the average score of 4.53 points of the customer satisfaction in 2017, it increased by 3.97% in 2021 (compared with the base), meeting the target of the short-term goal. In the future, the Customer Service Center will continue to provide considerate services to improve the quality of postal services.



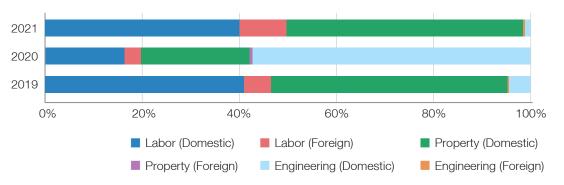
2.7 Supply Chain Management

Chunghwa Post's suppliers can be divided into three categories based on the types of contracts, including labor (contracting and services), property (raw materials and equipment), and engineering (construction and engineering). The percentage of green procurement meeting the regulations was 99.97% in 2021.

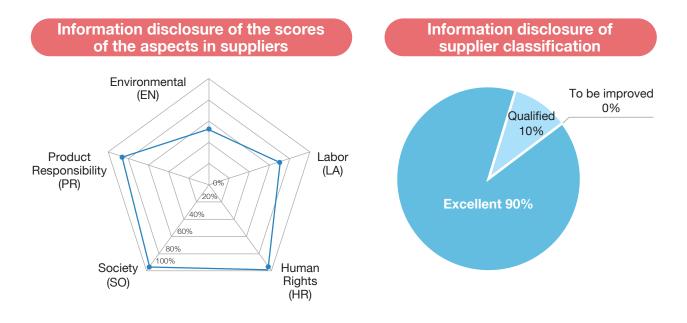
Overview of Chunghwa Post's Suppliers over the years Unit: NTD 100 million							
Type of contract	Purchase area	2019		2020		2021	
		Number of suppliers	Purchase amount	Number of suppliers	Purchase amount	Number of suppliers	Purchase amount
Service	Domestic	174	22.81	168	24.06	160	24.40
	Foreign	14	3.18	9	5.30	13	5.72
Property	Domestic	133	27.35	123	33.34	116	30.33
	Foreign	1	0.02	3	0.12	2	0.06
Construction work	Domestic	17	2.54	24	85.88	18	9.98
	Foreign	0	0.00	0	0.00	0	0.00
Total of numbers	Proportion of domestic purchase amount	339	94.28%	327	96.36%	309	91.80%
	Proportion of foreign purchase amount	339	5.72%		3.64%	309	8.20%

Notes:The purchase amount of construction work was higher compared with other years mainly because of the major construction project of the North Taiwan Mail Operating Center in the Chunghwa Post Logistics Park near Taoyuan Airport MRT (A7) National Taiwan Sport University Station in the year.





To strengthen supplier management, Chunghwa Post introduced the Supplier Self-Assessment Questionnaire on CSR whose content covers 5 major aspects, including environmental protection, labor practices, labor rights, business ethics, and product responsibility. A total of 30 copies of questionnaire were retrieved in 2021, with the pass rate of 100%. Among them, 27 suppliers were rated excellent, yet the scores in the environmental protection aspect were relatively lower, leaving room for improvement.



2.8 Customer Privacy and Information Security

To demonstrate the determination of managing information security, the Cyber Security Office was established in July, 2021, whose major task is to ensure the Company's core information communication system to reach the goals of confidentiality, integrity, and availability.

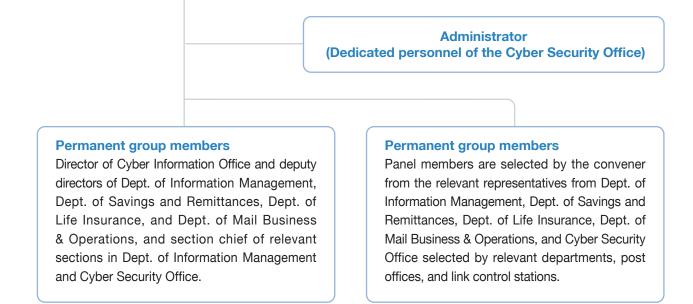
All information equipment has safety control measures, including regular update of password, allowing USB flash drive to read instead of to write, controlling the computer authority for software installing and so on. In addition, social engineering drills are held regularly, and phishing emails are sent to test our associates' awareness of information security protection. A total of 4 social engineering drills were held in 2021 with 10 test emails sent at each drill, and approximately 25,000 people were tested, with the pass rate of 99.61%. Information security education and training are strengthened to those who failed the tests.



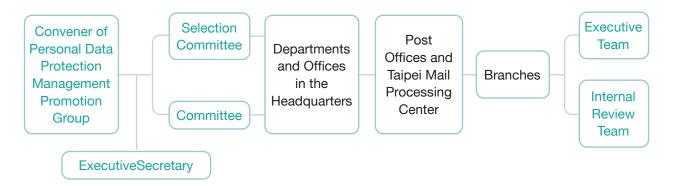
Convener (Deputy president of Cyber Security Office Supervision)

To comply with the requirements in the Personal Data Protection Act and to protect the right of the person involved, the third-party verification (BSI) of the Personal Data Protection Management System (BS 10012) has been introduced to maintain the validity of the certificate to reduce any possible impact and risk brought by a personal data infringement event. It also passed the third-party verification of the International Standard Privacy Information Management System (ISO 27701) in July, 2021. According to the statistical results in the measurement period in 2021, all the 8 indicators have reached the targets. There were no confirmed incidents of information leakage, theft, or loss of customer data in 2021.

Organizational chart of the Information Security Promotion Group



Organizational chart of Personal Data Protection Management Promotion Group



Special Column of Innovative Services

PostMall Creates High-Quality Agricultural Product Section

Chunghwa Post works with Agriculture and Food Agency and creates a Joint Recommendation Section of high-quality agricultural products

The COVID-19 epidemic has hit the domestic agricultural product market. To assist farmers impacted by the hindered export to cooperate with e-commerce platforms, Chunghwa Post and the Agriculture and Food Agency. COA worked together and set a "Joint Recommendation Section" on Chunghwa Post's PostMall and held the "Food Agency*Chunghwa Post Joint Recommendation Section" press conference on November 12, 2021. Some preferential activities were launched on the platform of PostMall, and the public could easily buy the recommended, quality-assured local agricultural products at ease.

Taiwan's abundant and diverse agricultural products have had good reputation in both domestic and foreign markets. In recent years, Agriculture and Food Agency has actively promoted the traceability system and organic certification of agricultural products, and the approved certified area has grown yearly. However, the outbreak of the COVID-19 epidemic last year not only affected the export market but also rapidly changed consumer buying behavior. Therefore, Agriculture and Food Agency provided guidance for farmers to adjust their sales models, assisted them to cooperate with e-commerce platforms. By working with Chunghwa Post and co-establishing the "Joint Recommendation Section" on the online store platform of PostMall, high-quality agricultural products such as rice, vegetables and fruits, grains, honey and flowers with the traceability system and organic certification were provided, providing multiple and diverse sales channels for farmers.

PostMall focuses on Good Taste and Great Quality. Through the dense postal network, local specialties with unique characteristics and are not marketed in large distribution channels are discovered for marketing on the online store platform. On the other hand, in terms of the quality, with our long-term honest and sincere services trusted by customers, we carefully selected safe products with inspection reports, verification marks and product liability insurance. The high-quality products recommended by Agriculture and Food Agency with the postal delivery resources gave a full play to the synergy effect. In addition to checking the quality of products for the public, small-scale farmers could focus on production without worries, reaching the goal of revitalizing the local economy.

To make it easier for consumers to identify, the "Joint Recommendation" Logo designed by Food Agency and Chunghwa Post was specially displayed in the press conference. Some stores were also invited

to display their products and exquisite brochures of this "Joint Recommendation Section" were also distributed. The special section of PostMall was also launched online at the same time, gathering more than 30 stores with more than 300 items available. These diverse items included seasonal fresh fruits, grains, snacks, fragrance, skin care products, plants and flowers, with a variety of items for consumers to choose from.



Food Agency*Chunghwa Post Joint Recommendation Section



Happy Postal Workers

Talent is the foundation of an enterprise and employees are business partners and company assets. Productivity and competitiveness can only be achieved with healthy and happy employees of the company. In the face of an era of globalization, digitization and diversification, Chunghwa Post will face the challenges of business transformation since the manpower system will undergo structural changes due to the retirement period of the post-war baby boomers, and that will have an impact on business operations. To cope with the challenges of business transformation and avoid the impact of changes in the manpower structure on operations, we recruit young and high-quality personnel through a fair, just and open screening system to activate manpower, reduce average age and cost of employment and improve problems such as manpower gaps and personnel aging, aiming at facilitating the cultivation of management talents, strengthening both the company's succession echelon and human capital so as to lead the continuous growth and sustainable operation of the Company. Traffic accidents of field workers on duty may cause heavy loss of life and property. Therefore, accident prevention is relatively important to the Company. If accidents can be effectively reduced, the utilization rate of human resources will also be effectively improved, and the expenses such as pensions and vehicle maintenance can also be reduced.

Management Approaches of Happy Postal Workers

Policies

- Strengthen talent recruitment, cultivation and utilization to improve work efficiency in response to business development needs
- Respect for life, care for health
- Traffic Safety First

Organizations in charge

- Board of Directors
- Department of Human Resources
- Department of Occupational Safety and Health
- Occupational Safety and Health Committee
- Accident Prevention and Implementation Team
- Gender Equality Working Group
- Sexual Harassment Complaint Investigation Committee
- Employee Welfare Committee of Chunghwa Post
- Postal Staff Sports Committee

Management process

- Labor Standards Act
- Occupational Safety and Health Act

- Regulations governing the Management of Rational Personnel Quota of State-owned Enterprises
- The Collective Agreement Signed by Chunghwa Postal Workers'
 Union
- Salary and promotion system
- Partnership system for new recruits
- Regulations Governing the Pension and Severance Chunghwa Post Co., Ltd.
- Key Points for Personnel Training in Chunghwa Post Co., Ltd.
- Precautions for the Training Operation in the Postal Service Training Center
- Implementation Directions for Online Education and Training in Postal Service Training Center
- Staff annual training plan
- ISO 45001 Occupational Safety and Health Management System
- Guidelines for the Prevention, Compliant Filing and Management of Sexual Harassment

Resources invested

 Chunghwa Post allows employees to participate in corporate governance and sets up 3 seats of labor directors on the board of directors

Material topics covering Happy Postal Workers

Employment (GRI 401)

Labor/Management Relations (GRI 402)

Occupational Health and Safety (GRI 403)

Training and Education (GRI 404)

SDGs corresponding to Happy Postal Workers



- At least 50 cases of professional consulting services for employees (including case consultation, group consultation and special lectures) are handled every year
- E-Learning mechanism provides a variety of online learning courses
- Chunghwa Post provides subsidies for staff training in relation to businesses, subsidies for license application fees
- Various employee benefits are provided
- The app of Healthy Postmen is set up for health management
- Established the Private Taipei Employees' Children Nursery School Affiliated to Employee Welfare Committee of Chunghwa Post

Grievance mechanism

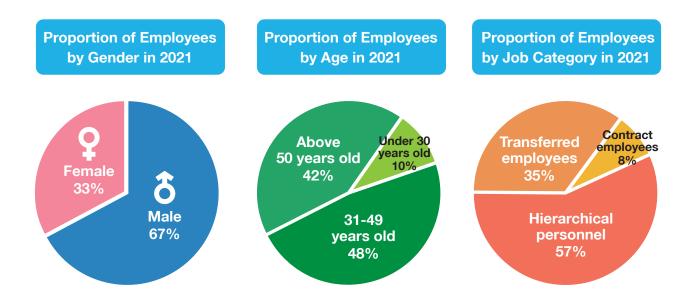
- Employee rights and interests: Chunghwa Post has requested the labor union to appoint representatives and hold labormanagement meetings on a regular basis in order to promote the harmony between labor and management. In addition, we set up a committee for handling difficult matters to take care of the rights and interests of employees and clear the channels for employees' opinions
- Sexual harassment: Chunghwa Post attaches great importance to the issue of gender equality. We have formulated the "Guidelines for the Prevention, Compliant Filing and Management of Sexual Harassment". In addition, a Sexual Harassment Complaint Investigation Committee, which is responsible for handling sexual harassment complaints and investigation cases, has been established. The Company sets up a hotline (02-23969549) and fax (02-23969103) for the grievance from employees. The complaint mailbox is available at psn01@mail.post.gov.tw
- Workplace Violence: the Company has formulated the "Wrongful Infringement Prevention Program in the Performance of Duties" to protect employees from being physically or mentally violated in the performance of their duties due to the actions of others. Besides, a workplace violence prevention and handling group responsible for dealing with workplace violence is established. A hotline (02-23928412) and fax (02-23964884) has been set up

3.1 Workforce Structure

Chunghwa Post develops various workforce management in terms of "selection," "utilization," "cultivation," and "retention" of workforce and seeks a reasonable allocation of workforce, while focusing on various employee benefits to maintain good employee-employer relations. Therefore, we can consolidate the Company's outstanding workforce and achieve corporate sustainable management.

Workforce Structure

The Company had a total of 25,868 employees by the end of 2021, a decrease of 457 compared with the previous year. In recent years, hierarchical personnel have become the largest number of employees due to the departure of personnel and the recruitment of new personnel. By the end of 2021, the average age of employees is 45.8 years old, the same as that by the end of 2020. It shows that our working environment and welfare system have become better in recent years as the willingness of retention for employees aged 31 to 49 increases year by year.

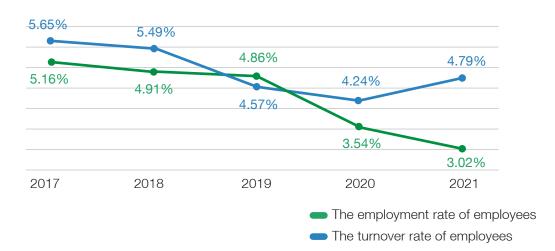


As of the end of 2021, the ratio of female directors and supervisors was 50%, and that of female senior executives (director or higher position holders) accounted for 52.78%. The number of persons with disabilities hired accounted for approximately 3.41% (778 persons with disabilities should be employed as required by law, and the actual employment was 896 persons, exceeding legal requirement by 118 persons). In addition, in 2021, 42 indigenous people should be employed as required by law, and the actual employment by 215 people.

Talent Recruitment and Retention

Over the years, there has never been gender restrictions or differences in treatment regarding new staff recruitment.

Changes in Employment Rate and Turnover Rate of Chunghwa Post over the Years



3.2 Care for Employees

Employee Retirement Planning

In the first and second half of each year, the Company arranges "Career Planning Workshop for Retirees" for aged and approved (self-requested) retirees. Those who are willing to participate are free to sign up for the training. The courses include diet and health preservation, volunteering and social services, health management for the senior citizens, lifelong learning, spiritual transformation, pension management, and introductions of Postal Retirees Association and post offices.

Comprehensive Welfare System

We attach great importance to labor-management communication and care about the physical and mental health of employees. Multiple channels for labor-management communication are provided to help maintain a harmonious relationship with the Chunghwa Postal Workers' Union. Labor-Management Meetings are held at least once every three months. The Trade Union Cooperation and Coordination Briefing is handled once a year. The two parties reach a consensus on enhancing the rights and interests of employees through rational and peaceful negotiation. In addition, the physical and mental health of employees are cared. At least 50 cases of professional consulting services for employees (including case consultation, group consultation and special lectures) are handled every year. The Company also provides various welfare measures and handles employee retirement in accordance with the law. In order to provide employees with a comprehensive welfare system, we have established the Employee Welfare Committee of Chunghwa Post, which is responsible for handling various welfare services, including child education subsidies, supplements for wedding, childbirth and funeral of employees, gift certificates for the four major Festivals, sports group activities, employee group injury insurance and term life insurance, and so on.

Staff Ball Competitions in 2021



Year-End Party in 2021



3.3 Attaching Importance to Human Rights

Contracts for outsourcers clearly stipulate that they must abide by the Labor Standards Act. If the supplier violates the provisions of Article 101 of the Government Procurement Act, it shall be handled in accordance with its provisions. Outsourced security personnel must receive relevant training and education as stipulated by the Private Security Service Act. The compliance and improvement of labor laws and human rights in 2021 are as follows:

Categories of Labor laws and human rights	Number of cases in 2021	Handling and improvement measures
Discrimination or sexual harassment	2	Case No.1 confirmed that the sexual harassment incident was established. The respondent was transferred from the original unit to avoid contacts with the complainant. On October 8, 2021, the respondent was recorded 1 demerit and also received sexual equality education courses and counseling. Case No.2 confirmed the sexual harassment incident was established. The respondent was transferred from the original unit and referred to psychological counseling. He also received gender equality education. However, the respondent refused to accept the decision. He submitted a review, and the decision was partially revoked. The Company will handle the case after appropriate punishment. The Company handled all cases in accordance with the "Guidelines for the Prevention, Compliant Filing and Management of Sexual Harassment".
Freedom of association and collective bargaining risk	None	-
Child labor	None	-
Forced or compulsory labor	None	-
Violation of indigenous rights	None	-

The Company arranges related courses (including physical or digital training) on human rights, gender mainstreaming, labor-related laws every year according to the government policy. Among them, 90% of employees have completed more than 2 hours of training sessions on gender mainstreaming to cooperate with the annual personnel business performance appraisal of the personnel agencies affiliated to the Department of Personnel, MOTC. The training hours, the number of trainees and the percentage of the number of trainees in 2021 are as follows:

Human Rights related courses			
Training hours	53,053		
Number of trainees	25,325		
Percentage of total employees	97.9%		

Note: 1.Source of data: 2021 data of postal training administrative system and human resources system. Note: 2.Human rights courses include the ones related to gender mainstreaming, human rights issues, Labor Standards Act and Labor Incident Act.

3.4 Workforce Training and Development

The Company allots various employee training funds every year. The Postal Service Training Center of the Human Resources Department and the designated units (training units of the headquarters, post offices and the Human Resources Offices of the Taipei Mail Processing Center) handle various education and training courses. Besides, the E-Learning mechanism is established to handle various training operations.



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03 Happy Postal Workers

Chunghwa Post's 2021 Training Goals

Organized at least 160,000 hours of professional knowledge and business skills training for employees according to the Company's 2021 annual training plan.

Train all kinds of professionals needed for business development. At least 235 people must participate in external professional training per year, while 260 people attend management training.

Organize professional courses for digital learning and arrange at least 60 new courses every year. Encourage employees to study online with a total of at least 520,000 learning hours per year.

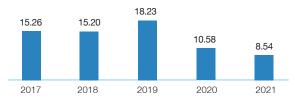
Organize at least 45 sessions of lectures on business enhancement or new management knowledge and on art and spiritual growth per year. In addition, every year, senior executives are arranged in at least 32 sessions of the training for executives, professionals and newcomers to explain the postal vision and core values.

2021 Training Results

In 2021, 1,536 employees attended the professional training; 118 employees went to domestic colleges and universities (including graduate schools) for further study. 515 employees were recommended for external training; 808 employees were subsidized to obtain professional licenses.

To encourage employees to pursue new knowledge, the training related to digital development was added in 2021. Relevant repetitive courses were reviewed and consolidated in response to business needs. The E-Learning mechanism was improved to promote online learning for all employees. Recently, information technology has driven new trends in learning and provided multiple resources for mobile learning to enrich employees' personal development and business and management knowledge. In 2021, the number of digital learning hours reached 631,890 hours, and the number of subjects in digital courses reached 71.

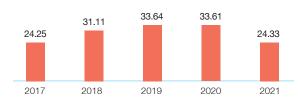




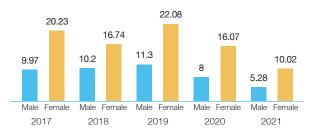




Average digital learning hours of employees



Average training hours for non-supervisors



Employee education and training



Training for Life Insurance Salespersons

The content of annual training for life insurance salespersons include "Basic Training for Postal Life Insurance Salespersons", "Postal Life Insurance Rising Star Training Program", "Postal Life Insurance Silver Star Training Program", "Postal Life Insurance Protection Type and Long Payment Term Product Promotion Training", "Post Life Insurance Courses on Teacher Education" and "On-the-job Training for Life Insurance Salespersons (the statutory mandatory course) (Practice)". In addition, various professional training courses are provided for professionals, including underwriting and claims personnel training, signing personnel training, general supervisor audit training and real estate mortgage loan collection personnel training. Employees are recommended to participate in external training and workshops from time to time, such as "The application of financial technology

in supervision, risk management and sustainable development in a changing environment, "Strategy and Thinking Seminar on Risk Management under IFRS17 and ICS", "International Supervision System Development Trend and Management Model Transformation", "Seminar on Principles of Practical Handling for Appointed Actuaries of Insurance Companies" and "ESG Sustainability Reading Club" to enhance work efficiency and employee professionalism.



Performance Management and Development

The Company added 24 items of subsidy for the registration fee for professional license examinations in November 2021 to encourage the current employees to improve their professional capabilities and build a talent database to meet the future development needs of their post. So far, our colleagues have obtained 80 certificates related to specialized occupational and technical advanced examinations such as finance, life insurance, information, information security, English proficiency testing, internal control, occupational safety and health, logistics and architects. The relevant certificates they obtained can be used as the basis for bonus points in the rank promotion examination.

In terms of improving the functions of employees, the Company encourages employees to study in colleges and universities by subsidizing expenses, and assigns them to participate in external training, seminars or exchanges (including domestic, foreign and in Mainland China) according to business needs. It helps them absorb external knowledge of industry and academia and enrich the professional knowledge of employees. We train and reserve outstanding professional elites and talents through diversified learning channels.

Diversified functional learning channels

- Executive MBA Program
- In-service master's program
- Overseas business observation, visit, exchange or seminars
- · Business observation, visit, exchange or seminar in mainland China
- External professional training
- External seminars
- Advanced technology seminars and industry-university exchange matchmaking



3.5 Occupational Safety and Health

Chunghwa Post's 2021 occupational disaster goals include the disabling injury frequency rate (FR) less than 0.35 and disability injury severity rate (SR) less than 9 at headquarters.

Industrial Safety Management Structure and System

In order to effectively manage the occupational safety and health of employees, Chunghwa Post introduced the ISO 45001 management system in 2020. Since August 2020, it has been assisting various post offices (Taipei Mail Processing Center) in building the system until the end of 2021. The system setup of the Taoyuan Post Office and the headquarters has been completed. It is expected to complete the setup of the ISO 45001 management system of the post offices with more than 500 people (Taipei Mail Processing Center) in 2022.

Education and Training of Industrial Safety

The Company has continued to complete on-the-job training on occupational safety and health for all employees between 2019 and 2021. The number of participants over the years is as follows:

	On-the-job tra	aining on occ	cupational safety and heal	th
		Hours	Number of participants	
	2019	3	18,041	
	2020	3	2,763	
	2021	3	4,479	
II	Source: Annual	Data of Postal Trair	ning Administration System.	II

Occupational Safety and Injury Prevention

In order to effectively prevent the occurrence of traffic accidents and respond immediately, the Company has established an accident prevention and implementation group to prepare monthly reports and statistics for the traffic accidents of the field staff at various post offices (centers) under its jurisdiction. Quarterly meetings are held to review, analyze the cause of the accident and propose a preventive plan to effectively reduce the occurrence of traffic accidents. In the future, we will continue to supervise, control and review them on a regular basis.

Accident Prevention and Implementation Team

In order to effectively prevent the occurrence of traffic accidents and respond immediately, the Company has established an Accident Prevention and Implementation Team.

The group is convened by vice president who supervises the Department of Mail Business, the executive secretary is the deputy director of the Department of Mail Business, and one member at the level of a deputy manager or above is assigned from the Department of Mail Business, Department of Human Resources and the Department of Occupational Safety and Health respectively. The meetings will be held on a quarterly basis and ad hoc meetings will be held as needed.

The supervision matters of this team are as follows:

- Conduct monthly statistics on the number of traffic accidents in each post office (center) and urge relevant supervisors to actively promote traffic safety.
- Strictly punish employees for driving under the influence of alcohol and hold relevant supervisors accountable.
- The employees driving the postal vehicles of each post office (center) should record the number of traffic accidents. The number and degree of negligence should be included in the performance evaluation items.
- Each post office (center) should hold a traffic safety training course at least once every six months and report to the headquarters by letter to enhance employees' safety awareness.
- Equip all kinds of postal vehicle with driving safety auxiliary equipment (such as driving recorders, parking sensors, parking warning devices), and strengthen vehicle maintenance and safety protection to improve driving safety.
- Use Global Positioning System to assist management and correct the bad driving habits of field staff.
- Add digital media courses on road traffic safety in our E-Learning mechanism for all associates to study online.

Collect and compile traffic accident cases of each post office (center) and upload the electronic files on our Intranet for our associates to download and browse.

Health Monitoring and Promotion

To take care of the health of middle-aged and elderly field workers, the Company has conducted an annual health examination for field workers over the age of 50 since 2017. Besides, 18,204 field workers over the age of 40 and under the age of 40 gained a subsidy of \$3,500 per person for a health examination. The contract stipulates that the contractor should carry out relevant health examination for its own employees. In 2021, there were no cases of related occupational disease.

In order to maintain the health of employees, the headquarters conducted influenza vaccination activities in Jinshan Building and Aiguo Building on March 31, 2021, with a total of 82 people vaccinated. In addition, the Company also actively encouraged employees to be vaccinated against COVID-19. We handle epidemic prevention measures and provide paid vaccination leave in accordance with the Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens.



Several unfortunate incidents of sudden death of field workers on duty occurred in 2020. In addition, as field workers often needed to be in close contact with the public, their infection risk for epidemic of COVID-19 also increased. We have entrusted qualified medical institutions to conduct health examinations and provided subsidies of for field workers under the age of 50 (once every two years for those over 40 and under 50, and once every three years for those under 40).

Employee Health Examination Statistics Over the Years at Chunghwa Post							
Year	2017	2018	2019	2020	2021		
Number of employees for general health examinations	2,825	24,839	1,804	1,833	18,204		
Fees for general health examination (NTD 1,000)	9,615	82,355.2	5,437.8	6,147.3	63,165.5		
Number of employees for special health examination	0	74	329	310	0		
Fees for special health examination (NTD 1,000)	0	259	771.3	736.5	0		
Fees for health examination (NTD 1,000)	9,615	82,614.2	6,209.1	6,883.8	63,165.5		



Headquarters- Influenza vaccination activity in Jinshan Building



Headquarters- Health consultation service provided by nurses



Influenza Vaccination at Chunghwa Post Aiguo Building



COVID-19 Vaccination at Hsinchu Post Office

A Healthy Working Environment

Chunghwa Post provides employees with a healthy working environment. The certifications and marks obtained by each operation unit in 2021 are as follows:

- Badge of Accredited Healthy Workplace: Headquarters, Keelung Post Office, Yunlin Post Office, Taichung Post Office, Chiayi Post Office, Tainan Post Office.
- Healthy Workplace Award "Healthy LOHAS Workplace- Cancer Screening for Your Health": Taichung Post Office
- Smoke-free workplaces: Miaoli Post Office, Tainan Post Office
- Certification mark of excellent breastfeeding room: Headquarters, Chiayi Post Office





Special Column for Happy Postal Workers

Postal Preschool

Postal Preschool was formerly known as the Extracurricular Activities Center for Children of Taipei Post Office Employees. In 1985, the Welfare Committee agreed to borrow the old dormitories at No. 82 and 84, Aiguo East Road, Taipei City for the use of the employees' children's extracurricular activity center. They were located on floors 1-4, which were moved to the first floor of the Allotment Building by the Bureau of Savings and Remittances with the consent of the business units in order to comply with regulations and safety considerations and was operated in an outsourced business model.

In August 2005, as the Act of Gender Equality in Employment was passed, the Company entrusted the Welfare Committee to apply for the above activity center to the Taipei City Government for registration of the "Nursery Center for Employees' Children Affiliated to Employee Welfare Committee of Chunghwa Post ". The site is located on the 2nd floor of Aiguo Building, covering an area of 773.5 square meters, and continued the outsourced business model for operation. In November 2012, in accordance with the integration policy of childcare and nursery services, it was renamed "Private Taipei Employees' Children Nursery School Affiliated to Employee Welfare Committee of Chunghwa Post". The Dept. of Property Operations spent millions of dollars on related hardware equipment, classrooms, toilets, kitchen and fire-fighting equipment and attracted investment to renovate the nursery school, which is the current site on the 2nd floor.

In 2017, after the public bidding and selection, the "Early Childhood Education Foundation" won the bid. It has been entrusted to take over since August 1, 2017. The principal was employed through the selection. The number of students enrolled in the last semester of the 2021 school year was 26 for the senior class, 29 for the junior class, 30 for the primary class and 16 for the baby child class with a total of 101 students. In terms of staffing, there are 8 class teachers, 3 administrative teachers and 1 kitchen worker. In addition, the daycare services start from 7:30 am to 6:00 pm in line with our flexible working hours, and delayed care services are provided from 18:00 to 19:00.

The Company not only provides free space, water and electricity for the use of the nursery school, but also prepares a budget every year to maintain the school equipment. In 2021, due to the COVID-19 epidemic, we installed a UV sterilizer, purchased acrylic partitions for the nursery school and improved online teaching equipment. We also purchased air purifiers to improve air quality. In order to take care of employees and provide a better teaching environment for their children, the Company and the Employee Welfare Committee are committed to improving the software and hardware equipment of the school and improving the quality of teaching. This nursery school is well received by the employees' parents due to the dedicated team of teachers led by the Principal Chen.



Entrance on the 2nd floor

Atrium space



Artistic decoration in restrooms

The Company makes an annual budget in accordance with the Gender Equity Education Act to maintain the nursery school equipment and replace the old ones. The occupational safety unit manages the annual building safety inspections, fire inspections and large-scale environmental disinfection of buildings. The nursery school would conduct regular inspections and be responsible for environmental safety maintenance. In 2020, it was listed by the MOTC as a benchmarking learning unit for public childcare. In September of the same year, various agencies affiliated to the MOTC paid a visit and conducted exchange activities at the school.

The main reason for the establishment of the Postal Preschool is to take care of the children of the employees so that the employees can work with peace of mind and without worries. The Company adheres to the concept of "Happy Enterprise" and provides free space, water, electricity and equipment maintenance for the Postal Preschool. The fee is much cheaper than private kindergartens. It not only reduces the economic burden of our employees, but at the same time builds a high-quality learning environment for younger children.



Classroom equipment

Employees are an important asset of Chunghwa Post, and their happiness is often an important driver of corporate competitiveness. As a postal services provider with sustainable management, we must focus on the happiness of our employees. In addition to providing equivalent remuneration and benefits, we should provide employees with a stable life and a friendly environment where they can concentrate on their work, thereby attracting more talents and creating a sustainable and happy workplace.

Furthermore, due to the severe situation of low birth rate in Taiwan, along with the changes in the financial ability and family types, childcare has become a major problem. Therefore, providing a friendly childcare environment is also one of the corporate social responsibilities. In this regard, the Company actively cooperates with the government's important policy on the popularization of public childcare. In addition to fulfilling social responsibilities, we can also help solve the major problem of low birthrate faced by Taiwan. At the same time, we can also enhance welfare measures and strengthen labor-management relations to help with the sustainable development of the Company in the future.



Caring for Humanities

To fulfill its corporate social responsibility, promote community development and implement the business philosophy of serving the society and giving back to the society, Chunghwa Post also functions as a friendly and reliable neighbor to community residents so that they can have emotional connection with the post through the public welfare activities, which also helps us create a high-quality corporate image. Based on the implementation of the local connection, postal popularization and social care business philosophy, the goal of providing "postal services for public welfare and taking root in local development" can be reached, improving Chunghwa Post's competitiveness in terms of sustainable issues.

Management Approach of Caring for Humanities

Policies

- To actively promote various public welfare activities, and continue to organize Anti-Aging Movement and care for the elderly living alone to fulfill social responsibilities, and build a high-quality corporate image
- Postal services for public welfare and taking root in local development
- Strengthen asset management and application, actively activate real estate assets, and improve performance of asset operation.
- To provide universal, cheap and secure mail communication service

Organizations in charge

- Board of Directors
- Department of Mail Business & Operation
- Department of Life Insurance
- Department of Public Affairs

Management process

- Measures for caring for community activities
- Standards of delivery of universal service

Material topics covering Caring for Humanities

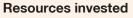
Universal Postal Service (Custom topic)

Indirect Economic Impact (GRI 203)

Local Community (GRI 413)



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- The total cost of the National Blood Donation Campaign was more than NT\$ 2.7 million
- The total scholarship fund for the children of postal life insurance policyholders amounted to NT\$ 5 million
- Chunghwa Post held 37 sessions of Rejuvenation Campaigns in 2021
- In 2021, a total of 27 agricultural products marketing activities were held
- Wildly set up postal establishment: 1,300 post offices and 794 contracted agencies
- Widely installed automation equipment: 3,194 ATMs and 1,626 passbook entry machines
- Maintain the basic requirement of at least 1 mailbox per village: 9,383 in total
- Established 22 "Taiwan Goodies" sections with local characteristics
- Established "Social Innovation Products" and "Joint Recommendation" sections

Grievance mechanism

- Customer suggestion box and 24-hour customer service hotline: 0800-700-365
- At each post office, there are "Customer Opinion Forms" with free return postage for customers to express their opinions

4.1 Social Care

Chunghwa Post implements the business philosophy of local connection, industrial assistance and social care to achieve the goal of postal services for public welfare and taking root in local development and improve the Company's competitiveness in sustainability issues. In 2021, a total of 266 sessions of Caring for the Community series activities were organized, with 59,387 participants.



Caring for elderly living alone



Assisting the delivery of ingredients for school lunches in rural and remote areas



Renovation of old houses for the elderly living alone



Actively assisting the government to promote long-term care business



Epidemic prevention subsidies



Chunghwa Post Rejuvenation Campaigns



National Blood Donation Campaign "Donating Blood with Chunghwa Post"



Scholarships for Dependants of Postal Life Insurance Policyholders



Taiwan Scenery Postage Stamps — Kaohsiung City



Issuing Hakka Festivals Postage Stamps



Holding the "2021 National Stamp Exhibition of ROC"



Postal Museum's Engagement in Community Activities



Caring for Agricultural Products Marketing



Supporting Small-scale Farmers for PublicWelfare- Guanmiao Pineapples



Issuing "Thanksgiving Souvenir Sheet"Homage to All Health Workers

4.2 Asset Operations

The Chunghwa Post Logistics Park

In recent years, in order to meet the needs of transformation and business development, NT\$ 25,847 million has been invested to build the "Chunghwa Post Logistics Park" near Taoyuan Airport MRT (A7) National Taiwan Sport University Station. This project aims at creating a smart park, and it plans to include a postal logistics center, a postal information center, The North Taiwan Mail Operating Center, Postal Training Center, Industrial and Commercial Service Center and related public facilities, expected to be completed in 2022. Supplemented by the cross-unit collaborative operation mechanism such as customs and inspection, it is expected to shorten the processing time of each process, speed up the transportation and circulation of inbound and outbound goods, and effectively link and integrate our urban consumption logistics, regional transshipment logistics and international logistics, so as to attract logistics related industries to enter the park, which will promote local employment opportunities (estimated to add 4,000 local employment opportunities) and drive the business activities and prosperity of the entire A7 and surrounding areas, assisting the government to achieve the policy goals of supporting related industries and expanding cross-border e-commerce businesses.

Geographical location

This logistics park is planned to be located in the surrounding area of Airport MRT A7 Station in Guishan District, Taoyuan City (No. 207, Lejie Section, Guishan District, Taoyuan City). The planned area of the logistics park is 17.14 hectares. The base is located in the hub, close to the national highway, provincial highway, Taoyuan Aerotropolis and Taipei Port. The transportation is convenient. The base is about 19 kilometers away from the current site of the Taipei Mail Processing Center, within 12 kilometers from Banqiao, Xinzhuang, Wugu, and Taoyuan Post Offices, about 16 kilometers from Taipei Post Office, and about 22 kilometers from Xindian and Yonghe Post Offices. The main external connecting road is Wenhua 1st Road, which is about 4 kilometers away from the Linkou Interchange of National Highway No.1. Qingshan Road and Shoushan Road (now Wentao Road) along the valley can be connected to Provincial Highway No. 1 while Zhenxing Road can be connected to Taoyuan area. In addition, it is about 1.5 kilometers from the Airport MRT A7 Station.



Core industries and beneficiaries

The main purpose of the land development around the A7 station area of the Airport MRT is planned for an industrial zone to facilitate the entry of technology manufacturers. The establishment of the Chunghwa post logistics park can provide relevant logistics services for technology manufacturers, including value-added functions such as warehousing, distribution processing, customs declaration, customs clearance, information, business and sales, and exhibition, which are estimated to add 4,000 local employment opportunities.

Chunghwa Post is a state-run public service enterprise with huge scale, abundant funds and high development capability. The land development can provide financial stability, immediate investment in development, and stable long-term operation, which can make the most effective use of the base. In addition to the construction of a logistics center and a large-scale mail processing center, it can also provide the core industries with office and trade fair needs and enhance the competitiveness of the postal industry and peripheral industries for sustainable development and also the investment in the construction of commercial office buildings and industrial and commercial exhibition halls. Furthermore, it can also help the implementation of the government's "Economic Momentum Promotion Plan" and maximize the function of the industrial zone.

To build the Chunghwa Post Logistics Park and develop an integrated logistics industry, in addition to relocating the Taipei Mail Processing Center and planning the integration of the logistics industry, personnel training, and provision of information facilities, for the construction of a sound logistics park to meet the needs of industrial and urban development, an industrial and commercial service center is also set up to provide comprehensive industrial and commercial services and life functions so as to promote employment and local development.

Chunghwa Post Logistics Park is expected to be completed in 2024, with an estimated output value of NT\$ 5.7 billion in 2025.

Peripheral benefits

In addition to supporting the area, the construction of public facilities can also serve the surrounding communities to improve the overall living quality of the surrounding areas:

- In addition to being used as neighborhood parks in the area, facilities such as parks, green spaces, squares, children's playgrounds can improve the living quality of surrounding residential areas and can also be used as temporary shelters in the event of natural disasters such as earthquakes, providing disaster prevention and relief functions.
- Good and correct planning of environmental protection facilities such as sewage and garbage treatment facilities and Taipower power distribution facilities will improve the quality of daily life.
- 3. Soil and water conservation facilities such as flood detention and sediment deposit pond and backup reservoirs can prevent soil and water disasters that may be caused by heavy rain during flood season.

Postal asset operation business

The Company handles the redevelopment of real estate assets and the activation and rental of the spare space, mainly on the existing premises (the business bases of post offices). It also holds a total of 13 real estate investment targets with life insurance funds, including 7 in Taipei City, 5 in New Taipei City and 1 in Taichung City. As for the investment, development, rental and activation of the above-mentioned real estate assets, the objects for the lease of the assets include the hotel



industry, the movie theater industry, the retail industry, the catering industry, the telecommunications industry or government agencies. All rental purposes must comply with relevant laws and regulations of planning and building administration.

4.3 Cultural Preservation

The Postal Museum was founded on December 1, 1965, continuing the concept of the transmission of royal orders by stages and couriers. The emblem of the museum is centered on the swan geese, reflecting the meaning of " The swan goose carries a message" in China for thousands of years; the vibrant green represents the professional glory of the post and the authority entrusted by the country. The plum blossoms on the periphery symbolize the Republic of China. The name of the museum is the calligraphy of Mr. Sun Yat-sen. The Postal Museum is a professional postal museum. Based on the concept of resources sharing, in addition to the main branch on Chongqing South Road, Taipei, Chunghwa Post established the Postal Museum Taipei Beimen Branch on the 2nd floor of the Taipei Beimen Post Office on January 18, 2015. On December 2, 2021, the Postal Museum Kaohsiung Branch on the second floor of the Kaohsiung Station Front Building was established. Postal Museum has four major functions:

- 1. Guided tours of exhibitions
- 2. Collection of stamps and many subjects
- 3. Literature and history research
- 4. Social education and leisure

The Postal Museum holds longterm postal lectures to enhance the philatelic atmosphere of the people and pass on the philatelic knowledge.



In 2021, the Postal Museum launched a new "Storytelling" activity to elaborate its cultural and educational functions.



Special Exhibition of COVID-19 Epidemic Prevention Stamps at Postal Museum Taipei Beimen Branch from October 22, 2021 to January 16, 2022.



Special Column: Caring for Humanities

Passing on Love and Protecting Remote Villages Together

Sending refurbished computers to pass on love to remote villages and jointly improve the digital learning environment

In the post-epidemic era, digital learning has become the new normal in education. In order to assist rural schools to improve their digital learning environment, Chunghwa Post, together with Chunghwa Telecom and ASUS Foundation, held the "Passing on Love and Protecting Remote Villages Together" donation ceremony for refurbished computers at Chunghwa Post on November 10, 2021. The donation ceremony was hosted by Shuzhen Lan, Assistant Manager of Chunghwa Post. Shui-Yi Kuo, President of Chunghwa Telecom, Hsing-Chuan Wei, Chief Executive Officer of ASUS Foundation and Guan-Wei Lu, Chairperson of Junyi Academy Foundation participated in the ceremony together, symbolizing cross-industry alliances. We jointly promote the activity of spreading love, so that digital resources and love can be passed on to ensure accessibility of digital learning for schoolchildren in remote areas.

Chunghwa Post has been caring for the disadvantaged groups in remote areas for a long time, implementing the business philosophy of serving the people and giving back to the society. In order to support digital learning resources in remote areas and promote the concept of environmental protection and energy saving, the computers replaced will be refurbished by the ASUS Foundation and after being equipped with Chunghwa Telecom's Wireless LAN Card, these refurbished computers are donated to rural schools through multi-party cooperation to strengthen digital technology learning, shorten the urban-rural education gap, reduce greenhouse gas emissions and practice the development goals of resource recycling and environmental sustainability.

Chunghwa Post believes that the prevalence of information and communication technology can lead to the improvement of education standards. Chunghwa Post recycles old computers and work with ASUS' technology and Chunghwa Telecom's information and communication services for the purpose of providing perfect learning resources to eliminate spatial and geographical barriers and open an opportunity for schoolchildren in remote areas. In the future, we will continue to take the action and implement the spirit of caring for humanity and the environment. One computer represents one love. We hope more organizations and private enterprises can join us together.



"Passing on Love and Protecting Remote Villages Together" donation ceremony



Environmental Friendliness

In the face of climate change and the deteriorating natural environmental, Chunghwa Post believes that enterprises should have the environmental concept of sustainable coexistence with the earth. Chunghwa Post is therefore committed to promoting more green innovative services to enhance customers' awareness of energy conservation and carbon reduction that will also help reduce the operating costs while enhancing the competitiveness of the Company in terms of sustainability issues. Chunghwa Post also works in line with the government in the promotion of green energy industries and energy conservation and carbon reduction policy by purchasing a large number of e-vehicles and eliminating fuel vehicles to establish green energy logistics and enhance the positive image of environmental protection.

Management Approach of Environmental Friendliness

Policies

- Develop sustainable environment
- Establish green energy logistics

Organizations in charge

- Board of Directors
- Department of Occupational Safety and Health
- Department of Mail Business & Operation
- Department of Property Operation
- GHG Inventory Working Group

Management process

- Task Force on Climate-related Financial Disclosure (TCFD)
- ISO 14064-1 Greenhouse Gas Inventory System
- ISO 50001 Energy Management System

Resources invested

- Invested in the carbon footprint evaluation in green energy of the postal system
- Promotion of green buildings and installation of solar PV energy generation system on the roofs of post offices

- Promotion of e-vehicle introduction plan to reduce carbon emissions. The cumulative investment in e-scooters amounted to NT\$ 392.45 million
- Replace fluorescent lamps with LED lamps year by year
- Adopted two-stage variable-volume water tanks and water-saving faucets in restrooms.
- Established the Public Key Infrastructure (PKI) and promote online document signing to implement the paperless policy

Grievance mechanism

- Customer suggestion box and 24-hour customer service hotline: 0800-700-365
- At each post office, there are "Customer Opinion Forms" with free return postage for customers to express their opinions

Material topics covering Environmental Friendliness

Emissions (including Climate Change) (GRI 305)







2017 New Construction Project of Miaoli Houlong Post Office



2019 New Construction Project of Miaoli Toufen Post Office



2017 New Construction Project of Taoyuan Dayuan Post Office



2020 New Construction Project in front of the Fengyuan Railway Station



2018 New Construction Project of Taichung Lingdong Post Office



2020 New Construction Project of Changhua Guangfu Road Post Office



2018 New Construction Project of Chunghwa Post Logistics Center

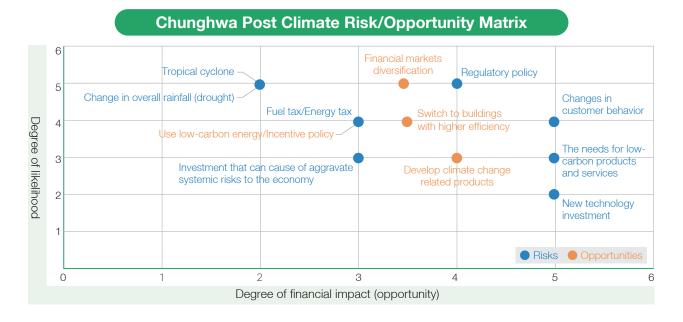


2020 New Construction Project of The North Taiwan Mail Operating Center

5.1 Climate Change

Chunghwa Post regards environmental responsibility as an important task of the enterprise and combines its core business and its own operations with it. In addition to introducing GHG inventory system and the outsourced research project of carbon footprint evaluation in green energy of the postal system, the framework of Task Force on Climate-related Financial Disclosures (TCFD) has also been adopted since 2020, showing Chunghwa Post's determination and foresight in climate issues so as to make more efficient allocation of capital and to move toward a more sustainable and low-carbon economy.

	Chunghwa Post's correspondence to TCFD Framework
Governance	• Chunghwa Post uses the CSR Promotion Group to support the implementation of effective management of climate change, applying the governance of climate risk and opportunities to the operation and assets management of the Company.
Identification of sources	• Refer to items of risk/opportunity sources of TCFD for the questionnaire design of climate change identification.
Risk assessment	 Invite Chunghwa Post CSR Promotion Group to conduct risk/opportunity evaluation in the form of workshops Surrounding scenario hypotheses for the descriptive revision of risk and opportunities items. Discussions are made in the form of workshops and evaluate each item in the 3 aspects of financial impact level, probability of occurrence and vulnerability. List the items in accordance with the scores and risk/opportunity items related to Chunghwa Post, and then establish an Opportunity/Risk Matrix and after the discussions in the CSR Promotion Group, major risks and opportunities are identified.
Strategic objectives	 Analyze the impact of major risks/opportunities on Chunghwa Post's operation and finance and specify relevant coping measures. Establish relevant management goals based on the major risks/opportunities.



Risk/	Transition Risk			
Opportunity category	Market-Customer Behavior Change	Regulations and Policies		
Risk/ Opportunity description	To cope with climate change and technological change, customer preference has shifted to paperless and low-carbon consumption model. Consumers prefer to apply for electronic insurance policies or change of contract online.	The newly constructed post offices have to install renewable energy in accordance with the Renewable Energy Development Act and the Installation Conditions of Renewable Energy Facilities for Public Construction or Public-owned Buildings.		
Coping measures	Continue to promote customers' online application for e-services, and the use if Mobile Device Insurance Service was launched on July 25, 2018.	New buildings are constructed in accordance with the Green Mark and Smart Building Label standards with the installation of renewable energy equipment to reach the goal of energy conservation and carbon reduction.		
	Costs	Costs		
	 The Company has to hire personnel to review the underwriting, modification, and claims settlement of the paper policy every year, which belongs to labor cost. The annual cost of paper procurement for the application for insurance was approximately NT\$ 400,000. The annual cost of printing insurance contract change documents is about NT\$ 24,000. 	The installation cost of solar PV energy system is about NT\$40,000 per kilowatt. As of the end of 2021, the total costs of solar PV energy system reached NT\$ 130 million.		
Financial	Benefits	Benefits		
costs and benefits	 As of the end of 2021, the number of electronic contracts was 10,760, reducing the paper costs by NT\$90,400. Replace paper forms with electronic statements and electronic notices, and the costs of paper reduced in 2021 was about NT\$ 102,600. 	 From 2015-2020, Chunghwa Post installed solar energy generation equipment with the capacity of 2,286.86kW, and the power generated is about 2.71 million kWh/year, reducing carbon emissions by 1,433.95 tonnes/year, and the income of power generated is NT\$13.6595 million/year. In 2021, the solar PV energy generation equipment with the capacity of 111.36kW was completed. The power generated is about 110,000 kWh/ year, reducing carbon emissions by 58.87 tonnes/year, and the income of power generated is NT\$600,000 /year. 		

Description of the countermeasure of climate change risks and opportunities

Climate-related Objectives of Chunghwa Post

Indicator and Objectives In the initial stage, the goals is to introduce the ISO 14064-1 GHG Inventory System and the Carbon footprint evaluation in green energy of the postal system to understand the GHG emission structure of Chunghwa Post and adjust the future indicators in response to climate change.

5.2 Green Operations

In the face of climate change and the deteriorating natural environmental, Chunghwa Post believes that enterprises should have the environmental concept of sustainable coexistence with the earth. How to provide environmentally friendly postal services is an important issue for the Company's sustainable management. About This Report

Postal Services with the Concept of Recycling

Chunghwa Post provides Convenience Boxes services to fulfill the corporate responsibility to maintain a green earth, and customers can repeatedly use the boxes and still enjoy postage discounts. In 2021, the total number of Convenience Boxes recycled was 704,821, with the reuse rate of 13.09%.

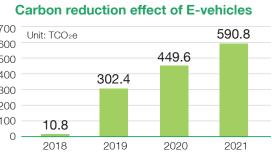


Note: Reuse rate (%)= Number of repetition/ (amount of first use+ amount of repeated use)

Postal Services with Carbon Reduction

Chunghwa Post started to purchase electric vehicles from 2017 and distributed them to post offices for use. As of the end of 2021, the Company has a total of 3,241 electric scooters (1,000 of which were leased with a term of 5 years) and 54 electric vans, accounting for over 35% of the overall postal scooters. The effect of carbon reduction for 2021 is estimated to be 590.8 tonnes of CO_2e , approximately 12,403.40GJ. In the future, we will continue to pay attention to the development of the e-vehicle industry and purchase suitable e-scooters based on the actual needs for postal business to expand the scale of application.

	Cumulative number of e-scooters	Cumulative number of e-vans	Carbon reduc
2018	1,641	42	500
2019	2,441	42	300
2020	3,241	42	100 10.8
2021	3,241	42	02018



Implementation of Paperless Postal Financial Services

Insurance Service

Starting from July 25, 2018, the Mobile Device Insurance Service was launched. As of the end of 2021, the number of policies established through the Mobile Device Insurance Service totaled 10,760, reducing 10,760 pieces of A3 and 21,520 pieces of A4 paper. In addition, paper forms were replaced by electronic statements and electronic notices, reducing the use of 285,000 pieces of A4 paper in total in 2021.

Savings and Remittances

Chunghwa Post is committed to energy conservation and carbon reduction, reducing paper demands and implementing paperless policy.

- 1. From 2017, the Company has cooperated with the policy of exemption from issuing withholding statements (Article 94-1 of Income Tax Act), and the printing and issuance of the year-end aggregated interest income withholding receipts from term savings were canceled.
- 2. From 2019, to simplify operations and save energy and reduce paper consumption, the printing and distribution of Certificate of Supplementary Insurance Premium Withholding from Various Income of National Health Insurance were canceled.
- 3. Provide the e-billing and voice-billing service for the Postal Visa Debit Card. According to statistics as of the end of 2021, this service was provided to more than 15.9 million households, reducing paper consumption for energy conservation and carbon reduction to protect the earth.
- 4. Added the Application Online/Post app services, and our customers can apply online services on the website. The activation process can be done via online ATM or physical ATM with the visa card on June 23 and November 16, 2021 respectively, providing safe and convenient application services at home.

5.3 Green Behavior

Green Postal Logistics Center Service

The design of the postal logistics center aims to obtain the Green Mark of Silver Level or above so as to provide logistics services that are environmentally friendly and with energy efficiency.

Chunghwa Post applies innovative technology to construct a smart. energy-saving, and environmentally friendly park

1.Using innovative technology to construct a smart energysaving and environmentally friendly park

The postal logistics park will make full use of renewable energy such as wind and solar energy and combine smart energy management and smart sensing to plan to obtain the Green Mark and Smart Building Label. In addition, the functions



and life of the buildings in the park are improved based on the Building Information Modeling (BIM). Incorporated with the design concept of humanization and sustainability, multi-functional intelligence management systems with the functions of safety monitoring, traffic guidance, park management, personnel control, intelligent lighting and intelligent conference rooms are planned to achieve a smart green building with environmental protection, energy saving and humanity, and the energy saving potential of the buildings is estimated to be more than 30%.

2. Provision of a large area of green ecological space

Foreign ecosphere construction methods were applied in this park to "coexist with nature".

In the park, a Postal Image Park with a width of 40m, a depth of 400m, and an area of more than 4,000-ping is planned, connected to the nearly 2-hectare retention pond to form a natural ecological landscape. A large number of green plants are planted to absorb carbon emissions, and this place also serves as a high-quality resting area.

3. Unmanned vehicle application:

Unmanned vehicles will be introduced in accordance with the policy and traffic laws and regulations as the transportation to link buildings in the park area and for the flow of inspection, personnel, information and goods. The use of e-vehicle can save fuel oil and reduce carbon emissions.

Eco-themed Postage Stamps

To introduce the abundant and diverse natural ecology of Taiwan and to arouse the public's concern for ecology and nature conservation, the Department of Philately of Chunghwa Post has continued to issue various eco-themed stamps/postage stamps since 1990. The new alpine plant stamps were issued on June 30, 2021, and the first set of 4 stamps, including Veratrum formosanum, Scabiosa lacerifolia, Geranium hayatanum, and Sedum morrisonense to introduce the beauty of the alpine plants in Taiwan and enhance people's attention to ecological conservation.



5.4 Environmental Performance

To make effective management of energy use and reach the goal of energy conservation and carbon reduction, Chunghwa Post has introduced ISO 50001 Energy Management System in 11 bases including Chunghwa Post Jinshan Building in 2021. In addition, the Company also attaches great importance to environmental protection and compliance with relevant regulations and has thoroughly reviewed the safety and health plan proposed by manufacturers to ensure the manufacturers conduct autonomous inspection as prescribed. Meanwhile the frequency of random inspections is increased and the fines for manufacturers' violations are also increased. There were no violations of environmental regulations in 2021.

Energy Use and Energy Saving Measures

The Company's energy consumption statistics cover 21 operating locations, including the Head Office buildings (Jinshan and Aiguo Buildings), Taipei Post Office, Banqiao Post Office, Sanchong Post Office, Taipei Mail Processing Center, Taoyuan Post Office, Taichung Post Office, Tainan Post Office, Kaohsiung Post Office, Keelung Post Office, Hsinchu Post Office, Changhua Post Office, Chiayi Post Office, Yilan Post Office, Miaoli Post Office, Nantou Post Office, Yunlin Post Office, Pingtung Post Office, Hualien Post Office, Taitung Post Office and Penghu Post Office.

Statistics of energy use in the 21 operating locations of Chunghwa Post			
	Unit	2021	
Electricity use	kWh	35,562,779.04	
Gasoline use	L	1,840,717.65	
Diesel use	L	2,467,142.96	
Natural gas use	M^3	20,487.82	
LPG use	KG	2,640.00	
Total energy use	MJ	275,624,053.71	
Floor area	M^2	458,309.31	
Energy intensity	MJ/M^2	601.39	
Note: Energy conversion coefficient: Electricity 3,600KJ; gasoline 7,800kcal/L; diesel 8,400kcal/L; natural gas 8000kcal/M ³ ; 1kcal=4.184J.			

The energy conservation measures were mainly the replacement of lighting equipment and the replacement of air-conditioning systems. The estimated energy saved is approximately 581,008 kWh/year, saving about 2,091,629 MJ, namely 291.67 tons of CO_2e equivalent after conversion.

Note: Energy conversion coefficient 1 kWh=3,600KJ; electricity emission coefficient=0.502kgCO₂e/kWh.

Statistics on Energy Use of Postal Vehicles

To improve the efficiency of postal delivery, the Company had continued to increase the number of vehicles in recent years. The number of large and small vehicles used in 2019 increased compared with 2018, and the energy use increased by about 10.6% in 2019. The number of fuel scooters in 2020 decreased compared with the previous year, but the number of mails sent and received increased, leading to increased energy use by 7.7% compared with 2019. The number of mails sent and received in 2021 increased slightly, yet the e-scooters were additionally purchased at the end of 2020, so the use of fuel scooters in 2021 decreased, leading to the decrease of energy use by 1.1% compared with 2020.



Establishment of ISO 50001 Energy Management System

Chunghwa Post participated in the guidance program of the Energy Bureau of MOEA in 2019. In the first stage, Jinshan Building and Taipei Juguang Post Office were selected as the demonstration sites and an energy management system team was established to formulate the Company's energy policy. An energy management system was also established in accordance with ISO 50001 standards. In addition, the Company also cooperated with professional energy-saving technology diagnosis services to set energy management goals and develop energy management action plans to implement energy conservation goals. At the end of the same year, we passed the verification of ISO 50001: 2018 Energy Management System and obtained the certificate.

The second stage is the promotion stage. To expand the energy management system verification scope, 9 more locations including Keelung, Banqiao, Sanchong, Taoyuan, Taichung, Tainan, Kaohsiung, Pingtung (including 901 branch) and Taipei Daan Post Offices were added in

2021, together with the Jinshan Building and Taipei Juguang Post Office that had established the system in 2019, a total of 11 locations passed ISO 50001 Energy Management System verification at the end of December.

The third stage is the comprehensive expansion stage. It is expected to expand the installation of the ISO 50001:2018 Energy Management System to other post offices (including designated branches) and pass the verification to improve energy efficiency.

2021 ISO 50001 Certificates (11 locations) of Chunghwa Post



Greenhouse Gas Management

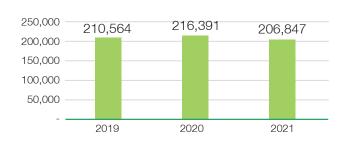
To effectively manage climate change-related risks and GHG emissions, since 2019, Chunghwa Post has introduced ISO 14064-1 GHG Inventory and passed external verification in the Head Office buildings (Jinshan and Aiguo Buildings), Taipei Post Office, Banqiao Post Office, Sanchong Post Office, Taipei Mail Processing Center, Taoyuan Post Office, Taichung Post Office, Tainan Post Office, Kaohsiung Post Office, Keelung Post Office, Hsinchu Post Office, Changhua Post Office, and Chiayi Post Office. In 2021, the inventory operation was

further expanded, and Yilan Post Office, Miaoli Post Office, Nantou Post Office, Yunlin Post Office, Pingtung Post Office, Hualien Post Office, Taitung Post Office and Penghu Post Office were added, with a total of 21 locations having comprehensively introduced the GHG inventory, and the external verification was passed in March, 2022. Overall, the total GHG emissions in 2021 was 41,924.318 tonnes CO₂e, with the GHG emission intensity of 0.09 tonnes CO₂e/M².

Statistics of GHG emissions of the 21 administrative branches			
Direct GHG emissions	Category 1	15,011.2408	
	Category 2	17,852.5149	
Indirect GHG emissions	Category 3	2,468.8580	
	Category 3 2,468 Category 4 6,591	6,591.7046	
		26,913.0775	
Emission intensity (Total er CO2e/ floor area M2)	0.09		

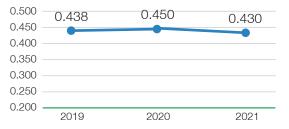
Water Use and Water Conservation Measures

Water use at Chunghwa Post is mainly for daily use in the offices, and the source is all from the tap water, which would not cause a major impact on the water intake. In 2021, the total water consumption in 21 operating locations including Jingshan Building and others amounted to 2.0685 million liters, with the water intensity of 0.43 M³/m². Water from the Head Office buildings (Jinshan and Aiguo Buildings) and Sanchong Post Office is discharged to the sewage pipeline while water from Taipei Post Office, Banqiao Post Office and Taipei Mail Processing Center is treated in small sewage treatment systems (septic tanks).



Total Water Use (M3)





Special Column on Environmental Friendliness

Installation of Energy Management System

Fulfillment of Corporate Social Responsibility, Implementation of Energy Management

The results achieved of the energy management system of Chunghwa Post is as follows:

- 1. To promote effective energy use, the energy management policy is established, the energy management system is installed, and an energy management team is formed to implement energy reviews, diagnose energy conservation technologies, set energy management goals and actions plans, establish energy baselines, diagnose energy use performance, replace old energy consuming equipment (such as chillers, AHU, and old lighting) with new ones, purchase equipment with high energy efficiency, and make suggestions for applying relevant subsidies for purchasing energy-saving equipment from the government.
- 2. The verification of the ISO50001 Energy Management System of Chunghwa Post has been conducted in stages. In 2021, the verification operation was further expanded to 9 additional locations that include Keelung, Banqiao, Sanchong, Taoyuan, Taichung, Tainan, Kaohsiung, Pingtung and other post offices (including 901 branch) and Taipei Daan Post Offices, together with the original location of Taipei Juguang Post Office and Jinshan Building that had passed the verification, making it 11 locations in total, and the ISO 50001 Energy Management System verification was passed at the end of December in 2021.
- 3. In 2022, the scope of verification will continue to expand, and it is expected to complete the verification of ISO 50001 Energy Management System of the 18 post offices and the Head Office Jinshan Building. In the future, each post office will choose one suitable business location to complete the inventory and the setup of the energy management system. The selection criteria include the followings.
 - (1) Self-owned post office with independent air conditioning equipment.
 - (2) Priority is given to those with budgets for energy conservation for the following year.
 - (3) Priority is given to those whose jurisdictional areas are relatively energy consuming.
 - (4) Priority is given to those whose equipment has not been repaired or maintained or replaced for years.
 - (5) Priority is given to those in the area with visibility or historical significance.
- 4. Through the PDCA management cycle, the possibility of energy use optimization is identified to lower the energy use costs, continue to improve energy performance, and reduce the carbon emissions which would be helpful for Chunghwa Post to cope with the changes in the business environment in the future. For example, Taiwan will start to introduce the regulations of carbon trade and carbon tax system to achieve the corporate governance evaluation goals, implement corporate social responsibility, create an environment for sustainable management, and enhance the positive image of Chunghwa Post.







Responsible Finance

To cope with changes in the market and work in line with government policies, Chunghwa Post develops insurance products to meet the insurance needs of the public and provide high-quality services to the policyholders. At the same time, it is committed to fulfilling its corporate responsibility, thereby enhancing its corporate image and operational performance.

The Company's investment funds mainly come from public deposits and simple life insurance premium income. The personnel using funds should be self-disciplined to ensure the sustainable and stable operation of the Company. Chunghwa Post invests in the stocks of TWSE listed companies that comply with social responsibility. The shareholder activism is implemented to urge the investee companies to pay attention to the problems of unemployment and solve the long-term low salary problem in Taiwan for the improvement of the well-being of the people. In the long run, the stock price of a TWSE listed company with good corporate governance and fulfillment of social responsibilities is more likely to rise. In addition to protecting the Company's source of profit, if the Company is the major shareholder of the TWSE listed company, it also helps to enhance the corporate image of the Company.

Management Approach of Responsible Finance

Policies

- To continue to invest in the stocks of TWSE listed companies that meet social responsibilities
- To improve the utilization efficiency of postal funds and support the government's major public construction and private investment plans
- To develop protection-type insurance products with the trend of demographic changes to work in line with the government policy to improve national insurance coverage

Organizations in charge

- Board of Directors
- Postal Capital Management Committee
- Dept. of Capital Operations
- Commodity Development Team
- Commodity Review Team
- Insurance Product Management Team

Management process

- Stewardship Principles for Institutional Investors
- Article 18 of Postal Remittances and Savings Act
- Regulations Governing Investment of Postal Savings in Bonds, Bills and Notes
- Regulations Governing Postal Savings Investment in Beneficiary Certificates and Publicly Listed or OTC Traded Stocks
- Article 27 of the Simple Life Insurance Act
- Notes on Lending Operations of Chunghwa Post Co., Ltd. for buying and selling domestic stocks, ETFs, beneficiary securities, beneficiary certificates, convertible bonds, and stock securities
- Regulations Governing Pre-sale Procedures for Insurance
 Products
- Precautionary Matters on Life Insurance Product Review
- Regulations Governing Postal Simple Life Insurance Operations
- Regulations Governing Enrollment in Postal Simple Life Insurance Policies
- Code of Practice on Risk Management in the Insurance Industry
- Dispute Resolution Mechanism of Postal life insurance policyholders
- Financial Consumer Protection Act
- Principle for Financial Service Industries to Treat Clients Fairly

According to the National Development Council, it is estimated that Taiwan will become a super-aged society with an aging population exceeding 20% in 2026. Estimations are made based on the population structure and life insurance density, and it is expected that the demand for insurance products related to retirement planning brought about by the aging population is expected to grow rapidly. In response to the trend of demographic changes (ageing population and declining birthrate), Chunghwa Post develops protection-type and elderly insurance products to meet insurance needs and expectations of customers while enhancing the competitiveness in the market.

Material topics covering Responsible Finance

Demographic Change (Custom topic)

Product Portfolio (GRI G4 Supplementary Topics)

Audit (GRI G4 Supplementary Topics)

SDGs corresponding to Responsible Finance



Resources invested

- Supported green enterprises and bought 2 domestic green bonds and 2 foreign green bonds
- Launched "Accident Microinsurance Rider"
- From January 12, 2021, the "Postal Simple Life Jin-huansi Increasing Endowment" was launched; from July 1st, the "Postal Simple Life Chang-le Increasing Endowment" was launched. From July 1st, the maximum insured amount of An-xin Whole Life Insurance was raised to NTD 700,000 to cooperate with the "The Regulations for Small Amount Whole Life Insurance" by the Financial Supervisory Commission. The number of valid individual insureds was 3, and the minimum insurance age was set at 30 years old from November 15

Grievance mechanism

- Customer suggestion box and 24-hour customer service hotline: 0800-700-365
- At each post office, there are "Customer Opinion Forms" with free return postage for customers to express their opinions
- The customer service units, contact hotline, and the "suggestion box" are set up in the Micro-insurance Section and the Financial-friendly Service Section on Chunghwa Post's official website

6.1 Financial Inclusion

Postal Savings and Remittance Service

The Dispute Resolution Mechanism of Savings and Remittances Business was established in accordance with Financial Consumer Protection Act and the Principle for Financial Service Industries to Treat Clients Fairly to treat all financial consumers in a fair and reasonable manner and protect the rights and interests of them. In addition, Chunghwa Post has set up postage-free "Customer Opinion Forms" in the customer service area and the "suggestion box" on the official website as well as the 24-hour customer service hotline, providing customers with a variety of complaints and communication channels.

2021 Postal Savings and Remittances Statistics of Chunghwa Post			
	Number of Accounts	Balance Amount (NT\$100 million)	Balance Ratio
Postal Passbook Savings	28,982,729	28,004	42.36%
Postal Time Deposit	5,964,083	37,648	56.95%
Postal Giro	1,550,738	456	0.69%
Total	36,497,550	66,108	100.00%

To achieve financial inclusion, in terms of the hardware, Chunghwa Post offers popular and convenient financial services for postal savings and remittances, regardless of urban and rural areas, offshore islands and remote areas, providing instant, reliable and efficient services and sufficient postal facilities. Post offices are the financial institutions that provide the most financial services to people in remote areas and outer islands. In terms of software, the Company improves the services and continues to promote payment channels such as the Internet, ATMs and payment and collection by media transfer to facilitate customers' collection and payment. In addition, we continue to cooperate with the government's financial digitalization policy to provide the public with convenient and safe mobile payment and electronic payment services and thereby improving the quality of digital finance for the public.

Excellent Anti-fraud Financial Institution

The Company has long operating hours, many operating locations and the largest number of deposit accounts among financial institutions. Moreover, due to the fact that the customer base includes mostly housewives, students and low-and middle-income earners, the risk of accounts being used as fraudulent accounts is high. The specific measures are as follows:

1. The control measures of operations

- (1) The Company has developed measures such as strictly reviewing the account opening procedures and implementing "Know Your Customers", setting up special counters, keeping account opener's image files, formulating account opening SOPs and precautions, using the "Account Opening Checklist" and ID cards for verification, legal agent information verification and post-event follow-up verification.
- (2) Each person is limited to 1 postal passbook account.

2. The preventive measures

- At each post office: Posters, stand-up cards and folds are posted or placed, and "Fraud Prevention Precautions" flyers are distributed.
- (2) On the Website: Anti-fraud advertisements are placed in the postal savings and remittances related business section, government decree publicity section, and audio-visual area on the Company's Official Website for the public to browse, which link to the 165 anti-fraud Website of the National Police Agency.
- (3) At the ATM: Anti-fraud advertisements are played and warning messages regarding transfer transactions are added.

3. Implementation Performance

The Company provides active care to the vast number of depositors (especially the elderly) and asks customers about the purpose of withdrawal. If it is determined to be a fraud case, Chunghwa Post would take the initiative to remind them and discourage it. In addition, we would notify the police to assist in handling it and perform our duty of care to prevent risks affecting the safety of people's lives and property. In 2021, a total of 969 cases of financial fraud were prevented, with an amount of more than NT\$356.09 million. Chunghwa Post was listed as an excellent fraud prevention financial institution by the police department.

4. The focus of future work

The Company continues to implement the anti-fraud regulations of the competent authority that are in line with government policies. In addition, we implement relevant anti-fraud measures and strengthen publicity in accordance with the relevant management guidelines set by the Company so as to maintain financial security and reduce public property losses.

Enriching Customers' Financial Knowledge

To enhance the young people's awareness of debit cards and the concept of financial prudence, the Company held 3 sessions of "Campus Lectures on Financial Knowledge" at Tunghai University, National Kaohsiung First University of Science and Technology and National Taipei University in 2015Q4. Due to the enthusiastic response from the schools and students, it actively cooperates with various educational units and regularly holds "Campus Lectures on Financial Knowledge".

The lectures were hosted by post offices under the Company and held in colleges and universities within the jurisdiction of post offices. The participants of the event were not limited to the teachers and students (the lectures were also open to the public depending on the regulations of each school). The theme of the lectures consisted of 2 parts. The first part was "Enjoy Life and Be Responsible for Your Life" while its main content was to introduce the difference between debit cards and credit cards for the establishment of the correct consumption concept of "how much you own, how much you spend" in order to achieve a life of enjoyment and responsibility. The second part was "Reservation for a Prosperous Life". Its main content was to share the method and key to reserving a prosperous life in terms of the income and expenditure of life, the choice of financial tools, the steps of wealth planning, investment principles and personal risk management. The lecturers were invited from the investment trust company by the Company. In addition, and award-winning quizzes were provided, and questionnaires were designed to be filled out by participating teachers and students.

A total of 32 sessions were held in 2021, with about 1,786 participants and 1,411 questionnaires were returned. The content of the questionnaire was mainly to understand the young people's card holding situation, consumption patterns and access to financial knowledge. According to the

analysis of the collected questionnaires, the VISA debit cards of Chunghwa Post were mainly financial payment instruments held by young people at present. The participating members all agreed that the lectures were very helpful to the improvement of overall financial knowledge.

The total number of campus lectures on financial knowledge from 2017 to the end of 2021

- 2
- 144 lectures heldAbout 15,135 participants10,918 questionnaires returned



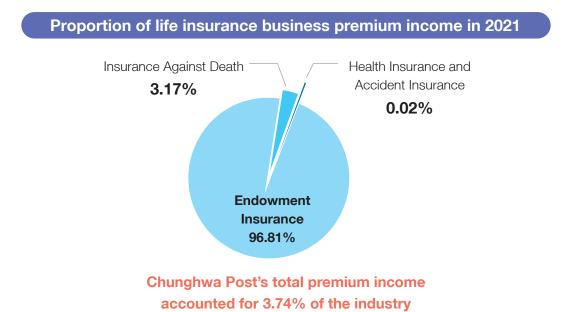
Life Insurance Services

In order to provide universal life insurance business regardless of urban and rural areas, there were a total of 1,299 business locations nationwide by the end of 2021. Compared with other large private insurance companies, the life insurance business services are provided both in depth and breadth. The eastern region and offshore islands in particular, are also covered in its service network.

The Company conducts related business in accordance with the "Friendly Financial Service Guidelines" and provides friendly financial service measures in order to cooperate with the government to promote financial inclusion and create a friendly financial environment.

- Environment: Barrier-free facilities are provided in the post offices or special personnel are assigned to provide services.
- Communication and service: There is a special life insurance counter in the post offices where the employees introduce products and give information to customers with a proactive and friendly attitude and assist them in filling in relevant application forms.
- Information: A new "Friendly Financial Service Section" was added to the homepage of the official website to announce relevant friendly financial measures that is in line with the "Friendly Financial Service Guidelines", and to disclose information on various products and services for public inquiries.
- Protection of rights and interests: The application documents related to insurance products shall be reviewed in a fair, objective and non-discriminatory position. In addition, a feedback form or communication channel shall be provided for them to express their opinions.

• E-services: The "iPOST" APP combines the convenience of smartphones or tablets to provide information of life insurance mortgages, policy dividends, survival insurance premiums, premium records, premium advance payments, policy loan status, and basic contract information so that policyholders can grasp real-time insurance information and provide services such as appointment insurance, premium trial calculation and mortgage interest trial calculation.



Underwriting Principles for Persons with Disabilities

- 1. The general underwriting principles shall apply to persons with physical disabilities, that is, factors such as the physical condition of the insured, the degree of danger of the occupation, and the financial status of the individual or family shall be evaluated.
- 2. For the mentally impaired, the characteristics of the insurance types and the Company's underwriting principles should be considered. Factors such as mentality, physical condition, the degree of danger of the occupation, the financial status of the individual or family should be assessed from the perspective of taking care of their reasonable rights and interests to determine appropriate coverage conditions.
- 3. When salespeople solicit insured persons with disabilities for insurance, they shall explain the Company's underwriting conditions and underwriting rules and provide relevant consulting services. Risk assessment and premium collection shall be based on actuarial and statistical data. The specific insured persons or persons with disabilities shall not be unfairly treated.
- 4. The insured who has met the disability level listed in the "Disability Degree and Insurance Benefit Table" before being insured may be asked to sign a "Consent to Exclusions" or indicate the defective part in the blank of the application form and declare that the defective part will be accepted after giving up the disability benefits so as to avoid the dispute that may arise when applying for a claim after the occurrence of an insurance accident.

- 5. When the salesperson accepts the insurance application of the persons with disabilities, the required insurance documents should be sent to the underwriting unit of the life insurance department. The underwriting personnel of the Company will make a comprehensive assessment before deciding whether the insurance conditions are met. We do not verbally refuse the insured to apply for insurance.
- 6. For uninsured cases of persons with disabilities, the Company's underwriters shall notify the proposers in writing stating the reasons for non-coverage.

Adjustment of Insurance Products for Underprivileged Groups

- 1. Starting from July 1, 2021, the currently sold An-xin Whole Life Insurance increased the maximum insured amount to NT\$700,000. The number of valid contracts for individual insureds were revised to 3.
- 2. From January 30, 2019, the coverage for the currently sold Accident Microinsurance Rider was loosened and from April 25, 2020, the insurance coverage of low-income households/ low-middle-income households, persons with disabilities and other specific conditions were added. From February 18, 2022, the income calculation method for the specific identities and groups (including family members) was loosened to reinforce the basic insurance protection of economically disadvantaged groups.

Chunghwa Post was awarded with the "Disability Care Award" and "Outstanding Sales Award" in the Microinsurance Contest organized by the Insurance Bureau, FSC



- 1. The middle and high age groups can be provided with basic protection.
- 2. The payment period is diversified and can be selected according to individual needs.
- 3. The policyholders can enjoy lifetime protection from the contract establishment date to the policy anniversary at age 110.

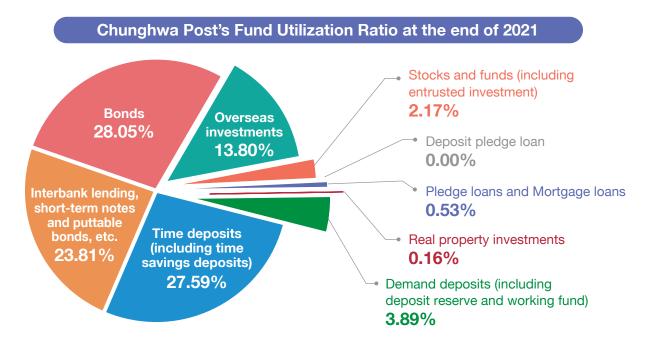


1.It can take care of vulnerable groups and provide basic accident protection for those who are eligible for insurance.

2.It is easy to apply for insurance and the physical examination is not required.3.The premium is low with light burden.

6.2 Investment Status

To implement the spirit of socially responsible investment and encourage investee companies to strengthen corporate governance and fulfill corporate social responsibilities, the Company publicly discloses the stewardship principles for institutional investors and performs stewardship and information regarding shareholder meeting voting in the "Stewardship Principles Compliance" on its official website.



6.3 Responsible Investment Assessment

To effectively utilize the savings, remittances and life insurance funds, Chunghwa Post has set up a Postal Capital Management Committee by the management in accordance with Article 8 Paragraph 2 of the Articles of Association and Article 3 of the Regulations Governing Postal Remittances and Savings Operations. The Committee consists of nine to thirteen members, one of whom is the convener, concurrently served by the president of the Company; other members are concurrently served by the deputy presidents and the supervisors of relevant divisions. In addition, the Auditor General may attend the meeting.

Postal Capital Management Committee

- (1) Deliberation of asset allocation for postal capital investment
- (2) Deliberation of the authorized limits for the use of postal funds
- (3) Review of postal capital investment performance
- (4) Deliberation of postal capital investment decisions
- (5) Proposed amendments to the Regulations Governing Postal Remittances and Savings Operations
- (6) Deliberation of other major matters related to the use of postal capital

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In addition to analyzing the fundamentals and financial aspects of individual stocks, the Company also takes into consideration whether they are constituent stocks of the ESG index when evaluating investment in new domestic stocks. For domestic stocks that have been invested, the investment ratio of TWSE listed companies that comply with corporate social responsibility will be reviewed regularly every year. For the domestic stocks invested by the Company, the market value of TWSE listed companies that comply with corporate for 97.79%, 95.97% and 97.08% of the total market value of domestic stock investment in 2019, 2020 and 2021 respectively.

According to the Company's foreign investment instructions, self-operation is prohibited from investing in company stocks and foreign bonds issued or guaranteed in the tobacco, alcohol and gambling industries according to the Global Industry Classification Standard used by MSCI as well as foreign currencydenominated mutual funds and foreign ETFs based on the indicators and indices of the tobacco, alcohol and gambling industries. In addition, the foreign entrusted investment regulations should instruct the entrusted investment institution in writing to avoid investing in the stocks listed above. If they were already invested, a monthly written analysis of them should be provided.

Continuous Investment in Green Bonds to Nurture Green Industries

- In 2021, NT\$1 billion of UMC's Year 2021 Tranche 1 of Unsecured Ordinary Corporate Bonds was purchased.
- In 2021, NT\$800 million of SKCB's Year 2021 Tranche 1 senior unsecured financial bonds was purchased.
- In 2021, Asian Development Bank supranational bonds with a face value of US\$50 million (about NT\$1.4 billion) was purchased for foreign investment.
- In 2021, Natixis (French corporate and investment bank) financial bonds with a face value of US\$70 million (approximately NT\$1.96 billion) was purchased for foreign investment.

Investment in ESG-related ETFs to Support Sustainable Development

In 2021, the domestic investment in ESG-related ETFs was about NT\$478 million, and foreign investment in ESG-related ETFs was about US\$54.5 million (about NT\$1.5 billion).

06 Responsible Finance

Commitment to 5+2 Industrial Innovation Plan to Promote Green Energy Technology and Circular Economy Solutions

To achieve the vision of the government's industrial policy, Chunghwa Post has been committed to 5+2 Industrial Innovation Plan to promote green energy technology and circular economy solutions. By the end of 2021, an amount of NT\$182.5 billion investment was made in stocks and bonds related to the green energy technology industry and about NT\$37.3 billion in those related to the circular economy industry to help promote the healthy development of the industries.

6.4 Leveraging ESG Impact

To implement the spirit of socially responsible investment and encourage investee companies to strengthen corporate governance and fulfill corporate social responsibilities, Chunghwa Post signed the " Stewardship Principles for Institutional Investors" in 2016. In addition, it was awarded the trophy "Taking the lead in Signing, Setting an Example to follow" by the Taiwan Stock Exchange.

Before attending the shareholders' meeting of the investee company, Chunghwa Post prepares an evaluation and analysis report on the exercise of voting rights. After each shareholders' meeting, it submits a written record of the exercise of voting rights to the board of directors. In addition, when the corporate governance of the investee company is flawed or does harm to the social environment, the Company will make use of rights as the shareholder to communicate with the investee company and urge it to improve in order to meet the goals of corporate governance and fulfillment of corporate social responsibility.

According to Article 146-1 Paragraph 3 Sub-paragraph 2 of the Insurance Act, the insurance industry shall not exercise the right to vote in the election of directors and supervisors of investee companies. Therefore, in 2021, one investee company abstained from voting in the election of directors. In 2019, 2020 and 2021, the Company participated in 102, 110 and 112 shareholders' meetings or special shareholders' meetings of TWSE listed companies by dispatching personnel or exercising e-vote. The Company prudently evaluated the various proposals, prepared evaluation reports and exercised voting rights to express the attention to the corporate governance of the investee company.

Special Column of Responsible Finance

Green Bonds

Eligible Green Expenditures

The United Nations launched the 2030 Sustainable Development Goals (SDGs) in 2015 and proposed 17 goals for the global governments and enterprises to jointly achieve, showing the importance attached to sustainable development. The 2020 COVID-19 epidemic led to more attention on social responsibility and governance issues and accelerated the international sustainable development investment trend. It is no longer just a simple public welfare slogan, but a trend that will affect the survival of enterprises.

To establish a more complete over-the-counter trading system for sustainable development bonds, TPEx announced on April 29, 2021 and practiced the Key Points Regarding Sustainable Development Bonds, which consolidated the Key Points Regarding Green Bonds and Key Points Regarding Sustainability Development Bonds. In addition, new social responsibility bond eligibility and related regulations were added. According to the Key Points Regarding Sustainable Development Bonds, the scope of sustainable development bonds includes green bonds, social responsibility bonds and sustainable development bonds approved by TPEx. In 2021, the Company purchased NT\$1 billion of UMC's Year 2021 Tranche 1 of Unsecured Ordinary Corporate Bonds and NT\$800 million of SKCB's Year 2021 Tranche 1 senior unsecured financial bonds, both of which obtained the green bond eligibility approved by TPEx.

1. UMC's green bond investment plan:

The Company was expected to carry out green investment projects such as the construction of solar PV systems inside and outside the plant, energy efficiency improvement of in-plant machinery and equipment and process pollution prevention to improve the use of renewable energy power, equipment operation and treatment process exhaust efficiency, which could achieve energy-saving, thereby reducing carbon emissions and waste disposal while reducing the impact of wastewater and exhaust emissions on the environment.

2. SKCB's green bond investment plan:

The funds raised would be used for financing and refinancing of SKCB's customers. It met the requirements of five categories of the plan, including Renewable Energy and Energy Technology Development, Energy Efficiency Improvement and Energy Saving, Water Conservation, Cleaning or Recycling, Waste Recycling or Reuse, GHG Reduction in order to meet the categories of green investment plans with substantially improved environmental benefits required by Key Points Regarding Sustainable Development Bonds.

In addition, Chunghwa Post also invested in an international green bond in 2021, with an investment face value of US\$70 million (approximately NT\$1.96 billion) issued by Natixis (French corporate and investment bank). Natixis is a subsidiary of the Groupe BPCE, the third largest financial conglomerate in France. The funds raised by the issuer was used for the Sustainable Development Bond Program of the Groupe BPCE, and the description is as follows:

1. Green Building

Being aware of the enormous impact the real estate industry has on the environment, particularly in relation to natural resource depletion and climate change, the Groupe BPCE has devised a dedicated approach to identifying green buildings to further support its overall focus on environmental sustainability.

2. Renewable Energy

With its dedicated approach to renewable energy, the Groupe BPCE aims to make a positive contribution to climate change mitigation by reducing GHG emissions. Eligible assets are loans used for the development, construction, operation and maintenance of renewable energy projects

3. Sustainable Agriculture

The Groupe BPCE' strategies to support Europe's leading agricultural market focus on the main environmental, social and economic challenges faced by French agricultural industry.

As a state-owned enterprise, Chunghwa Post should take the lead in fulfilling its corporate social responsibilities. In the future, we will continue to invest in sustainable development bonds, hoping to obtain investment returns and at the same time taking ESG into account.



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