

Chapter

# 03 Innovative Postal Services



### Material Topics Included

- Customer Health and Safety (GRI 416)
- Marketing and Labeling (GRI 417)
- Customer Satisfaction (Custom topic)
- Complete Delivery Rate (Custom topic)
- Innovative Services (Custom topic)

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 customer-oriented, 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 “A postal service company that provides excellent services and is trusted by the people”.

### Corresponding SDGs



### Sustainable Management

#### Policies

- Provide customer-oriented, honest and efficient services
- A postal service company that provides excellent services and is trusted by the people.
- Develop smart logistics and digital finance, provide universal and high-quality service in postal, savings and life insurance operations
- 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

#### 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
- 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
- Key points for the System and Procedures for the Solicitation and Processing of Postal Simple Life Insurance Business

#### Preventive or remedial measures

- Establishment of 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



April 22, 2024  
Sustainability-Innovation

## 3.1 Extending the Value of Postal Services

Chunghwa Post shoulders the legal duty of providing Universal Postal Service for the collection and delivery of domestic and international mails. To protect the basic communication rights of the people, Chunghwa Post provides flat and reasonable rates and nationwide services, and has established operating sites throughout Taiwan. The goal is to maintain a coverage rate of more than 99%. As of December, 2023, there are 1,297 post offices (including 1,296 post offices and 1 mail processing center) and 710 contracted agencies (including 439 agencies and 271 stamp sales agencies).

To ensure immediate, reliable, and efficient services, various self-service postal machines have been gradually installed in recent years. In addition, 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, 2023, there are 8,956 mailboxes in total. In the future, we will make stepwise review of the number of mailboxes in various places based on the installation status of the iBox Post.



Self-service postal machines	Number
iBox Post	2,408
Postage Label Vending Machine	24
Stamp-vending Machine	37

### 3.1.1 Diverse iBox Services

iBox Post is an important strategy to transform postal service to smart logistics, which can effectively extend post office service hours and locations, improving delivery efficiency and reducing operating costs. iBox is mainly installed in post offices, Taiwan Railway stations, MRT stations, community buildings, schools, and other places where people gather. Combined with the conditions of high-quality distribution network, mobile phones, IoT, cloud technology and others, iBox Post provides customers with 24/7 self-service mail pickup/outgoing mail services.

#### Chunghwa Post works with laundry operators to deliver laundries via iBox Post

To create a multiple and smart logistic service network of iBox Post and actively expand cross-industry alliance to improve the accessibility, Chunghwa Post cooperates with U-Wash. The public can choose to deliver the laundries or bed sheets to U-Wash via iBox Post by using U-Wash Online Reservation App. After washing and drying, the clothes and bed sheets are folded and delivered back to the designed iBox Post. By providing the two-way convenient logistics services, the public can enjoy a new service of rapid and convenient “laundry delivery and pick-up service”.

#### Newly added third-party payment for iBox postage payment: JKOPAY, Easy Wallet, icash Pay, All Win Fintech +PAY, and PX Pay

After the opening for the payment of postage with the Debit Card, Stored Value Card (EasyCard, iPass and icash) and iPASS MONEY, to further expand the multiple payment channels, Chunghwa Post added new payment channels of Easy Wallet and JKOPAY, icash Pay, All Win Fintech +PAY, and PX Pay.

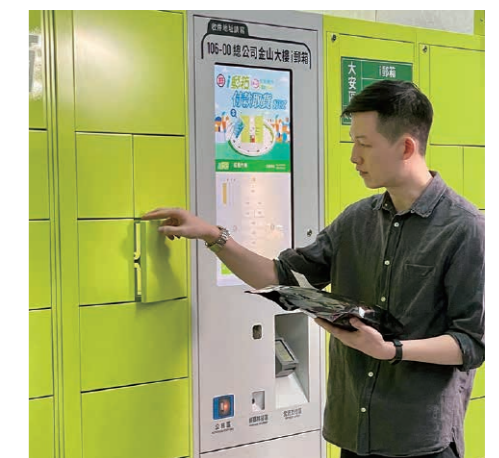


#### ESG Achievement Combined with the Use of iBox Post

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 GC Giving Circle, Taiwan's largest material goods platform, to revitalize idle resources from September,2020.
- 4.The cooperation of SP Bookstore for the promotion of second-hand books started in January, 2021.



### 3.1.2 Agency Sales and E-Commerce Platforms

#### 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.

#### PostMall

Chunghwa Post launched an e-commerce platform in 2010. Originally named “You Zheng Shang Cheng” in Mandarin, this e-commerce platform was renamed PostMall in July, 2020. PostMall integrates its virtual and physical channels, providing a comprehensive and safe trading platform with complete logistics, financial flow, information flow, and customer flow resources, assisting Taiwan’s small and medium-sized enterprises, self-employed entrepreneurs, and farmers with the creation of opportunities in stay-at-home economy. As of December 31, 2023, the number of PostMall members exceeded 390,000. According to statistics from Google Analytics Performance Report, the guided shopping mechanism of the website was strengthened in 2023, and the number of successful guided shopping orders was more than 14,236, with the amount of over NT\$31.53 million, reaching the annual target.



#### Labeling of the Place of Origin of Pork Products

1. 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 was aligned with the system’s product page redesign operations and was launched in 2022.
2. 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. Relevant labeling was completed by 2023.
3. Notices concerning related regulatory compliance are constantly posted on the PostMall website.



#### Buying Power- Social Innovation Products

##### Cross-field Cooperation with Social Innovation 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 2023, there are 30 stores in the Social Innovation Products Section and approximately 84 stores in the “i Recommendation Section”, with a total of 919 items, an increase of 249 items compared with 2022.



### 3.1.3 Special Postal Services

#### Stamp Sales

Philatelic business is one of the major services provided by Chunghwa Post. As time passes, the function of stamps has switched from basic postage payment to specialized philatelic and gift market. Therefore, 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. Investment is made in the development of innovative printing technology and themes popular among young people are strengthened, such as the combination of internationally renowned cartoon characters and peripheral products, a series of gold and silver ingots and other products to actively develop various philatelic products that meet the demands in the market to drive a boom in purchasing and collections.

In 2023, a total of 18 sets of stamps, 2 sets of postage stamps, 10 types of stamp folios, 5 analogical cards, and 16 philatelic products with 41 variations were issued. Chunghwa Post conducted the Ceremony for the Operating of the Citizen Judges System and the Issuing Ceremony of the Miniature Sheet of Stamps, the Implementation of Citizen Judges System Commemorative Souvenir Sheet, the Issuing Ceremony of Taiwan Scenery Postage Stamps — Kinmen County, and the Issuing Ceremony of the Human Rights Postage Stamps. In addition, the Taipei 2023- 39<sup>th</sup> Asian International Stamp Exhibition was held, and philatelists and members from 26 countries and territories affiliated with the Federation of Inter-Asian Philately were invited to join in the event, which showcased about 1,050 frames of precious stamp collections from both Taiwan and overseas, attracting more than 180,000 visitors.



Issuing Ceremony of the Miniature Sheet of Stamps, the Implementation of Citizen Judges System Commemorative Souvenir Sheet



Issuing Ceremony of Taiwan Scenery Postage Stamps — Kinmen County



The Taipei 2023-39<sup>th</sup> Asian International Stamp Exhibition



Issuing Ceremony of the Human Rights Postage Stamps



TAIPEI 2023 – 39<sup>th</sup> Asian International Stamp Exhibition Commemorative Issue



TAIPEI 2023 – 39<sup>th</sup> Asian International Stamp Exhibition Postage Stamps: Myriad Butterflies

#### Philatelic Promotion Activities

##### Senior Philatelic Society

1. Activities are organized by post offices and community development associations, senior citizens learning centers, or public welfare groups within their respective jurisdictions. The target group is mainly the community residents at the age of 55 and above. Each group plans activities once or twice a month, with 2 sessions for each class. Senior philatelists or retired teachers from the philatelic classrooms recommended by each unit or invited by local philatelic societies are invited to give lectures.
2. A total of 19 post offices have established 28 senior philatelic societies with 643 members. The activities of these societies are active and enthusiastic. Chunghwa Post will continue to promote senior philatelic societies to fulfill its corporate social responsibility.

##### 2023 Summer Parent-Child Philatelic Study Camp

To promote the philatelic culture and implement grassroots philatelic work, Post offices and the Postal Museum organized the 2023 Summer Parent-Child Philatelic Study Camp. A total of 24 study camps were held, and the number of members was 1,090.



It is clearly stipulated in the procurement regulations that at the time of bidding, the philatelic products shall be compliant with the regulations stipulated in the Commodity Labeling Act, the Commodity Inspection Act, and other relevant regulations. Before acceptance, the manufacturers are asked to prepare the documents to be inspected, such as the material certificate, import certificate, etc. The main inspector will take random samples of the delivered goods to the inspection agency certified by the Taiwan Accreditation Foundation (such as SGS and Intertek). The acceptance procedure is completed after the inspection is passed.

### Postal Museum

The Postal Museum was founded on December 1, 1965, continuing the concept of the transmission of royal orders by stages and couriers. 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. To deepen the relationship between postal service and local communities, and enhance the public welfare image of postal services, Postal Museum engages in community activities to create bonds with the local culture, embodying the concept of caring for the community and giving back to society.

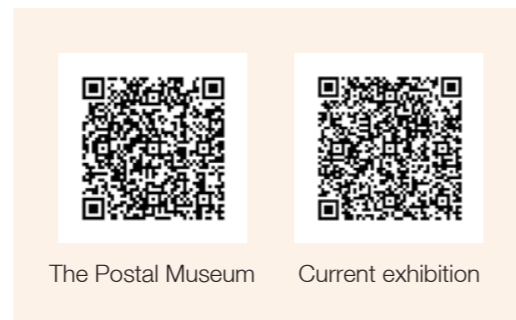
- From April 1 to 2, 2023, the Postal Museum participated in the annual event of "2023 Spring Book Fair" hosted by the General Association of Chinese Culture.
- From December 16 to 17, the Postal Museum cooperated with the Nanmenkou Community Development Association, Zhongzheng District Office, Taipei and held the 23<sup>th</sup> GuLing Street Books & Creative Bazaar in 2023.



2023 Spring Book Fair



23<sup>th</sup> GuLing Street Books & Creative Bazaar in 2023



### Permanent activities of the Postal Museum

Guided tours of exhibitions

Collection of stamps and many subjects

Literature and history research

Social education and leisure

### Philately seminar and lecture at Postal Museum



"Storytelling" activity

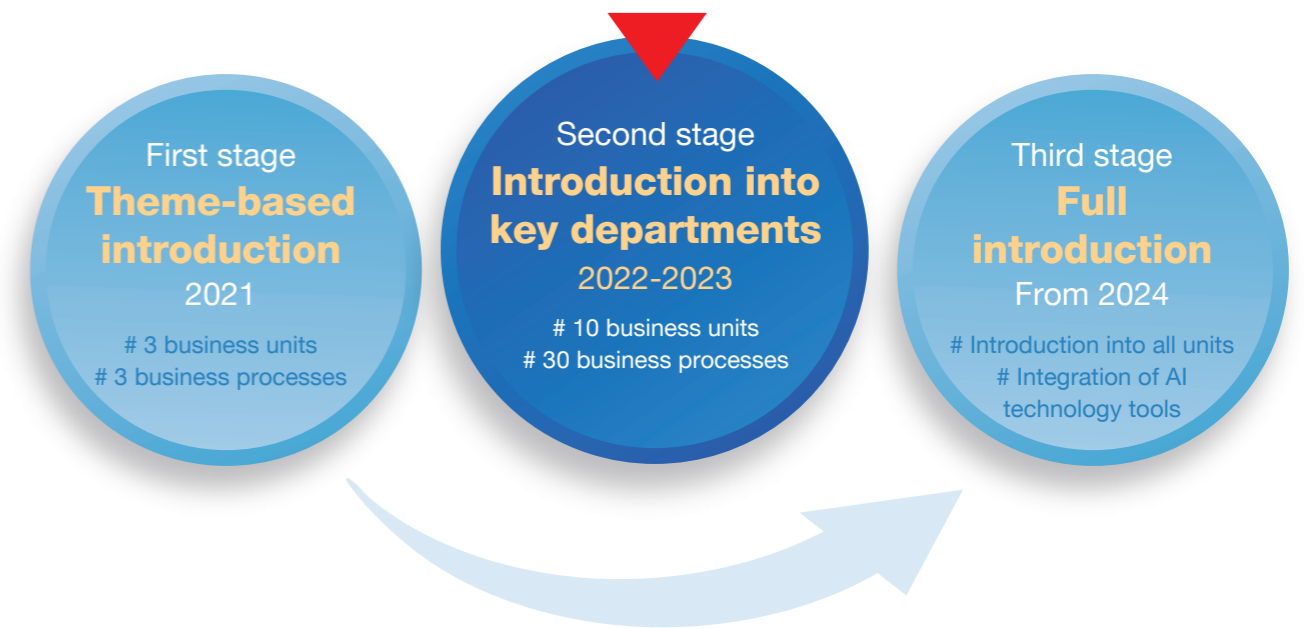


Chunghwa Post's Dragon Ascending Fortune Gathering Special Exhibition to welcome the arrival of the year of dragon



## 3.2 Promotion of Robotic Process Automation (RPA)

To promote the optimization of operation and service process and improve the operational efficiency, Chunghwa Post started to introduce the Robotic Process Automation (RPA) Project and divided the promotion into three stages. The first stage adopted the theme-based introduction, and the short-term and rapid results were obtained through a demonstration process each in the Dept. of Savings and Remittances, Dept. of Life Insurance and E-commerce Office. The second stage introduction started from 2022, and through the promotion of the business unit of the Head Office, RPA application is promoted to post offices. Meanwhile, at the second stage, internal RPA competitions were held to start the cultivation of our own RPA seed personnel. In the third stage, in addition to promoting RPA application to the whole Company, integration with AI technology tools will also be conducted, such as the technologies of AI-OCR platform, NLP or Chatbot to further achieve intelligent automation.



For the second stage of RPA (Robotic Process Automation), under the efforts of the RPA seed members, as of the end of 2023, RPA has been introduced into 11 units in the Head Office, 19 post offices, and 1 mail processing center, with a cumulative of 68 automated processes being completed. Each process saves 65% to 100% of manual work time, releasing 2,973 man-days of manpower. Most processes even accelerate the operation time by more than 50%, greatly improving efficiency.

### Promoting the Import of RPA and Results

During the import process of RPA, paper consumption and carbon footprint can be reduced by reorganizing the operation process and promoting digitalized and paperless process. Take the operation of answering inquiries for example, after the whole process is automated, a total of 252,000 pieces of A4-size paper can be saved annually, reducing carbon emissions by 1.92 tonnes of CO<sub>2</sub>e. At the same time, process digitization also promotes the sharing of data across units, allowing all units to provide more efficient services and bringing a more convenient service experience to customers.

#### Industry-university cooperation for RPA

In the first half of 2023, Chunghwa Post joined hands with RPA software company, UiPath, and cooperated with National Taiwan University (NTU) for industry-university cooperation. The cooperation plan not only shows our great emphasis on the development of digital technology applications, but also enables the Company to fulfill its corporate social responsibility to assist NTU in cultivating great talents for digital transformation.

#### Taiwan Sustainability Action Awards (TSAA)

In recent years, Chunghwa Post has continued to expand of the scope of RPA applications, improve operating efficiency and release employee labor. In addition, the process is also digitalized to reduce consumption of paper for active implementation of environmental protection. In 2023, Chunghwa Post was honored with the Silver Award at the 2023 Taiwan Sustainability Action Award (TSAA).

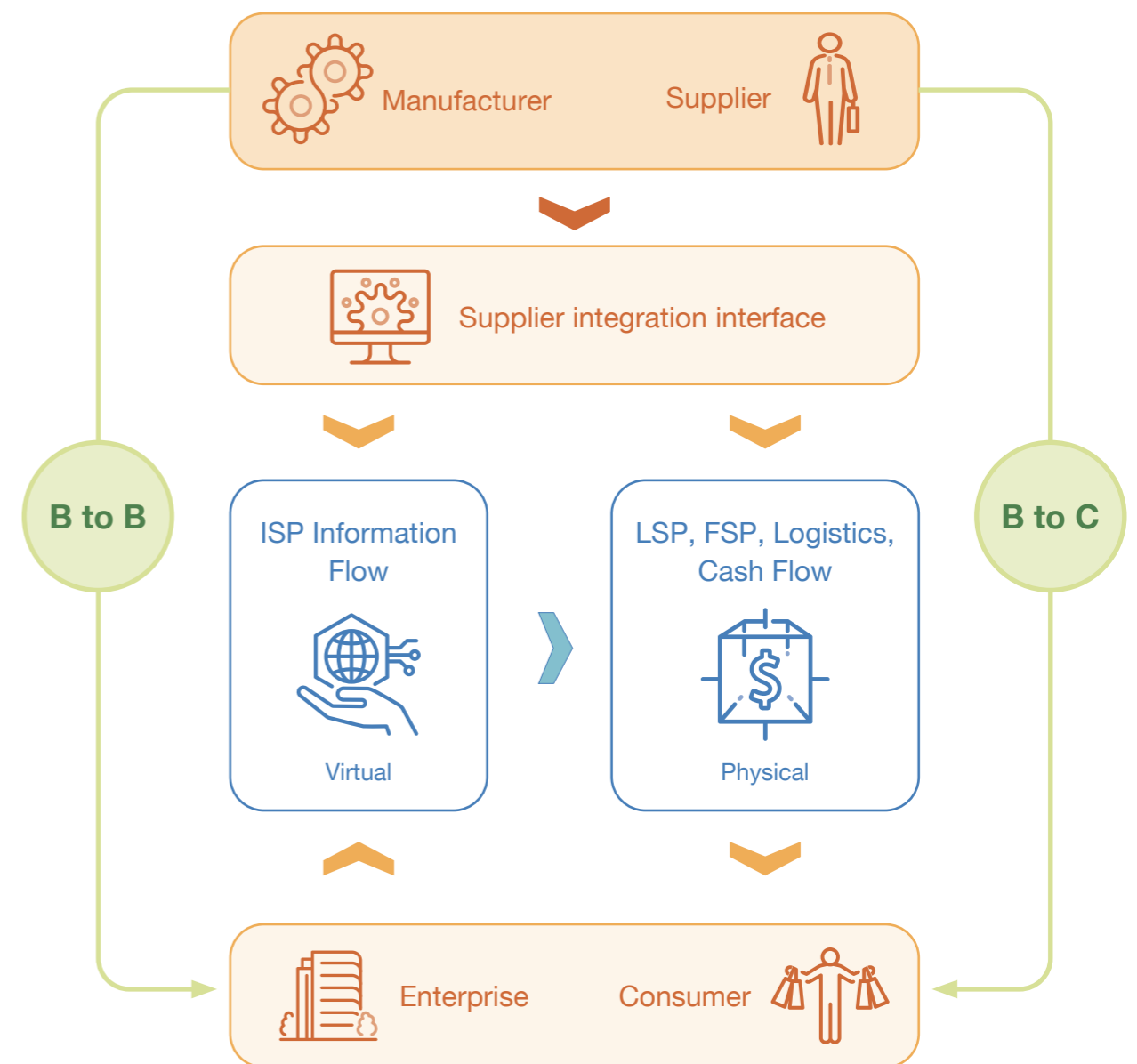


Group photo of Kick-off Meeting of the Industry-university cooperation for RPA

## 3.3 Improvement of Service Quality

Chunghwa Post strives to improve its software and hardware integration capabilities and connects its resources of logistics, financial flow, and information flow, providing comprehensive postal services to enterprises and the general public. To promote the vision of “excellent services and being trusted by all citizens”, the “Execution Plan for Service Quality Improvement” and “Plans for Random Assessments of Public Service” have been established. 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.

#### Chunghwa Post's value chain



### 3.3.1 Chunghwa Post's Postal Logistics Park

To respond to the trend of internationalization of the trade market, Chunghwa Post's Postal Logistics Park has been built at the base 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, the operations center and other related public facilities, covering a total area of 17.14 hectares. Each building was completed and commenced in succession in 2023. Among them, the Postal Logistics Center is a building with 8 floors above ground (4 floors of the main building, 4 storage units on each floor, with 16 storage units and a storage area of approximately 48,000 pings), 1 floor underground, with a total area of 69,686 pings, and 2 3D turnaround lanes and 218 loading (unloading) platforms.



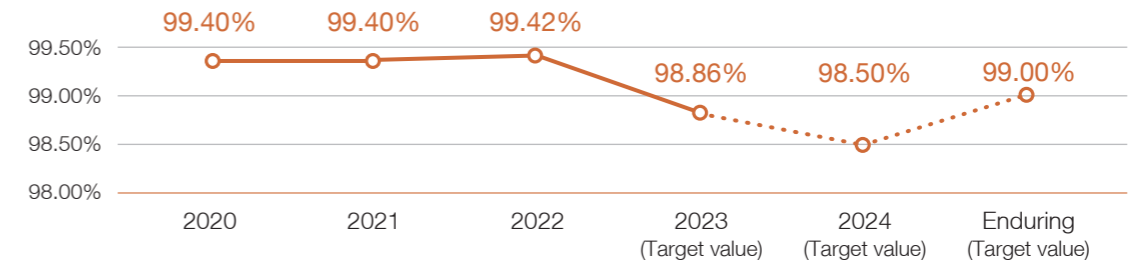
To cooperate with e-commerce operators for them to enter the park, this will be the very first international level e-commerce logistics park, and it is even a logistics center with high-density introduction of AI artificial intelligence technology and automated warehousing equipment among the peers in the e-commerce industry.

### 3.3.2 Customer Relationship Management

#### Complete Delivery Rate

Mail delivery is the main business of Chunghwa Post, and the Company has always attached great importance to the quality of mail delivery. The Complete Delivery Rate is the comprehensive calculation of ratio of registered mail, parcel and express mail delivered by the delivery unit to the mail address, serving as the service indicator. Chunghwa Post has established clear key work items and operational requirements, and postal supervision, management, and inspection are conducted by supervisors to ensure that the delivery personnel deliver in accordance with regulations so as to maintain long-term and stable on-address delivery rate. In addition, the training and education of delivery personnel is also strengthened to actively urged post offices to improve the quality of delivery services (such as polite greetings and handling customer complaints).

#### Complete Delivery Rate



#### Promotion of Intelligence Customer Service

To improve the overall service quality and strengthen the convenience of communication channels, Chunghwa Post launched the use of the intelligent (text) customer service from February 23, 2021 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, and the system services continue to be improved and optimized. In addition to providing customers with customer hotline for postal consultation, multiple service channels are also provided for customers to choose from to enhance the efficiency and competitiveness of postal services. After the intelligent customer service was launched, customer usage increased every month. In addition to the average of about 14,000 calls in the first three months of operation, the monthly average in 2023 reached 52,828 calls (times).



#### Customer Satisfaction

The customer service center conducts monthly customer satisfaction survey for analysis and evaluation. 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, the satisfaction increased to 4.80 points in 2023, meeting the target of the short-term goal. As for the overall satisfaction of Caring for Agricultural Products Marketing on PostMall, the average satisfaction of the stores in 2023 was 4.7 stars (a total of 40 stores, 34 without duplication), which also met the short-term goal.

#### Results of customer satisfaction survey over the years

