

# V

## Fulfilling Our Social Responsibility

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## I . Promoting Corporate Governance

- (I) The management philosophy of Chunghwa Post consists of the following three principles: putting the clients on top priority; devoting ourselves to a corporate culture based on reliability, geniality, efficiency and innovation; striving to improve with the society. We devise our annual business plans in accordance with the government policies. In addition, we make timely adjustments by taking social changes into consideration. Our business policies and executive performance are periodically reviewed, and we also modify our management strategies and style when needed.
- (II) We hold departmental management meetings on a regular basis. The Chairperson holds a high-level management meeting once every two weeks. Business reports and department meetings are held on a monthly basis. In order to strengthen the cooperation between senior managers and operative executives, debriefings on business expansions are conducted on a quarterly basis, so as to lay down the foundation for decision formulation and implementation.
- (III) We provided postal capital in the amount of NT\$1,611,900 million to support the government's major construction projects, and also to offer project financing for private investments.
- (IV) A total of 49 directors and supervisors have attended the corporate management courses offered by the Securities and Futures Institute, the Taiwan Corporate Governance Association, the Ministry of Transportations and Communications, the Ministry of Labor, the Ministry of Finance, the Taiwan Institute for Sustainable Energy in 2016.
- (V) In order to enhance our robust management, a set of internal control procedures are established and should be followed by the board of directors, management personnel and all staff members, so as to accomplish the following objectives:
1. To boost the efficiency of our company and to maintain the security of our assets.
  2. To ensure the credibility and integrality of our financial and management information.
  3. To abide by related laws and regulations.
- (VI) To encourage staff to engage in online learning, digital courses on corporate ethics, management ethics and service ethics are offered on our "Postal Service e-University" learning website.
- (VII) An employee who puts our corporate ethics into practice can be recommended by the department head to participate in our company's "Outstanding Postal Service Personnel Competition" or the "Exemplary Civil Service Competition" held by the Ministry of Transportations and Communications.



Test for the enrollment of new staff



President Chen met with the Company's representatives for the exemplary civil servants of the Ministry of Transportation and Communications, 2017.



## II. Maintaining Social Welfare

- (I) We have continuously offered disaster relief donations accounts for the Ministry of the Interior with the exemption of administration fees. Additionally, we have set and continuously practiced the "Guidelines for Promoting Social Welfare via Postage Discount" to aid disadvantaged groups. The discounted postage reached NT\$10,940,000 in total in 2016.
- (II) We have helped maintain order of the financial market and safeguard transaction security by successfully preventing 780 scam cases in 2016, thereby securing approximately NT\$135 million from scammers.
- (III) We have continuously set up barrier-free ATMs at appropriate sites to provide physically challenged customers with easy access to ATMs. By the end of December 2016, 1,036 ATMs in total have been installed at 778 sites. Moreover, 33 ATMs with voice features were set up for visually impaired customers, and more will be installed at appropriate locations in the future.
- (IV) In order to be in line with the government's public welfare policies, physically and mentally challenged depositors can enjoy inter-bank ATM transactions free of processing fees 3 times per month after filing applications to our company.
- (V) We have continued to run the "Post Office Cares for Solitary Elderly Campaign" and encouraged our postmen to send greetings to solitary elderly and watch out for their needs while delivering mails. Our postmen have reached out to 56,890 elders in total in 2016.
- (VI) We organized a nationwide blood donation campaign named "Donate Hot Blood to Show Warm Love—Let's Begin from Me" from March 1 to March 31 in 2016, collecting 27,170 bags of blood in total, each containing 250cc. per bag.
- (VII) We offered "Scholarship for Postal Life Insurance Clients' Children" in 2016. The scholarship totaling NT\$5,715,000 was awarded to 3,418 recipients.
- (VIII) We hosted the "2016 Postal Life Insurance National Children's Sketching Competition," drawing 6,040 entries from all over Taiwan. Outstanding pieces are compiled into a picture album for the award winners as a memorial record.
- (IX) We held the "2016 Postal Life Insurance National Table Tennis Contest for the Physically and Mentally Challenged" in July 2016. A total number of 56 teams and 125 participants attended the event.
- (X) To help promote quality local produces and support Taiwanese farmers, we have selected local farm produces suitable for package or express mailing and created a "Calendar for the Transportation and Marketing of Local Agricultural Products" to help local farmers market their products. Furthermore, as we offer on-call pickup and delivery services, the customers can enjoy fresh produces delivered straight from the source. In addition, our partner farmers donate a small portion of their loans to several local disadvantaged groups, thus creating a multiple-win situation among farmers, customers and disadvantaged groups. In 2016 we organized 10 marketing campaigns of agricultural products, with the sum of public welfare donation reaching NT\$512,490. The donation went to 9 public interest groups, including Eden Social Welfare Foundation, Taiwan Fund for Children and Families Yunlin County Branch, Genesis Social Welfare Foundation, Sheen-Nan Elementary School of Yilan County, House of Hope in Tainan County, Daniel A. Poling Memorial Babies' Home in Taichung City, Erlin Happy Christian Home, Taiwan Fund for Children and Families Nantou County Branch and Taiwan Fund for Children and Families Taitung County Branch.

### III. Developing Sustainable Environment

- (I) We provide our employees with safe and healthy work environments. All of the offices are equipped with central air conditioning systems and sufficient lighting, comfortable workspaces, evacuation routes and emergency exits. Elevators are checked and maintained regularly. Fire protection devices are installed all over our buildings, and fire drills are practiced periodically. Access control systems are implemented to ensure staff security.
- (II) When our buildings are to undergo construction projects, contractors will be given the "Guidelines for the Work Environment and Hazardous Factors of Contract Projects" and will be advised to follow the guidelines, in order to improve the safety of our work environment and reduce the occurrence of occupational accidents. In addition, we organize "Educational Trainings of General Laborers' Safety and Health" to raise our employees' awareness of safety and health.
- (III) Cleaning, waxing, disinfection and disease prevention are periodically performed in our offices. We add an extra tinge of beauty to our work environment by constantly cleaning up wastes and tending our potted plants. Several staff members are designated to make the rounds in the offices and keep a close check on the environment.
- (IV) Professional staffs are assigned to be in charge of the cleaning, disinfection and disease prevention tasks. In addition, all of our employees attended the four-hour long Work Environment Education and Training Session in 2016.
- (V) We have cooperated with the government's Green Public Procurement Policy and reached the green purchasing achievement rate of 97.54% in 2016, surpassing the annual goal of 90%.
- (VI) We have digitalized our business process by establishing the "Public Key Infrastructure," thus reducing paper usage by implementing online signatures of official documents.
- (VII) We regard neatness as a core value of our corporate culture. By regularly holding cleaning contests and environment assessments, we create comfortable workspaces and post offices, improve our service quality, and cultivate positive corporate culture and image that emphasize cleanness.
- (VIII) We introduce a car-free day every month and advocate the Meatless Monday movement to protect our planet by saving energy and reducing carbon emissions.
- (IX) We promote green architecture and have installed solar power generation system on the rooftop of Fangshan Post Office to save energy and reduce carbon emissions.
- (X) We have launched the introduction plan of electric vehicles to gradually reduce carbon emissions, with the aim of achieving green logistics with low noise and zero carbon emission.



Handwriting warmth always mobilize millions of cards to link people.



Press conference on the commencement of electric motorcycle fleet in I-Han



Landscaping works at the Presidential Office Post Office

#### IV. Protecting Our Clients' Rights

- (I) Dormant postal passbook saving accounts have automatically restarted interest accruals since 20 March 2014. As for joint passbook saving accounts, in addition to applying for account termination or transfer at post offices nationwide, depositors can also report the loss of a passbook or seal and close the account in question after making new replacements at post offices nationwide free of charges. However, for depositors without joint passbook saving accounts, such settlements should be made at the post office where the account is opened.
- (II) When a beneficiary applies for death benefits, our computer system will jointly search for the tracking numbers of valid contract policies that the beneficiary has yet claimed settlements, thus enabling related units to notify the beneficiary of related life insurance contracts to initiate the procedures of claims settlements as soon as possible.
- (III) Units in charge of life insurance claims conduct cross comparisons between the data of the deceased insured provided by the Life Insurance Association with the data of our insured clients on a daily basis. If the insured is found deceased and has yet filed for claims, the bureaus in charge of handling the life insurance contract will be notified to contact the beneficiary of contract to apply for relevant claims and payments.
- (IV) We have established a "Database of Unclaimed Benefits." When an insured client visits our post office to handle relevant life insurance transactions or consult our Customer Service Center, our staff member will notify the client to claim relevant benefits if data of unclaimed benefits is retrieved.
- (V) We have set up different levels of postal service establishments all over Taiwan. As of the end of 2016, a total of 2,369 establishments have been founded, including 1,312 self-run post offices branches, 586 post agencies and 471 licensed stamp distributors.

- (VI) By offering quick, dependable and efficient services and establishing sufficient postal facilities, we have expanded the "non-commercial postal service areas" to offshore islands and other rural areas. Regardless of regional difference, the postage fees are fixed at a reasonable rate. Approximately 228 post office branches have been set up in the non-commercial postal service areas nationwide.
- (VII) We offer mails, savings and remittances, and life insurance services to help improve the people's livelihood, maintain social stability and meet national policy requirements. Our information security control system aims to safeguard the confidentiality, authenticity and availability of important personal and trading information. To ensure the safety of private information, operating system, hardware equipment and Internet network, our information security management system is upgraded. By adopting innovative information security techniques and practicing tight information protection procedures, we create a reliable trading environment and high-end services for our clients.
- (VIII) We respect every client's right to privacy. Any act with regards to collecting, processing, utilizing and protecting our clients' personal information should be governed and regulated by the R.O.C. "Personal Information Protection Law" and our company's policies of personal information protection.
- (IX) By December 2016, we have conducted the Type 1 and Type 2 system assessments of our public service websites as per the "Methods for Information Security Assessments of Computer Systems of Financial Institutes" formulated by the Bank Association of the Republic of China and the "Regulatory Guidelines for Information Security Assessments of Computer Systems of Life Insurance Corporations" formulated by the Life Insurance Association of the Republic of China.
- (X) In order to strengthen our personal information leakage prevention system, we have enforced the first stage of the automatic email encryption mechanism since 1 March 2016, which means that emails containing middle/high-risk personal information will be automatically encrypted by the system before they are sent. The second stage of the mechanism has begun since 19 April 2016, and any email that has not been automatically encrypted by the system will be blocked.
- (XI) In response to our business expansion, the coverage amount of individual Life Insurance client has been raised from 4 million to 6 million since 1 December 2015. Furthermore, relevant information application system and risk control mechanism have been constructed accordingly, allowing our clients to plan and apply for more secure insurance contracts at our company.



Policy



Passing happiness on

## V. Caring for Our Employees

- (I) We protect the legitimate rights and interests of our employees by complying with related labor laws and regulations, and devising appropriate management methods and procedures:
1. The legitimate rights and interests of our employees are stipulated in laws and regulations. Our code of conduct and human resource regulations are established in pursuance of administrative laws such as the "Labor Standards Act." Additionally, our employees are enrolled in civil servant and teacher insurance, labor insurance, health insurance programs, and defined contribution plans.
  2. To enhance our employees' physical and mental health, ensure their quality of life, and enable them to realize their full potential without worries, all staff is required to take regular health checks. Mental health consultation sessions are also provided.
- (II) To enhance the expertise of our employees so as to improve the overall competence of our company, we hold various educational trainings as per each year's annual training plan. Moreover, a great variety of online self-study courses are offered on our Postal Service e-University website. Also, we organize distinguished lectures and keynote speeches for our staff.
- (III) We boast a well-rounded remuneration system and a fair promotion structure. We foster talents with concrete step-by-step measures; for instance, we organize educational training programs for managerial staff of low, middle and high ranks, and job rotations are practiced periodically. In so doing, we recruit and retain great talents to make contributions for our company.
- (IV) We hold labor-management meetings periodically. Labors and managers communicate and negotiate with each other in terms of improving labors' working conditions, employees' rights, interests and welfare, so as to maintain a stable and harmonious relationship between both sides.



Keziliao post office



Renci post office

- (V) We set "Guidelines for Prevention, Complaint and Investigation of Sexual Harassment at Workplace" pursuant to "Sexual Harassment Prevention Act" and "Act of Gender Equality in Employment." The Sexual Harassment Complaint and Investigation Commission is established to take appropriate preventive, corrective, or punitive measures in the occurrence of sexual harassment cases, and to thus protect the rights, interests and privacy of our employees.
- (VI) Implementing "Newcomer Partnership Program":
- Our "Newcomer Partnership Program" is implemented in order to take care of new employees and offer all kinds of information. By helping newcomers adapt to the workplaces and fit into their departments as soon as possible, we hope to create a sense of belonging and an enthusiastic urge to serve among our employees. We believe through this program, the important cultural assets and practical work experiences can be passed on to newcomers, resulting in positive outcomes such as increasing our employee retention rate and improving our company's competitiveness.
- (VII) This year we have begun to formulate and implement the "Regulatory and Management Plan on Occupational Safety and Health Act."
- (VIII) By holding cleaning contests and environment assessments, we create comfortable workspaces and post offices, so as to improve our service quality and cultivate positive corporate culture and image that emphasize cleanness.
- (IX) Every year we hold Educational Training on Safety and Health regularly to reduce the occurrence of occupational accidents. In addition, health checks are performed as per relevant regulations to ensure the health of our employees.
- (X) Nursery rooms have been set up to create a friendly environment for female colleagues to breastfeed at work without worries.



## VI. Reinforcing Information Disclosure and Other Related Services

- (I) Essential information such as our business operation, interest rate, exchange rate and service rate are fully disclosed on our website.
- (II) In order to protect our clients' privacy, all of the necessary information to be informed upon collecting our clients' personal data is fully disclosed on our website as per the regulations of the "Personal Information Protection Act."
- (III) The "Instructional Document for Public Disclosure of Information of Personal Life Insurance" was drafted pursuant to the "Regulations Governing Public Disclosure of Information of Life Insurance Enterprises." In addition to posting the electronic file of the document on the "Insurance Market Observation Post System" website of the Insurance Bureau and Chunghwa Post global website, paper copies are also available for public inspection at post offices providing life insurance services.
- (IV) We created a web page about micro-insurance for further information disclosure, so as to make product and sales information more transparent, and to promote the product and concept of micro-insurance.
- (V) The Certification Standards for Our Certified Products and Services:
  - 1. We have completed the installation of the "Personal Data Protection Management System" by stages. During the first stage we have focused on certain sections for certification, including savings and remittances, life insurance, online PostMall, and information management. We received the BS10012: 2009 certificate of personal information management system from the British Standards Institution (BSI) in August 2012. During the second stage we have extended our scope of certification to other areas such as printing and packing operations. With our efforts in expanding the certification scope, we were granted the BS10012 international standards certificate in October 2013. The certification remains valid as we passed the re-examination in June 2015.
  - 2. Our email printing and packing operations obtained the ISO27001: 2005 information security certificate. The certification remains valid as it was upgraded to the ISO27001: 2013 version in July 2015.
  - 3. Our Customer Service Center passed the ISO9001: 2008 quality control system examination and the certificate was conferred.
  - 4. Our "Savings and Remittances Operation System" received the BS7799 information security system certificate in February 2005, and was upgraded to the new ISO 27001: 2005 version in January 2007. The certification scope was extended to our Taichung Disaster Recovery Center on 27 November 2009, and the certificate was upgraded to the ISO27001: 2013 version in January 2015. We passed the re-examination conducted in December 2015, so the validity of the certificate holds.
- (VI) We have continued to improve our information environment and reinforce our protection of personal information. In 2016 we introduced the pattern recognition technique and email gateway encryption system to fortify our protective mechanism that prevents leakage of personal information. We will subsequently follow the PDCA (Plan-Do-Check-Act) management model to continuously strengthen, improve and maintain the excellent management of personal information.