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I. Promoting Corporate Governance

- (I) The management philosophy of Chunghwa Post consists of the following three principles: putting our clients on top priority; devoting ourselves to a corporate culture based on reliability, geniality, efficiency and innovation; and striving to improve with the society. We devise our annual business plans in accordance with the government's 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 necessary.
- (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 of business expansions are conducted on a quarterly basis, so as to establish the foundation for decision formulation and implementation.
- (III) We provided postal capital in the amount of NT\$1,612,600 million to support the government's major construction projects, and also to offer project financing for private investments.
- (IV) A total of 79 directors and supervisors attended the corporate management courses offered by the Taiwan Corporate Governance Association, the Taiwan Academy of Banking and Finance, the Securities & Future Institute, the Ministry of Finance, KPMG Taiwan, and Chunghwa Post in 2020.
- (V) In order to enhance our robust operation, a set of internal control procedures are stipulated and should be followed by the board of directors, management personnel and all staff members, so as to ensure the attainment of the following objectives:
 1. To boost the efficiency of our company operation 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) 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 Servant Competition" held by the Ministry of Transportations and Communications.

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 devised and continuously



President Tsai Ing-wen inspected the logistics of face masks for epidemic prevention



Premier Su Tseng-chang inspected face mask operation and awarded a bonus



Care for the Elderly Living Alone



Supporting for Agricultural Produce Marketing

practiced the "Guidelines for Promoting Social Welfare via Postage Discounts" to aid disadvantaged groups. The discounted postage reached NT\$ 6.1 million in total in 2020.

- (II) We have helped maintain the order of the financial market and safeguard transaction security by successfully preventing 1,137 scam cases in 2020, thereby securing approximately NT\$170.96 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 2020, 2,102 barrier-free ATMs in total have been installed at 1,315 sites. Moreover, 97 ATMs with voice features suitable for visually impaired customers have been set up by the end of December 2020.
- (IV) In order to be in line with the government's public welfare policies, we have continued to provide discounts for physically and mentally challenged customers. 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. The number of the applicants totaled 4,486 by the end of December 2020.
- (V) In order to be in line with the government's policies to support economically disadvantaged families, we have helped to process the payment and saving collections of the "Saving Accounts for the Future Education and Development of Children and Teenagers". Through the cooperation between public and private sectors in promoting the saving mechanism, the government and families can together help accumulate future education and career development funding for the saving accounts of children and teenagers. The number of saving collections processed in 2020 totaled 68,365 with a total saving of over NT\$78.01 million.
- (VI) We have continued to run the "Post Office Cares for Solitary Elderly Citizens Campaign" and encouraged our postmen to send greetings to solitary elderly citizens and watch out for their daily needs while delivering mails. Our postmen reached out to 84,308 elders in total in 2020.
- (VII) In response to the severe COVID-19 pandemic, we participated in the real-name mask distribution project as demanded by the government. From February 4, 2020, we collected masks from factories requisitioned by the government across Taiwan, and through our seamless postal system, collected and distributed masks to the NHI contract pharmacies, health centers, institutions, industries, ministries, and the 8 major convenient stores and supermarkets. In 2020, the number of masks collected was approximately 2.731 billion, and the number of masks distributed was approximately 2.523 billion.
- (VIII) We organized a series of nationwide blood donation campaigns called "Donate Hot Blood to Send Warm Love" from March 1 to March 31 in 2020, collecting 36,377 bags of blood in total, each containing 250cc.

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- (IX) We offered "Scholarship for Postal Life Insurance Clients' Children" in 2020. The scholarship totaling NT\$4,995,000 was awarded to 2,998 recipients.
- (X) We held a series of elderly fitness activities called "Chunghwa Post Senior Citizens Outing Trips," in 2020 and the number of participants reached 2,322.
- (XI) In order to promote high-quality agricultural products, support local small farmers in Taiwan, integrate postal virtual, physical marketing systems and home delivery services, we have implemented the agricultural marketing plan to benefit small farmers, who, in return, donate NT\$10 for each carton of produce they sell, and we have created a multiple-win situation among farmers, consumers and disadvantaged groups. In 2020, a total of 24 caring agricultural marketing activities were held. The donation amount totaled about NT\$730,000, and the donations include 24 charity organizations: Watch Tower Bible and Tract Society Branch Office in Taiwan, Yi-xin Children's Home, St. Theresa Opportunity Center (Tainan), the Republic of China Global Long-term Care Association, Disability Employment Assistance Association (Kaohsiung City), Qishan Early Intervention Center (Kaohsiung City), Taitung Shenxiu Nursing Center, Pingtung County Nei-Shih Elementary School, Donation Account for Meal Delivery Service of Disadvantaged Elderly in Dashu District (Kaohsiung City), Public Emergency Relief Account in Guanmiao District (Tainan City), National Chiatung Agricultural Vocational Senior High School, Erhlin Happy Christian Homes, Daniel A. Poling Memorial Babies' Home (Taichung City), Tongle Primary School (Yilan County), National Yilan Special School, Lelin Food Bank (Changhua County), Guanyin Kindgarden (Taoyuan City), Huashan Social Welfare Foundation Fuli Love Angel Station, Nursing Home of Taitung Hospital, Genesis Social Welfare Foundation Caotun Branch, Tainan Branch, Hualien Branch, Douliu Branch, and Pingtung Branch.

III. Developing Sustainable Environment

- (I) We established the Taiwan Occupational Safety and Health Management System (CNS 45001).
- (II) We provide our employees with a safe and healthy work environment. 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 facilities are installed all over the buildings, and fire drills are practiced periodically. Access control systems are implemented to ensure staff security.
- (III) When our buildings 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.



Donate Your Blood – Post Your Heart



Hiking Fun for Senior Citizens

- (IV) 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 potted plants. Several staff members are designated to patrol the offices and keep a close check on the environment.
- (V) Specialist staff members are assigned to be in charge of the cleaning, disinfection and disease prevention tasks of our workplaces. In addition, all of our employees attended the four-hour long Work Environment Education and Training Session in 2020.
- (VI) We have cooperated with the government's Green Public Procurement Policy and reached the green purchasing achievement rate of 99.48% in 2020, surpassing the annual goal of 95%.
- (VII) We have digitalized our business process by establishing the "Public Key Infrastructure," and have practiced paper-free policies by promoting online signatures of official documents.
- (VIII) We regard neatness as a core value of our corporate culture. By regularly holding cleaning contests and environment assessments, we create comfortable workspaces and postal environments, improve our service quality, and cultivate a positive corporate culture and image that emphasize cleanness.
- (IX) We make the first day of every month our car-free day to protect our planet by saving energy and reducing carbon emissions.
- (X) We promote green architecture by installing solar power generation systems on the rooftops of several post offices to save energy and reduce carbon emissions. Also, dual-flush toilets have been installed in the restrooms, the faucets have been replaced with water-saving ones, and water leaks have been reported.
- (XI) We have launched the introduction plan of electric vehicles to gradually reduce carbon emissions, aiming to achieve green logistics with low noise and zero carbon emissions.
- (XII) We have been replacing fluorescent lamps with LED lamps year by year, and the replacement has been completed within the specified time period. In order to accelerate the replacement of old lamps and air conditioners, the device replacement schedule of affiliated units is released periodically on the "Action Program for Energy Saving in Government Agencies and Schools" website.
- (XIII) The total electricity consumption in 2020 was 110,279,800 kWh. Compared to the 121,607,112 kWh in 2015 (the base year), we saved 8,873,874 kWh of electricity, with a power saving rate up to 7.29%.



Issuing ceremony for the Covid-19 Prevention Postage Stamps

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Award presentation ceremony for the 2020 Postal Simple Life Insurance Service Awards



Philatelic product launch featuring Hello Kitty

- (XIV) We have compiled a corporate social responsibility report. We have been conducting greenhouse gas inventories since 2019 and have been promoting various energy-saving measures according to the "Energy Conservation Action Plan for the "Ministry of Transportation and Communications and its Affiliated Agencies" formulated by the Ministry of Transportation and Communications.
- (XV) We have complied with energy management regulations to create an energy-saving and safe environment; we have expanded the purchase of energy-saving products to improve energy efficiency; we have strengthened energy management communication and optimized energy management systems; we have supported energy-saving innovative designs and continuously improved energy performance. In 2019 and 2020, the Chunghwa Post Jinshan Building and Taipei Juguang Post Office passed the ISO 50001:2018 energy management system certification.

IV. Protecting Our Clients' Rights and Interests

- (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 passbooks or seals and close the accounts 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 all the tracking numbers of valid contract policies that the insured has yet claimed settlements, thus enabling related units to notify the relevant beneficiary upon death or accident of the insured to initiate the procedures of claim 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 processing the life insurance contract will be notified to contact the contract beneficiary to apply for relevant claims and payments.

- (IV) We have established a "Database of Unclaimed Benefits." When an insured client visits our post office counters to make relevant life insurance transactions or consult with our staff at our Customer Service Center, our staff member will notify the client to claim relevant benefits as soon as possible if data of unclaimed benefits is retrieved. As for the unclaimed benefits of the insurance contracts that have filed changes in addresses, we will resend notices of benefits claim according to the new addresses every six months.
- (V) We have set up different levels of postal service establishments all over Taiwan. As of the end of 2020, a total of 2,160 establishments have been founded, including 1,301 self-run post office branches, 514 postal agencies and 345 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 differences, the postage fees are fixed at reasonable rates. Approximately 234 post office branches have been established in the non-commercial postal service areas nationwide.
- (VII) We offer mailings, savings and remittances, and life insurance services to help improve people's livelihood, maintain social stability and meet national policy requirements. Chunghwa Post aims to safeguard the confidentiality, authenticity and availability of important personal and trading information in our information security control system, and the system has been reinforced to ensure the safety of private information, operating system, hardware equipment and Internet network. By adopting innovative information security techniques and practicing tight information protection procedures, we create a reliable trading environment and provide 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 Personal Information Protection Law of the R.O.C. and our company's policies concerning the protection of personal information. Necessary actions will be taken when needed as per the two sets of regulations.
- (IX) We plan to establish a dual-mainframe Parallel Sysplex environment to reduce planned and unplanned outages and their duration with parallel processing so as to achieve our goal of zero interrupts of information services and increase our user satisfaction; we completed the establishment and implementation of single-mainframe Parallel Sysplex in February 2020. In order to enable the system to provide high availability and more stable operation, we continued to establish a dual-mainframe Parallel Sysplex environment, ensuring that when a



Mr. Wu Hong-mo, chairperson of Chunghwa Post, provided care to children in remote areas in Taitung



Staff made an all-out effort to play tug of war during the sports day



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single point of failure occurs, the normal service can still be provided continuously and that the risk of service interruption can be greatly reduced; the establishment is expected to be completed in December 2021.

- (X) In order to comply with the information security requirements of the competent authority and ensure the security of ATM transactions, the Company implemented a mechanism of access control for USB for the Company's ATMs on January 1, 2020. With the mechanism, unauthorized USB access to ATMs is prohibited. Besides, on December 10, ATM application whitelisting and anti-virus software scanning were activated to ensure that the programs executed by the ATMs are authorized and do not contain any known malicious code.
- (XI) In order to prevent the vulnerable TLS 1.0/1.1 encryption from being cracked by hackers, our external service system completely disabled the TLS 1.0/1.1 encryption protocol in October 2020, and replaced it with the more secure TLS 1.2 encryption protocol to maintain the security of online transactions for our customers.

V. Caring for Our Employees

- (I) In compliance with related labor laws, to protect the legitimate rights and interests of our employees and regulations, we have devised 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 service regulations are devised in accordance with administrative laws such as the Labor Standards Act. Additionally, our employees are enrolled in civil servant insurance, labor insurance, national health insurance, and retirement pension plans.
 - 2. To enhance our employees' physical and mental health, ensure their quality of life, and enable them to realize their full potential at work without worries, we provide regular health checks and psychological counseling sessions for our staff.
- (II) To enhance the expertise of our employees so as to improve the overall competence of our company, we hold educational trainings of various business operations as per each year's annual training plan. Moreover, a great variety of online self-study courses are offered on our e-University website. Also, we organize lectures and keynote speeches delivered by distinguished celebrities.
- (III) We boast a well-rounded remuneration system and a fair promotion structure. We foster talents with concrete step-by-step measures. Specifically speaking, 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 stable and harmonious management-union relations between both sides.
- (V) We stipulated a set of Guidelines for Prevention, Complaint and Investigation of Sexual Harassment at Workplace and founded the Sexual Harassment Complaint and Investigation Commission pursuant to the Sexual Harassment Prevention Act and Act of Gender Equality in Employment. Appropriate preventive, corrective, or punitive measures are taken upon the occurrence of sexual harassment cases in order to 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 early as possible, we hope to foster a sense of belonging and an enthusiastic urge to serve among our employees, thereby creating a benign corporate culture. 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 boosting our company's competitiveness.

- (VII) We have completed the health check of field workers over 50 years old and the health check of specific items for specified labor who work night shifts for extended periods.
- (VIII) Every year we hold educational trainings 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.
- (IX) Nursery rooms have been set up to create a friendly environment for female colleagues to breastfeed at work without worries. The Jinshan building and Ai-Kuo building of our company have been granted the "Badge of Excellent Breastfeeding Room" by the Department of Health of Taipei City Government.
- (X) The Health Service Center of Daan District, Taipei City issued a Certificate of Appreciation on December 2, 2020, in recognition of Chunghwa Post Co., Ltd.'s commitment to promoting a healthy workplace and promoting the physical and mental health of employees.

VI. Reinforcing Information Disclosure and Other Related Services

- (I) Essential information such as our business operations, interest rates, exchange rates and service fees are fully disclosed on our website.
- (II) In order to protect our clients' privacy, all of the necessary information that our staff should clearly notify our clients upon collecting their 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 Life Insurance Information" was drafted pursuant to the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises." In addition to posting the electronic file of the document on the "Public Information Observatory of Insurance Industry" website of the Insurance Bureau and Chunghwa Post global website, paper copies are also available for public inspection at branch offices providing life insurance services.
- (IV) We created webpages about micro-insurance and elderly insurance on our website to reinforce information disclosure, so as to make our products and sales information more transparent, and to promote the product and concept of micro-insurance.
- (V) The Certification Standards for Our Certified Products or Information Services:
 1. We have completed the installation of the "Personal Data Protection and Management System" by stages. During the first stage, we focused on certain sections for certification, including savings and remittances, life insurance, online PostMall, and information operations. 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 extended the scope of certification to the remaining operations of our company, including printing and packing operations. With our efforts in expanding the certification scope, we were granted the BS10012 international standards certificate in October 2013. We also passed the reexaminations in June 2015 and July 2018, successfully readjusting our system to comply with

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Campus lecture on financial knowledge



Opening ceremony for the Southern Hybrid-mail Center

the BS10012:2017 international standard, and the certificate remains valid by successively passing the biannual reexaminations. The next reexamination is scheduled in July 2021.

2. Our ePost printing and packing operations obtained the ISO27001:2005 information security certificate. The certificate was upgraded to the ISO27001:2013 version in July 2015, and it passed the reexaminations in December 2015 and July 2018. The next reexamination is scheduled in July 2021. The ISO 27701:2019 certificate for privacy information management remains valid by successively passing the biannual reexaminations.
3. Our "Savings and Remittances Operation System" received the BS7799 information security certificate in February 2005 and was upgraded to the ISO27001:2005 version in January 2007. The certification scope was extended to our Disaster Recovery Center in Taichung on November 27, 2009, and the certificate was upgraded to the ISO27001:2013 version in January 2015. The certificate passed the reexaminations in December 2015 and July 2018. The next reexamination is scheduled in July 2021. The ISO 27701:2019 certificate for privacy information management remains valid by successively passing the biannual reexaminations.