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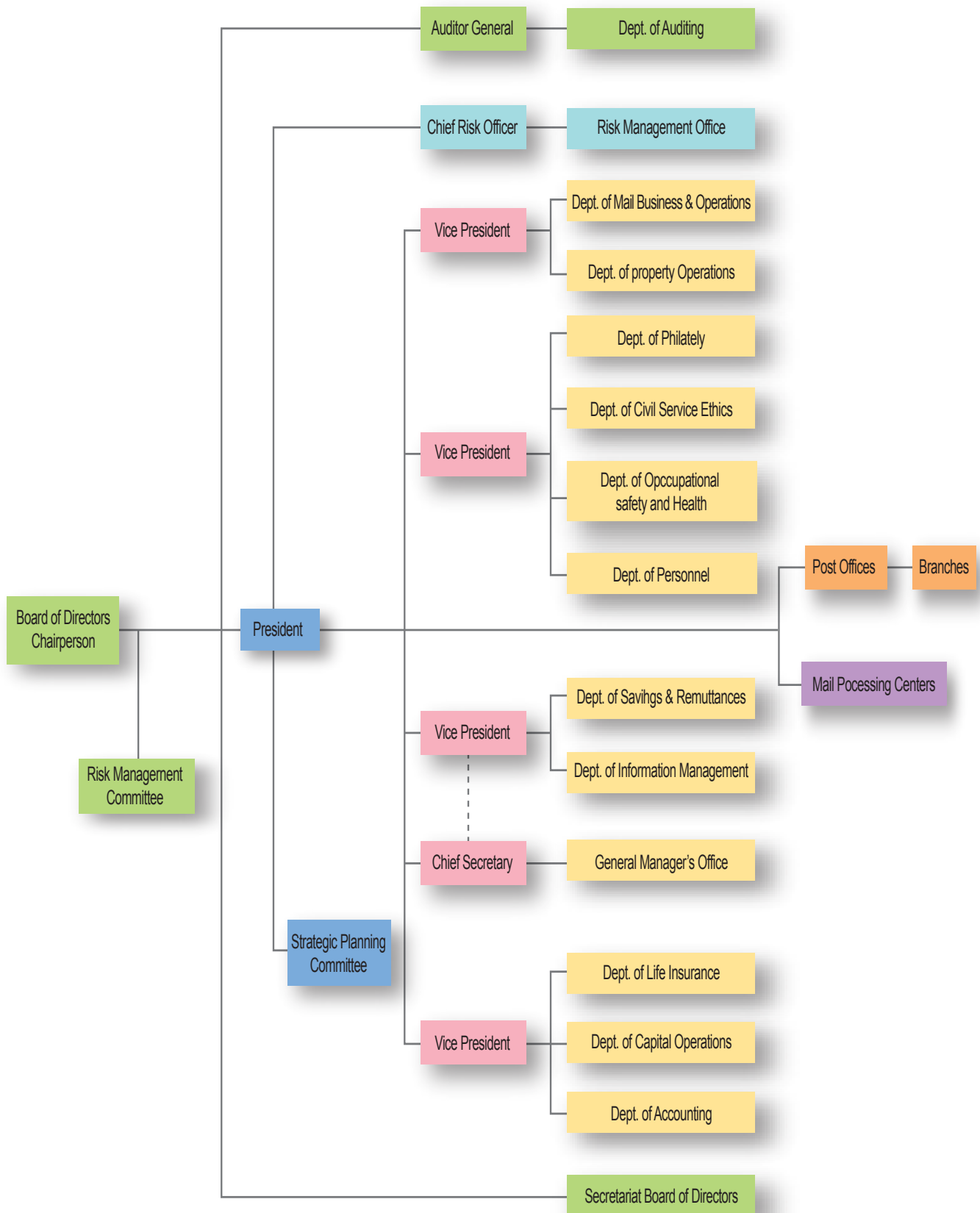
## I. Organization System

### (I) Organization Structure

The organizational structure of Chunghwa Post Co., Ltd. includes the following:

- (1) The board of directors. The board is composed of 11 to 15 directors. According to law and the company's own Articles of Incorporation, this is the company's decision-making body. In addition, there is a board secretariat responsible for all administrative affairs of the board.
- (2) Three supervisors. According to law and the company's own Articles of Incorporation, the supervisors are charged with supervising the company's financial and business operations.
- (3) A president. According to law and the company's own Articles of Incorporation, the president is responsible for carrying out board decisions, overseeing corporate operations, as well as supervising all staff and departments of the company. The president shall be assisted by four vice presidents and one chief secretary.
- (4) An auditor general (elected by the board of directors) and an auditing department directly under the board. The auditor general and the auditing department are responsible for conducting audits of the company and making regular reports to the board and corporate supervisors.
- (5) A Chief Risk Officer who is responsible for overall risk management operations and a Director for Risk Management Office.
- (6) A Strategic Planning Committee. The committee shall have a chairman, who can also be company's president. The company has following departments: the General Manager's Office, the Department of Mail Business and Operations, the Department of Philately, the Department of Savings and Remittances, the Department of Life Insurance, the Department of Property Operations, the Department of Capital Operations, the Department of Personnel, the Department of Civil Service Ethics, the Department of Accounting, the Department of Information Management, the Department of Occupational Safety and Health, and the Risk Management Office.
- (7) There are 23 responsibility center offices designated as administrative and supervisory post offices, each administering a group of smaller branches. (Note: These are simplified offices. Responsibility Center Offices have been consolidated into 20 offices since March 1, 2013)
- (8) To come to terms with the mail processing requirements and integrate mail handling process, mail delivery network and collection routes, high-performance automatic mail processing systems are used with mail processing centers set up in Taipei, Taichung and Kaohsiung. In addition, the Taoyuan and Tainan mail processing centers are established at the Taoyuan and Tainan post offices respectively to handle the mails collected from nearby. (Note: Taoyuan Mail Processing Center was originally subordinated to Chungli Post Office. Since March 1, 2013, it has been under the command of Taoyuan Post Office.)

## (II) Organization Chart



**(III) Establishment and Adjustment of Units:**

Postal organization is divided into administrative and business establishments. Business establishments are in turn divided into self-management establishments and agential establishments. At the end of 2012, there were totally 2,610 administrative and business establishments. Among them, 24 were administrative establishments, including the headquarters and 23 responsibility center offices. The business establishments totaled 2,586 which consisted of 1,325 self-management establishments (3 mail processing centers and 1,322 branches) and 1,261 agential establishments (631 post agencies and 630 stamp-sales agencies), an increase by 0.58% from 15 agencies over the previous year.

**Comparative Chart of Postal Establishments**

Unit: Office

Types of Postal Establishments			2011	2012	Growth %
Administrative Establishments	Headquarters		1	1	
	Post Offices		23	23	
	Total		24	24	
Business Establishments	Self-Management Establishments	Mail Processing Centers	3	3	
		Branches	1,323	1,322	-0.08%
		Temporary Post Offices	0	0	
		Total	1,326	1,325	-0.07%
	Agential Establishments	Post Agencies	590	631	+6.95%
		Stamp-Sales Agencies	655	630	-3.82%
		Total	1,245	1,261	+1.29%
	Grand total		2,595	2,610	+0.58%

Note: Since March 1, 2013, post offices have been consolidated into 20 offices.

**(IV) The Operations of Major Departments**

- **Department of Auditing:**

Providing guidance and performing audits on mail, banking and life insurance operations; and performing audits on the credit analysis of the life insurance business' real estate mortgage loans, etc.

- **Strategic Planning Committee:**

Reviewing the company's major business and investment plans as well as devising the company's reorganization policies, etc.

- **General Manager's Office:**

Planning, implementing and assessing the delegation of authority and duties; drafting, revising or eliminating postal regulations and reviewing any dubious interpretations; reviewing manuscripts; planning and control of important works; communicating with elected officials, etc.

- **Department of Mail Business and Operations:**

Planning and promoting mail business plans and marketing strategies; setting and adjusting postal rates; establishing, closing and changing the status of postal facilities; planning and managing agential business; planning and supervising the collection, dispatch, transport and delivery of mails; ensuring the safety of mail operations, etc.

- **Department of Philately:**

Developing, planning, promoting and assessing the philately business; developing, designing, manufacturing and selling stamps and philatelic products, etc.

- **Department of Savings and Remittances:**

Drafting operational policy and goals; planning, supervising, promoting and assessing for remittances business and marketing strategies; dealing with investigations of judicial and tax collection agencies, etc.

- **Department of Life Insurance:**

Drafting and overseeing the development plans and operational goals of the company's simple life insurance business; as well as planning, supervising and evaluating its real estate mortgage loan business, etc.

- **Department of Property Operations:**

Reviewing, assessing and planning for investment in development project, and postal properties utilization; as well as managing postal properties; assessment, planning and designing as well as making arrangements for specifications of machinery; management and maintenance of postal estates and properties; planning and implementation of postal business automation system.

- **Department of Capital Operations:**

Managing postal capital; managing foreign exchange and overseas investments; trading and managing derivatives, domestic stocks, beneficiary certificates, and so forth.

- **Department of Personnel:**

Planning, executing and evaluating human resources; drafting and revising regulations governing personnel; managing affairs regarding staff, including examinations, selection, assignment, appointment, discharge, promotion, relocation, upgrading of rank, retirement, pension and severance, etc.

- **Department of Civil Service Ethics:**

Uncovering and fighting staff corruption and handling tips given by informants; overseeing procurement; protecting official confidential information; preventing sabotage and vandalism, etc.

- **Department of Accounting:**

Analyzing, preparing and auditing the budget and the final account; analyzing, preparing and reporting capital utilization; managing asset accounts and calculating depreciation, amortization and reevaluation; preparing and filing corporate tax and enterprise income tax; development, review of accounting system and accounting process; internal audit; collection, compilation and analysis of statistical data; and announcing financial information.



• **Department of Information Management:**

Researching, analyzing and selecting new IT systems, network, software and hardware equipment; drafting, maintaining and managing of information security strategies, and so forth.

• **Department of Occupational Safety and Health:**

Conducting investigations into accidents and occupational injuries; managing staff health issues; handling related paperwork; managing bookkeeping and safekeeping of securities; providing office building security; procuring materials, providing warehousing, receiving orders and supplies; procuring services, etc.

• **Risk Management Office:**

Drafting and implementing policies for risk management; planning, executing and supervising mechanism of risk management; collecting, arranging, analyzing and controlling information of risk management.

## II. Information about Directors, Supervisors, President, Vice Presidents and Managers

### (I) Information about Directors and Supervisors

Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Director of the Board	Jih-Chu. Lee	The first person recommended for direct admission to Ph.D study in Economics at National Taiwan University	Vice Chairperson, Financial Supervisory Commission Chairperson, Financial Research and Development Fund Committee Chairperson, Committee for the Administration of Development of Insurance Business Full-time Professor of Economics Dept. and Graduate Institute, National Chengchi University; Director of Centre for Economic Policy Research Minister, National Youth Commission, Executive Yuan ROC Legislator Committee Member of Mainland Affairs Council, Executive Yuan Board Member, Straits Exchange Foundation Deputy Convener, Monetary and Public Finance Policies Group, National Policy Foundation Visiting Professor, Economics Dept., Harvard University & Stanford University	02/18/2013	1. Chairperson, Chunghwa Post Co., Ltd. 2. Director, Mega Financial Holding Co., Ltd. 3. Director, Commercial Development and Research Institute 4. Member of Planning and Promoting the Utilization of Medium to Long Term Funding Division, Council for Economic Planning & Development, Executive Yuan 5. Member of National Quality Award Evaluation Committee 6. Member of Training & Research Steering Committee, Taiwan Academy of Banking & Finance 7. Vice Chairperson, Monte Jade Science & Technology Association of Taiwan 8. Director, Taiwan Fulbright Alumni Association 9. Member of School Development Advisory Committee, National Chengchi University 10. Vice-President, "The Top Ten Outstanding Young Person Association" in Taiwan
Director of the Board	C.Wang	Department of Commerce, National Taiwan University	Vice President, Chunghwa Post Co., Ltd. Director, Dept. of Capital Operations, CHP	05/11/2012	President, Chunghwa Post Co., Ltd.



Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Director of the Board	I. H Wu	Department of Commerce, National Taiwan University	Director, Dept. of Accounting, Chunghwa Post Co., Ltd.	07/12/2012	1. Vice President, Chunghwa Post Co., Ltd. 2. Supervisor, Chunghwa Telecom Co., Ltd.
Director of the Board	W.H. Chen	Ph.D. in Management Science, State University of New York at Buffalo, USA	Dean, College of Management, NTNU	05/11/2012	Professor in Department and Graduate Institute of Business Administration, NTU
Director of the Board	J.S. Liu	Department of Sociology, Chungshin University	Director of the Board, Chunghwa Post Co., Ltd	05/11/2012	1. Chairperson, Corporate Body of Tourism Business Development Foundation 2. Chairperson, Shaolin Martial Art Culture Co., Ltd. 3. Chairperson, Shaolin Medical Bio-tech Development Co., Ltd.
Director of the Board	C.M. Feng	Ph.D. in City and Regional Planning, Northwest University, IL, USA	Director, Institute of Traffic and Transportation, NCTU	05/11/2012	1. Professor, Institute of Traffic and Transportation, NCTU 2. Director of the Board, Vehicle Safety Certification Center
Director of the Board	P.J. Chen	Master of Economics, Yale University, USA	Deputy Director, Economic Research Department, CEPD	05/11/2012	1. Director, Department of Sector Planning, CEPD 2. Supervisor, Metal Research and Development Center
Director of the Board	Y.H. Cheng	Department of Chinese, Tamkang University	Senior Secretary, MOTC	05/11/2012	Counselor, MOTC
Director of the Board	P.Y. Chang	Ph.D. in Economics, National Taiwan University	Associate Professor, Department of Economics, Fugen Catholic University	05/11/2012	Research Fellow, Dept. of Economic Research, Central Bank of the Republic of China (Taiwan)
Director of the Board	K.Y. Huang	Master, Institute of Traffic and Transportation, NCTU	Deputy Director, Kaohsiung Harbor Bureau	05/11/2012	Vice President, Taiwan International Ports Corporation Ltd., and President, Kaohsiung Ports
Director of the Board	C.C. Rau	Master, Institute of Statistics, Central University	Special Commissioner, Directorate-General of Budget Accounting, Executive Yuan	05/11/2012	Deputy Director, Department of Statistics, MOTC
Director of the Board	T.Y. Chuang	Department of Land Economics, National Chengchi University	Chief Secretary, Deputy Director, National Property Administration	05/11/2012	Counselor, Ministry of Finance
Director of the Board	C.C. Lin	Dept. of International Trade, Open Business College Affiliated with National Taipei College of Business	Supervisor, Corporate Body of Taiwan Postal Association	05/11/2012	Junior Executive Officer, Planning and Marketing Section, Taipei PO



Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Director of the Board	W.F. Wu	Department of Business Administration, Tatung College of Business	Director, CPWU	05/11/2012	1. Chairman, Headquarters Branch, CPWU 2. Assistant, Planning and Development Section, General Manager's Office, Chunghwa Post Co., Ltd. 3. Supervisor, Taiwan Postal Association
Director of the Board	H.S. Yang	National Kaohsiung Institute of Technology	Chairman, CPWU Tainan Branch	05/14/2013	No
Supervisor	C.C. Wu	Department of Land Economics, National Chengchi University	Counselor, Executive Yuan	05/11/2012	1. Deputy Director, Department of Transportation, Environment and Resources, Executive Yuan 2. Director, Taiwan Friendship Association
Supervisor	M.H. Yang	Department of Accounting, National Chengchi University	Chief Executive, Accounting Management Center, Directorate-General of Budget, Accounting and Statistics, Executive Yuan	05/11/2012	1. Director, Department of General Fund Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan 2. Director, Bank of Taiwan
Supervisor	H.Y. Huang	Accounting Section, Department of Accounting and Statistics, Fujen Catholic University	Acting Director of Accounting, Tourism Bureau, MOTC	05/11/2012	Special Commissioner, Dept. of Accounting, MOTC

Jan. 1, 2012~May 31, 2013

Title	Name	Education	Prime Experience(s)	Date Resigned	Note
Director	C.H. Fu	Attended Doctoral Program of Economics of Austin Texas University, USA	Deputy Executive Secretary, Taxation and Tariff Committee, Ministry of Finance	02/08/2012	Counselor, Ministry of Finance
Supervisor	C.T. Huang	Master, Institute of Public Administration, National Chengchi	Deputy Director, 3rd Dept., Executive Yuan	03/01/2012	1. Director, Department of Transportation, Environment and Resources, Executive Yuan 2. Director, Yang Ming Marine Transport Corporation
Director	H.Y. Hu	MBA, Oregon State University, USA	Vice President, Chunghwa Post Co., Ltd.	05/11/2012	President, Chunghwa Post Co., Ltd.
Director	M.H. Lan	Department of Public Policy and Management, Shih Hsin University	Junior Executive Officer, Chunghwa Post Co., Ltd.	05/11/2012	Secretary-General, Chunghwa Postal Workers' Union
Director	Y.C. Shen	Department of Public Administration, Chungshing University	Manager, Shilin Lan Ya Post Office	05/11/2012	Chairman, Taipei Branch, Chunghwa Postal Workers' Union
Director	T.D. Chen	Master in Management Science, National Chiao Tung University	Chief Secretary, Chunghwa Post Co., Ltd.	07/12/2012	Vice President, Chunghwa Post Co., Ltd.
Director	F.L. Yu	Master in Management Science, National Chiao Tung University	Political Deputy Minister, MOTC Administrative Deputy Minister, MOTC	02/17/2013	Chairperson, Chunghwa Post Co., Ltd.



Title	Name	Education	Prime Experience(s)	Date Resigned	Note
Director	K.M. Cheng	Air Force Institute of Technology	Chairman, Taipei Branch, Chunghwa Postal Workers' Union (CPWU)	05/11/2013	1. Chairman, Chunghwa Postal Workers' Union 2. Junior Executive Officer, Parcel Delivery Subsection, Second Delivery Section, Taipei Post Office

## 1. Principal Corporate Shareholder

Name of Corporate Shareholder	Principal Corporate Shareholder
Ministry of Transportation and Communications	Since Chunghwa Post Co., Ltd. is a 100% state-owned enterprise, this is not applicable.

## 2. Information about Directors and Supervisors

May 31, 2013

Qualification Name	5 years experience in the field of business, law, finance, or banking	1	2	3	4	5	6	Notes
Jih-Chu Lee	V	V	V	V	V	V	V	
C.Wang	V	V	V	V	V	V	V	
I.H. Wu	V	V	V	V	V	V	V	
W.H. Chen	V	V	V	V	V	V	V	
J.S. Liu		V	V	V	V	V	V	
C.M. Feng		V	V	V	V	V	V	
P.J. Chen	V	V	V	V	V	V	V	
Y.H. Cheng	V	V	V	V	V	V	V	
P.Y. Chang	V	V	V	V	V	V	V	
K.Y.Huang	V	V	V	V	V	V	V	
C.C. Rau	V	V	V	V	V	V	V	
T.Y. Chuang		V	V	V	V	V	V	
C.C. Lin		V	V	V	V	V	V	
W.F. Wu		V	V	V	V	V	V	
H.S. Yang	V	V	V	V	V	V	V	
C.C. Wu		V	V	V	V	V	V	
M.H. Yang	V	V	V	V	V	V	V	
H.Y. Huang	V	V	V	V	V	V	V	

Note:

- Neither an employee of the company, nor a director, supervisor, or employee of an affiliated enterprise.
- Neither directly or indirectly, owns more than 1% of Chunghwa Post's outstanding shares, nor a top-ten individual shareholder.
- Neither the spouse nor an immediate relative of a person specified in Notes (1) and (2).
- Neither a director, supervisor, or employee of a legal person shareholder who, directly or indirectly, owns more than 5% of Chunghwa Post's outstanding shares, nor a director, supervisor, or employee of a legal person shareholder who is a top-five shareholder of Chunghwa Post Co., Ltd..
- Neither a director, supervisor, or manager of a company or institution doing business or having a financial relationship with the company, nor a shareholder holding 5% or more of the company's outstanding shares.
- Neither a professional nor an owner, partner, board director, supervisor, manager, or a spouse of any of the above-mentioned of a company or institution that had provided financial, business, or legal services to the company in the most recent fiscal year.



## (II) President, Vice Presidents, and Senior Management

July 16, 2013

Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
President	C.Wang	Dept. of Commerce, National Taiwan Univ. (NTU)	Vice President, Chunghwa Post Co., Ltd. (CHP) Director, Dept. of Capital Operations, CHP	05/11/2012	
Vice President	T.D. Chen	Master in Management Science, National Chiao Tung Univ	Chief Secretary, CHP Director, Dept. of Information Management, CHP Manager, Taipei PO	08/01/2008	Director and Chairperson, Chunghwa Express Co., Ltd. Director and Chairperson, Corporate Body of Taiwan Postal Association
Vice President	I.H. Wu	Dept. of Commerce, NTU	Director, Dept. of Accounting, CHP	07/16/2010	Supervisor, Chunghwa Telecom Co., Ltd.
Vice President	C.Y. Yeh	Dept. of Law, National Chung Hsing Univ.	Chief Secretary CHP, Director, Dept. of Information Management, CHP	06/27/2012	Note: Former Vice President S.C. Chen left office on Jan. 16, 2012.
Vice President	Y.R. Wu	Master in Business Administration, Tatung Institute of Technology	Director, Dept. of Capital Operations, CHP	06/27/2012	Administrative Supervisor, Corporate Body of Taiwan Postal Association Note: C. Wang ceased to be a Vice President and was appointed as the President on May 11, 2012.
Auditor General	Y.C. Chiu	Dept. of English, National Kaohsiung Normal College	Manager, Taipei PO	07/16/2012	Note: Former Auditor General C.C. Su retired on July 16, 2012.
Chief Secretary	S.C. Chen	Dept. of Chinese Literature, National Chung Hsing Univ.	Manager, Kaohsiung PO	07/06/2012	Supervisor, Cathay United Bank Note: C.Y. Yeh ceased to be a Chief Secretary and remained as a Vice President on June 27, 2012.
Director, Dept of Mail Business & Operations	G.X. Li	Chemical Engineering Department, Tamkang University	CHP Special Commissioner and concurrently served as acting Deputy Director, Dept. of Mail Business & Operations	08/31/2012	Director, Chunghwa Express Co., Ltd.; Director, Corporate Body of Taiwan Postal Association Note: Former Department Director C.H. Tseng retired on Aug. 31, 2012.
Director, Dept. of Philately	S. J. Lan	Int'l Relations Sub-division, Dept. of Political Science, NTU	Deputy Director, Dept. of Philately, CHP	01/16/2013	Note: Former Department Director L.Q. Chen was transferred on Jan. 16, 2013.
Director, Dept. of Savings & Remittances	S.M. Wang	Master of Computer Science, Asian Institute of Technology, Thailand	Director, Dept. of Information Management, CHP	01/16/2013	Note: Former Department Director M.Y. Shen retired on Jan. 16, 2013.
Director, Dept. of Life Insurance	C. H. Chen	Dept. of Law, NTU	Manager, Taoyuan PO	01/08/2010	
Director, Dept. of Property Operations	C.I. Lin	Dept. of Law, NTU	Director, Dept of Occupational Safety and Health., CHP	01/16/2013	Director, Corporate Body of Taiwan Postal Association Supervisor of Taiwan Fertilizer Co., Ltd Note: Former Department Director T.S. Chang retired on Jan. 16, 2013.

Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Director, Dept. of Capital Operations	Y.K. Pan	Master in Finance, NTU	Deputy Director, Dept. of Capital Operations, CHP	07/02/2012	Supervisor, Corporate Body of Taiwan Postal Association
Director, Dept. of Personnel	H.L. Chen	Department of Banking, Chengchi Univ.	Deputy Director, Dept. of Personnel, CHP	01/17/2011	
Director, Dept. of Civil Service Ethics	C.C. Chang	Dept. of Law, NTU	Manager, Keelung PO	04/27/2005	
Director, Dept. of Accounting	N.L. Wang	Dept. of Commerce, NTU	Chief Auditor, CHP	07/16/2010	Director, Chunghwa Express Co., Ltd. Director, Corporate Body of Taiwan Postal Association
Director, Dept. of Information Management	S.D. Chen	Department of Library, Fugen Catholic University	Deputy Director, Dept. of Information Management	01/16/2013	Note: Former Department Director S.M. Wang was transferred on Jan. 16, 2013
Director, Dept. of Occupational Safety and Health	L. C. Chen	Department of Business Administration, National Chengchi University	Director, Dept. of Philately	01/16/2013	Director, Corporate Body of Taiwan Postal Association Note: Former Department Director C.I. Lin was transferred on Jan. 16, 2013.
Chief Risk Officer	W.P. Liu	Department of Public Administration, Chengchi Univ.	Chief Auditor, CHP	09/01/2012	Note: A Chief Risk Officer of CHP was appointed on Sep. 01, 2012.
Manager, Taipei PO	G.T. Yang	Dept. of Political Science, Tunghai Univ.	Manager, Chungli PO	07/16/2012	Director, Chunghwa Express Co., Ltd.
Manager, Taichung PO	J. T. Chiang	Dept. of Law, NTU	Manager, Taoyuan PO	01/16/2013	Note: Former Manager Y.T. Meng retired on Jan. 16, 2013.
Manager, Kaohsiung PO	C.C. Chang	Dept. of Gardening, National Chia Yi Junior College of Agriculture	Manager, Changhwa PO	07/06/2012	
Manager, Panchiao PO	J.C. Chou	Dept. of Journalism, Chinese Culture Univ.	Manager, Fengyuan PO	07/16/2011	
Manager, Sanchung PO	S.F. Hsiao	Master in Management Science, Chiaotung Univ.	Director, Taoyuan MPC	01/18/2010	
Manager, Taoyuan PO	C.H. Ku	Dept. of International Trade, Open Business College Affiliated with National Taipei College of Business	Manager, Chungli PO	03/01/2013	Note: 1. Former Manager J. T. Chiang was promoted to Manager of Taichung PO on Jan. 16, 2013 2. Deputy Manager C.C. Ko concurrently served as acting Manager of Taoyuan PO during Jan. 16, 2013~Feb. 28, 2013.



Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Manager, Keelung PO	L.L. Jian	Master of International Business, Tamkang Univ.	Secretary I, General Manager's Office, CHP	01/16/2013	Note: Former Manager Y.H. Wang was assigned to Chiayi PO as Manager on Jan. 16, 2013.
Manager, Changhwa PO	H.E. Chiu	Master in Public Administration, Dominican Univ., USA	Manager, Taitung PO	07/06/2012	
Manager, Hsinchu PO	C.Y. Sun	Dept. of Public Relations, World College of Journalism	Manager, Chungli PO	08/04/2009	
Manager, Chiayi PO	Y.H. Wang	Dept. of Business Administration, Tunghai Univ.	Manager, Keelung PO	01/16/2013	Note: Former Manager H.E. Huang retired on Jan. 16, 2013.
Manager, Tainan PO	J. Y. Zeng	Department of Economics, Fugen Catholic University	Vice Manager, Kaohsiung PO	07/16/2013	Note: Former Manager W. Z. Fang was assigned to Changhwa Auditing Section of Auditing Dept., CHP, as Chief Auditor on July 16, 2013.
Manager, Yilan PO	M.C. Shue	Dept. of Business Administration, Tamkang Univ.	Chief, Second Delivery Section, Taipei PO	07/16/2012	
Manager, Miaoli PO	Z.H. Xu	Master of Public Administration, National Chung Hsing University	Vice Manager, Hsinchu PO	11/07/2012	Note: Former Manager J.S. Wu was assigned to Taichung MPC as Director on Nov. 07, 2012.
Manager, Nantou PO	Y.C. Chang	Dept. of Business Administration, Tamkang Univ.	Vice Manager, Changhwa PO	09/09/2011	
Manager, Yunlin PO	T. B. Shi	Master in Accounting & Information Technology, National Chung Cheng University	Vice Manager, Changhwa PO	07/16/2013	Note: Former Manager Q. H. Su was assigned to Kaohsiung PO as Vice Manager on July 16, 2013.
Manager, Xinying PO	L. J. Huang	Dept. of Business Administration, National Cheng Kung University	Chief, Business Administration Section, Taichung PO	07/11/2013	Note: Former Manager L. S. Du was assigned to Kaohsiung MPC as Director on July 11, 2013.
Manager, Pingtung PO	T.C. Kuo	Master in Risk Management and Insurance, National Kaohsiung First University	Chief, Planning and Marketing Section, Kaohsiung PO	07/16/2012	

Title	Name	Education	Prime Experience(s)	Date Elected	Other Current Position(s)
Manager, Hualien PO	T.M. Chang	Dept. of Business Administration, Chinese Culture Univ.	Auditor, Dept. of Auditing, CHP	07/30/2012	
Manager, Taitung PO	C.L. Tsai	Master in Human Resources, National Sun Yat-sen Univ	Manager, Penghu PO	07/06/2012	
Manager, Penghu PO	H.L. Wu	Master in Entrepreneur Management, Da Yeh Univ.	Chief, Postal Affairs Section, Chiayi PO	07/06/2012	
Director, Taipei MPC	R. Q. Yang	Master in Management Science, National Chiao Tung University	Deputy Director, Taipei MPC	07/16/2013	Note: Former Director S. S. Chen retired on July 16, 2013.
Director, Taichung MPC	J.S. Wu	Dept. of Social Sciences, National Open Univ.	Manager, Miaoli PO	11/07/2012	Note: 1. Former Director C.T. Yen retired on Jan. 16, 2012. 2. Deputy Director H.L. Kuo concurrently served as acting Director of Taichung MPC during Jan. 16, 2012~Nov. 06, 2012.
Director, Kaohsiung MPC	L. S. Du	Open Junior College of Commerce, National Cheng Kung University	Manager, Xinying PO	07/11/2013	Note: 1. Former Director Z. G. Chen retired on April 9, 2013. 2. Deputy Director Z. Q. Huang concurrently served as acting Director of Kaohsiung MPC during April 9 to July 10 of 2013.

Note : Starting from March 1, 2013, Chungli PO has been incorporated into Taoyuan PO; Fungyuan PO has been incorporated into Taichung PO and Fengshan PO has been incorporated into Kaohsiung PO.





### (III) The Remuneration of the Members of the Board, Supervisors, President and Vice Presidents in the Last Fiscal Year

#### 1. The Remuneration of the Members of the Board

Jan. 1, 2012 – Dec. 31, 2012

Title	Name	Salary	Bonus	Parttime Job Pay	Distribution of Net Earnings	Percent of Net Earnings (%)	Others
Chairperson	F.L.Yu (Note 1)	12,391,734	5,115,783	928,073	—	—	1,758,282
Director of the Board	S.Y. Hu (Note 1)						
Director of the Board	C. Wang (Note 1)						
Director of the Board	T.D. Chen (Note 1,2)						
Director of the Board	I.H. Wu (Note 1)						
Director of the Board	W.H. Chen						
Director of the Board	J.S. Liu						
Director of the Board	C.M. Feng						
Director of the Board	P.J. Chen						
Director of the Board	Y.H. Cheng						
Director of the Board	P.Y. Chang						
Director of the Board	C.H. Fu (Note 2)						
Director of the Board	K.I. Huang						
Director of the Board	C.C. Rau						
Director of the Board	T.Y. Chuang						
Director of the Board	Y.C. Shen (Note 1,2)						
Director of the Board	M.H. Lan (Note 1,2)						
Director of the Board	C. C. Lin (Note 1)						
Director of the Board	W.F. Wu (Note 1)						
Director of the Board	K.M. Cheng (Note 1)						

The Remuneration Gaps Among the Members of the Board	Name of Directors
below NT\$2,000,000	W.H. Chen, J.S. Liu, C.M. Feng, P.J. Chen, Y.H. Cheng, P.Y. Chang, C.H. Fu, K.I. Huang, C.C. Rau, T.Y. Chuang, Y.C. Shen, M.H. Lan, C. C. Lin, W.F. Wu, K.M. Cheng
NT\$2,000,000 (including) NT\$5,000,000	F.L.Yu, C. Wang, T.D. Chen, I.H. Wu
Total	19

Note 1: Chairperson F.L. Yu and Directors S.Y. Hu, T.F. Su, T.D. Chen, Y.C. Shen, K.M. Cheng and M.H. Lan received only salaries and no honorariums. Other directors receive only honorariums. Board Director S.Y. Hu held the concurrent position as President; T.F. Su and T.D. Chen held the concurrent position as Vice President.

2: Directors T.F. Su and K.L. Chang were discharged on July 16, 2011; Director T.D. Chen assumed the position on July 28, 2011; Director T.S. Hsiao was discharged on Aug. 29, 2011.

3: As a government-operated enterprise and with the government holding 100% of the shares, the company does not distribute earnings, employee bonuses and stock options.

4: Bonuses are temporary estimates.



## 2. The Remuneration of Supervisors

Jan. 1, 2012 – Dec. 31, 2012

Title	Name	Parttime Job Pay	Remuneration from	Total	Percentage of Net Earnings	Others
Supervisor	C.T. Huang (Note)	288,000	—	288,000	—	—
Supervisor	C.C. Wu					
Supervisor	M.H. Yang					
Supervisor	H.Y. Huang					

The Remuneration Gaps Among Supervisors	Name of Supervisors
below NT\$2,000,000	C.T. Huang, C.C. Wu, M.H. Yang, H.Y. Huang
NT\$2,000,000 (including) NT\$5,000,000	—
Total	4

Note: Supervisor C.T. Huang was discharged on March 01, 2012.

## 3. The Remuneration of President and Vice Presidents

Jan. 1, 2012 – Dec. 31, 2012

Title	Name	Salary	Bonus	Total	Percentage of Net Earning (%)	Others
President	C. Wang (Note 1)	9,262,639	3,631,215	12,893,854	—	1,660,316
President	S.Y. Hu (Note 1)					
Vice Preident	T.D. Chen					
Vice Preident	I.H. Wu					
Vice Preident	C.Y. Yeh					
Vice Preident	Y.R. Wu					
Vice Preident	S.C. Chen (Note 1)					

The Remuneration Gaps Among President and Vice Presidents	Name of President and Vice Presidents
below NT\$2,000,000	S.Y. Hu, S.C. Chen
NT\$2,000,000 (including) NT\$4,999,999	C. Wang, T.D. Chen, I.H. Wu, C.Y. Yeh, Y.R. Wu
NT\$5,000,000 (including) NT\$10,000,000	—
Total	7

Note 1. President S.Y. Hu discharged her position on July 16, 2011 and Vice President C. Wang took the position on the same day. Vice President S.C. Chen retired on Jan. 16, 2012.

2. As a government-operated enterprise, with the government as the 100% stockholder, no Distribution of Earnings and the Certificate of Stock Option for Earnings.

3. Bonuses are temporary estimates, including the seniority bonus.



### III. Governance and Operations

#### (I) Board Meetings

Attendance of Board Meetings (8 total) (A) for 2012:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (B/A) (Note 2)	Notes
Chairperson	F.L. Yu	8	0	100	
Director of the Board	S.Y. Hu	3	0	100	Discharged on May 11, 2012. Required to attend 3 times.
Director of the Board	C. Wang	5	0	100	Discharged on May 11, 2012. Required to attend 5 times.
Director of the Board	T.D. Chen	5	0	100	Discharged on July 12, 2012. Required to attend 5 times.
Director of the Board	I.H. Wu	2	1	67	Discharged on July 12, 2012. Required to attend 3 times.
Director of the Board	W.H. Chen	8	0	100	
Director of the Board	J.S. Liu	8	0	100	
Director of the Board	C.M. Feng	7	1	87.5	
Director of the Board	P.J. Chen	8	0	100	
Director of the Board	Y.H. Cheng	8	0	100	
Director of the Board	B.Y. Chang	8	0	100	
Director of the Board	K.I. Huang	5	3	62.5	
Director of the Board	C.C. Rau	8	0	100	
Director of the Board	T.Y. Chuang	5	0	100	Discharged on May 11, 2012. Required to attend 5 times.
Director of the Board	Y.C. Shen	3	0	100	Discharged on May 11, 2012. Required to attend 3 times.
Director of the Board	M.H. Lan	3	0	100	Discharged on May 11, 2012. Required to attend 3 times.
Director of the Board	C.C. Lin	5	0	100	Discharged on May 11, 2012. Required to attend 5 times.
Director of the Board	W.F. Wu,	5	0	100	Discharged on May 11, 2012. Required to attend 5 times.
Director of the Board	K.M. Cheng	8	0	100	
Supervisor	C.T. Huang	1	0	100	Discharged on March 01, 2012. Required to attend 1 time.

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (B/A) (Note 2)	Notes
Supervisor	C.C. Wu	5	2	71	Discharged on March 01, 2012. Required to attend 7 times.
Supervisor	M.H. Yang	5	3	62.5	
Supervisor	H.Y. Huang	8	0	100	

Others:

- I. Any matter listed in Article 14-3 of Securities and Exchange Act as well as any recorded board resolution for which an independent director has a dissenting opinion or qualified opinion should be noted in the minutes, detailing its date, term, issue, all opinions of the independent director(s) and how the company handles it.
- II. In the event that a director has to avoid voting on a resolution because of a conflict of interest, the name of the director, the content of the resolution, reasons and the result of the vote should be noted.
- III. Goals (such as setting up an audit committee and raising information transparency) of the board for the year and the closest fiscal year as well as evaluation of its work.

Note: 1. When a board director or a supervisor works for a legal person, the legal person's name (company name) and the name of its responsible person should be disclosed.  
2. By the end of a year, the dates of any board directors or supervisors' resignations and their actual attendance rate should be noted.

## (II) Governance and Operation of the Company As Well As Its Divergence from Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and reasons.

Item	Status of Operation	Divergence from Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies and reasons
<b>I. Equity Structure and Shareholder Rights</b> (1) How the company handles shareholder suggestions and disputes (2) Company's control of the list of its major shareholders and final decision-makers (3) How the company establishes its risk-management mechanism and firewalls involving related enterprise	(1) The company is not a public-listed nor an OTC company. Therefore, the company has not issued stock. (2) The company is a state-run corporation with MOTC as its sole share holder. (3) The company has no affiliated enterprises as prescribed in Article 369-1 of the Company Act.	
<b>II. Organization and Responsibilities of the Board of Directors</b> (1) Establishment of independent directors (2) Regular assessment by independent CPA	(1) None designated at present. (2) Company auditors are hired in accordance with the Government Procurement Law. The contract is reviewed on a yearly basis.	The state-owned CHP is 100% owned by the government, and all directors are appointed by the MOTC. The board of directors consists of 11 to 15 members in accordance with the company's articles of incorporation. One fifth of the board directors had special expertise, providing professional opinions and enhancing the professionalism and independence of the board. One fifth of the board members represented the employees, bringing input from below, serving the functions of communication, coordination and monitoring.
<b>III. Organization and Responsibilities of the Panel of Supervisors</b> (1) Establishment of independent supervisors (2) Communications between company employees and supervisors	(1) None designated at present. (2) Corporate supervisors are invited to attend all board meetings; corporate supervisors may, at any time, investigate the company's business and financial situation, and audit the company's accounts and paperwork.	(1) The state-owned CHP is 100% owned by the government, and all supervisors are appointed by the MOTC. (2) The board of the company had 3 supervisors, who monitored the financial situation and the execution of the company's business in accordance with the law and the company's articles of incorporation.



Item	Status of Operation	Divergence from Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies and reasons
IV. Communications Channels with Related Parties	Customers may write to the company through the email box on its website or call its toll free customer hotline for suggestions, complaints or disputes.	
Disclosure of Information (1) Through company website  (2) Others such as an English website, personnel in charge of collecting and disclosing information, implementation of spokesman system, shareholder meeting records on company's website, etc.	(1) The company has set up a global website to disclose company information. (2) The company has issued "Guidelines for Chunghwa Post Press Releases."	
VI. Status of Operations for the Company's Audit Committee, etc.	None at present time	In accordance with Regulations Governing the Internal Controls and Audit Systems for Postal Remittances and Savings proclaimed by the MOTC and the MOF, and Regulations Governing the Internal Controls and Audit Systems for Insurance Industry proclaimed by the Financial Supervisory Commission, the company has established an internal control system, an audit system and a department of auditing under the board to impartially conduct audit and truly implement the internal control system.
VII. Detail the company's governance and operation, as well as the differences and reasons for deviations from the Corporate Governance Best-Practice Principles for Banks: (see above)		
VIII. Other important information that is helpful for the understanding of the governance of the company (such as training of the directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of consumers or customers protection policies, directors' avoidance of conflicts of interests, company's purchase of liability insurance for the directors and supervisors).		

## 1. Status for Further Study for Directors and Supervisors in 2012:

Courses Given by	Date of Training	Course Title	Courses Taken by
Taiwan Corporate Governance Association	Feb. 22, 2012	The impact on shareholders' meeting regarding amendments of related provisions of Company Act as well as Securities and Exchange Act	F.L. Yu
Chinese National Association of Industry and Commerce	Mar. 15, 2012	1. The newly amended Company Act and matters needing attention by the Board of Directors and shareholders' meeting 2. How to effectively use resources to implement corporate governance	J.S. Liu 、B.Y. Chang 、Y.C. Shen 、J.S. Liu 、Y.C. Shen 、P.J. Chen 、C.C. Rau 、H.Y. Huang
Chinese National Association of Industry and Commerce	Mar. 16, 2012	Contents of the newly amended Securities and Exchange Act as well as prevention, control and case studies of insider trading	B.Y. Chang
ROC Securities & Futures Institute	June 08, 2012	Workshop on advanced practices for Directors and Supervisors - Directors and Supervisors' Criminal legal risks and countermeasures – Talking about major corporate scandals	C. Wang T.D. Chen W.H. Chen
ROC Securities & Futures Institute	June 13, 2012	European sovereign debt issues and their impact	F.L. Yu 、C. Wang 、W.H. Chen 、C.M. Feng 、B.Y. Chang 、Y.H. Cheng 、C.C. Rau 、K.M. Cheng 、W.F. Wu 、C.C. Lin 、H.Y. Huang

Courses Given by	Date of Training	Course Title	Courses Taken by
ROC Securities & Futures Institute	June 20- 21, 2012	Practice workshop for Directors and Supervisors	C.C. Lin W.F. Wu
ROC Securities & Futures Institute	June 25, 2012	Workshop on advanced practices for Directors and Supervisors - Financial information and operating decisions	C.C. Rau W.H. Chen H.Y. Huang
ROC Securities & Futures Institute	June 26, 2012	Workshop on advanced practices for Directors and Supervisors - Fraudulent financial report and responsibilities of Directors and Supervisors	W.H. Chen W.F. Wu
ROC Securities & Futures Institute	June 28, 2012	Workshop on advanced practices for Directors and Supervisors - Directors and Supervisors' recusal from conflict of interest	I.H. Wu
ROC Securities & Futures Institute	June 28, 2012	Workshop on advanced practices for Directors and Supervisors - New amendments and practical applications of ROC corporate governance ordinances	I.H. Wu
ROC Securities & Futures Institute	June 29, 2012	Workshop on advanced practices for Directors and Supervisors - Job function, authority and responsibility of Directors and Supervisors under the corporate governance mechanism	T.Y. Chuang W.H. Chen K.M. Cheng H.Y. Huang
ROC Securities & Futures Institute	July 24, 2012	2012 Workshop on equity transfer by insiders of listed companies and legal compliance	I.H. Wu
Taiwan Insurance Institute	Sep. 20, 2012	Insurance Enterprise Risk Management Training Course - How to read the risk management report and how to apply ERM to corporate decision-making	F.L. Yu 、I.H. Wu 、T.Y. Chuang 、 C.C. Rau 、P.J. Chen 、H.Y. Huang
Council of Labor Affairs, Executive Yuan	Sep. 20, 2012- Sep. 21, 2012	2012 Workshop on knowledge and skill enhancement and experience sharing for Labor Directors	K.M. Cheng 、W.F. Wu 、C.C. Lin
ROC Securities & Futures Institute	Nov. 01, 2012	The influence and impact on enterprises by implementing the newly amended Personal Information Protection Act	C.C. Lin 、W.F. Wu 、K.M. Cheng
ROC Securities & Futures Institute	Nov. 07, 2012	Business structure of parent-subsidiary corporation and related division of authority of Directors and Supervisors	B.Y. Chang
ROC Securities & Futures Institute	Nov. 14, 2012	Strategy and key performance indicators	C.C. Lin 、C.C. Rau
ROC Securities & Futures Institute	Nov. 19, 2012	Analysis of Directors and Supervisors as well as cross-border remittance and tax services	J.S. Liu
ROC Securities & Futures Institute	Nov. 21, 2012	Focal points of financial forecast and investment risk aversion	H.Y. Huang
ROC Securities & Futures Institute	Nov. 22, 2012	Looking at IPR and business operations based on development trend and practical case studies of domestic and international intellectual properties	B.Y. Chang
ROC Securities & Futures Institute	Nov. 23, 2012	Impact and coping of the latest amendments of the Company Act as well as Securities and Exchange Act	W.F. Wu 、J.S. Liu
ROC Securities & Futures Institute	Nov. 28, 2012	Practical analysis of shareholding and tax planning of Directors, Supervisors and substantial shareholders	J.S. Liu
ROC Securities & Futures Institute	Dec. 24, 2012	Corporate governance after the Financial Tsunami	C. Wang 、W.H. Chen



2. Regarding risk management: in accordance with the regulations set by its competent authorities, the company has assessed its operational risk and urged all operational departments to take necessary measures. To ensure the effectiveness of its promotion of its risk management policies, all operational departments are required to submit a quarterly report on the execution of its risk management work, which will be submitted to the company's risk management committee periodically.
3. In accordance with the company's articles of incorporation, a member of the company's board directors should not vote in any resolution where there is a conflict of interest or duties.
4. All senior management and departments of the company operate in accordance with the company's division of work chart.

### (III) Social Responsibility Fulfillment:

Item	Operation Status
<p>I. Promotion of corporate governance</p> <p>1. The company formulates the social responsibility policy or system and review results of implementation.</p>	<p>(1) The provision of postal universal service was successful.</p> <p>① Provision of uniform and reasonable single-rate and nation wide service with good "service quality".</p> <p>② Provision of real-time, reliable and efficient services and adequate postal service facilities.</p> <p>A. Wide setup of post boxes: There were a total of 13,202 post boxes being set up at the end of 2012.</p> <p>B. Wide setup of postal establishments: There were 1,325 major establishments, 631 postal agencies, 630 stampsales agencies, total 2,586 establishments.</p> <p>③ Provision of "uneconomical postal use area" service.</p> <p>Same kinds of services were provided urban and rural regions, offshore islands and remote areas. There were about 350 post offices in the uneconomical postal service areas around the country.</p> <p>(2) A total of over NT\$1,604 billion dollars of postal capital were provided to support major government development projects and private investment financing.</p> <p>(3) The Social Welfare Postage Allowance Measures, Principles of Grants (Donations) to Civil Groups and Individuals and Operation Measures of Grants (Donations) to Life Insurance Groups and Philately Groups were developed and implementation was successful.</p>
<p>2. The establishment of dedicated (concurrently responsible) unit for promotion of social responsibilities by the company</p>	<p>General Manager's Office was in charge of promotion.</p>
<p>3. The company holds business ethics trainings and promotion campaigns for directors, supervisors and employees regularly and incorporates them into the performance appraisal and set up a clearly-defined and effective rewarding and disciplinary system.</p>	<p>(1) The directors and supervisors participated in the training courses 2012 provided by Taiwan Corporate Governance Association, Chinese National Association of Industry and Commerce, ROC Securities &amp; Futures Institute, Taiwan Insurance Institute and Council of Labor Affairs Executive Yuan, totaling 61 persons/times.</p> <p>(2) Produced digital courses of business ethics, management ethics and service ethics, which were placed on the learning website "Postal eUniversity" for convenient study by the employees.</p> <p>(3) Employees with a credit for observance of business ethics may participate in the selection of outstanding postal service personnel or MOTC exemplary public servants through the recommendation of the unit superiors.</p>
<p>II. Development of a sustainable environment</p> <p>1. The company's efforts to improve the efficiency of energy use and use of renewable materials with low burden and impact on the environment.</p>	<p>In line with the government's green procurement policy, the environment-friendly products procurement rate was 94.4%, exceeding the annual goal (90%).</p>



Item	Operation Status
<p>2. The establishment of environment management system by the company based on its industrial characteristics.</p> <p>3. The establishment of dedicated environment management system or appointment of dedicated environment management personnel by the company to protect the environment.</p> <p>4. The attention paid to the effects of climate change on the environment and formulation of energy saving and green house gas reduction strategy by the company.</p>	<p>(1) Cleaning, waxing, sterilization and epidemic prevention work were conducted regularly in the offices. Waste cleanup, caring for garden and potted plants and flowers, as well as office environment beautification were performed as well. In addition, patrol of office environment was carried out by assigned personnel to strengthen management.</p> <p>(2) All CHP employees also took four hours of environmental training in 2012 in order to enhance employees' environmental ethics and responsibility.</p> <p>Labor Safety Section was set up in the Department of Occupational Safety and Health at CHP with dedicated personnel assigned to take charge of promotion of environmental education and maintenance of clean environment.</p> <p>(1) Energy efficiency policies were made and strictly implemented. Power and water consumptions in 2012 were reduced by 13.61% and 13.44% respectively from the previous year. Fuel consumption of official vehicle for administration in 2011 was reduced by 34,255 liters from the previous year with a decrease rate of 3.81%. Fuel consumption of official vehicle for postal service in 2011 was increased by 130,291 liters from the previous year with an increase rate of 1.46%.</p> <p>(2) To assist RDEC of Executive Yuan in promoting policy initiatives of "Expanding Document On-line Submission/Approval for Energy Conservation, Paper Reduction and Information Security," build "Public Key Infrastructure," implement document online submission and continue to promote paperless policy</p>
<p>III. Maintenance of public interest</p> <p>1. The compliance with labor laws and regulations for protection of the employees' legal rights and establishment of proper management methods and process by the company.</p> <p>2. Provision of safe and healthy work environment and regular safety and health education to the employees.</p> <p>3. Development and publication of consumer rights policy and provision of transparent and effective consumer complaint procedure for the products and services by the company.</p> <p>4. Cooperation with suppliers to promote social responsibilities by the company.</p>	<p>(1) The legal rights of the postal service employees are provided in the laws and regulations.</p> <p>(2) To protect the rights of Chunghwa Post Co., Ltd. and the members of Chunghwa Postal Workers' Union, a group agreement was entered in accordance with the Group Agreement Law.</p> <p>(1) To draw up annual management plan and implement the plan in accordance with provisions of the "Labor Safety and Health Act"</p> <p>(2) To assist the Environmental Protection Agency with the promotion of "Project of Cleaning Our Homeland with Everyone's Participation", the company regularly checked the implementation of the project at each post office and requested each office to beef up participation in the community environmental protection with the surrounding neighborhood to keep the environment clean.</p> <p>(3) Chunghwa Post Co., Ltd. regularly organizes labor safety and health trainings each year to reduce occupational disasters and performs health examinations in accordance with the regulations to protect the employee health.</p> <p>(1) The "Consumer Information Section" is set up in the official company website to provide information on consumer rights and services.</p> <p>(2) The post office is linked with the anti-scam hotline (165) to provide latest information on scam prevention on the exchange rate signboard.</p> <p>(3) The company has developed all types of standard agreements conforming to the regulations of the competent authorities.</p> <p>(4) The customer service center provides 24/7 services to immediately answer customer complaints and suggestions regarding the postal service online and fax the issues to the related units and reply to the customers on the handling of the issues.</p> <p>Regarding agential business, CHP has set a certain standard on consignment vendor's period of establishment, capital sum and turnover. In addition, review of consignment products must comply with provisions of Commodity Labeling Act, Act Governing Food Sanitation and other related laws and regulations made by the government. Most of the commodities are required to obtain relevant certification or to pass inspection. Random sampling inspection shall be conducted from time to time annually after commodities are put on shelf for sales in order to protect rights and interests of consumers</p>



Item	Operation Status
5. Participation in community development, and charity organization activities through donations, volunteer service or other free services by the company.	<ol style="list-style-type: none"> <li>(1) The company continued to promote the "Charities Postage Discount Program" to help the disadvantaged groups. In 2012, a total of NT\$16.05 million dollars of discount was offered.</li> <li>(2) The company continued to promote the "Post Office Care for the Lone Elderly" by encouraging the postmen to care for the living of the lone elderly during their mail delivery duties. A total of 52,941 people have been served by the postmen in 2012.</li> <li>(3) The company continued to provide the physically and mentally disabled people with a delivery service for the postmen to go to their homes to take the registered mails they wanted to send.</li> <li>(4) The company continued to work with the Children Are Us Foundation by promoting the moon cakes baked by people with intellectual disabilities and giving discounts to the delivery fees of the moon cakes.</li> <li>(5) The company charge no service fee for disaster relief funds remitted through the accounts set up by the Ministry of Interior Affairs on a long-term basis.</li> <li>(6) Prior to September 30, 2012, if postal savings account holders suffered from disaster of Typhoon Tembin leading to loss or damage of passbook, Certificate of Deposit, ATM card or seal, services for handling loss, reissuance or replacement of passbook and seal are free.</li> <li>(7) A total of three voice-operated ATM machines for visually impaired people were set up to provide 24-hour convenient services.</li> <li>(8) Up to December 2012, a total of 108 ATM machines complying with barrier-free access functions had been installed.</li> <li>(9) A caring for the community event "Postal service shows its gratitude, the community is like a family" was organized. Each post office was enthusiastic in holding various activities for public welfare, including hill cleaning, beach cleaning, charity bazaar, music appreciation, volunteer medical consultation and hiking. Caring for Family Support Center and low-income family also was made by the post offices.</li> <li>(10) The company held a nationwide blood donation activity from Feb. 16 to Mar. 29, 2012 and collected 24,800 units (250ml per unit ) of fresh blood.</li> <li>(11) The company offered a scholarship program from April. 1 to April 30, 2012 for the children of postal life insurance policy holders with the total value of scholarship and souvenirs reaching NT\$4.893 million and as many as 2,923 children receiving the grant.</li> <li>(12) The company held a nation wide drawing contest for children from April 4 to June 9, 2012 and collected around 7,579 pieces of work. Winning works were compiled into a pictorial for appreciation and collection.</li> <li>(13) The company held the "2012 Postal Cup Table Tennis Tournament for the Handicapped" on June 9, 2012 with 155 competitors of 13 teams participating.</li> <li>(14) To heed the idea of "walking ten thousand steps and doing a good deed a day" promoted by the Hope Foundation, the company participated in the fitness walking activity on Jan. 1, 2012.</li> </ol>
IV. Information disclosure reinforcement The method used by the company for disclosure of critical and reliable information regarding social responsibilities.	<ol style="list-style-type: none"> <li>(1) All the information was posted in all the operation premises in posters and foldouts and published in the official company website.</li> <li>(2) The company set up the "Public Interest Network" in the official website to assist fundraising by public interest groups.</li> <li>(3) The company published the Social Welfare Postage Allowance Measures, Principles of Grants (Donations) to Civil Groups and Individuals and Operation Measures of Grants (Donations) to Life Insurance Groups and Philately Groups.</li> </ol>
V. A description is needed for any product or corporate social responsibility report passing the verification standards of related certification bodies.	<ol style="list-style-type: none"> <li>(1) For electric mails printing and packaging, the company continued passed the second review of ISO27001 for information security which was conducted semiannually.</li> <li>(2) The Customer Service Center passed the ISO 9001:2008 Quality Control System certification and obtained the certificate.</li> <li>(3) The "Banking Operation System" received BS-7799 information security accreditation in February 2005 and was upgraded to ISO 27001 in January 2007 and accreditation scope expanded to the Taichung backup center on November 27, 2009. The center passed the second review and certification has remained effective.</li> </ol>
VI. Other important information (protecting the interests of consumers) helped understand corporate social responsibility practices.	Due to the implementation of "Personal Information Protection Act," "The first phase of personal information protection management system" is established to strengthen personal information protection system of savings, life insurance, postmall business and its related information operations. The system has passed BSI's (British Standards Institution) BS10012:2009 Personal Information Management System certification.

#### (IV) Fulfillment of Honest Operation and Measures Taken:

To prevent corruption and ensure implementation of anti-corruption measures by the company and create a business culture of integrity for sound operation, the company established the "Chunghwa Post Ethical Operation Process and Behavior Guidelines" and "Ethical Chunghwa Post Best Practice Principles" with a reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies."

#### (V) Disclosure of Corporate Governance Best-Practice Principles and how to locate relevant regulations:

Make disclosures on the company's website in accordance with Corporate Governance Best-Practice Principles for Banks.

#### (VI) Disclosure of important information about the governance and operations of the company:

Disclosed in the company's website.

#### (VII) Implementation of Internal Control System

##### 1. Establishment and implementation of internal control system

Internal control system aims to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations. The company has established an internal control system. An internal control system has its own limitations, and no matter how well it is designed, effective internal control systems can only provide reasonable assurance regarding the achievement of the three above-mentioned objectives. In addition, as the environment and situations of a company changes, the effectiveness of its internal control system will change with it. However, the company's internal control system is equipped with a self-monitoring mechanism, and as soon as a problem is identified, the company shall take action to correct it immediately.

##### 2. Implementation of internal and external audit system

The purpose of internal audit system is to objectively assist the board of directors and the company's management team in inspecting and evaluating the performance of its internal control system and make timely suggestions to ensure its continual effectiveness.

In 2012, in accordance with Regulations Governing the Internal Controls and Audit Systems for Insurance, Regulations Governing the Internal Audit System of Chunghwa Post Co., Ltd. and the 2012 Audit Plan, the company audit department performed 1,361 general audits and 1,702 case audits on the 12 departments, 3 mail processing centers, 23 responsibility center offices and 1,322 branches. In addition, 2,886 audits were performed on cash on hand on business units. 319 audits were conducted for international exchanges, foreign currencies and RMBs. In addition, the department has, in accordance with regulations, submitted reports to the board of directors and continued to conduct follow-up evaluations on the suggestions and flaws found by the Financial Supervisory Commission, Central Bank of ROC and other external audit units such as the company CPA.



## 3. Internal Control Statement

### Internal Control Statement Savings and Remittances

The results of internal examination of our company's internal control system regarding the business of Postal Savings and Remittances for the period from January 1, 2012 to December 31, 2012 are hereby declared as follows:

1. The company understands that establishing, implementing, and maintaining an internal control system is the responsibility of the company's board of directors and management team. The company has established such a system. The internal control system aims to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations. These objectives include effective and efficient operations, reliable financial reports, and compliance with applicable laws and regulations. The financial data and statements are compiled in accordance with the Business Accounting Act, Postal Remittances and Savings Act and other applicable laws and regulations.
2. The Internal control system has its own limitations, and no matter how well it is designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the three above-mentioned objectives. In addition, as the environment and circumstances of the company change, the effectiveness of its internal control system will change with it. However, the company's internal control system is equipped with a selfmonitoring mechanism, and as soon as a problem is identified, the company will take action to correct it immediately.
3. The company evaluates the design and effectiveness of its internal control system based on the Regulations Governing the Internal Controls and Audit System for Postal Remittances and Savings (promulgated by the MOTC and the MOF) and the Processing Guidelines for the Establishment of Internal Control System by Securities and Futures Market Business Sectors. The system consists of five components: (1) control environment (2) risk assessment (3) control activities (4) information and communication (5) monitoring.
4. The company has adopted the five above-mentioned components so as to evaluate the design and effectiveness of its internal control system.
5. Based on the results of its evaluation as mentioned above, the company believes that the design and execution of its internal control system during the aforementioned period was effective and was able to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations. The company also believes that the financial data and statements of the company were compiled in accordance with the Business Accounting Act, Postal Remittances and Savings Act and other applicable laws and regulations.
6. This statement was approved by the company's board of directors during its board meeting on March 19, 2013. The 14 attending directors, where one director was present by proxy, unanimously approved this statement.

**Chunghwa Post Co., Ltd.**

**Chairperson: Jih-Chu Lee**

**President: Chang Wang**

**Auditor General: Yuan-Chung Chiu**

**Chief Compliance Officer: Shian-Chow Chen**

**Date: March 19, 2013**

## **Internal Control Statement**

### **Simple Life Insurance**

The results of internal examination of our company's internal control system regarding the business of Simple Life Insurance for the period from January 1, 2012 to December 31, 2012 is hereby declared as follows:

1. The company understands that establishing, implementing, and maintaining an internal control system are the responsibilities of the company's board of directors and management team. The company has established such a system. The internal control system aims to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations. The objective of the company's operation is effectiveness and efficiency, including performance and profitability goals and safeguarding of resources; the goal of financial reporting is to provide reliable published financial statements; compliance refers to complying with those laws and regulations to which the company is subject. The financial data and statements are compiled in accordance with the Insurance Act, Simple Life Insurance Act, and other applicable laws and regulations.
2. The Internal control system has its own limitation, and no matter how well it is designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the three above-mentioned objectives. In addition, as the environment and circumstances of the company change, the effectiveness of its internal control system will change with it. However, the company's internal control system is equipped with a self-monitoring mechanism, and as soon as a problem is identified, the company shall take action to correct it immediately.
3. The company evaluates the design and effectiveness of its internal control system based on the Regulations Governing the Internal Controls and Audit System of an Insurance Company (promulgated by the Financial Supervisory Commission) and the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (promulgated by the Securities and Futures Bureau, Financial Supervisory Commission). The system consists of five components: (1) control environment (2) risk assessment (3) control activities (4) information and communication (5) monitoring. For what factors into these components, please see the Regulations Governing the Internal Controls for Listed Companies.
4. The company has adopted the five components as mentioned above to evaluate the design and effectiveness of the internal control system for its simple life insurance business.
5. Based on the results of its evaluation as mentioned above, the company believes that the design and execution of the internal control system for its simple life insurance business during the aforementioned period was effective and was able to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations. The company also believes that the financial data and statements of the company were compiled in accordance with the Insurance Act, Simple Life Insurance Act and other applicable laws and regulations.
6. This statement is a major part of the company's annual report and will be made public. Under Articles 20, 32, 171 and 174 of the Securities Transaction Act, as well as Insurance Act and Simple Life Insurance Act, any fraudulent statements or intentional failure to make the necessary disclosure will incur legal responsibility.
7. This statement was approved by the company's board of directors during its board meeting on March 19, 2013.

**To**

**Financial Supervisory Commission**

**Declarant:**

**Chairperson: Jih-Chu Lee**

**President: Chang Wang**

**Auditor General: Yuan-Chung Chiu**

**Chief Compliance Officer: Shian-Chow Chen**

**Date: March 19, 2013**



## Internal Control Statement

March 19, 2013

The following statement gives the results of a self-auditing of the internal control system of the bond-operating department of Chunghwa Post Co., Ltd., covering the period of Jan. 1, 2012 to Dec.31, 2012:

1. The company understands that establishing, implementing, and maintaining an internal control system is the responsibility of the company's board of directors and management team. The bond-operating department of the company has established such a system. The internal control system aims to provide reasonable assurance regarding the achievement of the objectives of the company's effective and efficient operations (including performance and profitability goals and safeguarding of resources), reliable financial reporting, and compliance with applicable laws and regulations.
2. The internal control system has its own limitation, and no matter how well it is designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the three above-mentioned objectives. In addition, as the environment and circumstances of the company change, the effectiveness of its internal control system will change with it. However, the bond-operating department's internal control system is equipped with a self-monitoring mechanism, and as soon as a problem is identified, the company will take action to correct it immediately.
3. The bond-operating department of the company evaluates the design and effectiveness of its internal control system based on the Processing Guidelines for the Establishment of an Internal Control System by Securities and Futures Market Business Sectors (Processing Guidelines). The system consists of five components: (1) control environment (2) risk assessment (3) control activities (4) information and communication (5) monitoring. For what factors into these components, please see the Processing Guidelines.
4. The bond-operating department of the company has adopted the five components as mentioned above to evaluate the design and effectiveness of its internal control system.
5. Based on the results of its evaluation as mentioned above, the company believes that the design and execution of the internal control system for its bond-operating department during the aforementioned period was effective and was able to provide reasonable assurance regarding the achievement of the objectives of the company's operations, financial reporting, and compliance with applicable laws and regulations.
6. Under Article 174 of the Securities Transaction Act, any fraudulent statements or intentional failure to make necessary disclosures will incur legal responsibility.
7. This statement was approved by the company's board of directors during its board meeting on March 19, 2013. The 14 attending directors, where one director was present by proxy, unanimously approved this statement

**Chunghwa Post Co., Ltd.**  
**Chairperson: Jih-Chu Lee**  
**President: Chang Wang**



## (VIII) Law violations resulting in punishment, misconduct, and improvement

### 1. Legal violation(s) by a senior manager or a lower-grade employee resulting in indictments:

The procurement of money detectors and counters was conducted by CHP during the period from 2003 to 2006. Three CHP employees were suspected to be involved in corrupt practices of collusion with the procurement bidders. After the prosecutor's investigation concluded on April 16, 2013, the said three CHP employees were prosecuted for violation of criminal law in accordance with Article 342 of the Criminal Code of the Republic of China and Article 87 of the Government Procurement Act.

### 2. Law violation(s) that led to fines by the competent authority:

An employee of the National Palace Museum post office was suspected of exchanging for RMBs with false exchange rates, violating Article 10 of the "Postal Deposit Exchange Law". A fine of NT\$ 300,000 was levied in accordance with Letter Jinguanyinguozi No. 10120000560 issued on February 7, 2012 by Financial Supervision Commission of the Executive Yuan and Article 26, Section 2 of the same measures.

### 3. Misconduct(s) resulting in serious disciplinary action by the competent authority:

(1) Some cases of improper handling and control of blank receipts were found in the company, including overdue blank receipts that were not returned for checking and blank receipts that did not have expiration date. The aforesaid cases were determined not complying with provisions of preceding paragraph of Article 7 of "Directions for Insurance Companies to Authorize Collection of Premiums." Financial Supervisory Commission (FSC) has taken disciplinary action against CHP for the aforesaid violations in accordance with Paragraph 1 of Article 149 of the Insurance Act through FSC official letter of jinguanbaoshouzi No. 10102557391 dated November 23, 2012.

(2) Financial Examination Bureau of Financial Supervisory Commission found a violation in the auditing process of CHP in March, 2012 that the seal of underwriter was left out on the new CHP contract proposal, which was in breach of provisions of Article 17 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises." Financial Supervisory Commission had sent an official letter jinguanbaoshouzi No. 10200400021 dated March 4, 2013 to CHP to take corrective action for the aforesaid violation in accordance with provisions of Paragraph 1 of Article 149 of the Insurance Act.

### 4. Relative disciplinary measures had been stipulated by the Financial Supervisory Commission, according to the Article 61-1 of the Banking Act: None

### 5. Nature and amount of loss as a result of frauds, major random incidents (fraud, theft, appropriation and theft of assets, falsified transactions, document and security forgery, receiving kickbacks, natural disaster loss, loss caused by external forces, hacker attacks, theft of information, and leaking business secrets and client information, etc.) or failure to comply with the Instructions for the Maintenance of Safety by Financial Institutions that lead to security accidents, and individual or accumulated losses for the year that amounted to NT\$ 50 million or more: None

### Improvement:

Apart from strengthening internal controls and audits, the company requires its management team to pay more attention to the lives and working situation of employees to prevent fraud.



### (IX) Major board resolutions

1. The 18th meeting of the third board (2012.02.10):
  - (1) The board unanimously passed the administration guidelines and operation policy, operation goals, fixed assets investment purchase projects and new project proposals for 2013.
  - (2) The board unanimously passed the 2013 budget.
2. The 2nd provisional meeting of the third board (2012.03.23):
  - (1) The board unanimously passed the 2011 report on business.
  - (2) The board unanimously passed the 2011 financial report, life insurance department financial report and the catalogue of assets checked and approved by the accountants.
  - (3) The board unanimously passed the 2011 surplus allocation plan.
  - (4) The board unanimously passed the 2011 dividend allocation plan of Hung-Yun-Gao-Zhao participating policy.
  - (5) The board unanimously passed the 2011 Internal Control Evaluation Table as well as agreed to provide internal control statements for savings and remittances department, simple life insurance department and bond-operating department.
3. The 19th meeting of the third board (2012.04.27):
  - (1) The board recognized 2011 report on business, financial report, life insurance department financial report and allocation of surplus on behalf of the shareholders' meeting.
  - (2) The board unanimously recognized the 2013 budget revision.
4. The 1st meeting of the 4th board (2012.05.11):
  - (1) The board unanimously elected board director F.L. Yu as the Chairperson.
  - (2) The board unanimously passed the appointment of C. Wang as the President.
5. The 2nd meeting of the 4th board (2012.06.29):
  - (1) The board unanimously passed the appointment of actuary Y.F. Huang of Milliman Inc. as the insurance business actuary of the company.
  - (2) The board unanimously passed the appointment of chief secretary S.J. Chen as the compliance officer of the company.
6. The 2nd meeting of the 4th board (2012.08.24):
  - (1) The board unanimously passed the first half of 2012 life insurance business report reviewed by the accountants.
  - (2) The board unanimously passed the appointment of Ms. W.P. Liu as the chief risk officer of the company.
7. The 5th meeting of the 4th board (2012.08.24):
  - (1) The board unanimously passed the 2013 annual audit plan.
  - (2) The board unanimously passed the 2013 allocation limit for postal capital deployment of the company.
  - (3) The board unanimously passed the 2013 compliance program for the company's life insurance program.
  - (4) The board unanimously passed the proposal to prescribe the "insurance business capital ratio to be not lower than 200%" for the company's insurance capital risk appetite in 2013.

8. The 6th meeting of the 4th board (2013.02.17):

- (1) The board unanimously passed the administration guidelines and operation policy, operation goals, fixed assets investment purchase projects and new project proposals for 2014.
- (2) The board unanimously passed the 2014 annual budget plan.

9. The 1st provisional meeting of the 4th board (2013.02.17):

- (1) The board unanimously elected board director Jih-Chu Lee as the Chairperson.
- (2) The board unanimously passed the appointment of C. Wang as the President.

10. The 2nd provisional meeting of the 4th board (2013.03.19):

- (1) The board unanimously passed the 2012 report on business.
- (2) The board unanimously passed the 2012 financial report, life insurance department financial report and the catalogue of assets checked and approved by the accountants.
- (3) The board unanimously passed the 2012 surplus allocation plan.
- (4) The board unanimously passed the 2012 dividend allocation plan of Hung-Yun-Gao-Zhao participating policy.
- (5) The board unanimously passed the 2012 Internal Control Evaluation Table as well as agreed to provide internal control statements for savings and remittances department, simple life insurance department and bond-operating department.

11. The 7th meeting of the 4th board (2013.04.26):

- (1) The board recognized 2012 report on business, financial report, life insurance department financial report and allocation of surplus on behalf of the shareholders' meeting.
- (2) The board unanimously passed the company's 2013 savings and exchange capital risk appetite to be an eligible capital, and risk capital ratio (hereinafter referred to as "BIS ratio" ) to be not lower than 7%.

(X) Directors or supervisors who were on record or had submitted written declaration for holding a different opinion of major resolutions passed by the board of directors: None

(XI)Resignation of person(s) related to the company's financial reports:

Jan. 1, 2012 – May. 31, 2013

Title	Name	Date Elected	Date Resigned	Reasons for Resignation
President	S.Y. Hu	06/11/2008	05/11/2012	Term expired
Auditor General	C.C. Su	01/19/2010	07/16/2012	Retired
Chairperson	F.L.Yu	05/11/2012	02/17/2013	Resigned

Note: Person(s) related to the company's financial reports refers to chairperson, president, accounting supervisor, chief audit executive, etc.