

# **2022 Chunghwa Telecom Human Rights Due Diligence Report**

## **Supporting Global ESG Initiatives and Guidelines**

Chunghwa Telecom willingly complies with principles of The UN Global Compact in terms of human rights, we respect and uphold all basic rights recognized in the world, and refrain from any disregard or neglect of such rights. Regarding terms of employment practices, we protect workers' freedom of association, while recognize and support their rights to negotiate with the employer. We are dedicated to eliminating all forms of illegal labor and discrimination.

Chunghwa Telecom has publicly disclosed our human rights policy and emphasized the importance of human rights issues. It has a system in place to address violations and will continue to adopt human rights protection as part of its corporate policy and openly state its respect towards human rights. The Company reviews human rights issues on a yearly basis, and keeps detailed records of internal findings concerning the human rights policy, including: child labor, rights of indigenous people, and supplier human rights assessment. Current practices are audited regularly with findings suggested for review and correction by relevant departments.

Chunghwa Telecom's Telecommunication Training Institute organizes human rights-related courses on a yearly basis and whenever there is a change in labor regulations and policies.

## Process of Human Rights Due Diligence

In order to identify potential human rights violations cases, Chunghwa Telecom conducts human rights impact assessments of value chains every year and provide subsequent remedial measures to mitigate the adverse effects of risks. Following is the due diligence process.

### Step 1 Organizing Issues:

Assess issues relevant to company operation, based on internal and external human rights indicators

Internal	Annual Material Issues	
	Company’s grievance mechanism	
External	International Guidelines	UN Declaration of Human Rights
		UN Guiding Principles on Business and Human Rights
		LO Convention
		International Radio Regulations
		UN International Covenant on Civil and Political Rights
		UN International Covenant on Economic, Social, and Cultural Rights
	Sustainability Survey	
International Benchmark		

### Step 2 Identifying scopes and issues:

Identify material issues with corresponding value chains, including Chunghwa Telecom and its subsidiaries, joint ventures, supply chains and customers, through internal meeting.

### Step 3 Assessing impacts:

Based on different material issues, responsible units are designated to conduct further assessments and confirm relevant impacts, also record results of review and extent of impact on “Record sheet of human rights policy self-inspection” at length.

### Step 4 Mitigating and monitoring:

Summarize the result of assessments for mapping human rights risks, responsible units are also designated to review risky issues and develop improvement plans.

### Step 5 Reporting:

Disclose the implementation of human rights policy and due diligence process on corporate CSR report and website.

### Human Rights Risks in Value Chain

Types of Human Rights	Material Issues	Description	Value Chain with Potential Risks
Local community	Responsible procurement	Does the company forbid to use raw material that comes from conflict areas?	Supply Chain
		To protect physical and mental health of employees, does the company forbid to use harmful substances?	
	Rights of indigenous peoples	Regarding construction of base stations, does the company respect local indigenous people's land rights, health and safety?	Chunghwa Telecom
Employees	Working hours and wages	Has the company violated relevant laws and regulation, e.g., working overtime and paying less than minimum wage?	Chunghwa Telecom, supply chain, subsidiaries, joint ventures
	Freedom of association	Does the company encourage employees to participate in unions or sign collective agreements?	
	Anti-discrimination and harassment	Has the company violated relevant social laws and regulation, e.g., discrimination and harassment?	
		Has there occurred cases of forced resignation due to pregnancy or maternity leave?	
		Has there occurred cases of difference in salary or career development due to gender differences?	
Occupational health and safety	Has the company established high-quality working environment to ensure employees' safety?		
Customers	Information security and	Has the company implemented a strict system to ensure the safety of customers' personal information and business	Chunghwa Telecom, supply chain,

	privacy protection	operation?	subsidiaries
		Has customers had the options to decide whether their personal information can be recused or not?	Chunghwa Telecom
Digital Human Rights	Digital divide remediation	Regarding underprivileged groups, including migrant workers and local communities, has the company provided corresponding services to ensure equal access to information?	Chunghwa Telecom

Value chain	Number of sites		Assessment Mechanism	Scope of Assessment	Percentage of Risks identified	Improvement Mechanisms/Description
Chunghwa Telecom and its business groups and branches	28		<ol style="list-style-type: none"> <li>Labor-management conferences</li> <li>Collective agreements</li> <li>Union meetings</li> <li>Annual human rights assessment</li> </ol>	100%	2.6%	<ul style="list-style-type: none"> <li>Certain institutions violated the social regulations and OHS, which were corrected immediately in line with regulations.</li> <li>Labor rights were protected via labor unions and signing of Collective Bargaining Agreement.</li> <li>There was no risk involving labor environment in 2022.</li> </ul>
Subsidiaries	18		Annual ESG performance assessment	100%		
Joint ventures	15		Annual ESG performance assessment	100%	2.7%	Some institutes were in violation of regulations. Suggestions for improvement have been provided and will be tracked and managed continuously.
Upstream and Downstream Suppliers	Tier 1	1,915	<ol style="list-style-type: none"> <li>ESG survey inventory</li> <li>ESG second party audit</li> <li>Occupational health and safety audit</li> </ol>	100%	0.2%	<ul style="list-style-type: none"> <li>Some suppliers had violated the labor laws and regulations.</li> <li>Continue to follow-up of suppliers with identified risk to see if improvements have been made through Supplier Conference and other channels.</li> </ul>
	Critical tier 1	187				

	Critical non-tier 1	23				
Society	Customer	<ol style="list-style-type: none"> <li>1. Diverse compliant channels (including discrimination and harassment)</li> <li>2. Satisfaction survey</li> <li>3. Personal information and privacy protection inspection</li> <li>4. Minority group service mechanism</li> </ol>	100%	0%	<ul style="list-style-type: none"> <li>● No discrimination or harassment, or any invasion of CHT customer privacy or misuse of personal information in 2022.</li> <li>● Continue to promote the 5I SDGs Initiative to ensure information equality among the groups.</li> </ul>	

## Human Rights Risk Assessment Matrix

### Chunghwa Telecom/ Subsidiaries

<b>Impact</b>	High		<ul style="list-style-type: none"> <li>● Equal remuneration</li> <li>● Privacy</li> <li>● Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>● Forced labor</li> <li>● Right to collective bargaining</li> </ul>
		<ul style="list-style-type: none"> <li>● Freedom of association</li> <li>● Freedom of speech</li> <li>●</li> </ul>	<ul style="list-style-type: none"> <li>● Discrimination</li> <li>● Right to family right</li> </ul>	
		<ul style="list-style-type: none"> <li>● Human trafficking</li> <li>● Child labor</li> </ul>		
Low	Low	<b>Likelihood</b>		High

### Suppliers

<b>Impact</b>	High		<ul style="list-style-type: none"> <li>● Privacy</li> <li>● Right to collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>● Forced labor</li> <li>● Equal remuneration</li> </ul>
		<ul style="list-style-type: none"> <li>● Human trafficking</li> <li>● Child labor</li> </ul>	<ul style="list-style-type: none"> <li>● Freedom of association</li> <li>● Freedom of speech</li> <li>● Right to family right</li> </ul>	<ul style="list-style-type: none"> <li>● Discrimination</li> <li>● Health and safety</li> </ul>
Low	Low	<b>Likelihood</b>		High

**Joint Ventures**

High		<ul style="list-style-type: none"> <li>● Privacy</li> <li>● Right to collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>● Discrimination</li> </ul>
	<ul style="list-style-type: none"> <li>● Freedom of association</li> <li>● Freedom of speech</li> </ul>	Right to family right	<ul style="list-style-type: none"> <li>● Forced labor</li> <li>● Equal remuneration</li> </ul>
	<ul style="list-style-type: none"> <li>● Human trafficking</li> <li>● Child labor</li> </ul>		
Low	<b>Likelihood</b>		
	Low		High



## **Material Human Rights Issues**

In response to 2022 human rights assessment and due diligence, Chunghwa Telecom has summarized the following material issues, including:

### **(1) Local community**

To implement the concept of anti-forced labor and improper work environment, Chunghwa Telecom requires suppliers signing the “Declaration of no criminal mineral is used” to assess whether suppliers have used raw material from Democratic Republic of the Congo or other countries with high risks of human rights violations. We aim to prevent encouraging damaging fundamental human rights at local level during the process of providing telecommunication service and products. When necessary, suppliers shall provide proof of origin for minerals, third party certification or accepting inspection.

In addition, Chunghwa Telecom also requires suppliers to comply with “Restriction of Hazardous Substances directive, RoHS” to prevent employees, environment and customers from the hazardous substances at source.

Regarding the protection of indigenous peoples, since more than 90% of Chunghwa Telecom’s revenues are derived from operations in Taiwan, therefore, we mainly conducted assessment for Taiwanese indigenous peoples. In order to narrow the digital divide of indigenous people in rural areas, Chunghwa Telecom has kept participating in universal service. Besides, in response to concerns for electromagnetic fields among local communities, we only install base stations after the landlords has agreed, then proceed to rent land and space in accordance with the relevant regulations, and submit information to NCC for review. In addition, all the base stations shall be tested to exhibit power density that complies with standards. We also provide complimentary electromagnetic wave measurements. It is our hope to achieve the goal of equal access to information without harming local communities’ health and land rights.

### **(2) Employee**

In order to prevent potential occupational hazards, Chunghwa Telecom implement employees’ safety and health management by adopting ISO 45001. In addition to complying with safety and health regulations, we also have enhanced risk control for high-risk tasks and been active in the improvement of the work environment and taking actions in regards to safety and health facilities and measures.

Concerning that customer service employees may encounter with unreasonable requirements or verbal attack from customers, Chunghwa Telecom has established SOP so that employees can respond properly. Furthermore, we will handle cases according to the severity, including entrusting law firms to stop unlawful behavior.

Since 2011, Chunghwa Telecom has adopted ISO 10002 and obtained certifications, to build sound customer service procedures and mechanisms. Additionally, training courses are set up on a regular basis, e.g., customer communication, emotion management and prevention of occupational health hazards. Apart from enhancing professional capabilities, we also actively keep customer service employees’ physical and mental health from overstress.

Aside from our own operation, Chunghwa Telecom has assigned suppliers on-site inspection regularly to ensure suppliers' occupational health and safety, working environment, procedures, machinery, equipment management and employee behavior. Any defects discovered were notified to the relevant departments and followed up for improvements.

### (3) Customer

Due to the nature of telecommunication industry, on top of establishing information security management for our own operation, we also need to implement appropriate measures to secure customers' personal information.

Regarding Chunghwa Telecom's operation, we not only construct information security systems which complies with international standards, such as ISO 27001 and BS 10012, we also audit suppliers by our own employees or third-party companies. As for equipment or software suppliers, relevant tests and vulnerabilities scan are also taken to make sure there is no back doors or malware.

Regarding customer privacy protection, in addition to collecting personal information with customers' consent, Chunghwa Telecom also established "Privacy Security for the Reuse of Customer Personal Information." Relevant personnel shall formally file an application and obtain authorization with supervisor's approval, then log in special information security system. Besides, the system not only monitor and record all the operation, but also merely show the amount of data under certain conditions, rather than individual's detailed information. Chunghwa Telecom adheres to the principle of "highly confidential" to prohibit personnel from acquiring or downloading data, so we can comprehensively protect customer privacy and avoid potential risk of leakage.

### (4) Digital Human Rights

Chunghwa Telecom expects to create an environment without boundary of technology and information. Hence the inheritance of culture, the extension of education, the promotion of industry and upgrades of arts and intellectual can connect in the universe of the Internet, creating infinite hope. The digital technology can be beneficial to everyone despite their age, social standing, geographical location, and education. Based on the characteristics of ICT industry and the spirit of "value is where the responsibility lies," Chunghwa Telecom penetrates into the communities in Taiwan. With the objective of "shorten the digital divide and create digital opportunities," Chunghwa Telecom observes the trend of digital divide and put forward solutions to facilitate social innovations and digital inclusions.

Chunghwa Telecom focuses our social investment in "narrowing the digital divide" and "creation of digital opportunities," given the specific nature and the core competence of data communication of the ICT industry. In addition, we also spare no effort in the advocacy of "corporate volunteers" to participate in community services, and proactively assist the communities in creating digital opportunities.

## Chunghwa Telecom Digital Inclusion Strategy

Digital Inclusion	Project	2022 Results
Narrow digital divide	Chunghwa Telecom Foundation Digital Good Neighbors	<ul style="list-style-type: none"> <li>● The Digital Good Neighbors were located in 89 places</li> </ul>
	The annual investment of Telecom universal service is approximately 5.1 hundred million	<ul style="list-style-type: none"> <li>● Telephone services for more than 260,000 households in 86 "remote areas" and 9 "areas considered as remote areas"</li> <li>● Data communication service for more than 140,000 households</li> <li>● Data connection service for more than 600 high schools, primary schools, and public libraries</li> <li>● Approximately 30,000 public telephones installed across 22 counties/cities</li> </ul>
	Preferential subsidies for the disadvantaged groups	<ul style="list-style-type: none"> <li>● Care for 84,221 households of the disadvantaged groups, with subsidies amounting to NT\$156,268 thousand</li> </ul>
	Equipment supports for major events	<ul style="list-style-type: none"> <li>● Broadband circuit, MOD platform promotion, mobile base station vehicles, SMS, Wi-Fi AP, temporary data circuit</li> <li>● The coverage rate of the 12Mbps popularization broadband service is over 91.59%</li> </ul>
Create digital opportunities	The CHT Digital Innovative Application Series	<ul style="list-style-type: none"> <li>● The CHT Digital Innovative Application Series has been running for 15 years to promote digital development in Taiwan</li> </ul>
	PC education Network tutoring	<ul style="list-style-type: none"> <li>● iPhone usage training courses for the visually impaired were regularly held in support of the visually impaired assistance plan.</li> </ul>
	Assistance application development / Employment	<ul style="list-style-type: none"> <li>● App for the Visually Impaired has been viewed over 3.35 million times since 2013.</li> <li>● We established the EYE Social Innovative Call Center where the visually impaired can become paid service personnel and earn their own living,</li> </ul>

## Human Rights Assessment

### Own Employees

Year		2020		2021		2022	
Total	Employees	20,930		20,247		19,999	
Gender		Male	Female	Male	Female	Male	Female
		14,800 70.7%	6,130 29.3%	14,293 70.59%	5,954 29.41%	14,016 70%	5,983 30%
Age	≤29	892	216	1,032	223	1,146	304
	30-50	5,882	2,482	6,399	2,479	7,061	2,572
	≥51	8,026	3,432	6,862	3,252	5,809	3,107
Nationality	Domestic Employee	14,800 70.7%	6,130 29.3%	14,293 70.59%	5,954 29.41%	14,016 70%	5,983 30%
	Foreign Employee	0	0	0	0	0	0
Employee with Disabilities		Sum: 733		Sum: 588		Sum: 631	
		466 63.6%	267 36.4%	346 58.8%	242 41.2%	383 60.7%	248 39.3%

### Women

Chunghwa Telecom places great value on human rights and gender equality. In 2022, female staff accounted for 29.92% of the total, and 21.51% of the managers (senior director or above) were women. To conform to the essence of the Gender Equality in the Employment Act, the Company has outlined its sexual harassment prevention policy and established a "Complain Investigation Committee" that specializes in the handling of employee complaints about work-related discrimination and improper behavior. The investigation committee has 5 members, 3 of whom are female. Our effective control has resulted in no incident of discrimination being reported and substantiated through investigation in 2022.

### Children

We follow UN Declaration of Human Rights, ILO Convention on prohibition against child labor and also require our suppliers to adhere to "Child labor prohibition policy."

### Indigenous people

As for all the indigenous employees, we fully respect their cultures, and therefore no violation of work rights or human rights was reported during the year. Following are the numbers of indigenous employee in Chunghwa Telecom:

Year	2020		2021		2022	
Indigenous employee	Sum: 48		Sum: 51		Sum: 57	
	Male	Female	Male	Female	Male	Female
	31 64.6%	17 35.4%	35 68.63%	16 31.37%	37 64.91%	20 35.09%

### **Local communities**

By utilizing our expertise in telecom technology, we hope that everyone shares the advantage of technology despite his or her wealth, social status or geographical location, thereby achieving the objective of shortening digital divide and creating digital opportunities. We also contributed resources to developing products and services to meet the needs of the disabled to realize their rights of enjoying the universe of digital technologies.

### **Universal Telecommunications Service**

Over NT\$500 million is allocated to construction and maintenance of universal telecommunication service to realize 4G in every town and village and 100% coverage in towns and villages in an endeavor to fulfill the visions of promote social innovation and information equality and realize the win-win of digital human rights and innovative economy.

## **5I-SDGs Initiative**

As the pilot of ESG, Chunghwa Telecom has developed its core competence to positively minimize the digital divide and devote itself to the creation of digital opportunities. Since 2015, we have chosen to connect with the 2030 Sustainable Development Goals (SDGs) of the United Nations. Through real action we have demonstrated our determination to develop and implement global sustainability. In 2017, we promoted the “5I SDGs” initiative: “I Helping, I Sharing, I Learning, I Programming and I Protecting,” as the first real initiative in Taiwan that connects Sustainable Development Goals (SDGs) with the “Digital Country Innovative Economy Development Program” (DIGI+) from the Executive Yuan. Expanding partnerships in collaboration with NPO/NGO, helped us support the sharing of knowledge and technology resources. This enabled us to create a connection between the underprivileged and other diverse groups in this digital era. Technology allows us to link to the good cycle and realize a win-win situation for digital human rights and an innovative economy at the same time.

**Read with You - Community Network Tutoring**

Chunghwa Telecom has supported the education and showed its concerns for the rural villages since 2009, after the turmoil left behind by Typhoon Morakot. We extend our service to the permanent settlement and newly developed communities in the disaster zones. Through the installation of the visual technology of the Internet, we delivered the educational resources in the form of private tutorships to rural villages and the unfortunates. We hope to give the children of the next generation a learning environment with “safety, dignity, and hope.”

<b>Characteristic</b>	Online education with one-on-one individual tutoring by university students helps pupils of junior high schools and primary schools in the rural villages to enhance their learning and provides equal learning opportunities.
<b>Method</b>	<ul style="list-style-type: none"> <li>● To realize the spirit of stakeholder engagement, we have cooperated with the Center of Care Services for Taiwan Rural Area Education at Fu Jen Catholic University.</li> <li>● University students helped the cause with one-on-one tutoring to take care of the school children in the rural villages and disaster zones.</li> <li>● Customized exclusive class supplements to care for the spiritual growth of schoolchildren through companionship, interaction, and communication.</li> </ul>
<b>Participant</b>	Taoyuan Dayuan Catholic Church, Taoyuan Guanyin Catholic Church, Chiayi Fu Jen High School, ihope Association of Tainan Assembly of God, Kaohsiung Daai Library, Pingtung Feng-Lin Church, Pingtung Chao Chou Boys Town, Hualien Yuli Library, Taitung Fukid Tribe, Taitung Luye Library, Taitung Kaulahan Association, Taitung Citong Library、Taitung Lanyu High School, and Matzu High School.
<b>Major result</b>	<ul style="list-style-type: none"> <li>● University students improve the children s learning outcomes with one-on-one individual tutoring of the school children in rural villages. They also took care of their need for personal communication and interaction.</li> <li>● More than ten-years efforts by e-Tutor, it has helped several dozen students gain admission to national and private universities, including the National Yang Ming University and Taipei Medical University. Assistance to remote villages has really reduced the divide between the cities and counties, radically improved the opportunities available to the children and changed their lives.</li> </ul>