

# Corporate Social Responsibility Best-Practice Principles for Chunghwa Telecom Co., Ltd.

1. All of 32 articles adopted by the 8<sup>th</sup> Board of Directors at the 7<sup>th</sup> meeting on Aug. 8, 2017
2. Article 7 amended by the 9<sup>th</sup> Board of Directors at the 15<sup>th</sup> meeting on Nov. 5, 2021

## Chapter One      General Provisions

**Article 1**      Chunghwa Telecom Co., Ltd. (hereinafter referred to as the “Company”) has established the Corporate Social Responsibility Best-Practice Principles for Chunghwa Telecom Co., Ltd. (hereinafter referred to as “Principles”) in accordance with “the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” to facilitate the sound management of economic, environmental and social risks and impacts, and the fulfillment of corporate social responsibilities (“CSR”) and sustainability goals.

**Article 2**      The Principles applies to all operating activities conducted by the Company and its subordinate entities.

**Article 3**      In fulfilling CSR initiatives, the Company shall pay attention to stakeholders' interests, corporate governance practices, and environmental and social factors and address them in daily management and operating activities.

**Article 4**      The Company's CSR practices conform to the following principles:

1. Implementing corporate governance
2. Fostering a sustainable environment
3. Fulfilling public interest
4. Enhancing CSR information disclosure

**Article 5**      The Company’s CSR policies, systems and management guidelines are subject to the board of directors' approval and then shall be reported to the shareholders’ meeting.

Any CSR-related agendas proposed by shareholders may be accepted for discussion at the shareholders’ meeting at the board of directors' discretion.

## Chapter Two      Implementing Sound Corporate Governance

**Article 6**      The Company has established “Code of Corporate Governance for Chunghwa Telecom Co., Ltd.”, “Ethical Corporate Management Best Practice Principles for

Chunghwa Telecom Co., Ltd.”, and “Code of Ethics of Chunghwa Telecom Co., Ltd.” to enforce sound corporate governance.

**Article 7** Directors shall exercise the due care of a good administrator and urge the Company to fulfill its CSR. Directors shall also review and improve performance on an ongoing basis, in order to ensure proper implementation of CSR policies. In the Company's fulfillment of its CSR, the board of directors shall give full consideration to the interests of stakeholders, including the following matters:

1. Outline the Company's CSR mission or vision; establish CSR policy, system or management guidelines.
2. Incorporate the CSR spirit into the Company's operating activities and development; approve feasible CSR action plans.
3. Ensure timely and accurate disclosure of CSR information.

For proper management of CSR, the Company may establish a Sustainable Development Committee to review CSR-related issues and report conclusions and progress to the board of directors.

**Article 8** The Company shall organize CSR training on a regular basis to educate employees on related matters, including those listed in paragraph 2 of the Article 7th.

**Article 9** The Company shall establish a reasonable compensation policy to ensure that compensation is aligned with the organization's strategic goals and the stakeholders' interests. The Company's employee performance appraisal system shall be integrated into the CSR policy and supported by an effective and concrete reward system.

**Article 10** The Company shall create a stakeholders' section on its website, utilize appropriate means of communication to learn stakeholders' expectations and requirements, and respond properly to the significant CSR issues that are concern to them.

**Chapter Three** Fostering a Sustainable Environment

**Article 11** The Company shall comply with relevant environmental laws and deliberate international standards and shall take pro-active steps toward accomplishing environmental sustainability goals when engaging in operating activities and internal management.

**Article 12** The Company shall dedicate itself to achieving efficient use of all resources and adopting the use of renewable materials that create less impact on the environment to improve

sustainability of the Earth's resources.

**Article 13**

The Company shall develop a proper environmental management system based on the characteristics of Information and Communication Technology Industry. The system shall encompass the following:

1. Methods for gathering and evaluating adequate and timely information of how operating activities affect the natural environment.
2. Creation of measurable environmental sustainability targets, to be regularly reviewed for sustainability and relevance.
3. Implementation of feasible plans or actions, to be regularly evaluated for effectiveness.

**Article 14**

The Company shall appoint a dedicated environmental management team that collectively supervises the establishment, implementation and maintenance of the relevant environmental management systems and concrete actions throughout the organization. The team shall also be responsible for regularly organizing environmental education courses for management and staff.

**Article 15**

The Company shall pay attention to how its operations affect the natural environment and take steps toward promoting and advocating sustainable consumption behavior to minimize the impact on the natural environment and humankind by adopting the following principles when engaging in R&D, procurement, operating and service activities:

1. Reduce consumption of resources and energy in the products/services offered.
2. Reduce emission of waste and apply proper treatments on waste.
3. Improve the recyclability and reusability of products offered.
4. Maximize the use of renewable resources.
5. Extend durability of products offered.
6. Enhance product and service efficiency.

**Article 16**

The Company shall implement relevant management measures that promote more efficient use of water resources.

The Company shall enhance its environmental protection facilities to avoid contaminating water, air and soil and try its best to reduce adverse impacts on human health and the environment by adopting optimal and feasible pollution prevention and control technologies.

**Article 17**

The Company shall adopt common international standards or guidelines to perform

greenhouse gas surveys and disclose accordingly. The scope of the survey shall cover:

1. Direct greenhouse gas emission: where the source of emission is owned or controlled by the Company.
2. Indirect greenhouse gas emission: refers to greenhouse gases created from purchased electricity, heat or steam.

The Company shall monitor how climate change affects its operating activities and implement energy/carbon/greenhouse gas reduction strategies based on operational assessments and outcomes of its greenhouse gas surveys to reduce the impact of the Company's operating activities on climate change.

## **Chapter Four**

### **Fulfilling Public Interest**

#### **Article 18**

The Company shall comply with local regulations and enforce human rights such as gender equality, rights-to-work and protection against discrimination in reference to international conventions.

To protect workers' rights, the Company shall implement relevant policies and procedures including:

1. Declaration of human rights policies or statements.
2. Assessments on how operating activities and internal management practices affect human rights and the implementation of the corresponding procedures.
3. Periodic review of the effectiveness of human rights policies or statements.
4. Disclosure the processes for dealing with the infringement with affected stakeholders while a violation of human rights occurs.

The Company shall deliberate globally recognized labor rights such as freedom of association, collective bargaining, caring for the socially disadvantaged group, prohibition of child labor, elimination of forced labor and elimination of recruitment and employment discrimination. The Company shall also ensure that its human resource policies are free of discrimination and differential treatment whether in terms of gender, ethnicity, socioeconomic status, age, marital status or family background to promote fairness in recruitment, employment terms, compensation, benefits, training, performance assessment and promotion opportunities.

The Company shall provide effective and appropriate channels for employees to raise complaints about issues that concern their interests. The Company shall also ensure the fairness, transparency, simplicity, convenience and efficiency of the complaint procedures and respond appropriately to employees' complaints.

- Article 19** The Company shall provide employees with adequate information to facilitate proper understanding of the local labor regulations and the rights to which they are entitled.
- Article 20** The Company provides employees with a safe and healthy work environment, including the provision of health and first-aid facilities where necessary, minimizing safety and health risk factors in the workplace and preventing occupational hazards.
- The Company shall arrange regular health and safety training for employees.
- Article 21** The Company shall provide employees with a work environment that facilitates career development and implement effective training programs to help develop the skills needed for career advancement.
- The Company shall implement an employee compensation policy that properly reflects business performance or achievements so that its workforce is recruited, retained and motivated to operate sustainably.
- Article 22** The Company shall implement communication channels to engage employees in regular communication about the Company's management activities and decisions and enable employees to obtain information and express their opinions through the channels accordingly.
- The Company respects employees' representatives and their rights to negotiate on behalf of employees for working conditions and provides employees with the necessary information and equipment to facilitate negotiation and collaboration among the employer, the employees and employees' representatives.
- The Company shall utilize reasonable means to notify employees on operational changes that may have significant impact.
- Article 23** The Company shall treat customers and consumers fairly and reasonably for all products and services offered by adopting following principles: good faith and honesty in contracting, truthfulness in advertising and business solicitation, notification and disclosure, complaints, and professionalism of salespersons as well as implementing relevant strategies and concrete actions.
- Article 24** The Company shall take responsibility for its products and services, and devote attention to marketing ethics. The company's R&D, procurement, operating and service procedures shall be designed to ensure information transparency and safety of products and services offered. The Company shall establish and publish its consumer rights policy and execute

accordingly to prevent its products or services from causing damage to consumers' interests, health and safety.

**Article 25**

The Company shall ensure the quality of products and services offered in compliance with government regulations and relevant industry standards.

The Company shall comply with relevant laws and deliberate international standards when marketing and labeling its products and services, and avoid deception, misleading, fraud and any behavior that undermines consumers' trust or interests.

**Article 26**

The Company shall assess and manage all possible risks that may disrupt its operations and take steps towards reducing the impact of any disruptions to consumers and the society.

The Company shall provide transparent and effective procedures for addressing consumers' complaints in a fair and timely manner. The Company shall also comply with the Personal Information Protection Act and other related regulations, and take steps to respect consumers' privacy and protect the personal information provided by consumers.

**Article 27**

The Company may evaluate the impacts of its procurement actions on the environment and society from which supply is sourced and work with suppliers to fulfill corporate social responsibilities.

Prior to engaging in business transactions, the Company may evaluate its suppliers for the history of adverse environmental and social impact and avoid transacting with counterparties that act in contradiction against the Company's CSR policies.

When signing a contract with a major supplier, the terms of the supply contract may include social responsibility principles that are binding to suppliers.

**Article 28**

The Company may evaluate the impact of its operating activities on the local community and hire local manpower in places of operations, where appropriate, to enhance the community's approval.

The Company may invest resources and make business arrangements through means such as equity investments, commercial activities, donations, volunteer services or other charitable professional services with organizations that are dedicated to solving social or environmental problems. The Company may also participate in various activities organized by civil organizations, charity groups and government institutions which are related to community development and community education as a way of supporting community development.

## **Chapter Five**      Enhancing CSR Information Disclosure

**Article 29**      The Company shall disclose its information in compliance with the relevant laws, and disclose relevant and reliable CSR information at a high level of transparency.

The Company is bound to disclose the following CSR-related information:

1. The CSR policy, system, relevant management guideline or concrete action plan approved by the board of directors.
2. Risks and impacts to the Company's operating and financial performance that arise from the enforcement of corporate governance, environmental sustainability and public interest.
3. Goals, actions and performance concerning CSR.
4. Key stakeholders and issues of concern.
5. Disclosures on management's approach and the performance of key suppliers with respect to major environmental and social issues.
6. Other CSR-related information.

**Article 30**      The Company adopts internationally recognized principles or guidelines when producing CSR report to disclose its implementation of CSR, and obtain third-party assurance or verification for credibility. The CSR report contains the following information:

1. The Company's CSR policies, systems, relevant management guidelines and concrete action plans.
2. Key stakeholders and issues of concern.
3. Review of the Company's progress with respect to corporate governance and contribution to environmental sustainability, public interest and the economy.
4. Directions and goals of future improvements.

## **Chapter Six**      Additional Rules

**Article 31**      The Company shall pay constant attention to recent developments in local and foreign CSR principles and changes in the business environment so that the Company's CSR systems can be reviewed and improved upon for better performance.

**Article 32**      The Principles shall be implemented upon the approval of the board of directors; the same shall apply to any subsequent amendment thereto.