

# Chunghwa Telecom Co., Ltd.

## Internal and External Board Performance Evaluation Report for 2024

1. Basis: The Company's regulations governing the performance evaluation of the board of directors

2. Evaluation Method and Cycle

(1). Internal evaluation: The board performance self-evaluation scope covers the board as a whole, individual directors and functional committees, and shall be conducted by the end of each year.

(2). External evaluation: The board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.

3. Internal evaluation

(1). Evaluation Procedure:

- i. For internal board performance evaluation, the administrative unit shall collect information about the activities of individual directors and functional committees before December 31st, every year and distribute questionnaires to directors to fill in.
- ii. The administrative unit shall collect all the questionnaires completed, give scores, record the evaluation results in a report, and submit the report to the board before the end of March of the following year as a reference for discussion and improvement.

(2). Evaluation Indexes:

- i. The Company conducted a self-evaluation of the board's performance as a whole, which includes the following six aspects: participation in the operation of the Company, improvement of the quality of the board's decision making, composition and structure of the board of directors, election and continuing education of the directors, internal controls, and participation in sustainable development (ESG).
- ii. The Company conducted a board performance self-evaluation of individual directors which includes the following six aspects: Alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.
- iii. Performance self-evaluation by functional committees includes the following five aspects: Participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of the decision made by the functional committee, the makeup of the functional committee and the election of its members, and internal control.

(3). Evaluation Period: 2024/1/1~2024/12/31

#### 4. External evaluation

##### (1). Evaluation Framework and Method:

The Company commissioned the Taiwan Corporate Governance Association to conduct board performance evaluation, which included 12 indexes in 5 aspects: Board Composition and Division of Labor, Board Guidance and Oversight, Board Authorization and Risk Management, Board Communication and Collaboration, and Board Self-Regulation and Improvement. The evaluation was executed by on-line survey and on-site visit.

##### (2). Evaluation Period: 2023/10/1~2024/9/30

#### 5. Evaluation results

##### (1). Internal evaluation:

- i. Questionnaire for self-evaluation of board performance: Across six aspects and a total of 41 indexes, the average score for each aspect ranges between 4.86 and 5.00 out of 5 points.

Aspects of Evaluation	Average score
	Year 2024
Participation in the operation of the Company	4.86
Improvement of the quality of the board of directors' decision making	4.99
Composition and structure of the board of directors	5.00
Election and continuing education of the directors	5.00
Internal control	5.00
Participation in sustainable development (ESG)	5.00

- ii. Questionnaire for self-evaluation of individual director performance: Across six aspects and a total of 25 indexes, the average score for each aspect ranges between 4.79 and 4.95 out of 5 points.

Aspects of Evaluation	Average score
	Year 2024
Alignment of the goals and missions of the Company	4.95
Awareness of the duties of a director	4.95
Participation in the operation of the Company	4.95

Management of internal relationship and communication	4.79
The director's professionalism and continuing education	4.95
Internal control	4.95

- iii. Questionnaire for self-evaluation of functional committees' performance: The four functional committees were separately evaluated on five aspects, totaling 21, 18, 20 and 19 indexes, respectively. All indexes for both the Audit and Compensation Committees achieved the maximum score of 5 points. The Sustainable Development and Strategy Committee received an average score of 4.97, while the Risk Management Committee attained an average score of 4.98.

Aspects of Evaluation \ Functional Committee	Audit Committee	Compensation Committee	Sustainable Development & Strategy Committee	Risk Management Committee
Participation in the operation of the Company	5.00	5.00	4.94	4.93
Improvement of quality of decisions made by the functional committee	5.00	5.00	4.96	5.00
Awareness of the duties of the functional committee	5.00	5.00	5.00	4.98
The makeup of the functional committee and the election of its members	5.00	5.00	4.93	5.00
Internal control	5.00	5.00	5.00	5.00

(2). External evaluation:

- i. Board performance evaluation by an external professional independent institution:
- The Company commissioned the Taiwan Corporate Governance Association(TCGA) to conduct board performance evaluation. The TCGA appointed two independent commissioners and two specialists to form an evaluation panel.
  - The evaluation panel conducted a thorough review of the Company's governance performance by examining written statements and supporting documents provided by the Company in accordance with the evaluation criteria. In addition, the panel carried out an on-site assessment on November 22, 2024. The assessment involved interviews with key personnel, including the Chairman of the Board, the President, the Chief Audit Executive, Chief Corporate Governance Officer, and five independent directors.
  - The TCGA issued its Board Performance Evaluation Report on December 6, 2024.

Through this professional evaluation process, the Company's current Board operations were reviewed and assessed. The interactive discussions between the evaluation committee members and the interviewees provided a professional and objective analysis, culminating in a report that serves as a reference for further enhancing the Board's functionality.

ii. Comments by the external professional independent institution:

➤ Overall comments:

- Chunghwa Telecom Co., Ltd. (CHT)'s current board of directors was re-elected on May 27, 2022, comprising 13 members, including 5 independent directors and 3 female directors. Following the resignation of a director, the number of female directors was reduced to 2. The company emphasizes diversity in the composition of the board, taking into account factors such as gender and expertise, and seeks suitable candidates aligned with its development strategies. The independent directors actively fulfill their responsibilities, maintaining detailed oversight of the company's sustainability and strategic development, talent cultivation and succession planning, directors' and senior managers' compensation, financial reporting, and other internal control and audit matters. They play an active role in the board and its functional committees.
- CHT's board of directors has established four functional committees: the Audit Committee and Compensation Committee, as required by law, along with the voluntarily established Sustainable Development & Strategy Committee and Risk Management Committee. The Sustainable Development & Strategy Committee is chaired by the Chairman of the Board, this committee aims to enhance sustainability and strategic development, as well as effectiveness of the board. The Risk Management Committee is chaired by an independent director. It is dedicated to strengthening the board's oversight of the company's risk management mechanisms.
- CHT has a well-defined strategy development process aligned with its three core visions—to become an international benchmark enterprise built upon sustainable development, a leading brand of digital co-creation ecosystems, and a first-rate technology group with trillions in market value. Acting as a bridge, the Sustainable Development & Strategy Committee provides guidance and oversight of the annual plans proposed by management before submitting them to the board for final approval, ensuring a solid framework for strategy formulation and implementation.
- CHT has established a comprehensive reporting process and implementation mechanism. The Organization and Talent Development Department is responsible for handling general employee complaints. If such cases involve senior executives, they are then managed by the Chief Audit Executive, ensuring an effective internal reporting mechanism. Furthermore, for matters related to accounting, internal controls, and auditing, stakeholders can send emails to a dedicated email address (auditcomm@cht.com.tw). These emails are automatically forwarded to all independent directors on the Audit Committee. The progress of cases is regularly updated to the Audit Committee, enabling independent directors to directly monitor and effectively oversee the handling of such cases.
- CHT places great importance on internal audit and adheres to corporate

governance principles by providing the Chief Audit Executive with adequate resources and administrative authority to carry out duties. This ensures the internal audit and investigation operate effectively and the internal control system remains robust.

- CHT approved the establishment of the position of Chief Corporate Governance Officer on March 19, 2019, at its 17th meeting of the 8th Board of Directors. The current position was exclusively appointed to the Assistant Vice President, Ms. An-An Hsia, at the 7th meeting of the 10th Board of Directors on August 9, 2023. She is responsible for handling matters related to board and shareholder meetings, preparing meeting minutes, assisting directors with onboarding and ongoing training, providing directors with information needed to perform duties, supporting self-assessments and external evaluations of board and committee performance every three years, ensuring directors' compliance with regulations, and addressing matters stipulated in the company's articles of incorporation. She also monitors regulatory developments related to corporate governance.
- In July of each board term, following the election of new directors, the company organizes an onboarding seminar for newly appointed directors. This includes special presentations on current operations and future developments delivered by heads of CHT groups and laboratories, as well as updates on regulatory compliance. Site visits to institutions are also arranged. The onboarding seminar is not limited to new directors but is open to all directors, fostering understanding and communication among directors.
- CHT has consistently been ranked in the top 5% in corporate governance evaluations over the past five years, demonstrating outstanding performance and setting a benchmark for listed companies. To further improve, the company has once again commissioned an external, independent professional institution to conduct a board performance evaluation this year, reflecting its strong commitment to enhancing board effectiveness—an effort worthy of recognition.

➤ Recommendations:

- Chunghwa Telecom Co., Ltd. (CHT) demonstrates a proactive and responsible corporate culture by not only establishing the legally required Audit and Compensation Committees but also voluntarily forming the Sustainable Development & Strategy Committee and the Risk Management Committee. In light of external challenges, complex operations, and the scale of business, it is recommended that the company consider appointing senior executives dedicated to risk management and sustainability issues. These executives could streamline information and reporting processes across the group, further enhancing effectiveness of the board and functional committees. Additionally, it is suggested that each board term and its functional committees establish term-specific goals to ensure that the company's development and performance align with stakeholders' expectations.
- Given CHT's operational scale, business nature, and higher regulatory requirements as a dual-listed entity on both the Taiwan Stock Exchange and the New York Stock Exchange, the board and functional committees must devote more time and effort than typical listed companies. Therefore, it is recommended that the Compensation Committee review external benchmarking data from domestic and international peers to propose timely adjustments to directors' and senior executives'

compensation packages. This would better support the company's long-term growth and development.

➤ Approaches for improvement:

- Based on the Company's assessment, it has been observed that industries in Taiwan, excluding financial holding companies, such as telecommunications (e.g., Far EasTone and Taiwan Mobile) and other related sectors, generally do not establish dedicated Chief Risk Officer (CRO) positions. In light of this, the Company has decided not to establish a CRO position at this time. Should future assessments indicate the necessity of such a role, it will be undertaken by a senior executive at the level of Executive Vice President or higher. As for the Chief Sustainability Officer (CSO) position, it is currently held by the Chairman of the Board. The Company plans to transition this role to an Executive Vice President, aligning with industry practices.
- Starting from the 11th term of the Board of Directors, the Board and each functional committee plan to establish term-specific objectives and report on their progress to further enhance their effectiveness.
- The Company will conduct a renewed study, benchmarking against companies with similar governance structures, particularly those with government shareholding but operating as privatized publicly listed entities. Based on this research and in compliance with applicable regulations, the Company will design a competitive compensation structure and incentive policies for directors and senior executives. These proposals will be communicated to major shareholders at an appropriate time.

The overall evaluation results, including the summary of internal and external evaluations, recommendations, and future improvement approaches, were reported during the 14th meeting of the 10th-term Board of Directors on January 22th, 2025.