

# Organizational Regulations of Board of Directors Audit Committee of Chunghwa Telecom Co., Ltd.

Authorized in the 20<sup>th</sup> Meeting of the 6<sup>th</sup> Board on January 29, 2013.

Amended in the 15<sup>th</sup> meeting of the 7<sup>th</sup> Board on May 10, 2016.

Amended in the 8<sup>th</sup> meeting of the 8<sup>th</sup> Board on November 6, 2017.

Amended in the 6<sup>th</sup> meeting of the 9<sup>th</sup> Board on February 26, 2020.

## Article 1 (Promulgation basis)

Chunghwa Telecom Co., Ltd. (referred to as the “Company” hereinafter), for improving corporate governance and the board of directors’ professional functions, hereby Promulgates the Board of Directors Audit Committee (referred to as the “Committee” hereinafter) organizational regulations (referred to as the “Regulations” hereinafter) stipulated as guidelines in accordance with the Securities and Exchange Act Article 14-4 and the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”.

## Article 2 (Applicable scope)

Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Committee exercises its powers shall be handled in accordance with the Regulations.

## Article 3 (Operational purposes)

The main function of the Audit Committee is to supervise the following matters:

1. Fair presentation of the financial reports of the Company.
2. The hiring (and dismissal), independence and performance of the Company’s CPA.
3. The effective implementation of the internal control system of the Company.
4. Compliance with relevant laws and regulations by the Company.
5. Risk management and control mechanism of the Company.

## Article 4 (The establishment and composition of the Committee)

The Committee is established from the 7<sup>th</sup> Board.

The Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

Members of the Committee should designate a convener by majority vote to call the Committee meetings. The convener represents the Committee in external matters.

The term of the Committee members is the same as the board of directors, and may be re-elected to further terms. When the number of the independent director members on the Committee falls below that prescribed in the articles of incorporation due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of the occurrence to hold a by-

election to fill the vacancies.

The number of entire Committee members is calculated based on the incumbent independent directors.

#### Article 5 (The replacement of Supervisors' powers)

Powers conferred by the Securities and Exchange Act, the Company Act, and any other law to be exercised by supervisors, excepting those set forth in Article 14-4, paragraph 4 of the Securities and Exchange Act, and shall be exercised by the Committee.

The provisions of Article 14-4, paragraph 4 of the Securities and Exchange Act, in regard to the Company Act as concerns the actions of supervisors or their role as representatives of a company, apply mutatis mutandis to the independent director members of the Committee.

#### Article 6 (Approved and dealt matters)

The matters should be approved or dealt are as below : .

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of a CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing supervisor.
10. Annual financial reports.
11. The matters regulated by the Business Mergers and Acquisitions Act.
12. The first to third quarter financial reports.
13. Communicating with the CPA.
14. Negotiating the conflicts over our financial reports between the management and the CPA.
15. Discussing and reporting other financial information and required disclosure under the Securities Exchange Act of USA with the management and the CPA.
16. Any other material matter so required by the Company or the Competent Authority.

The matters in the subparagraph 1-11 and subparagraph 16 under the preceding paragraph shall be subject to the approval of the Committee and shall be submitted to the board of directors for a resolution. Any matter in the paragraph 1, with the exception of subparagraph 10, which has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors. The matter in the subparagraph 12 shall be subject to the approval of the Committee and shall be submitted to the board of directors. The matters in the subparagraph 13-15 shall be dealt by the Committee.

#### Article 7 (Approval of audit and non-audit services)

Before the beginning of each year, The Committee shall determine the content and compensation of the CPA's audit and non-audit services meeting independence regulations.

The content and compensation for the addition of new non-audit services meeting independence regulations during the year shall be approved by the Committee.

If any audit service during the year has not been approved in advance, as long as the payment for the service does not exceed NT\$ one million, a member of the Committee may be authorized to approve the service as a special case, and then submits it to the next Committee meeting as an item for ratification.

#### Article 7-1 (Approval of the matters of the business mergers and acquisitions)

The Committee should approve the matters regulated by the Business Mergers and Acquisitions Act under the provision of the Audit Committee operational procedures applied.

#### Article 8 (Convening and notifying the meeting)

The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

In calling a meeting of the Committee, a notice of the reasons for convening the meeting shall be given to each independent director member at least 7 days in advance. In emergency circumstances, however, the meeting may be called on shorter notice.

The convener of the Committee shall serve as the meeting chair. If the convener takes a leave or is unable to convene a meeting for any reason, the convener must designate an independent director in the Committee to convene the meeting. If the convener does not appoint a deputy, other Committee members must elect among them one person to convene the meeting.

When the Committee calls a meeting, it shall furnish the members of the Committee present at the meeting with relevant materials for reference as necessary.

The Committee may invite the managerial personnel of relevant departments, internal auditors, CPAs, legal advisors, or other related personnel to attend the meeting as nonvoting participants and provide them with necessary information. The invited people shall leave the meeting when discussion and voting take place.

#### Article 9 (Rules of procedure for meetings)

When a meeting of the Committee is held, an attendance book prepared for signature by the attending members must be in place and thereafter made available for reference.

The Committee members shall personally attend meetings; if unable to attend in person, they may designate other members to attend as a proxy. Those members participating in meetings via video conferencing shall be considered as having attended the meeting.

A Committee member that appoints another member as a proxy to attend a meeting of the Committee shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

The meeting agenda shall be confirmed after the meeting chair has consulted with the attending Committee members. While meeting deliberation shall follow the agenda, such agenda may be changed upon the majority vote of the attending members.

Resolutions at meetings of the Committee shall be adopted with the approval of one half or more of the entire membership. The result of a vote shall be made known immediately and recorded in writing.

If for a legitimate reason it is impossible to hold a meeting of the Committee, the matters under Article 6 shall be adopted with the consent of two thirds or more of the entire board of directors. Nevertheless, a written opinion indicating approval or disapproval shall be obtained from each independent director member with respect to the matters under Article 6, paragraph 1, subparagraph 10.

The proxy under paragraph 2 may accept a proxy from one person only.

#### Article 10 (Meeting minutes)

The meeting minutes must be prepared regarding the deliberation of the Committee, detailing the following information in an accurate manner:

1. The session, time, and location of the meeting.
2. Name of meeting chair.
3. Committee member's attendance, specifying the names and numbers of members in attendance, excused and absent.
4. Name and job title of those present at the meeting as nonvoting participant.
5. Name of minutes taker.
6. Reporting matters.
7. Discussions: the method of resolution and the result for each proposal; summaries of the statements of committee members, specialists, and other personnel; the name of any independent director member possibly having an interest relationship as referred to in paragraph 1 of the following article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; opposed or reserved opinions.
8. Extraordinary motions: name of the proposer, the method of resolution and the result of the motion, summaries of the statements of committee members, specialists, and other personnel; the name of any independent director member possibly having an interest

relationship as referred to in paragraph 1 of the following article, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; opposed or reserved opinions.

9. Other matters required to be recorded.

The Committee's attendance record book is a part of the minutes and shall be preserved well during the existence of the company.

The meeting minutes shall be signed or sealed by the meeting chair and the minute taker, distributed to all Committee members within twenty days after the meeting, and deemed important corporate records and appropriately preserved during the existence of the Company.

The minutes in Paragraph 1 may be produced and distributed by electronic means.

Article 10-1 (Preserving the recordings of the meeting proceedings)

A company shall record on audio or video tape the entire proceedings of an audit committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of an audit committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where an audit committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the company.

Article 11 (Recusal from interests)

Being an interested party with respect to a given agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other independent director member.

Where the spouse or a blood relative within the second degree of kinship of the member of the Committee, who has interests in the matters under discussion in the meeting of the preceding paragraph, such member shall be deemed to have a personal interest in the matter.

If an agenda item cannot be resolved at a meeting of the Committee for the reason stated in the first paragraph, it shall be reported to the board of directors, which shall resolve on the item.

Article 12 (Resources provided by the Company)

The Committee or independent director on behalf of the Company may engage a lawyer, accountant, or other professionals to perform necessary auditing services or provide consulting services in connection with the Committee's exercise of its duties; the Company shall bear responsibility for payment of the expenses so incurred.

Article 13 (Handling of reported irregularities)

The Committee shall handle reports of irregularities and complaints concerning accounting, internal accounting controls, and audits.

Article 14 (Obligations of the Committee members)

The Committee members shall exercise the due care of a good administrator, faithfully perform the duties prescribed in the Regulations and be accountable to the board of directors.

Article 15 (Self-performance evaluation and Implementation of resolutions)

The Committee must conduct a performance evaluation once every year by way of self-evaluation of the members. If necessary, the Committee shall conduct a review of matters relating to the Regulations and present the results for amendment by the board of directors.

The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener, other Committee members or assigned the management for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. If necessary, the matter shall be presented for ratification or reported at the next meeting of the Committee.

Article 16 (Enforcement)

The Regulations shall enter into force from the 7<sup>th</sup> Board after approval by the board of directors; likewise any amendment shall be in force after approval by the board.