

# Sustainable Development Best-Practice Principles of Chunghwa Telecom Co., Ltd.

All of 32 articles adopted by the 8th Board of Directors at the 7th meeting on August 8, 2017

Amended by the 9th Board of Directors at the 15th meeting on November 5, 2021

Amended by the 10th Board of Directors at the 4th meeting on January 31, 2023

## **Chapter 1      General Principles**

**Article 1**      Chunghwa Telecom Co., Ltd. (hereinafter referred to as the “Company”) has established the Sustainable Development Best-Practice Principles of Chunghwa Telecom Co., Ltd. (hereinafter referred to as “Principles”) in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development and facilitate the sound management of economic, environmental and social risks and impacts.

**Article 2**      The Principles apply to all operating activities conducted by the Company and its subordinate entities.  
The Company actively fulfill sustainable development in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

**Article 3**      In promoting sustainable development initiatives, the Company shall, in the corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

**Article 4**      To implement sustainable development initiatives, the Company shall conform to the following principles:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

**Article 5** The Company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing the corporate policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the Company's board of directors is entitled to review and consider including it in the shareholders meeting agenda.

## **Chapter 2 Exercising Corporate Governance**

**Article 6** The Company has formulated “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 establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

**Article 7** The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors shall give full consideration to the interests of stakeholders, including the following matters, in the Company's furtherance of its sustainable development objectives:

1. Identifying the corporate sustainable development mission or vision, and declaring its sustainable development policies, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the corporate operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall follow the Company's relevant regulations accordingly.

**Article 8** The Company organizes education and training on the promotion of sustainable development initiatives on a regular basis, including promotion of the matters prescribed in paragraph 2 of the preceding article.

**Article 9** For the purpose of managing sustainable development initiatives, the Company shall create governance structure for promotion of sustainable development, and establish the Sustainable Development Committee, an exclusively dedicated unit, to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a regular basis.

The Company formulates reasonable remuneration policies to ensure that remuneration arrangement support the strategic aims of the organization, and align with the interests of stakeholders.

The Company's employee performance evaluation system is combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

**Article 10** The Company shall respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company's website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

### **Chapter 3 Fostering a Sustainable Environment**

**Article 11** The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

**Article 12** The Company endeavors to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

**Article 13** The Company establishes a proper environmental management system based on the characteristics of Information and Communication Technology Industry. The system shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.

2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or actions plans, and examining the results of their operation on a regular basis.

**Article 14** The Company establishes a dedicated unit of environmental management for drafting, promoting, and maintaining relevant environmental management systems and concrete action plans, and should hold environmental education courses for the managerial officers and other employees on a regular basis.

**Article 15** The Company values the effect of business operations on ecological efficiency, promoting and advocating the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reduce resource and energy consumption of the products and services.
2. Reduce emission of waste and dispose of waste properly.
3. Improve recyclability and reusability of products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

**Article 16** To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall improve environmental protection treatment facilities to avoid polluting water, air and land, and make the best effort to reduce adverse impact on human health and the environment by adopting the optimal practical pollution prevention and control measures.

**Article 17** The Company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and make disclosures thereof, the scope of which includes the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heat or steam.

3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the Company.

The Company compiles statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The corporate carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

## **Chapter 4 Preserving Public Welfare**

### **Article 18**

The Company shall comply with relevant domestic laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill the responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

- Article 19** The Company shall provide information for the employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.
- Article 20** The Company provides safe and healthful work environments for the employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.  
The Company organizes training on safety and health for the employees on a regular basis.
- Article 21** The Company creates an environment conducive to the development of the employees' careers and establish effective training programs to foster career skills.  
The Company shall establish and implement responsible employee welfare measures (including remuneration, leave and other welfare, etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.
- Article 22** The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information and express their opinions on the Company's operations, management and decisions.  
The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among the employer, employees and employee representatives.  
The Company shall, by reasonable means, inform employees of operation changes that might have material impacts on employees.
- Article 23** The Company treats customers or consumers of its products or services in a fair and reasonable manner, including the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, protection of the right to complain, professionalism of salespersons, etc. The Company shall also develop relevant strategies and specific measures for implementation.
- Article 24** The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, operations and services, the Company shall ensure the transparency and safety of its products and services. The Company shall establish and disclose policies on consumer rights and

interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

**Article 25**

The Company shall ensure the quality of the products and services by following the laws and regulations of the government and relevant standards of the industry.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, the products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

**Article 26**

The Company evaluates and manages all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company provides a clear and effective procedures for accepting consumer complaints to fairly and timely handle consumer complaints, and shall comply with laws and regulations related to the Personal Data Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

**Article 27**

The Company may assess the impact of the procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with the suppliers to jointly implement the corporate social responsibilities initiatives.

The Company may establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company may assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When the Company enters into a contract with any of the major suppliers, the content may include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time by the Company if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

**Article 28** The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company may, through equity investments, commercial activities, endowments, volunteering service or other charitable professional services, etc., dedicate resources to organizations that commercially resolve social or environmental issues, or participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

**Article 28-1** The Company may, through endowments, endorsements, investments, procurements, strategic collaboration, corporate volunteer technical services or other support model, continually inject resources to cultural and artistic events or cultural creativity industry to promote cultural development.

## **Chapter 5 Enhancing Disclosure of Sustainable Development Information**

**Article 29** The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to the sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the Company, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

**Article 30** The Company shall adopt internationally widely recognized standards or guidelines when producing the Environmental, Social, Governance (ESG) Report, to disclose the status of its implementation of the sustainable development policy and obtain a third-



party assurance or verification for reports to enhance the reliability of the information in the report. The report includes:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## **Chapter 6      Supplementary Provisions**

**Article 31**      The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve the Company's established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

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