



The Management Approach and Its Components in 2016

Material Topic	How We Manage the Topic
Economic Performance	We have a robust corporate governance system that involves independent directors and supervisors. The Audit Committee, the Strategy Committee and the Audit Department have been established for effective control of operating costs and business direction.
Market Presence	Chunghwa Telecom has a “Compensation Committee” and transparent compensation policies in place to share its performance with employees. In addition, the Company offers multiple benefits and training programs to provide employees with “assurance.”
Anti-Corruption	To ensure that all employees can conduct business activities with the highest ethical standard, we have implemented the “Business Integrity Principles,” the “Behavior Guidelines,” and the “Integrity Procedures and Behavior Guidelines” that outline the ethics and responsibilities that employees are bound to obey in all commercial conducts. Furthermore, we actively convey to employees about the Company’s culture or its ethical policies.
Environmental Compliance	We have created an “Environmental Sustainability Team” under the “CSR Committee” that specializes in determining short, medium and long-term environmental goals. The team exists to make sure that issues such as energy conservation, carbon reduction, and environmental protection are addressed in the Company’s operational plans, and to outline codes of conduct, manuals, green energy standards and greenhouse gas reduction targets.
Employment	CHT treats employees as its most important partners, and is committed to providing employees the utmost “assurance.” For best protection of employees’ work rights, Chunghwa Telecom has signed the “employment contracts” with individual employees and notifies them of changes regarding employment under the Labor Standards Act. Furthermore, we exploit various communication channels including seminars and labor-management meetings to maintain a harmonious and mutually beneficial working relationship.
Occupational Health and Safety	Chunghwa Telecom was the first telecommunication carrier in Taiwan to adopt the OHSAS 18000 - Occupational Health and Safety System. It has an “Occupational Safety and Health Committee” in place that holds regular meetings to review and coordinate on various issues concerning workers’ safety.
Diversity and Equal Opportunity	We willingly comply with The Principles of The UN Global Compact. Concerning human rights, we respect and uphold all basic rights recognized in the world, and refrain from any disregard or neglect of such rights. In terms of employment practices, we protect workers’ freedom of association, while recognize and support their rights to negotiate with the employer in the form of collective bargaining. We are dedicated to eliminating all forms of illegal labor and discrimination.
Forced or Compulsory Labor	Chunghwa Telecom is the only telecommunication carrier in Taiwan with union establishment; it has also signed a collective bargaining agreement with the union. All employees have signed the “Employment Contract”; seminars and labor-management meetings are held on a regular basis to resolve employment issues.
Customer Health and Safety	All products and services of Chunghwa Telecom are offered with user instructions that describe product nature and applicable information. Impacts of excessive usage have been taken into consideration during the design phase and gentle reminders are given at the time of the sale.
Marketing and Labeling	In addition to providing relevant information and usage descriptions on all products and services offered, we also have a “Marketing Policy” in place to ensure that business activities are carried out in compliance with the authority’s rules and requirements. Compliance with such policy constitutes part of senior managers’ performance appraisal.
Customer Privacy	We have a Personal Information Protection Task Force created under the Information Strategy Committee; its duties are to execute the Committee’s policies and perform personal information risk assessments monthly. All key business activities that are have prone to information risks have been audited and certified by a third party.








Purpose of the Management Approach	Policy	Goal & Target (Page Number)	Grievance Mechanism
To ensure that the Company's operations conform to the requirements of the government and supervising authorities, and that shareholders' and stakeholders' interests are protected.	"Business Integrity Principles," "Behavioral Guidelines," "Corporate Governance Principles"	20	<ul style="list-style-type: none"> Shareholder hotline: 2394-1845 Investor hotline: 23445488
To protect employees' rights and attract and retain talents.	"Business Integrity Principles," "Behavior Guidelines"	30-31,72	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To effectively manage and ensure that all operating activities are compliant with commercial, marketing, and integrity principles, and to eliminate corruption.	"Business Integrity Principles," "Behavior Guidelines," "Corporate Governance Principles"	43	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To ensure that the Company's operations are free from violations of environmental regulations.	"Chunghwa Telecom Environmental Protection and Energy Saving Policy"	84	-
To ensure that employees' employment and work rights are protected.	"Employment Contract," "Business Integrity Principles," "Behavior Guidelines," "Corporate Governance Principles"	70,74	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To ensure employees' mental health, physical health, and safety are maintained well.	"Business Integrity Principles," "Behavior Guidelines," "Corporate Governance Principles"	78-80	<ul style="list-style-type: none"> Occupational Safety and Health Committee Grievance hotline: 0800-080998
To ensure that employees' employment and work rights are protected, using various control measures.	"Employment Contract," "Employee Retirement and Redundancy Guidelines," "Behavior Guidelines," "Chunghwa Telecom Co., Ltd. Employee Performance Appraisal Guidelines"	72,74	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To ensure that employees' employment and work rights are protected.	"Employment Contract," "Behavior Guidelines," "Chunghwa Telecom Co., Ltd. Procurement Grievance Procedures"	46,70,74	<ul style="list-style-type: none"> Supplier: 23443197 Grievance hotline: 0800-080998
To ensure that the products and services offered do not pose any health and safety risk to consumers.	"Distribution Sales Aid Management Guidelines," "Distribution Sales Aid Management Policy," "Marketing Policy"	59,68	<ul style="list-style-type: none"> Telecom service center: 0800-080-123
To protect consumers' rights to information and ensure the clarity and transparency of marketing information.	"Distribution Sales Aid Management Guidelines," "Distribution Sales Aid Management Policy," "Marketing Policy"	59	<ul style="list-style-type: none"> Telecom service center: 0800-080-123
To ensure that customers' personal information is strictly protected.	"Customer Personal Information Gathering Advice Clause," "Information Security Policy," "Information Security Management Policy and Implementation Rules"	61	<ul style="list-style-type: none"> Telecom service center: 0800-080-123

Evaluation of the Management Approach in 2016

Material Topic	Mechanism for Evaluation	Result of the Evaluation (Page Number)	Adjustment
Economic Performance	Independent directors, supervisor system, internal audit and evaluation by the relevant authority	20	None
Market Presence	Compensation Committee	30-31,72	None
Anti-corruption	Internal audit, communication/grievance system (including hotlines, emails, and specialized departments), annual online tests, TWSE corporate governance evaluation	43	None
Environmental Compliance	TWSE corporate governance evaluation	84	None
Employment	TWSE corporate governance evaluation, Employment Contract	70,74	None
Occupational Health and Safety	Management system (OHSAS 18000), specialized occupational safety maintenance department, TWSE corporate governance evaluation	78~80	None
Diversity and Equal Opportunity	Complaints Investigation Committee, union, communication/grievance system (including hotlines, emails and specialized departments), performance appraisal system	72,74	None
Forced or Compulsory Labor	Union, communication/grievance system (including hotlines, emails, and specialized departments), TWSE corporate governance evaluation	46,70,74	None
Customer Health and Safety	TWSE corporate governance evaluation, NCC's "Regulations for Administration of Base Stations of Mobile Communications Network Businesses"	59,68	None
Marketing and Labeling	NCC's telecommunication service quality survey, communication/consumer complaint report	59	None
Customer Privacy	Grievance system, system certification (ISO 27001, BS 10012), internal auditor certification, TWSE corporate governance evaluation	61	None

Environmental Profit & Loss

Environmental Profit & Loss (EP&L) is a way of evaluation of environmental impact from currency value and quantitative industries. Environmental cost and benefit of the value chain being affected by the corporate operation will be calculated in order to quantify the environmental externality into the monetary unit. In addition to the economic value, the environmental impact from the corporate operation should also be considered. In this way, it not only allows the stakeholders to understand the impact brought by the environment issues easily but also helps the corporates review their operation from a wider angle. The result can be used as the decision-making tool for risks or the supply chain management.

Environmental Topic	Impact Assessment Description	Estimated Profit and Loss (NT\$)
 Greenhouse Gas Emission 839,172 t-CO ₂ e	According to Effective Carbon Rates research report issued by OECD in 2016, the effective carbon price is 14 euros (equivalent to NT \$ 485.6)/t-CO ₂ e	(407,501,923)
 Water Usage 2,479 1000m ³	According to the information disclosed by Taipei Water Department, average per unit water discharged is 0.072 kg-CO ₂	(86,673.77)
 Daily Waste 4,706 tons	The environmental management expenses of Chunghwa Telecom in 2016	(286,734,000)
 Purchase of Green Electricity 4 million kWh	Purchase at a higher price by NT\$ 1.6 compared to current pricing per million kWh	4,240,000
 Photovoltaic System A total capacity of 140,000 kWh in 2016	NT\$ 6.48 per unit purchased by Taiwan Power Company	907,200
 Green Product Including Cloud Service, IoT, Smart building, Video conferencing phone, etc.	Please refer to page 52-53 for more information about green products	6,366,000,000
 Electricity Bill 434,164 of paper saved (1,000 sheets)	Reduce a total of 7,815 tons of carbon emissions	3,794,964

*Carbon emission coefficient reference: <https://goo.gl/mxsh7F>

*Water resources coefficient reference: <https://goo.gl/cFhxuo>

General Disclosures

Changes in Reporting	Disclosure Item	Page Number/ URL and Comment	Identified Omission and Explanation	External Assurance
Organizational Profile				
102-1	Name of the organization	Chunghwa Telecom		v
102-2	Activities, brands, products, and services	20-21		v
102-3	Location of headquarters	18		v
102-4	Location of operations	18		v
102-5	Ownership and legal form	32		v
102-6	Markets served	18		v
102-7	Scale of the organization	20		v
102-8	Information on employees and other workers	72-73		v
102-9	Supply chain	22-23		v
102-10	Significant changes to the organization and its supply chain	None		v
102-11	Precautionary Principle or approach	38-42		v
102-12	External initiatives	33		v
102-13	Membership of associations	111		v
Strategy				
102-14	Statement from senior decision-maker	4-5		v
102-15	Key impacts, risks, and opportunities	26-29		v
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	43		v
102-17	Mechanisms for advice and concerns about ethics	43		v
Governance				
102-18	Governance structures	30-31		v
Stakeholder Engagement				
102-40	List of stakeholder groups	8-9		v
102-41	Collective bargaining agreements	70		v
102-42	Identifying and selecting stakeholders	6-8		v
102-43	Approach to stakeholder engagement	8-9		v
102-44	Key topics and concerns raised	6-9		v
Reporting Practice				
102-45	Entities included in the consolidated financial statements	Please refer to CHT's 2016 Annual Report p.117		v
102-46	Defining report content and topic Boundaries	6		v
102-47	List of material topics	8-9		v
102-48	Restatements of information	None		v
102-49	Changes in reporting	None		v
102-50	Reporting period	1		v
102-51	Date of most recent report	2016/8/31		v
102-52	Reporting cycle	Annual		v
102-53	Contact point for questions regarding the report	1		v
102-54	Claims of reporting in accordance with the GRI Standards	Core		v
102-55	GRI content index	114-120		v
102-56	External assurance	112-113		v

Management Approach	Disclosure Item	Page Number
	103-1 Explanation of the material topic and its Boundary	6-9, 114-115
	103-2 The management approach and its components	114-115
	103-3 Evaluation of the management approach	116

Topic-specific Disclosures

Topic-specific Disclosure	Disclosure Item	Page Number/ URL and Comment	Identified Omission and Explanation	External Assurance
201 Economic Performance				
201-1	Direct economic value generated and distributed	20		v
201-3	Financial implications and other risks and opportunities due to climate change	83		v
202 Market Presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	71-72		v
205 Anti-corruption				
205-3	Confirmed incidents of corruption and actions taken	43		v
*302 Energy				
302-1	Energy consumption within the organization	90		v
302-4	Reduction of energy consumption	89-91		v
302-5	Reduction in energy requirements of products and services	91,93		v
*305 Emissions				
305-1	Direct (Scope 1) GHG emissions	40		v
305-2	Energy indirect (Scope 2) GHG emissions	40		v
305-3	Other indirect (Scope 3) GHG emissions	41		v
305-5	Reduction of GHG emissions	88-91		v
305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable	v
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	Not applicable	v
307 Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations	None		v
401 Employment				
401-1	New employee hires and employee turnover	73		v
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	81-83		v
401-3	Parental leave	83		v
*402 Labor/Management Relations				
402-1	Minimum notice periods regarding operational changes	74		v
403 Occupational Health and Safety				
403-1	Workers representation in formal joint management-worker health and safety committees	78		v
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	78,80		v
403-4	Health and safety topics covered in formal agreements with trade unions	https://goo.gl/gMRBN1 Health and safety topics make up 6.5% of trade unions.		v
405 Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees	31,72		v
405-2	Ratio of basic salary and remuneration of women to men	72		v
*407 Freedom of Association and Collective Bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None		v
409 Forced or Compulsory Labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None		v
416 Customer Health and Safety				
416-1	Assessment of the health and safety impacts of product and service categories	68		v
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	59		v
417 Marketing and Labeling				
417-2	Incidents of non-compliance concerning product and service information and labeling	None		v
417-3	Incidents of non-compliance concerning marketing communications	None		v
418 Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	61,66		v

Note: Topics marked with * have been disclosed voluntarily, and are not part of the material topics identified in 2016.

Telecommunication Sector Specific Indicators

DMA and Indicators	Disclosure Item		Page Number and Comment	Identified Omission and Explanation	External Assurance
SUB-CATEGORY: INTERNAL OPERATIONS					
MATERIAL ASPECT: Investment					
DMA 99	IO1	Capital investment in telecommunication network infrastructure broken down by country/region	64,65,100		v
	IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not pro table. Describe relevant legislative and regulatory mechanisms.	99		v
MATERIAL ASPECT: Health and Safety					
DMA 68	IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plants. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	80		v
	IO4	Compliance with ICNIRP (International Commission on Non-Ionizing Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	16,68		v
	IO5	Compliance with ICNIRP (International Commission on Non-Ionizing Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations	16,68		v
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	16,68		v
MATERIAL ASPECT: Infrastructure					
DMA 68	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	68		v
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	68		v
SUB-CATEGORY: PROVIDING ACCESS					
MATERIAL ASPECT: Access to Telecommunication Products and Services: Bridging the Digital Divide					
DMA 100	PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	67,100		v
	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	67,100-102		v
	PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	67,100-102		v
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	65,98,108		v
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanations of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	110		v
	PA6	Programs to provide and maintain telecommunication products and services	42,67		v
MATERIAL ASPECT: Access to Content					
DMA 100	PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	100-102		v
MATERIAL ASPECT: Customer Relations					
DMA 68	PA8	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	68		v
	PA9	Total amount invested in programs and activities in electromagnetic field research. Include descriptions of programs currently contributed to and funded by the reporting organization.	None		v
	PA10	Initiatives to ensure clarity of charges and tariffs.	59 https://goo.gl/2Vbsdg		v
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost-effective, and environmentally preferable use.	59-60		v
SUB-CATEGORY: Technology Applications					
MATERIAL ASPECT: Resource Efficiency					
DMA 52	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	59-60		v
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	52-53, 101-103		v
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	52-53, 101-103		v
	TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	64-66, 101-102		v
	TA5	Description of practices relating to intellectual property rights and open source technologies.	54-56		v



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