

# Message from the Chairman

In this 12th edition of our Corporate Social Responsibility Report, you shall see Chunghwa Telecom's company tagline "Always Ahead" embodied in our devotion to corporate governance, environmental protection, and social responsibility. We've also actively sought to connect with the world through our endeavors toward achieving the United Nations Sustainable Development Goals (UN SDGs) and utilizing our advantages in corporate capabilities, resources, and information & communications technology (ICT). Through this report, we hope to help the related industries in Taiwan achieve the SDGs and create more sources of positive influence in society.

Through the joint efforts of all our employees, Chunghwa Telecom has achieved excellence in sustainability in 2018, becoming the **first** Taiwanese telecom company among our competitors to join the Carbon Disclosure Project (CDP) Supply Chain Program. We have also incorporated the ISO 20400 Sustainable Procurement Standard to drive supply chain sustainability and implement a sustainability rating system. As the **first** Taiwanese telecom company to have signed on as a supporter of the initiative led by the Task Force on Climate-related Financial Disclosures (TCFD), we shall remain steadfast in our commitment to sustainability.

Chunghwa Telecom utilizes its advantage in bandwidth, coverage, and number of cell towers to garner customer loyalty in the highly-competitive telecom market. As such, the Company maintains a firm foothold as the leader in the mobile, broadband network, and streaming television markets through successful customer retention and development. Chunghwa Telecom has achieved outstanding results in the past year, with our streaming television service MOD passing 2 million subscribers, our mobile network named Taiwan's Speedtest Award's winner, and continuing to hold the OpenSignal State of Mobile Networks Report title for 4G Download Speed and Overall Download Speed, thus maximizing profit for our shareholders.

In addition to our gradual implementation of sustainability measures, Chunghwa Telecom has actively followed the UN SDGs. The Company has utilized our collective core competencies as a telecom company in five important aspects: The Digital Economy Motivator, The Creative Industry Pilot, The Happiness Value Protector, the Green Corporation Pioneer, and the Social Value Guide. We are actively pursuing our goals to realize a digitally inclusive society and sustainable development in the hope of driving the cycle of sustainable development in the telecom industry.

Chunghwa Telecom is responding to the government's "5+2" Industrial Innovation Plan for green energy with actual actions, actively promoting the use of renewable energy. Our solar panel system tops the industry in total capacity, no matter for our own use or agent constructions. The former were issued with **97** Taiwan Renewable Energy Certificate (T-REC) by the Bureau of Standards; the latter includes the Zhangbin Solar Power Plant, the country's largest solar power plant with a total capacity of **100** MW and an annual output of **130 million** kWh, rivaling the carbon absorption capability of **180** Daan Forest Parks. We are making substantial contributions to the development of renewable energy in Taiwan.

In the face of the global major economic risk posed by climate change, Chunghwa Telecom strives towards its ultimate goal of becoming a green enterprise. We have taken various sustainable measures in 2018: (1) introducing the ISO 20400 Sustainable Procurement Standard, (2) collaborating with our supply chain to participate in the CDP by utilizing of corporate influence, (3) establishing a four-tier rating system (Gold, Silver, Bronze, and Participation) for sustainable products and services, and (4) incorporating a sustainable partner evaluation mechanism, making us the **first** Taiwanese telecom company to implement a sustainable partner certification system. We also plan to apply for the Science-Based Targets (SBT) to fully implement carbon management in our supply chain, ensuring mutually beneficial partnerships that drive us to a low carbon future and sustainability in the ICT industry chain.

With regards to social integration, Chunghwa Telecom aspires to realize its vision of bridging the digital divide and creating digital opportunities. We adopted the "5I SDGs" initiatives via collaboration with nonprofit/non-governmental organizations, implementation of corporate volunteering and utilization of our core competencies. Through these initiatives, we support diverse groups and implement our core beliefs in regions facing a shortage of resources, and have thus achieved a mutually beneficial relationship between digital rights and innovative economy. We have continued to provide educational resources to **12** rural regions including Matsu, Lanyu, Taitung, Hualien, Kaohsiung, and Tainan. These efforts have minimized the transportation risks for underprivileged schoolchildren by providing community access to online after-school tutoring services given by university students of the Fu Jen Catholic University's Center of Care Services for Rural Area Education in Taiwan. By bringing individuals together, everyone, both young and old, are able to prosper. We have been committed to our "Read with You" community network tutoring service for **10** years, bringing together **4,035** university students and **2,577** rural schoolchildren in a one-on-one tutoring service totaling **83,696** hours. This allows college students to experience personal growth and learn that "it is more blessed to give than to receive," while helping rural schoolchildren to get ahead in life around through the positive influence provided by college students. A total of **85** "Digital Good Neighbors" were also established to deliver resources across the country, including offshore islands. Furthermore, our 10-year-long commitment to "Click Taiwan" has guided **500** university and college students from **80** departments of **40** schools into **73** rural communities, producing over **300** videos to record the stories of the local people, preserve local cultures, and provide marketing assistance to local industries.

We have also received the following accolades:

1. Included in the Dow Jones Sustainability Index (DJSI) for 7 consecutive years;
2. Included in the Taiwan Sustainability Index (TWSI);
3. Included in the FTSE4Good Emerging Index;
4. Named 2018 Taiwan Mobile Service Provider of the Year and 2018 Taiwan Data Center Service Provider of the Year by Frost & Sullivan Best Practices Awards;
5. Named Asia's Most Transparent Report by the Asia Sustainability Reporting Awards;
6. Awarded the Exemplar Award for Public Welfare Promotion by the Global Views Monthly Corporate Social Responsibility Awards;
7. Awarded the CSR Report Top 50 Platinum Award, the Social Integration Award, and the Innovative Growth Award by the Taiwan Corporate Sustainability Awards;
8. Four-time winner of the Brand of the Year Award by the World Branding Forum.

In 2018, our “Hearty Southbound” outreach program further broadened the horizons of young students and connected them with the world; the program also helps the second-generation children of new immigrants learn the culture of their motherland and capitalize on the advantages that their dual-culture heritage can bring. Through these substantive actions, Chunghwa Telecom aims to promote social acceptance and integration.

Faced with the ever-changing and competitive environment in 2019, Chunghwa Telecom has launched the three-year “Stride to 2021” transformation plan. The plan is comprised of four major aspects: core businesses, emerging businesses, cost optimization, and enhancement of fundamental capabilities. The responsible task force has completed the overall planning for the transformation plan and is on its way to initiate large-scale implementation. Under the principle of customer-centric value creation, we are building the best customer experience with a focus on the technological development of 5G, internet-only banking, internet of things, big data analytics, and artificial intelligence. Chunghwa Telecom shall maximize corporate value through the promotion of smart solutions that meet the diverse needs of the industry and customers while laying the foundation for the Company's medium- and long-term development.

“Chunghwa Telecom can do more” is a core principle as the Company values ethical corporate management and strives for the balance between business revenue growth and corporate social responsibility. We hope that through the use of a positive technological solutions, we can listen and respond to the needs of our stakeholders, utilize our ICT technological core competencies to assist the development of related industries, promote the exchange of knowledge and technological resources, and create positive social energy. We hope that we can continue to count on your support and encouragement in the future.

Chairman & CEO  
Chunghwa Telecom Co., Ltd.

*Shueih Chi-mau*

