



Material Topics and Impact

2018 Material Topics and Impact

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The annual material topics are determined through the following process: internal feedback, external questionnaires, topic identification by the CSR Secretariat, topic analysis by the six CSR task forces, ranking the topics, and finally, confirming the results.



Material topics in 2018 include **Economic performance, Market positioning, Anti-corruption, Anti-competitive practices, Energy, emissions, Employment, Labor relations, Occupational health & safety, Product marketing and labeling, Customer privacy, and Socioeconomic compliance.**



We have a set of procedures in place to identify, engage, interact, and communicate with stakeholders through various channels based on the Stakeholder Engagement Standard (**AA 1000SES:2015**).



The Sustainable Procurement Standard (ISO 20400) was formally introduced at The 2018 Annual CSR Supplier Conference.

We intend to provide all stakeholders concerning the future of Chunghwa Telecom as well as the telecom industry with a more comprehensive understanding of how Chunghwa Telecom has exerted its industry influence on CSR topics. This purpose has improved the quality of our actions and disclosures.

2018 Material Topics and Impact

CHT is an integrated telecom service provider. Except for the use of electricity at business locations, generator rooms, and data centers, our other service processes and mechanisms have no major negative impact on the environment and society. However, with over 20 thousand employees, the capabilities of value chain procurement and supply and business locations all over Taiwan, we understand that our ICT services and products can bring positive transforming and business opportunities to the industry, economic development and people’s life in Taiwan. Therefore, we seize opportunities and endeavor to decrease the potential risks from material CSR topics.

Within the organization **Range of impact** Outside the organization

The Material Topic	CHT	Honghwa Subsidiary	CHT Security Subsidiary	Engineering Suppliers	Equipment Suppliers
Economic Performance	●	■	■	■	■
Market Presence	●	■	■		
Anti-Corruption	●				
Anti-Competitive Behavior	●	■			
Energy	●				
Emissions	●				
Employment	●	■	■		
Labor Management Relations	●	■	■		
Occupational Health and Safety	●	■	■	▲	▲
Marketing and Labeling	●	■			
Customer Privacy	●	■	■		
Socioeconomic Compliance	●	■	■		

- : direct impact ; ▲ : indirect impact ; ■ : impact from business relations.
- Except for the impact within the CHT organization (including 2 subsidiaries), the influence of the external impact is determined by the “supplier type.”
- CHT also promotes relative management principles and actions. For detailed topic information, please refer to the corresponding chapter and page.

Process for Determining Material Topics

STEP 1

Confirming the determining process for material topics



The CSR Secretariat calls for the six CSR working groups to confirm the material topics determining process of the current year. We perform through feedback and external questionnaires.

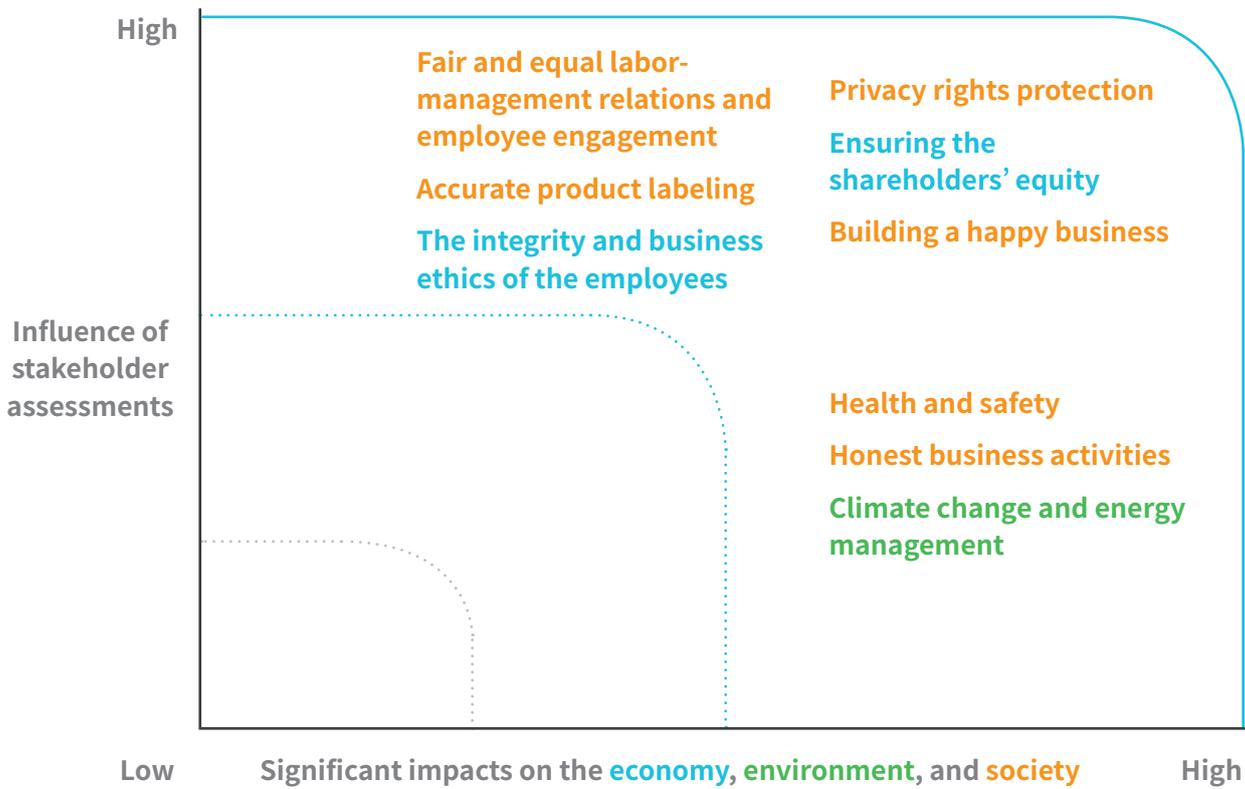
STEP 2

Information collecting / Topic identification



The CSR Secretariat is responsible for identifying CSR topics while considering CHT’s short-, mid, and long-term achievement and referring to material it collects including international guidelines, such as the GRI Standards, sustainability rating surveys, international business information benchmarks and the news related to CHT in 2018.

The Materiality Matrix



1. The materiality threshold: 2.6 and above for both the X-axis and the Y-axis (3 point scale)
2. Chunghwa Telecom also willingly discloses issues that are not identified as material issues in 2018, please refer to the topics with “*” in the index catalog.

STEP 3 Analysis / Prioritizing



The CSR working groups analyze topics and hold discussions based on internal consideration, industry status, industry chain practice, and advice from stakeholders. The topics are prioritized according to urgency and seriousness and the level of impact.

STEP 4 Result Confirmation / Materiality matrix



Members of the CSR working groups were invited to consider the relevance between the topics and the actual operation according to internal and external information. The 2018 topic identification results were confirmed and a materiality matrix was prepared for submission to the CSR Committee for approval.

2018 Material Topics Description

Sustainability Aspect	Material Topics	Meaning to CHT
 EC	Ensuring shareholders' equity	Distributing shareholders' dividends is a factor in maintaining the shareholders and investors' confidence in our operation, and increasing the willingness for them to possess our stocks in the long term.
	The integrity and business ethics of the employees	Performing operational activities with the highest ethical standards not only complies with the regulations but also allows employees to reflect on themselves when performing business activities.
 EN	Climate change and energy management	The climate change issue has a close relation with the operation of a corporation. We actively establish relative plans and goals to strive for the reduction of the cost and risk related to climate change in the value chain.
 SO	Building a happy business	We develop benefits better than the regulations, enhance employee well-being, and act to give employees peace of mind to work and share business results.
	Fair and equal labor-management relations and employee engagement	Through formal engagement, an agreement can be reached regarding the rights and responsibilities of employees to both protect them and the employer.
	Health and safety	We incorporated ISO 45001 to ensure that each process is in compliance with the regulation.
	Information on the products and service	We convey the right product and service information and provide professional and excellent service to let the customers find the most suitable solutions quickly.
	Privacy protection	We continue to strengthen the customers' information security through diverse processes and systematic regulations, preventing information leak or improper information search of the customer service staff.
	Social and economic law compliance	The upright operation is the core value CHT insists on. We make the employees strictly follow the laws and regulations through policies and propaganda.



Topic Corresponding with the GRI Standards	Management Principle (page number)	2018 Performances (page number)	Topic Corresponding with UN SDGs
Economic Performance	p.16	p.16	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> </div>
Anti-Corruption Anti-Competitive Behavior	p.17	p.17	<div style="text-align: center;"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div>
Energy Emissions	p.44,93	p.49,95	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>7 AFFORDABLE AND CLEAN ENERGY</p>  </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div style="text-align: center;"> <p>13 CLIMATE ACTION</p>  </div> </div>
Market Presence	p.69,70	p.69,70	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div style="text-align: center;"> <p>10 REDUCED INEQUALITIES</p>  </div> </div>
Employment / Labor Management Relations	p.72	p.72	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div style="text-align: center;"> <p>10 REDUCED INEQUALITIES</p>  </div> </div>
Occupational Health and Safety	p.76	p.77-78	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>3 GOOD HEALTH AND WELL-BEING</p>  </div> <div style="text-align: center;"> <p>6 CLEAN WATER AND SANITATION</p>  </div> </div>
Marketing and Labeling	p.84	p.69	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> </div>
Customer Privacy	p.85	p.85	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> <div style="text-align: center;"> <p>17 PARTNERSHIPS FOR THE GOALS</p>  </div> </div>
Socioeconomic Compliance	p.17,85,90	p.17,85,90	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>3 GOOD HEALTH AND WELL-BEING</p>  </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> </div>

Stakeholders Engagement

We have always thought that “Chunghwa Telecom can do more.” As the leading brand in the telecom industry in Taiwan, CHT focuses on industry development and competition. In addition to good products, services and profits, we also give back to society. We also pay close attention to the voices of our internal and external stakeholders before making careful responses to the needs of society.

The identification of the stakeholders and their issues is a very important part of the practice of CSR. We have established a stakeholder identification and engagement process in accordance with AA 1000SES (2015), interacting and communicating with stakeholders through diverse channels.

In the initial meeting of CSR report preparation, we invite members from all departments to exchange the issues related to current key stakeholders and their concerns. Upon reaching mutual understanding, the result is incorporated into a table that is regarded as an essential reference for the disclosures in the report. In the process of promoting CSR activities and information disclosure, we consult the opinion of the internal and external stakeholders, important relevant mechanisms include:

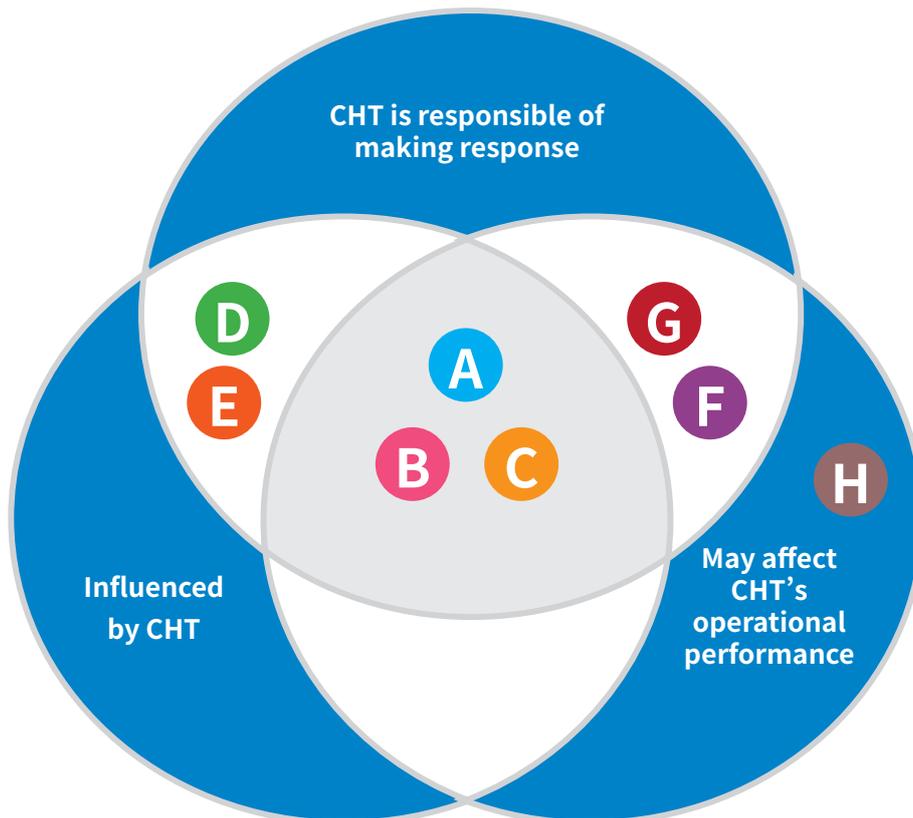
- “Consultation meeting with external professionals” for CSR report
- Regular invitation of external professionals to the “CSR Conference” and relevant forums
- The “CSR Supplier Conference” is held every year
- CHT was the first to create “CSR videos” and the CHT official YouTube CSR program to record the implementation of CSR action on a regular basis, as well as the collection of internal and external feedback for further improvement.
 CSR Video link: <https://www.youtube.com/playlist?list=PLt2-zON2MQU34k-MNlh7WuUWtvPamw6wv>
- Specialists designated for CSR and the CHT Foundation

CHT Stakeholder Engagement Guideline:

https://www.cht.com.tw/home/cht/-/media/Web/PDF/Sustainability/Csr-se/Stakeholder_engagement_guideline_en.pdf

CHT Stakeholder Communication Channel:

<https://www.cht.com.tw/en/home/cht/sustainability/stakeholder/stakeholder-engagement>





Stakeholder	Meaning to Chunghwa Telecom	Focused Topics	Communication channel	Communication Frequency
 Shareholders/ Investors	As shareholders/ investors are our stockholders, we must be accountable to them.	<ul style="list-style-type: none"> Economic Performance 	<ul style="list-style-type: none"> Shareholders' meeting Shareholder hotline Earning results conference 	<ul style="list-style-type: none"> Annually Quarterly Real-time
 Employees	Employees are critical to the sustainable development and they are the driving force for sustainable growth.	<ul style="list-style-type: none"> Market Presence Energy Employment Labor/ Management Relations Occupational Health and Safety 	<ul style="list-style-type: none"> E-mail Telephone call Online forum Labor employer meeting 	Real-time
 Clients	Only when customers prefer the products and services of Chunghwa Telecom could we have value for existence.	<ul style="list-style-type: none"> Marketing and Labeling Customer Privacy 	<ul style="list-style-type: none"> Service hotline Customer service center 	Real-time
 Suppliers	The large product and service chain of Chunghwa Telecom relies on the stable support of the suppliers.	<ul style="list-style-type: none"> Occupational Health and Safety 	<ul style="list-style-type: none"> E-mail Hotline CSR Supplier Conference Supplier Training 	Real-time
 Communities/NPOs	We wish to reciprocate to society with our professional standing in telecom and create a better future.	<ul style="list-style-type: none"> Socioeconomic Compliance Emissions 	<ul style="list-style-type: none"> E-mail Hotline stakeholder briefing 	Real-time
 Media/Accreditation Institutes	We have learned and grown with the media and accreditation institute through their mentorship in sustainable development.	<ul style="list-style-type: none"> Socioeconomic Compliance 	<ul style="list-style-type: none"> E-mail Hotline Press release Press conference Survey 	Real-time
 Competent Authorities	Our products, services and related marketing behaviors are subject to audits by the competent authority.	<ul style="list-style-type: none"> Anti-corruption Anti-competitive Behavior 	<ul style="list-style-type: none"> E-mail Official document Meeting Telephone call Visit 	Real-time
 Competitors	As the leading brand in the telecom industry in Taiwan, we strive to engage in fair competition in the industry for a healthy development of the industry.	<ul style="list-style-type: none"> Anti-competitive Behavior Economic Performance 	<ul style="list-style-type: none"> Official document Meeting 	Real-time

2018 Results of Critical Stakeholders Engagement



Employees

- 6 Labor-management conferences
- 2 Unscheduled meetings



Shareholders / Investors

- 1 Annual general meeting
- 4 Earning results conferences



Clients

The “123 customer service hotline” has served over **51 million** cases



Competent Authorities

Engaging in and communicating with the competent authorities, such as the Legislative Yuan, on **896** cases



Media

- 288 Press releases in total
- 16 Press conferences in total



Suppliers

Approximately **90** suppliers participating in the “2018 Annual CSR Supplier Conference”

Approximately **60** suppliers participating in the environmental and educational visiting tour

The 2018 Annual CSR Supplier Conference

The 2018 Annual CSR Service Provider Convention was hosted by CHT's President Chi-Mau Sheih. At the convention, we formally introduced the Sustainable Procurement Standard (ISO 20400) to our procurement process. By establishing a "green supply chain" and evaluating suppliers based on sustainability, we are one step closer to achieving our sustainable goals in environmental protection, corporate governance, labor rights, and occupational health & safety.

CHT announced its participation in the Global Carbon Disclosure Project back in 2017. We were the first telecom company in Taiwan to do so, marking a milestone in sustainable value creation. Beginning in 2018, we went a step further and started to encourage our suppliers to fully disclose their greenhouse gas emissions and devise plans to reduce carbon footprint. The first "CDP Newcomer Award" was given to AcBel Polytech Inc. to applaud its efforts in carbon disclosure. Four other suppliers—SYSAGE Technology, Ta Ya Electric Wire & Cable, Hua Eng Wire & Cable, and Nokia Taiwan—were also commended for their efforts in performing "CSR second party audit" and "online information disclosure."

The 2018 convention also included two keynote speeches. Prof. Hsin-Yu Shan from National Chiao Tung University discussed the importance of "Corporate Disaster Prevention"—establishing a corporate disaster management system based on forward-looking risk assessment to strengthen internal resilience to climate changes. Dr. Tony Mo, the Deputy Secretary General of BCSD-Taiwan, addressed the emerging trend of "circular economy"—businesses can create "green opportunities" through innovation and resource integration, pioneering a unique path towards sustainable development. The convention concluded with a promise by Ming-Fang Li, the Deputy Manager of Procurement, that further actions shall be taken to improve suppliers' sustainability. Through the practical implementation of second party sustainability audits, we encourage our suppliers to strike a balance between economic benefits, environmental protection, and social welfare. We hope that CHT, together with its suppliers, can build a sustainable supply chain system from which all parties involved can benefit.

