MATERIAL TOPICS AND IMPACTS

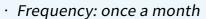
PROCESS FOR DETERMINING MATERIAL TOPICS 40 2022 MATERIAL TOPICS AND IMPACTS 42 STAKEHOLDER ENGAGEMENT 48



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







· Sign-off for materiality determining process/material topics review: representative of the Board of Directors

· Types of external stakeholders involved in determining material topics: consumers, suppliers, authorities, NGOs/NPOs

Process for Determining Material Topics 40

2022 Material Topics and Impacts 42

Stakeholders Engagement 48











STEP 1

Ongoing Collection / Identification of Various Sustainability Topics

The international trends on sustainability/ESG topics, disclosure frameworks/standards (e.g. GRI Standards, TCFD, and SASB), sustainability ratings (e.g. DJSI and MSCI), information of international benchmarks, and the relevant ESG news concerning Chunghwa Telecom in 2022 are collected on an ongoing manner. In line with the short-, medium-, and long-term ESG goals, topics of different aspects are identified, and relevant information is collected.

STEP 2

Significant Impact Evaluation

The feedbacks from external stakeholder assessments are integrated. The actual and potential impacts from topics on various ESG aspects are determined by different ESG groups via questionnaires and interviews as well as pursuant to the double materiality principle, followed by an assessment of the significance of impacts from respective topics.

STEP 3

Prioritizing

After the assessment of the significance of topics, the ESG groups conduct the final analysis and discussion of the topics on the basis of internal considerations, practices in the industry, and benchmarks, along with the opinions of external stakeholders. The "significance threshold" is set for prioritization of the topics with actual and potential impacts before mapping of the "ESG Materiality Matrix of the Year."

STEP 4

Result confirmation / Materiality matrix

After the ESG groups agree on the "ESG Materiality Matrix of the Year," it is submitted to the "Sustainable Development Committee (composed of the top ESG supervisors and the representative of the Board of Directors)" for review and sign-off to verify the results of the material ESG topic identification in 2022, which serve as a crucial reference for the disclosures in the annual ESG Report/action plan planning.



Materiality Assessment – External Stakeholder Engagement Process

A variety of communication and engagement interfaces are in place at Chunghwa Telecom. Different types of external stakeholders like competent government authorities, academia, non-profit organizations, consumers, suppliers, etc. are invited to jointly identify and assess ESG-related topics and offer their valuable opinions so as to further broaden the vision of view for ESG topic determination. The engagement channels include:



Material topic survey on the corporate website:

The "Material Topic Assessment" section has been set up in the ESG section of the corporate website to invite external stakeholders to participate in the identification of ESG topics.



Stakeholder forums:

Dialogues and exchanges are facilitated through organizing and participating in forums/seminars themed with ESG.



Interviews and questionnaires:

The opinions and suggestions from external stakeholders are collected via interviews and questionnaires at various activities/conferences.



Community engagement:

External stakeholders are invited via social media to partake and put forward their judgements and opinions on ESG topics.

PUBLIC POLICY PARTICIPATION

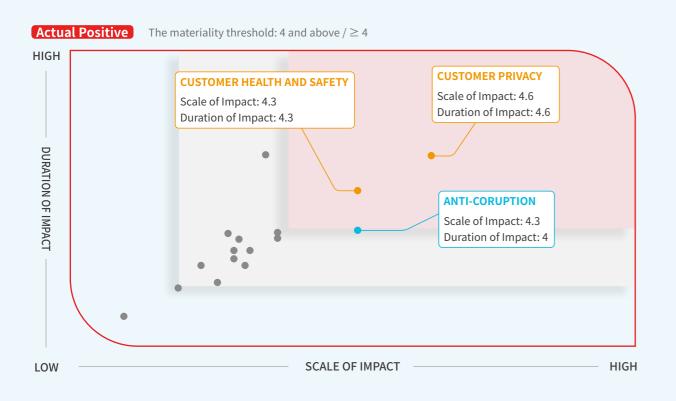
Process for Determining Material Topics 40 2022 Material Topics 42

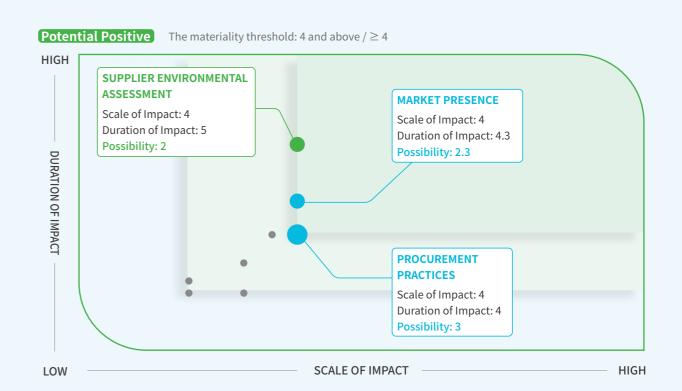
SUSTAINABILITY VALUE STRATEGY

Stakeholders Engagement 48

2022 Material Topics

Impact	Material Topics	Double Materiality		Cause of the Impact	Target of the	GRI Standards
		· Impact on the Economy	· Impact on the Environment, Society, and People	cause of the impact	Impact	GKI Standards
	Green and Low- carbon Products and Information Labels	Actively develop sustainable low-carbon products and services, conduct regulatory checks in terms of health and safety, and carry out communication and training for internal units to ensure the legal compliance and conformity of products, services, and marketing in order to protect the corporate reputation.	A complete health and safety assessment mechanism for products and services is in place (including the electromagnetic radiation testing service); products and services have been fully assessed and labeled to protect the consumer rights of the broader society.	Products and	Customers	Customer Health and Safety
Actual Positive	* Cybersecurity and Privacy Protection	Establish well-rounded cybersecurity management systems and mechanisms, and conduct regular audits and exercises, to ensure that customer privacy is secure and free from violation, elevating the corporate reputation.	Provide high-quality cybersecurity services and technical support, effectively expand and communicate correct cybersecurity concepts and technical services and assist industries and the general populace to effectively manage and control cybersecurity risks.	Business Activities Products and Services Business Relationships	Employees Customers	Customer Privacy
	Corporate Governance and Business Ethics	Consider anti-corruption risk as an overall risk of the Company for an effective assessment and management to minimize possible litigation and operational risks arising from corruption.	Establish complete anti-corruption policies and procedures to effectively manage corruption risks in the supply chain, reduce unethical business conducts in the industry, and elevate good social ethos.	Business Activities Business Relationships	Employees All Suppliers	Anti-corruption





Impact	Impact	Material Topics	Double Materiality		Cause of the Impact	Target of the	GRI Standards
	Material Topics	· Impact on the Economy	· Impact on the Environment, Society, and People	ause of the impact	Impact	oki Stalidards	
		Competitive Remuneration and Benefits	Offer compensations and benefits superior to those of the region/industry at the main operating sites for employees to have economic security.	Establish steadfast community relations and increase employee loyalty to elevate the social identity of the Company at where it operates.	Business Activities	Employees	Market Presence
	Potential Positive	5G Application and Industry Ecosystem	A large proportion of procurement is locally procured, along with building good local/community relations, to ensure supply integrity as well as financial and economic stability, benefiting the industrial ecosystem development.	Indirectly promote economic development in the region through supply chain procurement, including attracting other investments and increasing job opportunities to promote economic development in the region.		Significant Suppliers	Procurement Practices
		* Sustainable Supply Chain Management	Plan and institute the complete supplier sustainability management plan to assess and identify the environmental and sustainability risks of suppliers on a regular basis, improve their competencies, and reduce the risk of violation of the laws by the Company via a well-rounded ESG assessment and audit mechanism.	A complete sustainable supply chain management plan to regularly assess the ESG risks of suppliers and work with suppliers with excellent ESG performance to effectively reduce the environmental impacts from suppliers' operations and drive the improvement of ESG competencies in the industry.		Significant Suppliers	Supplier Environmental Assessment

CORPORATE OVERVIEW

STRATEGY

SUSTAINABILITY VALUE



SUSTAINABILITY RISKS AND OPPORTUNITIES

THE CREATION OF SUSTAINABLE VALUE

نن

PUBLIC POLICY PARTICIPATION

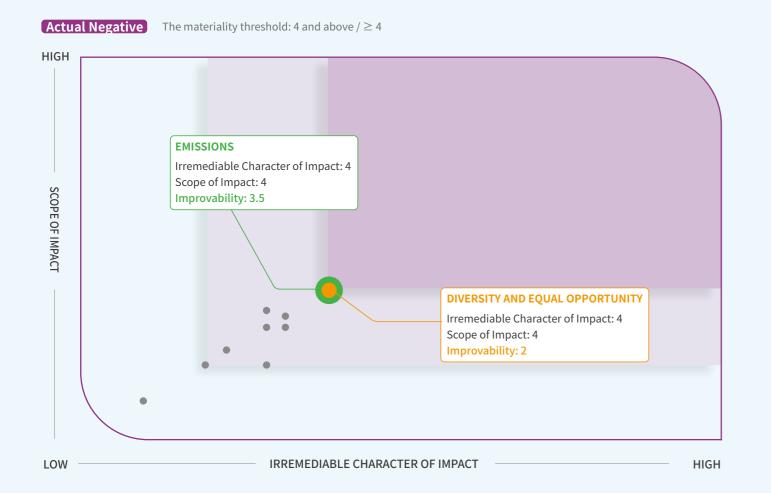
Process for Determining Material Topics 40

> 2022 Material Topics 42

Stakeholders Engagement 48

Impact	t Material Topics	Double Materiality		Cause of the Impact	Target of the	GRI Standards
Impact		· Impact on the Economy	· Impact on the Environment, Society, and People		Impact	GRI Stalluarus
Actual Negative	Carbon Emission Reduction and Climate Adaptation	High carbon fees (taxes) are levied due to the failure to effectively reduce carbon emissions in response to laws and regulations, resulting in increased direct/indirect operating costs and potentially decreased climate resilience and transformational adaptation competencies.	The inability to effectively promote climate transition actions, along with the failure in reducing carbon emissions, not only prevents achievement of the goal of net-zero emissions but also affects the low-carbon development of the ICT industry, damaging the competitiveness in the industry and rendering negative impacts on climate change.	Business Activities Business Relationships	CHT All Suppliers	Emissions
Potential Negative	Diverse and Inclusive Workplace	The rising average age of the organization and excessive homogeneity, failure to incorporate representatives of diverse groups, and inability to think outside the box hinder innovation and development, which impede the development of emerging industries and services.	The lack of diversified employment mechanism renders inability to provide ample job opportunities for diverse talents, obstacles for young talents to enter the job market, and impacts on the innovation, creativity, and entrepreneurship in the ICT industry, affecting the overall economic development of the industry.	Business Activities	Employees	Diversity and Equal Opportunity

- Note: 1. Double Materiality: When evaluating sustainability/ESG issues, we consider both the impact of sustainability/ESG on corporate operations and business, as well as the impact (positive or negative impact) of corporate operations on the social environment and people.
 - 2. "*" is an issue that has a significant impact and influence on external stakeholders.
 - 3. Material topics additions and revisions for 2022: 3 new topics "Emissions, Procurement Practices" and "Supplier Environmental Assessments"; 6 topics "Economic Performance, Energy, Labor / Management relations, Non-discrimination, Occupational Health and Safety, Marketing and Labeling" were deleted.



Potential Negative The materiality threshold: 4 and above / ≥ 4

HIGH



Process for Determining Material Topics 40 2022 Material Topics 42

Stakeholders Engagement 48

Management Procedure

ESG Aspect	Material Topics	Policy/Commitment	Verification and Tracking Mechanisms	Goal	Progress in 2022	
	Emissions	Establish a systematic and organized corporate governance structure through the dual-management mechanism of the "Sustainable Development Committee" and "Risk Management Committee," combined with the existing internal control and risk management mechanism, and report to the Board of Directors on a quarterly basis to strengthen the connection between climate change topics and the Board of Directors.	 Responsible/Grievance Unit: "Environmental Group" under the Sustainable Development Committee Internal carbon pricing system TCFD performance assessment Public commitments by significant suppliers to the net-zero goal with CHT External verification: ISO 14064-1 Greenhouse Gases verification 	 2023: Procurement of 69 million kWh of renewable energy 2030: 50% carbon reduction, IDCs 100% on renewable energy, and 22.5% carbon reduction in the supply chain 2050: Goal of Net Zero Emissions 	 Carbon emissions reduced by 9.6% compared with the base year of 2020 IDCs usage 9.2% on renewable energy 	
	Supplier Environment Assessment	All bidders are required to fill in the "Supplier ESG Status Self-Assessment Form" that covers items: corporate ethics, labor rights, environmental management, occupational health and safety; suppliers are specifically required in the procurement contract to abide by "Chunghwa Telecom Sustainability/ESG Guidelines."	 Responsible/Grievance Unit: Supply Department CDP Supply Chain Program Second-party audit by a third party Sustainability Partner Rating System 	• 2030: 100% of significant suppliers certified to "CHT Sustainability Partner Rating"	 56% of suppliers responded to the CDP questionnaire of Chunghwa Telecom Sustainable Partner Rating: cumulative 45 partners with Gold-tier Certificates A collective commitment with 35 significant suppliers to attain the goal of Net Zero by 2050 	
ESG Aspect	Material Topics	Policy/Commitment	Verification and Tracking Mechanisms	Goal	Progress in 2022	
	Diversity and Equal Opportunity	Chunghwa Telecom is committed to implementation of gender equality and diversity policies and attaches great importance to the fair pay and promotion opportunities, ensuring that employees are not subject to discrimination, harassment, or unfair treatment arising from ethnicity, gender, religion, age, political leanings, or otherwise protected by applicable laws and regulations.	 Responsible/Grievance Unit: Organization and Talent Development Department Labor-management conference Appeal Review Committee to handle matters of discrimination, harassment, or unfair treatment 1 seat of labor director on the Board of Directors 	 0 incident involving human rights or discrimination violation 2023: promotion of Women's Power Star Program 	 More than 30% of female employees receiving transfer training "The World's Top Female-Friendly Companies 2022" by Forbes Employees with disabilities: 3.39 times higher than the statutory standard 	
	Customer Privacy	The Privacy Policy that applies to all Business Groups, operating sites, subsidiaries, and suppliers has been stipulated. "Cybersecurity and Privacy Protection Steering Committee" has established. An SEVP is appointed by the Chairman as CISO to exercise security management and protection measures for personal data and privacy. Also, the goal and commitment to zero tolerance is achieved via regular meeting and third-party verification.	 Responsible/Grievance unit: Chief Information Security Officer (CISO) Performance of cybersecurity and privacy risk management incorporated into the tracking by the Risk Management Committee monthly and reported to the Board of Directors annually Third-party conformity verification for "Privacy Policy" yearly International management system certification and audit Performance measurement and rewards/punishments: Cybersecurity and privacy protection included as part of the performance appraisal for all employees 	 Maintaining 0 incident involving major cybersecurity or personal data breach Maintaining validity of certificates 	* No incident of personal data breach	
	Customer Health and Safety	Apart from development of eco-friendly products, we actively promote green stores as the first telecom operator in Taiwan that has its service centers fully transformed into green stores. Through "Chunghwa Telecom Green Stores", we encourage consumers to purchase green products first. As for impacts to human health and safety from services, we strictly adhere to the electromagnetic wave safety standards required by the National Communications Commission (NCC) to install mobile communication systems and provide electromagnetic radiation testing service in an attempt to comply with relevant laws and regulations and clarify doubts over the impact.	 Carbon Label for Services from EPA Taiwan FSC certification (shopping bag) Electromagnetic radiation testing service: +886 800 580 010 	 2025: 1% annual growth in revenue from green products and services 2030: Green products and services accounting for 20% of total revenue Maintaining the specific absorption rate (SAR) of electromagnetic energy in compliance with the NCC regulations 100% promotional information of products and services in compliance with laws and regulations 	 Revenue from green products in total revenue from products sold: 14.17% Green stores: 447 regular stores Free electromagnetic radiation testing cases: 103 cases 	
ESG Aspect	Material Topics	Policy/Commitment	Verification and Tracking Mechanisms	Goal	Progress in 2022	
	Market Presence	The independent "Compensation Committee" is instituted to supervise the decision-making process for compensations to provide competitive compensations for talents with potential. Through a transparent remuneration policy, employees are rewarded for the operational performance of the Company. In response to sustainable development, the high-level ESG performance is directly linked to variable compensation.	 Responsible/Grievance Unit: Organization and Talent Development Department Remuneration clawback mechanism 1 seat of labor director on the Board of Directors 	2025: 30% of high-level variable compensation linked with ESG performance	 The entry-level salary was 1 time to that in Taiwan; the average salary was 3 times the entry-level salary in Taiwan. 10% of the high-level variable compensation was linked with ESG performance. 	
	Procurement Practices	Exercise green procurement. Green products with green labels (low in pollution, recyclable, resource efficient, or green building materials), self-declared, or with lower environmental impacts throughout their lifecycles (from resource procurement to disposal) are prioritized for procurement, along with active participation in green procurement initiatives and campaigns.	 Responsible / Grievance Unit: Supply Department ISO 20400 Sustainable Procurement – Guidance as the reference 	2035: The green procurement amount accounting for over 50% of total procurement	 Green procurement: NT\$17,605 million Green procurement amount in the total procurement: 28.67% Domestic procurement: 97% 	
	Anti- corruption	To strengthen the ethical management behaviors, the "Ethical Corporate Management Best Practice Principles" and "Code of Conduct" have been established as the highest business ethical standards; the principle of zero tolerance is upheld for the "Anti-corruption Policy," specifying clear guidelines for anti-corruption and anti-bribery, to regulate all business interactions.	 Responsible/Grievance Unit: Organization and Talent Development Department Reward/Punishment system: the ethical management policy integrated with employee performance appraisal and human resources policy "Code of Conduct" verified by third party for conformity verification yearly 	 Maintaining zero corruption Ongoing obtainment Certificate of Conformity with independent verification by SGS-Taiwan for "Code of Conduct" 	 Zero incident of corruption Statement of CoC Conformity for "Code of Conduct" from SGS-Taiwan for 4 consecutive years 	

49

Process for Determining Material Topics 40

2022 Material Topics and Impacts 42



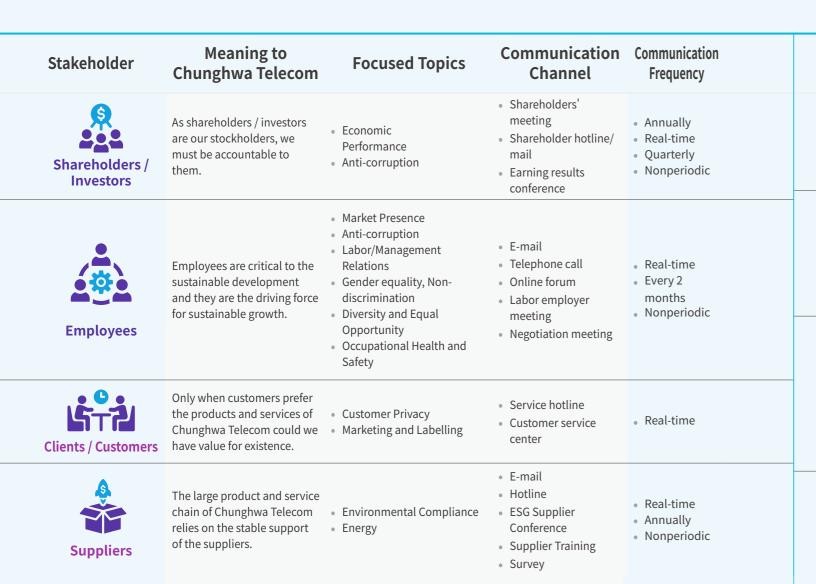
Stakeholders Engagement

Identifying key stakeholders and relevant issues is the core work in implementing corporate sustainability. In the kick-off meeting of ESG report preparation, we invite members from all departments to exchange the opinions of 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 sustainable activities and information disclosure, we consult the opinion of the internal and external stakeholders, important relevant mechanisms include:

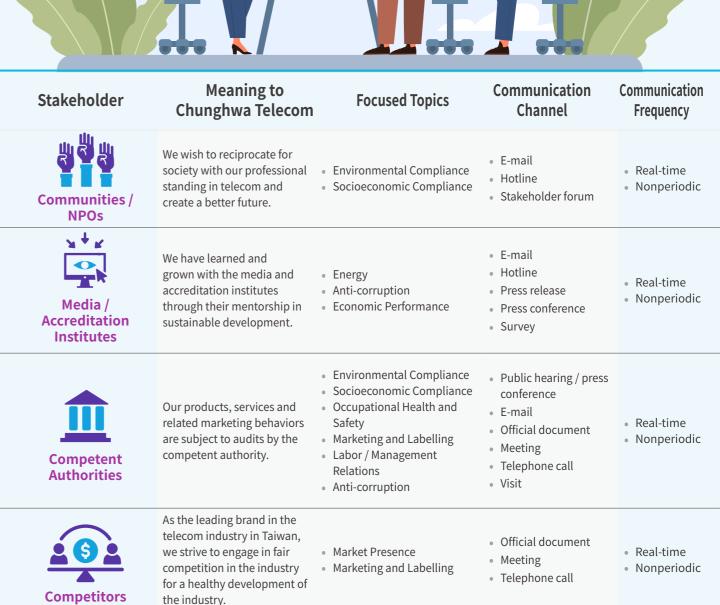
- "Consultation meeting with external professionals" for ESG report
- · Nonperiodic invitation of external professionals to the "ESG Conference" and relevant forums
- The "ESG Supplier Conference" is held every year
- Sustainable Development Committee established to coordinate internally to promote ESG-related development projects
- Specialists designated for CHT Foundation to facilitate NGO and NPO exchanges
- CHT was the first to create "ESG videos" and the CHT official YouTube ESG program to record the implementation of ESG action on a regular basis, as well as the collection of internal and external feedback for further improvement

* ESG Video link 🔼

CHT Stakeholder Engagement Guidelines: * Guideline 🖒 * Channel 🖒 * 2022 Results 🖒









CORPORAT









SUSTAINABILITY RISKS



THE CREATION OF SUSTAINABLE VALUE

2022 ESG Results of Critical Stakeholders Engagement



Shareholders / Investors

- 1 Annual general meeting
- **576** calls from shareholders answered
- **4** Earning results conferences
- 7 NDR and broker investor conferences
- 117 visits/teleconferences with investors



Competent Authorities / Government

- **1,993** appeal and **273** negotiation meetings completed
- 417 business inspections





Employees

- **6** Labor-management conferences (to deliberate on **53** proposals)
- **5** Negotiation meetings (to deliberate on **47** proposals)
- **39** mails from employees, all of which have been addressed in a timely manner



Clients

Approx. **35.93** million cases served by all channels of customer service (including the customer service hotline, customer grievance, call-out care, and text-based customer service chatbot service)

13.03 million tickets received

29.776 million cases of customer business accepted



Media

325 press releases in total

22 press conferences in total



Competitors

66 conferences attended



Suppliers

56 significant suppliers attended in the Supplier Sustainable Environmental Visits

117 suppliers participating in the "2022 Annual ESG Supplier Conference"

2022 Annual ESG Supplier Conference

The 2022 Chunghwa Telecom Annual ESG Supplier Conference, themed with "Net-Zero Partners for Transformation Together," launched the net-zero initiative "Hand in Hand with Partners for Carbon Reduction Together" in collaboration with the 35 significant suppliers of the Company, to declare 50% cut of carbon emissions in the supply chain of Chunghwa Telecom by 2030 and the goal of Net Zero by 2050.

Distinguished guests, including Chairman Eugene Chien of Taiwan Alliance for Net Zero Emission (TANZE) and Taiwan Institute for Sustainable Energy (TAISE), Secretary-General Tsai Chi Ku of Taiwan Academy of Corporate Sustainability (TACS), and Deputy General Manager Stephen Pao of SGS-Taiwan, attended the event and witnessed Chunghwa Telecom's cooperation with supply partners to practice environmental sustainability.

In 2022, "CDP Best Carbon Management Disclosure Award" went to Arcadyan Technology Corporation. "ESG Information Disclosure Award" was presented to "Potential Electric Co., Ltd., Winking Digital Co., Ltd., and Intumit Inc.

For Chunghwa Telecom Sustainability Partner Rating, a total of 21 companies won the honor of "Gold-tier Certificates." The "Certificates of Sustainability Rating" were presented by President Shui-Yi Kuo. Through the strategy of extensive alliance for sustainability, we guide supplier partners to seize the low-carbon and zero-carbon business opportunities and contribute to global climate change and the sustainable transformation of the ICT industry.

