

Message from the Chairman

Reflecting on 2023, Chunghwa Telecom (CHT) continued to leverage its competitive edge in innovative Information and Communication Technology (ICT) to address environmental, social, and economic challenges and opportunities presented by climate change, artificial intelligence (AI), and human rights issues. Through sustainable and digital transformation strategies, CHT created value for its employees, shareholders, and society at large. It not only maintains a solid financial and operational performance, but also sustains its market leadership position. Upholding the brand spirit of "Always Ahead," Chunghwa Telecom continues to deepen its commitment to ESG practices and foster mutually beneficial relationships with stakeholders.



Technology-based carbon reduction, investment in renewable energy, and safeguarding biodiversity by planting trees

As an ICT service provider committed to environmental sustainability, we have adopted a wide range of technology-based carbon emissions reduction measures. These include introducing low energy-intensive equipment, optimizing network architecture, and developing Innovative Optical and Wireless Network (IOWN) and other frontier technologies to achieve greater power efficiency, higher data transmission capacity, and lower latency. Our in-house developed environmental sustainability management system "EARTH" and smart energy conservation system "iEN" allow us to drastically improve energy efficiency and management performance. From tree planting and waste reduction to paperless processes, we are building a low-carbon workplace. We are among the first in the industry to implement an internal carbon pricing mechanism (NT\$1,600 per t-CO₂e). As a result, our carbon emissions have been reduced by 15.94% compared to the baseline year of 2020, marking reduction for a third consecutive year. Furthermore, we were the first ICT company in Taiwan to officially join the Carbon Disclosure Project (CDP). We actively work with our suppliers to implement sustainable practices. As of 2023, our net-zero sustainability initiative was signed by 61 of our key suppliers, who promised to cut carbon emissions by 50% by 2030 (compared to baseline year 2020 levels).

Regarding renewable energy, we are installing solar panels and green cell towers, increasing our renewable energy purchases annually, obtaining renewable energy certificates (RECs), and supporting the RE100 global initiative, which mandates signatory companies to reach 100% renewable energy use by 2040. In addition, we established an all-inclusive recycling system to improve wastewater reclamation rate. We received BS 8001 circular economy certification and Level 5+ (excellence) in the TCFD climate-related financial disclosure compliance audit, marking a first for the ICT industry in Taiwan.

In the meantime, we care about biodiversity. As part of our effort, we committed to planting 150,000 trees across Taiwan from 2022 to 2030, including *Sassafras randaiense* to restore *Papilio maraho* habitats. This effort supports our net positive impact and no net deforestation goals by 2030. As a leader in the industry, we hope to encourage our sustainable supply chain partners to join our efforts in protecting biodiversity and the forest.



High-Tech Anti-Fraud Measures and Digital Empowerment for All

On the social front, we leverage our ICT core competitiveness to integrate the "digital inclusion" initiative and action plan with Chunghwa Telecom Foundation, encouraging employees to volunteer and participate in various ESG activities. We are committed to achieving social inclusion and aligning with the United Nations Sustainable Development Goals (SDGs). We are committed to assisting remote communities and disadvantaged groups. For more than a decade, our online community-based afterschool counseling service has helped hundreds of high school students in rural areas get into college, and our EYE Social Innovation Center has provided customer service jobs for more than 200 visually-impaired employees. We provide disadvantaged groups with discounts on ICT services, effectively bridging the digital gap with technology. We regularly organize innovative application competitions to drive digital creativity and create employment opportunities in Taiwan. Finally, we assist small and medium-sized enterprises (SMEs) in digital transformation and explore new business models. Ultimately, we want to leverage our ICT core competitiveness to achieve digital empowerment and digital inclusion.

To help safeguard national security and enhance social order, we implemented a series of new fraud prevention measures, including warnings for international incoming calls and spoofed SMS. Through our service, we are able to stop 24.24 million spam calls and blocked 650 million scam messages monthly, effectively eradicating 100% of telecommunication fraud from foreign numbers disguised as local numbers. Additionally, we collaborate with the National Police Agency's 165 Anti-Fraud Hotline, which processed 204,341 calls in 2023. We have received and handled 6,156 cases of fraud victimization referrals, successfully intercepting 3,428 fraud attempts amounting to NT\$360.61 million, and avoiding potential fraud cases amounting to over NT\$7,073.7 million.

Employees are the most important asset of any company. We launched the Women Balance Power Program to recruit female talent and promote workplace diversity, equity, and inclusion (DEI). We provide childcare benefits for employees with children under the age of 3, shortening their workday by an hour without any repercussions on their attendance records or performance evaluations. As of 2023, the program covered 1,556 employees, creating 141,844 hours of quality family time. In 2024, we expanded the program to include anyone with children aged below 6. Moreover, we set up 16 on-site childcare centers at business locations across the six municipalities of Taiwan to provide education and care services for employees' children (and grandchildren) aged 2–6. We encourage employees to return to their hometown and spend time with family members, improving work-life balance.



Board-level ESG Accountability, Integrity, and Transparency

To demonstrate our commitment to ESG, we elevated the competent authority for sustainable development from middle management to the Board of Directors level. We also renamed the Strategy Committee the Sustainable Development and Strategy Committee to formulate the Company's sustainability strategies and action plans, with the chair of the Company now serving as Chief Sustainability Officer (CSO) and independent directors accounting for more than half of the committee's members. With this change, the Board now plays an even greater role in ensuring that the Company's operations strategies and business decisions are consistent with its sustainable development goals. From 2022, we introduced a link between the Company's ESG performance and senior executive remuneration. We are among the very few corporations in Taiwan that have a benefit clawback mechanism in place to ensure that executive-level decision-making is in line with the long-term benefits of our investors. In addition to our existing corporate governance system, we are incorporating the accountable investment principle into liquid capital management, restructuring our data management system to enhance data application value, and enforcing cybersecurity, privacy, and personal data protection measures to strengthen corporate governance. Lastly, to reinforce intellectual property-related regulatory compliance, we became the first ICT company in Taiwan to pass the Taiwan Intellectual Property Management System (TIPS) certification.

Our proactive stance in ESG actions earned widespread recognition from the industry and stakeholders in 2023, as proven by the following awards and accolades:

- 1 Ranked first in the global telecommunications industry in the Dow Jones Sustainability Index (DJSI) World Index; included in the DJSI Emerging Markets Index for 12 years consecutively.
- 2 Named top 5% global ESG corporation by S&P Global 2023 Sustainability Yearbook.
- 3 Upgraded to 'AA' ratings in ESG performance by Morgan Stanley Capital International (MSCI) in May 2023.
- 4 Winning the Jade Award, the top honor at The Asset ESG Corporate Awards for three consecutive years (and being the only Taiwan-based company to achieve the feat).
- 5 Being named the Taiwan Telecoms Company of the Year Award, Taiwan 5G Services Customer Value Leadership Award, and Taiwan Data Center Services Company of the Year Award by Frost & Sullivan two years in a row.
- 6 Winning the FinanceAsia Best Overall Company Gold Award, Best Telecommunications Company, Best Corporate ESG Strategy Gold Award, Best Large-cap Silver Award, Best DEI Strategy Bronze Award, Best Investor Relations Beonze Award.
- 7 Ranking in the top 5% in Corporate Governance Evaluation for the 9th time .
- 8 Top Prize of Overall Performance in telecommunications and ICT industry for the 2nd consecutive year by Global Views ESG Corporate Sustainability Awards.
- 9 Taiwan Corporate Sustainability Awards (TCSA), Top 10 Domestic Corporates, 8 sustainable performance awards and Corporate Sustainability Report Awards Platinum class.
- 10 Global Corporate Sustainability Awards (GCSA), Sustainability Reporting Bronze Award.

Looking ahead, we will leverage our abundant assets: customers and partners, technology platforms, network infrastructure, and talent while upholding our four core values: "Integrity, Trust, Innovation, Accountability," to become an international benchmark enterprise built upon sustainable development.



Shui-Yi Kuo
Chairman
Chunghwa Telecom Co., Ltd.

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