

# 2 | Sustainability Management



Chunghwa Telecom is committed to its mission: leveraging customer partnerships, technology platforms, infrastructure networks, and organizational talent to create a trusted digital ecosystem. This empowers personal, household, governmental, corporate, international customers, and strategic partners, driving continuous innovation and value creation for all stakeholders.

Our core values—integrity, trust, innovation, and accountability—guide us towards three key visions: becoming a global benchmark for sustainable development, a leading brand in digital ecosystem co-creation, and a top tech conglomerate exceeding trillion-dollar market value.



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# Sustainability Strategy

## Developing Six Capitals

At Chunghwa Telecom, we believe that success is not just short-term profitability. True success lies in how we leverage our capital to create value in multiple domains and realize our vision of sustainable development.



### Financial Capital

Robust financial management, cost reductions, revenue source development, and value creation/enhancement for shareholders

**Financial Capital**  
77,574,465 thousand

**Capital expenditures**  
30,741,309 thousand

#### Impact on Value Creation

- To ensure eligibility for operating
- Provides sufficient financial resources to support value creation
- Effective execution of commercial activities
- Generation and allocation of other forms of capital, such as distribution of shareholder equity, investments, and capital expenditures

#### Resource Allocated to Sustain Value Creation

- Contributions to the government in the form of tax revenue
- Support the development of network infrastructure
- Improve the quality of telecom services



### Human Capital

Attracting and retaining outstanding talent by fostering a welcoming workplace and providing adequate training and career opportunities

**Salary and Welfare expenses**  
46,211,245 thousand

**Training expenses**  
511,776 thousand

#### Impact on Value Creation

- Telecom knowledge and skills acquired by employees
- Human capital represents one of our major operational costs

#### Resource Allocated to Sustain Value Creation

- Compensation and incentive schemes to attract and retain talent
- Encourage high value-added services and innovation
- Talent training and development programs



### Intellectual Capital

Realizing innovative solutions through research and development to meet the diverse needs of digital transformation

**R&D expenses**  
3,891,381 thousand

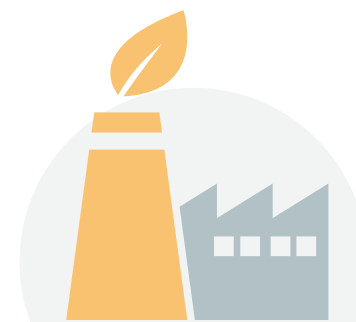
**Marketing expenses**  
23,599,302 thousand

#### Impact on Value Creation

- Licensing, laboratory and R&D expenses, and the acquisition and development of industry technologies
- Investment to maintain the brand

#### Resource Allocated to Sustain Value Creation

- Ongoing investment in R&D, construction, and services, and maintaining service quality and customer satisfaction
- Investment in the R&D of new technologies and the setting of new protocols



### Manufactured Capital

Continuous investment in telecommunications infrastructure to improve network quality and the quality of our products and services

**Equipment installation and maintenance expenses**  
30,741,309 thousand

**Cell tower installation expenses**  
7,448,973 thousand

#### Impact on Value Creation

- Allocation of financial capital to develop and maintain infrastructure
- Operation of the Internet Data Center (IDC) and the installation of wireless facilities and development of software and applications

#### Resource Allocated to Sustain Value Creation

- Ongoing new construction, maintenance, and operation of network equipment
- Procurement control and the acquisition of more cost/energy efficient network equipment
- Consolidation of idle space and the recycling and disposal of obsolete equipment



### Social Capital

Active participation in social engagement campaigns to promote access to technology and create value for our stakeholders

**Social investment**  
1,441,892 thousand

**Universal telecom services**  
595,968 thousand

#### Impact on Value Creation

- Regular contact with the relevant authorities to ensure the conformance and legality of operations and competition
- Positive feedback from consumers and the general public helps build credibility of the Chunghwa Telecom brand and minimizes financial outlay

#### Resource Allocated to Sustain Value Creation

- Active stakeholder engagement to help them better understand Company operations
- Engagement in social activities to exert influence through core activities to minimize the digital divide



### Natural Capital

Implementation of carbon reduction and energy management plans, pursuit of net zero and biodiversity, and fostering co-prosperity with Nature

**Green procurement**  
18,238,000 thousand

**Environmental management expenses**  
365,284 thousand

#### Impact on Value Creation

- Natural capital such as infrastructure, raw materials, and energy sources are needed to promote operations and optimally utilize human capital
- The use of energy-saving processes and solutions can effectively reduce the consumption of natural capital

#### Resource Allocated to Sustain Value Creation

- Environmentally friendly product purchases to reduce consumption of natural resources and increase energy efficiency
- Use of carbon management to minimize energy consumption and increased application of renewable energy solutions
- Focus on the development of renewable energy sources using proprietary and commissioned Photovoltaic systems



# ESG Management

## Sustainable Development and Strategy Committee

As a sustainability leader, Chunghwa Telecom established the CHT CSR Committee in 2006, launching various CSR initiatives. In response to ESG trends, the committee was rebranded as the Sustainable Development Committee in 2021.

To better integrate sustainable development/ ESG strategies, we merged the Sustainable Development Committee with the Strategy Committee, forming the board-level Sustainable Development and Strategy Committee in 2023.

The new Sustainable Development Promotion Committee, led by the CHT Chairman and President, formulates and reviews sustainability strategies, policies, and goals, overseeing annual ESG performance and reporting to the Board. Organizational adjustments are made based on Board guidance.

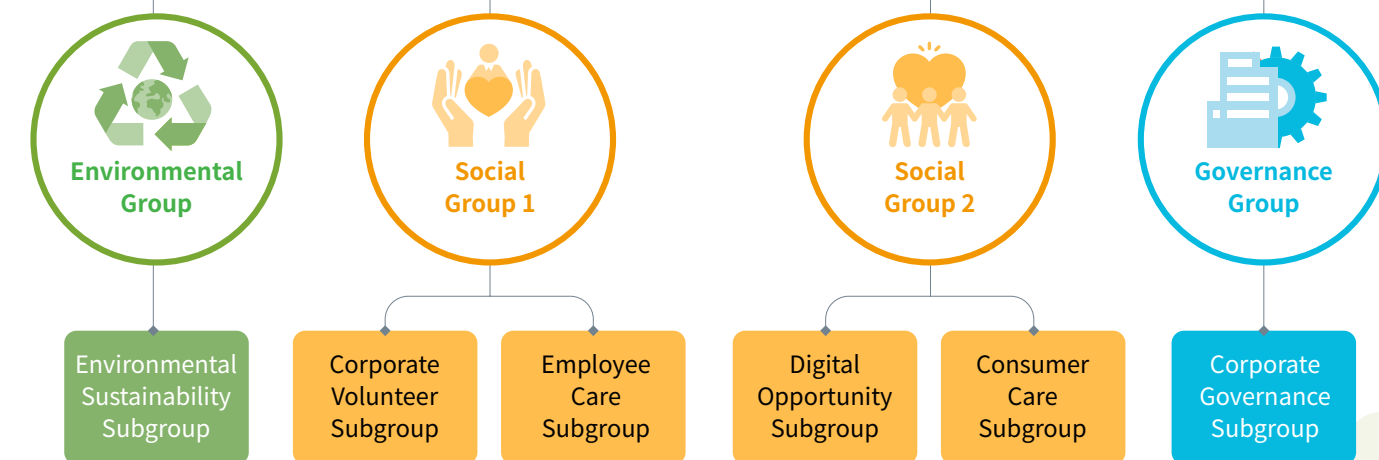
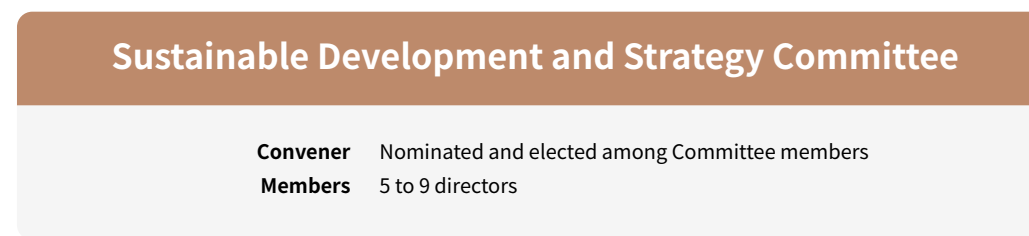
Our vision for sustainable development is "Greening & Decarbonization, Digital & Empowerment, Integrity & Transparency." By integrating our unique corporate resources and leveraging our core competencies, Chunghwa Telecom plans and implements comprehensive ESG action plans through four subcommittees under the ESG committee. In the spirit of "Always Ahead," we aim to stay at the forefront by developing and executing a wide variety of ESG initiatives.

\* Sustainable Development Best-Practice Principles of Chunghwa Telecom Co., Ltd. [\[Link\]](#)

\* Organizational Regulations of the Board of Directors Sustainable Development and Strategy Committee [\[Link\]](#)

\* Sustainable Development and Strategy Committee Operations [\[Link\]](#)

Item	Description
Representative	Shui-Yi Kuo, Chairman
Mechanism	<ul style="list-style-type: none"> <li>Deliberation of key sustainable development and business strategy topics, including medium- to long-term goals, ESG targets, and sustainable development policies and management guidelines.</li> <li>Establishment of a management-level Sustainable Development Promotion Committee, with the Company Chairman as Chief Sustainability Officer and the Executive Vice President supervising four divisions (Environmental, Social 1, Social 2, and Governance).</li> <li>The Promotion Committee reports quarterly to the Sustainable Development and Strategy Committee, with operations and achievements disclosed on the Company's website and in annual reports.</li> </ul>
Execution	<ul style="list-style-type: none"> <li>The Operations Planning Division, acting as the Committee secretariat, supports sustainable development by organizing meetings, collecting documents, maintaining minutes, and tracking initiatives.</li> <li>The Committee formulates the company's sustainable development vision, long-term strategies, and medium- to long-term goals.</li> <li>It is responsible for creating policies and management guidelines and reviewing the Executive Committee's progress and achievements.</li> <li>The Promotion Committee provides quarterly sustainability reports to the Committee, allowing Board members to comment and requiring relevant units to document and track these topics</li> </ul>
Meeting Frequency	Quarterly
Report Approval	Reports are submitted to the Chairman for review through official document submission procedures after approval by the vice presidents at Headquarters.
Execution Results in 2023	<ol style="list-style-type: none"> <li>August 1 (10-7 Strategy Committee Meeting): The Sustainable Development Committee was elevated to the board level for discussion; focusing on the ESG sustainable development strategy, including commitments and actions regarding biodiversity and zero deforestation.</li> <li>October 30 (10-8 Sustainability Committee Meeting): Discussion on IFRS sustainability disclosure standards and the corresponding response report; Presentation on CPPA renewable energy procurement strategy.</li> <li>January 16, 2024 (10-9 Sustainability Committee Meeting): Formulation of the 2024 sustainable development promotion strategy.</li> </ol>





NET ZERO




## Internalization and Communication of ESG

Chunghwa Telecom has employees all around Taiwan. In order to ensure that all employees understand the spirit of corporate sustainability, implement it, and provide timely feedback, we have established multiple communication channels within the Company to promote relevant issues; together with the performance evaluation mechanism, these measures have transformed the concept of sustainability into action that we implement in our daily operations.



Channel	Item	Description
 <b>Communication within Senior Management</b>	Senior management meeting	Material ESG issues are discussed annually in the senior management meeting, and the resulting resolutions indicate our improvement and direction.
	Environmental training	<ul style="list-style-type: none"> <li>"5G Plastic Free" sustainability education initiative for employees.</li> <li>"5G Plastic-Free Corporate Volunteer Sustainability Action" training program.</li> <li>Recruitment of environmental protection volunteers to promote environmental awareness.</li> </ul>
 <b>Employee Training</b>	ESG training	<ul style="list-style-type: none"> <li>ESG courses to promote ESG awareness among employees and incorporate ESG thinking into the corporate culture:                             <ol style="list-style-type: none"> <li>346 ESG knowledge and competency courses offered to 40,000 employees</li> <li>Collaboration with the Taiwan Institute for Sustainable Energy Research to organize the Licensed Corporate Sustainability Manager Training Program, which helped 156 employees obtain the license, making CHT the company with the greatest number of licensed corporate sustainability managers in Taiwan</li> </ol> </li> <li>15 employees with a CDMP (Certified Data Management Professionals) license</li> </ul>
	New employee training	New employees undergo digital pre-service training and the Growth Camp, which include corporate values, personnel systems, work rules, and the labor-management relationship.
	e-Learning	We post relevant training courses and information on the e-Learning system that can be downloaded and studied freely by the employees.



Channel	Item	Description
 <b>Communication with Employees</b>	EIP Portal	An internal website/system is provided for employees to submit suggestions, innovative ideas, and other feedback to encourage employee participation. An employee platform has also been established that includes an open channel for complaints and whistleblowing as well as communication channels for exchanging messages and information.
	Administrative sustainability performance	Sustainable development goals are included in the annual performance evaluation to serve as the basis for assessing the effectiveness of unit-level promotion.
 <b>Annual Evaluations</b>	Online quiz on ethics regulations	We conduct annual training and testing on the "Code of Ethics of Chunghwa Telecom Co., Ltd.", "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" and "Prevention of Insider Trading".
	Reports and appeals	Employees who violate the "Code of Ethics of Chunghwa Telecom Co., Ltd." and "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" are dealt with in accordance with Company regulations.
 <b>Other</b>	ESG Report workshop	Internal training on new ways of preparing reports is held from time to time to increase employee awareness of ESG trends.
	Official website and social media	The official website and Chunghwa Telecom's YouTube channel both include a ESG section and we have set up a FB fan page.