

Chunghwa Telecom 2017 Human Rights Due Diligence Report

Supporting Global CSR Initiatives and Guidelines

Chunghwa Telecom willingly complies with principles of The UN Global Compact in terms of human rights. We respect and uphold all basic rights recognized in the world, and refrain from any disregard or neglect of such rights. Regarding terms of employment practices, we protect workers' freedom of association, while recognize and support their rights to negotiate with the employer. We are dedicated to eliminating all forms of illegal labor and discrimination.

Chunghwa Telecom has publicly disclosed our human rights policy and emphasized the importance of human rights issues. It has a system in place to address violations and will continue to adopt human rights protection as part of its corporate policy and openly state its respect towards human rights. The Company reviews human rights issues on a yearly basis, and keeps detailed records of internal findings concerning the human rights policy, including: child labor, rights of indigenous people, and supplier human rights assessment. Current practices are audited regularly with findings suggested for review and correction by relevant departments.

Chunghwa Telecom's Telecommunication Training Institute organizes human rights-related courses on a yearly basis and whenever there is a change in labor regulations and policies. 3 courses totaling 18 hours were held in 2017; 240 employees had participated in these courses.

Chunghwa Telecom Human Rights Policy: <http://goo.gl/ynRkOm>

Process of Human Rights Due Diligence

In order to identify potential human rights violations cases, Chunghwa Telecom conducts human rights impact assessments on value chains every year and provide subsequent remedial measures to mitigate the adverse effects of risks. Following is the due diligence process.

Step 1 Reviewing Issues:

Assess issues relevant to company operation, based on internal and external human rights indicators

Internal	Annual Material Issues	
	Company's Grievance Mechanism	
External	International Guidelines	UN Declaration of Human Rights
		UN Guiding Principles on Business and Human Rights
		ILO Convention
		International Radio Regulations
		UN International Covenant on Civil and Political Rights
		UN International Covenant on Economic, Social, and Cultural Rights
	Sustainability Assessment Questionnaires	
International Benchmarks		

Step 2 Identifying scopes and issues:

Identify material issues with corresponding value chains, including Chunghwa Telecom and its subsidiaries, joint ventures, supply chains and customers, through internal meetings.

Step 3 Assessing impact:

Based on different material issues, responsible units are designated to conduct further assessments and confirm relevant impact, also record results of review and extent of impact on "Record sheet of human rights policy self-inspection" at length.

Step 4 Mitigating and monitoring:

Summarize the result of assessments for mapping human rights risks. Responsible units are also designated to review specific risk issues and develop mitigation measures.

Step 5 Reporting:

Disclose the implementation of human rights policy and due diligence process on corporate CSR report and website.

Risk Mapping of Human Rights in Value Chain

Types	Material Issue	Description of the Issue	Value Chain with Potential Risks
Human rights in local communities	Responsible procurement	Is the use of raw materials manufactured from conflict minerals prohibited?	Supply Chain
		Is the use of harmful substances forbidden in order to safeguard the physical and mental health of employees?	
	Rights of indigenous peoples	Regarding construction of base stations, does the company respect local indigenous people's land rights, health and safety?	Chunghwa Telecom
Human rights in the workplace	Working hours and wages	Has the company violated relevant laws and regulation, e.g., working overtime and paying less than minimum wage?	Chunghwa Telecom, supply chain, subsidiaries, joint ventures
	Freedom of association	Does the company encourage employees to participate in unions or sign collective agreements?	
	Anti-discrimination and harassment	Is there any violation of social law and regulation such as discrimination or harassment?	
		Is there any case of forced resignation due to employee's pregnancy or maternity leave application?	
		Is there any case of difference in salary or career development due to gender differences?	
Occupational safety and health	Has the company established high-quality working environment to ensure employees' safety?		
Customers	Information security and privacy protection	Has the company implemented a strict system to ensure the safety of customers' personal information and business operation?	Chunghwa Telecom, supply chain, subsidiaries
		Is there an opportunity for consumers to opt out of the reuse of nonpublic personal information?	Chunghwa Telecom
Digital Human Rights	Digital divide remediation	Regarding underprivileged groups, including migrant workers and local communities, has the company provided corresponding services to ensure equal access to information?	Chunghwa Telecom

2017 Human Rights Due Diligence Result

Value chain	Number of sites		Assessment Mechanism	Scope of Assessment	Percentage of Risks identified	Details and improvement plans
Chunghwa Telecom and its business groups and branches	23		<ol style="list-style-type: none"> 1. Labor-management conferences 2. Collective agreements 3. Union meetings 4. Annual human rights assessment 	100%	1%	<ul style="list-style-type: none"> • Some institutions have committed violations of social laws and regulations, and follow-up remediation measures have been taken. • Continue to protect employees' human rights through unions and collective agreements.
Subsidiaries	19		Annual CSR performance assessment	100%	1%	Some subsidiaries have committed violations of Taiwan Occupational Safety and Health Act(OSHA). Following remediation measures have been taken and CHT will continue to track and follow-up.
Joint ventures	6		Annual CSR performance assessment	100%	5%	Some joint ventures have committed violations of social laws and regulations. Following remediation measures have been taken and CHT will continue to track and follow-up.
Upstream and downstream Suppliers	Tier 1	1471	<ol style="list-style-type: none"> 1. Online supplier CSR status questionnaire 2. Supplier CSR audit 3. Safety and health on-site audit 	100%	1%	<ul style="list-style-type: none"> • Some suppliers have committed violations of Labor Standards Act. • In the future, CHT will carry on expanding the scope of assessment through Suppliers CSR Interchange Meeting or relevant channels, and tracking whether the remediation measures have been implemented properly.
	Critical tier 1	146				
	Critical non-tier 1	28				
Society	Customer		<ol style="list-style-type: none"> 1. Various grievance mechanisms (including report of discrimination and harrassment) 2. Satisfaction survey 	100%	0%	<ul style="list-style-type: none"> • No violation of discrimination, harassment, or breach of customer privacy and personal information had occurred in 2017. • CHT will hereafter persist in promoting "5i

		3. Personal information and privacy protection survey 4. Services for underprivileged groups			SDGs"initiative to ensure digital equality within different groups.
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Note:

Critical tier 1 suppliers refer to suppliers with annual supply procurements cumulatively at NT\$50 million or more.

Critical non-tier 1 suppliers refer to suppliers that are considered critical and provide their services and products to tier 1 suppliers.

Material Human Rights Issues

In response to 2017 human rights assessment and due diligence, Chunghwa Telecom has summarized the following material issues, including:

(1) Human rights in local communities

To implement the concept of anti forced labor and improper work environment, Chunghwa Telecom requires suppliers to sign the “Declaration of Conflict-Free Minerals” to assess whether suppliers have used raw material from Democratic Republic of the Congo or other countries with high risks of human rights violations. We aim to avoid contributing the harm of basic human rights of local populations in the process of providing telecommunication service and products. Suppliers are required to provide supporting document of mineral sources or third-party certifications for confirmation. We also require supplier to undergo audits when necessary.

In addition, Chunghwa Telecom also requires suppliers to comply with “Restriction of Hazardous Substances directive, RoHS” to prevent employees, environment and customers from the hazardous substances at source.

In terms of protecting indigenous people’s rights, we mainly conducted assessment for Taiwanese indigenous people since more than 90% of Chunghwa Telecom’s revenues are derived from operations in Taiwan. Chunghwa Telecom has been participating in the promotion of universal access to telecommunications services to overcome the digital divide of indigenous people in rural areas. Our bottom line is to achieve the goal of equal access to information without harming local communities’ health and land rights. As a result, for the subsequent health concerns regarding electromagnetic fields and land ownership issues raised, we will do the following before setting up base stations to ensure human rights in local communities .

- Acquire permission from property and business owners
- Comply with the regulations to rent the land and submit a request for an inspection and certificate verification to NCC
- Ensure electromagnetic radiation is within safe levels and provide testing for it free of charge

(2) Human rights in workplace

To prevent potential occupational safety risks, Chunghwa Telecom systematically carry out the practice of employee’s safety and health management implementation through adopting occupational safety and health management system (OHSAS 18000). For high-risk operations, in addition to complying with the safety and health related laws and regulations, we also strengthen the risk control. To safeguard the protection of our employees, Chunghwa Telecom continuously improves the facilities and measures of safety and health in working environment.

Concerning that customer service personnel may encounter unreasonable demands or verbal attack from customers when on duty, Chunghwa Telecom has established a Standard Operating Procedure for employees to properly respond. Depending on the circumstances of the case, the law firm shall be entrusted in assistance to cease the illegal act. Chunghwa Telecom has adopted ISO 10002 and obtained certifications to build sound customer service procedures and mechanism since 2011. Additionally, training courses (e.g., customer communication, emotion management and prevention of occupational health hazards) are set up on a regular basis. Apart from enhancing professional capabilities, we also actively prevent harms from overstress to customer service personnels’ physical and mental health. In 2017, we provided a total of 5 training courses for customer service personnel with a total of 588 hours of training.

Aside from our own operation, Chunghwa Telecom has assigned suppliers on-site inspection regularly to ensure suppliers' occupational health and safety, working environment, procedures, machinery, equipment management and employee behavior. Any defect discovered is notified to the relevant departments and followed up for improvement. A total of 8,580 inspections were conducted on 563 suppliers in 2017.

(3) Human rights for customers

Due to the nature of telecommunication industry, on top of establishing information security management for our own operation, we also need to implement appropriate measures to secure customers' personal information.

Regarding Chunghwa Telecom's operation, we not only construct information security systems which complies with international standards, such as ISO 27001 and BS 10012, we also audit suppliers by our own employees or third-party companies. As for equipment or software suppliers, relevant tests and vulnerabilities assessment are also conducted to make sure there is no back doors or malware.

Regarding customer privacy protection, in addition to collecting personal information with customers' consent, Chunghwa Telecom also established "Principles of Confidentiality and Security for the Reuse of Customer Personal Information." Relevant personnel shall formally file an application and obtain authorization with supervisor's approval before logging to the information security system. The system monitors and records all the operation, and instead of showing individual's detailed information, it partially discloses the amount of data under certain sorting conditions. Chunghwa Telecom prohibits personnel from acquiring or downloading data to ensure the information remain highly confidential so we can comprehensively protect customer privacy and avoid potential risk of leakage.

(4) Digital human rights

Chunghwa Telecom expects to create an environment without boundary of technology and information. Hence the inheritance of culture, the extension of education, the promotion of industry and upgrades of arts and intellectual can connect in the universe of the Internet, creating infinite hope. The digital technology can be beneficial to everyone despite their age, social standing, geographical location, and education. Based on the characteristics of ICT industry and the spirit of "value is where the responsibility lies," Chunghwa Telecom penetrates into the communities in Taiwan. With the objective of "eliminating the digital divide and creating digital opportunities," Chunghwa Telecom observes the trend of digital divide and put forward solutions to facilitate social innovations and digital inclusions.

Given the specific nature and the core competence of data communication of the ICT industry, Chunghwa Telecom's social investment mainly focus on "eliminating the digital divide" and "creating digital opportunities." In addition, we also spare no effort in the promotion of "corporate volunteers" to participate in community services, and proactively assist the communities in creating digital opportunities.

Chunghwa Telecom Digital Inclusion Strategy

Digital inclusion	Project	2017 Results
Eliminate digital divide	The Chunghwa Telecom Foundation Digital Good Neighbors	<ul style="list-style-type: none"> 92 Digital Good Neighbor locations in Taiwan
	Telecom Universal Service Totaling NT 860 million in 2017	<ul style="list-style-type: none"> 85 rural communities in Taiwan; telephone service for more than 230,000 households. Data communication service for more than 110,000 households. More than 53,000 public telephones were set across 22 counties/cities. Data connection service for more than 500 high schools, primary schools, and public libraries.
	Preferential subsidies for underprivileged groups	<ul style="list-style-type: none"> Subsidize telecommunication services for underprivileged groups
	Support equipments for events	<ul style="list-style-type: none"> Broadband networks, advertisement on MOD, mobile base stations, push messages, wi-fi AP, temporary data circuit
Create digital opportunities	The Chunghwa Telecom Foundation Outpost Taiwan	<ul style="list-style-type: none"> Students from 44 different schools went deep into 57 towns/districts with more than 2,000 minutes of in-depth photographing documentary
	The CHT Digital Innovative Application Series	<ul style="list-style-type: none"> Innovative Application Series have been running for 10 years to promote digital innovation in Taiwan
	Online education/ tutoring	<ul style="list-style-type: none"> “Read with you,” an online tutoring for communities, has reached a total of 1000 children who have participated in the program and 44,000 hours of voluntary online teaching. Hold the “training for iPhone use by the visually impaired” regularly and donate 50 secondhand iPhones to support the program.
	Develop assisatant application/ employment	<ul style="list-style-type: none"> Develop barrier-free assistance- app for the visually impaired Established EYE Social Innovative Call Center