

Chunghwa Telecom 2020 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 63,609 hours were held in 2020; 21,203 participants had participated in these courses.

Process of Human Rights Due Diligence

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

Step 1 Organizing 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
		LO Convention
		International Radio Regulations
		UN International Covenant on Civil and Political Rights
		UN International Covenant on Economic, Social, and Cultural Rights
	Sustainability Survey	
International Benchmark		

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 meeting.

Step 3 Assessing impacts:

Based on different material issues, responsible units are designated to conduct further assessments and confirm relevant impacts, 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 risky issues and develop improvement plans.

Step 5 Reporting:

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

Human Rights Risks in Value Chain

Types of Human Rights	Material Issues	Description	Value Chain with Potential Risks
Local community	Responsible procurement	Does the company forbid to use raw material that comes from conflict areas?	Supply Chain
		To protect physical and mental health of employees, does the company forbid to use harmful substances?	
	Rights of indigenous peoples	Regarding construction of base stations, does the company respect local indigenous people's land rights, health and safety?	Chunghwa Telecom
Employees	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	Has the company violated relevant social laws and regulation, e.g., discrimination and harassment?	
		Has there occurred cases of forced resignation due to pregnancy or maternity leave?	
		Has there occurred cases of difference in salary or career development due to gender differences?	
Occupational health and safety	Has the company established high-quality working environment to ensure employees' safety?		
Customers	Information security and	Has the company implemented a strict system to ensure the safety of customers' personal information and business	Chunghwa Telecom, supply chain,

	privacy protection	operation? Has customers had the options to decide whether their personal information can be recused or not?	subsidiaries 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

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	28		<ol style="list-style-type: none"> Labor-management conferences Collective agreements Union meetings Annual human rights assessment 	100%	1.6%	<ul style="list-style-type: none"> Some institutions have committed violations of social regulations and Taiwan Occupational Safety and Health Act (OSHA). Following remediation measures have been taken and CHT will continue to track and follow-up. Continue to protect employees' human rights through unions and collective agreements.
Subsidiaries	21		Annual CSR performance assessment	100%		
Joint ventures	16		Annual CSR performance assessment	100%		
Upstream and Downstream Suppliers	Tier 1	2,078	<ol style="list-style-type: none"> Online supplier CSR status questionnaire Supplier CSR audit Safety and health on-site audit 	100%	0%	<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
	Critical tier 1	192				

	Critical non-tier 1	28				CSR Interchange Meeting or relevant channels, and tracking whether the remediation measures have been taken properly.
Society	Customer	<ol style="list-style-type: none"> 1. Various grievance mechanisms (including discrimination and harassment) 2. Satisfaction survey 3. Personal information and privacy protection survey 4. Underprivileged groups serving system 	100%	0%	<ul style="list-style-type: none"> ● No violations of non-discrimination and harassment, or customer privacy and personal information had occurred in 2020. ● CHT will hereafter persist in promoting “5I SDGs” initiative to ensure digital equality between different groups. 	

Human Rights Risk Assessment Matrix

Chunghwa Telecom/ Subsidiaries

Impact	High		<ul style="list-style-type: none"> ● Equal remuneration ● Privacy ● Health and safety 	<ul style="list-style-type: none"> ● Forced labor ● Right to collective bargaining ●
		<ul style="list-style-type: none"> ● Freedom of association ● Freedom of speech ● 	<ul style="list-style-type: none"> ● Discrimination ● Right to family right 	
		<ul style="list-style-type: none"> ● Human trafficking ● Child labor 		
Low		Low	Likelihood	High

Suppliers

Impact	High		<ul style="list-style-type: none"> ● Privacy ● Right to collective bargaining 	<ul style="list-style-type: none"> ● Forced labor ● Equal remuneration
		<ul style="list-style-type: none"> ● Human trafficking ● Child labor 	<ul style="list-style-type: none"> ● Freedom of association ● Freedom of speech ● Right to family right 	<ul style="list-style-type: none"> ● Discrimination ● Health and safety
Low		Low	Likelihood	High

Joint Ventures

High		<ul style="list-style-type: none"> ● Privacy ● Right to collective bargaining 	<ul style="list-style-type: none"> ● Discrimination ●
	<ul style="list-style-type: none"> ● Freedom of association ● Freedom of speech 	Right to family right	<ul style="list-style-type: none"> ● Forced labor ● Equal remuneration
	<ul style="list-style-type: none"> ● Human trafficking ● Child labor 		
Low	Low Likelihood High		

Material Human Rights Issues

In response to 2020 human rights assessment and due diligence, Chunghwa Telecom has summarized the following material issues, including:

(1) Local community

To implement the concept of anti-forced labor and improper work environment, Chunghwa Telecom requires suppliers signing the “Declaration of no criminal mineral is used” 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 prevent encouraging damaging fundamental human rights at local level during the process of providing telecommunication service and products. When necessary, suppliers shall provide proof of origin for minerals, third party certification or accepting inspection.

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

Regarding the protection of indigenous peoples, since more than 90% of Chunghwa Telecom’s revenues are derived from operations in Taiwan, therefore, we mainly conducted assessment for Taiwanese indigenous peoples. In order to narrow the digital divide of indigenous people in rural areas, Chunghwa Telecom has kept participating in universal service. Besides, in response to concerns for electromagnetic fields among local communities, we only install base stations after the landlords has agreed, then proceed to rent land and space in accordance with the relevant regulations, and submit information to NCC for review. In addition, all the base stations shall be tested to exhibit power density that complies with standards. We also provide complimentary electromagnetic wave measurements. It is our hope to achieve the goal of equal access to information without harming local communities’ health and land rights.

(2) Employee

In order to prevent potential occupational hazards, Chunghwa Telecom implement employees’ safety and health management by adopting ISO 45001. In addition to complying with safety and health regulations, we also have enhanced risk control for high-risk tasks and been active in the improvement of the work environment and taking actions in regards to safety and health facilities and measures.

Concerning that customer service employees may encounter with unreasonable requirements or verbal attack from customers, Chunghwa Telecom has established SOP so that employees can respond properly.

Furthermore, we will handle cases according to the severity, including entrusting law firms to stop unlawful behavior. Since 2011, Chunghwa Telecom has adopted ISO 10002 and obtained certifications, to build sound customer service procedures and mechanisms. Additionally, training courses are set up on a regular basis, e.g., customer communication, emotion management and prevention of occupational health hazards. Apart from enhancing professional capabilities, we also actively keep customer service employees’ physical and mental health from overstress.

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 defects discovered were notified to the relevant departments and followed up for improvements.

(3) Customer

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 scan are also taken 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 "Privacy Security for the Reuse of Customer Personal Information." Relevant personnel shall formally file an application and obtain authorization with supervisor's approval, then log in special information security system. Besides, the system not only monitor and record all the operation, but also merely show the amount of data under certain conditions, rather than individual's detailed information. Chunghwa Telecom adheres to the principle of "highly confidential" to prohibit personnel from acquiring or downloading data, 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 "shorten the digital divide and create digital opportunities," Chunghwa Telecom observes the trend of digital divide and put forward solutions to facilitate social innovations and digital inclusions.

Chunghwa Telecom focuses our social investment in "narrowing the digital divide" and "creation of digital opportunities," given the specific nature and the core competence of data communication of the ICT industry. In addition, we also spare no effort in the advocacy 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	2020 Results
Narrow digital divide	The Chunghwa Telecom Foundation Digital Good Neighbors	<ul style="list-style-type: none"> ● 89 Digital Good Neighbor locations in Taiwan
	Telecom Universal Service	<ul style="list-style-type: none"> ● Telephone service for more than 220,000 homes in 86 rural communities in Taiwan ● Data communication service for more than 120,000 households ● Data connection service for more than 600 high schools, primary schools, and public libraries ● More than 36,000 public telephones installed across 22 counties/cities
	Preferential subsidies for underprivileged groups	<ul style="list-style-type: none"> ● Care for 77,398 households of the underprivileged groups, with subsidies amounting to NT\$ 195,855,000
	Support equipment for events	<ul style="list-style-type: none"> ● Broadband networks, advertisement on MOD, mobile base stations, push messages, wi-fi AP, temporary data circuit ● Coverage rate of the 12Mbps universal broadband service is over 97.58%
Create digital opportunities	The Chunghwa Telecom Foundation Outpost Taiwan	<ul style="list-style-type: none"> ● 58 University students went deep into 29 towns/districts
	Innovative application challenge	<ul style="list-style-type: none"> ● Innovative Application challenge have been running for 13 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 3,152 children who have participated in the program and 97,105 hours of voluntary online teaching. ● Hold the “training for iPhone use by the visually impaired” on a regular basis to support the program.
	Develop assistant application/ employment	<ul style="list-style-type: none"> ● Development of accessible assistance – the Assistance App for the Visually Impaired has been viewed over 20 million times ● Established EYE Social Innovative Call Center

Human Rights Assessment

Own Employees

Year		2018		2019		2020	
Total	Employees	22,124		21,706		20,930	
Gender		Male	Female	Male	Female	Male	Female
		15,817 71.5%	6,307 28.5%	15,441 71.1%	6,265 28.9%	14,800 70.7%	6,130 29.3%
Age	≤29	647	117	786	158	892	216
	30-50	5,300	2,600	5,567	2,532	5,882	2,482
	≥51	9,870	3,590	9,088	3,575	8,026	3,432
Nationality	Domestic Employee	15,817 71.5%	6,307 28.5%	15,441 71.1%	6,265 28.9%	14,800 70.7%	6,130 29.3%
	Foreign Employee	0	0	0	0	0	0
Employee with Disabilities		Sum:799		Sum:751		Sum:733	
		525 65.7%	274 34.3%	488 65%	263 35%	466 63.6%	267 36.4%

Children

We follow UN Declaration of Human Rights, ILO Convention on prohibition against child labor and also require our suppliers to adhere to “Child labor prohibition policy.”

Indigenous people

As for all the indigenous employees onboard, we fully respect their cultures, and therefore no violation of work rights or human rights was reported during the year. Following are the numbers of indigenous employee in Chunghwa Telecom:

Year		2018		2019		2020	
Indigenous employee		Sum:46		Sum:49		Sum:48	
		Male	Female	Male	Female	Male	Female
		29 63%	17 37%	32 65.3%	17 34.7%	31 64.6%	17 35.4%

Local communities

By utilizing our expertise in telecom technology, we hope that everyone shares the advantage of technology despite his or her wealth, social status or geographical location, thereby achieving the

objective of shortening digital divide and creating digital opportunities. We also contributed resources to developing products and services to meet the needs of the disabled to realize their rights of enjoying the universe of digital technologies.

Universal Telecommunications Service

Over NT\$400 million is allocated to construction and maintenance of universal telecommunication service to realize 4G in every town and village and 100% coverage in towns and villages in an endeavor to fulfill the visions of promote social innovation and information equality and realize the win-win of digital human rights and innovative economy.

5I-SDGs Initiative

As the pilot of CSR, Chunghwa Telecom has developed its core competence to positively minimize the digital divide and devote itself to the creation of digital opportunities. Since 2015, we have chosen to connect with the 2030 Sustainable Development Goals (SDGs) of the United Nations. Through real action we have demonstrated our determination to develop and implement global sustainability. In 2017, we promoted the “5I SDGs” initiative: “I Helping, I Sharing, I Learning, I Programming and I Protecting,” as the first real initiative in Taiwan that connects Sustainable Development Goals (SDGs) with the “Digital Country Innovative Economy Development Program” (DIGI+) from the Executive Yuan. Expanding partnerships in collaboration with NPO/NGO, helped us support the sharing of knowledge and technology resources. This enabled us to create a connection between the underprivileged and other diverse groups in this digital era. Technology allows us to link to the good cycle and realize a win-win situation for digital human rights and an innovative economy at the same time.

Read with You - Community Network Tutoring

Chunghwa Telecom has supported the education and showed its concerns for the rural villages since 2009, after the turmoil left behind by Typhoon Morakot. We extend our service to the permanent settlement and newly developed communities in the disaster zones. Through the installation of the visual technology of the Internet, we delivered the educational resources in the form of private tutorships to rural villages and the unfortunates. We hope to give the children of the next generation a learning environment with “safety, dignity, and hope.”

Characteristic	By online education, the university students assist the pupils of junior high schools and primary schools in the rural villages in enhancing their learning effects to prompt the equal opportunity for learning.
Method	To realize the spirit of stakeholder engagement, we have cooperated with Fu Jen University for online education. The university students were called to the cause with one-to-one tutoring to take care of the school children in the rural villages and the disaster zones.
Participant	Pingtung Feng Lin Church, Pingtung Chao Chou Boys Town, Taichung Taiyuan Books House, Taitung Fuji Tribe, Kaohsiung Yuanfu Community, Tainan Yellow Ribbon Network Association, Chiayi Fu Jen High School, Orchid Island High School and Matzu High School.
Major result	Offer substantial assistance to narrow the gap between urban and rural areas: After ten years of hard work, a total of 10 schoolchildren have been admitted into public and private universities, including medical universities.