

# **Organizational Regulations of the Board of Directors' Compensation Committee of Chunghwa Telecom Co., Ltd.**

Approved at the 9th meeting of the 4th Board of Directors on November 8, 2005  
Amended at the 17th meeting of the 4th Board of Directors on December 26, 2006  
Amended at the 10th meeting of the 6th Board of Directors on August 26, 2011  
Amended at the 2nd meeting of the 7th Board of Directors on August 13, 2013  
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Amended at the 7th meeting of the 9th Board of Directors on May 6, 2020  
Amended at the 17th meeting of the 9th Board of Directors on February 23, 2022

## **Article I (Basis for Formulation)**

Chunghwa Telecom Co., Ltd. (hereinafter referred to as "the Company"), in order to strengthen corporate governance and the compensation management functions of the Board of Directors, hereby establishes a Board of Directors' Compensation Committee (hereinafter referred to as "the Committee") in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange (hereinafter referred to as "the Regulations") and formulates these organizational procedures for compliance purposes.

## **Article II (Members)**

Members of the Committee are appointed by the Board of Directors, and the number of members shall be between three and five. At least one member of the Committee shall be an independent director, who shall be elected by all committee members to serve as the convener and Chairperson of the meeting.

Members of the Committee must meet the professional qualifications and work experience requirements stipulated in Article 5 of the Regulations and must not be subject to any restrictions or prohibitions outlined in Article 6 of the Regulations.

The term of the committee members is the same as the term of the Board of Directors.

If a member of the Committee is dismissed for any reason, resulting in the number of members being less than three, a Board of Directors meeting shall be convened within three months from the date of the occurrence to appoint a replacement.

Members of the Committee shall, upon appointment or change, announce their declaration on the information reporting website designated by the competent authority within two days from the date the event occurs.

## **Article III (Scope of Authority)**

The Committee shall exercise due diligence as a good manager, faithfully performing the following duties and submitting the proposed recommendations to the Board of Directors for discussion:

- (I) Establish and regularly review the policies, systems, standards, and structures for the performance evaluation and compensation of directors and managers.
- (II) Regularly evaluate and determine the salaries and compensation of directors and managers.

In exercising the aforementioned powers, the Committee shall adhere to the following principles:

- (I) The performance evaluation and compensation of directors and managers should reference the typical industry standards, while also considering the relationship between individual performance, company operational performance, and future risks.
- (II) Directors and managers should not be guided to engage in behaviors that exceed the Company's risk appetite in pursuit of salary compensation.
- (III) Regarding the proportion of compensation granted to directors and senior executives, it should be in accordance with relevant regulations and in consideration of the balance with shareholders and employees; the timing of salary and compensation payments should, in principle, be consistent with the payment schedule for the Company's employees.

The scope of the salary compensation mentioned in the previous two items should be consistent with the Regulations Governing Information to be Published in Annual Reports of Public Companies.

The term "manager" in this article refers to the executives of the Company appointed or dismissed by the Board of Directors, while "senior manager" refers to the managers as defined in the Company's Articles of Incorporation.

#### **Article IV (Board of Directors' Handling of Proposed Matters)**

When the Board of Directors discusses the recommendations of the Committee, it should comprehensively consider factors such as the amount of compensation, payment methods, and the Company's future risks.

The Board of Directors shall not adopt or amend the recommendations of the Committee unless two-thirds or more of all directors are present, and a majority of those present agree. The circumstances and reasons for any differences shall be recorded in the minutes of the Board of Directors meeting.

If the salary and compensation approved by the Board of Directors exceed the recommendations of the Committee, the approval shall be publicly disclosed on the information reporting website designated by the competent

authority within two days from the date of the Board's resolution.

If the salary and compensation matters of the directors and managers of a subsidiary require approval from the parent company's Board of Directors under the subsidiary's tiered responsibility decision-making process, the parent company's Compensation Committee shall first provide recommendations before submitting the matter for discussion by the Board of Directors.

#### **Article V (Meeting Convening)**

The Committee shall convene at least twice a year.

Committee members shall be notified of the reasons for convening of the Committee at least seven days in advance. However, those with urgent matters are not subject to this limitation.

If the Convener is on leave or unable to convene the meeting for any reason, they shall designate another independent director of the Committee to act as a proxy. If there are no other independent directors available, the Convener shall designate another member of the Committee to act as a proxy. If the Convener fails to designate a proxy, the other members of the Committee shall elect one person to act as a proxy.

The Committee may invite directors, managers from relevant departments of the Company, internal auditors, accountants, legal advisors, or other related personnel to attend the meeting and provide necessary relevant information. However, they should abstain from discussion and voting.

#### **Article VI (Meeting Agenda and Resolutions)**

The meeting agenda for the Committee shall be established by the Convener. Other committee members may also propose agenda items for discussion by the Committee. The meeting agenda should be provided in advance to the members of the Committee.

During committee meetings, a sign-in sheet should be provided for attending members to register their attendance, and it should be available for reference.

Members of the Committee are required to attend meetings in person. If a member is unable to attend in person, they may issue a proxy letter for each meeting, specifying the scope of authorization for another member to attend on their behalf. However, each committee member is limited to representing only one person; if a member participates in the meeting via video conference, it is considered as attending in person.

For the committee to reach a resolution, the agreement of more than half of all committee members is required. If there are no objections raised by the Chairperson during the vote, it shall be considered approved, and its effect shall be the same as that of a voting decision. The results of the vote shall be reported on-site and documented.

#### **Article VI-I (Conflict of Interest)**

The Committee stipulates that discussions regarding the compensation of its members during meetings should be explained at the same meeting. If there is a potential conflict of interest that may harm the Company's interests, the member in question shall not participate in the discussion or voting, and must recuse themselves from both the discussion and the vote. Furthermore, they are prohibited from exercising the voting rights on behalf of other members.

## **Article VII (Minutes Preparation and Distribution)**

The proceedings of the Committee shall be recorded in the minutes, which must accurately document the following matters:

- (I) Meeting session, time, and location.
- (II) Name of the Chairperson.
- (III) Attendance status of committee members, including the names and numbers of those present, on leave, and absent
- (IV) Names and titles of attendees.
- (V) Name of the recorder.
- (VI) Report items.
- (VII) Discussion items: The resolution methods and outcomes for each proposal, the names of committee members involved in matters concerning their own salary and compensation as stipulated in the previous article, details of their salary and compensation, instances of recusal, and any opposing or reserved opinions from committee members.
- (VIII) Extemporaneous motions: The name of the proposer, the resolution method and outcome of the motion, a summary of statements made by committee members, experts, and other personnel, the names of committee members involved in matters concerning their own salary and compensation as stipulated in the previous article, details of their salary and compensation, instances of recusal, and any opposing or reserved opinions from committee members.
- (IX) Other matters to be recorded.

If a committee member has objections or reservations regarding a resolution and has recorded them or issued a written statement, such objections or reservations shall be documented in the meeting minutes. Additionally, the resolution shall be publicly disclosed on the information reporting website designated by the competent authority within two days from the date of occurrence.

The attendance register of committee meetings is part of the minutes. If a meeting is convened via video conference, the audio and video materials from the conference shall be considered part of the meeting minutes.

The meeting minutes of the Committee must be signed or stamped by the Chairperson and the recorder, and distributed to each member of the Committee within twenty days after the meeting. They should also be submitted to the Board of Directors and kept as important company records

for five years. The preparation and distribution of meeting minutes may be conducted electronically.

Before the expiration of the retention period for the aforementioned minutes, if any litigation related to the Committee arises, the minutes shall be preserved until the conclusion of the litigation.

**Article VIII (Audit Consultation)**

The Committee may, by resolution, appoint attorneys, accountants, or other professionals to conduct necessary audits or provide consultations related to the exercise of its powers, with the costs borne by the Company.

**Article IX (Execution of Resolutions)**

Matters resolved by the Committee may authorize the Convener or other committee members to continue the execution of related tasks. During the execution period, a written report shall be submitted to the Committee, and if necessary, a follow-up report or confirmation shall be presented at the next meeting.

**Article X (Performance Evaluation)**

The Committee shall conduct a performance evaluation at the end of each year, using a self-assessment method by the members, and submit the evaluation forms to the operating unit for reporting to the Board of Directors.

**Article XI (Assessment Appeal)**

The assessment appeals and re-appeals of managers shall be reviewed by the Committee.

The assessment appeals and re-appeals of auditing personnel shall be handled by a review committee established by the Committee, which will invite the labor director to participate in the deliberation. The procedures for this will be determined separately.

**Article XII (Attendance and Transportation Allowances)**

Members of the Committee serve in an unpaid capacity. Participants attending the meetings of the Committee shall be entitled to receive attendance fees and transportation allowances in accordance with regulations.

**Article XIII (Operational Unit)**

The administrative operations of the Committee are undertaken by the Company's Organization and Talent Development Department.

**Article XIV (Implementation and Amendment)**

These organizational regulations shall take effect upon approval by the Board of Directors, and the same shall apply to any amendments.