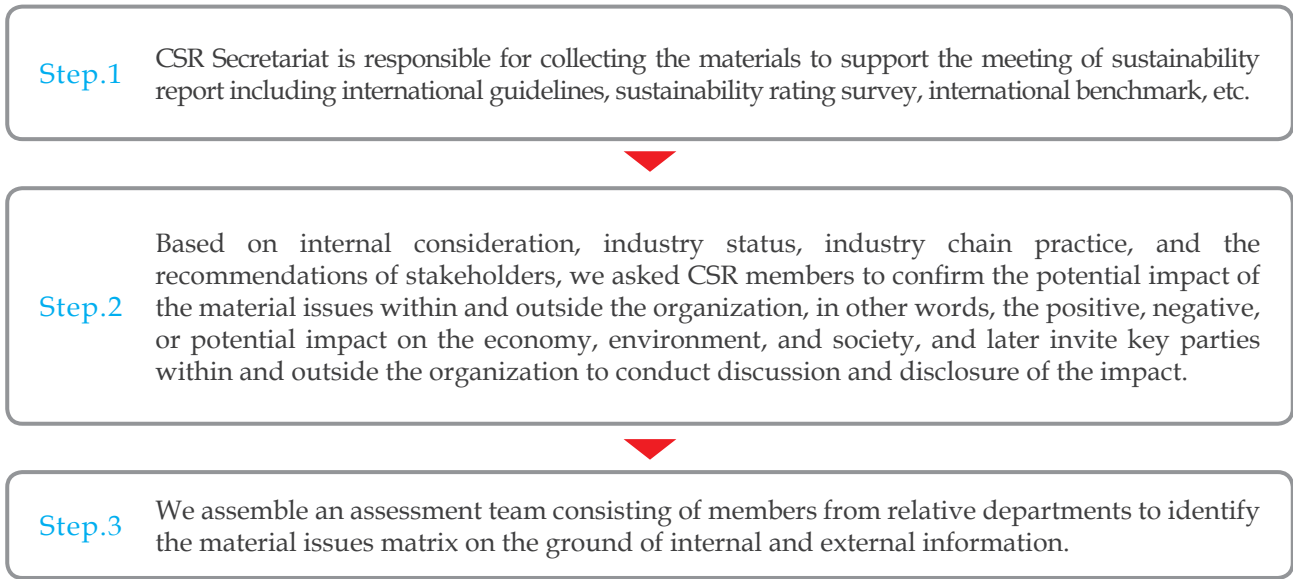




Determining Materials and Stakeholders

It is our intention to provide all stakeholders concerned with the future of the telecommunication industry and Chunghwa Telecom, with a more comprehensive understanding of how Chunghwa Telecom has exerted its industry influence on CSR issues. This purpose has driven us to improve the quality of our actions and disclosures.

Process for Determining Materials Issues



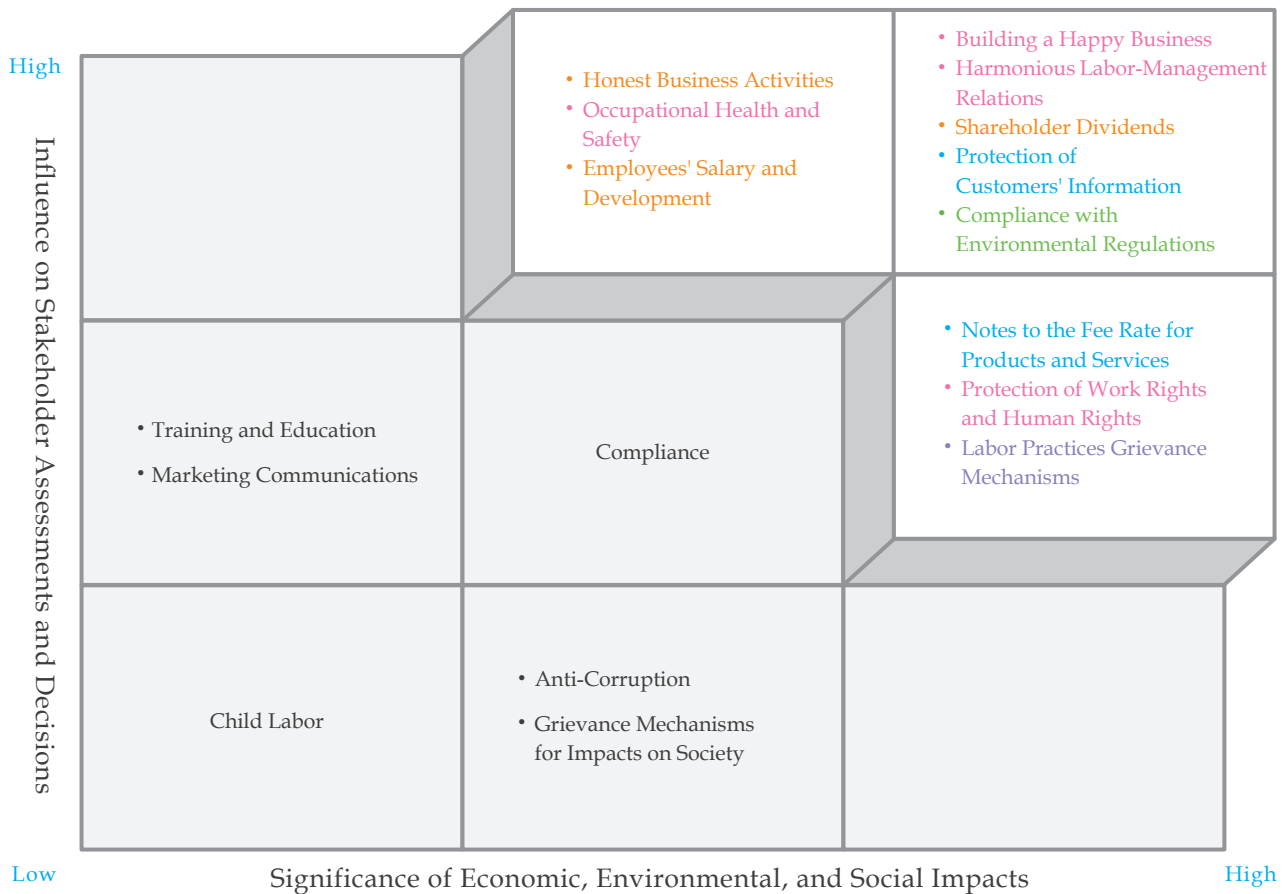
Boundaries of Material Issues

Within the Organization Outside the Organization

GRI G4 Aspect	Material Issues	CHT	Honghwa (Subsidiary)	Customer	Supplier	Competitor	Community	Shareholder /Investor
Economic (EC)	Shareholder Dividends	✖						✖
	Honest Business Activities	✖			✖		✖	
	Employees' Salary and Development	✖	✖					
Product Responsibility (PR)	Notes to the Fee Rate for Products and Services	✖	✖	✖		✖	✖	
	Protection of Customers' Information	✖	✖	✖				
Labor Practices and Decent Work (LA)	Building a Happy Business	✖						
	Harmonious Labor-Management Relations	✖	✖					
	Occupational Health and Safety	✖	✖					
Human Rights (HR)	Labor Practices Grievance Mechanisms	✖	✖					
Human Rights (HR)	Protection of Work Rights and Human Rights	✖	✖					
Environmental (EN)	Compliance with Environmental Regulations	✖			✖		✖	

✖ have impact.

2015 Material Issue Matrix



Note: The materiality threshold has been set at 2.6 and above for both the X-axis and the Y-axis (maximum: 3).

Coexistence with Stakeholders

Identification of key stakeholders and issues is the main focus of implementing CSR. By preparing the conference of CSR reports, we invite members from all departments to exchange the issues relate to current key stakeholders and their concerns, upon reaching mutual understanding, the result is incorporated into a table which in turn is regarded as the important reference for preparing the disclosure in the report.

In the process of promoting CSR activities or information disclosure, we consult the opinion and recommendation of the internal and external stakeholders, relevant important mechanism including:

- CSR report “consultation meeting with external professionals.”
- Invite external professionals to “CSR Conference” and host relevant forums on the irregular basis.
- Host “Supplier CSR Interchange Meeting” on the annual basis.
- Pioneering “CSR video” to record the implementation of CSR actions on the regular basis, and collect internal and external feedback for further improvement.
- Designate specialist for CRS and foundation.

Chunghwa Telecom Stakeholder engagement guideline: <http://goo.gl/zYhhM8>

Note to Material Issue in 2015

G4-24~G4-27



Meaning to Chungghwa Telecom

As shareholders/investors are the holders of Chungghwa Telecom, we must be accountable to them.

Employees are critical in sustainable development and they are the driving force for sustained growth.

Only when customers prefer the products and services of Chungghwa Telecom could we have value for existence.

The huge product and service chain of Chungghwa Telecom relies on the stable support of the suppliers.

Communication Channel

Stockholder hotline, IR Website, Results call, Roadshow

E-mail, Telephone calls, Online forum, Labor-employer meeting

Service hotline, Customer Service center

E-mail, Hotline, CSR Supplier Social Event

Communication Frequency

Immediately

Immediately

Immediately

4~5 times per month

Material Aspect

01

03 06 07 08 09 10

04 05

02 11

Sustainability Category

Issues and Implications for Chungghwa Telecom

UN SDG*

GRI G4 Aspect

DMA

Economic (EC)

1. Shareholder Dividends

Dividend is the key to maintaining shareholder and investor confidence in Chungghwa Telecom, and is a vital consideration for the long run holding of Chungghwa Telecom shares.

Goal #8: Decent work and economic growth

Economic Performance

p.16

2. Honest Business Activities

Chungghwa Telecom conducts business activities to the highest ethical standard. In addition to complying with regulations, the Company requires all its employees to adhere to a higher moral standard in their business conducts.

Goal #11: Sustainable cities and communities

Goal #12: Responsible consumption and production

Anti-Corruption Compliance -Society
Grievance Mechanisms for Impacts on Society
Compliance -Product Responsibility
Compliance-Environmental

p.39
p.40
p.68
p.85

3. Employees' Salary and Development

The Company recognizes employees as capital as well as their most important partners and is dedicated to creating a comprehensive welfare system that helps employees realize their full potentials.

Employment
Market Presence

p.73

4. Notes to the Fee Rate for Products and Services

We provide our customers with the most accurate and correct product and service information to enable them to quickly find the solutions they need. This good service also helps the Company maintain its professional image.

Goal #9: Industry, innovation and infrastructure

Marketing Communications
Product and Service Labeling

p.39
p.58

5. Protection of Customers' Information

We utilize a broad variety of processes and systems to enhance the protection of consumers' data to eliminate leakage and unauthorized access to information systems and data by unauthorized persons.

Goal #17: Partnerships for the goals

Customer Privacy
Marketing Communications

p.42
p.43

Note: "UN SDGs" are the Sustainable Development Goals of United Nations, more introductions please refer to p.10-11.



We wish to feed back to society with its professional standing in telecommunication and create a better future.

E-mail, Hotline,
Stakeholder conference

Immediately



They are good friends and teachers for us in sustainable development.

E-mail, Hotline,
Meeting,
Press release

Immediately



Our products and services and related marketing behaviors are subject to audits by the competent authority.

Official document,
Meeting, e-mail,
Telephone calls, Visit

Immediately



We wish to engage in fair competition in the industry for a healthy development of the industry.

Official document,
Meeting

1~2 times per month



Sustainability Category	Issues and Implications for Chunghwa Telecom	UN SDG*	GRI G4 Aspect	DMA
Labor Practices and Decent Work (LA)	6. Building a Happy Business Our “sustainability” goal has also prompted us to implement welfare systems that are superior to those required by Law. We have taken action to give employees comfortable working conditions and a share of our fruitful results.		Employment	p.73
	7. Harmonious Labor-Management Relations Employees are the key to sustainability; a harmonious labor-management relationship favors business growth.	Goal #3: Good health and well-being	Labor/Management Relations	p.72
	8. Occupational Health and Safety In addition to compliance with all regulations, we have introduced an occupational health and safety management system that has helped in the creation of a quality workplace.	Goal #8: Decent work and economic growth	Occupational Health and Safety	p.78
	9. Labor Practices Grievance Mechanisms We pay careful attention to communication with our employees and the assurance of all their legal rights. There are several channels through which an employee might assert their rights or give voice to concerns or grievances.		Human Rights Grievance Mechanisms	p.40 p.74
Human Rights (HR)	10. Protection of Work Rights and Human Rights We respect all our employees and prohibit discrimination on the grounds of gender, age, ethnicity, religion, or any other. Chunghwa Telecom is the only telecommunications carrier in Taiwan to have established, and signed a collective bargaining agreement, with a union. This initiative not only complies with local laws and international human rights conventions, but also demonstrates our commitment to the protection of employee rights and interests.	Goal #5: Gender equality Goal #10: Reduced inequalities	Training and Education Market Presence Child Labor	p.31 p.73 p.75
Environmental (EN)	11. Compliance with Environmental Regulations We have envisioned ourselves as becoming a green, sustainable business. We strive not only to comply with environmental regulations, but to contribute to the greenness of the ICT industry and society as a whole.	Goal #7: Affordable and clean energy Goal #12: Responsible consumption and production Goal #13: Climate action	Compliance -Environmental	p.85



United Nations Sustainable Development Goals

Although Taiwan is not a member of the United Nations, Chunghwa Telecom has nevertheless chosen to respond to the 2030 Sustainable Development Goals (SDGs) outlined by the UN in 2015, given its stature as a responsible industry leader. The following table associates Chunghwa Telecom’s current practices with the SDGs, and is intended to give stakeholders a clear perception of our efforts and contribution towards CSR and world sustainability goals.

Material Issue	SDGs
<ul style="list-style-type: none"> • Shareholder Dividends • Honest Business Activities • Employees' Salary and Development 	<p>Goal #8</p> <ul style="list-style-type: none"> • Achieve higher levels of productivity through diversity, technological upgrade and innovation. • Achieve equal pay for equal work and productive employment across the entire population, including young adults and disabled persons, by 2030. <p>Goal #11</p> <ul style="list-style-type: none"> • Enhance inclusiveness, tolerance and sustainability by 2030, and achieve nationwide participation in urban planning and management in a way that is both participatory and inclusive. • Reduce the level of average adverse environmental impact per person in urban areas by 2030. • Facilitate positive linkage between urban, suburban and rural areas in social, economic and environmental aspects. <p>Goal #12</p> <ul style="list-style-type: none"> • Encourage businesses to adopt sustainable strategies and include sustainability information into their reporting cycles. • Implement sustainable procurement procedures in line with national policies and priorities. • Devise and implement policies to monitor how sustainability affects employment, local culture, local products, and tourism.
<ul style="list-style-type: none"> • Notes to the Fee Rate for Products and Services • Protection of Customers' Information 	<p>Goal #9</p> <ul style="list-style-type: none"> • Establish economic, social and environmental connections between remote areas and the outside world. • Upgrade infrastructure, improve resource efficiency, and adopt more environmental protection technologies and processes by 2030. • Launch fully affordable and available Internet services in least developed countries by 2020. <p>Goal #17</p> <ul style="list-style-type: none"> • Enhance global sustainability partnership; gather and share knowledge, specialties, technologies and financial resources to support developing nations in reaching their sustainable goals. • Apply experience, resources and strategies to encourage and facilitate effective cooperation between state, private sector, citizens and the society.
<ul style="list-style-type: none"> • Building a Happy Business • Harmonious Labor-Management Relations • Occupational Health and Safety • Labor Practices Grievance Mechanisms 	<p>Goal #3</p> <ul style="list-style-type: none"> • Promote physical and mental health through prevention and treatment measures by 2030. • Ensure availability of health services, including information and education about child birth by 2030. • Achieve nationwide health protection, including access to insurance coverage, quality and affordable drugs and vaccine. • Escalate early alerts and enhance management capability for national and global health risks. <p>Goal #8</p> <ul style="list-style-type: none"> • Eliminate forced labor, child labor and any form of illegal employment by 2025.
<ul style="list-style-type: none"> • Protection of Work Rights and Human Rights 	<p>Goal #5</p> <ul style="list-style-type: none"> • Elimination of discrimination against women. • Assure women's right to political, economic, and public decisions of all levels, and provide them with equal opportunity to all levels of leadership. • Enhance women's abilities through ICT applications. • Promote gender equality and raise women's power through state policies and laws. <p>Goal #10</p> <ul style="list-style-type: none"> • Achieve social, economic and political inclusion by 2030, regardless of participants' age, gender, disability, race, ethnicity, nationality, religion, economic or other status. • Progressively maintain and increase income of the bottom 40% population, while ensuring that the rate of increase is above national average before 2030. • Assure equal opportunities and reduce inequalities through proper laws, policies and actions.
<ul style="list-style-type: none"> • Compliance with Environmental Regulations 	<p>Goal #7</p> <ul style="list-style-type: none"> • Collaborate with global institutions on the acquisition of clean energy sources and related technologies before 2030, including infrastructure investments relating to renewable energy. <p>Goal #12</p> <ul style="list-style-type: none"> • Achieve sustainable management and use of natural resources by 2030. • Develop chemical and waste management practices in accordance with international rules by 2020, while significantly reduce chances of emission and negative impacts. • Reduce the volume of waste produced by 2030 through means such as prevention, reduction, recycling and reuse. <p>Goal #13</p> <ul style="list-style-type: none"> • Enhance a nation's ability to recover from and adapt to natural disasters and climate risks. • Raise awareness and tighten control over climate risks; enhance early alert measures and improve responsiveness on an individual and organizational level.

Note: As far as Chunghwa Telecom is concerned, the terms “state,” “nation” and “country” mentioned in UN SDGs refers only to Taiwan; as for the term “population,” the focus is primarily on our own permanent employees.

Chunghwa Telecom's Contribution to SDG		Chapter Page
 <ul style="list-style-type: none"> • The creation of Chunghwa Telecom Laboratories to encourage innovation and business ventures and make the industry more diverse. • The implementation of robust compensation, welfare and union systems to ensure equality between men and women. 	 <ul style="list-style-type: none"> • The development of smart city solutions to enhance analysis and the management of economic, environmental, and social information within city. 	Responsible Governance p.28 Employee Care p.70
 <ul style="list-style-type: none"> • Regular publication of CSR report and innovative communication channels • Full-scale green procurement. • The construction of Chunghwa Telecom resorts throughout the country to encourage experience of local culture and natural environment. 		
 <ul style="list-style-type: none"> • Chunghwa Telecom is the most active local carrier making services available and affordable to the public. The company has invested the largest amount of resources to date. • The Company offers discounts to the socially disadvantaged and to disaster victims. 	 <ul style="list-style-type: none"> • The Company has implemented communication and collaborative channels that are transparent and consistent with stakeholders' needs; it is actively involved in industry associations and new development projects. • The Company is the first telecommunications carrier to begin "supplier CSR management" and regular meetings are held for this purpose. 	
 <ul style="list-style-type: none"> • The Company has robust and comprehensive systems in place to check and manage employees' health as well as prevent communicable diseases. 	 <ul style="list-style-type: none"> • The Company has a robust human resource policy and an international management system in place to prevent all forms of forced labor. 	Employee Care p.70
 <ul style="list-style-type: none"> • Chunghwa Telecom is the only telecommunication carrier in Taiwan that has a “labor union” to look after employees’ interests. • The Company values and enforces gender equality laws; it protects and promotes women's right to fair employment and promotion. 	 <ul style="list-style-type: none"> • The Company has a robust compensation and welfare scheme in place to keep employees' salaries above local regulatory requirements. 	Employee Care p.70
 <ul style="list-style-type: none"> • The Company has launched a 5-year sustainability program along with many environmental actions to fulfill its goal as a green enterprise. 	 <ul style="list-style-type: none"> • The Company has been active in the reduction and reuse of energy and resources; new infrastructures are being constructed to broaden the use of renewable energy and reduce greenhouse gas emission. 	Green Enterprise p.84
 <ul style="list-style-type: none"> • The Company is constantly introducing new solutions to mitigate disasters and minimize climate risks to its data centers. 		

Response to Critical Issues in 2015

Issue #1: The Dilemma of Coverage of the Base Station

Service providers are compelled to provide good quality voice transmission and fast mobile connection to the Internet. However, some citizens still have concern about electromagnetic wave. As such, people tend to request for the removal of base stations already installed as “electromagnetic waves will jeopardize our health” even though the landlord have agreed with the installation.

The right cognition about electromagnetic wave should be:

- 1 The electromagnetic wave emitted from the base station is non-ionizing radiation and the electromagnetic particle entails very low energy. It will not give out heat or cause damage to the cell molecules of organism. As such, it will not affect the health of human beings.
- 2 The measurement of the electromagnetic wave in the environment is in conformity to the standard of the International Commission on Non-ionizing Radiation Protection (ICNIRP)”, which must be lower than $0.45 \mu\text{W}/\text{cm}^2$ at 900MHz and must be lower than $0.9 \mu\text{W}/\text{cm}^2$ at 1,800MHz. Due to the habit of using mobile phones, the public has been exposed to the radio frequency of the mobile phones, which is a thousand times more than the waves emitted from a base station.

As described above, the electromagnetic waves generated by base stations are not as damaging as rumored. There are many professional websites, local and abroad, that support this claim. However, any resident who has concerns regarding base stations near their home can request a complimentary measurement of the strength of the nearby electro- magnetic waves by calling 0800-580-010.

*Electromagnetic wave: <http://www.emfsite.org.tw/>



Issue #2: Vector-borne Disease at Manholes

Following the outbreak of dengue fever in April 2015, the government conducted a series of thorough inspections on culverts and manholes, and found Chunghwa Telecom's manholes likely to breed mosquitoes due to dysfunctional drainage. Following the inspections made by the Environmental Protection Bureau, Chunghwa Telecom immediately participated in local governments' prevention measures, and devoted itself to assisting local health authorities in the extermination of vectors.

Actions

1

- Sealing the openings on manhole covers.
- Assigning employees to clear drainage and water build-up when spraying pesticides at more severely affected locations.

Progress

2

- Kaohsiung City: sealants were applied to 172,431 manhole covers, while 37,438 manholes were completely buried under ground; overall, a total of 209,869 manholes had been treated for vectors.
- Tainan City: sealants were applied to 68,024 manhole covers in more severely affected areas.
- Pingtung City: 2,535 manhole covers at Yongcheng Village were sealed and sterilized.

The health authority had acknowledged the prevention efforts taken by Chunghwa Telecom, and reminded businesses of their duties to control vectors and maintain cleanliness of the environment.

Issue #3: Personnel Management at Subsidiaries

Honghwa International Corp. (Honghwa) is a subsidiary of Chunghwa Telecom and provides the frontline manpower needed at the Chunghwa Telecom service outlets, customer service hotlines, and customer service network. Honghwa also operates as a human resource contractor for other businesses, but does not use the same human resource and welfare system as Chunghwa Telecom.

However, to comply with the Chunghwa Telecom CSR philosophy, the service agreement specifically requires the contractor to treat its employees in compliance with the Labor Standards Act, the Occupational Safety and Health Act, and the Gender Equality in Employment act. In addition, penalties may be imposed for the purpose of protecting the interests of the workers. In light of this requirement, Honghwa has also created its own union and holds regular discussions to negotiate employment terms that provide employees with proper protection and benefits as well as a secure labor-management relationship.

1

The Temporary Labor Act is expected to be implemented in the near future, which will limit the use of temporary labor to no more than 3% (or 10%) of total employee base. Chunghwa Telecom has responded to this new change in advance, as the Human Resource Division held meetings with the marketing, network, and customer service teams to discuss feasible solutions.

2

By the end of 2015, Chunghwa Telecom used no outsourced labor except HongHwa to operate frontline functions such as customer service hotline, customer service network, and service outlets.