



Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE CHUNGHWA TELECOM CO., LTD.'s CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Chunghwa Telecom CO., LTD. (hereinafter referred to as CHT) to conduct an independent assurance of the Corporate Social Responsibility Report for 2017 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the CHT's CSR Report of 2017 and its presentation are the responsibility of the management of CHT. SGS has not been involved in the preparation of any of the material included in CHT's CSR Report of 2017.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all CHT's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for CHT and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016)
- evaluation of the report against the IIRC International <IR> Framework (Chinese version 2015) requirements for content elements.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report

assurance. SGS affirm our independence from CHT, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within CHT's CSR Report of 2017 verified is accurate, reliable and provides a fair and balanced representation of CHT sustainability activities in 01/01/2017 to 12/31/2017.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance. The report also appropriately responds to the content elements requirements of The IIRC International <IR> Framework.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

CHT has demonstrated a great commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality

CHT has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, CHT's CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report.

Signed:

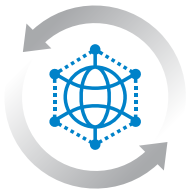
For and on behalf of SGS Taiwan Ltd.



David Huang, Director
Taipei, Taiwan
13 June, 2018
WWW.SGS.COM



AA1000
Licensed Assurance Provider
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GRI Standards Index

» The Management Approach and Its Components

Material Topic	How We Manage the Topic
Economic Performance	We have a robust corporate governance system that involves independent directors and supervisors. The Audit Committee, the Strategy Committee and the Audit Department have been established for effective control of operating costs and business direction.
Anti-Corruption	To ensure that all employees can conduct business activities with the highest ethical standard, we have implemented the “Business Integrity Principles,” the “Behavior Guidelines,” and the “Integrity Procedures and Behavior Guidelines” that outline the ethics and responsibilities that employees are bound to obey in all commercial conducts. Furthermore, we actively convey to employees about the Company’s culture or its ethical policies.
Anti-competitive Behavior	
Environmental Compliance	We have created an “Environmental Sustainability Team” under the “CSR Committee” that specializes in determining short, medium and long-term environmental goals. The team exists to make sure that issues such as energy conservation, carbon reduction, and environmental protection are addressed in the Company’s operational plans, and to outline codes of conduct, manuals, green energy standards and greenhouse gas reduction targets.
Employment	CHT treats employees as its most important partners, and is committed to providing employees the utmost “assurance.” For best protection of employees’ work rights, Chunghwa Telecom has signed the “employment contracts” with individual employees and notifies them of changes regarding employment under the Labor Standards Act. Furthermore, we exploit various communication channels including seminars and labor management meetings to maintain a harmonious and mutually beneficial working relationship.
Customer Health and Safety	All products and services of Chunghwa Telecom are offered with user instructions that describe product nature and applicable information. Impacts of excessive usage have been taken into consideration during the design phase and gentle reminders are given at the time of the sale.
Marketing and Labeling	In addition to providing relevant information and usage descriptions on all products and services offered, we also have a “Marketing Policy” in place to ensure that business activities are carried out in compliance with the authority’s rules and requirements. Compliance with such policy constitutes part of senior managers’ performance appraisal.
Customer Privacy	We have a Personal Information Protection Task Force created under the Information Strategy Committee; its duties are to execute the Committee’s policies and perform personal information risk assessments monthly. All key business activities that are prone to information risks have been audited and certified by a third party.
Socioeconomic Compliance	Decent management and compliance with the law is the foundation of our operations, to ensure that all operations are carried out in accordance with social and economic standards, Chunghwa Telecom and its institutions all operate in accordance with business-related regulations.

Purpose of the Management Approach	Policy	Goal & Target (Page Number)	Grievance Mechanism
To ensure that the Company's operations conform to the requirements of the government and supervising authorities, and that shareholders' and stakeholders' interests are protected.	"Business Integrity Principles," "Behavioral Guidelines," "Corporate Governance Principles"	16	<ul style="list-style-type: none"> Shareholder hotline: 2394-1845 Investor hotline: 23445488
To effectively manage and ensure that all operating activities are compliant with commercial, marketing, and integrity principles, and to eliminate corruption.	"Business Integrity Principles," "Behavior Guidelines," "Corporate Governance Principles"	17	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To ensure that the Company's operations are free from violations of environmental regulations.	-	82-83	-
To ensure that employees' employment and work rights are protected.	"Employment Contract," "Business Integrity Principles," "Behavior Guidelines," "Corporate Governance Principles"	55	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998
To ensure that the products and services offered do not pose any health and safety risk to consumers.	"Distribution Sales Aid Management Guidelines," "Distribution Sales Aid Management Policy," "Marketing Policy"	72-73	<ul style="list-style-type: none"> Telecom service center: 0800-080-123
To protect consumers' rights to information and ensure the clarity and transparency of marketing information.	"Distribution Sales Aid Management Guidelines," "Distribution Sales Aid Management Policy," "Marketing Policy"	72	<ul style="list-style-type: none"> Telecom service center: 0800-080-123
To ensure that customers' personal information is strictly protected.	"Customer Personal Information Gathering Advice Clause," "Information Security Policy," "Information Security Management Policy and Implementation Rules"	74	<ul style="list-style-type: none"> Telecom service center: 0800-080-123
To ensure that the Company's operations are free from violations of environmental regulations.	"Business Integrity Principles," "Behavioral Guidelines," "Corporate Governance Principles," "Distribution Sales Aid Management Guidelines," "Distribution Sales Aid Management Policy," "Marketing Policy," NCC's "Regulations for Administration of Base Stations of Mobile Communications Network Businesses"	72,80	<ul style="list-style-type: none"> Complaint Investigation Committee Grievance hotline: 0800-080998

» Evaluation of the Management Approach

Material Topic	Mechanism for Evaluation	Result of the Evaluation (Page Number)	Adjustment
Economic Performance	Independent directors, supervisor system, internal audit and evaluation by the relevant authority	16	None
Anti-corruption	Internal audit, communication/grievance system (including hotlines, emails, and specialized departments), annual online tests, TWSE corporate governance evaluation	17	None
Anti-competitive Behavior	Internal audit, communication/grievance system (including hotlines, emails, and specialized departments), annual online tests, TWSE corporate governance evaluation	17	None
Environmental Compliance	Corporate Governance Evaluation	82	None
Labor/Management Relations	TWSE Corporate Governance Evaluation, Employment Contract	55	None
Customer Health and Safety	TWSE Corporate Governance Evaluation, NCC's "Regulations for Administration of Base Stations of Mobile Communications Network Businesses"	72	None
Marketing and Labeling	NCC's telecommunication service quality survey, communication/consumer complaint report	72	None
Customer Privacy	Grievance system, system certification (ISO 27001, BS 10012), internal auditor certification, TWSE corporate governance evaluation	74	None
Socioeconomic Compliance	TWSE Corporate Governance Evaluation, NCC's telecommunication service quality survey, communication/consumer complaint report	72	None

GRI 103 Management Approach	Disclosure Item	Page Number
	103-1 Explanation of the material topic and its boundary	6-9, 114-115
	103-2 The management approach and its components	114-115
	103-3 Evaluation of the management approach	116

General Disclosures

Changes in Reporting	Disclosure Item	Page Number/ URL and Comment	Identified Omission and Explanation	External Assurance
Organizational Profile				
102-1	Name of the organization	Chunghwa Telecom		v
102-2	Activities, brands, products, and services	7-9		v
102-3	Location of headquarters	7		v
102-4	Location of operations	7		v
102-5	Ownership and legal form	7		v
102-6	Markets served	7		v
102-7	Scale of the organization	16		v
102-8	Information on employees and other workers	56-57		v
102-9	Supply chain	12-13		v
102-10	Significant changes to the organization and its supply chain	None		v
102-11	Precautionary Principle or approach	36-45		v
102-12	External initiatives	17,95-97		v
102-13	Membership of associations	107-110		v
Strategy				
102-14	Statement from senior decision-maker	4-5		v
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	17		v
Governance				
102-18	Governance structures	14		v
Stakeholder Engagement				
102-40	List of stakeholder groups	32-33		v
102-41	Collective bargaining agreements	58		v
102-42	Identifying and selecting stakeholders	32-33		v
102-43	Approach to stakeholder engagement	32-35		v
102-44	Key topics and concerns raised	32-35		v
Reporting Practice				
102-45	Entities included in the consolidated financial statements	Please refer to CHT's 2017 Annual Report p.127		v
102-46	Defining report content and topic Boundaries	28		v
102-47	List of material topics	30		v
102-48	Restatements of information	None		v
102-49	Changes in reporting	None		v
102-50	Reporting period	2017/1/1-2017/12/31		v
102-51	Date of most recent report	2017/8/31		v
102-52	Reporting cycle	Annual		v
102-53	Contact point for questions regarding the report	1		v
102-54	Claims of reporting in accordance with the GRI Standards	Core		v
102-55	GRI content index	114		v
102-56	External assurance	112-113		v

Topic-specific Disclosures

Topic-specific Disclosure	Disclosure Item	Page Number/ URL and Comment	Identified Omission and Explanation	External Assurance
201 Economic Performance				
201-1	Direct economic value generated and distributed	16		v
201-3	Financial implications and other risks and opportunities due to climate change	67		v
*202 Market Presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	55		v
205 Anti-corruption				
205-3	Confirmed incidents of corruption and actions taken	None		v
206 Anti-competitive Behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None		v
*302 Energy				
302-1	Energy consumption within the organization	85		v
302-4	Reduction of energy consumption	84-89		v
302-5	Reduction in energy requirements of products and services	41,84-89		v
*305 Emissions				
305-1	Direct (Scope 1) GHG emissions	42		v
305-2	Energy indirect (Scope 2) GHG emissions	42		v
305-3	Other indirect (Scope 3) GHG emissions	42		v
305-5	Reduction of GHG emissions	40-43		v
307 Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations	None		v
*401 Employment				
401-1	New employee hires and employee turnover	57		v
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65-67		v
401-3	Parental leave	67		v

Topic-specific Disclosure	Disclosure Item	Page Number/ URL and Comment	Identified Omission and Explanation	External Assurance
402 Labor/Management Relations				
402-1	Minimum notice periods regarding operational changes	58		v
*403 Occupational Health and Safety				
403-1	Workers representation in formal joint management-worker health and safety committees	62		v
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	64		v
403-4	Health and safety topics covered in formal agreements with trade unions	https://goo.gl/hiH48K Health and safety topics make up 6.5% of trade unions.		v
*405 Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees	14,58		v
405-2	Ratio of basic salary and remuneration of women to men	56		v
*407 Freedom of Association and Collective Bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None		v
*409 Forced or Compulsory Labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None		v
416 Customer Health and Safety				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None		v
417 Marketing and Labeling				
417-2	Incidents of non-compliance concerning product and service information and labeling	None		v
417-3	Incidents of non-compliance concerning marketing communications	None		v
418 Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	74		v
419 Socioeconomic Compliance				
419-1	Non-compliance with laws and regulations in the social and economic area	80		v

Note: Topics marked with * have been disclosed voluntarily, and are not part of the material topics identified in 2017.

Telecommunication Sector Specific Indicators

DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
SUB-CATEGORY: INTERNAL OPERATIONS				
MATERIAL ASPECT: Investment				
DMA 98	IO1	Capital investment in telecommunication network infrastructure broken down by country/region	78	v
	IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not pro table. Describe relevant legislative and regulatory mechanisms.	98	v
MATERIAL ASPECT: Health and Safety				
DMA 80	IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plants. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	80	v
	IO4	Compliance with ICNIRP (International Commission on Non-Ionizing Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	80	v
	IO5	Compliance with ICNIRP (International Commission on Non-Ionizing Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations	80	v
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	80	v
MATERIAL ASPECT: Infrastructure				
DMA 80	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	80	v
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	80	v
SUB-CATEGORY: PROVIDING ACCESS				
MATERIAL ASPECT: Access to Telecommunication Products and Services: Bridging the Digital Divide				
DMA 94	PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	78-79	v
	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	78-79	v
	PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	79	v
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	78	v
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanations of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	101	v
	PA6	Programs to provide and maintain telecommunication products and services	79	v
MATERIAL ASPECT: Access to Content				
DMA 104	PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	71,104-105	v
MATERIAL ASPECT: Customer Relations				
DMA 72	PA8	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	80	v
	PA9	Total amount invested in programs and activities in electromagnetic field research. Include descriptions of programs currently contributed to and funded by the reporting organization.	None	v
	PA10	Initiatives to ensure clarity of charges and tariffs.	72 http://www.emome.net/cell_phone_plans/monthly_rate_plan	v
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost-effective, and environmentally preferable use.	72-73	v
SUB-CATEGORY: Technology Applications				
MATERIAL ASPECT: Resource Efficiency				
DMA 48	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	49	v
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	48-53	v
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	48-53	v
	TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	48-53	v
	TA5	Description of practices relating to intellectual property rights and open source technologies.	50	v



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