



# Chapter 3

## Material Topics and Impact

We intend to provide all stakeholders concerning the future of Chunghwa Telecom as well as the telecom industry with a more comprehensive understanding of how Chunghwa Telecom has exerted its industry influence on CSR topics. This purpose has improved the quality of our actions and disclosures.



The annual material topics are determined through the following process: internal feedback, external questionnaires, topic identification by the CSR Secretariat, topic analysis by the six CSR task forces, ranking the topics, and finally, confirming the results.



We have a set of procedures in place to identify, engage, interact, and communicate with stakeholders through various channels based on the Stakeholder Engagement Standard (AA 1000SES:2015).

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## 2019 Material Topics and Impact

CHT is an integrated telecom service provider. Except for the use of electricity at business locations, facility rooms, and data centers, our other service processes and mechanisms have no major negative impact on the environment and society. However, with over 20 thousand employees, the capabilities of value chain procurement and supply and business locations all over Taiwan, we understand that our ICT services and products can bring positive transforming and business opportunities to the industry, economic development and people's life in Taiwan. Therefore, we seize opportunities and endeavor to decrease the potential risks from material CSR topics.

Range of impact Material Topics	Within the organization			Outside the organization	
	Entity CHT	Honghwa Subsidiary	CHT Security Subsidiary	Engineering Suppliers	Equipment Suppliers
Economic Performance	●	▲	▲		
Market Presence	●	▲	▲		
Anti-Corruption	●			□	□
Energy	●				□
Employment	●	▲	▲		
Labor Management Relations	●	▲	▲		
Occupational Health and Safety	●	▲	▲	□	□
Marketing and Labelling	●	▲	▲		
Customer Privacy	●	▲	▲		
Socioeconomic Compliance	●		▲	□	□

- : direct impact ; ▲: indirect impact ; □: impact from business relations
- Except for the impact within the CHT organization (including 2 subsidiaries), the influence of the external impact is determined by the "supplier type."
- CHT also promotes relative management principles and actions. For detailed topic information, please refer to the corresponding chapter and page.

### Process for Determining Material Topics

#### STEP 1

#### Confirming the determining process for material topics



The CSR Secretariat calls for the six CSR working groups to confirm the material topics determining process of the current year. We perform through feedback and external questionnaires.

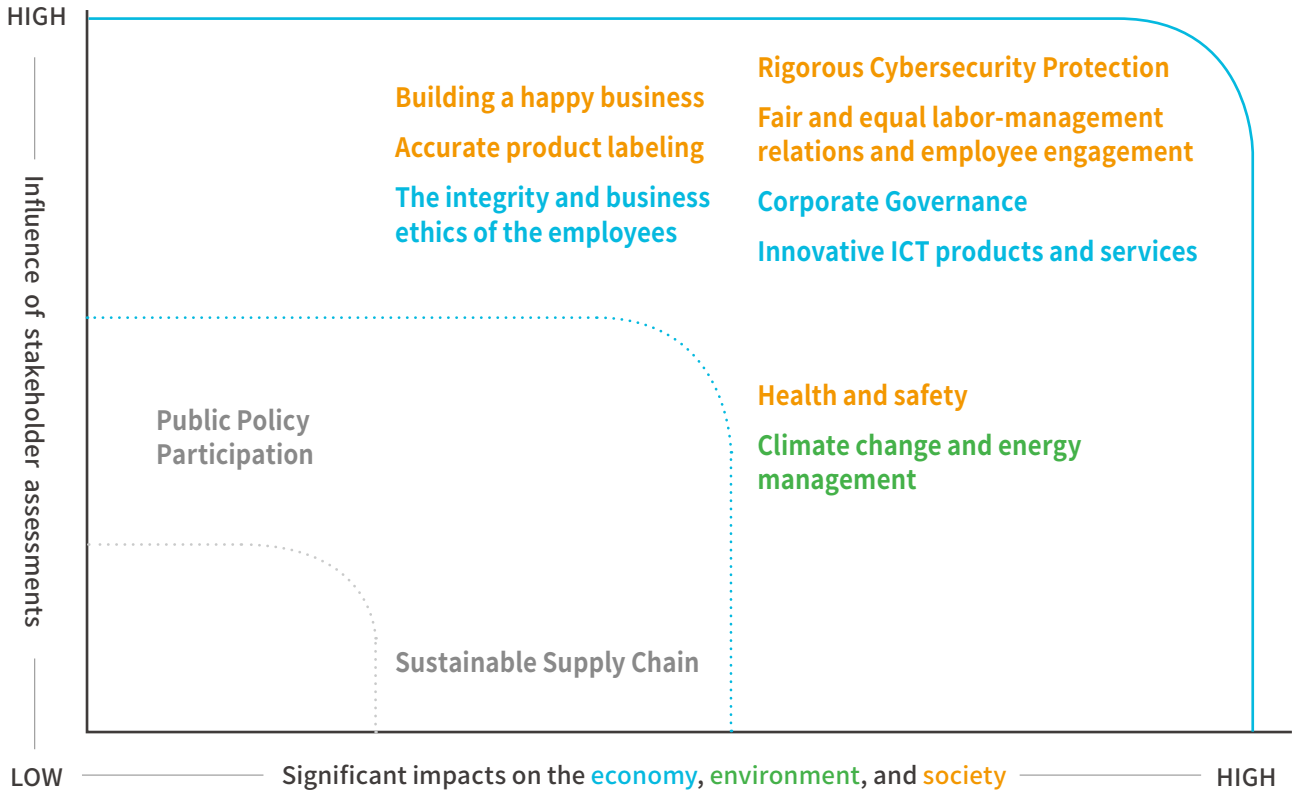
#### STEP 2

#### Information collecting / Topic identification



The CSR Secretariat is responsible for identifying CSR topics while considering CHT's short-, mid-, and long-term achievement and referring to the material it collects including international guidelines, such as the GRI Standards, sustainability rating surveys, international business information benchmarks and the news related to CHT in 2019.

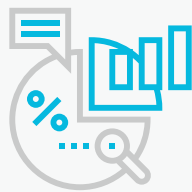
## The Materiality Matrix



1. The materiality threshold: 2.6 and above for both the X-axis and the Y-axis (3-point scale)
2. Chungghwa Telecom also willingly discloses issues that are not identified as material issues in 2019, please refer to the topics with “★” in the index catalog (P.136-137).

### STEP 3

#### Analysis / Prioritizing



The CSR working groups analyze topics and hold discussions based on internal consideration, industry status, industry chain practice, and advice from stakeholders. The topics are prioritized according to urgency and seriousness and the level of impact.



### STEP 4

#### Result Confirmation / Materiality matrix

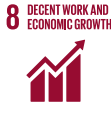






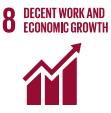










Members of the CSR working groups were invited to consider the relevance between the topics and the actual operation according to internal and external information. The 2019 topic identification results were confirmed and a materiality matrix was prepared for submission to the CSR Committee for approval.

## 2019 Material Topics Description

Sustainability Aspect	Material Topics	Meaning to CHT
 <p><b>Economy</b></p>	<p><b>Innovative ICT products and services</b></p>	<p>Due to impacts from the global industrial chains, Chunghwa Telecom more proactively strengthens its core businesses, introducing momentum to drive revenues via innovative ICT products and services while elevating shareholders' willingness to hold shares in the long run.</p>
	<p><b>The integrity and business ethics of the employees</b></p>	<p>Performing operational activities with the highest ethical standards not only complies with the regulations but also allows employees to reflect on themselves when performing business activities.</p>
 <p><b>Environment</b></p>	<p><b>Climate change and energy management</b></p>	<p>The climate change issue has a close relation with the operation of a corporation. We actively establish relative plans and goals to strive for the reduction of the cost and risk related to climate change in the value chain.</p>
	<p><b>Building a happy business</b></p>	<p>We develop benefits better than the regulations, enhance employees' well-being, and act to give employees peace of mind to work and share business results.</p>
	<p><b>Fair and equal labor-management relations and employee engagement</b></p>	<p>Through formal engagement, an agreement can be reached regarding the rights and responsibilities of employees to both protect them and the employer.</p>
 <p><b>Society</b></p>	<p><b>Health and safety</b></p>	<p>We incorporated ISO 45001 to ensure that each process is in compliance with the regulation.</p>
	<p><b>Accurate product labelling</b></p>	<p>We accurately communicate product and service information, and actively provide instructions and usage regulations to ensure that consumers are aware of the effects of overuse of products and services.</p>
	<p><b>Rigorous Cybersecurity Protection</b></p>	<p>We have continued to strengthen our processes and systems in response to external security threats and regulatory changes, and constantly refine information security systems and management strategies for consumer data protection.</p>
	<p><b>Corporate Governance</b></p>	<p>The upright operation is the core value CHT insists on. We make the employees strictly follow the laws and regulations through policies and propaganda.</p>



Topic Corresponding to the GRI Standards	Management Principle (page number)	2019 Performances (page number)	Topic Corresponding to UN SDGs
Economic Performance	p.16	p.16	 
Anti-Corruption	p.17	p.17	
Energy	p.96	p.97	  
Market Presence Employment	p.66,67	p.66,67	 
Labor / Management Relations	p.70	p.70	 
Occupational Health and Safety	p.76	p.78	 
Marketing and Labelling	p.17	p.17	 
Customer Privacy	p.85	p.85	 
Socioeconomic Compliance	p.17	p.17	 

## Stakeholders Engagement

We have always thought that “Chunghwa Telecom can do more.” As the leading brand in the telecom industry in Taiwan, CHT focuses on industry development and competition. In addition to good products, services and profits, we also give back to society. We also pay close attention to the voices of our internal and external stakeholders before making careful responses to the needs of society.

The identification of the stakeholders and their issues is a very important part of the practice of CSR. In the initial meeting of CSR report preparation, we invite members from all departments to exchange the issues related to current key stakeholders and their concerns. Upon reaching mutual understanding, the result is incorporated into a table that is regarded as an essential reference for the disclosures in the report. In the process of promoting CSR activities and information disclosure, we consult the opinion of the internal and external stakeholders, important relevant mechanisms include:

- “Consultation meeting with external professionals” for CSR report
- Regular invitation of external professionals to the “CSR Conference” and relevant forums
- The “CSR Supplier Conference” is held every year
- Specialists designated for CSR and the CHT Foundation
- CHT was the first to create “CSR videos” and the CHT official YouTube CSR program to record the implementation of CSR action on a regular basis, as well as the collection of internal and external feedback for further improvement

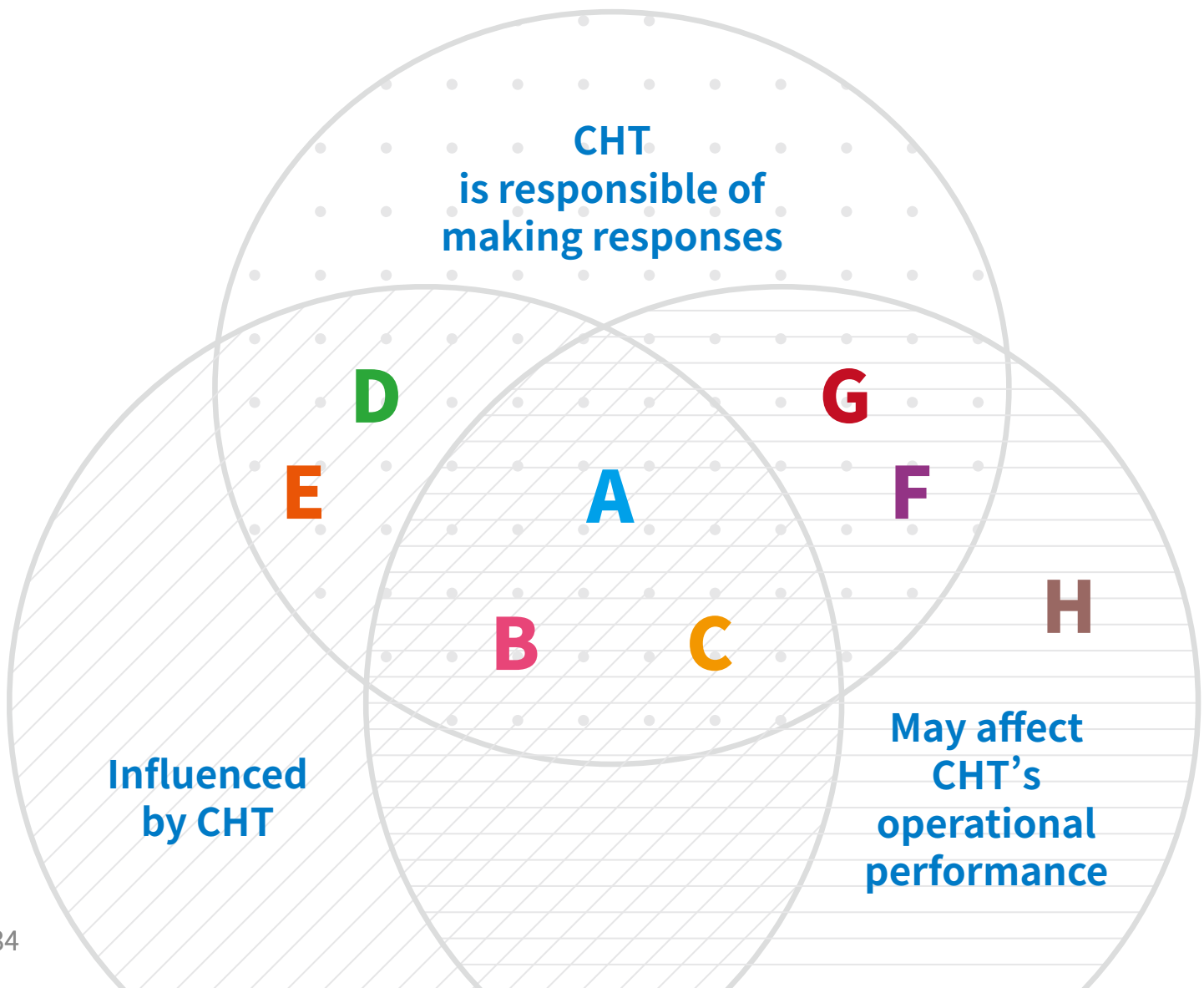
[CSR Video link](#)

[CHT Stakeholder Engagement Guideline:](#)

[CHT Stakeholder Communication Channel](#)

[CHT Stakeholder Engagement Guideline](#)

[CHT Stakeholder Engagement Agreement](#)





Stakeholder	Meaning to Chunghwa Telecom	Focused Topics	Communication Channel	Communication Frequency
<b>A</b> Shareholders / Investors	As shareholders / investors are our stockholders, we must be accountable to them.	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Shareholder hotline</li> <li>Earning results conference</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Real-time</li> <li>Quarterly</li> </ul>
<b>B</b> Employees	Employees are critical to the sustainable development and they are the driving force for sustainable growth.	<ul style="list-style-type: none"> <li>Market Presence</li> <li>Energy</li> <li>Employment</li> <li>Labor / Management Relations</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Telephone call</li> <li>Online forum</li> <li>Labor employer meeting</li> <li>Negotiation meeting</li> </ul>	<ul style="list-style-type: none"> <li>Real-time</li> <li>Every 2 months</li> </ul>
<b>C</b> Clients / Customers	Only when customers prefer the products and services of Chunghwa Telecom could we have value for existence.	<ul style="list-style-type: none"> <li>Marketing and Labelling</li> <li>Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li>Service hotline</li> <li>Customer service center</li> </ul>	Real-time
<b>D</b> Suppliers	The large product and service chain of Chunghwa Telecom relies on the stable support of the suppliers.	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Hotline</li> <li>CSR Supplier Conference</li> <li>Supplier Training</li> <li>Survey</li> </ul>	<ul style="list-style-type: none"> <li>Real-time</li> <li>Annually</li> </ul>
<b>E</b> Communities / NPOs	We wish to reciprocate to society with our professional standing in telecom and create a better future.	<ul style="list-style-type: none"> <li>Energy</li> <li>Socioeconomic Compliance</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Hotline</li> <li>Stakeholder forum</li> </ul>	Real-time
<b>F</b> Media / Accreditation Institutes	We have learned and grown with the media and accreditation institutes through their mentorship in sustainable development.	<ul style="list-style-type: none"> <li>Socioeconomic Compliance</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Hotline</li> <li>Press release</li> <li>Press conference</li> <li>Survey</li> </ul>	Real-time
<b>G</b> Competent Authorities	Our products, services and related marketing behaviors are subject to audits by the competent authority.	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Socioeconomic Compliance</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Official document</li> <li>Meeting</li> <li>Telephone call</li> <li>Visit</li> </ul>	Real-time
<b>H</b> Competitors	As the leading brand in the telecom industry in Taiwan, we strive to engage in fair competition in the industry for a healthy development of the industry.	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>Official document</li> <li>Meeting</li> <li>Telephone call</li> </ul>	1-2 times annually



## 2019 Results of Critical Stakeholders Engagement



### Employees

**6** Labor-management conferences (including 1 Unscheduled meetings)

**7** Negotiation meeting



### Shareholders / Investors

**1** Annual general meeting

**4** Earning results conferences



### Clients

The “123 customer service hotline” has served over **35.1 million** case

## “Strategic Transformation & Sustainable Upgrade” 2019 Annual CSR Supplier Conference

In 2019, we officially launched “supplier sustainability rating” system to bridge to the international standards. The supplier sustainability rating comes with four ratings, i.e. Gold, Silver, Bronze, and Participation, which is audited and certified by SGS-Taiwan. On 2019 Annual CSR Supplier Conference, President Shui-Yi Kuo awarded 10 outstanding suppliers that passed the “Second-Party Audit” for sustainable supply chain the Certificate of Gold-tier.

The suppliers awarded with “Gold-tier Certificate” in the first year are 10 brilliant suppliers, including Nokia Taiwan, Ericsson in Taiwan, Hua Eng Wire & Cable Co., Ltd., Ta Ya Electric Wire & Cable Co., Ltd., Chung-Hsin Electric & Machinery Manufacturing Corp., D-Link Corporation, Zyxel Communications Corp., LienSheng Telecom Technology Co., Ltd., Stark Technology Inc., and Evertop Wire Cable Corporation. On the Annual CSR Supplier Conference, “CSR Information disclosure Award” and “CDP Award” are also presented to recognize the outstanding performances of the suppliers in the CSR issues.

On the Annual CSR Supplier Conference this year, Mr. Stephen Pao, Sr. Assistant Director, attended on behalf of the SGS-Taiwan, presenting the assurance statements of the two international environmental standards introduced in 2019, ISO 14046 for water footprint and ISO 14067 for carbon footprint while announcing that Chunghwa Telecom is the first telecom carrier in the industry of Taiwan that obtained “two international environmental standards” that endeavors to implement its philosophy of environmental sustainability.

On the Conference, we also proclaimed that the supplier management will be strengthened starting from 2020. In addition to incorporating the sustainability certification mechanism into the supplier evaluation, brilliant suppliers of “sustainable supply chain” will be recognized so as to create a sustainable future for the industry together. Upholding “customer-centered value creation,” we shall join hands to fulfill the prospect of “Leader in Smart Living” and “Agent of Digital Economy Empowerment.”





## Competent Authorities

**7** press conferences and public hearings convened

**510** appeal and negotiation meetings completed



## Media

**243** Press releases in total

**35** Press conferences in total



## Suppliers

Approximately **100** suppliers participating in the “2019 Annual CSR Supplier Conference”

Approximately **50** suppliers participating in the Supplier Sustainable Environmental Visits

