

# Message from the Chairman

Facing the challenges brought by global climate change and the COVID-19 epidemic in the past three years, Chunghwa Telecom upheld the spirit of "Always Ahead" and the business strategy of advancement on 3 fronts, Transformation × 5G × Sustainability, to ceaselessly create value for investors and the social economy leveraging the advantages in innovative information and communication technology (ICT). Its financial and operational performances were steady in 2022. Chunghwa Telecom saw continuous growth in the core businesses such as mobile services, ICT services, and broadband services and maintained its leadership in the market. On the path of sustainable development, its performance remained strong. With specific ESG indicators, Chunghwa Telecom is actively marching towards the vision of "green low-carbon, digital empowerment, integrity and transparency," demonstrating the resilience of the Company to the fullest.

We aligned ourselves with the UN Sustainable Development Goals (SDGs). With our core strength in ICT as the point of departure, we connected topics of low-carbon environment, social development, and corporate governance, comprehensively practicing the corporate mission of "Digital Economy Motivator and Creative Industry Pilot." Through setting various ESG performance indicators and active implementation of action plans, we continued to exert our corporate influence for sustainable development.

In the face of the global environmental degradation issue, we created a green and low-carbon environment, implementing the internal carbon pricing mechanism ahead of our peers. Also, we submitted our carbon reduction commitment to the SBTi, setting the target of a 50% carbon reduction by 2030 compared with 2020 levels for an active promotion of low-carbon operations.

In terms of energy efficiency improvement, various energy resources were managed through the innovative Environment ARTificer Theurgy (EARTH) system, and the energy-conservation management for ICT data centers (including the IDCs) was performed via the self-developed Intelligent Environment Network Service (iEN) and the Power Operation Supervisory System (POSS) for IDCs. Meanwhile, we introduced low-energy-consuming equipment; consolidated, integrated, and replaced telecom equipment; optimized mobile network architecture; and turned off low-efficiency 3G cells and base stations to achieve smart power conservation.

In addition, we actively promoted paperless receipt services, replaced aged power and air-conditioning equipment, implemented energy-saving control strategies for air-conditioning, and replaced the lights in the public areas of our office buildings with LED lights. Furthermore, we built rainwater, groundwater, and air-conditioning condensate recovery systems so as to achieve reuse of water resources for a true and precise energy conservation and carbon reduction.

Regarding the use of renewable energy, we undertook the self-built solar power project sites and green base stations. Also, we scale up the procurement of renewable energy year by year and obtain renewable energy certificates (RECs). Meanwhile, we are the first telecom operator in Taiwan to obtain the "BS 8001 Conformity Statement" and have passed the "conformity check for the TCFD Recommendations on climate-related financial disclosure" at the highest level.

In addition, to guide the partners on the industrial value chain and seize the low-carbon business opportunities, Chunghwa Telecom is also the first telecom operator in Taiwan to join the "Carbon Disclosure Project (CDP)." With the strategy of the extensive alliance for sustainability and the Sustainability Partner Rating System combined, we unceasingly promote a green, low-carbon supply chain. In 2022, we joined hands with 35 significant suppliers to launch the net-zero initiative of "Hand in Hand with Partners for

Carbon Reduction Together" to collectively contribute to sustainable transformation.

In order to promote social inclusion, together with the Chunghwa Telecom Foundation (CHTF), we have been assisting and caring for rural and diverse groups. For over a decade, aside from the ongoing execution of "Read with You Community Network Tutoring" and "EYE Social Innovation Call Center," upon seeing the social and economic difficulties during the post-epidemic recovery in 2022, we doubled our investment of resources to innovate and promote the Tech4Good digital empowerment ecosystem. By offering high-quality and high-speed ICT services, we endeavor to bridge the digital divide, create digital opportunities, and practice digital equality.

Meanwhile, we continued to actively implement the "5I SDGs" (I Love SDGs) initiative, which we first proposed in 2018. It not only helped children in rural areas to continue to absorb education resources to fight for life-changing opportunities, but also promoted emergency medical care services through 5G private networks so as to take care of the people in rural areas. Furthermore, the initiative supported the small and medium-sized enterprises (SMEs) and businesses in accessing digital technology to mitigate the economic impacts of the pandemic. In the meantime, it also strengthened the environmental awareness of all and promoted the diversified "5G Plastic Free" sustainable campaign, including corporate environmental volunteer training, innovative offering of eco-friendly NFTs, application of 5G unmanned vessels to remove marine debris, an extensive invitation to sub-groups and supplier partners to respond to beach/mountain cleanup, and so on. Hence, we comprehensively practiced the corporate mission of becoming a "Leader in Smart Living" and "Agent of Digital Economy Empowerment."

With regard to the topic of corporate governance, we issued NT\$3.5 billion worth of sustainability bond in 2022, which is not only the first sustainability bond issued by the domestic telecom operator, but also makes us one of the few sustainability bond issuers from the telecommunications industry in the world. The fund shall cover investments in both environmental protection and social development. Also, through independent research and development, extensive alliances, or investments, we are ceaselessly developing emerging businesses in cybersecurity, cloud services, artificial intelligence, big data, and blockchain. With our stellar 5G technology and service quality as well as active risk management and a sound operating system, we seize pioneering opportunities, leading the industries in Taiwan into a new era of digital economy to practice the notion of sustainable business development.

Thanks to the incessant efforts of the Company in ESG, we were recognized by the majority of stakeholders in 2022, including:

- 1 Recognitions by the Dow Jones Sustainability Index (DJSI), included in the DJSI World Index as the No. 3 of all the assessed telecom operators in the world and in the DJSI Emerging Markets Index for 11 years in a row
- 2 MSCI ESG Ratings "A" (upgraded to "AA" as of May 2023)
- 3 No. 4 in the surveyed telecom companies in the world and No. 1 in the surveyed companies from Taiwan in the World's Top Female-Friendly Companies 2022, Forbes
- 4 Jade Award in The Asset ESG Corporate Awards
- 5 Taiwan Telecommunication Services Company of The Year & the first Taiwan 5G Services Customer Value Leadership Award, Frost & Sullivan
- 6 National Sustainable Development Awards, Executive Yuan

- 7 Top 5% in the Corporate Governance Evaluation for 8 times
- 8 A constituent of the FTSE4Good TIP Taiwan ESG Index
- 9 "First Place, Overall Performance: Telecommunications Industry" and "First Place, Elderly-Friendly Group," Annual Corporate Social Responsibility & ESG Award by Global Views Monthly
- 10 Taiwan Corporate Sustainability Awards (TCSA) – Top Ten Domestic Corporates and 7 Performance Awards
- 11 Global Corporate Sustainability Awards (GCSA) – Sustainability Reporting Award: Silver Class, 1 Outstanding Practice Award, and 2 Great Practice Awards
- 12 Taiwan Sustainability Action Awards, (TSAA) – 3 Gold Awards, 2 Silver Awards, and 2 Bronze Awards

We have been upholding the core value and mission as a pioneer in the telecommunications industry. With the philosophy of excellence and innovation, we unceasingly utilize our core expertise, technologies, resources, competencies, and features to help resolve social issues and lead the industrial value chain towards digital transformation. "Chunghwa Telecom is more than just a telecom carrier." Committed to being a customer-centric, sustainable, and low-carbon ICT enterprise, we shall work together with Taiwan for the prospect of a net-zero future and create more virtuous circles. Meanwhile, we look forward to the continuous support and encouragement from various sectors to Chunghwa Telecom.

Shui-Yi Kuo  
Chairman and Chief Executive Officer  
Chunghwa Telecom Co., Ltd.

