

# 7 | Governance



Governance Group .....	p.145
Key Governance Performance Data .....	p.146
Operations and Governance .....	p.148
Risk Management .....	p.157
Sustainable Supply Chain .....	p.160
Personal Data and Privacy Protection .....	p.172

## Governance Group

### RESPONSIBILITIES

The Governance Group is charged with supervising and promoting corporate governance to ensure that company operations and decisions comply with laws and regulations as well as best practice principles. The scope of the group's responsibility includes making and implementing decisions involving board functionality, the timely disclosure of information, information transparency, and revisions to ethical standards, rules, and regulations.

### STRATEGY

- Ensure board independence and increase board diversity
- Strengthen professional education and training for directors
- Treat shareholders equally to ensure their right to fair treatment
- Establish a comprehensive system for the timely disclosure of information to effectively communicate with our investors and other stakeholders
- Promote ethical management and code of ethical conduct to create a positive corporate culture
- Periodically review and revise the company's rules and regulations to remain in compliance with the regulatory requirements of Taiwan and keep up with international trends

The SDGs CHT contributes to in this chapter



# Key Governance Performance Data

## Board functions

- Established **Risk Management Committee** under the Board of Directors
- Strategy Committee revamped as **Sustainable Development and Strategy Committee**
- Appointed **dedicated** Corporate Governance Officer

## ESG performance in executive remuneration

Weight of ESG performance in executive remuneration package increased from 10% to **15%** in 2023



## Disclosure of directors' remuneration

We disclosed **directors' individual remuneration** in our 2023 Annual Report and reported at 2024 Annual General Meeting, demonstrating outstanding corporate governance performance.

## Incentive compensation clawback policy

Board of Directors approved a **new Incentive Compensation Clawback Policy in compliance with SEC Clawback Rules**, setting a new precedent for the telecommunications industry in Taiwan.

# The Four Core Values of Corporate Governance



Integrity

**Criteria:**

Be honest, abide by the law, and keep our promises

**Spirit:**

- All employees (from the Board Chair through to working level employees) must act with integrity and handle matters prudently, and none shall fail to adhere to standard operating procedures or contracts without authorization for their own convenience or personal gain.
- Adherence to the company's organizational charter and government laws and regulations is a minimum requirement, and engagement in commercial activities shall be held to the highest ethical standards.



Trust

**Criteria:**

Put the customer first and give priority to customer service

**Spirit:**

- We proactively provide individualized solutions for customers who use the Company's products and services and forge longstanding relationships built on trust.
- We listen to customers with humility, and do our utmost to learn about and resolve any unmet customer needs or wants.



Innovation

**Criteria:**

Step outside of the comfort zone to forge new ways of thinking and doing

**Spirit:**

- Technology, process, and management innovation is not solely about thinking up ideas. It is the pursuit of access to new customers and new markets in new areas and the creation of company value.
- We have the courage to accept new assignments, to challenge new frontiers, and to venture into new territories.



Accountability

**Criteria:**

Deliver results, and have the courage to take responsibility

**Spirit:**

- If we foresee that we will have difficulties meeting commitments, we draft feasible alternatives in advance to solve the problem.
- We stay true to our word, hold ourselves accountable for the promises we make, and ensure the delivery of outcomes that best serve the interests of the company.




# Operations and Governance

The Board of Directors is the highest governing body of Chunghwa Telecom. It complies with relevant laws, regulations, and the authority granted by the shareholders' meeting, establishing and adhering to various regulations and procedures. The Board is responsible for formulating, supervising, and approving the company's overall sustainability development strategies and the reporting of ESG information.

The nomination and election of the directors for Chunghwa Telecom are conducted in accordance with applicable laws, regulations, and the Company's Articles of Incorporation, adopting a candidate nomination system. Nominations are made by the Board of Directors and shareholders who meet the statutory shareholding requirements, following the statutory procedures for director nomination announcements and nomination processes. The qualifications and election of independent directors comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and align with Article 24 of the Company's Code of Corporate Governance.

## CHT Board of Directors

		No. of Persons Age 30-50	No. of Persons over Age 50
	Male	1	9
	Female	0	3

## Board of Directors Key ESG Information

Item	Description
Members	<ul style="list-style-type: none"> <li>13 directors have been elected for the 10th Board of Directors (10 male directors and 3 female directors)</li> <li>Five of them are independent directors, including four males and one female</li> <li>Directors' tenure is three years (May 27, 2022 ~ May 26, 2025)</li> </ul>
Industry Experience/ Capacity	<ul style="list-style-type: none"> <li>Mr. Shui-Yi Kuo has served at Chunghwa Telecom for more than 20 years, accumulating extensive experience in operations and management within the telecommunications industry. This qualifies him not only as the Board Chair but also as the CEO of the Company.</li> <li>The Board members possess key competencies, industry experience, and the capabilities needed to promote diversified business development.</li> <li>The external directors (including independent directors) offer objective, professional opinions based on their diverse fields of expertise.</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>3 female (23%)</li> <li>Setting a target for female directors to account for one-third of the Board of Directors by 2025.</li> </ul>
ESG Linked to Performance	<ul style="list-style-type: none"> <li>We included ESG Sustainable Development in the "Directions Governing Performances of Senior Managers of Chunghwa Telecom"</li> <li>Performance evaluations are one the key performance indicators for corporate performance, departmental performance, and individual performance</li> </ul>

For more information on the CHT Board of Directors governance structure and composition (GRI 2-9) and the collective knowledge of the highest governing body (GRI 2-17), please refer to the Appendix: p. 176~179

\* [Directors Election Regulations of Chunghwa Telecom Co., Ltd](#)

\* [Code of Corporate Governance for Chunghwa Telecom Co., Ltd](#)



## Board Committees

Committee	Duties and Responsibilities
Audit Committee	Consisting of all independent directors. The Committee is responsible for the supervision of the fair presentation of the financial reports of the Company, the hiring (and dismissal), independence, and performance of the Company's certified public accountants (CPA), the effective implementation of the Company's internal control system, the corporate risk management mechanism, and compliance with relevant laws and regulations.
Sustainable Development and Strategy Committee	Consisting of nine directors, five of whom are independent directors. The purpose of the Committee is to enhance board efficiency by reviewing agenda items submitted to the Board of Directors. It convenes meetings to discuss major issues such as the Company's sustainable development policies and business strategies. All meeting findings shall be submitted to the Board of Directors for resolution.
Compensation Committee	Consisting of three independent directors. The Committee is responsible for stipulating and periodically reviewing the performance of the directors and managers, as well as the policy, systems, standards, and structure of salary and compensation. It also periodically reviews and stipulates salary and compensation for directors and managers.
Risk Management Committee	Consisting of seven directors, five of whom are independent directors. The Committee is responsible for reviewing risk management policies, procedures, and frameworks. It ensures that the risk management mechanisms adequately address the risks faced by the Company and are integrated into routine operational procedures. The Committee also reviews the implementation of risk management, proposes necessary recommendations for improvements, reports to the board of directors regularly, and executes the risk management decisions made by the board of directors.

Notes:

- The committees are responsible for making decisions and overseeing CHT's accountability regarding economic, environment, and people impacts.
- For more information about Chunghwa Telecom's functional committees, organizational regulations, and operations, please access the "Board of Directors" section on the official website.



Highlights

The Strategy Committee was revamped as the Sustainable Development and Strategy Committee

To integrate sustainable development into the Company's core decision-making processes, enhance operational efficiency, and address global trends as well as social and environmental challenges, Chunghwa Telecom further elevated its sustainable development affairs to the board level in 2023. Consequently, the original "Corporate Strategy Committee" was renamed the "Sustainable Development and Strategy Committee" to ensure that the Company's business strategy and governance structure can simultaneously meet the expectations and needs of shareholders, stakeholders, and the general public, therefore achieving the effective integration of long-term value and sustainable development.



Avoidance of Conflicts of Interest

To avoid conflicts of interest within the highest governing body, our Organization and Talent Development Department aids the Board and management in formulating, overseeing, and executing ethical management policies. They report to the Board at least annually to ensure the ethics management mechanism is effective. Since its establishment, no conflicts involving Board members have occurred due to strict self-discipline and a robust ethics management system.

Directors, managers, and employees must act in CHT's best interests and report any potential conflicts involving themselves or close relatives to their supervisor or the Organization and Talent Development unit.

Prevention and Mitigation Process

Chunghwa Telecom has a clear policy to prevent conflicts of interest and provides appropriate channels for directors, managers, and other stakeholders to report potential conflicts of interest proactively. If any individual or legal entity representative has an interest in an agenda item at a board meeting, they shall state the important aspects of their involvement at the respective meeting. If such involvement may prejudice the Company's interests, the individual may not participate in discussions or voting on that agenda item and shall recuse themselves. Additionally, they cannot vote as a proxy for another director. To release a non-competition restriction on a director, the matter must first be discussed by the Board of Directors as required by law. The individual shall explain the essential contents of such an act at the shareholders' meeting and obtain its approval.

The Operations of the Board of Directors: Please refer to p. 50-51 of the Company's Annual Report.

Disclosure of Conflicts of Interest

Committee	Duties and Responsibilities
Cross-board membership	Non-compete restrictions were released for independent directors Chia-Chung Chen, Yi-Chin Tu, and Yu-Fen Lin at the 7th meeting of the 10th-term Board of Directors on August 9, 2023.
Cross-shareholding with suppliers and other stakeholders	The Company has established "Procedures for Acquisition or Disposal of Assets of Chunghwa Telecom Co., Ltd." following government regulations. A related party is determined following the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the list of related parties is disclosed online. According to the aforesaid procedures, the Company may not acquire, dispose of, or make payments on real property, right-of-use assets, or other assets of NT\$300 million or more in a transaction with a related party until materials pertaining to the transaction are submitted to and approved by the Audit Committee and the Board of Directors. In addition, the relevant information must be announced on the Financial Supervisory Commission's designated website.
Controlling shareholders	The controlling shareholder of Chunghwa Telecom is the Ministry of Transportation and Communications, with whom there is no conflict of interest that could lead to damage to investors' rights.
Related parties, their relationships, transactions, and outstanding balances	The disclosure requirement is met by the notes on the related parties in the financial statement in the Annual Report for the Shareholders' Meeting.
Other	For details on conflict-of-interest avoidance measures, please refer to: 1. Code of Corporate Governance for Chunghwa Telecom Co., Ltd. <a href="#">🔗</a> 2. Please refer to p. 50-51 of the Company's 2023 Annual Report.



Performance Evaluations for the Board of Directors

To implement corporate governance and enhance the Company's board functions, and to set forth the performance objectives aimed at improving the operational efficiency of the board of directors, Chunghwa Telecom has therefore established the "Regulations Governing the Performance Evaluations of the Board of Directors." These regulations rigorously and comprehensively govern the evaluation of the Board's performance, including an annual internal board performance evaluation and an external evaluation conducted at least once every three years by an external independent professional institution or a panel of external experts and scholars. In 2023, self-evaluations of individual board members, the Board, and functional committees were completed, with the results reported at the 9th meeting of the 10th Board of Directors on January 26, 2024.

\* Regulations Governing the Performance Evaluation of the Board of Directors of Chunghwa Telecom [🔗](#)

\* Results of the 2023 Board Performance Evaluation [🔗](#)

## Creating Value for Shareholders

Chunghwa Telecom generated consolidated revenues of NT\$223.2 billion in 2023. We are committed to our core business and innovation, making substantial and significant contributions to the industry and the country and creating maximum value for shareholders. Revenue from mobile services increased thanks to customer upgrades to 5G services and an increase in the number of mobile customers. ICT projects were completed as scheduled in line with quality requirements, which increased project revenue. Overall revenue in 2023 has grown compared to that of 2022. Net income attributable to the parent company amounted to NT\$36.9 billion while EPS reached NT\$4.76 in 2023.



Chunghwa Telecom's business operations have been stable for years, and we pay our taxes honestly and follow the law. In 2023, Chunghwa Telecom's effective tax rate for consolidated income taxes was approximately 19.16%. The deviation from the statutory tax rate of 20% was mainly attributable to the provisions of Article 42 of the Income Tax Act which states that net dividends or net earnings recognized from locally invested businesses are exempt from income tax. In addition, an application was made for tax incentives of NT\$200 million according to the "Statute for Industrial Innovation".

## 2023 Economic Performance

**Total number of employees in the Company including subsidiaries**  
32,477 persons

**Paid-in capital**  
77,574 NT\$ million dollars

**Revenues**  
223,199 NT\$ million dollars

**Operating costs**  
141,767 NT\$ million dollars

**Operating expenses**  
34,444 NT\$ million dollars



**Salary and welfare**  
46,211 NT\$ million dollars

**Dividends paid to shareholders**  
36,476 NT\$ million dollars

**Income tax paid**  
9,107 NT\$ million dollars

**Social investment**  
1,441.892 NT\$ million dollars

**Retained economic value**  
1,405 NT\$ million dollars

- Notes:
1. Operating costs/Operating expenses: Certain payments to the government such as government fines are included in operating costs and expenses.
  2. Salary and welfare: included in operating costs and expenses.
  3. Social investment: costs and expenses not for profit, nor sales or marketing in nature.
  4. Retained economic value = revenues – operating costs – operating expenses – dividends paid to shareholders – income tax paid.

## Protection of Shareholders' Interests

Chunghwa Telecom has made changes and revisions to several systems and measures based on a corporate governance mindset. These include e-voting, voting by poll, and the disclosure of meeting resolutions on the Company official website. These diverse voting channels make it easy for shareholders to exercise their rights, and this has made corporate governance more effective.

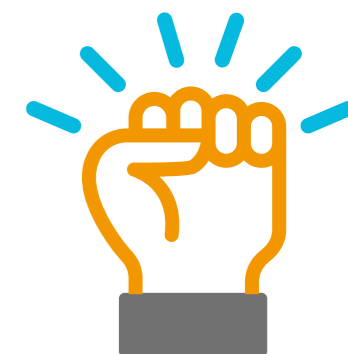
## Shareholder Structure (Shareholding % )

Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Individuals
40.53%	15.41%	8.07%	20.13%	15.86%

Note: Data as of April 2, 2024.

## Highest Moral Standard

To strengthen ethical management, we formulated "Chunghwa Telecom Ethical Corporate Management Best Practice Principles", and "Code of Ethics of Chunghwa Telecom Co., Ltd.", and have strengthened our promotion of ethics and the training of our employees and external stakeholders (supply chain partners). We have obtained the Certificate of Conformity for Code of Conduct (CoC) from SGS-Taiwan for five years in a row.



Our ethical corporate management policy is integrated into our employee performance reviews and our human resources policy. A specific, effective reward and penalty system has been established. The "Guidelines for Personnel Evaluation" and "Standards Governing the Administrative Rewards and Discipline of Chunghwa Telecom Personnel" have been stipulated as the reference in employee performance appraisal. In the event of matters worthy of reward or actions to be disciplined, the rewards and disciplinary actions will be issued promptly in line with the regulations.

## Implementation of "Responsible Business Conduct" in the Industry Value Chain

Both internal and external methods to monitor the exercise of our integrity and ethics policies have been adopted to ensure the implementation of responsible business conduct in the industry value chain. Relevant measures include:

### Internal (Employees)

1. The Organization and Talent Development department handles ethical management, system formulation, oversight, and board reports.
2. We use internal controls and audits to regularly review compliance with ethical management measures.
3. Annual training and testing on corporate ethics are mandatory, and we require all employees to sign the business ethics statement and Code of Conduct.
4. Education: We offer courses on the Code of Conduct and Ethical Management, using case studies on our e-learning platform.
5. Organization and Talent Development personnel are available at all business units for ethics-related inquiries.

### External (Business Partners)

1. Business partners must agree to Chunghwa Telecom Company, Ltd. Supplier Code of Conduct.
2. Anti-corruption and ethics policy execution are assessed via the ESG Status Self-Assessment Form.
3. SGS-Taiwan conducts regular audits on contractors' and suppliers' compliance with laws, regulations, and standards.

### Invested Companies

1. Conduct annual due diligence on human rights, anti-corruption, and codes of conduct, with outlined corrective measures.
2. Promote Chunghwa Telecom's Code of Conduct and Ethical Management policies to subsidiaries and invested companies for collective adherence.
3. To address potential negative impacts (including business ethics), establish multiple communication channels and a whistleblower system per internal regulations:
  - (1) Set up internal and external independent whistleblowing mailboxes and hotlines, ensuring confidentiality and anonymity.
    - Internal: Employee grievance hotline on the EIP.
    - External: Reporting channels on the corporate website. [🔗](#)
  - (2) An Appeal Review Committee handles discrimination and inappropriate conduct, with over 50% female members.

## Policy Commitment to "Responsible Business Conduct"

Item	Contents
Policy commitment to "Responsible Business Conduct"	<ul style="list-style-type: none"> <li>"Chunghwa Telecom Ethical Corporate Management Best Practice Principles", "Code of Ethics of Chunghwa Telecom Co., Ltd.", and "Procedures for Ethical Management and Guidelines for Conduct for Chunghwa Telecom Co., LTD." These specify the ethical standards and responsibilities that employees must adhere to when engaging in commercial activity.</li> <li>"Chunghwa Telecom Anti-Corruption, Anti-Bribery, and Anti-Money Laundering Policy" adheres to the principles of zero tolerance and includes a clear set of guidelines for anti-corruption and anti-bribery for all business interactions.</li> <li>"Chunghwa Telecom Human Right Policy" places emphasis on human rights protections.</li> </ul>
Referenced Government Documents	"Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies", etc.
Due Diligence	We perform due diligence in accordance with relevant policies such as the "Chunghwa Telecom Human Right Policy", which provides for regular internal due diligence such as human rights assessments to increase human rights awareness among employees and stakeholders.
Precautionary Principles	We abide by the "Risk Management Policy" and "Risk Management Operational Guidelines", and use a risk matrix to identify and analyze relevant opportunities and risk events for effective risk control.
Human Rights Norms	<p>Relevant policies explicitly declare a commitment to respecting the human rights of our stakeholders. For example, our "Human Rights Policy" ensures the protection of the human rights our employees, suppliers, and other stakeholders.</p> <p>Note: For more information of CHT's human rights information, please refer to "Human Rights Value Protection" p. 112~115</p>

## Negative Impact Remediation Procedures

We have established multiple communication channels to allow stakeholders to express opinions, file complaints, and report issues, ensuring proper response and resolution. Feedback helps improve our communication, coordination, and response mechanisms.

### Operational Issues:

Public opinions and material events are analyzed by Headquarters and addressed by relevant units. Management decides on press releases, press conferences, or media responses.

### Consumer Disputes:

Consumers can use the **Telecommunications Consumer Mediation Center** or directly contact telecom operators for prompt, non-litigious mediation.

### Labor-Management Relations:

Union chairs attend business meetings, and senior managers join major labor-management consultations for effective communication.

## Prevention of Corruption

Chunghwa Telecom conducts businesses with integrity, in the firm belief that anti-corruption is the stepping stone to maintaining business ethics and social fairness. We adhere to high ethical standards in our business dealings, adopt corruption prevention mechanisms, and strive to create a corporate culture that has zero tolerance for corruption.

To build an ethical paradigm, we are committed to strengthening corruption and bribery risk management. In 2023, the Company made plans to adopt ISO 37001 Anti-bribery Management Systems as a systematic and institutional approach to addressing corruption and bribery issues, and we continued to strengthen education and training for employees, conduct due diligence on high-risk suppliers, and uphold the value of integrity.

Mechanism	Description
Policy	The Ethical Corporate Management Best Practice Principles and the Chunghwa Telecom Anti-Corruption, Anti-Bribery, and Anti-Money Laundering Policy have been stipulated to regulate all operations and business interactions. The subjects covered in the policy include board directors, employees, suppliers, etc.
Oversight and Monitoring	The Chief Administrative Officer, CAO serves as the person in charge, responsible for supervising and guiding on issues related to business ethics and corruption as well as regularly reporting the results of supervision to the Board of Directors.
Implementation / Assessment	<ul style="list-style-type: none"> <li>We regularly assess and track the implementation of Ethical Corporate Management Best Practice Principles and anti-corruption policies across all 28 institutions and sites, with no major corruption risks identified.</li> <li>Suppliers and contractors must adhere to the same ethical standards as our employees. Through internal audits and a confidential whistleblower system, we investigate potential illegal acts. In 2023, all 70 complaints were resolved.</li> <li>Annually, we conduct business spot checks under the Anti-Fraud Execution Plan.</li> <li>We set and track monthly risk control indicators for employee compliance with the Ethical Management Principles and the Code of Conduct to prevent corruption.</li> </ul>
Training	<ul style="list-style-type: none"> <li>We organized a digital course in 2023 to promote the "Code of Ethics of Chunghwa Telecom Co., Ltd." "Chunghwa Telecom Ethical Corporate Management Best Practice Principles" and the "Chunghwa Telecom Anti-Corruption, Anti-Bribery, and Anti-Money Laundering Policy" (of 19,884 employees required to be tested, 19,839 completed the course, achieving a 100% completion rate, excluding those with valid reasons).</li> <li>New directors must read the "Code of Ethics of Chunghwa Telecom Co., Ltd." and the "Chunghwa Telecom Ethical Corporate Management Best Practice Principles," and sign a declaration.</li> </ul>
Results in 2023	<ul style="list-style-type: none"> <li>In 2023, there were no violations of the "Code of Ethics of Chunghwa Telecom Co., Ltd." in terms of corruption, bribery, discrimination, customer privacy or personal data, conflicts of interest, money laundering, or insider trading. There were 11 other discipline cases and 2 harassment cases (no corruption related incidents).</li> <li>All cases were investigated and dealt with in accordance with operational regulations and handling principles. Employees were guided on compliance to maintain discipline in the Company and protect shareholders' rights.</li> </ul>

\* Chunghwa Telecom Anti-Corruption, Anti-Bribery and Anti-Money Laundering Policy [↗](#)

## The Internal Audit System

The internal audit unit helps the Board and company managers check the effectiveness of the internal control systems and operations. It operates under the Board and conducts business audits following company regulations and policies. The annual audit plan is formulated based on the results of the risk assessment made at the end of every year. After approval by the Board, the plan is sent to the competent authorities via the Internet information system for their reference.

\* Organization and functioning of Chunghwa Telecom's internal audit unit [↗](#)

## Customer Trust

### Transparent Information Disclosure

Chunghwa Telecom emphasizes integrity, accountability, and trustworthiness in corporate governance. We use various channels, including our corporate website, MOPS, annual and ESG reports, and press and investor conferences, to ensure transparent communication with stakeholders, ensuring timely, balanced, and credible information disclosure.

Till 2023, Chunghwa Telecom has been ranked in the top 5% in the Corporate Governance Evaluation for nine times, and in the top 10% among Listed/OTC Electronics Companies with a Market Value of NT\$10 billion or more. In addition, the MSCI ESG rating report recognized the sustainability performance of Chunghwa Telecom with an AA rating.

Regarding the disclosure of compliance information, Chunghwa Telecom observes the applicable regulations of the Taiwan Stock Exchange and discloses material information regarding material events (including penalties and administrative penalties) on the Market Observation Post System (MOPS). Material events are defined as any penalty or administrative penalty imposed by the competent authority that has significant financial or operational impact, to ensure investors' and other stakeholders' right to information.

In 2023, Chunghwa Telecom was penalized NT\$40 million by the Fair Trade Commission for alleged violation of the Fair Trade Act regarding concerted actions. Chunghwa Telecom, with its commitment to providing fair tariffs, safeguarding consumer rights, and upholding market fairness, contests the motive and necessity for engaging in such actions. Consequently, we have initiated administrative litigation seeking the annulment of the administrative penalty.

Notes:  
 1. No significant violations in 2022; no non-significant violations disclosed in the annual report.  
 2. Non-significant penalty events in 2023 (one environmental, six labor-related) are detailed on page 125 and page 131 of the 2023 annual report. We have reviewed and implemented improvement measures.

### Strengthen Business Management

In order to enhance the quality of our business marketing, build consumer trust in the CHT brand, and maintain a good reputation and corporate image, we formulated our "Corporate Marketing Standards" to ensure that our business marketing is conducted in accordance with the regulations and requirements of the law and the competent authorities.



Creating Value for Shareholders



Highest Moral Standard



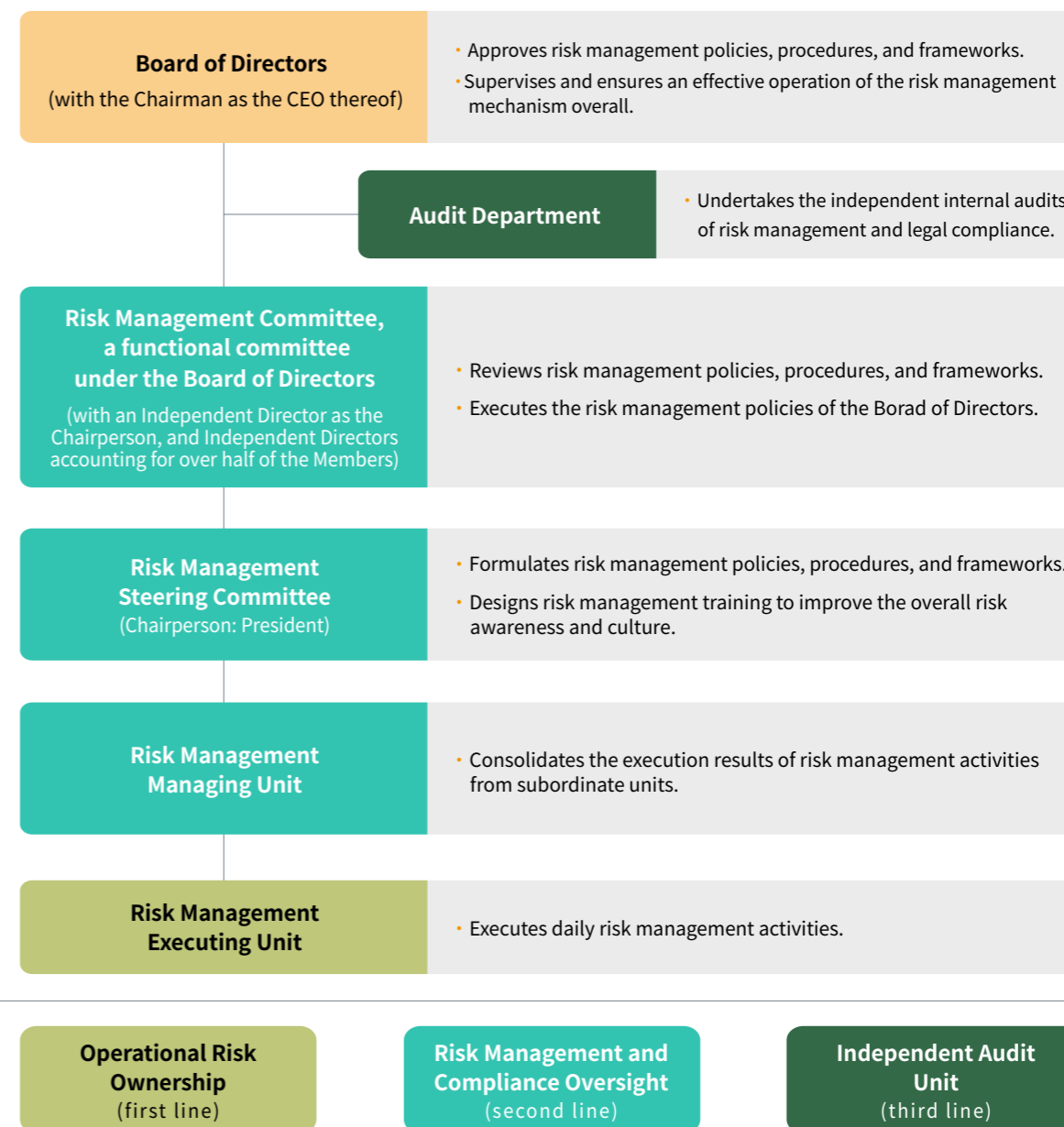
Customer Trust

## Risk Management

### Risk Governance

Chunghwa Telecom faces rapid operational, industrial, and technological changes, including challenges in market competition, technological evolutions, laws, and regulations, as well as climate change. To ensure a robust development and sustainable development of the Company, the "Risk Management Committee" was officially established in 2016. Followed by its elevation to a functional committee under the Board of Directors in 2023 (the original management-level committee was renamed the "Risk Management Steering Committee"), the committee serves as the highest decision-making and supervisory body on risk management for the Board of Directors at the Company (The Chairperson is an Independent Director, and >50% of the members are Independent Directors.)

The Risk Management Steering Committee is in charge of the review, monitoring, and formulation of corporate risk management policies and mechanisms as well as to the Risk Management Committee regularly. In 2023, a total of 3 management-level risk management meetings were held, including 2 meetings of the Risk Management Committee and 1 meeting of the Risk Management Steering Committee. There were also 4 reports submitted to the Board of Directors functional committees, which included 3 reports to the Audit Committee and 1 report to the Risk Management Committee, along with 4 reports to the Board of Directors.



## Three Line of Risk Defense

Line of Defense	Description
<b>First Line: Risk Owner and Approval Process</b>	<ul style="list-style-type: none"> <li>Each risk management unit has dedicated personnel and approval procedures for daily risk management, ensuring real-time response and management of operational risks.</li> </ul>
<b>Second Line: Risk Management Project Unit and Regulations</b>	<ul style="list-style-type: none"> <li>The risk management and control unit has been created to enforce risk management measures.</li> <li>The "Risk Management Steering Committee" and the "Risk Management Committee" jointly form the second line of defense for the management and control mechanism.</li> <li>The "Regulations Governing the Risk Management" and the "Directions Governing the Risk Management Operation" have been stipulated as the guiding documents for all employees in operations to institutionalize and standardize the risk management processes.</li> </ul>
<b>Third Line: Internal Audit</b>	<ul style="list-style-type: none"> <li>An independent "internal audit unit" under the Board of Directors has been established, responsible for the third line of defense for management and control.</li> <li>The internal audit unit formulates an annual audit plan based on the results of risk assessments and performs assessment and audit of the internal control system.</li> <li>Through routine and project-based audits, internal control cyclical audits of each operating site and subsidiary are performed, with audit reports presented, to provide objective verification and recommendations on the operation of the internal control system, offering the management insights into the existing or potential internal control weaknesses.</li> <li>Audit results are regularly reported to the Board of Directors and the Audit Committee, and the monthly audit report is submitted to the Independent Directors on the Audit Committee for review, to provide objective risk management effectiveness assessments and improvement suggestions to assist the Board of Directors and managers in assessing the results and efficiency of various operational risk management efforts.</li> </ul>

\* More about the risk management audit mechanism, please refer to [\[link\]](#)

## Risk Management Process

Chunghwa Telecom deeply recognizes the importance of risk management in a rapidly changing industry environment. To this end, we adhere to our core values of risk management. According to the five key elements of the COSO framework, i.e., Governance and Culture, Strategy and Objective-Setting, Performance, Review and Revision, Information, Communication and Reporting, eight steps have been integrated into the operations to fully exercise risk management.

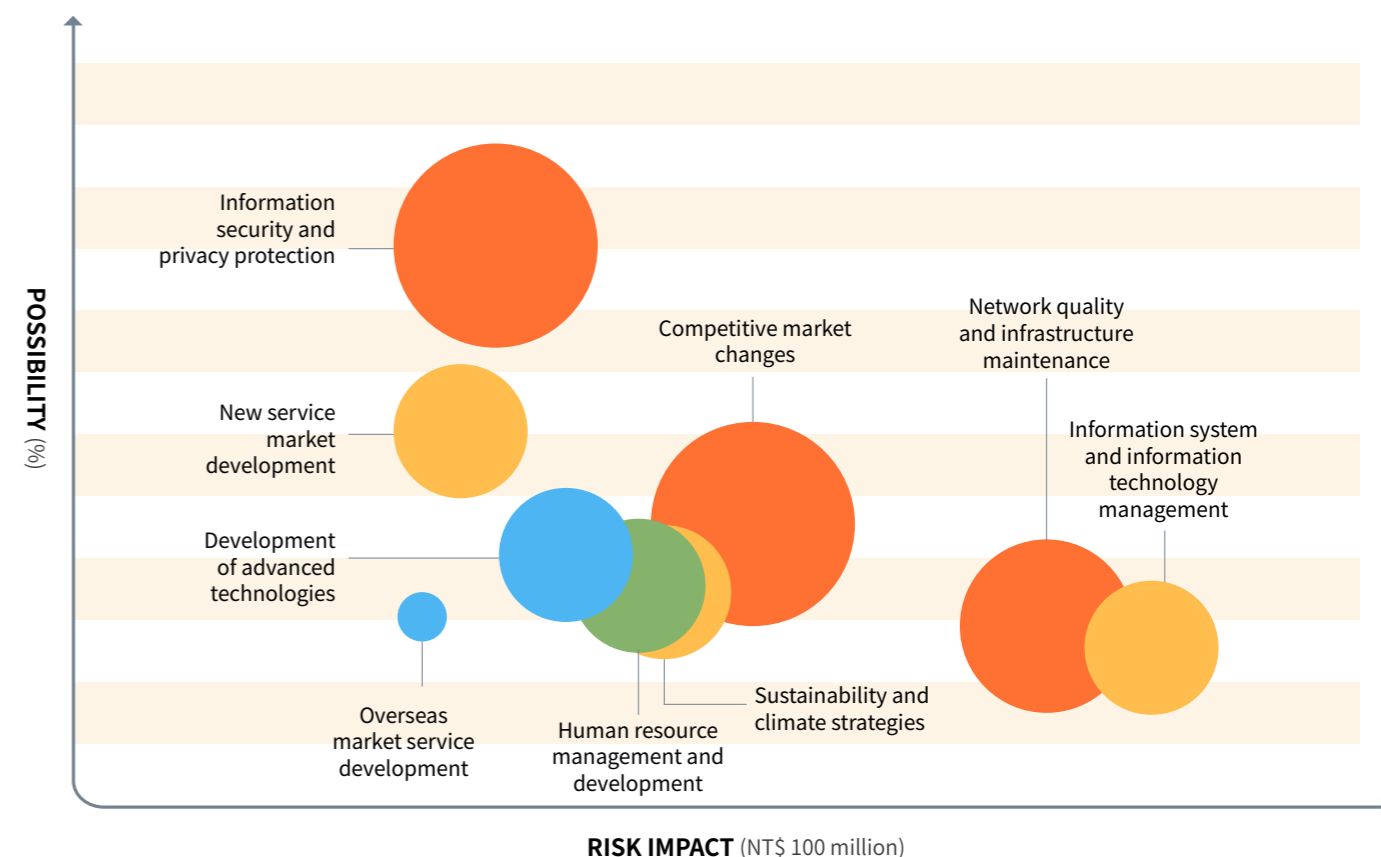


To assess operational risks on time, we identify risk events annually, conduct regular risk reviews, assessments, and tracking monthly, and identify potentially new risk events ongoingly, ensuring risks (including categories like "strategic risk," "operational risk," "reporting risk," and "compliance risk," etc. ) identified. Also, it actively tracks risks mitigation action indicators corresponding to various risks regularly to maintain within the scope or overall risk appetite. The amount of the overall risk appetite was NT\$2.33 billion in 2023. We assess the severity of operational impacts based on the likelihood and impact of individual risk event, ranks the priority and level of risks via a risk matrix, and take corresponding risk control actions in following risk levels.



### Prioritization of identified risks in 2023

Competitive market changes, information security and privacy protection, network quality and infrastructure maintenance, new service market development, human resource management and development, sustainability and climate strategies, development of advanced technologies, and information system and information technology management.



## Practice of Corporate Risk Culture

Item	Description
Risk management education for all non-executive directors	Annually, we conduct routine governance education programs for non-executive directors to equip them with the latest risk management practices and the ability to effectively assess various forms of risk. Additionally, we offer one session of the "Concepts and Practices in Risk Management" course.
Training throughout the organization on risk management principles	Focused trainings on the systematic and practical aspects are provided for risk managers and operational staff, with courses such as "Risk Management and System Development" and "Enterprise Risk Management Concepts and Practices" offered in 2023.
Incorporation of risk criteria in the development of products and services	<ol style="list-style-type: none"> <li>According to the "Chunghwa Telecom Product Management Guidelines," product development units must provide financial and risk assessments during the review of the "Product Launch Operation Plan." These assessments cover technical, market, operational, cybersecurity, personal data, and other risks such as health and safety.</li> <li>The "Chunghwa Telecom Special (Standard) Project Management Operations Requirements" stipulate that risk assessments, including customer and vendor creditworthiness and performance capabilities, must be conducted when reviewing bids.</li> </ol>
Financial incentives which incorporate risk management metrics	In order to enhance operational performance and promote sustainable development, we have established the "Instant Rewards for Special Performance Measures" policy to incentivize employees to actively contribute to the company's success.

\* For more information of "Risk Management Mechanism", please refer to [\[link\]](#)



# Sustainable Supply Chain

To always stay a step ahead, CHT has been taking action since 2008 to manage a sustainable supply chain. We took the lead in launching sustainable supply chain management practices to guide our suppliers in their ESG fulfillment. This is achieved through conduct aligned with international supply chain ESG standards, thereby steering the ICT industry toward sustainability.

**2023**  
Hosted the first "Green Gold Workshop" in the telecom industry, promoting sustainable products and services.

**2019**  
Established the first sustainable partner certification mechanism.

**2018**  
First ICT company to follow ISO 20400 Sustainable Procurement Guidance

**2017**  
First telecom operator in Taiwan to join the CDP Supply Chain Program

Our suppliers are categorized into financial, labor, engineering, construction, and special projects. While professional network equipment is mainly sourced internationally, we prioritize local procurement to boost the domestic economy, achieving a 96% local procurement rate in 2023.

## Supplier Analysis

Item	Number of Suppliers	Proportion of total purchase amount
Tier-1 Suppliers	2,555	99.86
Significant Suppliers in Tier-1	177	83.63
Significant Suppliers in non Tier-1	22	-

Notes:  
 1. Tier 1 Suppliers: Companies that supply products or services directly to Chunghwa Telecom with procurement amounts > NT\$ 150,000  
 2. Significant Suppliers in Tier-1: Companies that supply products or services directly to Chunghwa Telecom with procurement amounts ≥ NT\$ 50 million.  
 3. Significant Suppliers in non Tier-1 Key suppliers that provide products or services to Chunghwa Telecom's Tier 1 suppliers but are not Tier 1 suppliers to CHT themselves.

## ESG Highlights

### CHT Sustainable Supply Chain Initiative – Sustainable Partner Certification

- We worked with the Sustainable Alliance for Low-carbon Economy (SALcE) to classify our suppliers' ESG capabilities into four tiers—Gold, Silver, Bronze, and Participatory, depending on their ESG capabilities—and create a list of certified sustainable suppliers. Through this project, we encourage our partners in the supply chain to improve their capabilities for sustainability and help consumers to learn about and support sustainable suppliers.
- In 2023, 18 sustainable suppliers obtained "Gold-tier Certification" and were presented with a Sustainability Certified Supplier certificate by President Chau-Young Lin.



## ESG Highlights

### Supplier Net Zero & Sustainability Learning Campus digital learning platform

In 2024, we plan to establish the "Chunghwa Telecom Supplier Net Zero Sustainability Academy" to offer sustainability/ESG expertise. Through digital learning methods, we will disseminate information and provide educational resources to suppliers, aiding them in integrating sustainability/ESG practices and achieving mutual growth and value creation objectives.





## ESG Highlights

### Green Gold Workshop

- Sustainable supply chain management around the world is evolving, with its focus shifting from the organizational sustainability of suppliers to the sustainability of products and services.
- Being a step ahead of its peers, Chunghwa Telecom hosted its first "Green Gold Workshop" in 2023 to encourage our supply chain partners to embed sustainability and low-carbon concepts in their products and services, thereby co-creating green business opportunities.



## Sustainable Supply Chain Management Process

### 2023

- In total, 61 Significant suppliers committed to the 2050 Net Zero Emissions goal.
- 63 Gold-tier suppliers had Sustainable Partner Certification.
- Organized "Green Gold Workshop" for the first time to provide suppliers with guidance on developing sustainable products and services.
- Included "supplier ESG management" in supplier contracts. As of 2027, tenderers of procurements of NT\$50 million or more must obtain CHT's Bronze-tier certification.
- "Chunghwa Telecom Company, Ltd. Supplier Code of Conduct" requires suppliers to fulfill their commitments to biodiversity. Eight significant suppliers have signed the Statement of Biodiversity and Zero-Deforestation Commitment.

### 2022

- Collective commitment to Net Zero by 2050 goal with 35 significant suppliers
- Sustainable Partner Certification, with 45 Gold-rated suppliers thus far

### 2021

- BS 8001 Circular Economy conformity check passed
- Sustainable Partner Certification, with 24 Gold-rated suppliers thus far

### 2020

- Organized the first ESG education and training event for suppliers
- SALcE Certifications for Excellence in Sustainable Supply Chain and Sustainable Partner



### 2019

- Awarded ESG outstanding supplier "Gold-tier Certificate" during ESG Supplier Conference

### 2018

- Incorporated the ISO 20400 Sustainable Procurement Standard as a reference, and adopted the sustainable procurement framework
- Collaborated with the Sustainable Alliance for Low-carbon Economy (SALcE) to implement Sustainable Partner Certification

### 2017

- Become the first domestic telecom to formally announce CDP Supply Chain membership

### 2016

- Organized the first "Sustainable Environmental Visit and Exchange"

### 2015

- Established the "Chunghwa Telecom Co., Ltd. Procurement Grievance Procedures" to give suppliers the means to raise complaints regarding Chunghwa Telecom purchasing activities in an open and transparent purchasing environment

### 2014

- Initial launch of ESG second-party audits of major suppliers

### 2013

- Became the first telecom service provider to implement supply chain ESG second-party audits
- Issued "Chunghwa Telecom's Operating Guidelines for Qualifying Material Suppliers" to manage the implementation of supplier ESG

### 2012

- Required that suppliers with purchase amounts of more than NT\$ 5 million to complete the "Supplier ESG Status Questionnaire"

### 2011

- Issued the "Code of Corporate Social Responsibility for Suppliers of Chunghwa Telecom Co Ltd"
- Started holding annual "Supplier Social Event Supplier ESG Interchange Meeting"

### 2010

- Invited key suppliers to complete an ESG questionnaire and learned about suppliers' implementation status.

### 2009

- Launched "supply chain ethical management initiative"

### 2008

- Published "Supplier Environment and Human Rights Guidelines"



## Supply Chain ESG Management Strategy

Strategy	Target	2023 Results
Integrate ESG Principles into Chungghwa telecom supplier assessment	Maintain current 100% ESG status assessment of "tier-1 suppliers"	100% of suppliers completed the ESG survey questionnaire
Ensure ESG conduct of suppliers complies with "Chungghwa Telecom Company, Ltd. Supplier Code of Conduct"	Complete onsite ESG visits and audits for 100% of major "significant suppliers in tier-1 " 2025	ESG Desk Assessment/On-site Assessment rate reached 90%
Continue communication activities to promote supplier climate change adaptation measures and emissions data management	<ul style="list-style-type: none"> <li>Complete carbon management knowledge education for 100% of "significant suppliers in tier-1" in 2023</li> <li>Collect information on climate change and carbon emissions from suppliers at least once a year</li> <li>70% supplier response to Chungghwa Telecom's "CDP Supply Chain Project" questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>100% completion of carbon management knowledge education and training "significant suppliers in tier-1"</li> <li>78% supplier response rate to the questionnaire</li> </ul>
Set minimum ESG requirements in "prequalification documents"	<ul style="list-style-type: none"> <li>Tenderers of procurements of NT\$50 million or more must participate in the Carbon Disclosure Project (CDP) and conduct Scope 3 emissions inventory.</li> <li>Significant suppliers whose cumulative transactions in the previous year amounted to NT\$50 million must agree to "ESG second-party audits" and attain Sustainable Partner Certification.</li> <li>As of 2027, tenderers of procurements of NT\$50 million or more must obtain Bronze- or higher-tier certification and CHT-approved qualifications to participate in tendering.</li> </ul>	<ul style="list-style-type: none"> <li>78% supplier response rate to the CDP questionnaire</li> <li>ESG Desk Assessment/On-site Assessment rate reached 90%</li> </ul>

## Supplier ESG Assessment

Chungghwa Telecom conducts comprehensive supplier sustainability/ESG risk assessments. Through the supplier ESG questionnaire, on-site visits by employees (second-party assessment), and on-site audits of suppliers (executed by SGS-Taiwan under commission), we ensure that our partnerships with suppliers achieve the best practices for the environment, society, and corporate governance.

Note: ESG second-party audits are conducted regarding the "Responsible Business Alliance Code of Conduct" (RBA CoC).

Supplier Screening	2023
Total number of tier-1 suppliers	2,555
Total number of significant suppliers in tier-1	177
% of total spend on significant suppliers in tier-1	83.63%
Total number of significant suppliers in non-tier-1	22
Total number of significant suppliers (tier-1 and non-tier-1)	199

Notes:

1. Tier-1 Suppliers: Companies that supply products or services directly to Chungghwa Telecom with procurement amounts > NT\$ 150,000
2. Significant Suppliers in Tier-1: Companies that supply products or services directly to Chungghwa Telecom with procurement amounts ≥ NT\$ 50 million.
3. Significant Suppliers in non-Tier-1 : Significant suppliers that provide products or services to Chungghwa Telecom's Tier 1 suppliers but are not Tier 1 suppliers to CHT themselves.

Supplier Assessment	2023
Total number of suppliers assessed via desk assessments/ on-site assessments	177
% of unique significant suppliers assessed	88.94%
Number of suppliers assessed with substantial actual/potential negative impacts	2
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%
Number of suppliers with substantial actual/potential negative impacts that were terminated	0

Notes:

1. Unique significant supplier assessed ratio: The ratio of the number of significant suppliers evaluated through desk assessments/on-site assessments to the total number of significant suppliers.
2. Suppliers assessed with substantial actual/potential negative impacts do not exhibit substantial environmental potential impact.

Corrective action plan support	2023
Total number of suppliers supported in corrective action plan implementation	2
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%
Total number of suppliers in capacity building programs	164
% of unique suppliers in capacity building programs	82.41%

Note: % of significant suppliers in capacity building programs = Total number of suppliers in capacity building programs ÷ Total number of significant suppliers (tier-1 and non-tier-1)



## ESG Capacity Promotion of Suppliers

In addition to annual ESG supplier conferences and environmental field trips, a wide range of training programs are also organized. Through these different programs, we hope to inform suppliers of our commitment to sustainable supply chain management and our Sustainable Partner Certification system. Such communication enables telecom suppliers to keep up with global sustainability trends and exert a positive impact on ESG. In 2023, 164 or 82.4% of significant suppliers of CHT participated in our capacity building programs.

Training Plan	Description
<b>ESG Plan Information/ Training</b>	<ul style="list-style-type: none"> <li>Provides details of the ESG Management Program, including the "Supplier Code of Conduct", contract terms and conditions, and ESG-related information and forms on the Supplier Electronic Procurement System.</li> <li>Three sessions of Supplier ESG training and one Supplier Engagement Conference per year to provide information and educational materials related to ESG programs.</li> </ul>
<b>ESG Benchmark Information</b>	Set up a "Supplier ESG Online Platform" as part of the Telecommunication Training Institute that provides information on ESG courses, industry benchmarks, and case studies.
<b>Assistance with Improvement Methods</b>	<ul style="list-style-type: none"> <li>We engage external consultants to offer remote consultation on or assist in reviewing suppliers' improvement plans.</li> <li>Internal employees provide queries and information regarding suppliers' improvement plans.</li> </ul>
<b>In-depth Support Program</b>	<ul style="list-style-type: none"> <li>CDP Supply Chain Program: Joined the program; provide consultation/training on CDP questionnaires, and assist suppliers in improving their carbon management/carbon disclosure.</li> <li>Supplier Sustainable Environmental Visits: Annual field trips for suppliers to educate them on the environment at an environmental certification institution that provides in-depth support programs to improve suppliers' sustainability/ESG knowledge.</li> <li>Green Gold Workshop: Workshops on sustainable products and services; significant suppliers are invited to join specific projects to collectively develop sustainable and low-carbon products and services.</li> </ul>

\* Video: 2023 Sustainable Environmental Education [🔗](#)



## Overview of Supply Chain ESG Management Results

Item	Description	2023 Target	2023 Outcome	2024 Target
<b>Completion Rate of Online Supplier ESG Survey</b>	Suppliers with a procurement amount of NT\$5 million or above are required to fill out the Supplier ESG Survey, which covers corporate ethics, labor rights, environmental management, and occupational safety and health. The main reason for not meeting the response rate target was suppliers' unfamiliarity with the process. To improve this, ESG survey completion will be a contract requirement. Performance bonds will be released only upon survey completion. Additionally, ESG training and guidance will be provided to suppliers.	80%	75%	85%
<b>Procurement staff receiving ESG training</b>	We hold annual ESG training and seminars, goal is to ensure that all CHT procurement staff understand and faithfully execute the "Chunghwa Telecom Company, Ltd. Supplier Code of Conduct." (including anti-corruption)	100%	100%	100%
<b>Supplier contracts containing ESG-related terms</b>	Suppliers are explicitly required to abide by the "Chunghwa Telecom Company, Ltd. Supplier Code of Conduct" in their procurement contracts (including anti-corruption )	100%	100%	100%
<b>ESG self-assessment form for suppliers included in documentation required for the tendering process</b>	Tendering documentation stipulates that all bidders must fill out "ESG self-assessment form for suppliers"; additional elaboration on improvements is required in the event of a breach of laws or regulations by suppliers.	100%	100%	100%
<b>Suppliers without legal or regulatory violations</b>	ESG Management implementation status is captured via online questionnaires. Note: When reviewing suppliers' responses to ESG questionnaires, the responsible unit also samples whether there has been any economic, environmental, or social violation where a persistent failure to improve was deemed as a violation, resulting in fines totaling NT\$1 million or above.	100%	100%	100%
<b>Supplier ESG second-party audit</b>	Through a second-party audit project (2023 sample audit of 40 key suppliers), significant suppliers are ensured to be free from environmental and human rights risks such as forced labor.	100%	100%	100%

## The first Taiwan telecom carrier to participate in the CDP Supply Chain Program for a Low-Carbon Supply Chain

After The Paris Agreement took effect, we entered the age of the low-carbon economy. Chunghwa Telecom is a carrier in the information and communications industry, and this is a crucial issue of great urgency for us. We need to understand and respond to the impacts of climate change and plan appropriate response strategies and actions at once.

In 2017, CHT first joined the Carbon Disclosure Project (CDP) Supply Chain Program. We are promoting greater understanding of climate change among our suppliers and will make every effort to increase their carbon management efficiency. CHT will put an encouragement mechanism in place that will help suppliers with the research and development of products and services that have a lower impact on climate and the environment. Our three goals for supply chain carbon management are:


- 

**1** Increase supplier awareness and knowledge of climate change
- 


**2** Collect greenhouse gas emissions data
- 

**3** Communicate and encourage changes in the behavior of suppliers


## Abstract of the Results of Chunghwa Telecom's 2023 "CDP Supply Chain Project"




**78%** of suppliers responded to Chunghwa Telecom's questionnaire.



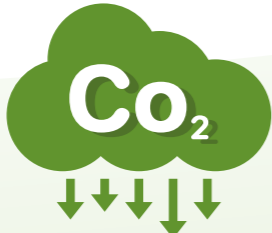
Chunghwa Telecom's supply chain reduced carbon emissions by around **46,500** thousand t-CO<sub>2</sub>e.




**65%** of supplies incorporated climate change into their long-term business strategic planning.



**82%** of suppliers have taken energy-saving and carbon reduction measures.



**59%** of suppliers have set emission reduction goals.



**63%** of suppliers have established procedures for evaluating climate risks.

## The Achievements of CHT's 2023 Supplier Energy Conservation Program

Aspect of Program	Carbon Emissions Reduction Amount	Number of Initiatives
Company policy and behavior changes	147,303 t-CO <sub>2</sub> e	10
Building energy efficiency	113,147 t-CO <sub>2</sub> e	41
Production process energy efficiency	11,571,154 t-CO <sub>2</sub> e	29
Low-carbon energy consumption	20,364,410 t-CO <sub>2</sub> e	16
Low-carbon energy production	4,974,715 t-CO <sub>2</sub> e	3
Non-energy-related industrial process emissions reduction	9,014 t-CO <sub>2</sub> e	3
Waste reduction and circular economy	7,804,827 t-CO <sub>2</sub> e	7
Transportation	85 t-CO <sub>2</sub> e	3
Other	1,516,269 t-CO <sub>2</sub> e	6
<b>Total estimated annual emissions reduction</b>	<b>46,500,955 t-CO<sub>2</sub>e</b>	
<b>Total annual cost savings (USD)</b>	<b>2,081,305,055</b>	

Note: Source: CDP



### Broad Alliance Building

Chunghwa Telecom actively participates in the telecom value chain, ensuring ecosystem sustainability. The value chain includes robust infrastructure, basic communication services, and innovative value-added services, forming interconnected upstream and downstream components.

Chunghwa Telecom primarily provides ICT services, with 2023 procurement as follows: property (41%), services (20%), construction (18%), projects and tenders (14%), and others (7%). With 2,555 tier-1 suppliers and contracts exceeding NT\$77.1 billion, the company aims to enhance fixed, mobile, data, and ICT services while strengthening supplier partnerships.

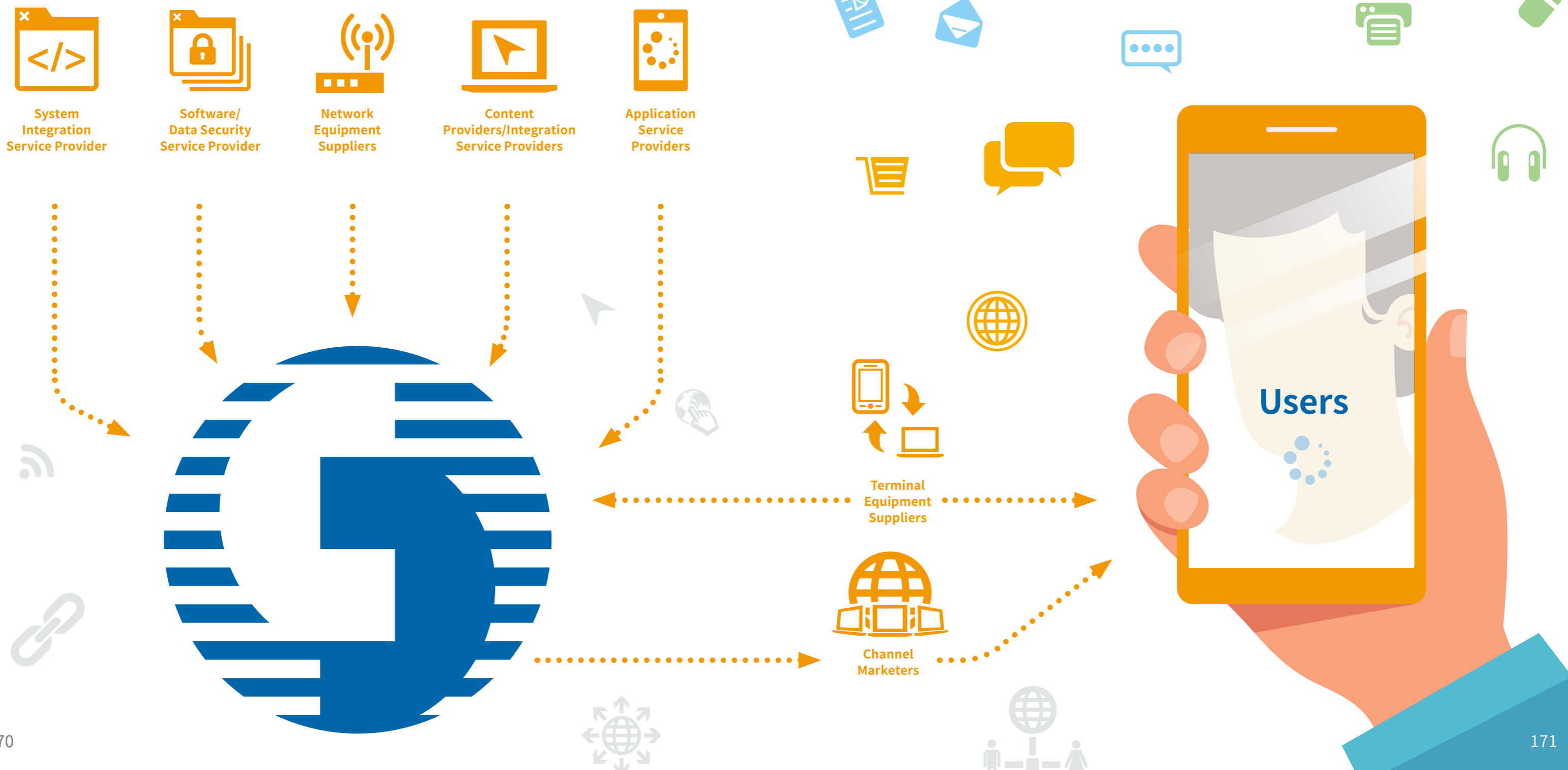
To boost the ICT industry, Chunghwa Telecom shares resources with suppliers, enhancing R&D capacity and access to future technologies. Collaborations include R&D projects, fair technology transfer, support for hardware facilities, and expanded software collaborations, aiming for shared prosperity.

#### Rewards for top-performing suppliers

To reward top-performing suppliers, Chunghwa Telecom offers qualified suppliers the privilege of tender bond waivers when submitting tenders, as well as a reduction of the performance bond to 5% of the value of the contract. In this way, we are able to exert influence as an industry leader and bring more attention to corporate sustainability.

#### Professional skills training

Our Telecom Training Institute provides suppliers with relevant training and certification courses to satisfy their needs. Some of the popular courses include: cabling contractor certification, telecom line construction quality assurance certification, and fiber optic contractor training. In 2023, the institute held 21 courses and trained 414 workers, 235 of whom obtained certification.



# Personal Data and Privacy Protection

Protecting customers' privacy is of vital importance to CHT. For this reason, the Company has established a "Privacy Protection Policy" following government laws and regulations whose scope encompasses all of our branch offices, business locations, subsidiaries, and suppliers. The policy adopts rigorous management and protection measures. Our zero-tolerance "Cybersecurity Policy" and "Privacy Protection Policy" Protection Policy are enforced at the source. In line with the ISO 27001 Information Security Management System, these policies are subject to constant revision and examination through the Plan-Do-Check-Act (PDCA) approach and are incorporated into daily operations and activities to ensure zero cybersecurity incidents.

Before any business promotion, risk assessment is conducted to examine and ensure that data access is in compliance with the regulatory requirements and that data protection mechanisms are in place to ensure data protection integrity and avoid data processing risks. Regarding the collection, processing, use, and protection of personal data and privacy in our operations, aside from compliance with governmental laws and regulations, personal data is used only within a defined scope of regulatory requirements and is not disclosed to any third parties via exchange, lease, or in any other manner, to protect the data security and privacy rights of CHT customers.

## Data governance units and responsibilities



This committee is the final decision-making body for issues concerning data governance. The President serves as the convener of the committee and oversees the development of CHT's data governance.

### Level-1 Data Governance Committee



Charged with establishing and implementing data governance regulations and systems and keeping track of implementation results.

### Level-2 Data Development Department



This team is in charge of implementing data governance to ensure that data protection, compliance, quality, access, tools, and maintenance are implemented throughout Chunghwa Telecom.

### Level-3 Data Governance Team

## Specific Data Management Mechanisms

At CHT, the data governance framework and management system have been set up in accordance with the Data Management Association's (DAMA) Data Management Body of Knowledge (DMBOK) to achieve consistency, availability, security, and compliance in data asset management.

## Data Security Protection Mechanism

Management Method	Description
Comply with relevant international standards in building management systems	Our information security management system (ISMS) and personal information management system (PIMS) are ISO 27001, ISO 27701, ISO 27017, ISO 27018, CSA STAR, and BS 10012-certified. The scope of certification includes all of our operating activities and our entire IT infrastructure.
Implement data access management	In principle, access is granted based on the principles of need to know and least privilege.
Track data access	Employees' inquiries involving customer personal data are recorded, and the records are audited and reviewed systematically to prevent improper use.
Manage data analysis and processing	In data analysis and processing, data security is ensured by adopting ISO 27001 technical measures such as access control, transfer encryption, and data de-identification.
Adopt principles of personal data processing	De-identification or other data minimization technologies such as data anonymization, pseudonymization, steganography, and data suppression are used to limit the type and quantity of personal data that can be collected or processed, with the scope of data being customer name, ID number, date of birth, address, and email address. De-identification results are presented using statistical data or other unidentifiable methods and are provided as a basis for business decision-making (e.g., consumer age/regional distribution, regional signal improvement).



## Privacy Protection Management Mechanisms

Management Method	Description
Privacy Protection Risk Management	<p><b>1. Group-wide risk management:</b></p> <ul style="list-style-type: none"> <li>We assess privacy risks and the impact of those risks in accordance with regulations and set risk-handling targets and response measures.</li> <li>"Information security and personal data risks" are regularly monitored by the Risk Management Committee for follow-up management. Any material risk issues are submitted to the Audit Committee or directly reported to the Board of Directors.</li> </ul> <p><b>2. Performance measurement and disciplinary procedures:</b></p> <ul style="list-style-type: none"> <li>We have a "zero tolerance" principle. Performance in cybersecurity and personal information protection is a part of all employee performance reviews.</li> <li>Any loss of customers' personal data due to negligence or conduct involving improper inquiries, acquisition, use, or deliberate leaks is subject to penalties at a minimum or the termination of the labor contract at worst.</li> </ul> <p><b>3. External audits:</b></p> <ul style="list-style-type: none"> <li>We ceaselessly strengthen our privacy protection procedures and ensure their implementation throughout our operational processes.</li> <li>We organize training in privacy protection to improve the overall privacy protection competency of the Company.</li> <li>We carry out regular tests and drills to examine and evaluate the effectiveness of our privacy protection measures.</li> <li>Our "Privacy Protection Policy" has been verified by a third party. We also conduct internal/external audits and certifications each year.</li> </ul>

	<p><b>1. Types and Content of Data Collected:</b></p> <p>When customers access the services of Chunghwa Telecom, we collect their personal/private data including accounts, browsed webpages or multimedia contents/mobile Apps due to "Regulations Governing Telecommunications Numbers" requirements for identity verification or service provision needs.</p> <p><b>2. Data Retention Period:</b></p> <p>Upon termination of the contractual relationship between customers and CHT, we maintain and use the customer's personal information within the scope and duration required or permitted by the laws and regulations and retain (non-personal) data generated from it in a de-identified form.</p> <p><b>3. Policy for Third Party Disclosure:</b></p> <p>Personal data and privacy are not disclosed to third parties by means of exchange, lease, or otherwise at will, unless with the consent of the customer or otherwise specified by laws and regulations.</p> <p><b>4. Data Use and Protection:</b></p> <p>We use customers' data for analyses to provide optimized, customized services and discount information tailored to our customers' needs; customers may request the cessation of such use at any given time.</p> <p>We have formulated our personal data protection policy and relevant regulations regarding the use of personal data to prevent unauthorized access to, disclosure or use of, or tampering with personal data to protect the privacy, data security, and rights of our customers. The percentage of secondary use of customer data at Chunghwa Telecom in 2023 was 86.73%.</p>
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Customer privacy rights protection

Management Method	Description
Requests for customer information received from government or law enforcement agencies	<ul style="list-style-type: none"> <li>We are liable for protecting the secrecy and privacy of customers' correspondence from illegal infringement in accordance with the laws. Only when a government agency or law enforcement agency presents Chunghwa Telecom a subpoena following the law requesting access to or inquiring about customer information to protect public security, fight crime, or maintain social order can we provide them with customer information. In compliance with regulations, a dedicated department and rigorous review procedures for access are in place. Information can only be provided in accordance with the law when the appropriate legal criteria are met, and will not be made available otherwise.</li> <li>In 2023, government or law enforcement agencies made 2,008,618 user information requests, 53.49% (1,074,398) of which were accepted and 46.51% (934,220) of which were rejected, primarily due to non-conformity to the relevant laws and regulations or source data error.</li> </ul>
Exercise of customer rights	<ul style="list-style-type: none"> <li>A variety of channels (including websites, Apps, stores, and a customer hotline) are available at Chunghwa Telecom for customers to access and learn about the types of personal information collected and its collection, processing, use, or disclosure to third parties as well as the rights that our customers may exercise.</li> <li>The rights available for customers to exercise are opt-out, opt-in, access data held by the Company, request to edit data, request deletion.</li> </ul>
Personal Data and Privacy Protection Consultation and Grievance Channels	<p>A variety of means are available for customers to exercise their rights. In addition, customers with questions or concerns regarding personal data or privacy may send feedback or complaints via various channels, which are handled by dedicated staff in a professional manner.</p>
Personal Data and Privacy Protection Grievance Appeal Channels	<p>Should anyone find their personal data and privacy use issues unresolved within 30 days, they are welcome to reach us via the appeal channels as follows:</p> <ul style="list-style-type: none"> <li>Address: No. 21-3, Section 1, Xinyi Road, Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)</li> <li>Recipient: Chief Information Security Officer, Chunghwa Telecom Co., Ltd.</li> <li>Phone: (02)2344-6789</li> </ul>

There were 990 complaints over "alleged information breaches" filed via the customer hotline in 2023, of which 11 were submitted by the National Communications Commission (NCC) and 979 submitted via the customer service hotline (accounting for 0.0028 % of the customer hotline service provided for the year). All of the cases were investigated and it was verified that there had not in fact been any personal data or privacy breaches.

