



2021 Sustainability Report

CHIEF TELECOM INC.

Contents

◆ A Message from Our Chairman and President	02
---	----

◆ Editorial Approach	06
----------------------	----

01

◆ Identification of Stakeholders and Material Topics	09
--	----

1.1 Sustainability Committee	09
------------------------------	----

1.2 Identify Key Stakeholders	11
-------------------------------	----

1.3 Stakeholder Communication Channels and Topics of Concern	11
--	----

1.4 Identification of Material Topics	14
---------------------------------------	----

1.5 Sustainable Development Goals (SDGs)	19
--	----

02

◆ About Chief Telecom	23
-----------------------	----

2.1 Company Profile	23
---------------------	----

2.2 Business Philosophy	30
-------------------------	----

2.3 Awards and Management Systems	32
-----------------------------------	----

2.4 Membership of Associations	33
--------------------------------	----

03

◆ Integrity Governance	35
------------------------	----

3.1 Governance Practices	37
--------------------------	----

- 3.1.1 Board of Directors	38
----------------------------	----

- 3.1.2 Functional Committees	41
-------------------------------	----

- 3.1.3 Internal Audit	45
------------------------	----

- 3.1.4 Ethics and Integrity	45
------------------------------	----

3.2 Risk Management	47
---------------------	----

3.3 Business Performance	50
--------------------------	----

04

◆ Product and Sustainability	56
------------------------------	----

4.1 Product Introduction	56
--------------------------	----

- 4.1.1 Industrial Ecosystem	56
------------------------------	----

- 4.1.2 Network Quality	62
-------------------------	----

4.2 Information Security	66
--------------------------	----

4.3 Energy Efficiency and GHG Reduction	70
---	----

- 4.3.1 Energy Management	70
---------------------------	----

- 4.3.2 Greenhouse Gas Emissions Management	75
---	----

- 4.3.3 Task Force on Climate-Related Financial Disclosures Framework (TCFD)	76
--	----

05

◆ Social Concern	79
------------------	----

5.1 Workforce Overview	80
------------------------	----

- 5.1.1 Human Rights Protection	80
---------------------------------	----

- 5.1.2 Employee Statistics	81
-----------------------------	----

5.2 The Right People in the Right Roles	84
---	----

- 5.2.1 Employee Benefits	84
---------------------------	----

- 5.2.2 Employee Compensation	91
-------------------------------	----

- 5.2.3 Enhancing Employee Soft Power	93
---------------------------------------	----

5.3 Corporate Philanthropy	99
----------------------------	----

◆ GRI Content Index	102
---------------------	-----

◆ Assurance Statement	107
-----------------------	-----



A Message from Our Chairman and President

Due to the outbreak of COVID-19 in 2021 around this time, many countries had imposed lockdowns across the world, leading to a negative impact on economic activities and business operations. Taiwan's nationwide epidemic alert remained at Level 2 as well around this time. Business investments in business continuity lead to a surge in zero-contact and remote services, and a boom for the telecommunications industry.

Chief Telecom Inc. ("Chief Telecom") is the leading IDC service provider that operates the largest domestic telecom market in Taiwan. Taiwan, located in the hub of East Asia, can directly connect to the Northeast Asia, Southeast Asia and China markets. Chief Telecom is therefore the major gateway of Taiwan's cloud services, submarine cables and Internet connectivity. The US-China trade war led to the restructuring of the global supply chains. To help Taiwanese businesses respond to the challenges when expanding into Southeast Asia, Chief Telecom has continued to expand our international backbone bandwidth between Taipei, Hong Kong, Singapore and Japan in order to extend our overseas service locations. We also partnered with vendors in



Chief Telecom
Chairman

Joseph Wu

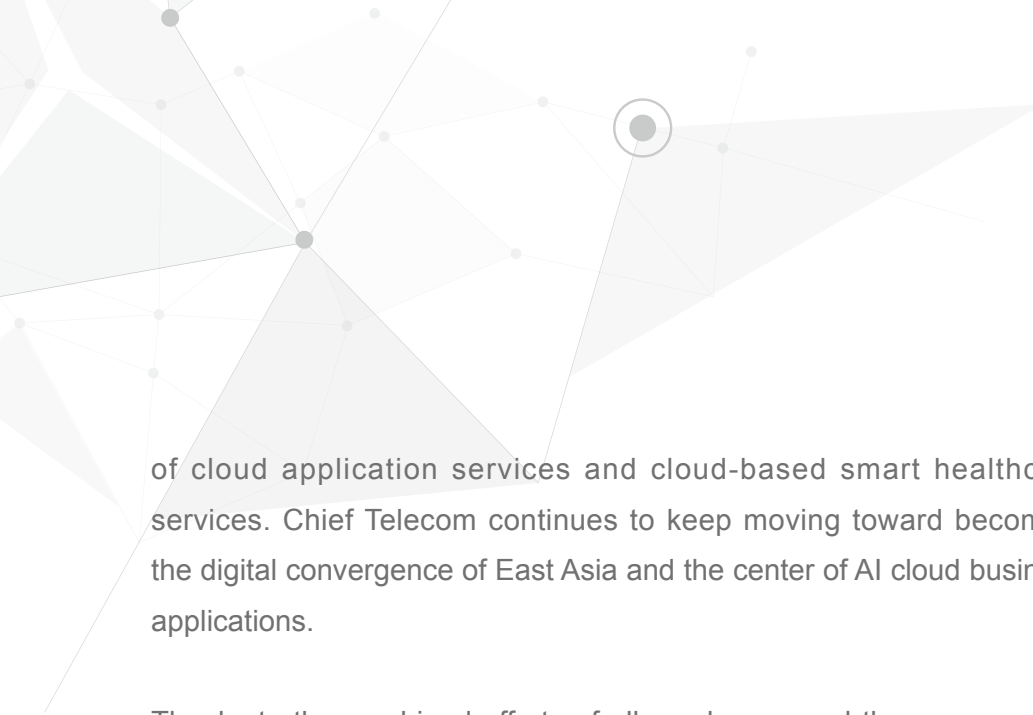
Southeast Asian countries to gain more business opportunities in Southeast Asia. We are continuing to expand our product lines as well to boost our competitiveness.

To meet future demand from the growth of the IDC and cloud businesses, we invested in the construction of the new LY2 data center in 2021. The LY2 data center incorporates smart building, green building, and Lead Rubber Bearing seismic isolation design to satisfy customers' needs for high-density rack power and high-performance computing (HPC). In order to provide high-quality IDC services, we make investments every year to ensure the renewal of ISO certificates and compliance with the DCOS auditing. In data network services, we continued to cooperate with many global carriers to become the best partner for customers to expand their overseas business; in voice services, video conferencing have been integrated into cloud PBX services to satisfy the needs for remote communication. In cloud services, we have been strengthening the partnership with international public cloud providers in order to provide businesses the best cloud solution in multi-cloud environments and strengthening the promotion



Chief Telecom
President

J. J. Wang



of cloud application services and cloud-based smart healthcare services. Chief Telecom continues to keep moving toward becoming the digital convergence of East Asia and the center of AI cloud business applications.

Thanks to the combined efforts of all employees and the management team, Chief Telecom delivered a strong performance with operating income, total consolidated operating income, consolidate business profits, and consolidated net profit after tax all growing compared to 2020. Total consolidated operating revenue for FY2021 was 2.801 billion NTD, up 9.22%. Consolidated operating profit amounted to 871 million NTD, an increase of 11.98%. Annual revenues and profits reached record heights again.

Chief Telecom is responding to a highly competitive business environment by continuing to pay attention to detail and setting our sights on sustainability. In addition to corporate governance, the Board of Directors approved the Corporate Governance Best Practice Principles, the Procedures for Ethical Management and Guidelines for

Conduct, and the Management Procedure for Prevention of Insider Trading, an internal control system to prevent related parties from obtaining and profiting from insider information. Chief Telecom has established a comprehensive disclosure system based on the principles of accuracy, timeliness, and fair disclosure to ensure shareholders are kept up to date on the latest company developments.

Enhancements to corporate governance included the establishment of the Remuneration Committee, Audit Committee, and an Information Management Committee. ISO was introduced for product security evaluation to ensure that the quality of services and network is in accordance with the requirements for information security and business continuity. We plan to appoint a Corporate Governance Officer in 2022. A Risk Management Committee and Sustainability Committee will also be established to improve the synergies from corporate governance. The Environmental, Social and Governance aspects will also be implemented into day-to-day business operations to reinforce stakeholder trust.

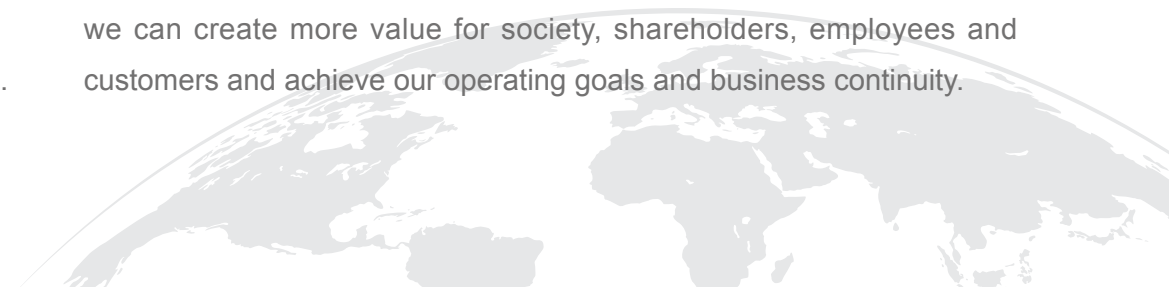
In response to global climate change risk and the issue of carbon neutrality, Chief Telecom is not only continuing to monitor the latest international trends but also developing response plans in accordance with the rules set by the competent authorities. LED lighting, UPS with better power conversion efficiency, replacing older air conditioning units, implementation of various energy conservation measures have now been adopted to improve the Power Usage Effectiveness (PUE) of data centers. Green building design is being incorporated into the new data center to reduce GHG emissions.

To cultivate globalized talent, Chief Telecom encourages continued education for employees in order to improve their professional ability and language proficiency. Subsidies are also offered for international certification. Chief Telecom currently has more than 150 professional and information security certifications. Chief Telecom believes that the development of talent can help the Company respond to the fast-changing information era and build even more solid foundations.

Corporate social responsibility is now crucial to business development.

Chief Telecom actively gives back to society to contribute to vulnerable groups and fulfill our corporate social responsibility. Chief Telecom makes monthly donations to support charities. Recipients included children's homes, juvenile home, vulnerable rural groups, and indigenous children's homes. In 2021, total donations amounted to 613,000 NTD. Chief Telecom will continue to spread our message of philanthropy.

In the future, Chief Telecom will continue to focus on our core business – carrier-neutral IDC services. The LY2 IDC smart data center will be launched on time and in good quality with data networks and cloud services as its dual growth axis. The service coverage will be extended to Southeast Asian countries. Meanwhile, Chief Telecom will continue to deepen the partnership with international public cloud service providers, cloud security service providers, and global carriers in order to provide various cloud services with customers to face the changing market and improve the Company's overall operating performance. We hope that we can create more value for society, shareholders, employees and customers and achieve our operating goals and business continuity.



Editorial Approach

102-45、102-50~102-56

The 2021 Sustainability Report (hereafter referred to as the "Report") was published by Chief Telecom in pursuit of corporate sustainability and improved transparency. The Report discloses to stakeholders the Company's ongoing efforts and performance in promoting corporate governance, implementing environmental sustainability, and social concern. The attention of stakeholders and their invaluable feedback will help the Company make great strides towards sustainability.

➤ Scope of Disclosure and Boundaries

The operating locations of Chief Telecom in Taiwan (including 1 office and 3 data centers) fall under the scope of disclosure in this Report. The financial data disclosed is sourced from publicly issued consolidated statements and verified by the accounting firm Deloitte & Touche in accordance with International Financial Reporting Standards for the sake of consistent. the monetary unit is thousands of NTD; data relating to information security, carbon emissions and employees were compiled by the competent departments and reviewed by their managers before being presented in the Report using internationally accepted metrics.

➤ Editorial Reference and Verification of Information

The Report was compiled in accordance with the "Core" option of the GRI Standards 2016 issued by the Global Reporting Initiative. A content index for the GRI Standards is also provided in the Appendix of the Report for stakeholder reference. The Report complies with the Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies as well.

To ensure the quality of the information disclosed in the Report, Chief Telecom retained GREAT Certification to conduct Type 1 Moderate Assurance in accordance with AA 1000: AS V3 and ensure adherence to the GRI Standards 2016 Core option. The assurance statement is attached in the Appendix as well.

Established in 1991, Chief Telecom (TWSE: 6561) is the largest provider of international carrier-neutral data center services in Taiwan. In addition to owning three IDC buildings and bandwidth on International network links, Chief Telecom has obtained certification for ISO 27001 (Information Security Management), ISO 27011 (enhanced audit for telecommunications security), ISO 27017 (information security

management for cloud services), ISO 27018 (personal data protection for cloud services), and DCOS-4 for data center operations and maintenance.

» Reporting Period

The Report is the first sustainability report voluntarily published by Chief Telecom. The Report will be published annually from now on to improve the transparency and accessibility of this Report. An electronic version of the full report will also be published on the Chief Telecom website for download.

Date of most recent report: September 2022

Date of next report: September 2023

» Feedback

Please do not hesitate to contact us if you have any questions or suggestions relating to the contents of the Report.

Sam Shen, Chief Telecom Inc.

Address: 2F No. 68 Ruiguang Rd. Taipei City

Telephone: 07010186688 ext. 105

Email: sam_Shen@chief.com.tw



Identification of Stakeholders and Material Topics

2021

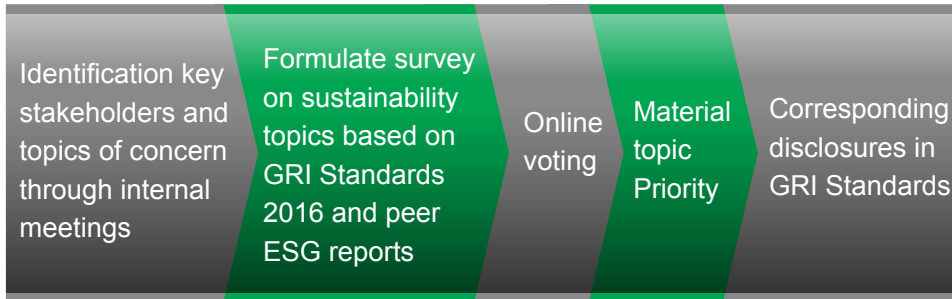
Sustainability
Report

1



I. Identification of Stakeholders and Material Topics

Identification Process for Stakeholders and Material Topics



1.1 Sustainability Committee 102-20

A Sustainability Committee headed by President was established in April 2022 in accordance with the Sustainable Development Best Practice Principles passed by the Chief Telecom Board of Directors. The Sustainability Committee is responsible for formulating the sustainable development strategy and its internal implementation so that the ideals of sustainable development are progressively incorporated into the corporate culture of Chief Telecom.

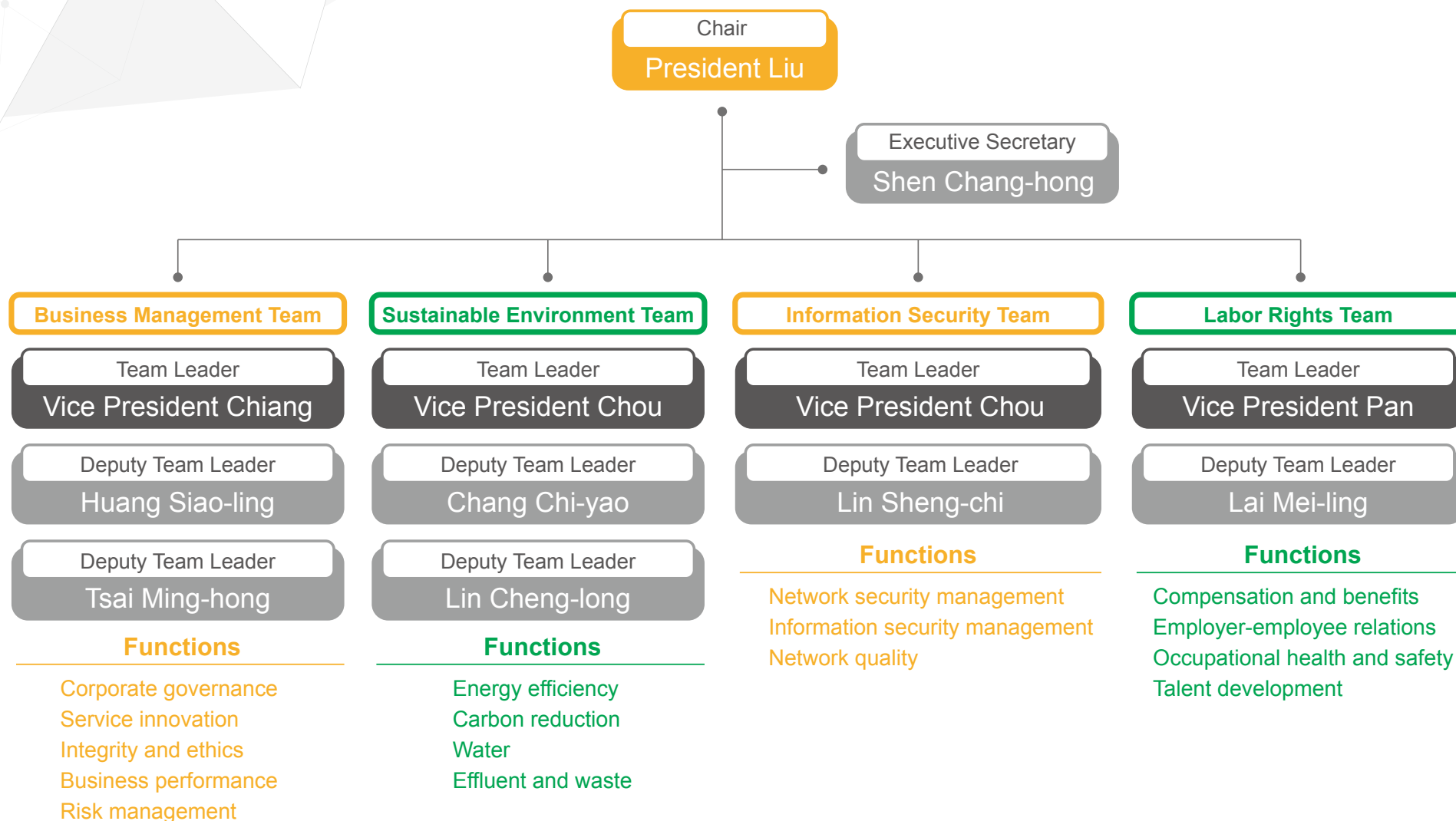
Specialized teams were set up under the Sustainability Committee corresponding to the environmental, social and corporate governance aspects of sustainable development. The topics of concern to stakeholders in terms of corporate governance, business performance, environmental sustainability, quality of service, and employee care are collated by the competent units. A stakeholder section is provided on the Chief Telecom website out of respect for stakeholders' rights to respond to the sustainability topics of stakeholder concern in an appropriate fashion. Chief Telecom plans to report our the outcomes of our ESG implementation to the Board of Directors every year to enhance Board involvement in our ESG initiatives.



Chief Telecom Sustainable Development Best Practice Principles

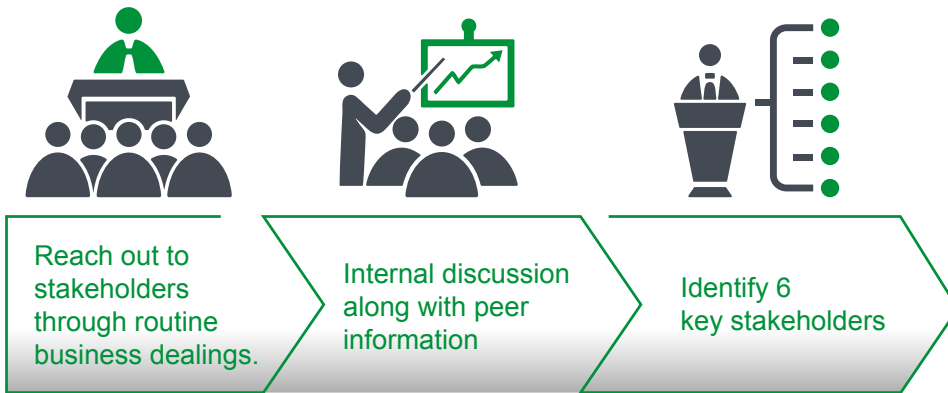


Sustainability Committee



1.2 Stakeholder Identification 102-40 ~ 102-42

Identify Key Stakeholders






To identify the key stakeholders of Chief Telecom, the Sustainability Committee and each department conducted a preliminary screening for all types of stakeholders that we come into contact with, according to the frequency of interaction with Chief Telecom, the degree of mutual influence and the degree of mutual importance. As a result, six key stakeholders were identified through discussions by the Sustainability Committee and peer information, including government agencies, shareholders/investors, customers, employees, suppliers/contractors, and the media.




1.3 Stakeholder Communication Channels and Topics of Concern 102-21, 102-43~102-44

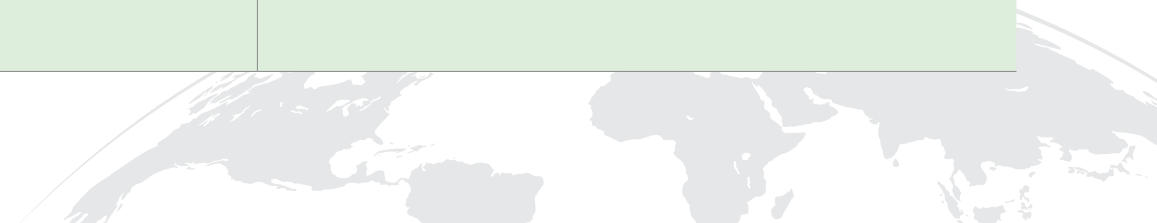
Chief Telecom units take the initiative to engage with stakeholders through a variety of channels so that key stakeholders are kept up to date on sustainable developments of the company. Chief Telecom can also understand what the stakeholders need and expect, and respond in a timely manner. Besides, communication outcomes with shareholders will be shown in annual report to the Board of Directors.

Topics of concern are compiled by each unit through their business dealings with key stakeholders and concluded by the Sustainability Committee. According to the GRI standards published in 2016 and the sustainability reports of industry peers, the 15 sustainability topics are summarized, encompassing the economic, environmental and social aspects, to ensure the completeness of sustainability information disclosed by Chief Telecom in accordance with the GRI Standards.



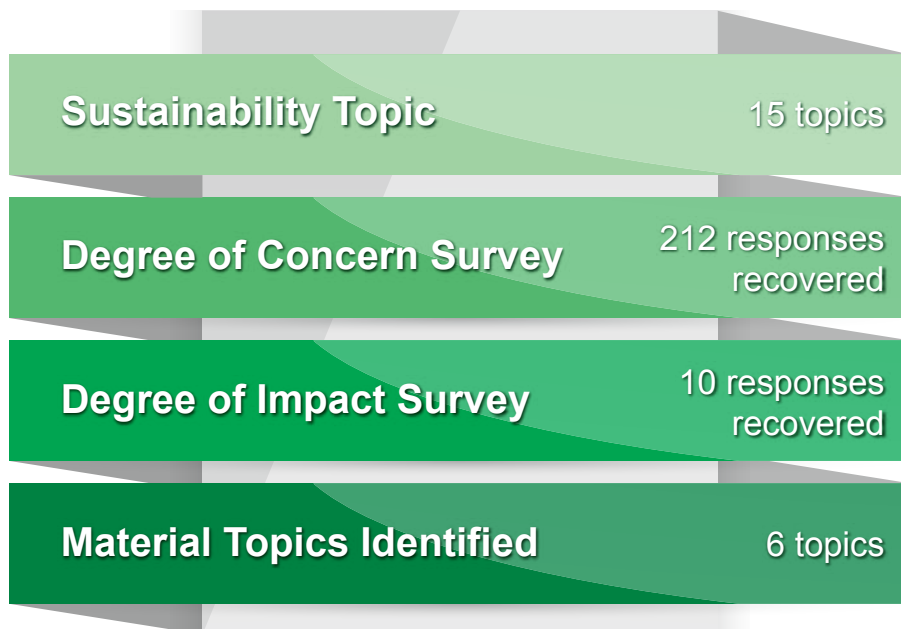
Key Stakeholder	Importance to Company	Topic of Concern	Communication Channel/Frequency
 <p>Government Agencies</p>	<p>Chief Telecom is a public company regulated by the Financial Supervisory Commission and Taipei Exchange. All company decisions should comply with the relevant laws and regulations.</p>	<ul style="list-style-type: none"> • Business Performance • Corporate Governance • Information Security • Compliance • Climate Change Response • Energy Management • Greenhouse Gas Management • Green Operations 	<ul style="list-style-type: none"> • Official correspondence / <i>ad hoc</i> • Material information / <i>ad hoc</i> • Regulatory compliance seminars / <i>quarterly</i> • Seminars or symposiums / <i>quarterly</i> • Market Observation Post system website / <i>ad hoc</i>
 <p>Shareholders / Investors</p>	<p>Shareholders or investors are provided with operating information in a public and transparent manner. We respect shareholder rights and use investor communications to collect the latest feedback in order to secure the trust of shareholders or investors.</p>	<ul style="list-style-type: none"> • Business Performance • Network Quality • Risk Management • Compliance • Energy Management 	<ul style="list-style-type: none"> • Annual Shareholders' Meeting / <i>yearly</i> • Participate in investor conferences by invitation / <i>quarterly</i> • Announcement of material information on Market Observation Post system and corporate website / <i>ad hoc</i> • Company website e-mail and telephone / <i>ad hoc</i> • Contact window: Spokesperson, deputy spokesperson / <i>ad hoc</i>
 <p>Customers</p>	<p>The experience of each customer is important to Chief Telecom. We strive to provide customers with the best quality of service as well as the most secure information and network services. We maintain a constructive working relationship with customers to ensure customer satisfaction.</p>	<ul style="list-style-type: none"> • Network Quality • Information Security • Risk Management • Compliance • Service and Product Innovation • Brand Image and Market Positioning 	<ul style="list-style-type: none"> • Customer service satisfaction survey / <i>half-yearly</i> • Company website and customer service e-mail / <i>ad hoc</i> • e-newsletter / <i>monthly</i> • Contact window: Customer Service Department / <i>ad hoc</i>

 <p>Suppliers / Contractors</p>	<p>The quality of service we provide to customers depend on key partners. Suppliers/contractors that deliver high-quality product, construction and service are therefore of utmost importance to Chief Telecom.</p>	<ul style="list-style-type: none"> • Supplier Management • Network Quality • Business Performance • Service and Product Innovation 	<ul style="list-style-type: none"> • Supplier evaluation / yearly • Contact window: Administrative Department / ad hoc
 <p>Employees</p>	<p>Quality talent is crucial to corporate competitiveness. For the sake of talent retention, we not only offer competitive compensation and generous bonuses but also encourage employees to take part in education and training to strengthen employee loyalty and build a robust corporate culture.</p>	<ul style="list-style-type: none"> • Business Performance • Compliance • Talent Development and Retention • Employment 	<ul style="list-style-type: none"> • Employee suggestion box and telephone number / ad hoc • Communication with department head / ad hoc • Feedback from Employee Welfare Committee and Labor Management Meetings / at least once per quarter • Employee Communication Window : Human Resources Department, Finance Division / ad hoc
 <p>The Media</p>	<p>Media relations not only influence our corporate image but also serve as an important channel for market communications. A positive relationship and mutual trust are maintained with all leading media platforms so that feedback can be provided or critical information can be obtained as quickly as possible if something serious happens.</p>	<ul style="list-style-type: none"> • Service and Product Innovation • Business Performance • Information Security 	<ul style="list-style-type: none"> • Chief Telecom Media Chat Group / ad hoc • Corporate website and telephone number of corresponding department / ad hoc • Contact window: Public Relations Planning / ad hoc



1.4 Identification of Material Topics 102-46~102-47

Material Topic Identification Process



Aspect	Sustainability Topic
 Environment	Energy Management, Greenhouse Gas Management, Climate Change Response, Green Operations
 Society	Employer-Employee Relations, Talent Development and Re-tention, Brand Image and Market Positioning
 Economic	Business Performance, Corporate Governance, Compliance, Information Security, Service, Network Quality, Risk Management, Supplier Management

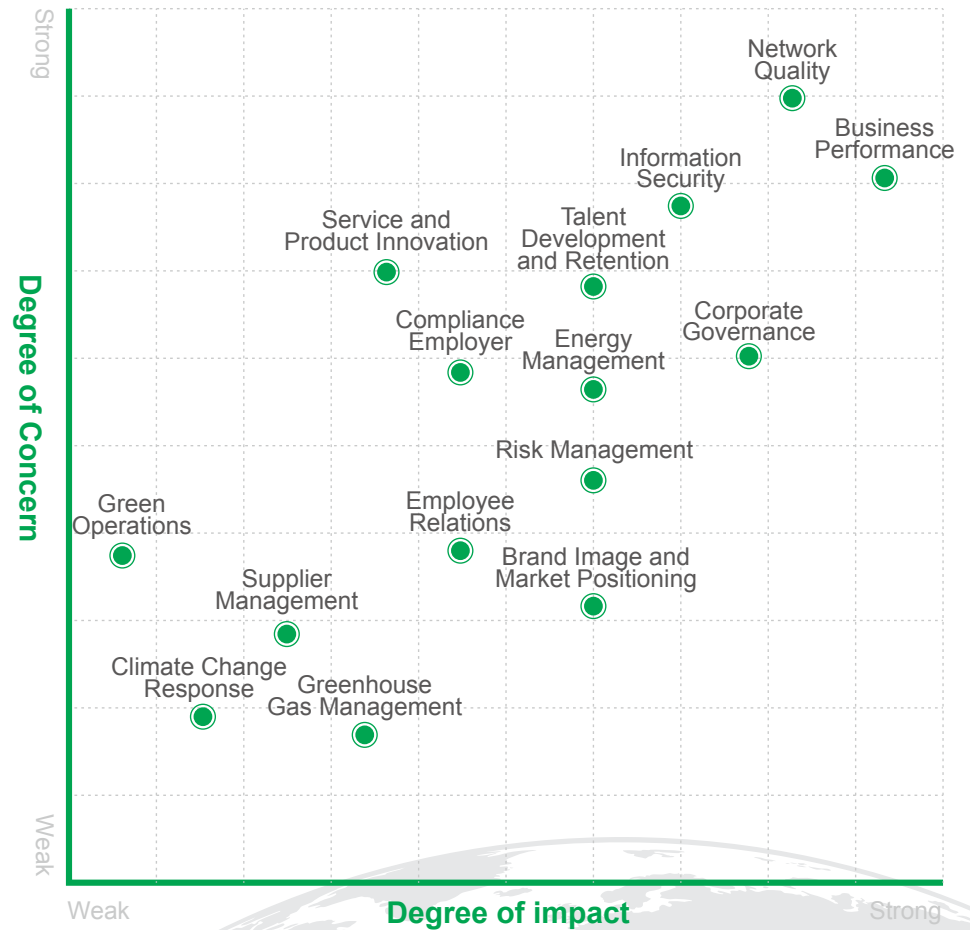
➤ Rating the Degree of Concern

To establish the topics of concern to stakeholders, the Chief Telecom Sustainability Committee drew up 15 sustainability topics and asked key stakeholders to complete online surveys. 212 valid responses were collected including 37 responses from shareholders/investors, 87 responses from employees, 19 responses from customers, 18 responses from suppliers, 21 responses from government agencies, and 30 responses from the media. The degree of stakeholder concern for each sustainability topic was then scored.

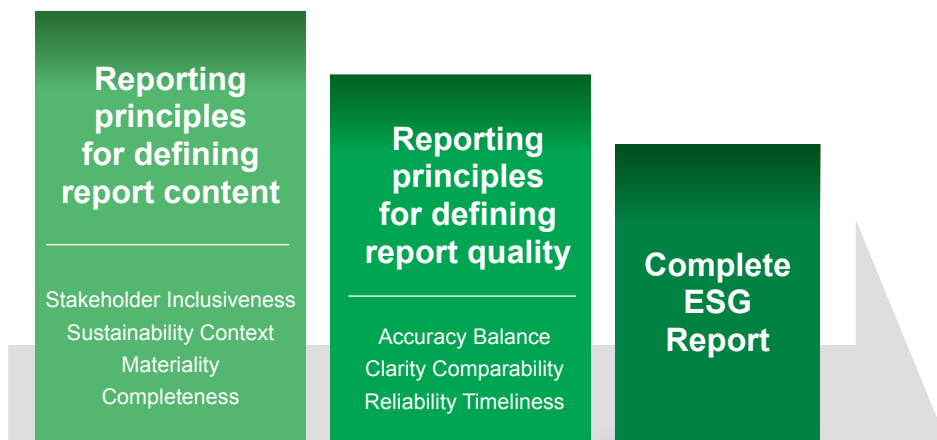
➤ Rating the Degree of Impact

An online survey was also sent to 10 Chief Telecom executives so they can score the impact to Chief Telecom from each sustainability topic.

The material topic matrix was determined according to the scores from both Degree of Concern and Degree of Impact. Based on 3 aspects of environment, society and economic, the top 6 sustainability topics were then listed as the material topics for this year. The 6 material topics that Chief Telecom should disclose for the current financial year was therefore determined to be Corporate Governance, Business Performance, Information Security, Network Quality, Energy Management, and Talent Development and Retention.



Editorial Principles

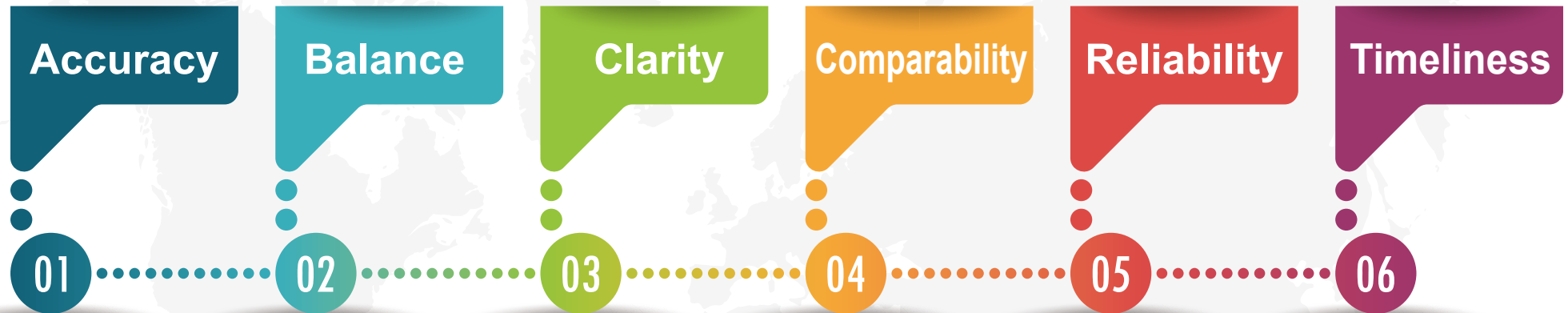


The ESG report was compiled by Chief Telecom in accordance with the 4 principles on report content of the GRI Standards:

- 1. **Stakeholder inclusiveness:** Identified 6 key stakeholders.
- 2. **Sustainability context:** Disclose the measures taken by Chief Telecom to improve or mitigate our impact on the economic, environmental or social development around our operating location.
- 3. **Materiality:** Reflect the company's significant internal and external economic, environmental, and social impacts; and their substantive influence on the assessments and decisions of stakeholders.
- 4. **Completeness:** Confirm that the coverage of material topics and their internal/external Boundaries are sufficient to reflect the significant economic, environmental, and social impacts of Chief Telecom.

Chief Telecom disclosures were based on the 6 requirements on report quality defined by the GRI Standards:

Report quality defined by the GRI Standards



The reported information shall be sufficiently accurate and detailed for stakeholders to assess the company's ESG performance.

The reported information shall reflect positive and negative aspects of Chief Telecom to enable a reasonable assessment of overall performance.

Chief Telecom shall make information available in a manner that is understandable and accessible to stakeholders using that information.

Chief Telecom shall select, compile, and report information using internationally accepted standards. The reported information shall be presented in a manner that enables stakeholders to analyze the company's performance over time.

Chief Telecom shall gather, record, compile, and report information in a way that can be examined to establish the quality and materiality of the information. Some of the information should also have undergone third-party assurance.



Chief Telecom shall make material operating information available in time to keep stakeholders informed of the company's situation and improve the transparency of the company.

Aspect	Material Topic	Importance to Chief Telecom	Internal Boundary	External Boundary			Corresponding GRI Standard	Disclosure in Report
			Company	Shareholders / Investors	Suppliers	Customers		
Economic	Corporate Governance	Sound corporate governance includes a competent board of directors, robust internal controls and stable financial management. It can not only help the company reduce its operating risk but also improve the company's competitiveness and create brand value.	●	●		●	Governance (102-18, 102-20~102-22, 102-24, 102-25, 102-30, 102-32, 102-36)	III. Integrity Governance
Economic	Business Performance	Business performance reflects a company's overall performance and serves to protect the rights of investors and other stakeholders.	●	●	●	●	201 Economic Performance: 2016 (201-1, 201-3)	3.3 Business Performance
Economic	Network Quality	Ensure normal network operations to satisfy customer requirements and enhance customer loyalty.	●			●	Custom material topic defined by Chief Telecom	4.1 Product Introduction
Economic	Information Security	Ensure that the information environment supports the continuity of company operations and complies with the relevant regulatory requirements.	●	●		●	Custom material topic defined by Chief Telecom	4.2 Information Security
Environment	Energy Management	Improve the energy efficiency of data centers, reduce GHG emissions and lower operating costs.	●			●	<ul style="list-style-type: none"> ● 302 Energy: 2016 (302-1, 302-3, 302-5) ● 201 Economic Performance: 2016 (201-2) 	4.3 Energy Efficiency and GHG Reduction
Society	Talent Development and Retention	Employees are an important company asset.	●			●	402 Training and Education: 2016 (404-2 ~ 404-3)	<ul style="list-style-type: none"> ● 5.2.3 Enhancing Employee Soft Power ● 5.2.2 Employee Compensation

1.5 Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were proposed by the United Nations in 2015. It consisted of 17 SDGs and 169 sub-goals that serve as the guiding principles for sustainable development by member states and businesses around the world through to 2030.

Chief Telecom has incorporated the SDGs into our business strategy and expanded our previous focus on economic performance to take environmental protection, regulatory compliance, improving retention of talented employees through better compensation, elimination of inequalities in the workplace, and reduction of emissions, effluent and greenhouse gases into account. Suppliers are also invited to join in contributing to the environment and better workplace conditions. Chief Telecom hopes to continue making an even greater contribution to SDGs in the future so that we can fulfill our own corporate social responsibility.

SDGs	Sub-goals	Response from Chief Tele-com
	1.4 Ensure that all men and women, in particular the poor and vulnerable, have equal rights and access to economic resources.	Employees with disabilities were employed to promote employment for the vulnerable. Relevant rules and regulations have also been drawn up to protect the rights and interests of all employees.
	4.5 Eliminate disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations. 4.7 Promote education for sustainable development, sustainable lifestyles, human rights, gender equality, and a culture of peace and non-violence.	<ul style="list-style-type: none"> • Continuing to improve employee benefits and training to create a positive working environment. • Education and training management regulations were drawn up to equip employees with the professional knowledge and skills needed to perform their role, improve productivity, and provide assurance on quality of work so that the company goals for sustainability and development can be realized. • Cultivation of internationalized talent through a forward-looking human resources strategy. Employees are not only encouraged to continue improving their professional ability and language proficiency through continuing education. Subsidies are also provided for obtaining international certification. • Donations were made to the National Chengchi University and National Taiwan University. Supporting the cultivation of corporate governance expertise at quality domestic academic institutions will boost corporate and national competitiveness.









- 5.1 End all forms of discrimination against all women and girls.
- 5.4 Recognize and value the protection of women, girls and families through social protection policies.

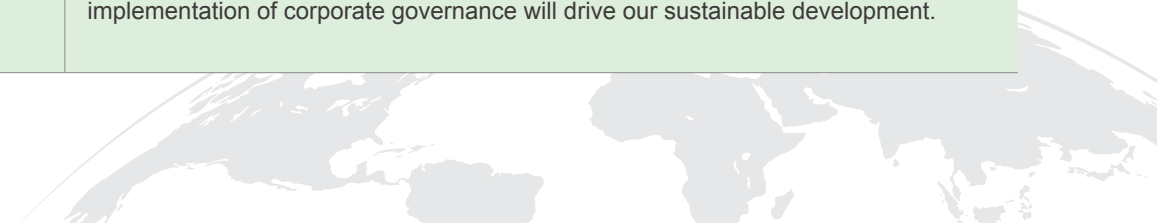
We are committed to upholding the spirit of the "UN Universal Declaration of Human Rights" by not discriminating based on race, social class, language, thought, religion, political affiliation, origin, gender, sexual preference, age, marital status, appearance, appearances, physical and mental disabilities, or other factors. We uphold gender equality and fair treatment of all employees. Suitable rules and regulations were drawn up to protect the rights and interests of all employees.



- 8.4 Improve energy efficiency and productivity.
- 8.5 Achieve full and productive employment and decent work for all women and men, including for young people and people with disabilities, and equal pay for work of equal value.
- 8.7 Prohibition of child labor and eradication of forced labor.
- 8.8 Protect labor rights and promote safe and secure working environments for all workers including women and those in precarious employment.

- Average annual energy savings between 2015 ~ 2021: Average energy savings of 1.38% per year.
- The professionalism of employees are prioritized during promotion or recruitment. We prohibit discrimination and ensure equality opportunity in employment to foster a work-place culture of gender equality.
- A Remuneration Committee has been established responsible for the formulation of compensation policy, system, standards and structure. Compensation packages including monthly salary and variable pay consist of two components, namely bonuses and employee compensation. Monthly salary is based on employee competency and role, while variable pay is determined by the company's business performance and individual performance.
- We are committed to upholding the spirit of the "UN Universal Declaration of Human Rights" by not discriminating on the basis of race, social class, language, thought, religion, political affiliation, origin, gender, sexual preference, age, marital status, appearance, appearances, physical and mental disabilities, or other factors. We uphold gender equality, fair treatment of all employees, and employment of people with disabilities to promote employment for the vulnerable. Suitable rules and regulations were drawn up to protect the rights and interests of all employees.

	<p>9.5 Encourage innovation, increase the number of research and development workers as well as the amount of research and development spending.</p>	<p>The Chief APP Cloud platform was developed in response to industry innovations and developments in the cloud market to target the enterprise cloud services market. Cloud service providers from Taiwan's cloud industry were invited to join the enterprise cloud services platform to form a cloud ecosystem that provides Taiwanese enterprises with secure and high-quality cloud services.</p>
	<p>10.2 Promote the social, economic and political inclusion of all, irrespective of age, sex, disability, religion, economic or other status.</p> <p>10.3 Ensure equal opportunity and reduce inequalities, including action to eliminate discrimination.</p>	<p>An anonymous suggestion box and the posting of board directors' contact details on the internal website ensure that employees have open channels of communication for protecting and improving their rights and interests. No complaints related to human rights were received in 2021.</p>
	<p>13.3 Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>ISO 14064-1 is planned to introduce in 2022.</p>
	<p>16.6 Develop effective, accountable and transparent institutions at all levels.</p> <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p>	<p>The "Corporate Governance 3.0 - Sustainable Development Blueprint" of the Financial Supervisory Commission serves as our guide for strengthening the function of the Board of Directors, improving the level of transparency, enhancing stakeholder communications, promoting due diligence by institutional investors, and the embracing of a sustainability governance culture by the company. The effective implementation of corporate governance will drive our sustainable development.</p>



About Chief Telecom

2021

Sustainability
Report

2

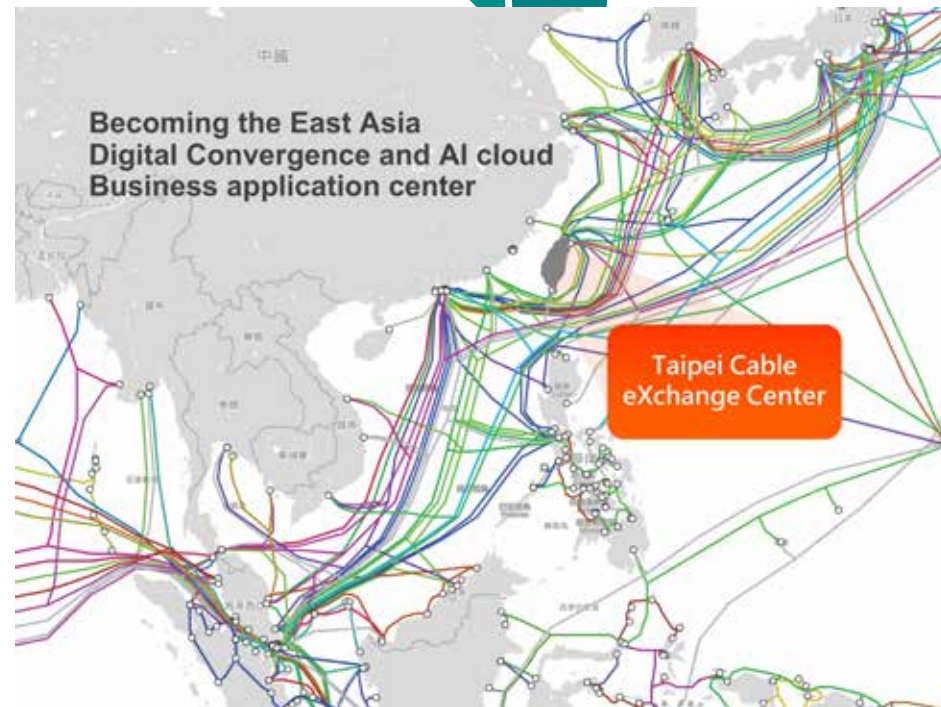


II. About Chief Telecom

2.1 Company Profile 102-1~102-7

Established in 1991, Chief Telecom (TWSE: 6561) is the largest global carrier-neutral data center service provider in Taiwan. In addition to three IDC buildings and global internet backbones, Chief Telecom has obtained the quadruple certifications of ISO 27001 (Information Security Management), ISO 27011 (Implementation of information security controls in telecommunications organizations), ISO 27017 (Cloud Security Management), ISO 27018 (Personal data protection for cloud services), and DCOS-4 (Data Center Operations Standard). The 4th IDC building that Chief Telecom announced in 2021 will incorporate smart and green building design, and it is scheduled to start operation in the first quarter of 2024. With the official launch of the new IDC, Chief Telecom expects to attract more global customers to set foot in Taiwan and will march actively toward the goal of becoming the digital convergence of East Asia and the center of AI cloud business applications.

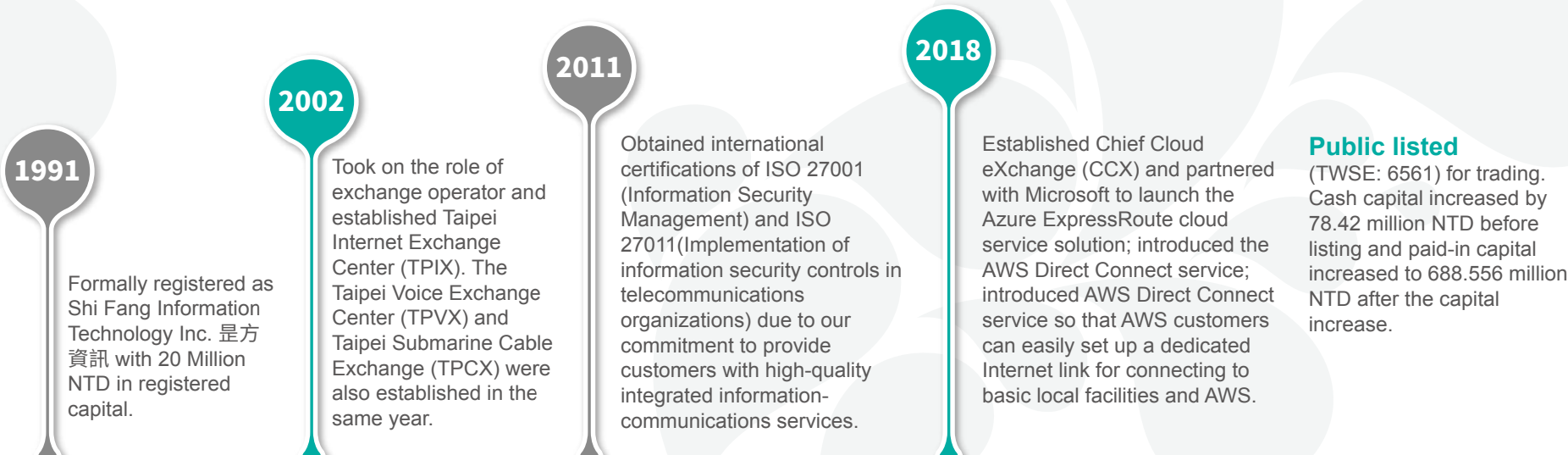
The global network backbones and the integration of ICT capabilities make Chief Telecom become the best choice for multinational enterprises. Chief Telecom is also the perfect business partner for international telecom companies who are looking to enter Taiwan and China markets. Customers can have global internet access provided by multiple ISPs through Chief Telecom. Chief Telecom's total solutions and diverse business models enables customers to improve their operational effectiveness and strengthen their competitive advantages.



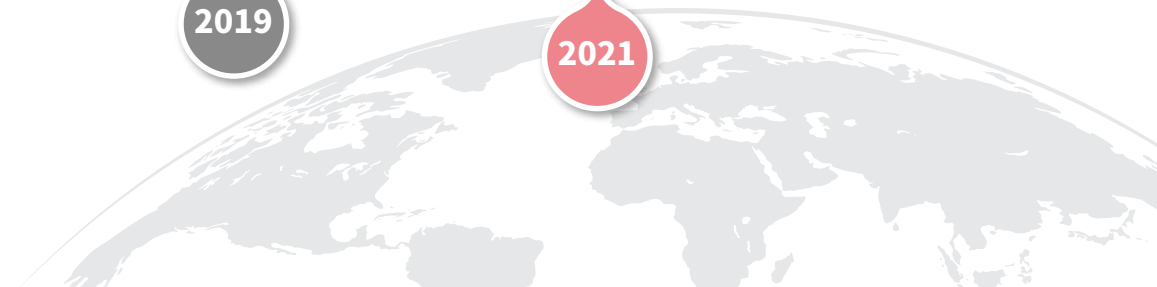
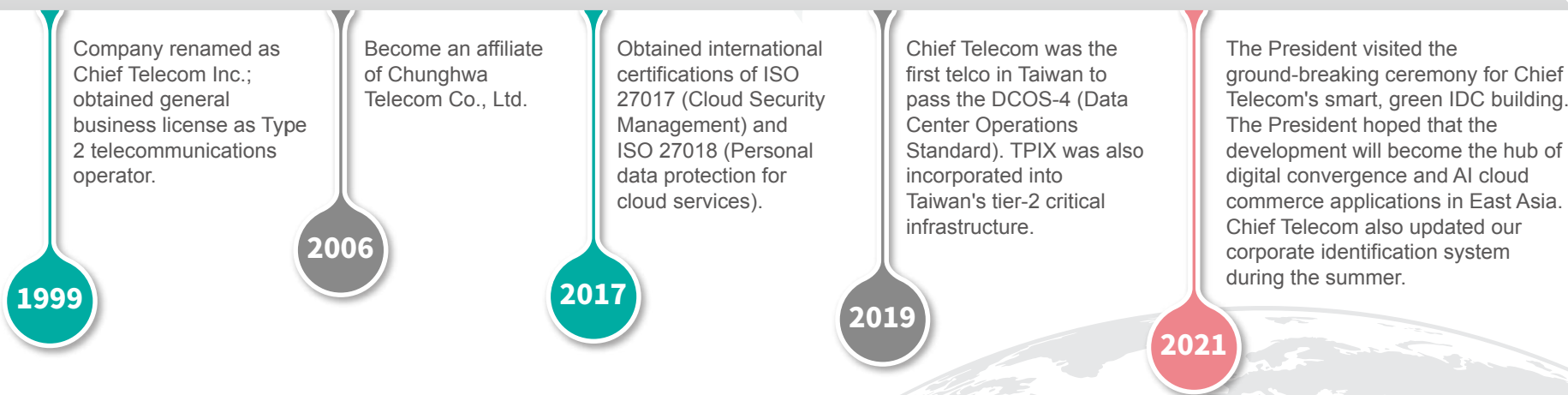
Company Name	Chief Telecom Inc.
Location of headquarters	2F No. 68 Ruiguang Rd. Taipei City
Registered capital (Unit: 1000 NTD)	704,701
2021 Revenues (Unit: 1000 NTD)	2,801,046
Employees	153

Note: As of the end of 2021.

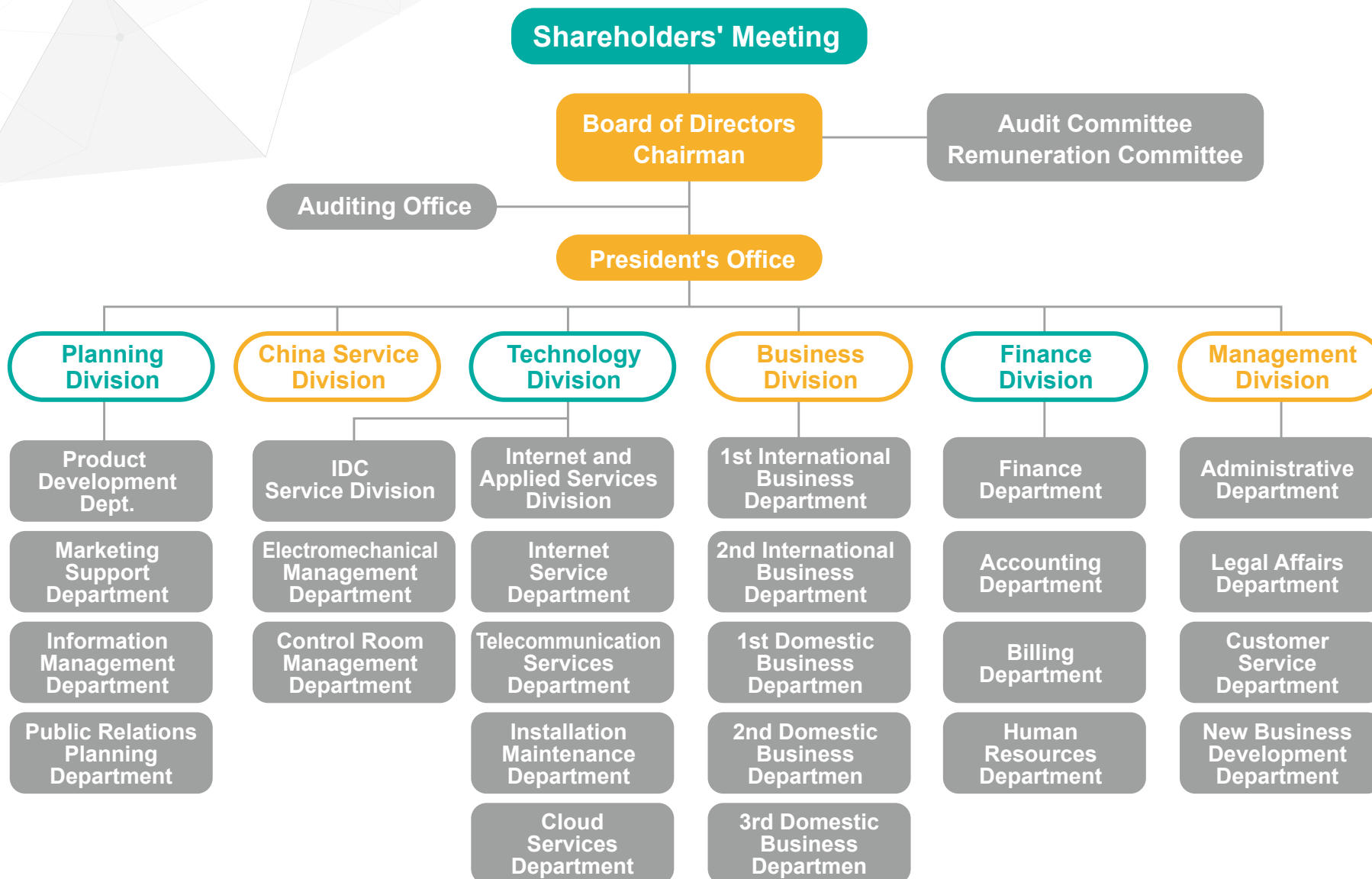
Operating locations	Taiwan: 1 operating location (1 office, 3 data centers)
Primary products /services	IDC service, cloud application service, data service, voice service, and exchange centers.
Product Sales (unit)	IDC services: 11840 m2 Cloud application services: 1,529 Gbps Data services: 343,226 Gbps Voice services: 111,875,685 minutes Exchange 4: Taipei Internet Exchange Center (TPIX), Taipei Submarine Cable Exchange Center (TPCX), Taipei Voice Exchange Center (TPVX), Chief Cloud eXchange Center (CCX)



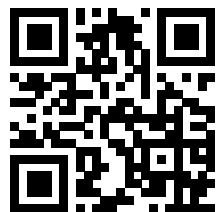
Chief Telecom Milestones



Organizational Structure



» Primary Products/Services:

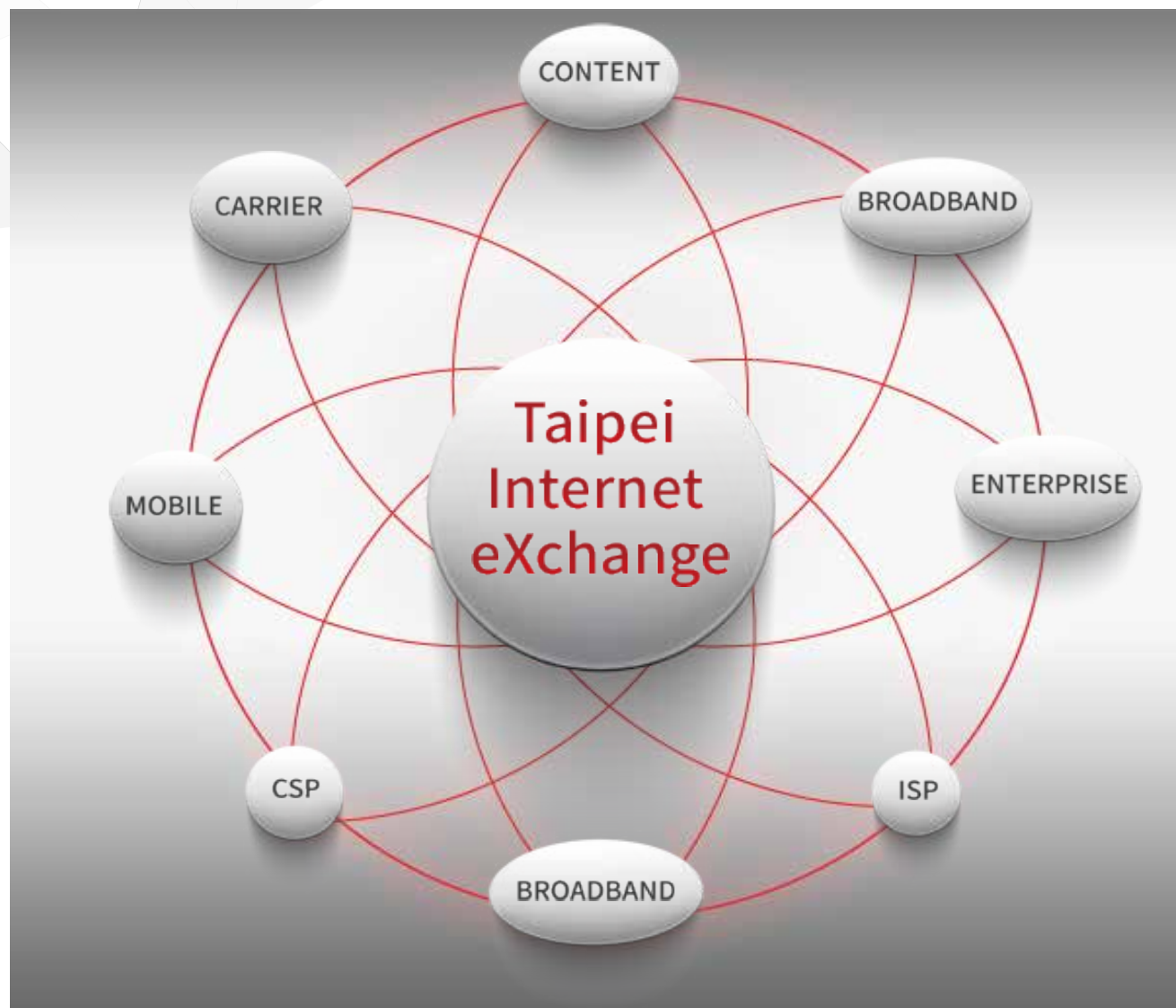


Chief Telecom's portfolio generally includes IDC services, cloud application services, data services, voice services, and exchange centers.

OUR BUSINESS

- IDC SERVICE**: Represented by a green grid icon.
- DATA SERVICE**: Represented by a blue icon with overlapping white lines.
- CLOUD SERVICE**: Represented by a teal icon with a white cloud shape.
- EXCHANGE SERVICE**: Represented by a yellow-green icon with a white maze of arrows.
- VOICE SERVICE**: Represented by an orange icon with white concentric arcs.





Chief Telecom's Taipei Internet eXchange (TPIX) serves as a platform for the exchange of information between local and international ISP, ICP, and CDN.

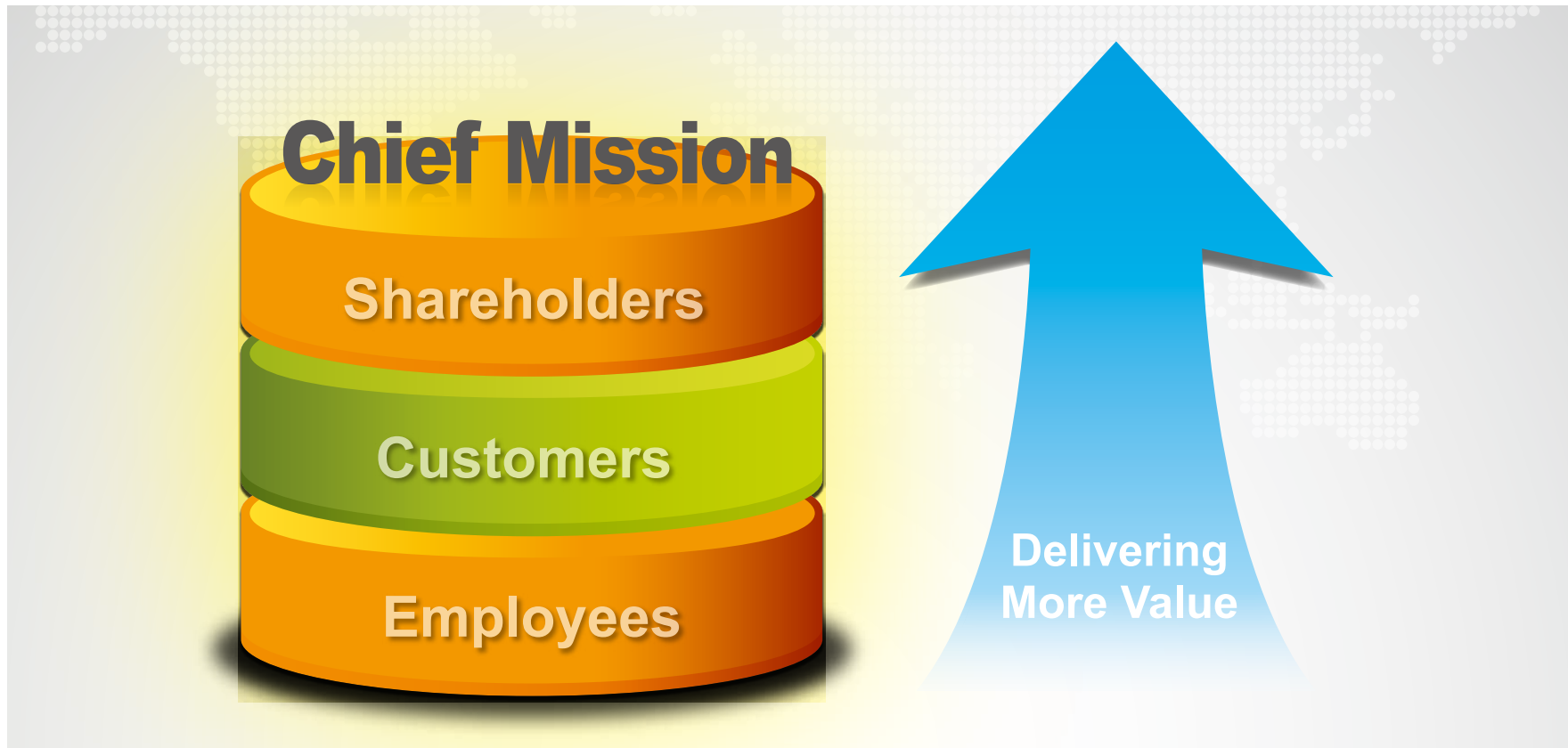


The top five public cloud service providers are the partners of Chief Cloud exchange (CCX).

2.2 Business Philosophy

» Business Philosophy

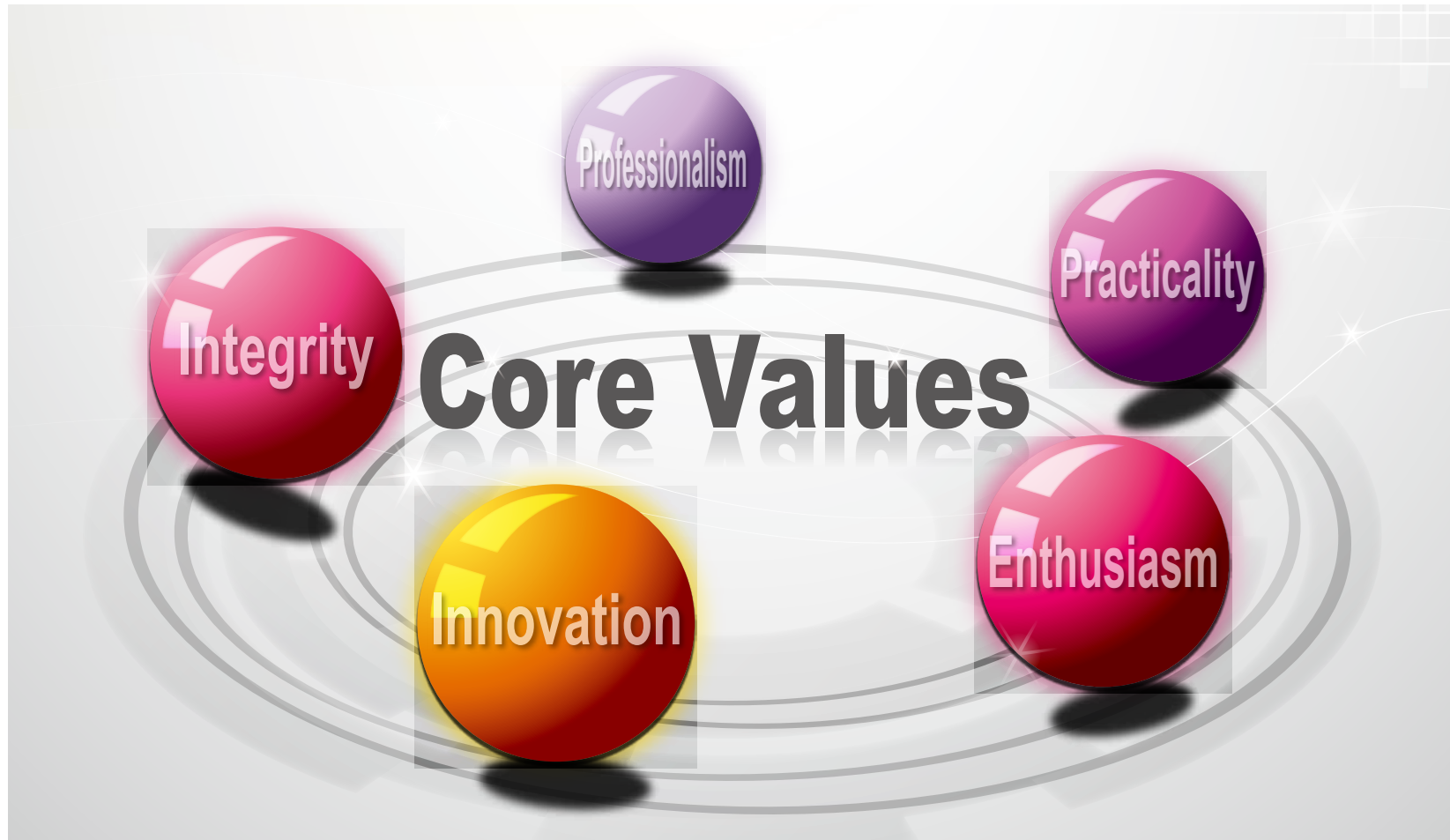
Guided by our business philosophy of "division of labor, sharing of resources, industry cooperation, and everyone wins", Chief Telecom has formed a team of cloud, network, content and telecommunication partners, all working together to create business opportunities through resource sharing so that everyone wins. We strive to achieve a winning outcome for shareholders, employees and customers in order to realize our vision of becoming the hub for digital convergence, AI and cloud business applications in East Asia.



► Five Core Values Drive Business Growth

The five core values are embraced by everyone at Chief Telecom. By fostering the spirit of teamwork among all employees and their commitment to their work, it serves as the foundation for the company's continued development and sustainability.

The five core values of Chief Telecom are: Professionalism, Reliability, Enthusiasm, Innovation, and Integrity.



2.3 Awards and Management Systems

Chief Telecom's data centers, products and services have obtained certification for ISO 27001 (Information Security Management), ISO 27011 (Implementation of information security controls in telecommunications organizations), ISO 27017 (Cloud Security Management), ISO 27018 (Personal data protection for cloud services), and DCOS-4 (Data Center Operations Standard). We provide customers with a wide variety of international sources and satisfy their diverse technical requirements so that they can enjoy the benefits of online platforms.



Felix Chou, VP of Technology at Chief Telecom (left) accepts the DCOS certificate from SGS Senior VP David Huang (right) to become the first telco in Taiwan to achieve this honor.

Chief Telecom president Johnny Liu (right) and TUV NORD representative



2.4 Membership of Associations

Chief Telecom is a leading carrier-neutral data center (IDC) service provider in Taiwan. Even as we continue to improve the competitiveness of our own products, we also actively participate in related industry associations and work with other association members to stay on top of the latest industry trends. We strive to cultivate the ecosystem for telco services in Taiwan in order to provide customers with the best possible one-stop service.

Taipei Computer
Association

 **Member**

Information Service
Industry Association
of R.O.C. (CISA)

 **Member**

Semiconductor
Equipment and Materials
International (SEMI)

 **Member**

Taiwan Game
Cooperation Development
Association

 **Member**

Taipei Neihu Technology
Park Development
Association

 **Member**

Taiwan Network
Information Center
(TWNIC)

 **Member**

Taiwan Internet
Association (TWIA)

 **Member**

Taipei Internet
Exchange (TPIX)

 **Operator
and Member**

Taiwan Computer
Emergency Response
Team

 **Member**

Integrity Governance

2021

Sustainability
Report

3



III. Integrity Governance

Material Topic	Corporate Governance
Importance to Company	Sound corporate governance includes a competent board of directors, robust internal controls and stable financial management. It can not only help the company reduce its operating risk but also improve the company's competitiveness and create brand value.
Policy/Commitment	Enforce corporate governance through compliance with the Company Act, Securities and Exchange Act, Telecommunications Management Act, Cyber Security Management Act and other regulations to fulfill the company goals for sustainable development.
Short-term Goal	<ol style="list-style-type: none"> 1. Improve rating in Corporate Governance Evaluation. 2. Strengthen corporate governance mechanisms by appointing a Corporate Governance Officer (CGO), establishing a Risk Management Committee and Sustainability Committee, increase the number of independent directorships and other measures. 3. Publication of corporate sustainability report. 4. Establish a comprehensive disclosure system to make information relating to operations, finance, Board of Directors, and Shareholders' Meeting publicly accessible on the corporate website and the Market Observation Post System to ensure that shareholders are kept up to date on the latest company developments.

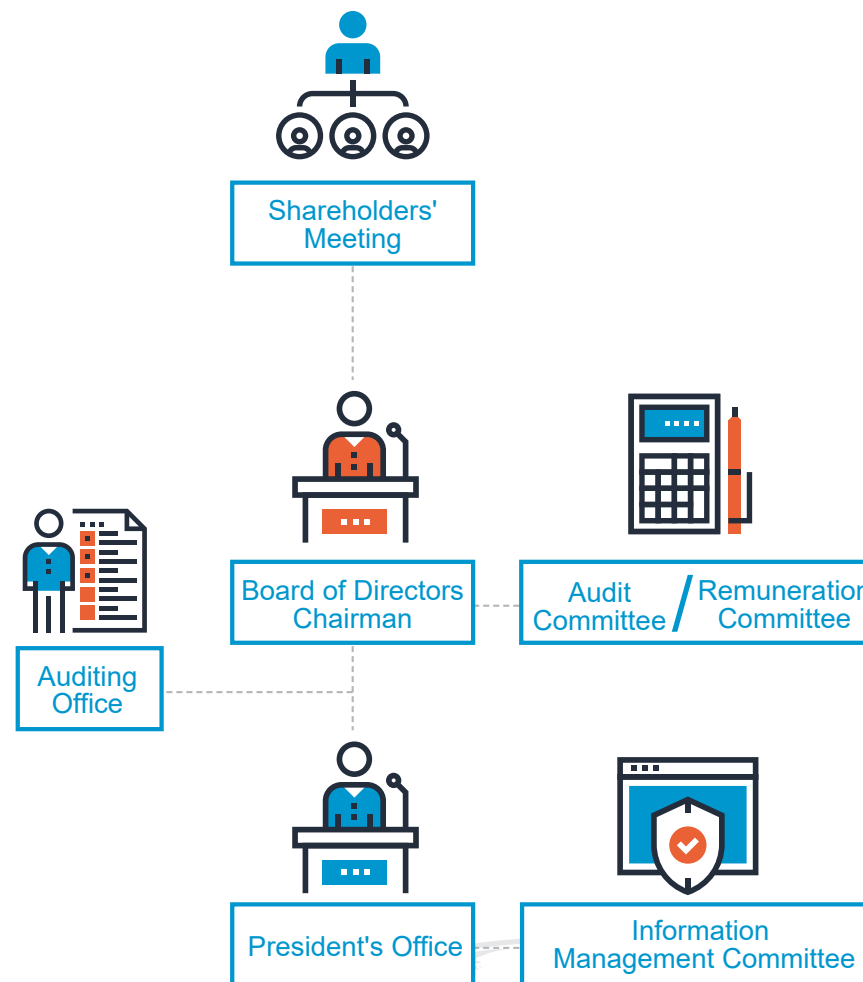
<p>Medium and Long-term Goals</p>	<ol style="list-style-type: none"> 1. Improve rating in Corporate Governance Evaluation to at least Top 5% of TPEX-listed companies. 2. The sustainable development goals of the company have already been realized through continued improvements to Board operations and corporate governance performance
<ol style="list-style-type: none"> 1. Resources (funding, personnel, projects) invested during the year 2. Substantive outcomes 	<ol style="list-style-type: none"> 1. The attendance rate for Board of Directors meetings in 2021 was 98%. Attendance rates for the Remuneration Committee and Audit Committee were also 100%. The Board of Directors was convened and financial statements disclosed in accordance with regulations. 2. The Company was placed in the 21% ~ 35% interval by the 2021 Corporate Governance Evaluation. 3. Each director has completed 6 hours of continuing education in 2021. 4. The appointment of a CGO as well as the establishment of a Sustainability Committee, Risk Management Committee, and Corporate Governance Evaluation Task Force is planned.
<p>Responsible Department / Grievance Mechanism</p>	<p>Finance Division, Stock Affairs / Corporate website and physical mailbox; inquire with Stock Affairs or Shareholders' Meeting</p>
<p>Evaluation Mechanism / Outcomes</p>	<ol style="list-style-type: none"> 1. Information is already being disclosed through the corporate website and the Market Observation Post System to ensure that shareholders are kept up to date on the latest company developments. 2. Shareholders' Meeting has already been convened 3. Placed in the 21% ~ 35% interval by the 2021 Corporate Governance Evaluation.

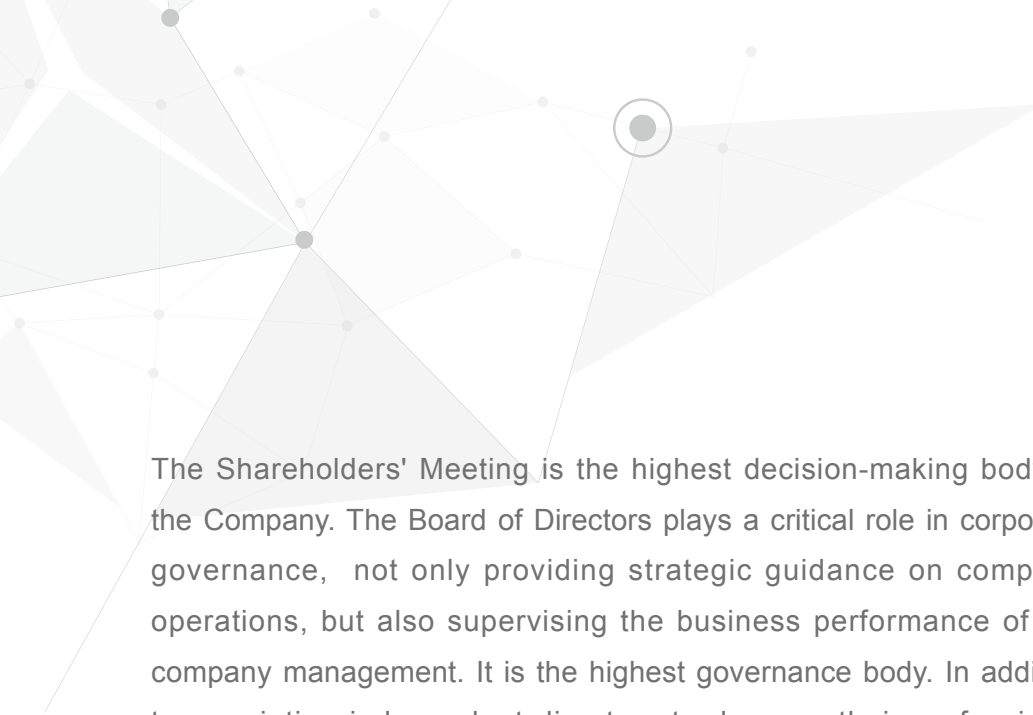
Corporate governance and transparent operations are valued by Chief Telecom. Our corporate governance structure was set up and implemented in accordance with the relevant regulations such as the Company Act, and Securities and Exchange Act for making continuous improvements to management performance. A sound Board of Directors, robust internal controls and stable financial controls are employed to protect the rights and interests of investors and other shareholders. The Corporate Governance Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Management Procedure for Prevention of Insider Trading were passed by the Board of Directors. The management and supervisory functions of the Board were also strengthened through the establishment of the audit Committee and Remuneration Committee composed of independent directors. Chief Telecom also established a comprehensive disclosure system based on the principles of accuracy, timeliness, and fair disclosure to make information relating to operations, finance, Board of Directors, and Shareholders' Meeting publicly accessible on the corporate website and the Market Observation Post System to ensure that shareholders are kept up to date on the latest company developments.



Corporate Governance Best
Practice Principles

3.1 Governance Practices 102 -22 、 102-24 、 102-25





The Shareholders' Meeting is the highest decision-making body of the Company. The Board of Directors plays a critical role in corporate governance, not only providing strategic guidance on company operations, but also supervising the business performance of the company management. It is the highest governance body. In addition to appointing independent directors to draw on their professional knowledge, the Audit Committee, Remuneration Committee, Auditing Office and Information Management Committee all played a part in assisting Board members in fulfilling their supervisory duties and maximizing shareholder returns through the effective execution of various business activities.

On April 2022, Chief Telecom Board of Directors appointed the VP of Finance as the CGO. A Risk Management Committee was also set up to enhance corporate governance synergies. In the future, the Company will continue to strengthen the function of the Board and progressively incorporate the sustainable governance strategy" into the Company's governance structure. These can also help the Company boost its competitiveness and create brand value in order to realize the goal of sustainability.

3.1.1 Board of Directors

A Board of Directors composed of 7 to 9 directors is selected by Chief Telecom in accordance with the Articles of Incorporation. Directors serve 3-year terms and can be elected to consecutive terms. Directors' elections are based on the candidate nomination system. The elections for independent and non-independent directors are held concurrently and the quota of seats calculated separately. The current Board is composed of seven directors with extensive industry and academic experience in commerce, telecommunications, information technology, accounting and auditing. Among them, there are 3 external independent directors. The Board Meeting will be held at least once every quarter in accordance with the law. A total of 6 Board Meetings were held in 2021.

Title	Name	2021. Board of Directors Actual attendance (%)
Chairman	Yen-hong Wu, representative of Chunghwa Telecom Institute.	100%
Director	Hong-tsan Ma, representative of Chunghwa Telecom	100%
Director	Ming Zhong, Chunghwa Telecom (ltd.)	Actual attendance rate: 83.33%. Entrusted attendance rate: 16.67%
Director	Zhong-he Tai, representative for Investar Corporation	100%
Independent Director	Ling-tai Chou	100%
Independent Director	Tao-hong Lu	100%
Independent Director	Ai-chun Pang	100%

Rules of Procedure for
Board of Directors MeetingsBoard Member Resume
and EducationList of Key
Shareholders

The Board of Directors conducts its business in accordance with the "Rules of Procedure for Board of Directors Meetings." Directors also practice high level of discipline on conflicts of interest. If a director or the legal person they represent has a potential conflict of interest with the company for a matter on the agenda, they are expected to abstain from participating in discussions and voting, and they may not exercise their rights to vote on behalf of other directors.

The "Rules for Performance Evaluation of Board of Directors" were also drawn up by the Company to provide assurance on the quality of Board decision-making. An annual internal evaluation is conducted on the performance of the Board and individual Board members. The Company will also retain an independent third-party body to conduct an evaluation in the second half of 2022. The outcomes of the evaluation will be taken into account during the selection or nomination of directors in the future.

Chief Telecom takes out liability insurance for directors every year to increase the incentive for talented professionals to serve on the Board as well as distribute the risk of serious harm to the Company and shareholder due to the negligence of directors. The Company actively arranges continuing education courses for directors on topics such as compliance, governance practices and ESG. Each director completed 6 hours of continuing education during 2021.

<p>Performance Evaluation Mechanism for Board of Directors</p>	<ul style="list-style-type: none"> ▶▶ Annual internal self-assessment questionnaire ▶▶ Third-party experts will be retained to conduct an evaluation once every three years from 2022 onwards
<p>Outcome of 2021 Performance Self-Assessment</p>	<ul style="list-style-type: none"> ▶▶ Board of Directors scored an average of 98.9. ▶▶ Board members scored an average of 99.
<p>Enhancement Plan</p>	<ul style="list-style-type: none"> ▶▶ Coordinate with directors so that they attend Board meetings in person ▶▶ Arrange professional continuing education courses ▶▶ Strengthen effective communication between independent directors, chief audit officer, and CPA

3.1.2 Functional Committees 102-22, 102-36

Chief Telecom established the "Audit Committee" and "Remuneration Committee" composed of the three independent directors to uphold the spirit of corporate governance and strengthen the structure of the Board. The "Risk Management Committee" was also set up under the Board of Directors in April 2022 to enforce independent oversight and supervision. Note: The Risk Management Committee will be covered in detail in 3.2 Risk Management

➤ Audit Committee

The Audit Committee of Chief Telecom consists of all independent directors and is convened at least once per quarter to assist the Board with supervising the quality of the Company's accounting, auditing, financial reporting process, and financial controls. The assessment outcome is submitted to the Board for discussion. The Audit Committee was convened a total of 6 times during 2021 and the total attendance rate was 100%.


Audit Committee Members	2021 Actual Attendance (%)
 CONVENER Ling-tai Chou	100%
Tao-hong Lu	100%
Ai-chun Pang	100%



The chief audit officer holds a closed-door meeting with all independent directors at least once per quarter to report on the implementation of internal audits. 9 meetings were convened between the independent directors and chief audit officer during 2021; the independent auditors also held 8 meetings with the CPA during 2021. In addition to briefing the independent directors on the outcomes of financial statement reviews and audits, they also engaged in regulatory awareness education and an exchange of opinions.

➤ Remuneration Committee

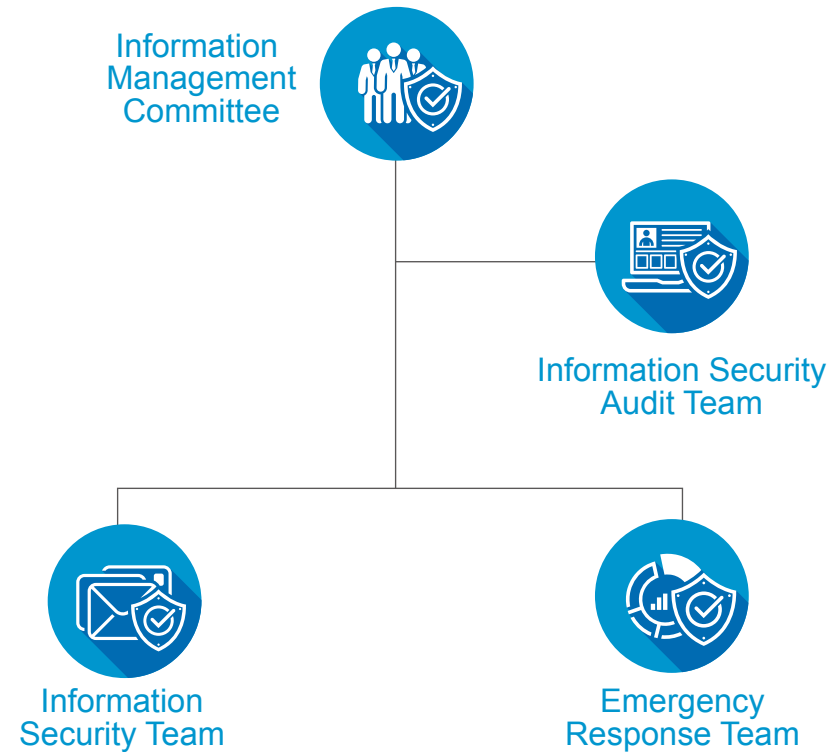
The Remuneration Committee was established by Chief Telecom in 2015 to strengthen the integrity of the compensation system for Board directors and managerial officers. The Committee evaluates and provides recommendations on the compensation policy and system for Board directors and managerial officers to avoid compensation policies that lead to directors and managerial officers engaging in conduct that exceed the risk capacity of the Company. Independent directors make up all 3 members of the Audit Committee. The Committee was convened a total of 4 times during 2021 and the total attendance rate was 100%.

Remuneration Committee Members	2021 Actual Attendance (%)
 CONVENER Ling-tai Chou	100%
Tao-hong Lu	100%
Ai-chun Pang	100%

➤ Information Management Committee

The "Information Management Committee" was established by Chief Telecom in response to manage the implementation of information business operations and resolutions relating to security management matters. The Vice President of Planning Division serves as its convener while the Vice President of Technical Service Division serves as the deputy convener. The members of the Committee are drawn from the heads of each Company unit. The Committee is responsible for the implementation of the Company's information business management and passing of resolutions relating to security management matters. The Committee is convened on a periodical or ad hoc basis each year to review matters relating to information security management. An information security convener is appointed by the Information Management Committee for coordinating the Information Security Team and Emergency Response Team's information security operations, periodical review of access control logs, and review of management procedures.

Information Security Organization Structure at Chief Telecom



Information Security Team

The Information Security Team is made up of personnel appointed by the Information Management Committee. The Team is responsible for the planning and execution of information security operations, and the management of information security related projects. These include the formulation of information security management rules, promotion of information security initiatives, organizing of information security education and training, as well as information security monitoring and alerts. The Team is also responsible for responding to information security situations and incidents, the establishment of a risk management system, and implementation of resolutions passed by the Information Management Committee.

Emergency Response Team

The Emergency Response Team is a mission-based team made up of the Emergency Response Team Leader and the heads of critical business processes. The Team is convened after a major information security incident to assist emergency response units with the recovery of personnel, materials, and equipment, as well as provide on-site

incident command and control. It is also responsible for clean-up after a disaster and planning the restoration of the operating location.

Information Security Audit Team

The Team is appointed by the Information Management Committee and is responsible for evaluating the execution of the information security management system. The Information Security Audit Team is responsible for defining the information security internal audit plan, execution of the information security internal audit, compilation of the information security internal audit report, and tracking corrective action for non-compliant matters.

Chief Telecom has renewed the quadruple certifications for ISO 27001 (Information Security Management), ISO 27011 (Implementation of information security controls in telecommunications organizations), ISO 27017 (Cloud Security Management), ISO 27018 (Personal data protection for cloud services), and DCOS-4 (Data Center Operations Standard) in 2021.

3.1.3 Internal Audit

The purpose of internal audits is to assist the Board and managerial officers with the inspection and review of internal controls' effectiveness, as well as the measurement of operational results and efficiency. An effective internal control system that takes overall business activities into account was established by Chief Telecom in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies. The Auditing Office reports to the Board and devises an audit plan for the following year at the end of each year. Once the plan has been submitted to the Board and approved, routine audits are conducted each month in accordance with the annual plan, or special audits are conducted as necessary. The Auditing Office carried out 46 audits in 2021 with no major deficiencies or anomalies in internal controls reported.



Internal Audit Regulations

3.1.4 Ethics and Integrity 102-16, 102-17

Chief Telecom seeks to maintain the highest standards of ethics and integrity in our business activities. The Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Guidelines for the Adoption of Codes of Ethical Conduct, and the Code of Conduct of Chief Telecom Inc. were therefore drawn up to govern the ethical expectations and responsibilities of all directors, managerial officers, employees, agents, or persons having substantial control shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, not commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty. The Human Resources Department is responsible for the formulation and amendment of the relevant regulations, as well as the supervision and enforcement of related operations. The state and implementation of integrity management operations are also disclosed on the corporate website and annual report. The status of integrity management is reported annually to the Board with the most recent report made on December 17, 2021.



The implementation of corporate governance and ethical management at Chief Telecom includes annual internal education and training for all employees to promote the ideals of ethical management in all routine activities. Ethical management and compliance courses conducted for employees in 2021 covered topics such as anti-corruption policy and prohibition on insider trading. Total attendance was 153 people and 306 person-hours. All employees are also required to read and sign the "Code of Conduct of Chief Telecom Inc." online every year. The declaration was signed by 100% of employees in 2021.

Range of Complaints Channels	No. of cases received in 2021	No. of cases processed	No. of cases closed
IR mailbox	0	0	0
Anonymous Physical Suggestion Box	0	0	0
Directors' Mailbox	0	0	0



Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Guidelines for the Adoption of Codes of Ethical Conduct

In order to ensure the implementation of integrity management policy, Chief Telecom encourages Internal and external personnel to report dishonest behavior or misconduct, establishes multiple grievance channels, and offer rewards depending on the severity of the offense. The "Stakeholder Area" on the corporate website provides communication channels for employees, customers, suppliers, investors, or people with an interest in the Company. Stakeholders can contact the Company at ir_chief@chief.com.tw at any time if their rights have been infringed upon, or the employees of Chief Telecom had engaged in illegal or unethical conduct. A physical anonymous suggestion box has been set up in the office for employees to submit their suggestions or report inappropriate behavior. The HR Department is responsible for receiving and processing complaints; directors' e-mails and the hot line number is published on the internal website so that employees can report any unethical behavior directly to directors. Chief Telecom promises to protect whistle blowers against retribution over their complaint, and to report anonymously.

3.2 Risk Management 102-11, 102-30




The risk management policy adopts an integrated approach for proactive identification of risks, risk management, connection to performance indicators, and continued monitoring and improvement with an emphasis on sustainable development. To promote better governance at Chief Telecom, a sound risk management process has been put into place to provide reasonable assurance that company targets can be met and the goal of sustainability achieved.



A risk assessment report is prepared by Chief Telecom every year and reported to the Board of Directors when the budget for the annual business plan is being discussed. Major risks, risk response plans and action plans are continuously monitored, tracked and reviewed via business meetings in order to respond to environmental changes. If the residual risk should exceed the risk capacity for the year then new risk response plans are developed and submitted to the Board for discussion.

The establishment of the Risk Management Committee was approved by the Board on April 27, 2022. Independent directors Ling-tai Chou, Tao-hong Lu, Ai-chun Pang were appointed as members of the Risk Management Committee. Company president, Johnny Liu, was also designated as the convener in accordance with Article 4 of Chief Telecom's "Organic Charter of the Risk Management Committee." The Risk Management Committee is responsible for making operational judgments, identifying and managing risk events so they don't exceed the Company's risk capacity, and supervision of risk management. The key responsibilities of the Committee include review of risk management policy and structure, risk capacity and tolerance, supervision of risk management mechanism, review the management report for high-risk topics, and reporting to the Board of Directors on the state of risk management in a timely manner.



➤ Risk Categories

Risk Item	 Environmental protection	 Business Performance	 Information Security
Risk Description	<ol style="list-style-type: none"> 1. Risk of increase in GHG emissions. 2. Operating risks due to increase in data center power consumption and power shortages in Taiwan. 	<ol style="list-style-type: none"> 1. Risk from Company operations being insufficiently competitive. 2. Compliance risks due as regulations related to TPEX and Financial Supervisory Commission. 	<ol style="list-style-type: none"> 1. SLA and business continuity requirements for products, services, and network quality. 2. Compliance requirements (Telecommunications Management Act, Cyber Security Management Act, Personal Data Protection Act).
Risk management strategy (response measure)	<ol style="list-style-type: none"> 1. LED energy-saving lighting, UPS with better power conversion efficiency, upgrading of old data center AC equipment, implementation of various energy conservation measures, improving the Power Usage Effectiveness (PUE) of data centers, as well as adopting smart and green building design for new data center buildings to reduce Greenhouse Gas (GHG) emissions. 2. Equipping data centers with UPS and diesel generators to ensure their continuity of operations. 	<ol style="list-style-type: none"> 1. Strengthen product functionality, enhance network quality and expand network coverage to boost customer satisfaction and loyalty. Continue to improve our competitiveness by leveraging our competitive advantage in the existing carrier-neutral market and clustering of customers. 2. Strengthen corporate governance: Enforce the audit system and comply with the relevant regulations on disclosure of material information and financial reports in accordance with the relevant processes. 	<ol style="list-style-type: none"> 1. Introduction of ISO to enforce information security assessments for products. The data centers undergo annual ISO and DCOS re-evaluations to ensure that products, services, and network quality comply with information security and business continuity requirements. 2. Established Information Management Committee and Information Security Team, appointed Chief Information Security Officer and dedicated information security personnel, strengthened training and certification requirements for information security personnel, and enforced information security measures to comply with information security laws and regulations.

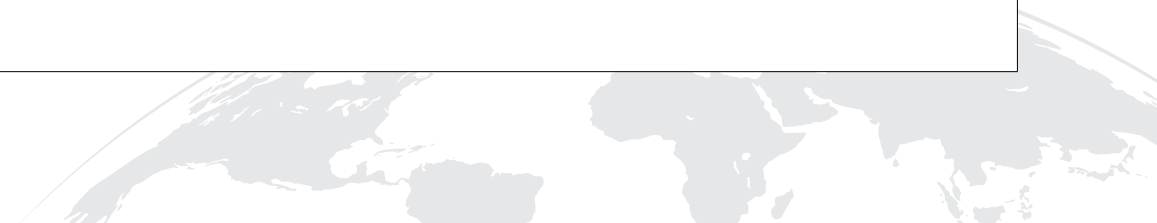
Risk Item	 Labor	 Climate Change
Risk Description	<ol style="list-style-type: none"> Occupational safety risk (including impact of COVID-19) Risk of labor shortages/talent gap. 	<ol style="list-style-type: none"> Risk of disruption to data center operations from extreme precipitation caused by climate change. Global warming and melting glaciers is reducing the load on the Earth's crust. These may trigger earthquakes that pose a risk to data center operations.
Risk management strategy (response measure)	<ol style="list-style-type: none"> Ongoing efforts are being made to improve workplace safety and enforce occupational health and safety measures. In response to COVID-19, epidemic prevention insurance was purchased for employees, access control for offices and data centers tightened, environmental cleaning and disinfection stepped up, and staggered shifts introduced for employees to reduce the risk of operational disruptions. Continued improvements were made to employee benefits and the compensation structure adjusted with an emphasis on talent selection, incubation, employment and retention measures to reduce the risk of labor shortages/talent gap. 	<ol style="list-style-type: none"> Stainless steel flood barriers were installed on the periphery of existing data centers, elevated foundations will be incorporated into new data centers, flood barriers installed across the data center driveways, and flood/typhoon exercises held at data centers at different times. Existing data centers have been fitted with anti-earthquake steel reinforcements. New data center is equipped with Lead Rubber Bearing (LRB) seismic isolation design to ensure that they can withstand earthquakes (Richter Scale 7).

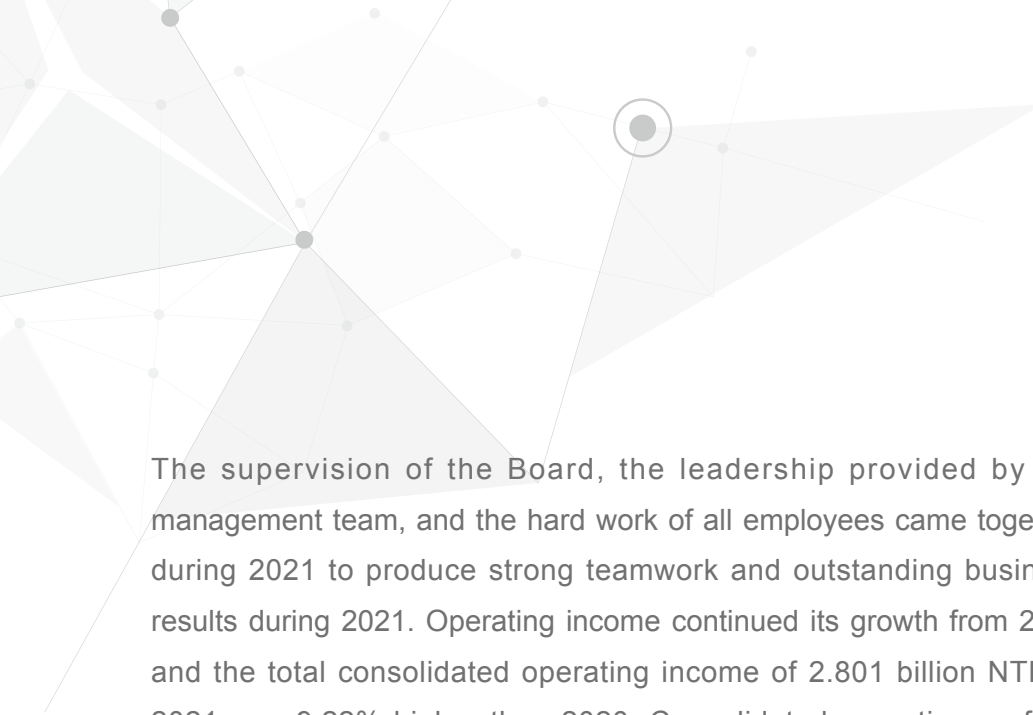


3.3 Business Performance 201-1

<p>Material Topic</p>	<p>Business Performance</p>
<p>Importance to Company</p>	<p>Business performance reflects a company's overall performance and serves to protect the rights of investors and other stakeholders.</p>
<p>Policy/Commitment</p>	<p>Create value for society, shareholders, employees and customers to achieve a positive outcome for all and sustainable development for the company.</p>
<p>Short-term Goal</p>	<ol style="list-style-type: none"> 1. Definition of annual business plans and financial performance indicators to pursue steady growth in revenue and profits. 2. Set annual Key Performance Indicators (KPI) using the four aspects of the Balance Score Card (BSC) every year.

<p>Medium and Long-term Goals</p>	<p>Develop medium and long-term strategic development plans for the Company tailored to the nature of the carrier-neutral data center services. Continue to expand the clustering effect for customers to become the hub for digital convergence, and Ai/cloud business applications in East Asia.</p>
<p>1. Resources (funding, personnel, projects) invested during the year 2. Substantive outcomes</p>	<ol style="list-style-type: none"> 1. Update data center equipment to improve their energy efficiency and lower costs. 2. Development of diverse and high-value products as well as upgrade equipment to keep pace with next-generation network developments and provide new services to meet customer requirements. 3. The Board of Directors was convened and financial statements disclosed in accordance with regulations
<p>Responsible Department / Grievance Mechanism</p>	<p>Finance Division, Stock Affairs / Corporate website and physical mailbox; inquire with Stock Affairs or Shareholders' Meeting</p>
<p>Evaluation Mechanism / Outcomes</p>	<ol style="list-style-type: none"> 1. Operating income increased by 9.22% 2. Consolidated earnings after tax increased by 12.55% 3. Completion rate of BSC KPI





The supervision of the Board, the leadership provided by the management team, and the hard work of all employees came together during 2021 to produce strong teamwork and outstanding business results during 2021. Operating income continued its growth from 2020 and the total consolidated operating income of 2.801 billion NTD in 2021 was 9.22% higher than 2020. Consolidated operating profit of 871 million NTD was 11.98% higher than 2020. Consolidated earnings after tax was 687 million NTD and 12.55% higher than 2020. Earnings per share reached 9.75 NTD as well. Record revenue and profits were therefore reported for the year.

In terms of Chief Telecom operations during 2021, we continued to focus on sales per square foot in the IDC business in order to increase our profit margins and satisfy the requirements for future growth in the IDC and cloud businesses. The ground breaking ceremony for the construction of the fourth LY2 IDC data center building was held on October 15, 2021. The Smart and green building design was adopted for the LY2 data center. The building is equipped with LRB seismic isolation design, and the floor loading can take up to 2,000 kg per square meter. The data center is designed to meet customer requirements for energy-intensive high-performance computing (HPC).

In terms of data network services, we continued to expand our bandwidth on international backbone cables between Taipei, Hong Kong, Singapore and Japan to more than 600G. The expansion in overseas services increased the coverage and reach of our network services in East Asia. For voice communication services, we launched the 070 cloud switchboard and cloud video conferencing services. We also partnered with Microsoft to integrate 070 with Microsoft Teams and launch an integrated enterprise communication service for internal/

external networks. For cloud services, Chief Telecom strengthened our cooperation with leading international public cloud service providers through the Chief Cloud eXchange (CCX) platform. Direct links for enterprise hybrid cloud were launched in Taipei, Hong Kong, Singapore and Japan to provide businesses with an optimal cloud service solution in a multi-cloud environment.

The business focus of Chief Telecom will be to use carrier-neutral IDC services as the anchor while accelerating the construction of LY2 IDC smart data centers. Data networks and cloud services will form the twin axes for growth by expanding services to Hong Kong, Japan, Singapore, and other East Asian countries (India, the Philippines, Vietnam, Thailand, Indonesia, Malaysia etc.). Cooperation with leading international public cloud service providers such as AWS, Microsoft, Google, IBM and Oracle as well as cloud information security vendors like Trend Micro and F5 will also be strengthened to launch industry-specific cloud information-communication solutions and encourage both international and local enterprise clients to adopt related services. At the same time, the Chief smart health cloud services will be introduced

through the Chief APPCloud. The health cloud platform will vertically and horizontally integrate different professional partners and domains to launch health promoting services. These will boost our overall business conference and help us realize our goal of becoming the hub for digital convergence, AI and cloud business applications in East Asia. By creating value for society, shareholders, employees and customers, we can achieve a positive outcome for all and sustainable development for the company.



Business Performance

	2019	2020	2021
Income	2,400,002	2,564,649	2,801,046
Operating Cost	1,356,745	1,404,543	1,502,746
Employee Compensation and Benefits - Cost	32,035	35,560	40,361
Employee Compensation and Benefits - Expenditure	286,573	301,922	336,176
Payments to Investors (Dividend)	519,985	561,799	620,045
Payments to Government (Cost - Telecommunication universal service fees)	3,054	2,999	2,153
Payments to Government (Fees - Taxes, fines)	177,610	210,198	227,513
Community Investment (Public welfare expenditure)	442	473	613

Unit: 1000 NTD

Product and Sustainability

4

2021

Sustainability
Report



IV. Product and Sustainability

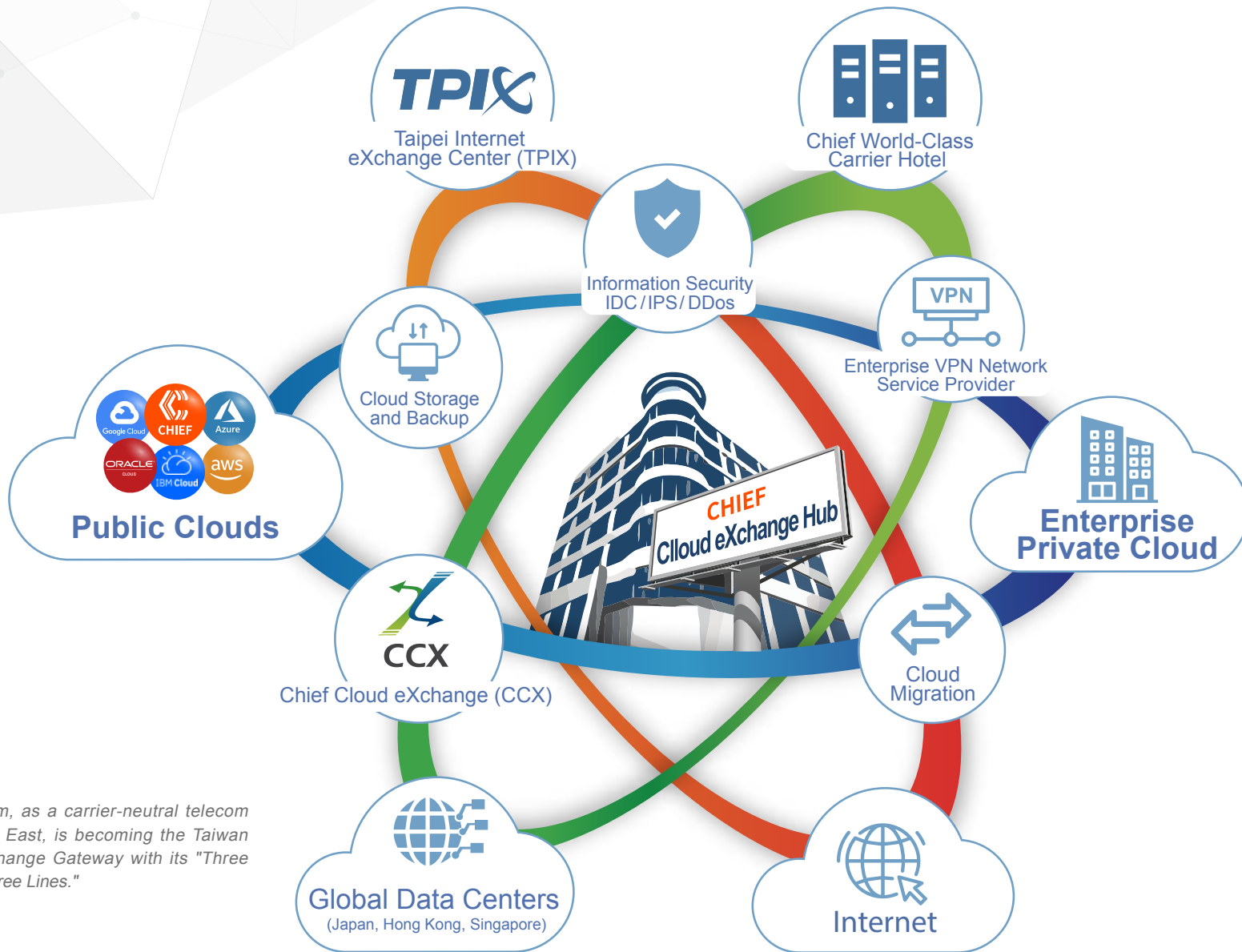
4.1 Product Introduction

4.1.1 Industrial Ecosystem

Chief Telecom's core businesses include IDC services, cloud application services, data services, and voice services. Chief Telecom has long leveraged our strengths in carrier-neutral IDC services and the clustering effect of our domestic/overseas customers to create an industry ecosystem for data exchange in Taiwan. We aim to provide domestic and foreign carriers, Internet service providers, cloud service providers and enterprise customers with a complete vertically integrated data and application industry chain. A concentrated industry ecosystem effectively reduces the cost from duplicate or dispersed investments in power, infrastructure and facilities. The quality and efficiency of network service exchanges are enhanced as well making investment in Taiwan more attractive for international vendors.

The Taipei Internet eXchange center (TPIX), Taipei Voice eXchange (TPVX), and Taipei Cable eXchange (TPCX) are successfully attracting domestic/global carriers, cable operators, content service providers, cloud service providers, well-known international social networking sites and enterprise clients to utilize Chief's IDC services. The Chief Cloud eXchange (CCX) has collaborated successfully with a number of well-known international public cloud providers to provide customers with high-quality direct connections. Chief AppCloud is working with many SaaS partners to expand its services as well. The ecosystem that Chief Telecom built is now entering a rapid positive feedback cycle. Chief Telecom is therefore moving even more quickly towards the goal of becoming the telecom hub and cloud business application center in East Asia.

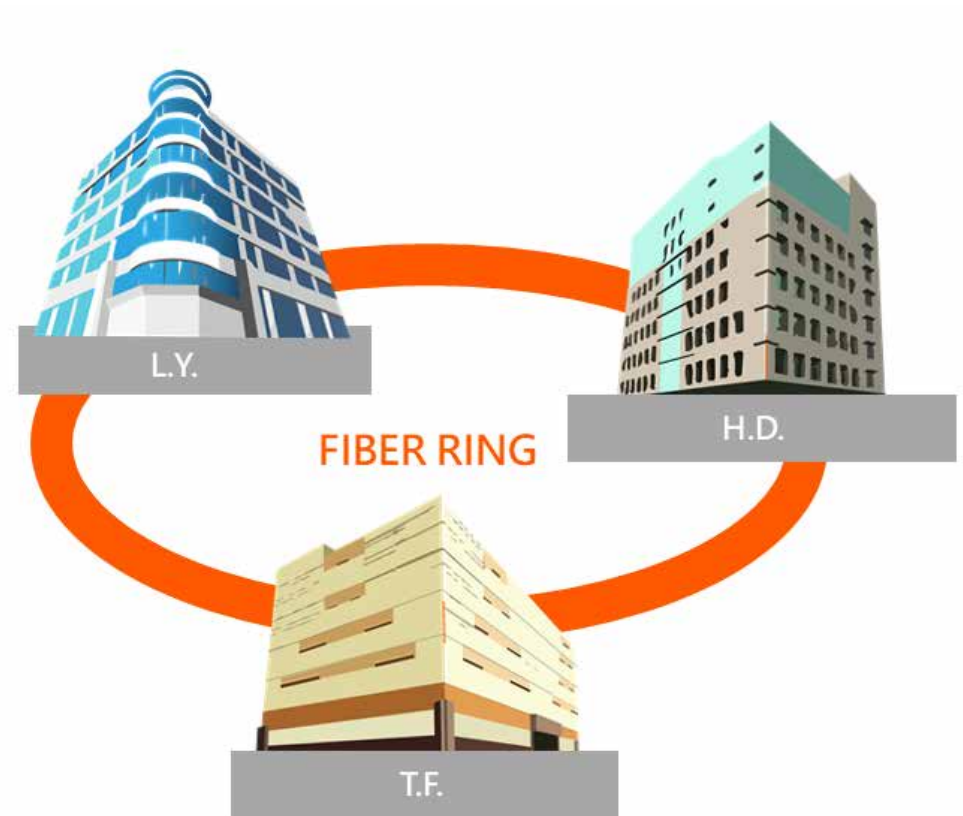




Chief Telecom, as a carrier-neutral telecom hub in South East, is becoming the Taiwan Network Exchange Gateway with its "Three Loops and Three Lines."

1. Chief Telecom Carrier-Neutral Data Center (IDC): The No.1 Choice for Foreign Customers Entering Taiwan

As a world-class carrier-neutral IDC service provider, owns more than 33,000 square meters of data centers; in addition to the fully equipped network infrastructure, mechanical and electrical (M&E), security, fire safety, air conditioning and environmental control systems, Chief Telecom is also certified with ISO 27001 (Information Security Management), ISO 27011 (Implementation of information security controls in telecommunications organizations), ISO 27017 (Cloud Security Management), ISO 27018 (Personal data protection for cloud services), and DCOS-4 (Data Center Operations Standard). Chief Telecom IDC provides customers with a wide variety of international resources and satisfies their diverse technical requirements so that they can enjoy the benefits of online platforms. We count top names from each industry among our key customers including: Several top-ranked companies on US NASDAQ by market value, leading domestic and foreign telecommunication carriers, well-known cross-border e-commerce businesses, world-renowned search engines, smart phone providers, leading international social media websites, multimedia streaming service providers, and more.



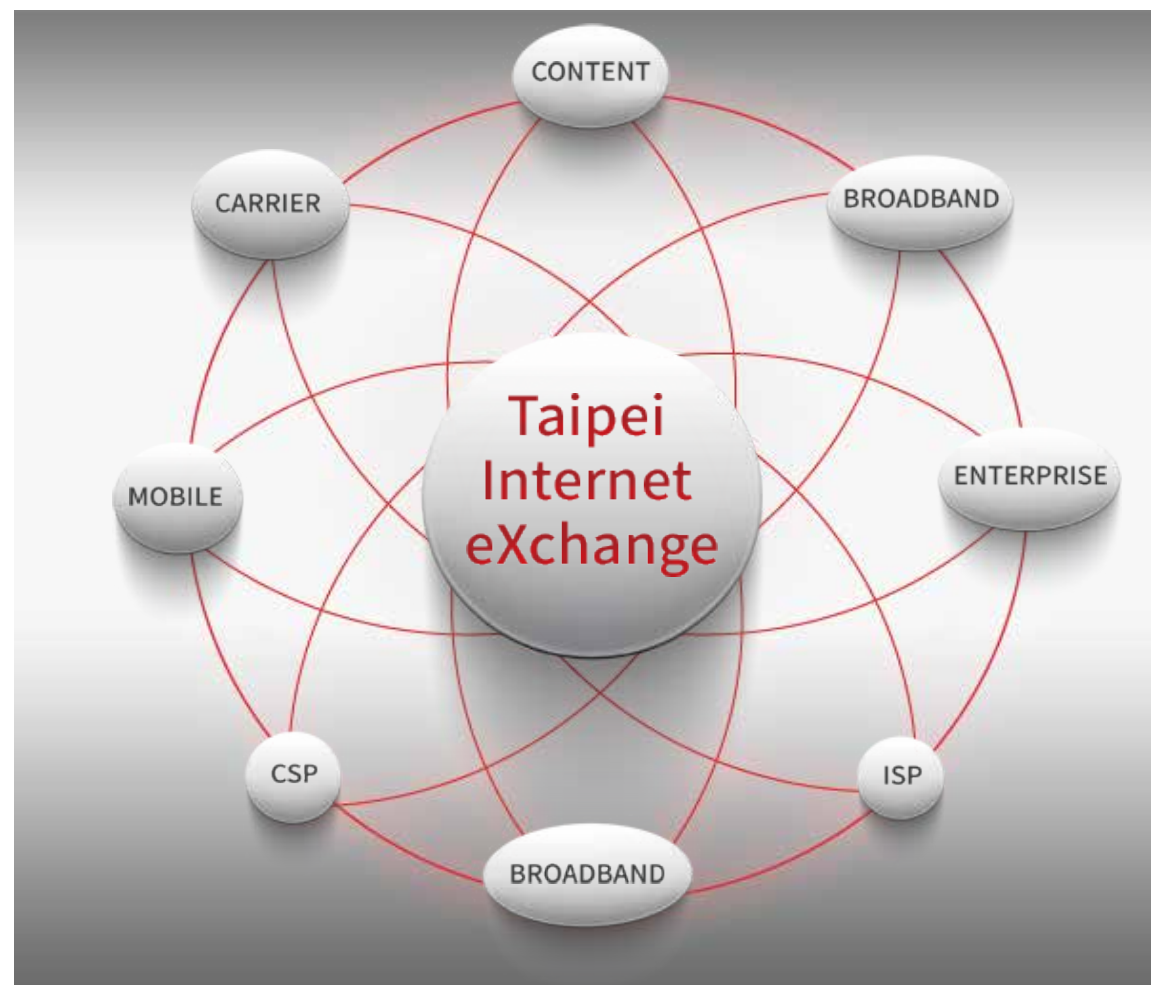
Chief Telecom owns three world-class carrier-neutral IDCs



2. Taipei Internet eXchange (TPIX): The largest Internet exchange center in Taiwan

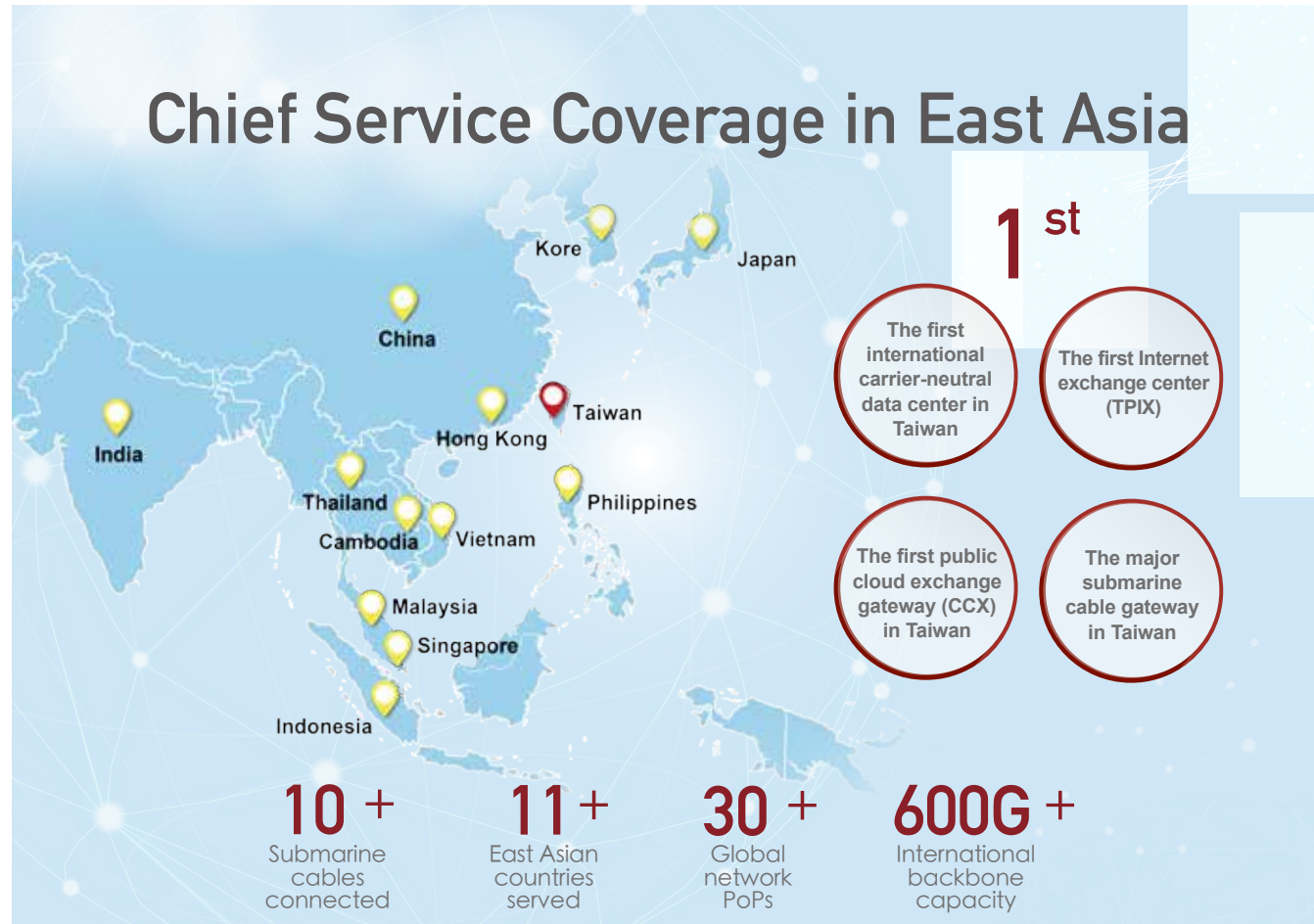
TPIX, the largest Internet exchange center in Taiwan, is operated and maintained by Chief Telecom. The exchange has more than 80 members and over 200 Gb/s of traffic exchange. It is the leading IX in Taiwan by membership count and exchange traffic. In 2019, TPIX has been granted as the “National Level-2 Critical Infrastructure” due to its leading IX position in Taiwan. TPIX is the traffic exchange platform for domestic/international ISP, ICP and CDN operators. In addition to lowering connection costs, reducing connection times and increasing operation efficiency between Internet eXchange (IX) members, it is also the most important network exchange hub and ecosystem in Taiwan.

Chief Telecom TPIX serves as a platform, providing internet traffic exchange service for domestic/international ISPs, ICPs, and CDN operators.



3. Taipei Cable Exchange (TPCX): Convergence of private and consortium submarine cables

Taiwan's prime location has made it the network hub of East Asia. The convergence of major privately-owned submarine cable systems and consortium submarine cable systems in the Asia-Pacific makes TPCX become Taiwan's key gateway for domestic and global internet connections. Customers can access global internet by connecting to different submarine cable systems through Chief Telecom IDC to lower their cost of cable access and improve the quality of cable services.



Chief Telecom has deployed more than 600 GB of international backbone resources in 11 more East Asian countries

4. Chief Cloud eXchange (CCX): an integrated multi-cloud connection platform service

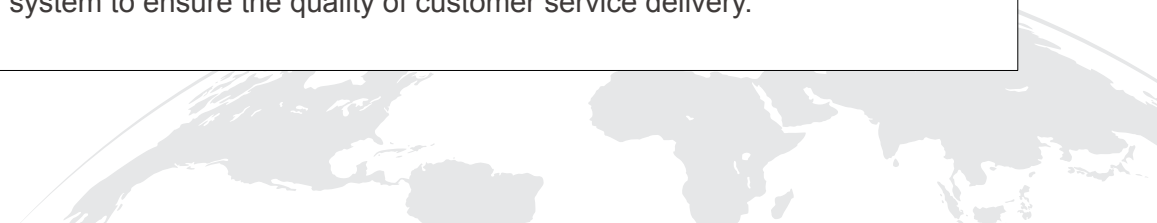
Direct connections to international public clouds through CCX enable critical applications of enterprise customers with more robust connection quality. The security of data transfers are guaranteed as well as they are not routed over public network, making CCX the perfect choice for corporate digital transformations and cloud migrations. The top global five cloud service providers are all CCX partners, such as AWS, Azure, Google Cloud, IBM Cloud, and Oracle Cloud.

Through Taiwan's data network ecosystem that Chief Telecom builds, its 30 global network pop sites across East Asia, and 600GB international backbone, Chief is capable of cooperating with international partners and cloud service providers in each country to deliver the best service to their respective customers. Traditional point-to-point connection services are resource and manpower intensive as all the planning and provisioning must be carried out separately. The digital convergence developed by Chief Telecom makes the most efficient use of backbone and network resources based on customers' needs to effectively improve the provisioning speed, scalability and service migration.



4.1.2 Network Quality

Material Topic	Network Quality
Importance to Company	Ensure normal network operations to satisfy customer requirements and enhance customer loyalty.
Policy/Commitment	Chief Telecom offers customers 24x7 network services with 99.5% network availability.
Short-term Goal	<ol style="list-style-type: none"> 1. DCOS-certified data center for backbone equipment. 2. The principle of network redundancy with multiple links is followed during equipment procurement and deployment to ensure continuity of service with no connectivity issues.
Medium and Long-term Goals	<ol style="list-style-type: none"> 1. Continuing to strengthen network resilience and optimize the network architecture, invest in the latest technologies, and continuing to improve network quality and services to meet the operational requirements of customers. 2. Update of network quality monitoring system to ensure the quality of customer service delivery.



<p>1. Resources (funding, personnel, projects) invested during the year</p> <p>2. Substantive outcomes</p>	<ol style="list-style-type: none"> 1. Continuing to provide employees with education and training on network and operational safety, as well as strengthen their familiarity with the relevant operating procedures. 2. Expand the talent pool and optimize the backup personnel system to ensure the continuity of technical expertise and integrity of service quality. 3. Set up a second-generation network traffic management and analysis system for service quality assurance.
<p>Responsible Department / Grievance Mechanism</p>	<p>Responsible Unit: Technology Division</p> <p>Grievance Mechanism:</p> <ol style="list-style-type: none"> 1. Leave message through corporate website 2. Customer service hot line and e-mail 3. Contact window: Public Relations Planning Department
<p>Evaluation Mechanism / Outcomes</p>	<ol style="list-style-type: none"> 1. Pass ISO and DCOS annual re-evaluation 2. Monthly network quality report, network management and analysis report. 3. Customer satisfaction survey and churn rate analysis

Network quality is very important to Chief Telecom. Investments and management mechanisms for network device security, network information security, and network software security ensure that customer requirements on network quality and security are met.

Hackers may break into networks to steal sensitive data or specialize in network attacks. There are also those that launch network attacks against business competitors and disrupt the operation of Internet companies. Network security refers to the adoption of measures to thwart data theft or attacks against the business competition.

Network security is an important topic for Chief Telecom too. Internal and external technologies are used to strengthen our network defenses. There were no major network attacks or incidents that had a serious impact on company business or operations during 2021. Chief Telecom was not involved in any related litigation or regulatory investigation either.

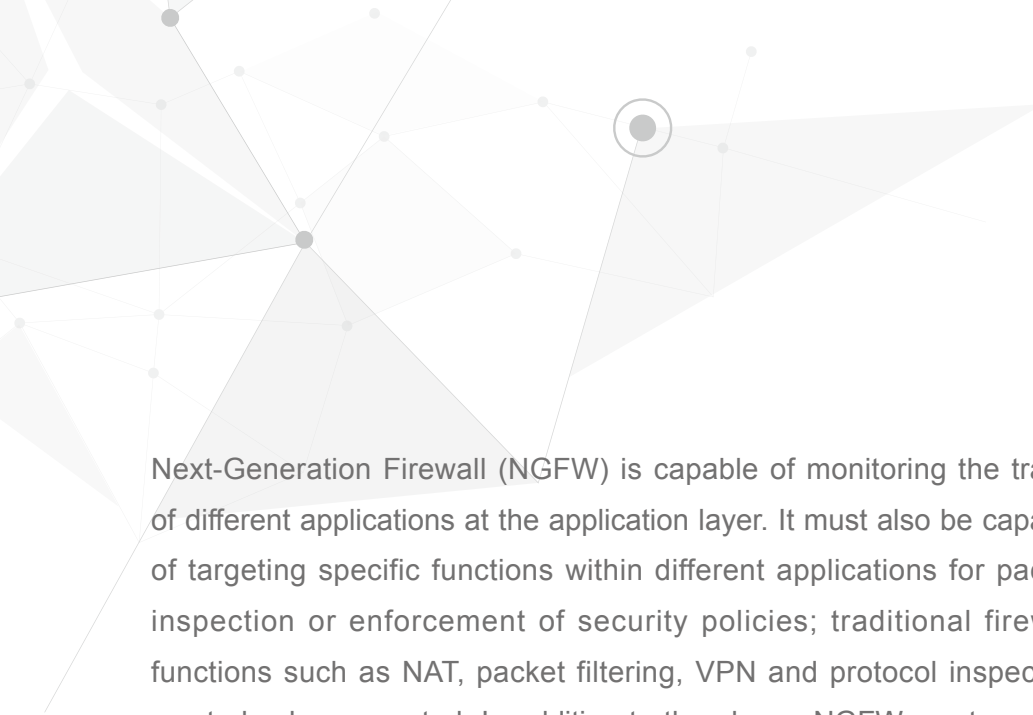
Internally

Introduction of advanced technologies, computer scanning, as well as system and software updates. Strengthened network firewalls and controls to contain computer viruses.

Externally

Web application firewall (WAF) provided to businesses to provide multi-layered checks and protection against OWASP Top 10 and emerging threats.





Next-Generation Firewall (NGFW) is capable of monitoring the traffic of different applications at the application layer. It must also be capable of targeting specific functions within different applications for packet inspection or enforcement of security policies; traditional firewall functions such as NAT, packet filtering, VPN and protocol inspection must also be supported. In addition to the above, NGFW must support DIP. It must also be able to communicate with the firewall functions to block dangerous traffic if necessary.

Everything from transmission equipment to Internet backbone equipment at Chief Telecom are configured with dual power supplies, dual controllers, dual Metro Link router and multiple upstream Internet circuits, demonstrating the importance that Chief Telecom places on network quality and operational security.

Chief Telecom provides enterprise customers with a total terminal-to-cloud information security solution. On top of enhanced security for user logins and virus/hacker protection for server farms, we also provide protection based on IPS and WAF to ensure that customers can trust our cloud services.

Chief Telecom takes cyber security seriously. A full range of cyber security and data protection mechanism have been deployed to protect against the leakage of confidential data or data damage. Internal information security control mechanisms, application technologies and data security standards have been drawn up with annual recovery drills to ensure that information systems can be restored normally. These in turn reduce the risk of system disruptions due to unexpected natural disasters or human error to ensure that company targets on system recovery can be met.

4.2 Information Security

Material Topic	Information Security
Importance to Company	Ensure that the information environment supports the continuity of company operations and complies with the relevant regulatory requirements.
Policy/Commitment	Strengthen ISO information security management to ensure the confidentiality, integrity, and availability of information assets in order to provide an information environment that supports the continuity of the Company's information operations and complies with relevant regulatory requirements.
Short-term Goal	Continue to strengthen information security measures and pass the annual ISO information security re-evaluation. Wholesale introduction of MOTOP (two-factor authentication) Conduct annual ISMS information security meeting. Monthly meetings of Information Security Team Appointment of Chief Information Security Officer and information security specialists.
Medium and Long-term Goals	Additional information security specialists and training Organize information security education and training. Protect information regarding company business activities. Use of licensed software and periodical audits. Maintain a certain standard of system availability for the Company's critical core systems.



<p>1. Resources (funding, personnel, projects) invested during the year</p> <p>2. Substantive outcomes</p>	<p>Participate in ISO information security re-evaluation. Establishment of Information Management Committee, as well as the appointment of Chief Information Security Officer and information security specialists.</p> <p>Complete inventory of existing assets.</p> <p>Complete upgrade of archive system.</p> <p>Complete inventory and backup of databases.</p> <p>Carry out vulnerability scans, penetration testing, social engineering drills and emergency incident response.</p> <p>Addition of operation & maintenance bastion network partitioned from the OA office network.</p> <p>Addition of dedicated O&M computers to prevent Trojan attacks and enhance information security.</p>
<p>Responsible Department / Grievance Mechanism</p>	<p>Planning Division & Technology Division</p> <p>Responsible Unit: Information Security Team</p> <p>Grievance Mechanism:</p> <ol style="list-style-type: none"> 1. Telephone extension of IT Department personnel 2. e-Mail for head of IT Department 3. Customer Service e-mail
<p>Evaluation Mechanism / Outcomes</p>	<p>Pass ISO annual re-evaluation.</p> <p>Conduct annual security testing, information and communication security checks, as well as social engineering security and information security incident drills</p> <p>Carried out vulnerability scans, penetration testing, social engineering drills and emergency incident response once.</p> <p>The Company conducts awareness training on information security policy and cultivates personnel with information security certification.</p> <p>Conduct information security education and training for all employees.</p> <p>Report the information security risk situation to the Board of Directors at least once each year.</p> <p>There no information security incidents that impacted Company operations or the customer privacy during 2021.</p>

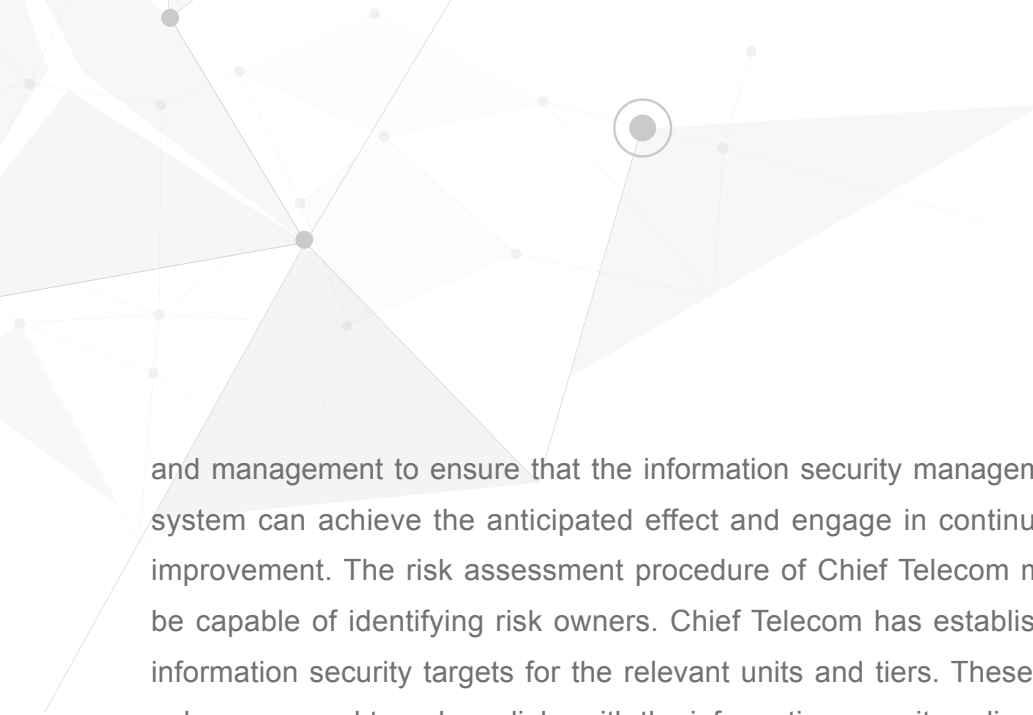
Chief Telecom has adopted a three-pronged approach to ensure the information security of our data centers and networks for enterprise customers, and that important information and systems on the cloud are secured in accordance with international standards. The first strategy focuses on management systems. Extensive resources were invested in recent years to progressively obtain certification on ISO 27001 (information security management), ISO 27011 (Implementation of information security controls in telecommunications organizations), ISO 27017 (Cloud Security Management), and ISO 27018 (Personal data protection for cloud services). The quadruple certifications ensure that critical data and systems remain secure on the cloud.

The Information Security Policy was formulated to strengthen ISO information security management, ensure the confidentiality, integrity, and availability of information assets, and to provide an information environment that supports the continuity of the Company's information operations, and complies with relevant regulatory requirements so they are not subjected to internal or external threats due to malice or accident.

An information security management system that complies with the relevant regulations was established in accordance with actual requirements to ensure the confidentiality, integrity and accessibility of information. The scope of application for ISO 27001 (ISMS) was defined as the Company's IDC, VPN data center, Cloud services, NOC O&M system, as well as associated departments and O&M management personnel to ensure full control over information operations and management processes as well as satisfaction of all security requirements and expectations.

The original purpose of the information security management system set up by Chief Telecom as well as the system outcomes should take the information security topics of concern to internal and external units such as information security for cloud services, privacy protection on the cloud, and the expectations and requirements of stakeholders with an interest in Chief's information security management system. Company targets and performance evaluations should also take these concerns into account. These topics, expectations or requirements relating to information security should be incorporated during risk assessment





and management to ensure that the information security management system can achieve the anticipated effect and engage in continuous improvement. The risk assessment procedure of Chief Telecom must be capable of identifying risk owners. Chief Telecom has established information security targets for the relevant units and tiers. These not only correspond to or have links with the information security policy, but must (1) be measurable, (2) have a way of measuring performance, (3) must have a defined completion date, and (4) must have responsible personnel (responsible unit).

I. The information security organization of Chief Telecom convenes routine monthly meetings through the "Information Security Team" of each unit to ensure information security management is being properly enforced. The Plan-Do-Check-Act (PDCA) management cycle has also been adopted to review the suitability of the information security policy and its protective measures. Implementation outcomes are also periodically reported to the Information Committee.

II. Strengthened personnel awareness and education. Many information security accidents are due to human error or negligence. In addition to increasing the number of information security specialists, Chief Telecom

also organizes information security education and training to raise the information security awareness of employees and their understanding of their corresponding responsibilities. Annual security testing, information and communication security checks, as well as vulnerability scans, penetration testing, social engineering security and information security incident drills are conducted every year to verify that information security is important to personnel, and that they can minimize the damage in the event of an emergency to ensure the continuity of customer operations.

III. Enhancements at the facility level such as the wholesale introduction of MOTOP (two-factor authentication), the upgrading, integration and access control of file systems to prevent the leaking of confidential files, as well as mechanisms for file backup and off-site storage. Dedicated O&M computers were added and partitioned from the OA office network. Dedicated O&M computers to prevent Trojan attacks and enhance information security.

4.3 Energy Efficiency and GHG Reduction

4.3.1 Energy Management

Material Topic	Energy Management
Importance to Company	Improve the global competitiveness of the industry and reduce greenhouse gas emissions to protect the planet.
Policy/Commitment	Continue to improve the power efficiency of data centers every year.
Short-term Goal	Reduce energy consumption by 1%
Medium and Long-term Goals	<ol style="list-style-type: none"> 1. Give preference to energy-saving designs during procurement of energy-consuming equipment. 2. Formulate energy-saving measures for data centers. 3. Implement energy-efficiency improvements for data centers.

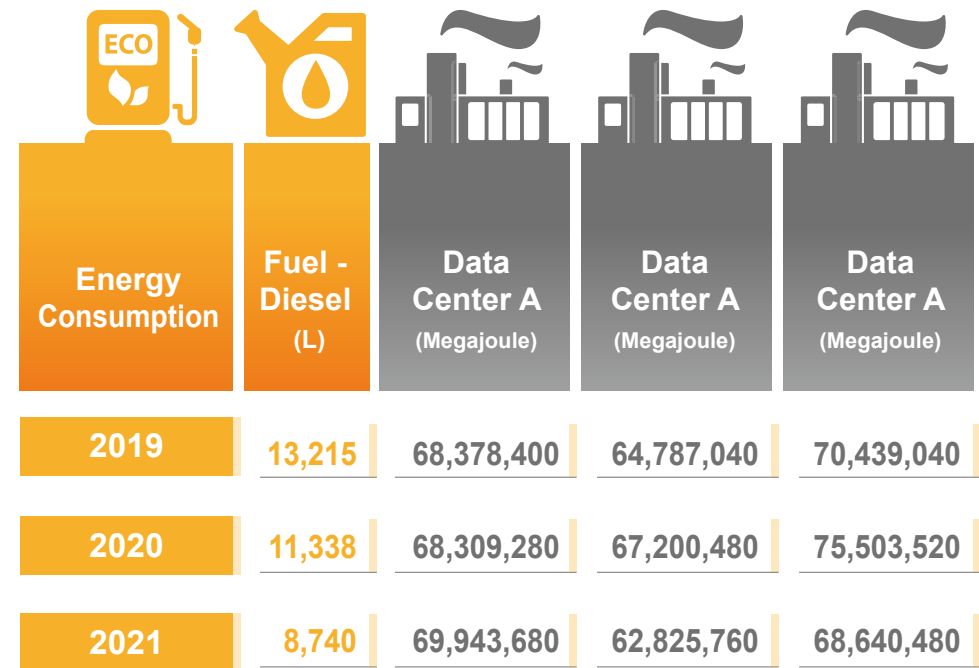


<p>1. Resources (funding, personnel, projects) invested during the year</p> <p>2. Substantive outcomes</p>	<ol style="list-style-type: none"> 1. Continue to execute energy-saving measures to improve power efficiency. 2. Adoption of high-efficiency Uninterruptible Power Supplies (UPS). 3. Replace the AC equipment of data centers and adopt EC Fan box-type units. 4. Airflow management for IDC (hot/cold aisle configuration, optimization of air flow). 5. Adoption of smart and green building design for new data centers to reduce GHG emissions.
<p>Responsible Department / Grievance Mechanism</p>	<p>Responsible Unit: Technology Division</p> <p>Grievance Mechanism: Corporate website.</p>
<p>Evaluation Mechanism / Outcomes</p>	<p>MOEA Energy Bureau - Integrated energy data reporting platform.</p>

Information Technology (IT) is a currently a key industry in Taiwan. Rapid advances in ICT has led to a jump in power consumption from data centers in recent years. Consensus on energy efficiency and carbon reduction not only helps to boost the global competitiveness of the industry but it also important for GHG reduction.

Chief Telecom is a provider of carrier network and application services. We provide design, construction, operation & maintenance, and management services for data centers. As a provider of IDC/Tele-center services we have very rigorous security requirements. To satisfy the international standards for telecommunications data centers, all equipment have dual power supplies and dual-path redundancy backed by a 24-hour operations & maintenance center and provides a wide range of telecommunications services.

Electricity is the main type of energy consumed by IDC and longstanding energy management measures to improve power efficiency have been put into place by Chief Telecom. The introduction of other technologies in support of national energy policy will be evaluated in the future to improve the energy efficiency of our data centers.



Most of Chief Telecom's energy consumption comes from servers and associated facilities, air conditioning systems, and other equipment supporting IT workloads and data center operations. Research suggested that air conditioning accounted for about 45% of a data center's total power costs while power distribution and energy conversion losses accounted for 15 ~ 20%.

Higher temperatures due to climate change in recent years have indirectly increased the load on AC equipment and their power consumption. IDC power consumption often changes depending on customer usage as well. Nevertheless, Chief Telecom is continuing to promote energy-saving initiatives and improve our energy efficiency in order to minimize our negative impact on the environment.

Proper monitoring of energy consumption can therefore help improve the efficiency of data centers. The efficiency of data centers is generally measured using the "Power Usage Effectiveness" indicator proposed by the Green Grid alliance in 2007.

Power Usage Effectiveness

Power Usage Effectiveness (PUE) is used to measure the energy efficiency of a data center

$$PUE = \frac{\text{Total Facility Energy (Network equipment, Lighting, Cooling system, Energy losses from UPS)}}{\text{IT Equipment Energy}}$$

Energy Intensity	Data Center A		Data Center B		Data Center C		Average temperature of Neihu District throughout the year
	Electricity usage (MWh)	PUE	Electricity usage (MWh)	PUE	Electricity usage (MWh)	PUE	
2019	18,994	1.62	17,996	1.73	19,566	1.77	23.75 °C
2020	18,974	1.61	18,666	1.71	20,973	1.72	23.96 °C
2021	19,428	1.62	17,451	1.71	19,066	1.74	24.17 °C

Chief Telecom has reduced our power consumption by 1% each year in accordance with energy management regulations over the past three years. Total energy savings amounted to 2,151 kWh. Preference was also given to products with energy-saving design during equipment upgrades and new procurements. Some of the energy-saving measures included high sensible heat EC FAN constant temperature and humidity box-type units, high-efficiency UPS, and the installation of energy monitoring system to manage the air flow efficiency of the server room (hot/cold aisle configuration).

Direct reduction in energy consumption (kWh)	Data Center A	Data Center B	Data Center C
2019	198,132	196,541	221,488
2020	114,511	267,984	322,928
2021	185,337	208,124	436,410
Average annual energy savings between 2015 ~ 2021 (%)	1.63%	1.21%	1.31%

* Average energy savings between 2015 ~ 2021: 1.38%



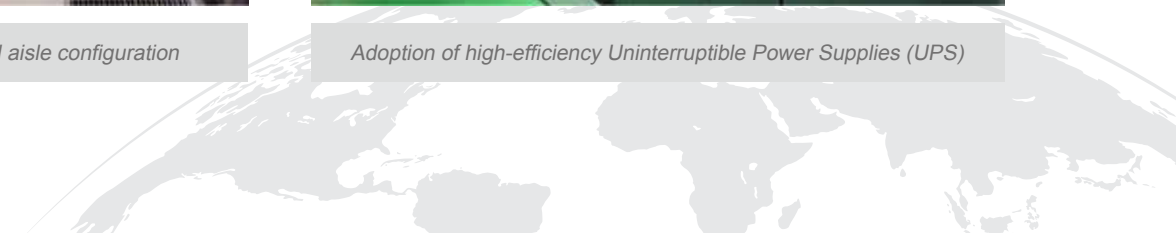
High sensible heat EC Fan constant temperature and humidity box-type unit



Hot/cold aisle configuration



Adoption of high-efficiency Uninterruptible Power Supplies (UPS)



4.3.2 Greenhouse Gas

Emissions Management

305-1 ~ 305-3

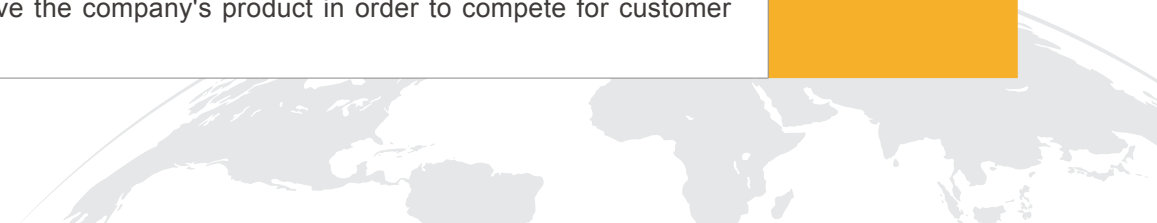
Chief Telecom conducted our first inventory of greenhouse gas (GHG) emissions this year. The 2021 GHG inventory included the total emissions for 7 types of GHGs, namely: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. As shown in the table below, the main source of emissions was electricity at 98.77%. Management policy for GHG reduction including reduction targets, measures and progress were based on energy management.

Emission source categories 1 ~ 6		Emissions (Tonnes CO ₂ e/year)		Activity data type	Data level	Coefficient type
		Emissions	Total			
Category 1 (Scope 1)						
Stationary		26.1299	388.6926	Financial accounting estimate	Secondary	National emission coefficient
Mobile		1.3945		Financial accounting estimate	Tier-1	National emission coefficient
Dissipation		361.1681		Self-assessment	Secondary	National emission coefficient
Category 2 (Scope 2)						
Externally purchased electricity			28,744.7991	Periodic (interval) measurement	Tier-1	National emission coefficient
Category 3 (Scope 3)						
Employee travel and business trips	Business travel (flying)		0.0000	Financial accounting statistics	Tier-1	National emission coefficient
	Business travel (high speed rail)		0.1299	Financial accounting statistics	Tier-1	National emission coefficient
	Business trip (taxi)		0.0365	Financial accounting estimate	Secondary	National emission coefficient
	Business travel (private vehicle)		0.0423	Financial accounting estimate	Secondary	National emission coefficient
Category 4 (Scope 3)						
Product purchase	Purchase of photocopy paper		2.3580	Financial accounting statistics	Tier-1	National emission coefficient
Electricity purchase	Carbon footprint for mining and transmission upstream		57,260.5560	Periodic (interval) measurement	Tier-1	National emission coefficient
Waste disposal	Production of general industrial waste		31.1873	Self-assessment	Secondary	National emission coefficient
Category 5 (Scope 3)		Non-significant indirect GHG emissions				
Category 6 (Scope 3)		Non-significant indirect GHG emissions				

4.3.3 Task Force on Climate-Related Financial Disclosures Framework (TCFD)

International response to climate change has looked beyond GHG reductions to place greater emphasis on climate change adaptation in recent years. Chief Telecom launched the "TCFD climate-related financial impact assessment" in 2021 by adopting the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework for analyzing financial disclosures related to climate change, climate risk identification and financial quantification. The impact of climate change on Chief Telecom as well as the response strategy and measures were disclosed. The core elements of TCFD's disclosure recommendations are governance, strategy, risk management, metrics and target. An explanation of these core elements is provided below.

Framework	Action Plan	Competent Unit
Governance	<p>The Company established a Sustainability Committee chaired by the company president. The Committee meets every year to discuss climate change risks to company operations, energy usage efficiency, environmental impact relating to product life cycle, and other topics. Annual reporting of climate change topics and current progress to the Board is also planned. A corporate governance officer and Risk Management Committee were also set up. Climate change factors added to the scope of operating risk management and response measures adopted to reduce operating risk.</p>	<p>Board of Directors and President's Office</p>
Strategy	<p>The risks and opportunities related to climate change are as follow:</p> <ol style="list-style-type: none"> 1. Transformation risk: (1) Regulatory trends as well customer requirements on green electricity mean that data center must use certain percentage of renewable energy or pay a fee. (2) For the power requirements of customers running high-performance computing and the risk of higher electricity costs, a reasonable pricing plan for server room power was devised in order to transfer the cost of electricity to the customer and reduce operating risks. (3) Green building and smart building design were adopted for this data center to reduce electricity consumption. (4) Engage in proactive sustainability practices to increase investor, customer and consumer confidence in the Company's operation. 2. Physical risk: The server room floor was elevated and flood barriers installed on the periphery of the data center. Flood gates were installed at the data centers' front doors and driveways to reduce the operating risk from flooding of the data center. 3. Opportunity: Green building and smart building design were adopted for this data center to reduce electricity consumption, improve competitiveness in the market, and compete for customers. Use low-carbon energy-saving equipment and optimize the power usage efficiency of the server room to realize the goal of energy-efficiency and cost. Evaluate the use of green electricity to improve the company's product in order to compete for customer business opportunities. 	<p>Administration Division / Planning Division / Technology Division</p>



Framework	Action Plan	Competent Unit
<p>Risk Management</p>	<p>The following risks were identified by the Company and action plans proposed based on industry characteristics:</p> <ol style="list-style-type: none"> 1. Response to Transformation Risk: (1) For topics such as climate change, carbon tax, and green electricity requirements, we should monitor the latest regulatory developments, check the Company's current level of compliance, then devise measures to satisfy compliance requirements; (2) the mitigation of environmental impact from climate change should be incorporate into the smart and green building design of data centers. Energy-saving and carbon reducing equipment should be adopted in data centers, and the PUE of data centers improved in order to balance the needs of environmental protection and customer usage. (3) Devise a reasonable pricing plan for server room power to transfer the cost of electricity to the customer and reduce operating risks. 2. Response to physical risk: The Company conducted an inventory and risk management of data center information assets, conducted business continuity plan (BCP drills each year, elevated the server room floor, installed flood barriers on the periphery of the data center, and installed flood gates at the data center's front door and driveway to reduce the operating risk from flooding of the data center. 	<p>Planning Division / Technology Division</p>
<p>Metrics and Targets</p>	<ol style="list-style-type: none"> 1. Energy-saving: The target is to reduce energy consumption by 1% p.a. 2. Reduction in GHG emissions: The target is to reduce emissions by 1% p.a. 3. Data center PUE: The target is to reduce the PUE of existing data centers below 1.7, and the PUE of newly constructed data centers to below 1.5. 	<p>Technology Division</p>

Social Concern

2021

Sustainability
Report

5



V. Social Concern

▶▶ Happy Workplace and Employee Protection

Chief Telecom believes that employees are precious assets essential to the realization of the Company's core values and vision for sustainability. Employees are also the key to the continued growth and progress of the Company. We believe that only happy and positive employees can connect with the customer. That is why the protection of employees has always been a key challenge for the ethical development of the management team. Fostering a happy, safe and gender equal working environment in particular has always been our long-term goal. We offer different communication channels and platforms for employees to provide the Company with feedback and suggestions. Employees can suggest improvements through the internal website and the complaints mailbox at any time. By listening to employees in different ways as well as promoting bilateral communication and understanding between the employer and employees, we reduce employee stress levels and promote a more positive atmosphere at work.

Active efforts are made to create a friendly and happy workplace. We strive to ensure reasonable roles and work, and attract talented

employees by offering adaptive, rewarding and competitive standards of compensation and generous bonus schemes. Employee stock options have been implemented to boost employee loyalty, reduce employee turnover, improve retention and maintain our operational capacity on an even footing.

▶▶ Fulfillment of Social Responsibility

Corporate social responsibility is now crucial to business development. Chief Telecom actively gives back to society as well to contribute to vulnerable groups. We not only promote social concern but also fulfill our corporate social responsibility. Resources were invested towards the sponsorship of charities each month during 2021 by Chief Telecom. Recipients included Yu-De Children's Home and Christian Mountain Children's Home in Kaohsiung, and A Kernel of Wheat Foundation's "Xinyuan Daycare Center" at Taitung Christian Hospital. Total donations now approach 1.5 Million NTD and Chief Telecom will continue spread the message of philanthropy.



5.1 Workforce Overview

Chief Telecom employs different types of professional talent in accordance with regulatory, operational and other requirements. Employee recruitment, retention, compensation, benefits, training and development are also governed by annual plans and implementation guidelines.

5.1.1 Human Rights Protection

Chief Telecom supports and adheres to the spirit and human rights framework defined by internationally accepted human rights conventions and the International Labour Organization conventions. The "Chief Telecom Human Rights Policy" was defined and published on the internal website in November 2019. In addition to regular awareness education and implementation of human rights policy, internal training courses were conducted on human rights policy in 2021. Total participation was 153 people and 306 person-hours. Human rights policy was also implemented in practice through anonymous suggestion boxes and the publication of directors' contact details on the internal website. Maintaining open channels of employee communication helps to protect and enhance employee rights.

We are also committed to upholding the spirit of the "UN Universal Declaration of Human Rights" by not discriminating based on race, social class, language, thought, religion, political affiliation, origin, gender, sexual preference, age, marital status, appearance, appearances, physical and mental disabilities, or other factors. We uphold gender equality, fair treatment of all employees, and employment of people with disabilities to promote employment for the vulnerable. Suitable rules and regulations were drawn up to protect the rights and interests of all employees.

5.1.2 Employee Statistics 102-8, 401-1

Chief Telecom not only operates TPCX, an important international submarine cable exchange in East Asia. We also operate the largest international Internet exchange (TPIX) in Taiwan by number of members and average traffic volume. We are the largest international carrier-neutral data center service provider in Taiwan, and construction began on a fourth IDC building in 2021 to meet both the demand for HPC and high-power server racks from domestic and overseas customers, as well as future growth in the IDC business.

The core business of Chief Telecom is IDC operation. Most engineers in the field are male so there are more male employees than females. In 2020 we employed 153 permanent employees including 101 male employees and 52 female employees for a male:female ratio of 2:1. Women account for 8 out of 31 key management positions however, so it is the professionalism of employees that matters to Chief Telecom during hiring or promotions. We promote gender-equal workplace culture free that ensures equal opportunity at work and prohibits discrimination.

Employee Analysis		2019		2020		2021	
Total Employees (Note 1)		147		150		153	
Employment Contract (Note 2)		Open-ended	Fixed-term	Open-ended	Fixed-term	Open-ended	Fixed-term
Gender	Male	97	0	98	0	101	0
	Female	50	0	52	0	52	0
Type of Employment (Note 3)		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Gender	Male	97	0	98	0	101	0
	Female	50	0	52	0	52	0

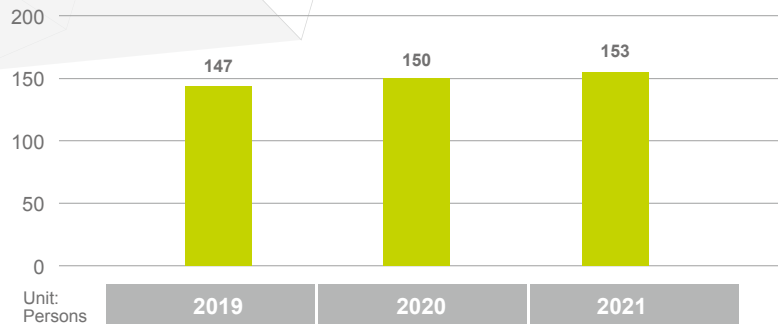
Note 1: Total number of employees at the end of the year

Note 2: Labor contracts are open-ended (permanent employees) or fixed-term (casual workers, temporary workers, seasonal, agency workers, foreign workers, apprentices, and interns).

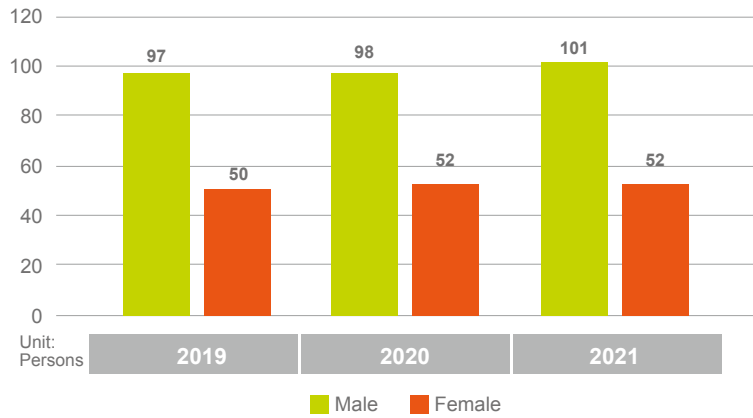
Note 3: Types of employment are divided into full-time employees (reaches statutory working hours each week) and part-time employees (part-time workers and hourly workers that work less than statutory working hours each week)



Total Employees



Employee Gender Statistics



Male to Female Employee Ratio



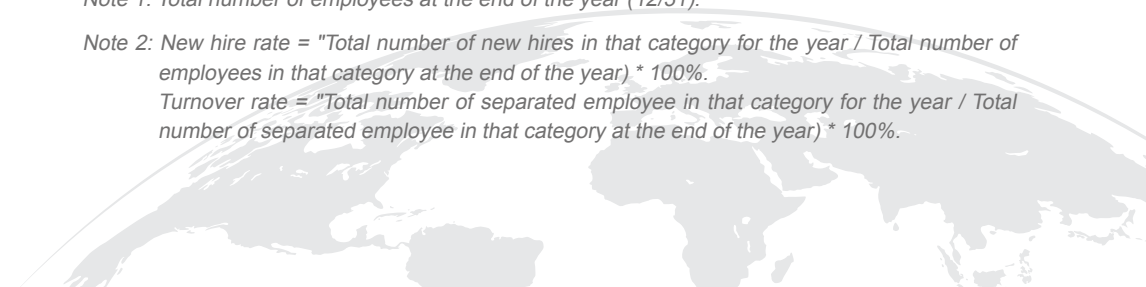
New Hire Analysis / Year		2019		2020		2021	
		Total	Ratio (Note 2)	Total	Ratio (Note 2)	Total	Ratio (Note 2)
Total Employees for the Year (Note 1)		147		150		153	
New Hires							
Age	Under 30	2	25.00%	2	22.22%	1	11.11%
	Between 30 and 50	7	6.25%	5	4.46%	4	3.64%
	Over 50	1	3.70%	2	6.90%	1	2.94%
Gender	Male	6	6.19%	6	6.12%	5	4.95%
	Female	4	8.00%	3	5.77%	1	1.92%
Education	Graduate	4	30.77%	6	35.29%	2	10.53%
	Undergraduate	6	4.92%	3	2.48%	4	3.25%
	High School or lower	0	0.00%	0	0.00%	0	0.00%

Employee Turnover Analysis / Year		2019		2020		2021	
		Total	Ratio (Note 2)	Total	Ratio (Note 2)	Total	Ratio (Note 2)
Total Employees for the Year (Note 1)		147		150		153	
Turnover							
Age	Under 30	1	12.50%	0	0.00%	1	11.11%
	Between 30 and 50	5	4.46%	3	2.68%	1	0.91%
	Over 50	3	11.11%	2	6.90%	3	8.82%
Gender	Male	5	5.15%	4	4.08%	4	3.96%
	Female	4	8.00%	1	1.92%	1	1.92%
Education	Graduate	2	15.38%	2	11.76%	0	0.00%
	Undergraduate	7	5.74%	3	2.48%	4	3.25%
	High School or lower	0	0.00%	0	0.00%	1	9.09%

Note 1: Total number of employees at the end of the year (12/31).

Note 2: New hire rate = "Total number of new hires in that category for the year / Total number of employees in that category at the end of the year" * 100%.

Turnover rate = "Total number of separated employee in that category for the year / Total number of separated employee in that category at the end of the year" * 100%.



5.2 The Right People in the Right Roles

Chief Telecom hopes that all employees can develop into all-rounders through learning and growth in each field. Benefits include not only the development of individual skills but also being able to help the Company respond to the fast-changing information era and build even more solid foundations. At Chief Telecom, we are one big happy family that looks after our employees. We not only provide employees with generous compensation and benefits but also organize varied activities to encourage bonding.

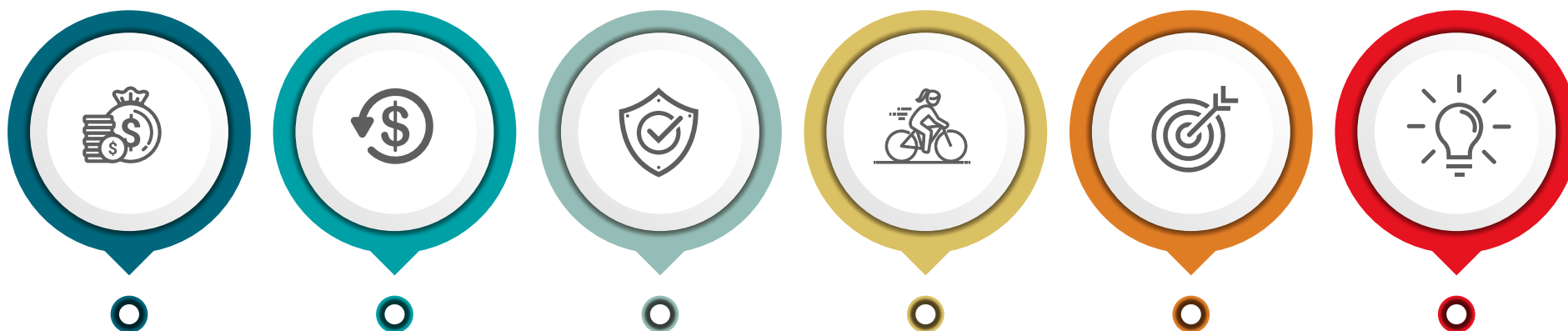
5.2.1 Employee Benefits 401-2

A happy enterprise must not only fulfill its social responsibility but also create happiness for employees. Close attention is paid by Chief Telecom to enhancing employee benefits. We are not unionized but an Employee Welfare Committee has been set up. The "Employee Welfare Subsidy Rules" also specify financial benefits for employees. To encourage employees to go outside during their special leave, we also introduced the "Travel Subsidy Rules" to provide employees with a fixed travel subsidy each year.

We strongly believe that a healthy mind and body is essential to achieving the best performance at work. Sports clubs were therefore set up with long-term funding from the Welfare Committee so that everyone can relax through exercise outside of work. The clubs also create a venue for everyone to share their interests.

All employees are insured in accordance with labor regulations the day they report to the company. Special leave, maternity leave, childcare leave, marital leave, bereavement leave, menstrual leave, family leave, pregnancy exam leave and paternity leave are also provided in accordance with the law. We fully comply with national labor regulations and even exceed some of its requirements.

Employee Benefits



Bonuses/Gifts

1. Performance bonus
2. Employee compensation
3. Holiday bonus
4. Annual bonus for non-sales personnel
5. Performance bonus for sales personnel, incentive bonus for sales personnel
6. Issuing of employee stock options
7. Various gift coupons at different times (hypermart coupons, massage coupons, movie coupons, dining coupons etc.)
8. Supply of gifts that match holiday themes

Subsidies

1. Wedding subsidy
2. Condolence payment
3. Childbirth subsidy
4. Hospitalization condolence payment
5. Birthday bonus
6. Employee travel subsidy (fixed subsidy)

Insurance

1. Labor Insurance
2. National Health Insurance
3. Company accident insurance
4. Company life insurance
5. Company cancer insurance
6. Company health insurance
7. Epidemic prevention and vaccination insurance for notifiable infectious diseases
8. Preferential insurance policy for employee dependents

Leisure

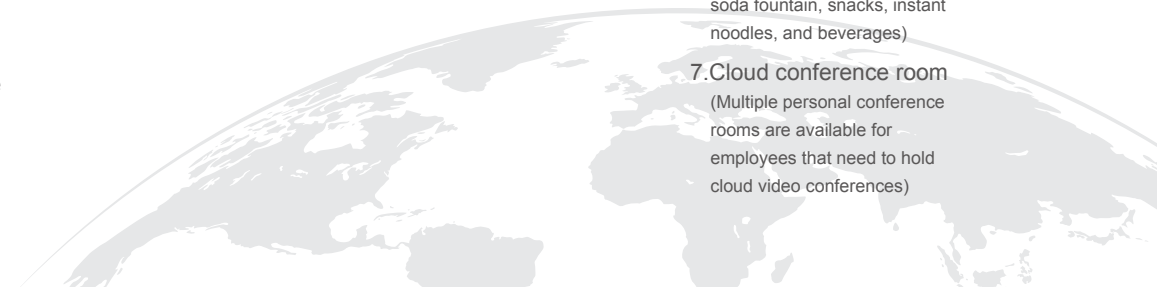
1. 1 ~ 3 day domestic vacations
2. Foreign vacations
3. Festivals
4. End-of-year party
5. New year prize draw

Education and Training

1. Comprehensive employee education and Training
2. Subsidies for in-service education, professional certification courses and certification exams
3. Fixed subsidy for education and training each year

Other

1. 5-day work week
2. Breastfeeding Room
3. Annual health exams for all employees and all age groups
4. Blood pressure monitor provided during the day for employees to monitor their own health
5. Comprehensive employee pensions schemes under the new/old systems
6. Multi-function conference room (Free fresh-ground coffee, soda fountain, snacks, instant noodles, and beverages)
7. Cloud conference room (Multiple personal conference rooms are available for employees that need to hold cloud video conferences)



➤ Recharge Station

Chief Telecom made use of the limited space available to set up a rest area for employees. Like a well-known cafe chain, it provides employees with a place to unwind or sit on high stools and look contemplatively out of French windows. The Recharge Station serves not only fresh-ground coffee, snacks, instant noodles, dessert, and snacks. It also has books and magazines. There is even a blood pressure monitor that employees can borrow at any time so that everyone can keep an eye on their own health and stay energized all-day-long.



The multi-function conference room at Chief Telecom is not only a place for employees to recharge. Its spacious and well-site spaces can also double as a conference room.



➤ Total Epidemic Prevention

Chief Telecom responded to the increased threat posed by COVID-19 in 2021 by purchasing more ultrasonic oscillators to permeate the office environment with a fine mist of disinfectant molecules. Effective disinfection of spaces and environments help to make employees feel safer at work. We installed automatic alcohol dispensers and body temperature scanners at office entrances, and increased the frequency of office cleaning and sterilization. Rolling adjustments were made to epidemic prevention measures for all employees based on COVID-19 developments. Flex-time was maintained for employees with staggered shifts or everyone assigned to work from home as necessary. Employees received epidemic prevention insurance, subsidies, packs and facemasks. We also provided 2 days of paid vaccination leave and vaccination insurance on our own initiative to reduce vaccine hesitation and encourage employees to be vaccinated. By fulfilling our social responsibility on employee care, we help employees achieve a balance between work and balance. Continuity of operations is assured while also safeguarding the health and safety of employees.

» Chief Telecoms Goes "Beyond 30" in 2021

Chief Telecom celebrated our 30th anniversary in 2021 and adopted a new corporate identity system (CIS) to reshape our brand image. The new CIS was inspired by the vision of the Chief Telecom platform economy being the sea in which the rivers that make up our customers and partners flow into. All employees were presented with a gift of great symbolic value to the Company.



■ Custom Chief Telecom Employee Activity Uniform



■ Wealth and Longevity Commemorative Wine and Wine Glass Set / Good Luck Spade and Spoon

➤ Club Activities

Clubs set up by the Company or organized by employees themselves currently include badminton and yoga classes. Other types of clubs will be set up in the future. The yoga class not only helps employees find mental and physical balance through relaxation but also recharges their inner chakras. Badminton class gets people moving and accelerates their metabolism to supercharge them at work.



Yoga Club



Badminton Club



Employee Welfare Committee

All members of the Chief Telecom Employee Welfare Committee are drawn from different departments across the Company. The committee members plan all sorts of creativity-filled activities for festivals. They also plan the end-of-year program and organize domestic/overseas company holidays that create a happy atmosphere and facilitate team-building.



Group photo for 2021 domestic company vacation - 3-day tour of Grand Cosmos Resort in Hualien

➤ Retirement Protection

Chief Telecom has financial programs in place to look after all employees in retirement. The pension system is divided into the pension fund until the old system, and pension contributions under the new system.

Confirmed Benefits Plan

- The pension system of Chief Telecom complies fully with the Labor Standards Act. Employees over the age of 55 with more than 15 years of service, or those that have more than 25 years of service with the Company may apply retirement. Under the Labor Standards Act, employee pensions are based on their length of service. Two units are accumulated for each year of service, and one unit for each year over 15 years up to a maximum of 45 units.
- Chief Telecom has set up a Labor Pension Fund Supervisory Committee and a dedicated pension account funded by 2% of total salary payments. Regular contributions are deposited into the pension preparatory fund held by the Department of Trusts at Bank of Taiwan. The fund is reviewed by actuaries at the end of each year to ensure that the preparatory fund is adequately funded.
- The balance of the labor pension fund was 23,154,000 NTD at the end of 2021.

Pension fund under the old system

Confirmed Contributions Plan

The new labor retirement scheme was implemented by Chief Telecom on July 1, 2005. Under the Labor Pension Act, Chief Telecom must make a monthly contribution of no less than 6% of the worker's monthly salary to the worker's pension account for all employees that opt to switch over to the new system or employees that joined the company after the introduction of the new system. Retirements must also be handled in accordance with the Labor Pension Act.

Pension fund under the new system

5.2.2 Employee Compensation 404-3, Average compensation of non-management employees, 202-1

A Remuneration Committee has been established by the Chief Telecom Board of Directors responsible for the formulation of compensation policy, system, standards and structure. Compensation packages including monthly salary and variable pay consist of two components, namely bonuses and employee compensation. Monthly salary is based on employee competency and role, while variable pay is determined by the company's business performance and individual performance.

The Company researches the prevailing standard of compensation in the industry at different times and make regular adjustments based on our overall business performance, individual performance, and government policy (Business performance is reflected by employee compensation to a reasonable extent. The average salary increase for all employees in 2021 was 3.31%.)

An employee performance evaluation is conducted every year for all employees that have been with the Company for more than 3 months and completed their probation. Multiple incentives are used to recognize, reward and inspire outstanding employee performance regardless of gender. Employees also receive public recognition for special or outstanding performance each year. 15 outstanding employees were recognized in 2021.

Percentage of employees that undergo regular performance evaluations

Employees evaluated in 2019		Number of Evaluations	Total Employees	Percentage
Gender	Male	94	97	96.9%
	Female	48	50	96.0%
Category	Management	30	31	96.8%
	General employee	112	116	96.6%
Employees evaluated in 2020		Number of Evaluations	Total Employees	Percentage
Gender	Male	95	98	96.9%
	Female	50	52	96.2%
Category	Management	32	33	97.0%
	General employee	113	117	96.6%
Employees evaluated in 2021		Number of Evaluations	Total Employees	Percentage
Gender	Male	96	101	95.0%
	Female	52	52	100.0%
Category	Management	31	34	91.2%
	General employee	117	119	98.3%

Note 1: Calculations are based on the number of people participating in the evaluations in November. The company president and new hires with less than 3 months of experience were not counted

Note 2: Management refers to those in management roles within their unit; everyone else is classified as general employee.

Average salary of non-management employees

Item	2020	2021	Difference	
Number of permanent employees in non-management roles (Unit: Persons)	137	140	+3	
Annual salary of permanent employees in non-management roles (Unit: Thousands NTD)	Average	1,678	1,793	+115
	Median	1,552	1,660	+108

Salary to Minimum Wage Ratio



Note: Taiwan's statutory minimum wage in 2021 was 25,250 NTD.

5.2.3 Enhancing Employee Soft Power 404-1, 404-2

Material Topic	Talent Development and Retention
Importance to Company	Employees are important company assets.
Policy/Commitment	Strengthen talent selection, development, employment and retention mechanisms.
Short-term Goal	<ol style="list-style-type: none"> 1. Continue to improve employees benefits and training to create a positive working environment. 2. Budget 1,800,000 NTD for employee health exams each year. 3. Provide 450,000 NTD in fixed subsidies for education and training.
Medium and Long-term Goals	Enhance talent development and retention while continuing to recruit quality talent.



<p>1. Resources (funding, personnel, projects) invested during the year 2. Substantive outcomes</p>	<p>1. In 2021, total employee training costs amounted to 801,856 NTD and the development program completion rate was 208%.</p> <p>2. Provide competitive standard of compensation (salary adjustments once every two years on average), performance bonuses, employee compensation, and employee stock options.</p>
<p>Responsible Department / Grievance Mechanism</p>	<p>Finance Division, Human Resources Department / Employee suggestion box, telephone, e-mail, communication with department heads, employee feedback through Employee Welfare Committee, labor-management meetings</p>
<p>Evaluation Mechanism / Outcomes</p>	<p>1. Employee turnover in 2021 was 3.31% (including 3 retiring personnel). 2. Employees undertook 4,449 hours of training and obtained 45 professional certifications in 2021.</p>

Education and training management regulations were drawn up by Chief Telecom to equip employees with the professional knowledge and skills needed to perform their role, improve productivity, and provide assurance on quality of work so that the company goals for sustainability and development can be realized.

Cultivation of internationalized talent through a forward-looking human resources strategy is embraced by Chief Telecom. Employees are not only encouraged to continue improving their professional ability and language proficiency through continuing education. Subsidies are also provided for obtaining international certification. Chief Telecom currently has more than 150 professional technical certifications on the books including just under 40 IDC mechanical-electrical and fire safety management certificates, 40 network administration certificates, and over 60 cloud service and architecture certificates. A number of these are professional cloud certifications from mainstream public cloud providers such as AWS, Azure, and Google Cloud.

We also have a number of information security certifications (e.g. CISSP, CEH, CompTIA Security+) and other professional certifications (e.g. PMP, data management, programming). Chief Telecom hopes that all employees can develop into all-rounders through learning and growth in each field. Benefits include not only the development of individual skills but also being able to help the Company respond to the fast-changing information era and build even more solid foundations.

Inter-departmental cooperation is encouraged among employees, and we actively organize external training courses to help employees improve their professional competency. Despite COVID-19, the Company retained teachers to hold online and physical English courses for employees during 2021 to improve their international outlook. Different course levels were also offered depending on proficiency. The course was attended by 53 employees and consisted of 1,590 hours of teaching at a total cost of 359,711 NTD; 14 managers also received online course subsidies. Each manager attended 30 sessions for a total of 420 hours in teaching time. Total cost was 160,000 NTD.



Chief Telecom has set sustainable development as our goal for 2022. By focusing on the following five key areas in education and training, we hope to create an atmosphere and environment that fosters self-directed learning in order to realize our goal of cultivating high-quality talent.

Key areas in education and training

01

Enhance and expand the professional competency of employees

02

Pass on the experience of senior personnel

03

Cultivation of employee knowledge and quality

04

Cultivate a proactive work ethic in employees

05

Successor training

To help managers with realizing their goals and track their progress, the internal/external training courses and certification targets for each unit and employee are set at the end of each year. Employee performance evaluation forms also take the competency of each unit and support for the Company's business goals into account. Completion rate is examined during the end-of-year performance evaluation to establish their training outcomes and compiling review reports. Required improvements and reinforcement training are incorporated into the performance evaluation form for implementation in the following year.

Full subsidies for professional certification courses and certification exams

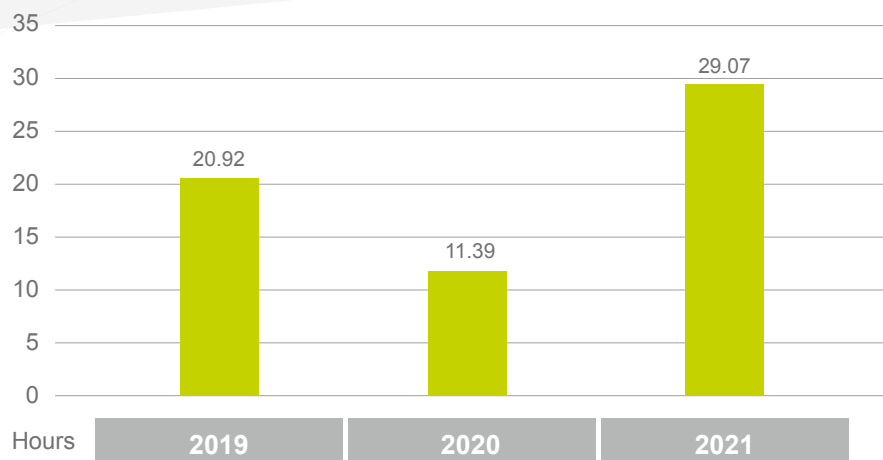
- Microsoft related courses (Azure IoT Developer Specialty, Data Analyst Associate, Azure AI Engineer Associate etc.)
- Information security related courses (CompTIA Security+, EC-Council-CEHv8, CISSP etc.)
- Professional competency courses such as Cisco, VMware, Juniper, and Google
- Other courses: Mechanical-electrical technician license (Level C technician for interior wiring work, Level B technician for interior wiring work), other courses (senior telecommunications engineer, telecommunications engineer, fire fighting management personnel, health and safety for first-aid personnel etc.)

Self-Training

- Each person is provided with 3,000 NTD of training subsidies for any type of course or training method each year.
- Continued to offer special packages for online English courses to encourage employees to prepare for the globalization of Chief Telecommunications.

In 2021, 30 training classes were held for 883 people for a total of 4,449 man-hours of training. Total education and training costs amounted to 801,856 NTD (including courses on ethical corporate management regulations. These included 306 man-hours of training for 153 people on anti-corruption policy and prohibition against insider trading; 306 man-hours of training for 153 people were conducted for training courses on human rights.)

Average hours of training per employee



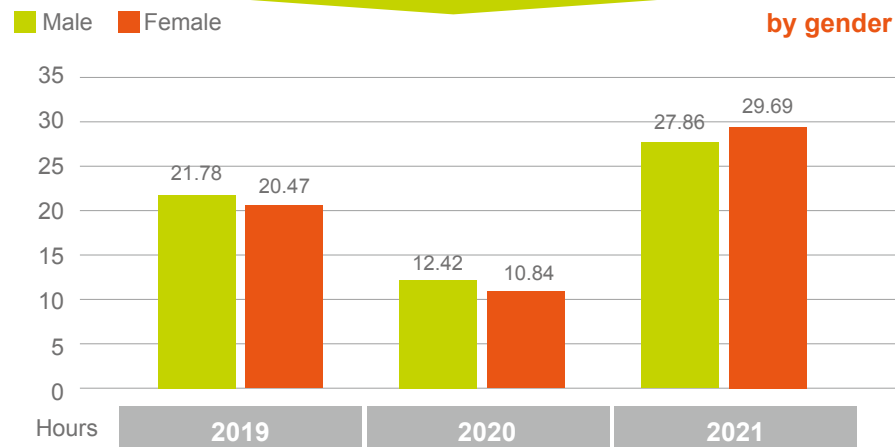
Note 1: Average hours of training per employee was (total hours of training for all employees during the year / total number of employees at the end of the year).

Average hours of training per female employee was (total hours of training for female employees during the year / total number of female employees at the end of the year).

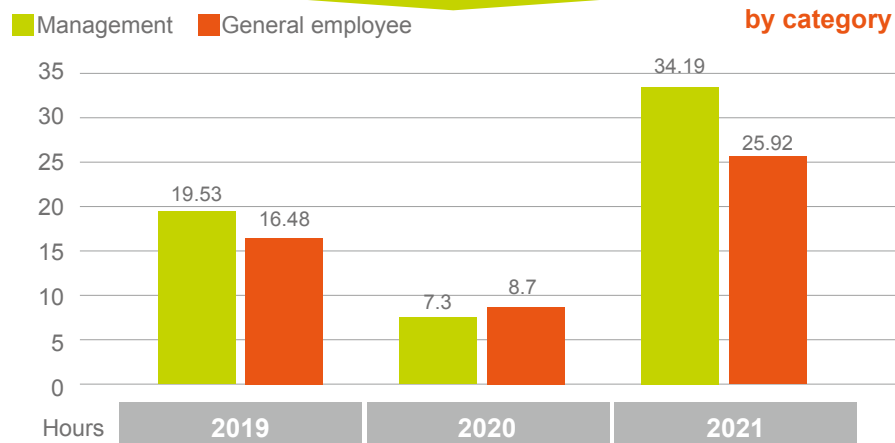
Average hours of training per employee category were (total hours of training for all employees in that category during the year / total number of employees in that category at the end of the year).

Note 2: Management refers to those in management roles within their unit; everyone else is classified as general employee.

Average hours of training per employee



Average hours of training per employee



5.3 Corporate Philanthropy

Chief Telecom has always uphold the principle of "giving back to society" in sustainability so we attach great importance to ESG topics such as environmental protection, social responsibility and corporate governance. Chief Telecom continued to donate to worthwhile cause in society during 2021 including charities involved in environmental protection and helping rural regions, as well as quality domestic academic institutions engaged in the cultivation of governance expertise.

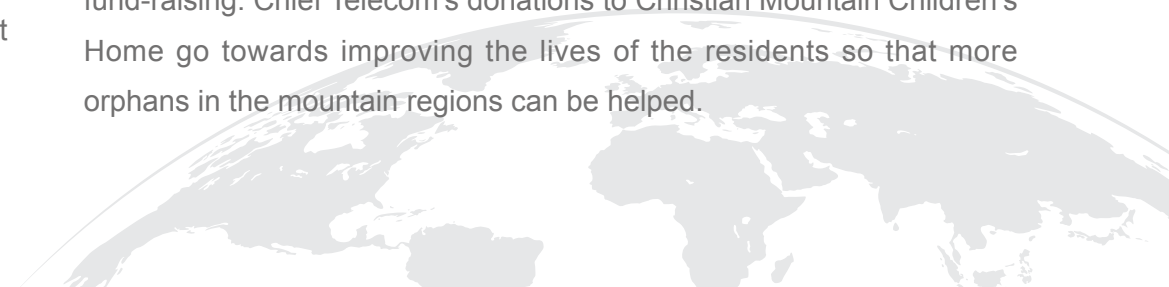
►► Butterfly Conservation

Luye District Office in Taitung County is a building of historical and cultural value. It is the only surviving district office from the Japanese Period in Taitung County and was added to Taitung County's registry of historical buildings in 2012. Once used by the district administration, the site is now managed by the Long Tien Butterfly Association on a lease from Taiwan Sugar. Chief Telecom donations to Long Ten Butterfly Association go towards the long-term management and refurbishment of the district office.

►► Supporting Rural Regions

Tzu-Te Children's Home in Kaohsiung City was founded more than 30 years ago and provides family-based care to orphaned children and juveniles in Yanchao, Kaohsiung. Yu-Te currently hosts more than 35 residents. Chief Telecom's donations to Tzu-Te Children's Home go towards helping the integrated management team with providing students with academic and lifestyle counseling that enhance the rights and welfare of children and juveniles.

Christian Mountain Children's Home in Kaohsiung City is located in Dongxishanzhuang of Liugui Township, Kaohsiung. The Children's Home houses orphaned indigenous children and currently has more than 40 residents ranging from 2-year old toddlers to university students over 20 years old. All of the residents had been abandoned due to economic poverty, illness, family circumstances or abuse. The founder believes strongly in self-sufficiency. They support themselves by growing fruit and vegetables, and does not actively engage in outside fund-raising. Chief Telecom's donations to Christian Mountain Children's Home go towards improving the lives of the residents so that more orphans in the mountain regions can be helped.



Chief Telecom's donation to the "Xinyuan Daycare Station" of A Kernel of Wheat Foundation at Taitung Christian Hospital help support the foundation's community daycare station for seniors. The program emphasizes the development of community care services, as well as enhanced care for children and seniors in the community. The community initiative engage in the promotion of a healthy community by providing elders with a venue for activities, learning, and inter-personal interactions.

►► Talent Development

Chief Telecom also makes donations made to the National Chengchi University and National Taiwan University to support the cultivation of corporate governance expertise at quality domestic academic institutions in order to boost corporate and national competitiveness.

2021 Corporate Philanthropy Expenses

Donations to charity	Expenses (1000 NTD)
Tzu-Te Children's Home, Kaohsiung City	60
Christian Mountain Children's Home, Kaohsiung City	60
"Xinyuan Daycare Station", A Kernel of Wheat Foundation, Taitung Christian Hospital	36
"Long Tian District Office", Long Ten Butterfly Conservation Society, Taitung County	36
National Chengchi University	221
National Taiwan University	200
Total	613



Appendix

2021

Sustainability
Report



Appendix GRI

Content Standards Content Index

* marks Material Topics

Topic	Disclosures	Description	Section	Page	Remarks
GRI 102: General Disclosures					
Organizational profile	102-1	Name of the organization	2.1 Company Profile	23	
	102-2	Activities, brands, products, and services	2.1 Company Profile	23	
	102-3	Location of headquarters	2.1 Company Profile	23	
	102-4	Location of operations	2.1 Company Profile	23	
	102-5	Ownership and legal form	2.1 Company Profile	23	
	102-6	Markets served	2.1 Company Profile	23	
	102-7	Scale of the organization	2.1 Company Profile	23	
	102-8	Information on employees and other workers	5.1.2 Employee Statistics	81	
	102-9	Supply chain	4.1.1 Industrial Ecosystem	56	
	102-10	Significant changes to the organization and its supply chain	-		There were no material changes to the supply chain of the Company
	102-11	Precautionary Principle or approach	3.2 Risk Management	47	
	102-12	External initiatives	-		The Company has not signed onto any external initiatives
	102-13	Membership of associations	2.4 Membership of Associations	33	
Strategy	102-14	Statement from senior decision-maker	A Message from Our Chairman and President		
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	3.1.4 Ethics and Integrity	45	
	102-17	Mechanisms for advice and concerns about ethics	3.1.4 Ethics and Integrity	45	

Topic	Disclosures	Description	Section	Page	Remarks
*Governance	102-18	Governance structure	3.1 Governance Practices	37	
	102-20	Delegating authority	1.1 Sustainability Committee	09	
	102-21	Consulting stakeholders on economic, environmental, and social topics	1.3 Stakeholder Communication Channels and Topics of Concern	11	
	102-22	Composition of the highest governance body and its committees	3.1 Governance Practices	37	
	102-24	Chair of the highest governance body	3.1 Governance Practices	37	
	102-25	Conflicts of interest	3.1 Governance Practices	37	
	102-30	Effectiveness of the organization's risk management processes	3.2 Risk Management	47	
	102-32	Highest governance body's role in sustainability reporting	1.1 Sustainability Committee	09	
	102-36	Process for determining remuneration	3.1.2 Functional Committees	41	
Stakeholder communication	102-40	List of stakeholder groups	1.2 Identify Key Stakeholders	11	
	102-41	Collective bargaining agreements	-		The Company has not signed any collective bargaining agreements
	102-42	Identifying and selecting stakeholders	1.2 Identify Key Stakeholders	11	
	102-43	Stakeholder communication	1.3 Stakeholder Communication Channels and Topics of Concern	11	
	102-44	Approach to stakeholder engagement	1.3 Stakeholder Communication Channels and Topics of Concern	11	

Topic	Disclosures	Description	Section	Page	Remarks
Reporting practice	102-45	Entities included in the consolidated financial statements	Editorial Approach		
	102-46	Defining report content and topic Boundaries	1.4 Identification of Material Topics	14	
	102-47	List of material topics	1.4 Identification of Material Topics	14	
	102-48	Restatements of information	-		This Report is the first report
	102-49	Changes in reporting	-		This Report is the first report
	102-50	Reporting period	Editorial Approach		
	102-51	Date of most recent report	Editorial Approach		
	102-52	Reporting cycle	Editorial Approach		
	102-53	Contact point for questions regarding the report	Editorial Approach		
	102-54	Claims of reporting in accordance with the GRI Standards	Editorial Approach		
	102-55	GRI Content Index	Appendix		
	102-56	External assurance	Editorial Approach, Appendix		
*Corporate Governance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	3.1 Governance Practices	37	
	103-3	Evaluation of the management approach	3.1 Governance Practices	37	
Economic Aspect					
*Economic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	3.3 Business Performance	50	
	103-3	Evaluation of the management approach	3.3 Business Performance	50	

Topic	Disclosures	Description	Section	Page	Remarks
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.3 Business Performance	50	
	201-2	Financial implications and other risks and opportunities due to climate change	4.3 Energy Efficiency and GHG Reduction	70	
	201-3	Defined benefit plan obligations and other retirement plans	5.2.1 Employee Benefits	84	
*Network Quality					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	4.1 Product Introduction	56	
	103-3	Evaluation of the management approach	4.1 Product Introduction	56	
Not mark as Material Topics	Quality-1	Passed DCOS® Data Center Operation Standard Verification and Re-evaluation	4.1 Product Introduction	56	Passed the annual re-evaluation in 2021
*Information Security					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	4.2 Information Security	66	
	103-3	Evaluation of the management approach	4.2 Information Security	66	
Not mark as Material Topics	Information Security-1	Information security incidents that impact company operations or violate customer privacy	4.2 Information Security	66	2021: None
Environmental Aspect					
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	4.3 Energy Efficiency and GHG Reduction	70	
	103-3	Evaluation of the management approach	4.3 Energy Efficiency and GHG Reduction	70	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.3 Energy Efficiency and GHG Reduction	70	
	302-3	Energy Intensity	4.3 Energy Efficiency and GHG Reduction	70	
	302-5	Reductions in energy requirements of products and services	4.3 Energy Efficiency and GHG Reduction	70	

Topic	Disclosures	Description	Section	Page	Remarks
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	4.3 Energy Efficiency and GHG Reduction	70	
	103-3	Evaluation of the management approach	4.3 Energy Efficiency and GHG Reduction	70	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Energy Efficiency and GHG Reduction	70	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Energy Efficiency and GHG Reduction	70	
	305-3	Other indirect (Scope 3) GHG emissions	4.3 Energy Efficiency and GHG Reduction	70	
Social Aspect					
Employment					
GRI 401: Labor/ Management Relations 2016	401-1	New employee hires and employee turnover	5.1.2 Employee Statistics	81	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.1 Employee Benefits	84	
	Compensation	Disclosure should include the number of full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year	5.2.2 Employee Compensation	91	
*Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.4 Identification of Material Topics	14	
	103-2	The management approach and its components	5.2.3 Enhancing Employee Soft Power	93	
	103-3	Evaluation of the management approach	5.2.3 Enhancing Employee Soft Power	93	
GRI 404: Training and Education 2016	404-1	Average hours of training per employee per year	5.2.3 Enhancing Employee Soft Power	93	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.3 Enhancing Employee Soft Power	93	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2.2 Employee Compensation	91	



Independent Assurance Statement Based on 2021 Sustainability Report of Chief Telecom

Statement No.: 2209002

Chief Telecom Inc. (hereinafter referred to as Chief Telecom) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are mutually independent companies. In addition to the assessment and verification of Chief Telecom's 2021 annual Sustainability Report (hereinafter referred to as ESG Report), GREAT has no financial relationship with Chief Telecom.

The purpose of this Independence Assurance Statement (hereinafter referred to as Statement) is only to conclude that the relevant issues within the scope of the Chief Telecom's ESG Report are guaranteed, but not for other purposes. Except for this Statement on the verified facts, for any use of other purposes, or any person who read this Statement, GREAT is not responsible or liable for any legal or other responsibility.

This Statement made from the conclusions of verification, based on the relevant information provided GREAT by Chief Telecom. Therefore, the scope of the verification is based on and confined to the content of these provided information, and GREAT shall consider that the contents of the information are complete and accurate. All concerning and questions about the contents or the relevant issues contained in this statement shall be answered by the Chief Telecom.

The Scope of Assurance

The agreed scope of assurance by Chief Telecom and GREAT includes the following:

- The contents of the entire ESG Report and all operating performance of Chief Telecom from January 1st, 2021 to December 31st, 2021.
- According to the type 1 of application of the AA 1000 Assurance Standard v3, the assessed nature and degree of the CHIEF TELECOM's compliance with the AA 1000 Accountability Principles (2018), but excluding the verification of the reliability of the information or data disclosed in the ESG Report.
- This statement has been prepared in English and has been translated into Chinese for reference.

Verification Opinion

We summarize the contents of Chief Telecom's ESG Report and provide a fair opinion of Chief Telecom's relevant operations and performance. We believe that the index such as economic, social, environmental performance, and corporate governance of 2021 are presented correctly. The performance index disclosed in the report demonstrate Chief Telecom's efforts to identify and meet stakeholder expectations.

Our verification work is carried out by a group of teams with verification capabilities according to the AA 1000 Assurance Standard v3, as well as planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the sufficient evidence provided by Chief Telecom indicates that it complies with the AA 1000 Assurance Standard v3 and its 2018 appendix reporting methods and self-declaration of compliance with the core options of the GRI sustainability reporting standard is fair.

Verification Method

In order to collect evidences related to conclusions, we implemented the following tasks:

- Implement the high-level management review for topics from external groups related to Chief Telecom's policy to confirm the appropriateness of the report in this statement;
- Discussions about stakeholder's engagement with the managers of Chief Telecom. However, we have no direct contact with external stakeholders;
- Interviews with employees related to ESG management, report preparation and information provision;
- Audit performance data of Chief Telecom based on sampling;
- Review the supporting evidence declared in the report;
- Review the process management described in the company report and its related AA 1000 Accountability Principles (2018) regarding the principles of inclusivity, materiality, responsiveness, and impact.

Conclusion

The detailed review results of the AA 1000 Accountability Principle (2018) for inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- **Inclusivity**



Chief Telecom has established a process of cooperation with major stakeholders, including government agencies, shareholders / investors, customers, employees, suppliers / contractors / outsourcers, and the media. Launch a series of stakeholder activities in 2021, involving a series of major themes such as economy, society, and environment. In terms of our professional opinions, this report covers the inclusive issues of Chief Telecom.

- Materiality

This report has stated that Chief Telecom focuses on the issues of economic, social, and environmental, and six major issues be identified, including corporate governance, business performance, information security, network quality, energy management, talent training and retention. In terms of our professional opinions, this report appropriately covers the major issues of Chief Telecom.

- Responsiveness

Chief Telecom implements responses from stakeholder requests and opinions. Implementation methods include customer satisfaction surveys and numerous internal and external stakeholder communication mechanisms as an opportunity to provide further responses to stakeholders and to respond to issues of concern to stakeholders in a timely manner. In terms of our professional opinions, this report covers the responsive issues of Chief Telecom.

- Impact

Chief Telecom has identified and justly displayed its impact in a balanced and effective way of measure and disclosure. Chief Telecom has established processes for monitoring, measuring, evaluating, and managing impacts, which will help achieve more effective decision-making and results management within the organization. In terms of our professional opinions, this report covers the impact of Chief Telecom.

- GRI Guidelines

Chief Telecom provides declaration in accordance with the GRI Standards and relevant information equivalent to "core options". Based on the results of the review, we confirm that the report refers to the GRI Standards for social responsibility and sustainability disclosure items have been revealed, partially disclosed, or omitted. In terms of our professional opinions, this declaration covers the social responsibility and sustainability topics of Chief Telecom.

Assurance Level

According to the AA 1000 Assurance Standard v3 and its 2018 appendix, we verify that this statement is a level of Moderate Assurance, as described in this statement.

Responsibility

The responsibility of this ESG Report, as stated in this statement, is owned by the person in charge of Chief Telecom. The responsibility of GREAT is to provide professional opinions based on the described scope and method, and to provide an independent assurance statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in a various field of management systems. The verification team is composed of members in the professional backgrounds with the qualifications of lead auditor trained in sustainable development, environmental and social management standards, such as AA 1000 AS v3, ISO 9001, ISO 14001, and ISO 45001.

On behalf of the assurance team

SEP 16th, 2022

GREAT International Certification Co., Ltd.
Taiwan, Republic of China

Signed by General Manager
David Liu



AA1000
Licensed Report
000-250/V3-U5KYZ



CHIEF | 是方



CHIEF TELECOM INC.