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Think Sustainable
Act Responsible

Change 4 the Better



2014 Corporate Social Responsibility Report

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Foreword by Chairman

As Taiwan moved into the 4G era in 2014, Taiwan Mobile (abbreviated to TWM) poured its resources into rolling out its Long Term Evolution (LTE) network at full speed nationwide. It was the first operator to adopt carrier aggregation, allowing it to integrate high- and low-frequency bands to achieve the best spectrum combination. With wider network coverage, deeper indoor penetration and faster download speed, TWM was able to offer 4G users the best service quality. Moreover, TWM is also the sole proprietor of the largest contiguous 20MHz on the 700 frequency band. With a total 4G spectrum holding of 35MHz, TWM not only boasts one of the largest holdings in the nation, but its licensing cost is also NT\$6.6 billion lower than its comparable rivals'. Both demonstrate TWM's commitment to maximizing shareholders' interests and solidifying its leadership in the 4G field.

Apart from the pursuit of solid growth in our core business, TWM is also examining our sustainability roadmap through international evaluations. The roadmap now forms the basis of our CSR Vision 2020 Project. We hope the close integration with our operations and core resources will lead to a positive feedback cycle. We are committed to enhancing the overall value of our company as well. The "Taiwan Mobile CSR Code of Conduct" passed in January this year will serve as the guiding principle for long-term promotion of corporate sustainability. Our aggressive commitment to our corporate spirit and core values has been recognized both in Taiwan and overseas on many occasions in recent years:

1. World-class corporate governance benchmarking

TWM is committed to maintaining integrity as its core value and promoting corporate governance. The Company's compliance with global standards has won not only the trust of investors, but also numerous awards and recognitions from domestic and international rating institutions. Last year, it received honors in the categories of Taiwan's "Best Managed Public Companies", "Best Corporate Governance", "Best Investor Relations" and "Best Corporate Committed to Paying Good Dividend" in FinanceAsia magazine's 2015 Asia's Best Companies Poll. TWM was selected for the third time as a member of the Dow Jones Sustainability Indices' (the world's first and most widely used global sustainability benchmarks) Emerging Markets Index. The Company was also a recipient for the second year in a row of "The Best of Asia: Icon on Corporate Governance, Taiwan region," the highest honor given by Corporate Governance Asia magazine in recognition of TWM's continuous excellent performance in winning corporate governance awards for the last eight years. Furthermore, TWM received an "A++" rating and was ranked among the top five listed companies in "Transparency and Information Disclosure" by the Securities and Futures Institute for the ninth consecutive year.

2. A role model for corporate social responsibility

TWM's efforts to employ its corporate and financial resources to assist non-profit organizations in promoting social welfare have gained wide recognitions, the "Corporate Social Responsibility Award" from Global Views Monthly for the seventh time last year and "Taiwan's Top 10 Role Model Company for Sustainability," the "Integrity and Transparency Award," the "Role Model Award for Community Service and Outreach" and the "2014 Taiwan's Top 50 Corporate Sustainability Report Award – Gold Award in Telecom Sector" from the Taiwan Institute for Sustainable Energy Research included. In addition, the Company's 2013 corporate social responsibility report received the International Standards on Assurance Engagements' 3000 certification, the first for a telecom operator in Taiwan. TWM also received the "Promoting and Deploying High-speed Broadband in Rural Areas" award from the NCC for supporting the government's policy of narrowing the digital gap between urban and rural areas.

3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services, which earned the following recognitions: Swiss SGS Qualicert certification for its direct store channels and customer service system and the “Trusted Brand Gold Award” from Reader’s Digest for the eleventh consecutive year. In addition, TWM’s cloud internet data center (IDC) received the “Brill Awards for Efficient IT” for its energy-saving and green design from the Uptime Institute, the world’s largest third party data center analysis institute, making it the first and the only recipient of the award in Taiwan.

For 2015, the acquisition of additional spectrum in the 700 MHz band as well as the anticipated release of further 4G spectrum in the 1800 MHz band means that we are in a strong strategic position to provide the best 4G mobile Internet service. The brand new high-speed Internet access, wide variety of mobile phone choices and innovative rate plans will help support the continued expansion of our 4G business. In addition to continuing to invest in digital convergence through telecommunications, cable TV, digital content and cultural creativity industries, we will also continue to embrace a philosophy of accountability to the environment and other shareholders in order to become a role-model for sustainability and corporate citizenship in the global ICT industry.

Chairman



About this Report

This is the 7th Corporate Social Responsibility (CSR) Report issued by Taiwan Mobile Co., Ltd. Taiwan Mobile releases CSR reports in Chinese and English on an annual basis. Feel free to visit our dedicated CSR website to get a better understanding of the accomplishments and progress of Taiwan Mobile in the field of CSR.

Report Period

This report was prepared in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies" and the Taiwan Mobile CSR Policy. It follows on from the economic, environmental and social management performance detailed in the 2013 CSR Report's (January 1 ~ December 31, 2013) and presents our company's actual accomplishments and performance data in terms of CSR management policy, environmental management policy, positive social feedback and response to material issues for 2014 (January 1 ~ December 31, 2014). Some of the information will date back to before 2014 or come from 2015 to highlight how that topic has changed over time and for the sake of completeness.

Report Boundary and Scope

The report boundaries were defined in consideration of the nature of operations and industry linkage. The report therefore focuses on this Company and the Taiwan Mobile Foundation while part of the information is also related to Taiwan Fixed Network Co., Ltd., Taiwan Mobile Digital Services Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan Fixed Network Media Co., Ltd., and Taiwan Kuro Times Co., Ltd. Operational performance related financial data have been verified by KPMG Taiwan. The main categories of the chapter on greenhouse gas inventories are defined in accordance with statements issued by third-party verification institutions. Operational performance, corporate governance, environmental protection, and social participation represent the main subjects of this report pursuant to current international practices in the field of disclosure of information on corpo-

rate operations. Discrepancies in the measurement of categories and quantitative data compared to the previous version are specifically indicated in their respective paragraph. The statistical data provided in the report are derived from Taiwan Mobile's own statistics and surveys and are presented with conventional data description techniques.

Reporting Guidelines and Certification

This report was compiled in accordance with the Global Reporting Initiative (GRI) G4 Guidelines. A limited assurance of the report contents was performed by KPMG, an independent institution with public credibility in accordance with the ISAE3000 standards. It has been verified by KPMG that the disclosed contents of the report conform to the G4 comprehensive options. The independent assurance report issued by KPMG has also been incorporated into the CSR report.

Contact Information

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Former CSR Reports

05

2013



2009~2010



2012



2007~2008



2011



2006

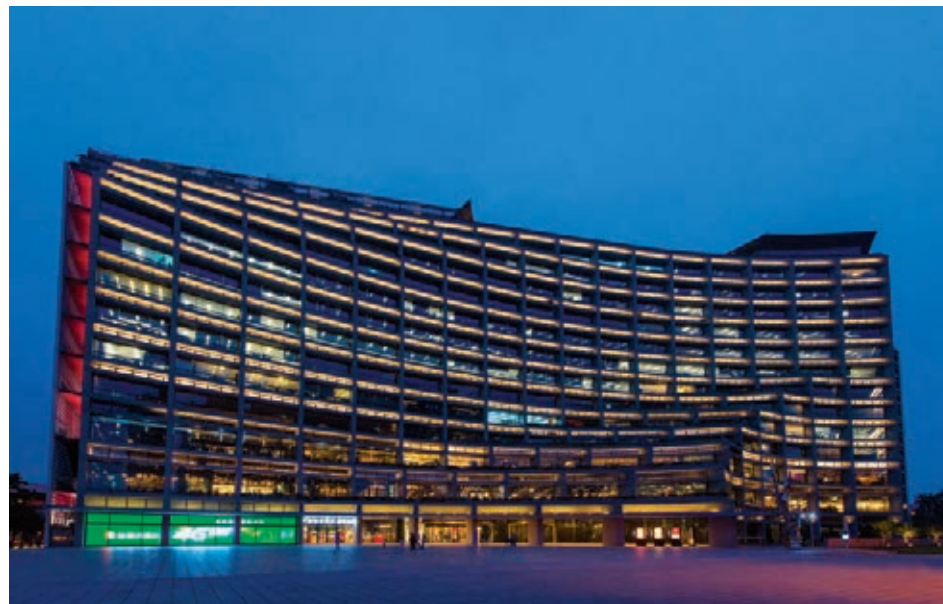


Sustainable Operations and Future Vision

Company Overview

Taiwan Mobile Co., Ltd. (abbreviated to TWM) was established in February 1997 and was awarded a government-issued operating license for first category telecommunication businesses in the same year. The company set up HQ, subsidiaries, and business locations in Taiwan and became the first privately operated telecommunication business to be publicly traded on the Taiwan Stock Exchange. In 2002, TWM was included in the Taiwan 50 Index and selected as an investment index constituent stock of Morgan Stanley Capital International (MSCI) and chosen as a DJSI (Dow Jones Sustainability Index) constituent stock for emerging markets in 2014 for the third consecutive year. TWM is listed as a DJSI constituent stock side by side with leading global telecommunication enterprises such as UK-based Vodafone and the US-based AT&T.

Between 2007 and 2008, the company acquired and merged with Taiwan Fixed Network, Taiwan Telecommunications, TransAsia Telecommunications, and Mobitai Telecommunications to enhance the scope of operations and gain the ability to provide integrated services. The corporate framework spans the fields of mobile communications, fixed networks, broadband Internet services, and cable TV. Users are provided with seamless, multi-screen cloud service digital convergence services through cross-platform integration capabilities. The company offers supreme product and service quality, innovative R&D capabilities, and world-class information security protection and creates optimized user experiences for its customers. TWM is the telecommunication and media service provider with the widest layout in the fields of telecommunication, internet, media, and entertainment. 2008 marked the official launch of three new brands: Taiwan Mobile, TWM Broadband, and TWM Solution. The official provision of 4G services in June 2014 marks a new milestone.

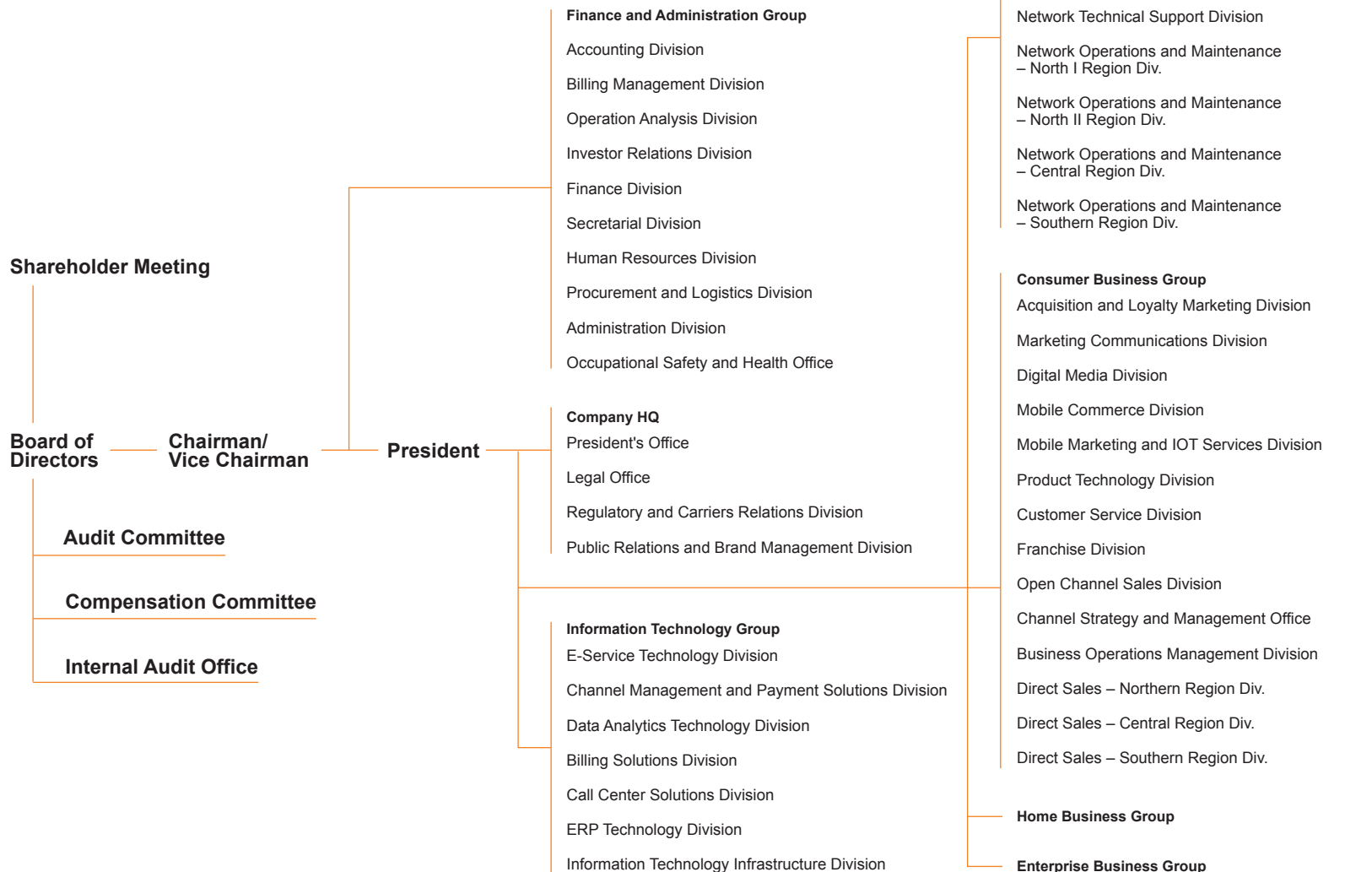


Business Philosophy

We aim to transform complex technologies into simple, practical, and user-friendly mobile services by embracing the concept of human nature. It is our passion to provide our customers with a fully satisfying digital lifestyle. Rooted in local culture, we insist on providing each customer in Taiwan with world class services and are committed to creating an even more gratifying mobile lifestyle. TWM is part of your daily life.

Facing the advent of the 4G high-speed Internet age, TWM, which constantly strives for innovation, aims to integrate the telecommunication, media, and cloud services and virtual and physical channels under the corporate banner based on a core strategy of digital convergence to provide cross-platform and seamless audiovisual and Internet application services. TWM provides individual services such as enhanced cloud video (myVideo) and online music services (myMusic), myBook online book shop, mobile games, (myPlay1) and shopping services (myfone) as well as mobile payment and personal health services (mySports) in addition to services for the family as the core unit such as automated security and surveillance systems and family videos. IaaS services and mobile office and cloud services cater to corporate customers. The provision of multidimensional cloud application services which meet customer demands will create an unprecedented new brand experience.

Organizational Framework



CSR Governance and Sustainability Vision

CSR Strategy

TWM insists on integrity as the fundamental principle for the implementation of corporate social responsibility, the maximization of values for our stakeholders, and the creation of a world-class sustainability benchmark enterprise of the information and communication industry. CSR has been incorporated into operational strategy development and the daily operations of management systems and departments. The board of directors ratified the company's CSR policy in January 2011 as the guiding principle for the long-term promotion of CSR. The Corporate Social Responsibility Best Practice Principles were ratified in January 2015. These principles are founded on the fundamental spirit and core values of the enterprise with an emphasis on perfect governance and a focus on stakeholders and full and accurate disclosure. The core technologies and services of the industry represent the strategic orientation with concrete practices in the fields of environmental protection and social welfare.

CSR policy

Article 1 The company shall, based on the principle of integrity, be firmly against any form of corruption and bribery. All personnel have to observe our "Code of Ethics" and "Ethical Corporate Management Best Practice Principles" to ensure the fulfillment of basic corporate social responsibility.

Article 2 The company shall meet the expectations of stakeholders, including employees, shareholders, clients, government agencies, local communities, non-profit organization and the environment, via a comprehensive framework of corporate governance and actively enhance its sustainable value.

Article 3 The company shall leverage its core technology competency and the resources of telecom, Internet and digital convergence to practice corporate social responsibility and maximize social benefits.

Article 4 The company shall adopt energy-efficient equipment and various environmental management measures to continue to innovate and minimize the environmental impact of its operation and improve ecological benefit. It shall also assist in constructing an intelligent and low-carbon society to accentuate the critical function of the communications industry and to reduce carbon emission for other industries and institutions via various computerized and mobilized services.

Article 5 The company shall continue to care for underprivileged groups and the sustainable development of local communities to make telecommunication and digital resources available to all and enhance the general digital competitiveness and information literacy of the society.

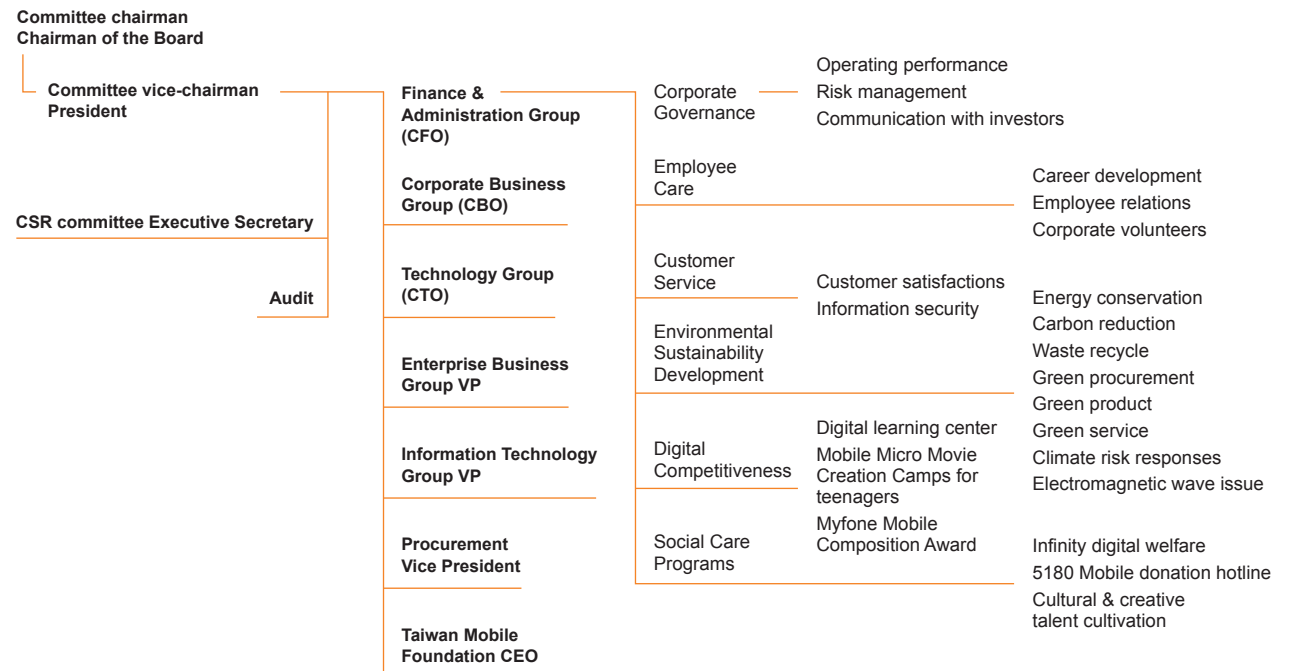
Article 6 The company shall communicate with the stakeholders based on the principle of fairly disclosing full and accurate information to ensure the transparency of business information.

Officially resolved by the Board of Directors on 27 Jan 2011

CSR Organizational Framework and Functional Operations

The Social Responsibility Department was established in 2007 and is directly subordinate to the Public Relations and Brand Management Division. The department is staffed with dedicated personnel in charge of the planning and execution of CSR strategies and projects in coordination with cross-departmental operations and has an independent budget. In 2014, the CSR committee, directly subordinate to the board, was officially established with the chairman of the board as the committee chairman and the president as the vice chairman to ensure the participation of the highest governance body in CSR related issues. Top executives from all business groups serve as committee members and identify risks and opportunities for relevant issues in the dimensions of economy, environment, and society with the goal of formulating sustainability strategies and designing a vision blueprint. The progressive planning of concrete actions is executed through the full integration of operational and core resources. These actions are implemented by different functional departments or project teams to generate a highly efficient recycling circulation process.

CSR Committee



The CSR Committee convenes once every quarter and submits reports to the chairman. By the end of the 1st quarter of 2015, a total of three committee meetings had been convened and three motions related to the Corporate Social Responsibility Best Practice Principles were passed by the board. The accountability and participation of top executives has been expanded to manifest supreme governance and corporate social responsibility is realized based on six main principles :

1. Implementation of corporate governance
2. Development of a sustainable environment
3. Focus on human rights and employee commitment
4. Guarantee of product liability
5. Promotion of social welfare
6. Strengthening of CSR information disclosure

We will continue to report CSR-related implementation results to the board. This includes results of stakeholder engagement, strategic planning, and relevant new proposals.

In addition, we organize educational training on a regular basis to provide detailed information about annual strategies and key implementation areas of CSR to top executives and department representatives. The goal lies in the promotion of corporate governance and social welfare and realization of environmental sustainability as well as the incorporation of relevant principles into operational strategies and management goals of the company to ensure the joint implementation of the sustainability vision of the company by all employees.

Sustainability vision and strategy

TWM is firmly committed to the goal of turning into a sustainability benchmark enterprise in the information and telecommunication industry. In the face of constant challenges in the areas of climate change responses, GHG controls, brand image maintenance, and supply chain management etc. We actively implements risk management to cope with crises and develop potential business opportunities. We have integrated our core resources in the fields of telecommunication, media and cloud services, and virtual and physical channels in our efforts to respond to materiality issues in the dimensions of economy, environment, and society. We have also developed a sustainability strategy blueprint which serves as the foundation for the CSR Version 2020 Project. For the first year of the plan, we have formulated short-, mid-, and long-term sustainable strategy goals. Follow-up implementation results and performance will be reported to the CSR Committee and board of directors on a regular basis. Our goal is to gradually create a corporate image highlighting the transformation of TWM as a pioneer in the field of CSR.

2015~2016

Preparation Stage

Convening of the CSR Committee
Participation in international rankings
Communication with external stakeholders
Supplier CSR governance
Carbon emission risk management

2017~2018

Strategy Stage

Promotion of CSR strategy integration
Transformation into a benchmark enterprise of international caliber
Organization of a CSR Forum
Organization of supplier conferences
Assessment of renewable energy applications

2019~2020

Value creation Stage

Integrated reporting and planning
Selection as leading judge for international awards
Creation of a CSR brand image
Supplier CSR appraisals
Value chain and climate change management

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Quantifiable Performance (in 2012 to 2014)

Economy and governance dimension

Item	2012	2013	2014	GRI G4 Indicator	Page No.
Consolidated revenue (1000 NTD)	99,740,256	108,407,931	112,623,879	G4-EC1	P16
Operating costs (1000 NTD)	61,625,644	69,571,020	75,098,238	G4-EC1	A.R. P94
Net income (1000 NTD)	16,550,199	15,817,781	15,553,105	G4-EC1	A.R. P94
EPS	6.07	5.79	5.56	G4-EC1	A.R. P87
Total assets (1000 NTD)	100,390,225	138,352,379	153,537,252	G4-9	A.R. P92
Total liabilities (1000 NTD)	42,746,932	79,831,738	87,025,002	G4-9	A.R. P92
Total equity (1000 NTD)	57,643,293	58,520,641	66,512,250	G4-9	A.R. P92

Honors and Recognitions

Environmental dimension

Item	2012	2013	2014	GRI G4 Indicator	Page No.
GHG emission (ton-CO ₂ e)	161,623	174,124.14	208,571.45	G4-EN15-16	P42
Electricity consumption (100 GWh)	2.99	3.28	3.9	G4-EN3	P42
Water consumption (m ³)	34,707	37,691	46,146	Voluntary disclosure	P47
Recycled resources (kg)	86,538	97,748	110,811	Voluntary disclosure	P48
Recycled waste electric cables and wires (kg)	397,720	311,895	288,310	Voluntary disclosure	P48
Number of recycled mobile phones	11,479	7,860	7,662	Voluntary disclosure	P48
Number of violations of environmental laws and imposed fines	0	0	0	G4-EN29	GRI

Social dimension

Item	2012	2013	2014	GRI G4 Indicator	Page No.
Total staff	2,959	2,379	2,311	G4-9	P29
Injury Rate (%)	0.035	0.076	0	G4-LA6	P37
Lost Day Rate (%)	0.14	0.52	0	G4-LA6	P37
Staff training (hours)	15.7	21.1	23.5	G4-LA9	P32
Customer satisfaction survey	3.8	3.7	3.7	G4-PR5	P53
Corporate volunteer hours	2,440	3,249	4,515	G4-EC8	P79
5180 donations (1000 NTD)	7,452	8,615	9,555	G4-EC8	P65
Community engagement (1000 NTD)	82,631	115,600	125,198	G4-EC8	--

- 2015-05 Excellence award in the “Annual CSR Survey-Service and Finance Section” of the 11th CSR Awards presented by Global Views Monthly (9th award received within a period of 11 years).
- 2015-03 TWM was the only telecommunication provider in Taiwan to be honored with awards for best management, best corporate governance, best investor relations, and best commitment to paying high dividends in the 2015 Best Asian Companies poll conducted by FinanceAsia and Taiwan Mobile Executive Vice President and Chief Financial Officer Rosie Yu was recognized as Best CFO in Taiwan.
- 2015-03 Recognized for exceptional telecommunication services in the 2015 influential brand survey conducted by Manager Today magazine.



- 2014-11 Honored with the following recognitions at the 7th Taiwan Corporate Sustainability Awards: Model Taiwanese Enterprise in the Field of Sustainability, Integrity and Transparency Award, Social Inclusion Award, and the TOP 50 Corporate Sustainability Reporting Gold Award in the Telecommunication Industry.
- 2014-11 Acquisition of the external ISO 50001 Energy Management System certification
- 2014-10 Honored with the Icon on Corporate Governance, a major award of the 10th Asian Excellence Recognition Awards organized by Corporate Governance Asia, for the eighth consecutive year
- 2014-09 Acquisition of the Euro Cloud Star Audit (ECSA) certification for the Taiwan Mobile Cloud Computing Services
- 2014-09 Selected as a Dow Jones Sustainability Index (DJSI) constituent stock for emerging markets for three consecutive years
- 2014-07 A++ rating for highest information transparency awarded for the 11th Information Disclosure and Transparency Ranking System for Publicly Listed Companies for the ninth consecutive year.
- 2014-06 Selected as a Trusted Brand and honored with a gold award in the field of phone services (fixed net or mobile) by Reader's Digest eleven years in a row.
- 2014-05 Top award in the public welfare promotion section of the 10th CSR Awards presented by Global Views Monthly
- 2014-04 Cloud IDC is the only center of its kind in Taiwan which has been awarded a Brill Awards for Efficient IT presented for the first time by the Uptime Institute
- 2013-12 Award for outstanding achievements in the field of group effects of healthy weight management activities in Taipei City presented by the Department of Health, Taipei City

- 2013-11 Honored with the CG6006 Advanced Corporate Governance Certification for the third consecutive time
- 2013-11 Taiwan Corporate Sustainability Excellence Award and Social Inclusion Model Award
- 2013-10 Continued ranking as a leading telecommunications service provider with the Best Reputation Benchmark in Taiwan in 2013
- 2013-09 Acquisition of the external ISO 14064-1 GHG inventory certification
- 2013-08 Honored with the Commonwealth Corporate Citizen award presented by Common-Wealth Magazine for the seventh time



Stakeholder Communication and Material Issues Identification

TWM has a firm grasp of issues of concern to different stakeholders. We not only continued to rely on the six main shareholder categories identified in the previous year in accordance with the AA1000 principles and internal identification procedures, but also conducted a CSR opinion survey of external stakeholders for the first time in 2014. Questionnaires were distributed to four types of stakeholder. All questionnaires were returned for a response rate of 100%. At the end of the year, we convened a conference with stakeholders to discuss the dimensions of economy, society, and environment issues. Finally, internal opinions were integrated and two new stakeholder categories were identified (media and appraisal organizations). A total of eight stakeholder categories have been identified in 2014: Employees, suppliers, competent authorities, communities/NGOs, customers, shareholders/investors, media, and appraisal organizations.

TWM has established dedicated communication channels for the different type of stakeholder to address and respond to the demands of stakeholders. We organizes engagement conferences to facilitate face-to-face communication with customers, NGOs, and suppliers and respond to their expectations. These discussions serve as a main reference for practices in the three key areas of economy, society, and environment and lay the foundation for sustainable development of TWM. Stakeholder communication channels, response methods, and concrete responses of TWM in 2014 are shown in the table below.

Stakeholder Communication Mechanism and Our Response

Key stakeholders	Communication channels	Frequency	Issues of concern/Responses
Employees	Performance assessments, performance interviews, and discussion of career development	Biannually	Employee remuneration/benefits and career development - CH2 Corporate governance and operational performance - CH1 Grievances - CH2
	Internal Communication Mechanism	Non-scheduled	
	Internal educational training	Non-scheduled	
	Staff satisfaction surveys	Every 2-3 years	
	Employee welfare committee/committees	Non-scheduled	
	Internal and external website	Non-scheduled	
	Labor-management meetings	Quarterly	
Suppliers	President and grievance mailbox	Non-scheduled	Supplier management - CH6 Grievances - CH6
	Manufacturer communication mechanism	Non-scheduled	
	Meeting for education on norms	Non-scheduled	
	Mail	Monthly	
	Grievance hotline	Non-scheduled	
Competent authorities	Questionnaires/Conferences	Non-scheduled	Legitimacy/legal compliance - GRI Content Index ; 1.1.2
	Meetings/Visits	Non-scheduled	
Communities/NGOs	Official documents	Non-scheduled	Creation of social value- CH5 Ethical corporate management - CH1 Product and service safety - CH4
	Electromagnetic wave testing hotline	Non-scheduled	
	Public welfare events	Non-scheduled	
	Foundation website	24H	
Customers	Questionnaires/Conferences	Non-scheduled	Product and service safety - CH4 Personal Data Security - CH4 Smart low-carbon products and services - CH3 Customer services/ Internet quality - CH4 Grievances - CH4
	Customer service hotline and mailbox	24H	
	Marketing activities	Non-scheduled	
	Customer satisfaction surveys	24H	
	Public information	Non-scheduled	
	Communication through text messages	Non-scheduled	
	Official documents	Non-scheduled	
	Official website and customer service APP	24H	
Shareholders/Investors	Questionnaires/Conferences	Non-scheduled	Corporate governance and operational performance - CH1 Market/brand image - CH1 Ethical corporate management - CH1
	General Shareholders' Meeting, investor conferences and meetings, road show	19 events in 2014	
	Special website section for investors	24H	
Media	Questionnaires	Non-scheduled	Product and service safety - CH4 Market/brand image - CH1 Personal data security - CH4
	News release	5-8 per week	
Appraisal organizations	Press conference	Non-scheduled	Corporate governance and operational performance - CH1 Creation of social value - CH5 Smart low-carbon products and services - CH3
	Submissions for major national awards	2-3 times a year	
	Responses to international questionnaires - CDP & DJSI	Annually	

Materiality Assessment Procedures

TWM uses various channels to communicate with stakeholders, so as to compile and organize issues of concern based on the principles of sustainability context, materiality, integrity, and stakeholder tolerance. Material issues are identified through three channels. Firstly, a vision blueprint is formulated in accordance with the sustainability strategies developed by the CSR committee. Secondly, industry trends are analyzed and assessments are conducted based on industry characteristics. Thirdly, conferences are organized to facilitate face-to-face communication with suppliers, NPOs, and customers to gain a better understanding of the level of concern for TWM sustainability issues. The materiality assessment procedures may be summarized as follows:



STEP 1 Identification

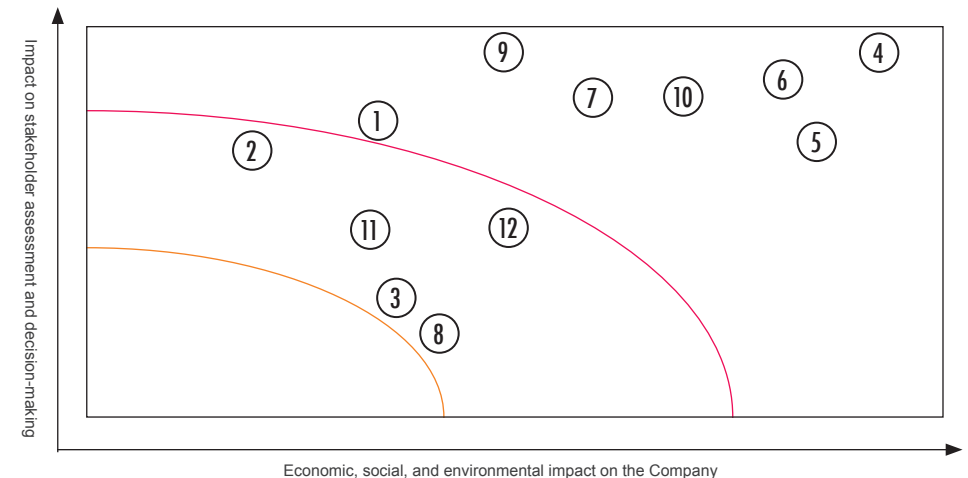


STEP 2 Ranking

After determining a list of issues to be disclosed in the report via the aforementioned three methods, the material issues and corresponding aspects identified by the CSR Committee are assessed in accordance with the two axes of “Level of concern of stakeholders” and “Level of impact on the Company”. Issues are ranked according to materiality and a materiality matrix is designed based on these assessments.

1 Supplier management	2 Product and service safety	3 Grievance mechanism
4 Corporate governance and operational performance	5 Smart low-carbon products and services	6 Personal data security
7 Creation of social value	8 Customer service/Internet quality	9 Legitimacy/legal compliance
10 Staff remuneration, benefits, and career Development	11 Market/brand image	12 Ethical corporate management

Materiality matrix



Material issues	Corresponding material aspects		Meaning	Boundaries				
				Internal	Suppliers	Customers	Shareholders/ Investors	Communities/ Society
Supplier management	EN32-EN33	Supplier environmental assessments	Guide suppliers in the joint implementation of CSR management practices	●	●			
	EC9	Procurement practices		●	●			
	LA14-LA15	Supplier assessments for labor practices		●	●			
	HR10-HR11	Supplier human rights assessments		●	●			●
	SO9-SO10	Supplier assessments for impacts on society		●	●			●
Product and service safety	PR1-PR2	Customer health and safety	Emphasis on customer health and safety and increase of the trust in service quality as well as improved handling of electromagnetic waves			●		●
Grievances	LA16	Grievance mechanism for labor practice issues	Provision of a transparent and fair grievance channel for employees	●				●
	EN34	Grievance mechanism for environmental issues	Provision of a grievance channel to reduce controversies					●
	HR12	Grievance mechanism for issues related to human rights practices		●				●
	SO11	Grievance mechanism for issues related to social impacts						●
Corporate governance and operational performance	EC1-EC4	Economic performance	Generation and distribution of operational performance and response on how to maximize stakeholder values	●			●	
Smart low-carbon products and services	EN15-EN21	Emissions	Active determination of GHG management conditions and strategies to exhibit leadership ability in the field of responses to climate change issues	●				
	EN27-EN28	Products and services	Low-carbon applications of newly developed products and services facilitate the reduction of environmental impacts and the creation of new market opportunities	●		●		
	EN3-EN7	Energy	Comprehensive energy management system to reduce operating costs and boost environmental sustainability and relevant strategies	●				
Personal data security	PR8	Customer privacy	Implementation of rigorous personal data management to protect customer data and thereby enhance customer loyalty and satisfaction			●		
Creation of social value	EC7-EC8	Indirect economic impacts	Public welfare events and newly developed products and services generate a positive impact on society	●		●		●
Customer service/Internet quality	PR3-PR5	Product and service labeling	Provision of detailed product and service information and accountability to customers			●		
Legitimacy/legal compliance	EN29	Compliance with environmental laws and regulations	Maintenance of brand reputation	●				
	PR9	Product accountability and legal compliance		●		●		
	SO8	Legal compliance in the social dimension		●				●
Employee remuneration/ benefits and career development	LA1-LA3	Labor-employer relations	Comprehensive remuneration and benefits system and sound staff structure to attract more talent, promote a professional training system, and encourage cohesion between employees and the Company	●				
	LA9-LA11	Training and education		●				
	LA12	Employee diversity and equal opportunities		●				
	LA5-LA8	Occupational health and safety	Occupational safety includes the promotion of a healthy and safe work environment and provision of complete training programs	●				
Market/Brand image	EC5-EC6	Market image	Provision of lucrative salaries, higher approval by local society, and focus on human rights and workplace equality	●		●		●
	HR3	Non-discrimination		●				
	LA13	Equal remuneration for men and women		●				
	HR5	Child labor		●	●			
	HR6	Forced and compulsory labor		●				
Ethical corporate management	SO3-SO5	Anti corruption	Maintenance of corporate brand reputation	●	●		●	
	SO7	Anti-competitive practices			●		●	

1. Business Governance

Core Philosophy

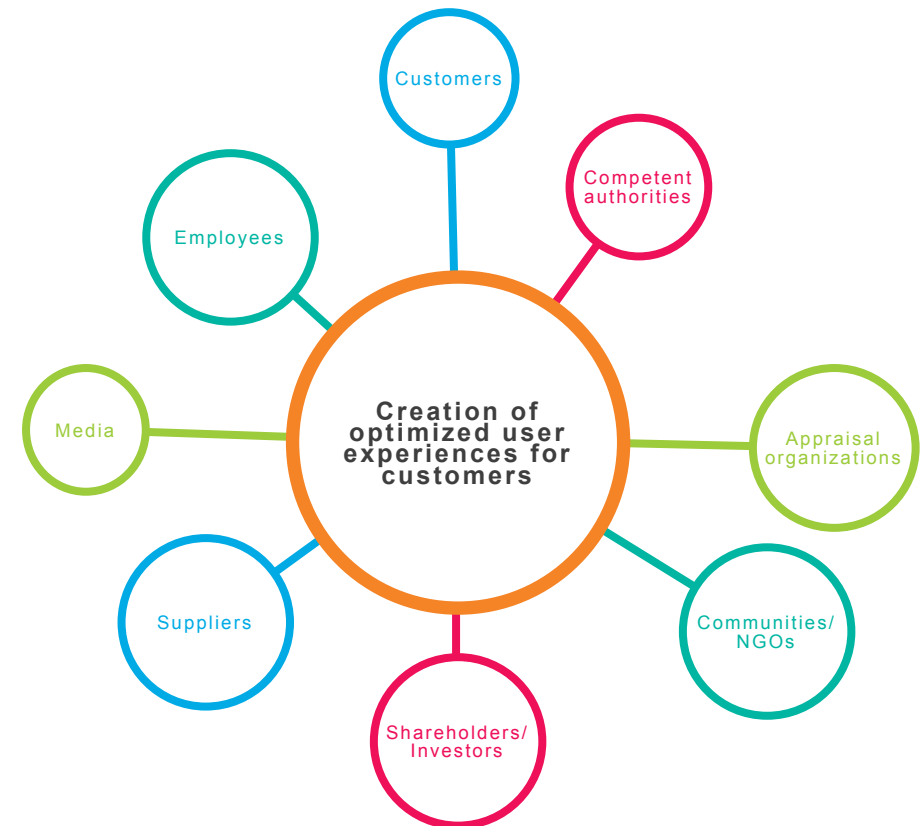
TWM embraces the core concept of “Creation of optimal user experiences for customers” in the provision of comprehensive communication and media services with the goal of turning into a benchmark enterprise in the information and communication industry. We insist on integrity as the fundamental principle for the implementation of corporate social responsibility to maximize the values of our stakeholders, which include our employees, suppliers, competent authorities, communities/NGOs, customers, shareholders/investors, media, and appraisal organizations.

Commitment and Action

We aim to provide customers with supreme telecommunication and digital convergence services, actively formulate sustainable business strategies, and employ our digital resources to create new technologies and further digital philanthropy on a foundation of world-class corporate governance, transparency, and integrity. This is a concrete manifestation of our accountability to stakeholders. Due to our continued efforts, we achieved brilliant results in 2014.

Achievements and Performance

- TWM was the only telecommunication provider in Taiwan to be honored with awards for best management, best corporate governance, best investor relations, and best commitment to paying high dividends in the 2015 Best Asian Companies poll conducted by FinanceAsia and Taiwan Mobile Executive Vice President and Chief Financial Officer Rosie Yu was recognized as Best CFO in Taiwan.
- Honored with the Icon on Corporate Governance, a major award of the 10th Asian Excellence Recognition Awards organized by Corporate Governance Asia, for the eighth consecutive year.
- A++ rating for highest information transparency awarded by the Information Disclosure and Transparency Ranking System for Publicly Listed Companies for the ninth consecutive year.



Vision and Planning

The Company is committed to constant enhancement of the operational efficiency of telecommunication services and stimulation of the growth of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as well as the generation of higher profits in other business areas such as cable TV and e-commerce retail. In addition, CSR Best Practice Principles are implemented in overall operations and governance strategies. Active participation in international appraisals (DJSI and CDP) serves the purpose of evaluating implementation performance and provides motivation to achieve strategic goals in order to enhance international competitiveness.

1.1 Corporate Governance

1.1.1 Operating Performance

The business system of the TWM Group is divided into the following four business groups: consumer services, home services, enterprise services, and retail services. An overview of the services and revenue conditions of different business groups is provided below:

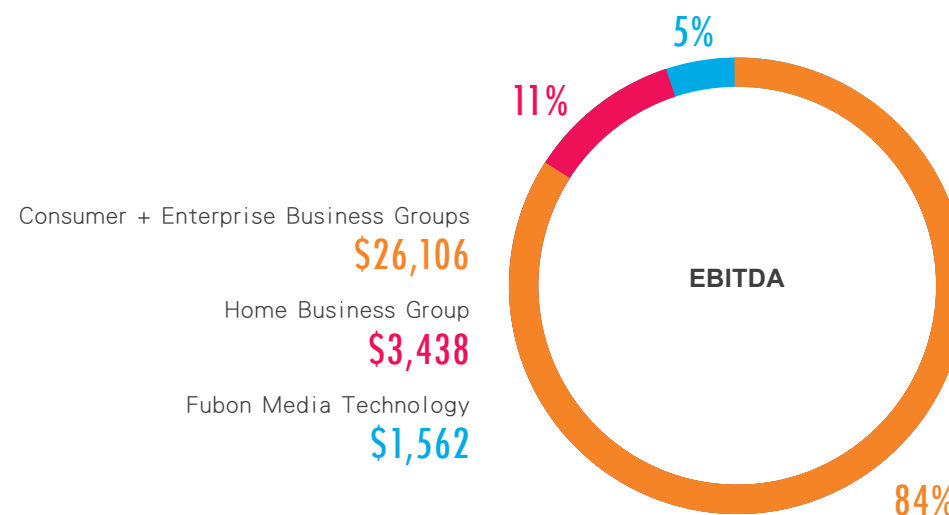
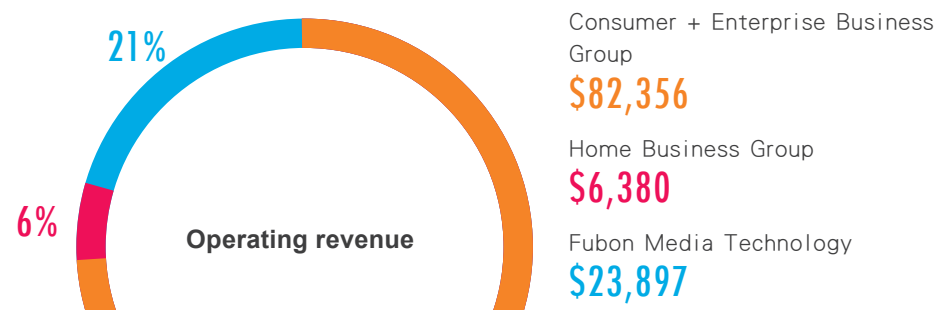
Overview of the services provided by different business groups

Business system	Consumer Business Group	Enterprise Business Group	Home Business Group	Retail Business
Brand name	TWM	TWM Business Solution	TWM Broadband	momo (Fubon Media Technology)
Service type	Telecommunication services		Cable TV services	E-commerce retail services
	Mobile business	Fixed-line business		
Main service content	Mobile telecommunication services for consumers including monthly rental plans, prepaid plans, and value-added services	Integrated information and communication services for enterprises including fixed-line services (Voice message/ data/Internet), corporate mobile services, and International simple resale (ISR) services	Pay TV services and cable broadband services.	TV house shopping, online shopping and mail order.
Market position / share	Second-largest mobile operator in a five-player market, with a market share of around 29% in terms of mobile service revenue.	A market share of around 1% for ADSL/FTTx business. One of the top three internet service providers (ISP), with a market share of 3.5% (including 190K cable broadband subscribers from its cable business)	Fourth-largest multisystem operator (MSO), covering about 11% of households in Taiwan	Ranked among the top three in both online shopping and TV home shopping businesses
User numbers	7,430K mobile subscribers	Around 70K ADSL/FTTx internet access users	Over 590,000 Cable TV subscribers and 190K cable broadband subscribers	Not applicable

Telecom Business (Consumer and enterprise business groups)

Due to the continued promotion of the tied sale of smartphones and mobile Internet services, the percentage of monthly rental-type users who also subscribe to mobile data services increased from 54% in 2013 to 62% in 2014. As a result, revenues from mobile Internet services in 2014 rose by 24% compared to the previous year and the revenue from mobile data services accounted for 51% of the total revenue derived from all mobile services. If the revenue from the sale of smartphones is added, the gross revenue derived from telecommunication services in 2013 grew by 1% compared to the previous year.

Operating performance of different business groups in 2014 (Unit: Million NTD)



*Data source: Financial reporting for segment in financial reports. Sums and total data differences are offset and adjusted between departments (calculated in accordance with International Financial Reporting Standards)

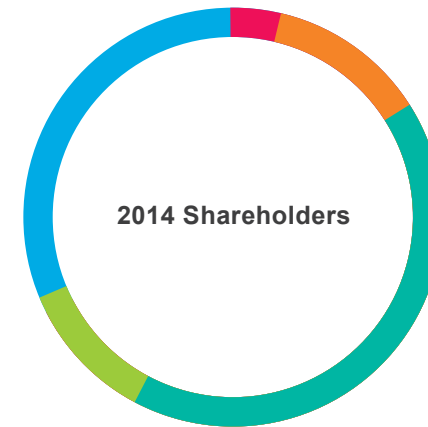
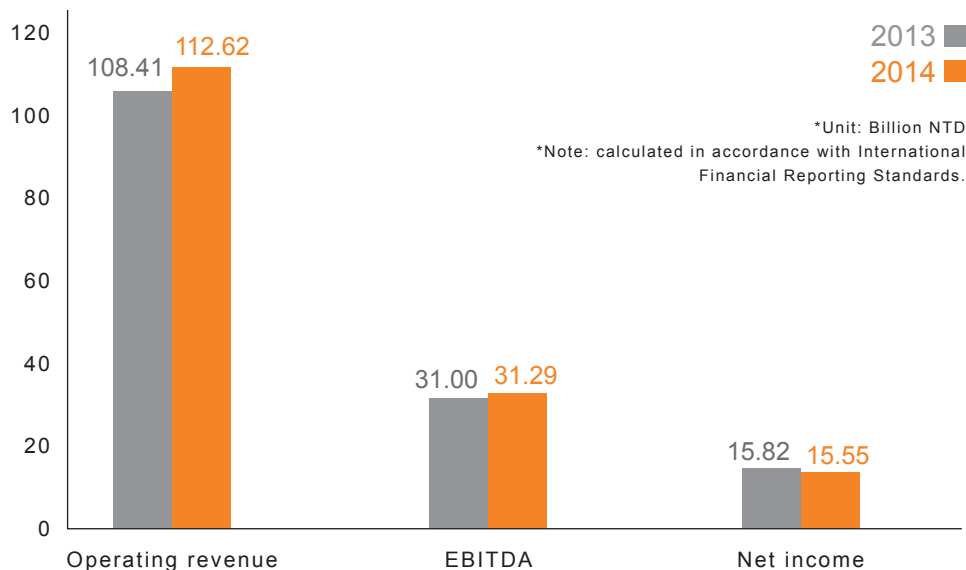
Cable Business (Home business group)

The total revenue of the household user business group in 2014 increased by 2% compared to the previous year. We mainly benefited from the rising penetration rate of both digital TV and broadband Internet services, which in turn is a result of our tie-in sales strategy. In addition to basic cable TV services, the proportion of extra subscriptions to digital TV and broadband services by household users is gradually rising. Stable revenue growth has also led to a growth of EBITPA from cable TV services by 5% compared to the previous year.

Retail Business (Fubon Media Technology)

The main growth impetus stems from the continued expansion of online shopping services. In 2014, the revenue from online shopping rose by 30% compared to the previous year. In addition, the Company also sold its cosmeceutical retail channel and reduced the number of TV shopping channels to cut down on expenses, which in turn resulted in a growth of annual EBITDA by a whopping 50% compared to the previous year.

2013-2014 Overall consolidated annual operational performance



Government agencies 4.00% Financial institutions 12.45%
External organizations and persons 31.49%
Individuals 11.22% Other legal persons 40.84%

*Note: As of July 5 2014, no major changes of the shareholder structure have occurred.

In conclusion, the consolidated gross revenue for the year 2014 grew by 4% compared to the previous year mainly due to the launch of G4, continued buoyant sales of 3G/4G smartphones, which in turn resulted in a growth of revenues from telecommunication services as well as cable TV and broadband Internet services (by 5% compared to the previous year), while the annual growth rate of the income derived from online shopping services of subsidiaries amounted to 30%. As far as profits are concerned, TWM's EBITDA grew by 1% compared to the previous year due to rising profits from cable TV and retail services despite the fact that income derived from newly launched 4G services was not sufficient to offset rising operational and marketing expenditures generated by the construction of LTE networks and the increase of 4G penetration rates. Net operating revenue and net after-tax earnings exceeded the financial forecasts for every quarter.

Dividend policy and Shareholder rights

TWM distributes earnings as dividends pursuant to regulations set forth in our Articles of Incorporation and current laws. Employee bonuses are paid out in cash to safeguard the rights and interests of shareholders. Votes are held on all relevant proposals during shareholders' meetings and voting rights may be exercised by electronic ballot to facilitate the exercise of shareholder rights. The 2014 shareholder structure is shown below (for more details on dividends please refer to the Annual Report)

Tax policy and Government subsidies

TWM continue to expand and earn profits and income taxes are filed and paid in an honest manner pursuant to the tax regulations. We also support and invest in major infrastructure projects promoted by the government and various R&D measures. Applications for tax preferences are submitted in accordance with the law.

The tax rate of the Company is roughly equivalent to the statutory tax rate of 17%. The discrepancy stems from tax exempt dividends or net earnings distributed to other profit-seeking business entities in host countries as well as applications for investment tax credits and tax preferences in accordance with the Statute for Industrial Innovation and other relevant laws. Major financial subsidies granted by the government in 2014 are listed below.

2014	Unit : 1,000 NTD
Income tax paid in cash	3,040,263
Tax preferences (investment tax credit)	48,001
Government subsidies	37,151

Data source were referred from TWM's consolidated financial statements and subsidiaries, the 2014 chart of net costs of universal data and communication services for uneconomic areas, and audit reports issued by accountants (Taiwan Fixed Network).

1.1.2 Governance framework and Operation mechanism

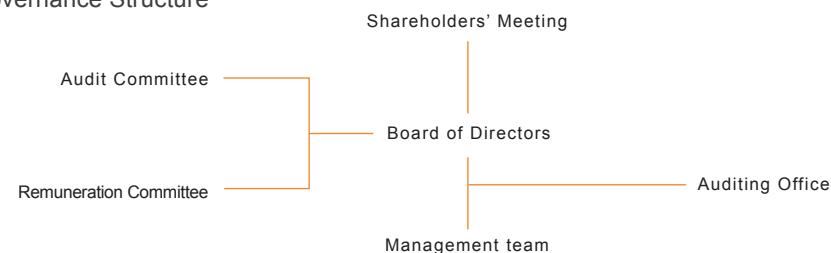
Operations of the highest governance body

1. Board of directors

Title	Name	Gender	Advanced training
Chairman	Richard M. Tsai	Male	The Company continues to encourage board members to attend internally and externally organized educational training courses related to sustainability issues (a majority of directors attended such courses in 2014).
Vice Chairman	Daniel M. Tsai	Male	
Director	James Jeng	Male	
Director	Howard Lin	Male	

Director	Vivien Hsu	Female	This includes the following courses: “Sustainable Thinking and Practice” , “Overview of the Global Sustainable Development - Case Study of the Telecommunication Industry” , “Corporate Social Responsibility and Sustainable Management” .
Independent director	Jack J.T. Huang	Male	
Independent director	Tsung-Ming Chung	Male	
Independent director	Hsueh-Jen Sung	Male	
Independent director	Guu-Chang Yang	Male	
For the educational background and advanced training of directors please refer to p.13, 22, and 26 of the 2014 Annual Report			

Governance Structure



The board of directors headed by the Chairman is the highest governance body of the Company. Board members serve for a term of three years (June 12, 2014-June 11, 2017) and the chairman does not hold concurrent administrative positions. The board's main responsibilities include the monitoring of legal compliance, real-time disclosure of material information, and ethical corporate management. Secondly, the board is also responsible for maintaining good communication channels and positive interactions with the management team and the provision of guidance for the execution of company operations and major resolutions and decisions to ensure corporate development and safeguard the rights and interests of shareholders. Four independent directors have been appointed which exceeds the required legal quota. Their expertise spans various field including law, accounting, financial services, and telecommunication services and they possess the knowledge, skills, and literacy required for the execution of their duties. The Audit Committee and Remuneration Committee are composed of the independent directors of the board formulate a series of operational guidelines and regulations to guarantee the soundness and effective operation of the system.

The board upholds the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and has successively formulated and amended relevant rules and regulations such as the Corporate Governance Code of Practice, Audit Committee Charter, Remuneration Committee Charter, Rules of Procedure for Board Meetings, Rules of Procedure for Shareholder Meetings, Procedures for the Handling of Major Insider Information, Rules of Moral Conduct, Ethical Corporate Management Rules, CSR Policies, CSR Best Practice Principles, and Operational Procedures for Transactions with Group Enterprises, Specified Companies, and Stakeholders to ensure the implementation of corporate governance.

The Company amended the Regulations Governing the Election of Directors in 2013, which now stipulate a candidate nomination system for the election of all board directors. Candidates are nominated, reviewed, and publicly announced by the board or shareholders with a legally prescribed shareholding ratio in accordance with stipulated procedures. Elected directors are required to sign a consent letter and confidentiality agreement, exercise the due care of a good administrator, fulfill their fiduciary duty, and perform their duties in honesty and good faith. The Company also purchases liability insurance for its directors to reduce risks associated with the execution of duties. The regulations set forth in Article 15 of the Rules of Procedure for Board Meetings state that if a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. No instances of such interested party relationships and recusal from discussion and voting were recorded in 2014. For more details, please refer to p.22 of the chapter on corporate governance in the annual report issued by the Company.

2. Executive Compensation

Compensation of board directors and independent directors is based on the regulations set forth in the Articles of Incorporation and the Compensation Guidelines for Board Directors. In addition, the appropriateness of the remuneration for board directors, independent directors, presidents, and vice presidents (variable pay of Presidents and Vice Presidents makes up around 50% of personal annual salaries) is regularly reviewed by the remuneration committee which is composed of independent directors based on

the degree of contribution to company operations including future operating risks and level of involvement in CSR related matters. Compensation for Presidents and Vice Presidents for the respective year is paid and reported to the Remuneration Committee by the HR Division. The appropriateness of salaries and compensation is reviewed on a regular basis.

The performance of board directors is evaluated before the end of every year in accordance with Board Performance Evaluation Guidelines formulated by the board of directors. The Remuneration Committee compiles the analysis results and submits assessment reports and improvement proposals to the board. The board performance evaluations for 2014 were conducted during the 5th meeting of the 7th board on Jan 29, 2015 in form of a self-appraisal by the board members.

Monitoring Mechanism

1. Dedicated internal control and audit units

We have established an Auditing Office, which is directly subordinate to the board of directors, to create a self-monitoring mechanism. The Office is in charge of conducting audits of all financial and business operations and management functions of the Company and its subsidiaries divided into ten main cycles in accordance with relevant laws and regulations. In addition to routine audits, which are performed in accordance with annual plans, project audits are scheduled based on actual requirements with the goal of the timely identification of potential shortcomings of the internal control system and the provision of suggestions for improvement. Upon completion of audits, the Auditing Office submits relevant reports to the Chairman. Audit managers deliver reports on execution conditions and results during Audit Committee and Board meetings on a regular basis to ensure the implementation of corporate governance.

2. Audit Committee

TWM established an Audit Committee in accordance with the Securities and Exchange Act in June 2008 in line with the spirit of corporate governance as a substitute for supervisors. The committee's monitoring functions can be summarized as follows:

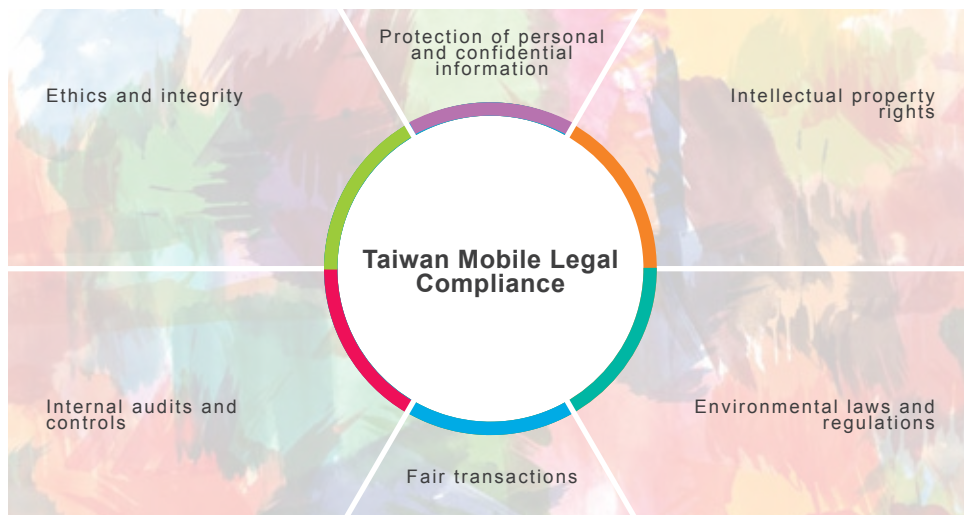
- (1) Fair presentation of financial statements
- (2) Selection of CPAs and assessment of their independence and performance
- (3) Effective implementation of the internal control system
- (4) Guarantee of compliance with relevant laws and regulations

(5) Control of existing or potential risks

As of 2014, the Audit Committee is composed of the four independent directors. Individual audit departments are directly responsible to the Audit Committee pursuant to the Audit Committee Charter and deliver reports on key operations of the Company and its subsidiaries to the independent directors during Audit Committee meetings every quarter, while hired CPAs report on the results and findings of financial statement audits during those meetings.

3. Remuneration Committee

The Remuneration Committee is comprised of four independent directors and acts in accordance with the Remuneration Committee Charter. The committee's main responsibilities consist of regular reviews of performance assessments of directors and managers and formulation of remuneration related policies, systems, standards, and structures as well as regular assessments and determination of salaries and compensation for directors and managers.



Moral integrity and Legal compliance

Integrity is one of our core values and serves as the key foundation for sustainable operations. We are strictly committed to the implementation of corporate governance and the scrupulous observation of the Company Law, Securities and Exchange Act, Commercial Accounting Law, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and laws and regulations governing public offerings and other types of commercial behavior. Integrity has been internalized into our corporate culture through a rigorous internal control system, educational training, internal communication, and a code of practice.

Moral conduct of staff members is an important link in all evaluations.. In July 2010, we turned these behavioral norms into written rules by formulating the Rules of Moral Conduct. These rules encompass principles of integrity and trustworthiness as well as norms related to the prevention of conflicts of interest and inappropriate personal gain, confidentiality obligations, fair transactions, and proper protection and use of company assets. Our staff members display great integrity in their pursuit of high standards of moral behavior.

Newly inducted employees are educated on the code of conduct during orientation training including an introduction of integrity as a key component of corporate culture, anti-corruption policies, and the employee grievance mechanism. All our employees have completed the "Rules of Moral Conduct" training program, which provides them with a better understanding of the moral norms, and which must be carefully observed in their daily work. A total of 681 newly added trainees attended this program in 2014. All colleagues who joined the Company before the end of 2014 have completed this training and passed the post-course exams.

The Company has established an employee grievance system. The completely safe reporting mechanism enables employees to submit opinions and feedback in a safe and confidential manner.

The Taiwan Mobile Ethical Corporate Management Best Practice Principles were formulated in January 2011. The application range includes subsidiaries, corporations with accumulated direct or indirectly contributed funds in excess of 50% and other institutions or corporations under de facto control of the Company.

The ethical corporate management rules of the Company specifically prohibit the

Employee Rules of Moral Conduct



Article 1 (Purpose and Basis of the Code of Ethics)

The Code of Ethics is adopted for the purpose of directing the directors, officers, managers, and employees of the Company to act in conformity with the standard of ethics, and ensuring that the stakeholders of the Company understand the ethical standard of the Company.

Article 2 (Persons Subject to Code of Ethics)

This Code of Ethics shall be applied to the board of directors, officers, managers, and other employees of the Company (collectively "the Personnel").

Article 3 (The Principle of Honesty and Credibility)

In the event of performing their duties, the Personnel of the Company shall be proactive, responsible, prudent, and shall abandon sectionalism, focus on teamwork, and diligently comply with the principle of honesty and credibility.

Article 4 (Prevention of Conflict of Interest)

The Personnel of the Company shall deal with corporate events objectively and efficiently, and shall not improperly take benefits based on the Personnel's position for themselves, their spouses, parents, children or relatives within three degrees of kinship.

In the event that the aforementioned Personnel's affiliates receive loans or guarantees, engage in material assets transactions, or purchase (or sell) products from (or to) the Company, the relevant Personnel shall voluntarily and sufficiently explain to the Company whether there exists any potential conflict of interest with the Company in order to gain proper approval from a supervisor.

Article 5 (No Self-Benefiting)

In the event that the Company has the opportunity to obtain benefits, the Personnel shall ensure that the Company is able to acquire them lawfully.

The Personnel shall not:

1. acquire the opportunities for benefit or benefit themselves by using the Company's assets or information or by virtue of their positions with the Company; or
2. compete with the Company.

Clause 6 (Confidentiality)

1. The Personnel shall, unless otherwise authorized or required to disclose by law, keep the company information and the information of suppliers / customers in strict confidence. The confidential information includes all non-public information that may cause damage to the Company or the customers if such information is disclosed or used by a competitor.
2. The Personnel shall keep the confidential, technical, personal or any other non-public information or trade secrets in connection with the Company, the affiliates of the Company, the customers of the Company or its affiliates, or any other third party, whether in writing or orally, marked "confidential" or not, in strict confidence ("Confidential Information"), and should not inquire, search and use such Confidential Information without justifiable cause. The Personnel shall not deliver, transfer, copy, duplicate, publish or in any other way disclose any of the Confidential Information without the Company's prior written consent.

Clause 7 (Fair Transactions)

1. The Personnel shall treat the Company's suppliers, customers, competitors and competitors' employees on a fair basis, and shall not manipulate, conceal or abuse the information acquired due to their position. The Personnel shall

not make false statements on important issues or gain any improper advantage by unfair transactions.

2. In the event of performing their normal duties, the Personnel shall comply with the ethical standard and fair-trade principal stipulated by the Company. With respect to the acceptance of a gift or hospitality from suppliers or contractors, the Personnel:
 - (1) shall not request or arrange to receive any gift, rebate, bribery or any other improper benefits by virtue of their positions;
 - (2) shall be strictly prohibited from receiving any cash or securities. If the Personnel find that any gift or hospitality from suppliers or contractors is not conforming to social custom, the Personnel shall refuse such gift or hospitality immediately;
 - (3) shall report to the supervisors of their own department and the head officer of the audit department if the Personnel found that, after receiving the gift or hospitality from suppliers or contractors, the gift or hospitality is not conforming to social custom due to force majeure.

Clause 8 (Proper Protection and Use of the Company's Assets)

The Personnel shall protect the assets of the Company, ensure the asset to be validly and legally used for business purposes, and avoid the asset from being stolen, wasted or neglected.

Clause 9 (Compliance of Laws and Regulations)

The Personnel shall comply with all the laws, rules, regulations and policies stipulated by the Company governing its operations. Once the Personnel is aware of any critical non-public information, the Personnel shall not conduct any security transaction in accordance with the "Securities and Exchange Act" and other relevant laws and regulations.

Clause 10 (Reporting a violation of the Code of Ethics)

If any employee discovers or suspects that there is an event conflicting with the law, regulations, or the Code of Ethics, the employee shall voluntarily report to the audit committee, managers, internal audit officers or other appropriate officers, and shall provide sufficient information so that the Company may properly handle the subsequent matters. The Company shall handle the employee's report in strict confidence and shall use its best endeavour to protect the reporting employee's safety.

Clause 11 (Penalty and Appeal)

In the event that a director or manager is in violation of the Code of Ethics, the Company shall deal with the violation in accordance with the relevant regulations. The Company shall establish an appeal procedure where the accused personnel may formally challenge the initial ruling.

Clause 12 (Method of Disclosure)

The Company shall disclose the Code of Ethics in the annual report, public prospectus, and Market Observation Post System, and the same procedure shall apply to the amendments.

Clause 13 (Enforcement)

The Code of Ethics shall be adopted for enforcement after resolution by the board of directors, delivered to the audit committee for reference and shall be reported to the shareholders' meeting. The same procedures shall apply to the amendments.

offering and acceptance of bribes, the provision of illegal political donations and improper charitable donations or sponsorship, unreasonable gifts or hospitality or other illicit profits, while specifying prevention plans and handling procedures. Announcements and notices of relevant regulations are provided on a regular basis for staff members, managers, and board directors. As of January 1, 2014, all employees are required to sign an integrity statement to strengthen the concepts of integrity and self-discipline. As a result of effective education and control efforts through various mechanisms, no employees were dismissed or penalized for bribery in 2014. We will continue our educational efforts in the future to give employees a better understanding of the importance and necessity of ethical conduct.

In addition to ethical norms, relevant policies and guidelines have also been formulated for other areas of legal compliance including personal data protection, preservation and destruction of documents, protection of confidential information, guarantee of fair transactions, compliance with environmental laws and regulations, internal audits and controls, anti-corruption policies, and protection of intellectual property rights. To provide our staff with a clear understanding of all legal compliance related issues, we organize corporate governance seminars on an irregular basis, while providing regular education on legal cases through active learning methods. The latest internal norms and regulations are also made public on the internal corporate website to raise the legal compliance awareness of employees and prevent unintentional infractions during work.

Ethical Corporate Management Best Practice Principles



1.2 Risk Management

In the field of risk management, TWM actively formulates risk management policies and has created an organizational framework and developed a risk management system to create an early response mechanism for potential operational risks that the Company is facing in order to achieve preventive effects. Risk management policies were formulated to regulate risk assessment procedures in 2011. These policies and all future amendments are subject to approval by the board. In 2015, we made adjustments to our risk management framework to achieve a synthesis of the current risk management framework and control mechanism. The Risk Management Committee was established upon approval by the board. Chairman Richard M. Tsai and President James Jeng serve as the committee chairman and vice chairman. This committee submits reports to the board on an irregular basis to strengthen the risk management mechanism.

Article 1 (Purpose of enactment and applicable scope)

The Ethical Corporate Management Best Practice Principles ("Principles") are enacted to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (Prohibition of Unethical Conduct)

When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits (see Article 3).

The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.

Article 3 (The types of Benefits)

The "Benefits" mentioned in the Principles means item of tangible value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate operations.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control management mechanism so as to create an operational environment for sustainable development.

Article 6 (The promises and executions)

The Company shall clearly specify ethical corporate management policies in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 7 (Engaging in commercial activities under ethical corporate management policies)

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical Conduct, if any, and avoid having any dealings with persons who have any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 8 (Prohibition of offering and accepting bribes)

When conducting business, the Company and its directors, managers, employees and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form, including rebates, commissions, grease payments, or offer or accept improper Benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where such business is conducted permit so.

Article 9 (Prohibition of offering illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 10 (Prohibition of improper charitable donations or sponsorship)

When making or offering donations and sponsorship, the Company and its directors, managers, employees and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 11 (Prohibition of unjustifiable presents, hospitality or other improper benefits)

The Company and its directors, managers, employees and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 12 (Organization and responsibility)

The board of directors of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjust-

ments so as to ensure thorough implementation of its Ethical Corporate Management Best Practice Principles. To achieve sound ethical corporate management, the internal audit department shall be in charge of enacting and enforcing the business integrity policies and prevention program ("Prevention Program") and reporting to the board of directors on a regular basis.

Article 13 (Legal compliance for business operation)

The Company and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

Article 14 (The avoidance of conflicts of interest of directors and managers)

The Company shall establish policies for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company. The Company's directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is prohibited from participating in voting on any proposals where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise self-discipline and should not support one another in improper ways. The Company's directors and managers shall not take advantage of their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 15 (Accounting and internal control)

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

Internal auditors of the Company shall examine the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis.

Article 16 (Operational procedures and guidelines)

The operational procedures and guidelines established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers, shall contain the following:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

Article 17 (Education training and reviews)

The Company shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 18 (Report and discipline)

In cases where the Company's directors, manager, employees or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the audit committee, managers, internal audit officer or other appropriate officers of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall actively investigate and deal with said report. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

Article 19 (Disclosure of Information)

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

Article 20 (Review and Amendment to the Principles)

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

Article 21 (Enforcement)

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after a review is made by the Corporate Governance Committee and approval is granted by the board of directors, and shall be submitted to the shareholders' meeting. The same shall apply to any amendment thereto.

The Auditing Office conducts risks assessments and determines scores for the importance and incidence rate of each risk at the end of every year. Value at Risk (VaR) is calculated based on the results of the scoring process. Calculated Values at Risk serve as a main reference for the audit plans of the following year. No shortcomings and irregularities of the internal control system were detected in 2014. Only 6 items requiring improvement were identified for each department. It was determined that the assessed risks have no major impact on the Company. A total of 72 concrete suggestions were provided for each operation process as a reference for an improvement of the management quality by each department. As for items requiring improvement and submitted suggestions, constant tracking is implemented on a quarterly basis until improvements are completed.

(1) Risk management policies

- Continued promotion of a risk management-oriented business model
- Establishment of a risk management mechanism which is characterized by early identification, accurate judgment, effective supervision, and strict controls
- Design of a risk management system encompassing the whole company to ensure that risks remain within acceptable and controllable levels
- Adoption of optimized risk management practices and constant improvements

(2) Risk management framework and operating mechanism

- Risk management framework



- Risk management operation mechanism, graded controls, and implementation of risk monitoring

	Competent unit	Main functions
Ground	Company HQ, Information section, Technology section, user service section, Finance and administration section	<ul style="list-style-type: none"> • Competent units are designated for the management of each risk item to guarantee timely detection and effective management of risks. • Competent units are required to keep risks within acceptable levels in their daily maintenance operations and submit timely reports in case of changing risk conditions to enable the Company to adopt response measures.
Middle	Corporate Social Responsibility Committee (CSR) Committee	Fulfillment of CSR and implementation of concepts of sustainable operations.
	Risk Management Committee (Note)	<ul style="list-style-type: none"> • Synthesis of the risk management framework and control mechanism. • Implementation of board resolutions on risk management and regular inspections of the development, establishment, and implementation results of the overall risk management mechanism.
	Operations and Management Conference	Regular review of operational goals, business management, planning of future development, budget implementation status, and control of finances and capital.
	Information Security Management Committee	Implementation of controls for potential risks related to the confidentiality, integrity, and availability of information assets and non-compliance with legal requirements, so as to effectively reduce business operation risks in a reasonable manner.
	Occupational Safety and Health Committee	Implementation of controls in the field of occupational safety and health risks in order to guarantee the safety and health of staff.
	Communication Quality Assurance Committee	Assurance and management of network communication quality.
Top	Board of Directors	<ul style="list-style-type: none"> • Overall risk-management policies are determined and approved by the board in accordance with overall operational strategies and business environments. • The effective functioning of the risk-management mechanism is monitored on a constant basis.
Monitoring Mechanism	Internal Auditing Office	<ul style="list-style-type: none"> • The seriousness of potential risks in each business area is taken into account during daily inspections and serves as a main reference for annual audit plans. • Competent executives must be notified immediately of handling of said irregularities must be tracked to guarantee a complete processing of respective items

(Note) The Risk Management Committee exercises control over four units/systems: Operations and Management Committee, Information Security Management Committee, Occupational Safety and Health Committee, and Communication Quality Assurance Committee. Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or other committee(s) to undertake any necessary measures.

1.3 Market Situation, Risks and Opportunities

Consumer Business Group (CBG)

1. Industry overview and developments

All telcos began offering 4G services in 2014. Due to limited 4G spectrum or network infrastructure, small operators are unlikely to threaten the big three in the market in the short-term. 4G newcomers seeking to acquire, merge or ally with existing operators will also help to keep a check on market competition.

2. Product development trends and competition

The launch of 4G services means operators are now aggressively developing the mobile broadband market through value-added services for monthly subscribers. This will provide the main source of future revenue growth. Competition in the prepaid market has intensified due to existing operators competing on price.

3. Risks

- (1) The NCC began progressively reducing mobile access rates in 2013 and this will continue until 2016, putting pressure on future telephony revenues.
- (2) The popularity of mobile data services means IP messaging apps are now replacing voice services and impacting on voice revenues.

4. Response

- (1) Accelerate the 4G network roll-out to satisfy customer demand for high-speed Internet access.
- (2) Plan ahead to cope with changes in related policies and legislation.
- (3) Aggressively promote innovative value-added services for smart phones to boost data revenues and compensate for declining voice revenues.

5. Opportunities

- (1) The launch of 4G services, more affordable mobile Internet access devices and rates as well as the rapid growth of application services means mobile Internet is no longer exclusive to business users. Its widespread adoption among ordinary users is driving the rapid growth of non-voice revenues.
- (2) The Digital Age is bringing about a convergence of the information, communications and media industries. Mobile telcos play a critical role in the supply chain for the wireless delivery of multimedia content and services.

Enterprise Business Group (EBG)

1. Industry overview and developments

NCC statistics indicate that there are 80 Class 1 telecommunications service providers ("Class 1 telcos") in Taiwan including 4 fixed network operators, 6 mobile network operators and other network leasing providers; there are a total of 433 Class 2 telcos (including Internet access, voice service resellers, VoIP and other value-added service). Intense competition in the telecommunication service market as well as the trend towards digital convergence is blurring the boundaries between telephony, television and computers, intensifying inter-industry co-opetition even more.

2. Product development trends and competition

In terms of fixed communications services, NCC statistics showed that Chunghwa Telecom (CHT) enjoys a virtual monopoly with over 90% of the local network revenues and 75% of the long-distance network revenues. The only exception was international network revenues where the other three operators account for a relatively high 50%; in wired broadband access in Taiwan, FTTx is now the preferred method of access with high-speed services now gathering steam. CHT's last-mile advantage on ADSL and FTTx lines means except for cable Internet services from cable TV providers, conventional fixed network operators simply cannot compete with CHT.

The trend towards IP-based and mobile telecommunications services as well as the growing use of smart mobile devices and a mature network infrastructure means that government agencies are now actively investing in and assisting the industry transformation/transition into the cloud computing industry. Taiwan's ICT companies will continue to promote mobile application solutions for enterprise customers as well as build cloud centers to provide all kinds of cloud application services. Cloud services,

mobility apps and mobile data integration services will therefore provide the main source of revenue growth in the future.

3. Risks

CHT, the market leader, still enjoys the "last-mile" advantage. The bottleneck on subscriber circuit infrastructure therefore remains the greatest obstacle to business development.

4. Response

Faced with trends such as new network communication technologies, dropping telecommunication service rates, cloud services for diversified platforms and mobilization, Taiwan Mobile is focusing on mobile integration solutions for enterprises and next-generation cloud IDC and cloud services to provide high-quality, innovative communication integration services and to form long-term partnerships with our customers. These will help customers simplify network management and costs.

5. Opportunities

- (1) We are the industry leader in 4G network transmission rates and quality. Mobility is a key ingredient for business competitiveness in the cloud age and the jump in demand for cloud and client integration from enterprise users will drive the growth in mobile data revenues.
- (2) When internal corporate information and IoT data is transferred over mobile networks, features such as IT security and physical network redundancy will become essentials.
- (3) Taiwan Mobile has the necessary mobile, cloud and fixed network resources as well as telecommunications integration expertise to play a key role in the trend towards enterprise mobility.

Home Business Group (HBG)

1. Industry overview and developments

Cable TV is now indispensable for Taiwanese households. Demand is however growing from the digital convergence market. Other viewing platforms including the IPTV (MOD) of telcos, free-to-air digital TV and emerging media such as the Internet and mobile phones are all joining the competition as well. The cable TV industry is therefore at a

critical point in its transition to digitization.

2. Product development trends and competition

Taiwan's broadband market is dominated by one key player but it is now under pressure from market saturation and declining growth. Our Home Business Group looked to the example of major broadband operators around the world including PCCW (Hong Kong), AT&T (No.1 U.S. telco) and Comcast (No.1 U.S. cable TV company) with its "Triple Play" bundling strategy. By focusing on the 590,000 cable TV subscribers within its operating area as the potential market, the bundling of high-speed fiber broadband, high-definition digital TV and video-on-demand produced a rapid increase in broadband market share. By improving fiber broadband Internet access quality, increasing digital HD content, developing new viewing methods and offering innovative digital TV services, we will offer digital family applications that are suited to home users and take advantage of the immense opportunities on offer from digital convergence.

3. Risks

- (1) Cable TV rate caps are reviewed by the local government every year and lower rates pose a potential risk.
- (2) The NCC is inclined to support CHT MOD and allow existing cable TV channels to be offered through the MOD platform.
- (3) The NCC digitization policy wants cable TV system operators to loan at least two set-top boxes to customers for free. This will increase operating costs.
- (4) The NCC is allowing cable TV companies to operate across different districts. Newcomers looking to acquire customers will increase competition in existing markets.

4. Response

- (1) TWM will leverage our extensive technology, marketing, sales and channel resources

to actively promote high-speed fiber broadband service. Cross-selling of the Group's digital convergence services such as telecom, IT and media content will aim to satisfy the one-stop shop requirements of home users. This will continue to increase our subscriber numbers and revenues from cable TV, high-speed fiber broadband and HD TV.

- (2) Continue to observe developments in Taiwan's digital content industry and the global market. By cultivating homegrown cultural creativity through the HD digital TV platform, enriching the digital channels and IPTV content, we will help stimulate the development of local digital content and innovative IPTV services.
- (3) We will continue to maintain a friendly relationship with local governments and communities. Group resources such as the TWM Foundation will continue to sponsor local public welfare art & cultural activities, subsidize network infrastructure in rural regions to bridge the urban-rural digital divide, and fulfill our corporate social responsibility in the spirit of "giving back to the community".
- (4) Closely monitor developments in the government's digitization policy and the direction of legislative amendments to engage in timely communication. This will also allow us to plan our response in advance.

5. Opportunities

- (1) The government's acceleration of its TV digitization policy will help with the promotion of HD digital TV services.

A government policy of accelerating digital TV penetration in Taiwan as well as the launch of TWM Broadband's "SuperMOD", "HomePlay" and "HomeSecurity" services will all help the Home Business Group convert cable TV subscribers over to HD digital TV services, increasing digital TV subscriber numbers and penetration. At the same time, TWM Broadband can increase its digital TV revenues by offering subscribers more value-added digital TV services.

- (2) High-speed broadband now mainstream

The growing consumer demand for the downloading, uploading and sharing of HD multimedia entertainment services means that high-speed broadband over 60M is now the mainstream standard. As part of its aggressive promotion of high-speed broadband services, TWM Broadband is not only investing in upgrades to the fiber infrastructure but also adopting the world's most advanced Docsis 3.0 fiber broadband access technology to provide world-class 200M fiber access. Digital convergence services including HD digital TV, IPTV and VOD can then be delivered into every home over a stable, high-speed network. Subscribers can then easily enjoy HD digital multimedia entertainment services on their computers and IPTVs, increasing customer loyalty and average revenue.

Retail Business

1. Industry overview and developments

The modern environment has given birth to the "Otaku Economy" consumption model. As cable/digital TV and mobile devices like smart phones become more widespread, consumers can now place orders over the phone or a virtual platform. The convenient billing method and fast logistics system mean merchandise can be quickly delivered into consumer hands so they can enjoy the fun of shopping.

2. Product development trends and competition

- Online shopping: The main competitors are Yahoo Shopping and PChome. While momo shopping is a hybrid B2C online shopping platform that came late to the market, it is growing quickly thanks to the Group's know-how in TV shopping.
- TV Shopping: Our main competitors are ET Mall, U-Mall and viva. In recent years, the rise of virtual shopping platforms (e-commerce and m-commerce) have made inroads into the TV shopping market. Increased penetration of digital TV however has increased contact between TV shopping programs and consumers. We will take advances in TV broadcast technology into account in order to provide TV shopping content better tailored to consumer needs at an appropriate time in the future.

- Mail Order: The mail order market in Taiwan is dominated by TV mail order (momo, ET Mall, U-Mall and viva), direct sellers (Amway, Avon, Herbalife, NuSkin), Japanese skincare and health food mail-order companies (DHC, ORBIS) and other mail order companies. The key competitors for momo mail order are direct sellers and Japanese mail-order companies.

3. Risks

- (1) Some TV shopping merchandise is prone to being fined by the authorities for misleading advertising.
- (2) Very similar companies and intense competition.
- (3) High level of product homogeneity means price wars and pressure on profit margins.
- (4) Food safety risks.

4. Response

- (1) As momo started out in TV shopping, it is backed by the TV shopping supplier system and a professional TV shopping product development team. This means there is a constant supply of TV shopping merchandise that can be transferred to online sales. Apart from extending product exposure and sales, this also enables product differentiation.
- (2) Launched mobile shopping app to increase consumer stickiness and capture a slice of the mobile shopping market. Unique features such as "group buy" and "limited time special" actively pushes special deals out to customers. The mobile shopping platform offers consumers with an environment that makes it convenient to shop at momo in any time and place. This increases consumers' purchasing frequency.
- (3) A dedicated quality management visits new suppliers to determine if their production environment and equipment are up to code. Independent testing is also used to ensure that the contents, ingredients and labeling of offered products do not break the law. These measures reduce the food safety risk of products we sell and help

ensure consumer confidence.

- (4) In response to new trends in consumer shopping behavior, we are upgrading new platforms such as shopping apps, shopping by remote and interactive shopping through digital TV.
- (5) We practice screening of problematic products and split product liability with the vendor.

5. Opportunities

- (1) Increasing penetration of mobile devices and fast growth of the mobile shopping market.
- (2) Government policy of promoting fiber and 4G wireless broadband network infrastructure will favor the development of e-commerce.
- (3) Aging society and declining birth rates will facilitate the targeting of niche markets.

2. Employee Care

Core Concept

Core competitiveness depends on people. TWM considers our employees to be partners in sustainable growth and we are committed to building a happy workplace. Apart from providing employees with a workplace that supports steady development, gender equality in work opportunities and a training system, we also encourage employees to pursue self-fulfillment, self-growth and create value through sustainable development.

Commitment and Action

Comprehensive remuneration and worker-friendly attendance management

TWM embraces a performance-based remuneration system that provides competitive salaries, annual bonuses and profit-sharing. We also conduct salary surveys every year to keep track of industry developments and enhance our competitiveness. In 2014, TWM was named a constituent stock in the TWSE "Taiwan Top Salary 100 Index". We introduced the first employee share ownership trust in the telecommunications industry where the employee and the company both contribute to the purchase of company stocks. Our leave system exceeds the requirements of the Labor Standards Act and includes 6 days of unpaid sick leave each year. Female employees are not scheduled for night shifts while they are pregnant or nursing.

Comprehensive benefits for food, clothing, accommodation, travel, education and recreation

We offer a comprehensive range of benefits. These benefits can be customized to personal needs including subsidies for personal/offspring education, family travel and insurance. We offer holiday bonuses, regular health exams, club activities, family days, partner merchant/hotel discounts, monthly subsidies on calling rates, emergency aid and senior employee incentives.

Career development

We offer comprehensive education, training and career development opportunities including: orientation training for new employees, common skills training, management training, computer/telecommunications specialization training, local/overseas continuing education opportunities (scholarship); and a fixed amount of employee subsidies for personal continuing education each year.

Equality, Diversity and Safety

We support an equal-opportunity workplace, promote job opportunities for handicapped people and have set up a mechanism for employer-employee communications. We enforce workplace safety management and organize regular occupational safety education and training.

Achievements and Performance

Benefits

- Free stress-relieving shoulder massage 5 days a week
- Employee retention rate of over 70% after unpaid parental leave
- Average length of service for handicapped employees is 11 years
- Group award of excellence in the "Taipei City Healthy Weight Management Event" organized by the Taipei City Department of Health

Career development

- Each employee averaged 23.5 hours of training in 2014
- Total of 9 employees received continuing education subsidies in 2014
- Set up 10 "Love the Planet" online courses in 2014
- Developed the CSR Cultural Cinema course

Equality and Diversity/Occupational Safety

- 0 cases of discrimination/child labor/sexual harassment
- 0 Injury rate (IR)

- 0 Occupational Disease Rate (ODR)

Vision and Plan

TWM will continue to promote a diverse and equal-opportunity workplace, organize different activities to encourage self-fulfillment by employees, and develop a variety of different online CSR courses and awareness initiatives. The integration of CSR policy with our employee performance evaluation system is now being considered to encourage our employees to join in fulfilling our CSR and realize sustainable corporate development from the bottom-up.

2.1 Structure

We recruit candidates who are deemed suitable to further their careers at TWM based on different professional attributes. We also provide highly competitive salaries and benefits as well as educational training opportunities to allow our employees to grow together with the company. In addition, we hire dispatched workers to gain the ability to provide more complete services and facilitate the execution of internal operations.

As of the end of 2014, TWM employed 2,311 people with a male-female ratio of 67:33 and the average length of service was 8.19 years. Most were men between the ages 31 to 50 and with the exception of 3 foreign employees, most were locally employed. Our company employees the statutory number of handicapped people as well as those from indigenous backgrounds. Basic employee status, gender and age distribution are shown in the table below.

The entry of new competitors in 2014 led to an increase in turnover among telecommunication workers, leading to departing employees outnumbering new employees for the first time in our history. Employee turnover, as well as their gender and age distribution in 2014, are shown in the table next page:

2012-2014 Staff ranking, age, and gender

Category	Age	2012			2013			2014		
		No. of Employees		Percentage	No. of Employees		Percentage	No. of Employees		Percentage
		Male	Female		Male	Female		Male	Female	
Top Executives (Vice President and above)	Under 30	0	0	0.00%	0	0	0.00%	0	0	0.00%
	31 - 50	4	1	25.00%	2	1	17.65%	1	3	22.22%
	Over 51	13	2	75.00%	13	1	82.35%	13	1	77.78%
	Total	17	3	100.00%	15	2	100.00%	14	4	100.00%
Employees	Under 30	334	419	25.62%	217	158	15.88%	203	142	15.05%
	31 - 50	1,343	816	73.46%	1,322	628	82.56%	1,271	615	82.25%
	Over 51	22	5	0.92%	31	6	1.56%	52	10	2.70%
	Total	1,699	1,240	100.00%	1,570	792	100.00%	1,526	767	100.00%
Total workforce		2,959			2,379			2,311		
Employment status	Full-time	2,957			2,372			2,301		
	Part-time	2			7			10		
Average length of service		6.78			7.7			8.19		
Educational background	Ph. D	0.24%			0.30%			0.26%		
	MA	20.71%			31.86%			31.59%		
	University	53.09%			51.83%			52.57%		
	College	20.99%			15.13%			14.71%		
	Senior High School or lower	4.97%			0.88%			0.87%		

Note: All employees are based in Taiwan.

Year	2014							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	77	49	3.33%	2.12%	50	39	2.17%	1.68%
31-50	106	62	4.59%	2.68%	196	107	8.48%	4.63%
Over 51	2	0	0.09%	0.00%	7	2	0.30%	0.09%
Total	185	111	8.01%	4.80%	253	148	10.95%	6.40%

Note: All employees are based in Taiwan (except employees who have been transferred to affiliates);

*The denominator is the total number of employees

Year	2013							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	165	110	6.93%	4.62%	59	69	2.48%	2.90%
31 - 50 years	204	101	8.58%	4.25%	124	102	5.21%	4.29%
Over 51	3	0	0.13%	0.00%	7	1	0.30%	0.04%
Total	372	211	15.64%	8.87%	190	172	7.99%	7.23%

Note: All employees are based in Taiwan (except employees transferred to affiliates);

*The denomination is the total number of employees

Year	2012							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	199	196	6.73%	6.62%	50	65	1.69%	2.20%
31 - 50 years	135	87	4.56%	2.94%	132	95	4.46%	3.21%
Over 51	0	0	0.00%	0.00%	12	6	0.41%	0.20%
Total	334	283	11.29%	9.56%	194	166	6.56%	5.61%

Note: All employees are based in Taiwan (except employees transferred to affiliates);

*The denomination is the total number of employees

2.2 Salary and Benefits

The standard starting salary at TWM is higher than the minimum wage set by the government and highly competitive. In 2014, TWM was named a constituent stock in the TWSE "Taiwan Top 100 Salary Index". We have defined a reasonable remuneration policy with performance-based pay. Towards the end of the year, managers and employees get together and discuss work performance during the year and set the targets for the following year. For personnel involved with CSR, their annual targets include the CSR fulfillment with higher scores awarded to those with a high completion rate; employees with better performance evaluations receive more annual bonuses, dividends and raises.

We gives all entry-level specialists the same remuneration after recruitment. Remuneration for personnel with previous experience is adjusted based on their education, experience, specialty and certification. There is no discrimination based on gender in terms remuneration, benefits, promotion, raises, term, education and training, working conditions and right to work. The ratio between the basic salaries of men and women is 1:1.

In 2014, the ratio of men's average annual salary (including performance incentives) to women is as follows (where women is 1):

- Deputy manager or higher: 1.01
- Below deputy manager: 1.03

The ratio of Taiwan Mobile's standard starting salary to the minimum wage in Taiwan in 2014 was: 1.7 ~1.9: 1

In 2014, the ratio of the highest individual annual income to the median individual income was 14:1.*

In 2014, the ratio of percentage increase in the highest individual annual income to the percentage increase of other employees' individual income was 1.23:1.*

*Comparison is based on basic remuneration

"Benefits and rewards" are important for boosting employee morale and attracting quality talent. The Taiwan Mobile Joint Employee Welfare Committee is responsible for the

planning and implementation of all welfare plans. It also integrates all employee welfare matters at our subsidiaries. Available benefits include (total employee remuneration and benefit costs in 2014 amounted to 7,069,312,000 NTD):

- (1) Starting from their first day of employment, employees are eligible for group insurance paid fully by the company. This encompasses life insurance, injury insurance, medical insurance, hospital insurance and cancer insurance. Spouses are also eligible for hospital and cancer insurance fully paid for by the company. Employees, their spouse, parents and offspring may also enroll in the group insurance program at a discounted rate.
- (2) The company has implemented a year-end bonus and incentive system and pioneered an employee stock ownership plan in the telecommunications industry which relies on fixed contributions from the employee and the company.
- (3) TWM has defined regulations governing employee retirement and also set up a labor pension fund supervision committee in accordance with the law. Actuaries are retained to prepare a report on the pension costs for each employee and the funds transferred to the labor retirement reserve fund account. The final version of the funding plan is available on P.44 of the 2014 Q4 financial statement.
- (4) Employee health checks are carried out every two years. The results are graded for health management, repeat examination and health education. Health checks are also available for employee dependents at a discount. Various health promoting activities are also conducted including quit smoking and weight loss, breast/oral cancer screening, pap smears, flu vaccination, and bone density exams. Weight scales, body fat scales and blood pressure meters are also made available so employees can keep a tab on their health at any time. Full-time nursing personnel are on hand to provide professional advice and assistance.
- (5) We have implemented the flex-time system. We also exceed the statutory requirements on special leave (available in the first year; applications are very flexible and can be counted in hours), sick leave, parental leave and bereavement leave. A total of 18 employees applied for unpaid parental leave in 2014 and retention rate after returning from leave is over 70%.
- (6) TWM has integrated the employee welfare affairs of all subsidiaries under the Joint Employee Welfare Committee. The Committee is in charge of planning and executing all welfare plans. Apart from providing general benefits such as subsidies for marriage, childbirth, funerals, hospital stays and birthdays, it also offers employees the option for applying for customized benefits such as assistance for their children's education, travel, continuing education, insurance coverage and shopping. We also organize annual family day for our employees to help them balance work and play, and to strengthen the relationship between the company, our employees and their families.
- (7) Subsidies are provided to art, cultural or sport clubs set up by employees including: Photography Club, Badminton Club, Softball Club, and Yoga Club. Club activities serve to promote employee networking and personal development.
- (8) We have a "Volunteer Leave" system and also provide a channel for employees to donate supplies to disadvantaged or charity groups. Employees are encouraged to take part in charitable activities.
- (9) We actively contract with sports centers, theme parks, resort hotels and travel agencies to offer employees preferential rates on gym membership and travel for use in their spare time.
- (10) We strive to create an elegant and comfortable office environment. TWM works hard to provide a friendly, happy workplace. Every office floor features paintings and art that not only cultivate artistic sophistication but also inspire employees' creativity and relieve stress.
- (11) Subsidy for monthly call costs and employee discount packages are offered at different times.

2014 Statistics on Unpaid Parental Leave

Category	Male	Female
Number of people eligible to apply for unpaid parental leave	231	97
Number of people who applied for unpaid parental leave	2	16
Number of people expected to return from unpaid parental leave (A)	4	23
Number of people who returned from unpaid parental leave as expected(B)	2	7
Number of people who returned from unpaid parental leave in 2013 (C)	4	27
Continued to work for more than one year after returning from unpaid parental leave in 2013 (D)	3	20
Return rate (B/A)	50%	30.43%
Retention rate (D/C)	75%	74.07%

2.3 Employee Career Development

To cultivate our human capital and enhance corporate competitiveness, a talent development program is developed by combining our development strategy with the annual employee training requirements. A budget is prepared and the program implemented in accordance with the Training Management Guidelines.

We conduct regularly performance evaluations for all employees on a regular basis. At the end of each year, managers offer employees appropriate encouragement, feedback and assistance based on their performance at work. Employees are also given effective assistance on self-development and creating their own "Optimal Course Package". This becomes their Individual Training Plan for the year. This helps employees acquire the knowledge and skills they need at work or for their next role in an organized and systematic manner. This gives employees a better understanding of their personal career, help them prepare for future developments, and fulfill the goal of enhancing performance and development skills.

Apart from a tailored individual training program, we offer employees a wide variety of career development opportunities. Openings within the Group are all announced

online and employees can apply through the internal recruiting process for a change of department or transfer to another company.

As for the training results, every employee received an average of 23.5 hours of training in 2014 as shown below. The company provides a large number of telecommunication and information technology courses to enhance the professional skills of its employees, create optimal user experiences for its subscribers, and provide optimized Internet and voice communication services. These courses account for around 60% of the total training hours in 2014. The majority of the staff members in technology and information units are male, while the male-female ratio in the whole company is 67:33. The average training hours for male employees therefore exceed those for female employees.

2014 Employee Training Hour Statistics

Category	Hours
Internal training	44,442
External training	3,914
Online courses	5,111.3
Learning resources and reading community	945.5

2014 Employee Training Hours of Each Grade

Category	Male	Female
Deputy manager or higher	21.6	16.3
Below deputy manager	27.9	16.9
Average by gender	26.9	16.8
Average training hours per employee	23.5	

Overall corporate training and competency training

To enhance employees' professional skills and support personal/corporate growth, training courses must match their needs at work and development. At the end of each year, training requirement surveys and interviews are conducted before the training

program for the following year is drawn up. Classes, digital classes, online learning communities, learning videos, large seminars, book clubs and mobile learning are used to effectively assist with employees' continued growth at work.

TWM offers a variety of comprehensive study tracks from training for new employees to the development of top executives. In response to competition in the 4G market and future personnel development requirements, leadership potential assessment was used in 2014 to create an internal talent pool. Key positions and managers who show potential were also identified as the basis for future cultivation and assistance in personal development.

The training programs offered by TWM include:

(1) Pre-job training for newly inducted employees

These programs allow employees to rapidly gain an understanding of the work environment and their rights. Particular emphasis is given to workplace equality and regulations on complaints so new employees can be quickly familiarized with the company environment, industry characteristics and their work. The content of the programs includes company profile, culture, brand, organization, the telecommunications market, innovative services, internal network systems, labor safety and health, IT security training, and avenues for learning. An online community for new employees is also available for new employees to ask questions, participate in discussions, network with each other and build up rapport. A town hall meeting is also held for employees after 6 to 12 months. Top executives are invited to talk to employees and listen to their opinions. The two-way communication is used to provide support and assistance.

(2) Development of core competencies

These programs focus on core competencies to enhance the work efficiency of employees and provide them with the expertise and skills required for their daily duties as well as ensure compliance with government decrees and information security certification regulations. They include training courses on self-management and work management, problem analysis and solution skills, creative thinking, communication and interaction skills, project management, basic legal knowledge related to telecommunications, code of moral conduct, service skills, industry trends and celebrity speakers.

As 4G era in 2014, our top executives were invited to become speakers for industry trend seminars on the 4G topic. The latest telecommunications knowledge communicated through the in-class and digital courses helped TWM employees understand key 4G

topics such as industry trends, the evolution of technology and market development. We also provide employees with training courses such as fire drills, traffic safety and first aid. Automated External Defibrillators (AEDs) have now been installed on office floors, with CPR and AED training arranged for employees to provide a safer working environment.

(3) Stratified training for management personnel

Training programs are tailored to frontline, mid- and upper level management. They consist of courses on performance management, leadership, coaching skills, strategic planning and organizational development as well as corporate governance seminars.

The rapid development of telecommunications technology and changing business models means different skill sets are needed. A thorough review and inventory of the management skills required by managers/deputy managers were taken at the end of 2013 and recommendations issued on individual learning. The reports were also used to plan the training courses for 2014 and a personalized approach used to remind managers to study the more serious gaps in their competency. High-level management courses mainly consist of the reading and discussion of management cases, the dissection of industry practices and strategies, the cultivation of a total management mindset, as well as continuing to strengthen their ability combine management know-how with actual practice. We also regularly host corporate governance seminars for high-level managers to continue strengthening our corporate competitiveness.

(4) Improvement of professional knowledge

Each year, employees are sent to attend local and international courses on professional telecommunications technology; IP training and certification exams; IT courses, audit, HR, marketing and management forums; as well as training provided by consultants or vendors based on their professional requirements. These serve to enhance our technical capabilities, develop new products, introduce new concepts and improve management techniques.

(5) E-Learning platform, online learning communities, learning resources, Mobile-learning, reading corner



In recent years, TWM has employed diverse approaches as far as training methods and channels are concerned with the goal of improving learning results and satisfying the different learning and development demands of employees. In addition to traditional classroom courses which were common in the past, we have developed digital teaching materials, online learning communities, Mobile-learning, management cinema, and other learning material resources to enhance the learning efficiency and flexibility.

For traditional classroom courses, a survey is taken before the class. During class, students go through role-playing, practice exercises and case studies as well as teaching by instructors. After class, planning for extended learning and reading of learning resources improved learning effectiveness by helping employees apply what they learned in class to their work. Book clubs were also held with reading and instructors to encourage employees to talk about learning. This creates a learning atmosphere within the company and provides employees with a variety of paths for learning and growth at work. The interaction between groups also serves to expand employees' personal network and exchanges.

E-learning course topics included manager management, work management, telecommunications technology, product marketing, code of ethics, environmental protection, employee health promotion and creating an optimal customer experience. There were a total of 101 e-learning courses available by the end of 2014; in 2014, top executives were invited to produce the "Management Advice for the Executives" video that helped employees understand what the high-level managers expect from managers and their encouragement; to raise environmental awareness among employees, we also added 10 courses under the "Love the Planet" series in 2014 and hosted the "Love the Planet, e-Learning Point Collection Event" to promote learning among employees. The online learning communities included practical forums for new employees, project management, telecommunications technology, productivity, sales and book club. Each community contains experts from different fields and employees can share and exchange their insights from work here, making it easy to seek professional advice from other fields.

Mobile-Learning mode was also set up in 2012. M+ Messenger is used to provide short learning articles such as "Regulation Updates", "Telecommunications Encyclopedia", "Learning English Made Easy", "Management Dictionary", "Mobile Phone Expert App", and "Service Recharge Station". Employees can use their mobile devices to recharge at any time and continue to enhance their own value at work.

The "Book Stop" reading corner was set up in 2014 to encourage employees to learn, share and exchange knowledge by borrowing books, exchanging books or donating second-hand books on their own. The types of books and magazines available now include business management, finance, motivation, fiction, health and education.



Encouragement of continuing education and lifelong learning

In addition to the above training programs, we also encourage continuing education and lifelong learning for employees. In 2014, a total of 27 employees received study subsidies while 9 employees applied for and received continuing education subsidies.

(1) Scholarship application guidelines

The Scholarship Application Guidelines were implemented in 2006. Full scholarships covering tuition and miscellaneous fees for 2-3 years are available for study programs at business administration and telecommunication engineering graduate institutes at designated national and international universities. We also provide scholarships for MA degree programs in business or telecommunication engineering at renowned international academic institutions. These scholarships and subsidies allow employees to acquire professional degrees based on their personal career plans in accordance with the mid- and long-term human resource demands of the company.

(2) Subsidies for continuing education

The Taiwan Mobile Joint Employee Welfare Committee provides fixed subsidies on an annual basis to encourage employees to pursue continuing education to acquire job-related skills in their free time. Subsidies for continuing education are available for credit courses of BA, MA, or PhD programs offered by public and private academic institutions or continuing education courses related to job duties, computer skills, or English at public and private institutions.

2.4 LOHAS Workplace

Job vacancies at TWM are filled through a public recruitment process. Employee remuneration, benefits, promotions, raises, terms, education and training, working conditions or employment rights are not affected by gender. This principle is defined in the work rules as well and there is to be no discrimination against employees on the



basis of gender, sexual preference or marital status. TWM complies with existing national legislation such as the Labor Standards Act, Employment Service Act and Act of Gender Equality in Employment. Workplace sexual harassment prevention measures, complaints and disciplinary rules have been defined and all employees notified. A sexual harassment hotline and mailbox have been set up as well. Sexual harassment prevention and complaints mailbox have been included into the training materials for new employees and posted on the internal website to improve awareness.

Our company encourages employees to marry and have children. We seek to build a trusted and happy workplace through a series of benefits covering marriage, pregnancy and childbirth. Apart from subsidies for marriage, childbirth and childcare, employees may also apply for optional subsidies on their children's education, family travel or family insurance. Employees' spouses receive free company-funded hospital and cancer insurance. Group insurance is also available for employees, their spouses, their children or their parents in group insurance at discounted rates. For female employees who are pregnant or still nursing, their shifts are adjusted to avoid working at night. The company also offers parental leave that exceed the statutory requirements. Our "Employee Performance Management Regulations" specifically allow for performance evaluation based on actual performance at work if an employee had applied for parental or unpaid leave during the evaluation period. This ensures their evaluations are not impacted.

TWM employs full-time nursing personnel to host regular baby seminars for new parents; breast-feeding rooms with the necessary equipment (such as electric milk expressing machines, disinfected utensils, refrigerator) have also been set up to facilitate breast-feeding by employees. Apart from providing employees with baby care advice, the nursing staff also teaches new mothers on the proper way to express milk and health education. The company has contracted with educational institutions to secure favorable rates for employees' children.

We respect the legal rights of our employees and have never obstructed or interfered with employees' freedom of association. There is no discrimination on the employment of local employees and indigenous people. No incidents of child labor, forced labor, human rights violations or discrimination has ever been reported at our company. When a new employee is hired, they are also given our employment contract to review in advance. All employees must submit a signed employment contract when they arrive to protect the rights of both parties.

For any changes in unit, work location or position, we communicate with the employee in advance and only proceed if they give their consent. The company provides any necessary assistance with relocating and renting as well.

The Auditing Office has defined rules governing employee and vendor complaints. A complaints mailbox has also been set up in the Auditing Office and Vendor Procurement section. Alternatively, they may also send a fax directly to the Auditing Office's complaints hotline. Any incidents of sexual harassment can be reported to the HR Division. This complaints channel is also announced during new employee training and on the internal website. There were no cases of sexual harassment at TWM in 2014.

Our company believes that the employer-employee negotiation mechanism is very important. Labor representatives are elected directly by employees and regular employer-employee meetings convened to ensure free and unobstructed communication.

Promoting employment for the handicapped

Jobs were redesigned by TWM to increase the employment opportunities for the handicapped. Those employed include the visually, hearing, physically and speech-impaired. TWM also actively cooperates with the Taipei City Foreign and Disabled Labor Office and Eden Social Welfare Foundation in the hiring of visually impaired masseurs. We employs masseurs with visual impairments who provide free stress-releasing massage services for the staff of TWM and associated enterprises in specially designed massage stations Monday through Friday afternoon. These services are available in offices in northern, central, and southern Taiwan. Employees have responded positively to this welfare measure.

Apart from visually-impaired masseuses, We leverages the skills of handicapped employees by providing a diverse range of high specialized positions including base

station project management, e-commerce web development, introduction of new technologies for the accounting system, system development testing and maintenance, mobile network maintenance and support, project technology liaison, IT system administration and wireless network optimization.

At the end of 2014, the average length of service among our handicapped employees was 11 years with the highest seniority been 18 years. These employees have all performed exceptionally as well. They include two deputy managers and one director. Many have salaries in excess of one million dollars a year.

Campus talent development to apply theory in practice

TWM actively works with universities and colleges. We arrange for managers to give students seminars on professional skills, career development and other topics. We also offer students internship opportunities during the summer and winter breaks or on an everyday basis.

In 2014, TWM partnered with the Taipei Chengshih University of Science and Technology to offer an industry-university cooperation internship program for final year students in the College of Engineering. The internship lasts one year (two academic terms) and a total of 5 students took part in the program. We not only provide the students with pay but also a complete training program. At the end of the internship, students were scored by the university faculty and head of the unit based on their learning performance. Students who exhibited exceptional performance are given preferences for employment as well. This program will hopefully help students combine theory with practice and let them grow with us.

A safe and healthy work environment

The Labor Safety and Health Committee was established in cooperation with senior executives of related units. The proportion of labor representatives is 1:3. Regular meetings are convened every three months and the committee conducts reviews of labor safety and health related guidelines and regulations for the whole company and implements regular tracking of requested improvements. A dedicated Labor Safety and Health Office is in charge of the planning and implementation process. In addition, the labor safety and health related norms and documents are made public on the internal website for the reference of employees.

For network continuity operations, a network continuity manual that lays out the relevant standard operating procedures has been defined. Employees are also provided with

appropriate personal protective equipment. Rules governing contractor safety, health and environmental protection have been issued for network continuity tractors as well. Contractors are supervised to ensure that safety rules are followed during continuity operations. Regular fire and first aid drills are also conducted to train employees in basic emergency response and rescue. Traffic safety training is organized to keep employees safe during their commute.

AEDs have been installed in office areas and a CPR training program implemented for all employees. The improvement in emergency first-aid capabilities will help to reduce the severity of injuries or sickness, providing all employees with a healthy and safe working environment. Full-time nursing professionals have been retained to support employee health management and health promotion. Employee health exams are conducted every two years and employees with health problems are tracked for follow-up. Health exams are also available for employees' dependents at the same discounted rate. We offer health consultation services and organize employee health promotion activities. A breast-feeding room with medical-grade milk expressing equipment has been set up to allow employees to continue nursing their children with breast milk after giving birth. The Taipei City Department of Health presented TWM with the "Good Breastfeeding Room Certificate" in 2014.

We have designed a variety of health activities for employees based on the four themes of "safe environment, disease prevention, health promotion and stress-relief". Health seminars are also organized at various times to promote healthy living. These are not only offered to employees but also open to their families and local residents. Health promoting activities with different themes are held every month including: Avoiding New Metabolic Syndrome, Self-pampering for Women seminar, quit smoking class and weight control class. Stress-relief activities in the office include: Free neck massage services for employees during office hours and the hosting of spine-relaxation seminars to teach proper posture and avoid musculoskeletal injury. Sleep therapy events also help employees overcome sleeping disorders.

In the telecommunications industry, the greatest risk of occupational injury is from the maintenance of base stations. To strengthen the management of occupational injuries, we have defined rules for handling occupational injuries. We also process, track and investigate occupational injuries to come up with preventive strategies. Occupational injury statistics are reported monthly to the labor inspection agencies as well. Our statistics for the year are as follow:

2014 Occupational Injury Statistics

Injury Rate(IR)

0

$$= \frac{\text{Total number of occupational injuries} \times 200,000}{\text{Total number of work hours}}$$

Occupational
Disease Rate
(ODR)

0

$$= \frac{\text{Total number of occupational diseases} \times 200,000}{\text{Total number of work hours}}$$

Lost Day Rate
(LDR)

0

$$= \frac{\text{Total number of lost days} \times 200,000}{\text{Total number of work hours}}$$

Absentee Rate
(AR)

1.864

$$= \frac{\text{Total number of absentee days over the period} \times 200,000}{\text{Total number of work days for the same period}}$$

3. Environmental Protection

Core Concept

TWM is deeply aware of the risks generated by climate change and the huge impact on the environment and the ecology as well as the tremendous harm to the long-term economic development. To set a positive example, the company is firmly committed to reducing carbon emissions in its daily operations as well as an active promotion of environmental protection and the establishment of a system for the effective management and use of energy resources. At the same time, we fully utilize our core capabilities as information and communication service providers to incorporate environmental considerations into the product and service design process with the goal of providing green products and services and fulfilling our environmental responsibility.

Commitment and Action

Operation of the Environmental Sustainability Team

The team is responsible for integrating all internal environmental protection activities. It defines the environmental strategy and direction for inclusion in the corporate CSR policy and reports regularly to the CSR Committee and Board of Directors.

Resource Conservation and Waste Recycling

Enhance the effective utilization of resources as well as the coefficient of reuse and recycle including paper, water and electricity. For data centers and base stations, industrial waste is disposed of in a proper manner and scrapped parts refurbished for reuse if possible.

Carbon Risk Management

Regular reviews of energy performance, implementation of energy-saving measures in data centers, improvements to base station equipment as well as energy management of office buildings and stores are used to reduce the environmental impact of our operations. We conduct an annual greenhouse gas (GHG) inventory and are continuing

to promote the energy management system. Verification by third-party organizations helps enhance the quality and reliability of our data. GHG reduction targets were also set in 2014. Each department must draw up concrete action plans for energy conservation and carbon reduction to ensure a balance between business growth and environmental sustainability.

Green Services

Our own operations management, communications technologies and innovative products have been integrated to create solutions such as video conferencing services, green value-adding services and e-/M-services that enable a smart, low-carbon society.

Achievements and Performance

- Acquired ISO 14064-1 verification and ISO 50001 certification
- Reduction of paper consumption by 24% compared to 2013.
- Resource recycling rate increased by 13% compared to 2013.
- Recycled nearly 693 tons for waste cable as well as batteries from base stations and data centers in 2014.
- Savings of 23.26 million sheets of paper due to paperless forms up to 2014.
- Reduction of paper bills by 7.39 million copies due to e-billing and savings of 17.75 million sheets of printed paper due to paperless operations in myfone stores.

Vision and Plan

We will continue to focus on carbon risk management and control GHG emissions from sales growth. We have set the reduction target as 1% below the annual estimate. We are also conducting pilot trials and assessments to gauge the feasibility of renewable energy sources such as solar, wind and fuel cells. The development of alternative energy sources will help save electricity and protect the environment. We actively participate in international assessments to review the performance of our related management systems and incentive targets. This will ensure that our sustainable competitiveness will continue to improve.



President — **Environmental Sustainability Team**

3.1 Environmental Protection Strategy

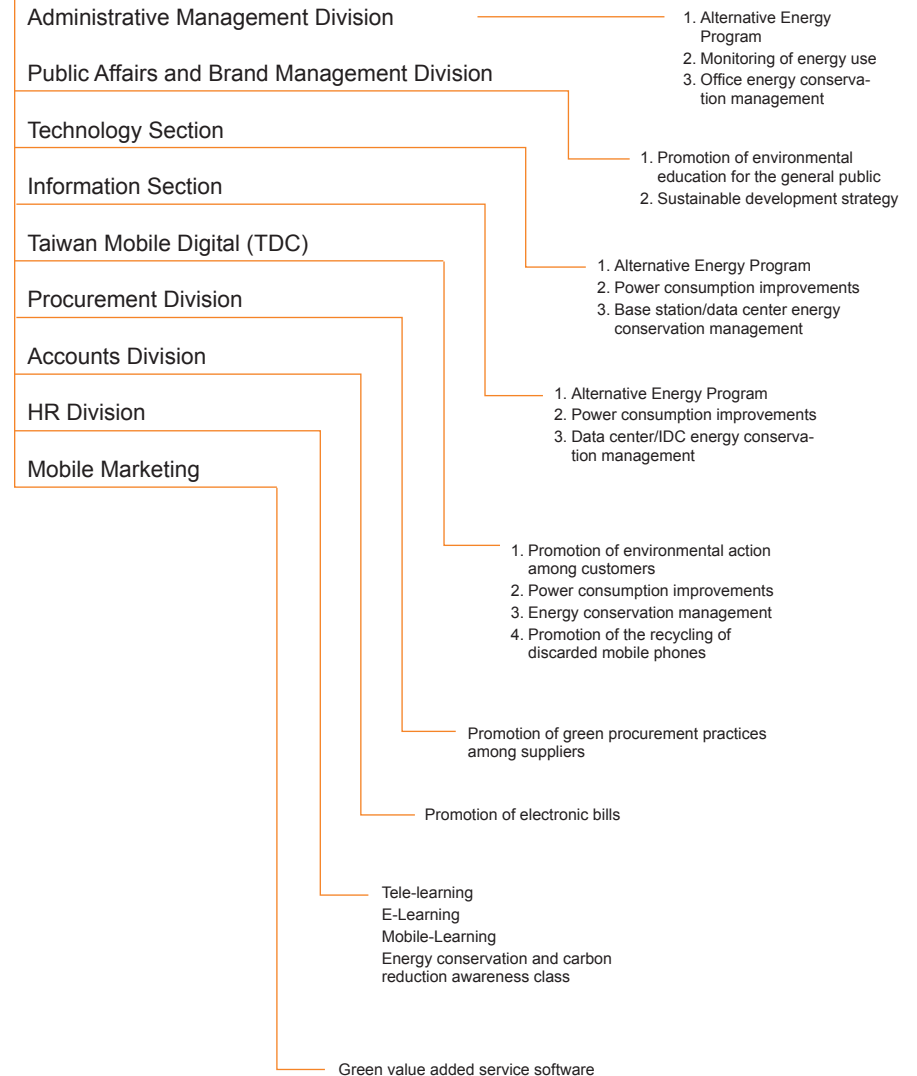
3.1.1 Environmental management framework and policies

We actively respond to the demands of internal and external stakeholders and have established an Environmental Sustainability Team which directly reports to the General Manager and is in charge of the planning, promotion, and integration of internal environmental protection services. We have integrated environmental protection strategies and future implementation directions into our CSR policy which has been implemented upon ratification by the board in January 2011.

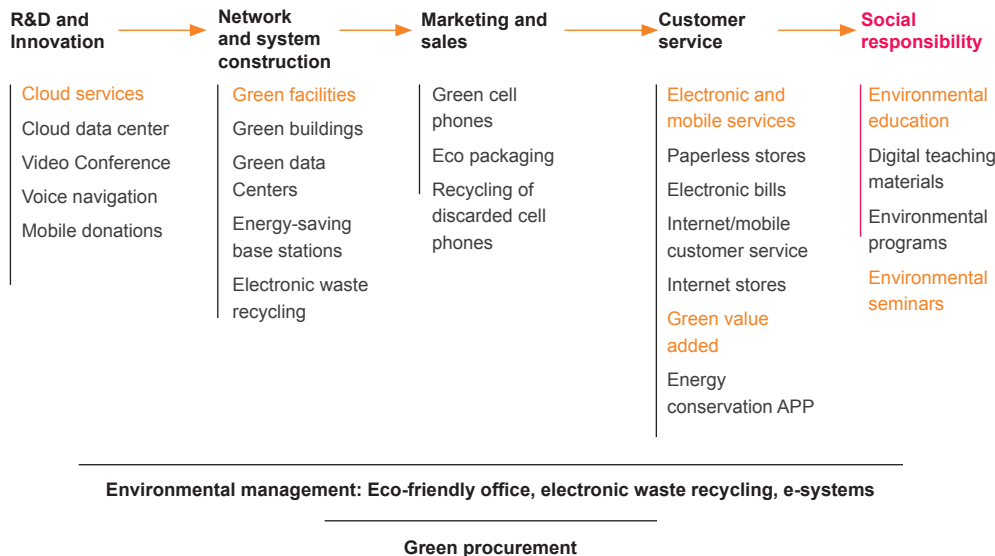
The environmental sustainability team is convened at least twice a year to discuss the annual energy conservation action plans with each unit, draw up the associated environmental protection strategies, and track the results of action plans. An energy review meeting and a GHG management strategy meeting were convened in 2014 over the energy conservation action plans to acquire a clear picture of current energy management efforts and subsequent management strategies.

3.1.2 Sustainable development strategies

Energy-saving equipment is installed and environmental management measures are adopted based on the core capabilities of the enterprise. Compliance with environmental laws and regulations and energy conservation and carbon reduction serve the purpose of enhancing the company's competitiveness in the field of sustainability. Opportunities for the promotion of environmental protection programs are created along the whole value chain from upstream to downstream businesses and in internal departments. These factors are taken into account for the implementation of environmental actions to improve energy performance and reduce the environmental impact of business operations. We develop and fully utilize our key capabilities through the provision of electronic and mobile services to build a smart low-carbon society.



Environmental protection programs in the value chain



3.1.3 Climate risk responses

Legal risks

We closely monitor the enactment of relevant laws by the government. This includes legal drafts regarding GHG emission reductions and energy taxes. Telecommunication service providers generate less GHG emissions than high energy intensive industries such as the petrochemical and steel industry and are therefore not expected to be included into the regulatory scope during the initial implementation stage of relevant laws. Energy tax laws currently still target fossil energy sources such as gasoline and natural gas and are therefore expected to have a rather limited effect on company operations. On the other hand, the indirect impact of these laws on the daily habits of the general public has a potential positive effect on virtual and mobile services and products.

Physical risks

Sudden incidents such as storms, floods, or power cuts can have a considerable impact on the stable and safe operations of telecommunication data centers or base stations. The early Internet construction planning consists of complete contingency plans to reduce potential losses generated by disasters and guarantee fast recovery. In addition, the following basic regulations governing the selection and construction of data centers have been formulated to enhance the safety of these facilities.

The construction of data centers shall meet the building strength criteria specified in the building code and regulations as well as wind and earthquake resistance requirements.

Site selection for ground-level base stations must comply with the Soil and Water Conservation Act and incorporate related appropriate measures.

Assessment of the suitable power system and transmission architecture as well as the stable backup system and routes required to be prepared for disasters.

Construction of highly disaster-resistant base stations

In the wake of the Morakot disaster in 2009, the company constructed relief-type base stations in towns and villages of mountain areas starting in October of the same year in response to policies of the former Kaohsiung County Government (now merged with Kaohsiung City). If power or telecommunication facilities are destroyed or disrupted, these stations have the function of maintaining external contact with relief providers.

In 2011, we commissioned five highly disaster-resistant base stations in the Taoyuan, Liugui, Maolin, Shanlin, and Fengshan districts and added backup power generators as well as stable microwave and satellite routing equipment for transmission purposes. In August 2012, three highly disaster-resistant mobile base stations were commissioned. These stations are capable of maintaining stable telecommunication services and contact with emergency relief providers in the event of a natural disaster.

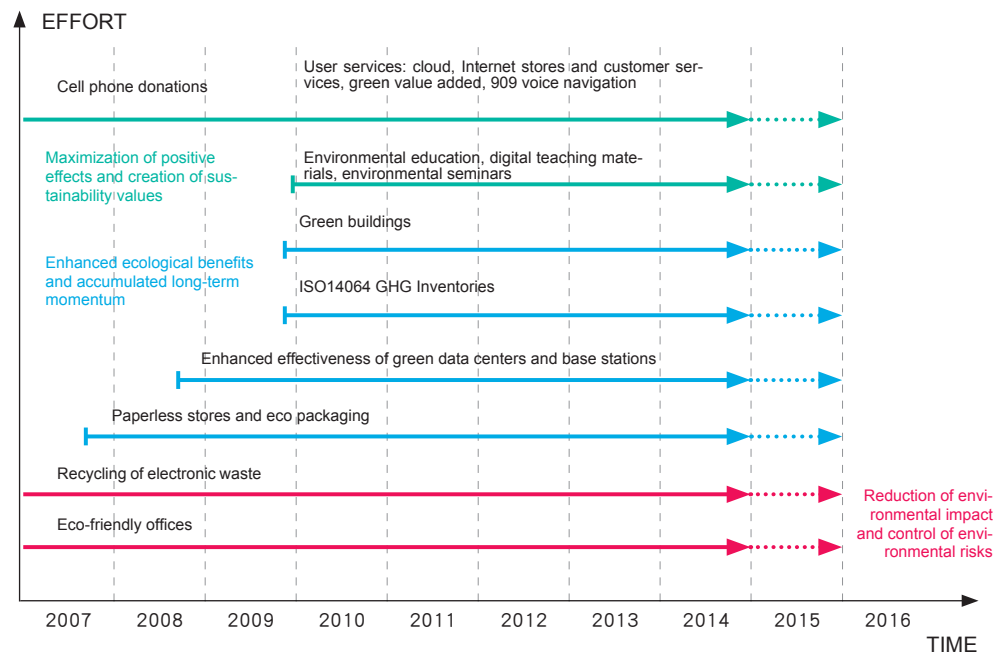
3.1.4 Short- mid- and long-term environmental goals

Since 2007 we have been promoting short-range (3-5 years), mid-range (5-7 years), and long-range (7-10 years) environmental protection measures based on their relation to the development of company operations.

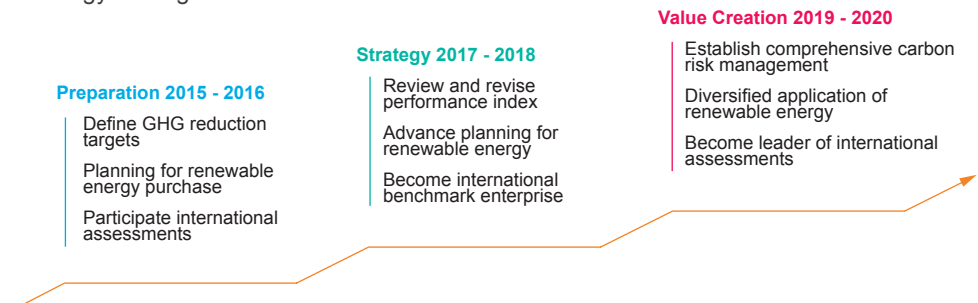
Short-range measures: Focus on the reduction of the environmental impact and risks of the operational dimension, encouragement of recycling and reuse such as the

recycling of waste batteries and cables as well as discarded cell phones to decrease the environmental impact of operations. Mid-range measures: Emphasis on enhanced ecological benefits of energy resources such as the substitution of electronic bills for physical bills, promotion of paperless operations for all stores in Taiwan, and digitization of forms to reduce the waste of printed paper. Long-range measures: Construction of energy-saving base stations and green cloud data centers and hardware facilities; procurement and operations are based on environmental sustainability principles; use of core telecommunication services such as video conferencing and Internet/mobile cloud services to provide assistance for other enterprises and consumers in the field of energy conservation and carbon reduction as well as conveyance of eco-friendly concepts via different media including cell phones, the Internet, and TV in order to enhance the environmental awareness of the general public and spur various environmental action initiatives.

Short, mid, and long-term promotion of key issues



Between 2007 and the end of 2014, we had successively implemented the recycling of waste batteries, cables, and cell phones at base stations as well as the recycling of different types of office resources, paperless operations, the construction of energy-saving base stations, and green cloud data centers. All of the targets have now been achieved. We are therefore making the Vision 2020 Project our basis for environmental strategy management as shown below:



3.2 Green Operations and Carbon Risk Management

In the field of environmental action, we actively fulfill our role as information and communication service providers to provide assistance in the creation of a smart low-carbon society. Carbon emissions are reduced on a cross-industry and department basis through electronic and mobile services and eco-friendly concepts are passed on through contacts with large numbers of users and consumers. We play the role of “promoters” to achieve our long-term objectives.

3.2.1 GHG Inventories and Management

GHG information management is promoted by the Energy Management System Committee (below referred to as “this committee”). The President serves as the chairman of the committee, while the Vice President acts as the management representative. The committee members are selected and appointed by related units, while the Public Affairs and Brand Management Division assume the position of executive secretary.

Taiwan Mobile Energy Management System Committee Organizational Chart



TWM adopted ISO14064-1 GHG inventory in 2012. Annual inventory is set for Taiwan Mobile Co., Ltd., Tai Hsin Joint Digital Co., Ltd., Taiwan Digital Services Co. Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan Fixed Network Co., Ltd., Taiwan Fixed Network Media Co., Ltd., Win TV Broadcasting Co., Ltd., and Taiwan Kuro Times Co., Ltd through the continued adoption of an operational control approach. Inventory categories include office buildings, data centers, base stations, and direct stores of the above mentioned companies. GHG emissions are calculated based on actual data pertaining to operating activities of the respective year with the GHG Emission Coefficient Management Chart (Version 6.0.1) released by Environmental Protection Administration in December 2013, the Heat Content of Energy Product Chart released by the Bureau of Energy of the Ministry of Economic Affairs in 2010, and the Electricity Emission Coefficient announced by the same bureau in 2013 as auxiliary tools.

Due to the relocation of Company HQ in 2014 and the addition of the cable TV system platform as a subsidiary, the inventory boundaries have been adjusted and GHG

emission amount changes of 6.06% have been generated. 2014 has therefore been set as the base year. The total Carbon emission amount from greenhouse gases reached 208,571.45 tons CO₂e in 2014. This includes six different greenhouse gases, namely CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆. Relevant data were externally verified by the British Standards Institution (BSI) to guarantee data reliability and validity. Our

GHG emissions

Unit : ton CO₂e

Item	2013	2014
Direct GHG emission source (Scope 1)	3,146.50	7117.86
Indirect GHG emission source (Scope 2)	170,977.64	201453.59
Total emission amount (Scope 1 + Scope 2)	174,124.14	208571.45
Emission intensity (t-CO ₂ e/NTD million)	1.61	1.85

Energy consumption and energy intensity

Consumption	Liter/Joule	2013	2014
Direct energy consumption	Gasoline (Liters)	545,380.48	864,180.56
	Million Joules	17,811,362.94	28,222,927.37
	Diesel (Liters)	36,803.97	33,445.50
	Million Joules	1,356,064.36	1,232,319.57
Indirect energy consumption	kWh	327,543,376.6	385,926,420.85
	Million Joules	1,179,156,155.78	1,389,335,115.07
Total energy consumption	Million Joules	1,198,323,582.86	1,418,790,362.01
Energy intensity	(Million Joules /NTD million)	11,053.83	12,597.70

Note:

1. Heating values (2010) and electricity coefficients (2013) are based on official announcements by the Bureau of Energy, MoEA.
2. Energy intensity is calculated by dividing total energy consumption (direct and indirect) by consolidated total revenue for the respective year.
3. Only internal energy consumption is listed in the table above. We also plan to disclose external energy consumption in the future.

operations span the telecommunication and media industries, which rely on electricity as the main energy source. Scope 2 GHG emissions which are indirect GHG emissions from purchased electricity, and therefore account for 96.59% of all emissions. The remaining 3.41% are Scope 1 GHG emissions generated through direct emissions or fugitive emissions from coolants, fire extinguishers, septic tanks, or service vehicles. As for Scope 3 GHG emissions, we only conducted a qualitative analysis due to the fact that it is difficult to keep track of relevant activities and emissions. However, in view of the international trend of increasingly strict requirements for GHG management, we are currently assessing the inclusion of personnel in charge of GHG emission calculations to facilitate the tracking of Scope 3 emissions. Our long-term goal is to generate a gradual impact on customers and consumers with the goal of perfecting GHG emission management categories.

Analysis of the increase of GHG emissions

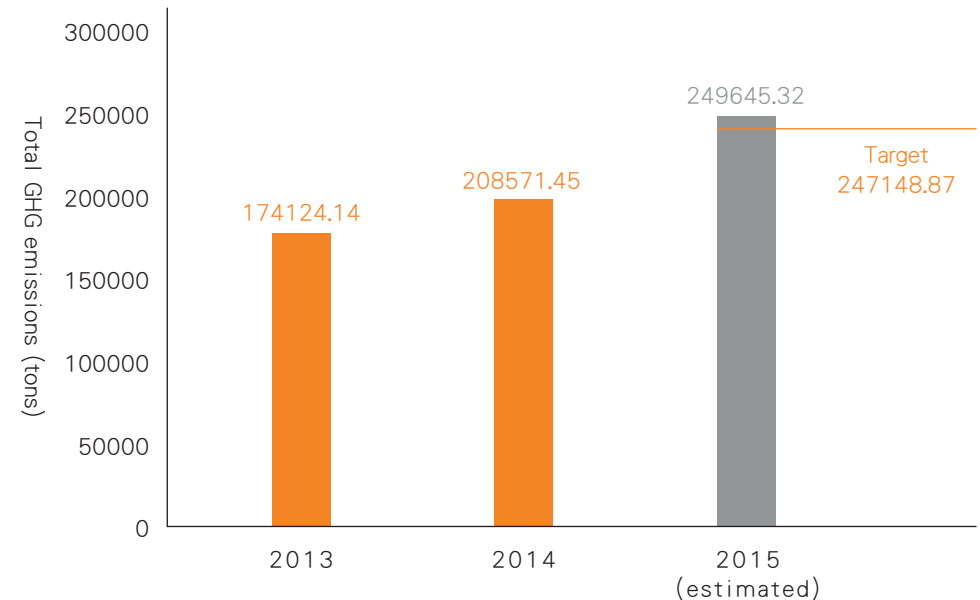
2014 officially ushered in the 4G era. TWM is therefore speeding up the construction of LTE high-speed network facilities all over Taiwan to provide consumers with superior 4G communication services. In addition, inventory boundaries have been expanded to include the cable TV system platform, a subsidiary of TWM to facilitate the tracking and control of GHG emission conditions. On the other hand, cloud IDC occupancy rate is gradually rising in response to the vigorous development of big data cloud services. In view of these developments, we expect a stable growth of mobile communication and cloud services, which in turn will lead to an increase in GHG emissions. We therefore started to set GHG management targets in 2014.

Target: Keep annual GHG emissions 1% below the estimated values based on operational growth

Due to business growth in 2015, it is estimated that GHG emission amounts will increase to 249,645.32 tons CO₂e. The target for 2015 is therefore to keep GHG emissions below 247,148.87 tons CO₂e.

3.2.2 GHG reduction and management strategy

The above analysis clearly indicates that greenhouse gases generated by electricity consumption represent the main emission source. Base stations and data centers account for the largest portion of power consumption. Our GHG reduction efforts and management strategies therefore focus on an increase of power usage effectiveness as well as the adoption of energy conservation and carbon reduction measures with the goal of reducing GHG emissions. Concrete steps include:



1. Replacement of dated chillers with high power consumption in data centers
2. Replacement of air conditioning systems and facilities in base stations / installation of exhaust fans / reliance on natural ventilation
3. Replacement of lighting equipment with highly efficiency.
4. Temperature setting of 26°C for office air conditioning
5. Set the multifunction printers automatic enter the power-saving mode when idle for long time.
6. Renting of electric or hybrid official vehicles
7. Promotion of e-operations to reduce energy consumption
8. Adjustment of billboard lighting times on buildings and operating bases on a seasonal basis.

Energy use efficiency management

In 2014, the integrated energy management and monitoring IT system was completed. This system organizes up to more than 10,000 electricity charge data entries and monitors power use irregularities and excessive power consumption. The system is currently in the trial stage and will help save manpower required for manually kept statistics once it goes online. In addition, the Energy Management System Committee convenes meetings to discuss and design Energy Management Action Plan Assessment Forms and perform inventories and determine carbon reduction goals for lighting and AC power consumption. The following concrete results were achieved in 2014 :

1. Enhanced A/C operation efficiency in data centers

(1) Carbon reduction : 21.45 tons CO₂e

(2) Energy conservation rate : 8.7%

2. Replacement of chiller units in data centers

(1) Carbon reduction : 398 tons CO₂e

(2) Energy conservation rate : 33%

In addition, the company has actively adopted the ISO 50001 energy management system standard and inventories encompass over 450 facility and asset types including air conditioning, lighting, data centers, and computer/information systems. The concrete goal of a 3% reduction of energy consumption within three years was formulated with 2012 as the base year. In view of the relocation of company HQ in 2013, the energy management system categories were adjusted and the cloud IDC was consolidated. The implementation results are as follows:

Energy performance indicators

1. Company HQ, stores: EUI (Energy Usage Intensity)

$$\text{EUI} = \frac{\text{Annual power consumption (kWh)}}{\text{Total area covered by facilities (m}^2\text{)}}$$

2. Data centers: PUE (Power Usage Effectiveness)

$$\text{PUE} = \frac{\text{Annual power consumption (kWh)}}{\text{IT facility power consumption (kWh)}}$$

3. Energy baseline

- 2013 cloud IDC baseline: PUE 1.5
- 2012 Optoelectronics Tower – office baseline: EUI 34.35
- 2013 Optoelectronics Tower – data center baseline: PUE 1.78/ PUE 2.72
- 2013 Guanqian store baseline: EUI 78

Energy management goals

1. Optoelectronics Tower and stores: 1% decrease of EUI/PUE for all bases within one year and accumulated reduction of 3% within three years (initial baseline year serves as the benchmark of power consumption)
2. Cloud IDC: Maintenance of PUE >1.5 when Ω1 and Ω2 data center usage rate reaches 80%

(The Optoelectronics Tower and stores reached the specified targets in 2014. Since the occupancy rate of the cloud data center only reached 30% in 2014, we will continue to track the occupancy rate and changes in PUE energy performance indicators)

Energy conservation measures for base stations

(1) Increased ratio of co-stations and co-construction

After the amendment of the management regulations by the relevant authorities in 2003, the company immediately initiated co-construction and co-stationing efforts in its 2G network. For instance, co-constructed base stations were established at the sites of major traffic infrastructure projects such as the MRT tunnel network in Taipei and Kaohsiung, the tunnels along National Freeway No. 1, 3, and 5, Terminal 1 and 2 of Taoyuan International Airport, and the TaiRail and HSR tunnel systems. 82.6% of the 2G base stations of the company are currently co-stations and the co-construction ratio amounts to 36.3%.

(2) Reduced construction of new stations and antennas due to joint use of co-stations

94.8% of the 3G base stations are constructed and installed at the sites of the original 2G base stations (co-stationing), which leads to a reduced number of new sites. In addition, due to the adoption of multi-band antennas which are suitable for both 2G and 3G systems and the addition of 3G base stations at the sites of the original 2G base stations, it is not necessary to add new antennas. Moreover, 28.6% of the 3G base stations are not only built at the sites of the original 2G base stations but are also equipped with antennas which have been jointly constructed and are jointly used with other 3G providers to reduce the total number of antennas.

(3) Enhanced energy conservation efficiency of base stations

In addition to continued adjustments of air conditioning systems and temperature settings to enhance the energy efficiency, the supplier of the 3G base station facilities which were purchased in 2011 has already passed the ISO14000 certification, which in turn has led to an increase in the energy conservation efficiency by 50% compared to previously purchased equipment. After the decommissioning of facilities, 95% of the components can be recycled and reused. This facility type which is characterized by high energy efficiency has been installed in 99.8% of the 3G base stations. Energy efficiency is also increased through the use of variable frequency-type air conditioning systems and temperature adjustment.

(4) Landscape beautification

To beautify the landscape around the base stations and maintain the overall environment, the greening and beautification of the base stations is conducted in accordance with the "Work rules for the landscape beautification and construction work at base stations". The goal is to integrate the stations into the local natural environment and reduce the visual impact as well as alleviate concerns of the general public regarding electromagnetic waves emitted by the stations.

(5) Green Power

The establishment of green, zero-carbon power generation facilities is planned for 2015 with solar energy and wind power renewable energy equipment of a total capacity of 28kw. It is expected that these facilities will result in an annual carbon reduction of 16 tons CO₂e. These experiences in the field of green power serve as an ideal preparation for the future deployment of green power generation facilities.

Percentage of base stations that have adopted action plans

Action plan	Effects	2011	2012	2013	2014
AC Temperature adjusted to 28°C (Starting in 2007)	Power savings of 6% compared to a temperature setting of 26°C	28.0%	28.0%	28.0%	28.0%
Use of variable frequency air conditioning (Starting in 2007)	Power savings of around 40%	26.4%	58.8%	67.8%	73.6%
Use of power-saving and highly efficient base station facilities	Only 50% of the power consumption of traditional base stations	67.4% of 3G base stations	88.2% of 3G base stations	97.3% of 3G base stations	99.8% of 3G base stations

3.2.3 Enhanced energy efficiency of office areas and stores

Unnecessary power consumption is reduced and energy efficiency is enhanced in office areas and direct stores through power consumption surveys and different energy conservation measures for lighting systems, air conditioning systems, and office equipment. Detailed inventories are carried out for locations which are characterized by high energy and power consumption and concrete energy conservation projects are proposed to adjust electric contract capacities to reasonable values.

1. Installation of energy-saving lighting equipment such as T5 light tubes
2. Adjustment of room temperature settings to save AC power consumption
3. Divide the elevator zones for different served floors and encourage employees to use the stairs.
4. Turn off unnecessary basic lighting and office equipment during lunch breaks.
5. Turn off the computers, photocopiers and lighting equipment outside working hours.

Due to the relocation of company HQ and new site added, a total of 15,053,304 kWh of electricity was consumed in our offices in 2014, which represents a slight increase compared to 2013 (14,386,838 kWh).

* The abovementioned offices refer to those owned by TWM

Power consumption statistics for office areas

	2013	2014	Annual difference	Increase Rate (%)
Power consumption (kWh)	14,386,838	15,053,304	666,466	4.6%

Energy conservation in office

1. Chiller units

Research findings and actual measurements in the “2013 Energy Conservation Diagnosis Report” issued by the Green Productivity Foundation indicate that the operation efficiency of chiller units can be increased by 4.4 % for every 1 °C reduction of the entering cooling water temperature. By reducing the temperature of the entering cooling water to an appropriate value, annual AC power consumption can be decreased by around 40,000 kWh.

2. Energy-saving light equipment

A total of 3,034 T8 light bulbs were replaced with more energy efficient T5 bulbs in Sanchong Tomson Plaza and the Tsaigu Tower in Taichung 2014. This resulted in an energy conservation efficiency of 50% and annual power consumption savings of 1.34 GWh for lighting.

3. Energy-saving refrigerators

Installation of energy-saving refrigerators enhanced 130% efficiency which is higher than a regular 500L refrigerator.

Refrigerator	Energy Factor
Old	8.6 liter/kWh/Month
New	19.8 liter/kWh/Month

Response to the Carbon Disclosure Project

In 2014, TWM actively responded to changes in the climate system (Carbon Disclosure Project, CDP) for the first time to cope with impacts, risks, and opportunities generated by examination of environmental factors by international institutional investors

(investments of 95 trillion USD) and inspect the implementation effects of GHG emission management and sustainable environmental management strategies. We strive to make international institutional investors aware of our ambition and determination in the field of sustainable operations and follow the international trend of climate policy formulation.

Adoption of renewable energy sources

TWM has been planning the establishment of green, zero-carbon power generation facilities since 2014 to reduce environmental impacts caused by business growth and expect to install the renewable energy facilities in 2015. We also support green energy policies adopted by the government and plan to promote a program titled “Donate 1NTD when purchasing a smartphone to promote green energy”. The purpose of this program is to propagate environmental sustainability concepts among the general public.

Smart carbon reduction practices

TWM has actively promoted this technology inside the enterprise and for the product dimension. Since 2009, videoconferencing has been used for the majority of meetings between Company HQ and overseas branches such as Beijing and Xiamen. This technology not only produces economic benefits but also reduces indirect carbon emissions. As far as external promotion is concerned, Taiwan Fixed Network launched its own videoconferencing services in September 2010. We continue to popularize this technology by providing low-carbon services for corporate clients and employ this green project to support public welfare groups. Video conferencing greatly reduces carbon emissions generated by commuting employees. This videoconferencing package also increases the efficiency of volunteer educational training programs and creates green leverage. The company currently features five large (mobile) and ten small (stationary) packages. A total of 451 store-type packages and a total of 466 packages have been installed.

As far as external efforts are concerned, TWM Foundation provided videoconferencing services and educational training for 82 service bases of 13 NPOs in 2014 due to the fact that service beneficiaries are spread all over Taiwan. These services solved the problem of travel fatigue of social workers and exorbitant transportation costs for meeting and educational training participants. This has led to transportation cost savings of 3.75 million dollars and carbon emission reductions of over 90 tons. Over 18,000 individuals participated in educational training on videoconferencing.

3.2.4 Office water conservation results

TWM continue to enhance the ecological benefits of energy resources to create green

office environments. As far as the usage efficiency of water resources is concerned, we conduct regular inspections and repairs of water supply and drainage facilities and reduce the water amount consumed in toilets and rest areas. Taiwan Water Corporation is the main water supplier.

The wastewater generated by RO water dispensers in the telecom building is recycled and used for flower watering, cleaning, or car washing. This results in daily water savings of roughly 2-3 tons. A total of approx. 500 tons of water is recycled annually accounting for around 3% of the total water consumption.

** The maximum daily water amount discharged by the drainage pipes of the RO units equals two 86-liter buckets (a total of 135-175 liters). The estimated annual recycling amount equals $135 \times 15 \times 250 = 506.25$ tons (calculations are based on 250 workdays per year and a total of 15 floors (2F-18F))

Due to the relocation of company HQ in 2014, a new base with a total water consumption of 46,146 m³ was added, which represents an increase of office areas compared to 2013 (37,691 m³).

Actual water consumption in office areas

	2013	2014	Annual difference	Increase Rate (%)
Total consumed units	37,691	46,146	8,455	22.43%

3.2.5 Recycling of office resources and paper reduction

A total of 110.8 tons of office resources were recycled in 2014, which represents a 13% increase compared to 2013 (97.7 tons). Recycled office resources can be divided into four categories: Paper, plastic, PET bottles, and aluminum cans. After these resources have been sorted and collected by the cleaning personnel, they are recycled and treated by a qualified waste disposal business. In 2014, domestic garbage amounted to 279 tons.

Office waste (trash) and resource recycled statistics

	2013	2014	Annual difference	Increase rate (%)
Waste amount (kg)	192,705	279,756	87,051	45%
Recycled amount (kg)	97,748	110,811	13,063	13%

Office paper consumption statistics

	2013	2014	Annual difference	Increase rate (%)
Paper consumption (sheets/month)	2,158,626	1,640,626	-518,000	-24%

3.2.6 Handling of electronic waste

Effective handling of waste cables

To expand the scope and quality of telecommunication services, we lay cables and conduct maintenance operations on a regular basis. Over the past three years, we have used a total of 4,160,420 kg of copper cables and fiber-optic cables. In 2014, a total of 9,870 kg of copper cables and 1,379,760 kg of fiber optic cables were deployed (a total of 1,389,630 kg)

Total weight of cables deployed and used for maintenance operations

Year	2012	2013	2014
Fiber-optic cable (kg)	1,246,680	1,452,560	1,379,760
Copper cable (kg)	62,400	9,150	9,870
Total	1,309,080	1,461,710	1,389,630

During the installation and maintenance of telecommunications infrastructure, large quantities of old optical fiber and copper cables have to be phased out and replaced. If these cables are not handled in a proper fashion, they will cause a serious environmental impact. To prevent damage to the environment, we commissioned a qualified waste cable treatment business which has been approved by the Environmental Protection Administration starting in 2000 to replace copper cables with fiber-optic cables by adopting turnkey treatment to achieve the dual goal of eco-friendliness and cost reduction. In 2014, a total of approx. 288,310 kg of waste cables were treated successfully. Over the past three years, a total of 997,925 kg of waste cables were treated in this fashion.

Waste cable recycling achievement

Year	2012	2013	2014	Total
Fiber-optic cable (kg)	299,500	233,890	269,755	803,145
Copper cable (kg)	98,220	78,005	18,555	194,780
Total	397,720	311,895	288,310	997,925

**Fiber-optic cable and copper cable quantities are calculated by multiplying the total length of the cables purchased in the respective year by weight

Treatment and use of reusable old battery packs

Battery packs are used as emergency backup power for our main data centers and base stations. Batteries are consumables and must therefore be tested and replaced on a regular basis. To prevent waste of reusable resources, we have formulated battery recycling and classification standards. Batteries which have been declared reusable after removal are put to use again to achieve the dual goal of eco-friendliness and cost reduction. Professional waste battery treatment businesses have been commissioned to handle these batteries in two different ways: Batteries that have been in use for 7 years or longer are directly discarded due to service life limits. Batteries which have been in use for less than 7 years are handed over to businesses specializing in battery activation and recycling. Recycled batteries with a storage capacity of at least 80% are put to use again. A total of 12,773 batteries were discarded in 2014. After classification of these batteries in accordance with the recycling standards, it was determined that 700 batteries could be directly recycled and reused, while another 700 were handed over to professional businesses for activation and recycling. The remaining batteries were directly discarded by these businesses.

All the waste batteries are treated by EPA qualified contractor since 2008. In 2014, the total weight of waste batteries treated by said businesses (after deducting batteries recycled and reused by the company itself) amounted to 404,526 kg. Over the past 3 years, a total of 1,272,531 kg of waste batteries were treated in this fashion to prevent pollution of the environment by toxic battery fluid.

Achievements in the recycling of batteries in base stations and data centers

Year	2012	2013	2014	Total
Battery (kg)	496,215	371,790	404,526	1,272,531

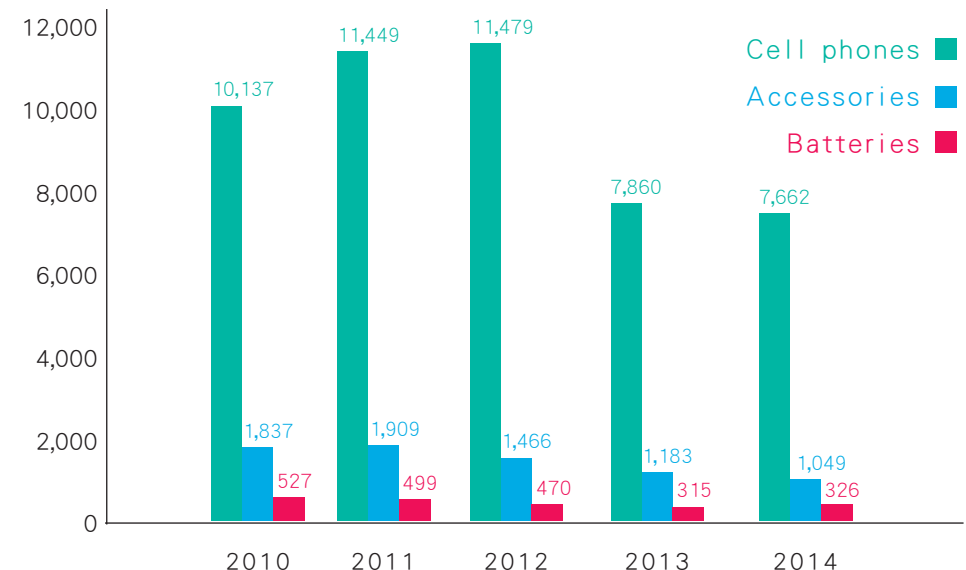
**Total weight of discarded batteries = Σ Number of discarded batteries x average battery weight

Recycling of discarded cell phones

The “Cherish our Planet” recycling program which was the first complete cell phone recycling program in Taiwan was launched in April 2008. All stores in Taiwan actively promoted the recycling of mobile communication components such as batteries, cell phones, travel chargers, charging bases, headphones, and transmission wires to prevent heavy metals such as lead, cadmium, and cobalt in the discarded components from polluting and contaminating our environment. The goal is to recycle and reuse resources such as gold, copper, and plastic to reduce resource development and waste. The recycling bins for cell phones are made of acrylic to avoid secondary pollution caused by battery fluid leakage.

In 2008, we also participated in the Waste Mobile Communication Product Recycling Program sponsored by the Environmental Protection Administration of the Executive

Achievements in the recycling of cell phones, batteries and accessories





Yuan. By the end of 2014, more than 67,000 cell phones had been recycled. The company also actively participates in conferences and symposiums to share experiences and encourage businesses of the same sector, cell phone providers, electronics and household appliance businesses, and domestic retail

chains to join these efforts to turn Taiwan into the country with the highest density of cell phone recycling points. In 2014, a total of 7,662 discarded cell phones were recycled, while the total weight of accessories and batteries amounted to 1,049kg and 326.8kg, respectively.

3.2.7 Paperless forms and operations

Not only have paper bills been replaced with e-mail, we have also implemented paperless operations in many areas inside the enterprise and the sales process. Paperless operations in stores represent an example of green practices in the value chain. In the past, subscribers had to proceed to stores to fill out a large number of paper forms to complete the application procedures. We have invested in soft and hardware facilities to fully implement paperless operations and allow subscribers to provide electronic signatures and scanned versions of required documents. It is not necessary to provide copies of documents which decreases paper consumption and guarantees the confidentiality of the personal information of subscribers.

Paperless operations not only reduce the costs required for the printing of forms and paper but also lead to lower expenses for transportation, shredding, and storage of forms. Between 2007 and the end of 2014, a total of 15,189,674 paperless documents had been processed leading to savings of 23.26 million sheets of paper.

Usage of paperless forms

Year	2010	2011	2012	2013	2014
Documents (copies)	1,610,387	1,737,215	2,205,900	2,969,644	3,946,710
Papers (amount)	2,030,706	2,135,404	3,420,261	4,629,949	7,506,488

3.3 Smart Low-carbon Solutions

3.3.1 Creation of a 6-star IDC Cloud Data Center

The TWM Cloud IDC (Internet Data Center) is the first of its kind in Taiwan to be awarded the Uptime Institute's (the global data center authority) Tier III dual certification. The center, which covers a total area of around 26,446 m² and costs around 5 billion NTD, is located in the Neihu Technology Park in Taipei. New international standards and a 6-star design concept were adopted to provide stable and uninterrupted data center services for finance, international telecommunication, and e-commerce businesses.

In May 2014, the data center became the first of its kind in Taiwan to be presented with a Brill Award for Efficient IT presented by the Uptime Institute. The Brill Award recognizes energy conservation efficiency of data centers all over the world. A selection committee formed by professionals of the Uptime Institute chooses data centers with the best performance in the field of energy conservation from a multitude of existing centers. TWM Cloud IDC is one of the 18 data centers in the world that were honored with this award. This is a clear indication of the contributions of the center in the field of energy conservation.

Stable and uninterrupted services through dual-loop design

To meet the criteria of the Uptime Institute Tier III certification, electromechanical facilities must be equipped with a N+1 redundancy mechanism and, even more importantly, the five major systems (power, air conditioning, fire protection, safety, and environmental control) must be based on a dual-loop design and the data center must be concurrently maintainable. This allows operators to maintain uninterrupted services by switching data pipelines during maintenance of the center or in case of accidents. This not only represents the main difference between Tier III and Tier II certified data centers but is also one of the key factors for the selection of IDC by enterprises.

Highly energy-efficient Data center with a PUE of only 1.5 and a carbon reduction effect equivalent to 24 Daan Forest Parks

We are fully aware of the increased risk of GHG emissions generated by data centers in this age of big data cloud services, the cloud data center design therefore employs

cold/hot aisle separation and free cooling methods in combination with special air conditioning facilities (such as chiller units, cooling towers, and scavenger fans) as well as accurate lighting control systems. The overall energy efficiency goals are based on the Green Grid silver-level measurement standards for data centers to achieve a PUE (Power Usage Effectiveness) of 1.5. Compared to the PUE 2.0 power usage efficiency of generic data centers, the TWM IDC cloud data center consumes around 25% less power. After the official launch of the center, it is expected that the carbon reduction effect will be equivalent to the amount of carbon absorbed by 24 Daan Forest Parks. The first truly green cloud data center in this industry will effectively reduce carbon emissions.

**Calculations of carbon emission reductions are based on the amount of saved power

**Daan Forest Park can absorb 705 tons of carbon per year (source: Forestry Bureau, Council of Agriculture)

Data collected by the Forestry Bureau reveals that 1,500 Pongamia trees (average age of 10 years) are planted on one hectare of forest land. These trees can trap around 27 tons of CO₂. The Daan Forest Park covers a total area of 25.9293 hectares. The amount of absorbed carbon therefore amounts to 25.9293x27=707.869 tons. The power emission factor in Taiwan in 2009 was 0.623kg of CO₂/kWh.

3.3.2 Mobile lifestyles – an application of low-carbon concepts



myBook Book Town

myBook reading platform is committed to promoting digital reading. It mainly provides digital contents including e-books, e-magazines, and audio learning materials.

Mobile devices allow readers to enjoy the pleasure of reading anytime and anywhere, whenever they like. This platform satisfies the needs of readers of all ages and levels without taking up any physical space.

There were 64 e-book been published on myBook which covering a wide range of subjects including 3C, business management, fashion, inspiration, and literature with the goal of offering an even greater number of excellent books in digital format for the pleasure of readers to set an example for others to emulate. Furthermore, myBook



myPlay1 Mobile online game services

myPlay1 mostly releases mobile games and allows gamers to play these games online via their portable smart devices. Compared to PC games which were popular in the past, mobile games consume less energy and the integrated direct payment systems allow gamers to directly purchase in-game credits via their cell phones. It is no longer necessary to purchase physical game cards in convenience stores as required for computer games in the past.



M+ Messenger

M+ Messenger gives 2,645 elementary schools and 739 junior high schools all over Taiwan the opportunity to register for free official accounts to provide a convenient and real-time communication platform between teachers and parents. A total of 12 elementary and junior high schools in Taipei, Taichung, Tainan, and Kinmen currently take advantage of these services until the end of 2014.

M+ Messenger has created the "Mobile Village" project in cooperation with X4GPS to provide all villages and boroughs in Taiwan with the opportunity to register free official accounts. As of the end of 2014, 90% of the over 7000 village and borough heads in Taiwan have registered accounts. This digital communication channel allows them to provide services for village and borough residents and communities in every corner of the country via their smartphones in a real-time manner.





mySports Transforms cell phones into health management specialists

Following the growing popularity of smartphones, the general public can exercise in a relaxed fashion and track and manage their personal health via these devices. This product is capable of creating records for 23 different exercise types including jogging, cycling, hiking, and brisk walking and allows the import of data from wearable GPS devices of multiple brands and a unified management of all data. We have also released a series of recommended exercise routes in Taiwan to allow the general public to freely select routes suitable for cycling, hiking, brisk walking, and strolling. In addition to enjoying the beautiful scenery along the way, they can also make a contribution to energy conservation and carbon reduction. Between September 2013 and the end of 2014, membership numbers soared to 169,000 and a total of over 1.15 million exercise records were uploaded, turning mySports into one of the best sports community platforms in Taiwan.

3.3.3 Promotion of e-bill services

Since May 2008, we have been officially promoting e-billing by replacing physical paper bills with e-mail files. As of August 2012, clients can print out detailed call records based on their personal needs and access website browsing services. In July 2013, e-billing by SMS was added, and cell phone QR code scanning services which allow clients to proceed to convenience stores to pay their bills without the need to print them out



are available since 2014. Based on the assumption that every e-bill can help save 2.4 sheets of A4 paper, a total of 85.34 million sheets of A4 paper had been saved through promotion efforts until the end of 2014. CO₂ emissions generated by the sending of physical bills were also reduced by 224.74 tons.

Relevant information is disseminated via the company's own channels including bills, envelopes, the official website, stores, and company events. For instance, e-bill services were promoted during two free outdoor concert activities in 2014. Rebates on bills, e-gifts, or purchase of certified eco-friendly products are employed to attract clients to apply for e-billing services in the hope of realizing and maximizing the effects of a low-carbon lifestyle.

Year	2008	2009	2010	2011	2012	2013	2014	Total
Paper savings due to e-billing	1,431,609	4,008,820	5,122,304	5,510,339	5,776,667	6,312,773	7,397,703	35,560,215
Reduction of the use of A4 copy paper (in sheets)	3,435,862	9,621,168	12,293,530	13,224,814	13,864,001	15,150,655	17,754,487	85,344,516
CO ₂ e reduction (tons)	9.0477689	25.335742	32.3729613	34.8253425	36.5085354	39.8967254	46.753483	224.74

Note : each e-bill equals 6.32g CO₂e

4. Customer Relations

Core Concept

TWM embraces the core concept of “Genuine concern for the customer” with the enhancement of customer service quality as the ultimate benchmark. We are also committed to providing our customers with optimized user experiences and a safe telecommunication environment. The company has dedicated its efforts to connecting every link of its mobile communication and Internet services to fully satisfy the customer demands. Through the integration of products, prices, services, images, perceptions, and experiences, customers are provided with a relaxed, easily, and user-friendly mobile lifestyle

Commitment and Actions

Supreme Internet services: Professional teams all over Taiwan are engaged in Internet optimization projects all year round.

Professional stores: Over 900 myfone stores spread all over Taiwan provide professional and friendly services

Considerate services: Provision of professional solutions for all mobile lifestyle related demands all around the clock with a focus on customer perceptions

Diverse fee plans: A large variety of options are available in the fields of voice and Internet services to satisfy the needs of different customer groups and allow them to enjoy a lifestyle characterized by unrestrained communication

Value-added services: New innovative services spanning the fields of life information, multimedia, and entertainment such as myMusic, myVideo, mySports, myBook, myPlay1 are constantly introduced to ensure a further upgrade of mobile services.

Achievements and Performance

- Selected as a Trusted Brand by Reader's Digest for the eleventh consecutive year
- Myfone stores and customer service centers have been recognized with the SGS Qualicert Certification for two consecutive years
- Honored with the Award for Exceptional Contributions to the 165 Anti-Fraud Hotline presented by the Criminal Investigation Bureau
- Cloud IDC is the first and the only data center of its kind in Taiwan to be recognized with a Brill Awards for Efficient IT presented by the Uptime Institute, the global data center authority, and has thereby set a new paragon in energy efficiency.

Vision and Plan

2014 has ushered in the new era of 4G for the Taiwanese telecommunication market. Changing transmission and communication modes have a huge impact on human life. TWM will continue its pursuit of exceptional customer service experiences and exhibit its vitality as leading brand in the field of digital convergence. We aim to provide an even greater number of optimized services and contents by utilizing our abundant corporate resources and complete strategy layout in a smooth Internet environment to allow customers to fully enjoy the convenience and revolutionary changes brought about by 4G in the different dimensions of multimedia, entertainment, mobile shopping, and mobile payment.

4.1 Focus on the Voice of the Customer to Ensure Excellent Service Quality

TWM continue to employ different market survey tools (such as phone interviews, Internet surveys, and focus group discussions) to track, review, and improve customer satisfaction levels. Different types of survey projects are carefully planned every year. The respondents range from the whole market to specific subscribers. Customer demands and opinions are analyzed on a regular basis and improvement plans or business strategies are formulated based on the survey results with the goal of an all-out improvement of subscriber satisfaction levels. Overall consumer satisfaction surveys are administered twice a year. This highlights the great importance attached to consumer opinions and satisfaction levels.

Satisfaction surveys are conducted by designated internal units and commissioned external units. These surveys not only provide a clear understanding of the overall satisfaction of subscribers to the telecommunication market with telecommunication businesses or single items, they also allow businesses to compare their own performance with that of others, which can serve as the driving force for continued growth of the company. TWM recorded stable overall satisfaction levels in 2014. The average score was 3.7, while the highest satisfaction level was achieved in the category of customer services with a score of 4.3.

KPI for customer satisfaction	2012	2013	2014
Overall satisfaction level	3.8	3.7	3.7
Satisfaction with voice quality	3.7	3.7	3.7
Satisfaction with customer services	4.5	4.4	4.3
Satisfaction with store services	4.1	4.2	4.1

Note : A five-point scale is employed to determine satisfaction scores. Very satisfied, satisfied, neutral, dissatisfied, very dissatisfied expressed in scores from 1-5.

4.2 Multiple Payment Channels and Account Management Options

myfone store	Online payment
Convenience stores	ATM
579 Voice payment	Automatic transfer payment

Mobile Customer Service APP

Up to 96 different service items were available, and the number of downloads has reached 1,804,442 until December 31, 2014.

The development of new services for the mobile customer service APP since 2014 focuses on the personal needs and demands of subscribers. The APP has been updated with a brand-new look and additional functions such as hot keys for current bills and data transmission queries to greet the advent of the 4G era. Subscribers are provided with an intuitive and user-friendly interface, which allows a constant monitoring of account usage. A new exclusive area has been created to rapidly familiarize with 4G relevant information in preparation for actual user experiences speedy.

Newly added service in 2014 :

1. Online application for automatic payment of credit card bills with time-saving (no paper forms have to be filled out), simple, and rapid procedures
2. Reminder services for online roaming which provide immediate access to a daily quota of SMS notifications and usage queries to allow a constant monitoring of online roaming charges and ensure worry-free use while abroad
3. VIP reservation services allow clients to enjoy services without waiting times at designated direct stores
4. Queries of past data transmission amounts within the previous six billing periods
5. Usage push notifications for subscribers charged based on actual usage. Receipt times may be configured as desired to allow a rapid and convenient monitoring of Internet usage information
6. Queries of outstanding charges for 4G services presented in form of icons to facilitate understanding
7. 4G add-on purchases to rapidly boost Internet traffic
8. Immediate configuration and modification of 4G rates without the necessity to adjust billing cycles or dial 188 to contact customer service



4.3 Transparent Complaint Channels

In this new era of 4G, telecommunication products and services are even more diverse and complex. TWM continues to enhance customer service experiences and insists on the provision of professional, efficient, cordial, considerate high quality services to satisfy customers. In addition to a 24-hour toll-free customer service hotline (188 for mobile phones and 0809-000852 for home phones), subscribers are also able to submit complaints through the website, the customer service mailbox, or in stores. Upon receipt of complaints, dedicated personnel is in charge of tracking and proper handling based on complaint categories. No major complaints regarding environmental, social, or human rights related issues were received in 2014.

In January 2013, the company adopted an external certification system and was awarded the Qualicert International Service Quality Certification and the ISO 10002:2004 International Standard Certification (Quality

Management – Customer Satisfaction – Guidelines for Handling of Complaints in Organizations) by SGS (Societe Generale Surveillance) for its efforts to establish a convenient and transparent complaint mechanism. In July 2014, the company passed two service certifications of Qualicert and ISO 10002 again. The company received an excellent rating for professionalism and considerate services in the mysterious shopping assessment conducted by SGS. TWM embraces the core values of “Integrity, Innovation, passion, and Simplification” in the realization of its commitment to provide all-around services. We carefully listens to customer demands and actively responds to customer issues. Customer rights and interests are safeguarded in a reasonable manner and special demands are respected. Problems are solved in a fully satisfactory manner to create optimized mobile lifestyle experiences for our customers.



Examples: proper handling of complaints

1. TWM has commissioned President Transnet Corp. to provide logistics and delivery services for its products. If negligence on the part of personnel leads to damage or loss of products or customer application data during the delivery process, products will be reshipped immediately and relevant requirements will be reissued by TWM. The company also convenes regular routine meetings with President Transnet Corp. to conduct inspections and reviews of procedures and cases with the goal of optimizing the quality of services. There were 26 cases reported in 2014 which were handled in an appropriate and satisfactory manner.
2. A lawsuit was filed against TWM and Taiwan Kuro Times for privacy right infringement of its M+ communication software. The Summary Court of Taipei District Court awarded a compensation of 500 NTD to the plaintiff. In response to this verdict, the APP was revised and now only indicates whether the phone numbers of contacts in the phone directories created by subscribers are on-net or off-net. Operator's name is no longer displayed.

4.4 Rate Transparency s and Various Discounts

Before TWM introduces innovative products or services, the rate and charges are approved by competent authority (National Communications Commission) and made public before implementation as required by the law. Fees and rates for sold items are also fully disclosed in the media, the company website, and each operating base.

In addition, store personnel are required to explain rates, service subscription and cancellation methods in a detailed fashion when customers apply for services as well as recommend suitable rate plans in accordance with customer needs. Upon completion of the application process, subscribers are provided with a fee plan agreement and promotional materials regarding the plans for reference purposes. Furthermore, the monthly billing statements clearly specify the service names, monthly rates, billing methods, and usage times for all charges based on different categories. The goal is to convey plan contents to the subscriber in a detailed and accurate fashion to safeguard consumer rights and interests and implement the concepts of “Trusted Brand” and “Product Liability”.

Customized promotion schemes tailored to the demands of special groups that differ from those of average subscribers serve the purpose of promoting digital inclusion.

Seniors joyfully embrace the digital tide

The aging of Taiwanese society is an inevitable trend. We employ our technologies and services to provide a user-friendly communication environment for senior users. Since 2008, we offer a large variety of special rate plans with 50% discounts on monthly subscription fees for seniors over 60 years of age (in view of the high proportion of seniors in remote areas, preferential rates are available in these areas starting from the age of 50). In 2014, we planned a service package of monthly subscription fees of 129 NTD combined with selected hotlines as well as account applications for only 99 NTD a month. The number of senior beneficiaries of these offers amounted to 330,000 until the end of 2014.

To encourage seniors to use mobile Internet services, a special plan (50% discounts on monthly voice subscription fees) for seniors featuring brand tablet computers with calling functions has been available since 2013. This offer not only eliminates the inconvenience caused to seniors by the small screen size of smartphones, the Internet flat-rate of 489 NTD a month also allows elderly subscribers to surf the Internet without having to worry

about high fees. This special offer for senior subscribers with monthly subscription fees of only 689 NTD, allows these users to fully experience the convenience and joy of surfing the Internet on a large screen. The number of beneficiaries of this Internet flat-rate offer of only 489 NTD a month amounted to over 50,000 in 2014.

Subsidies for students and remote areas to safeguard the rights of these subscribers

Following the advent of 4G era, TWM started to offer special rate plans with low monthly subscription fees and high data transmission amounts (starting at 598 NTD with 5GB/7GB/9GB data plans) for students in October 2014 to allow them to experience the joy generated by new mobile technologies. By the end of 2014, the number of beneficiaries had reached 9,358. TWM still focuses on the satisfaction of subscribers in remote areas while placing an equal emphasis on the voice service demands. As of November 2014, a preferential rate plan with monthly subscription fees of 179 NTD and free on-net calls and discounted off-net calls to specified hotlines are available. A total of almost 1,000 subscribers benefited from this special offer in 2014.

User-friendly plans for foreign tourists and new immigrants

TWM offers pre-paid cards for international calls to allow 550,000 foreign laborers in Taiwan to call their families in their home countries. Discounted times are available every day (40-50% discounts) to provide assistance for these economically disadvantaged groups who live far away from their hometowns and give them a chance to relieve their homesickness and stress after work. In addition, we also jointly organizes large-scale festival-related events such as annual concerts and the Songkran Festival with the Taoyuan County Government, Thailand Trade and Economic Office, and the Indonesian Economic and Trade Office. Around 15,000 people made valid contributions to the organization of these events in 2014.

With the goal of providing a wide variety of customized services, TWM offers foreign tourists a range of prepaid package deals with different combinations of voice and internet services tailored to personal needs. Myfone Service Centers are located in both terminals at Taoyuan International Airport to satisfy the telecommunication demands of foreign tourists upon arrival in Taiwan with prepaid telecommunication service packages of a premium quality at flexible and competitive prices.

4.5 Guarantee of Customer Data Security

In 2004, TWM established an Information Security Committee responsible for the coordination of information security tasks across units, promotes information security improvement activities for relevant departments, conducts internal audit regularly, and ensures compliance with information security related policies through independent and objective assessments. The company has successfully passed annual assessments of information security management practice by competent authorities as well as relevant administrative inspections. Regular audits are conducted by external 3rd party in accordance with the ISO/IEC 27001 International Information Security Management System to review the implement of information security. In addition, the company has formed an emergency response task force, which handles information security incidents in a rapid manner to reduce impacts and prevent reoccurrence. Enhance the information security management can ensure that subscribers view the company as trustworthy and reliable.

The implementation of information security policies provides subscribers with comprehensive and optimal security protection while they enter a myfone store to apply for different telecommunication services to the receipt of monthly bills and the dialing of toll-free customer service hotlines to modify rates and charges or global roaming settings due to the protection provided by the professional information security management system and dedicated service personnel. This allows our subscribers to use our services in a worry-free fashion.

We constantly improve our security management process and implement various projects to meet organizational demands and integrate information security operations into our local culture and lifestyles. A summary of projects completed in 2014 is provided in the table below. Relevant effects and results have been reported to the Information Security Committee.

Item	Content	Effects
Response to new threats	Adoption of protective measures against Advanced Persistent Threats (APT) and improvement of existing anti-virus software to cope with hacker attacks	Achievement of information security goals, protection against long-term persistent threats, implementation of management policies, better protection of confidential data
Acquisition of cloud certifications	The company passed the EuroCloud Star Audit (ECSA) and became the first provider of IaaS cloud services in the world to be awarded the highest five-star rating	Acquisition of the ECSA certification for the company's cloud computing services as well as the ISO27001 and ISO27011 international information security certifications, monitoring and management conducted by the Security Operation Center (SOC) all year round, firm grasp of service security and stability, and worry-free use of services by subscribers
Initiation of control measures for mobile facilities	Implementation of control measures for mobile devices (e.g., cell phones, tablet computers) used by employees including password requirements, screen locking, and remote wipe	Safe storage and retrieval of system resources and prevention of data loss through the adoption of effective mobile device management, enhancement of operational efficiency of employees, and creation of an information environment conducive to corporate competitiveness
Penetration testing	External simulation and testing of hacker behavior provides a better understanding of potential avenues used by intruders and allows the provision of suggestions for improvement	1. Audits of the strength of information security protection mechanisms 2. Verification of the safety of current systems
Standardized measurement indicators for information security operations	Identification of different quantitative indicators (such as risk values and KPI) as standardized measurement indicators for information security operations	Compilation of KPI which are employed for regular inspections of the information security system of the company. The values of all information security indicators have been gradually rising since statistics were first recorded.

4.6 Free Electromagnetic Wave Measurement Services

To alleviate worries of the general public regarding health hazards posed by electromagnetic waves emitted by base stations, we have established a hotline 0800-580010 (“waves measurement for free”) to apply for the measurement at base stations free of charge in coordination with other telecommunication providers. In addition to accepting requests by the general public to measure electromagnetic waves in the vicinity of their homes, we also offer a consultation and grievance mechanism for telecom services and commission reliable third-party units to conduct on-site measurements and provide professional explanations. In 2014, the company accepted 110 requests by the general public for measurement services. All measurement results conformed to the standard values set by NCC. Over the past three years, a total of 323 cases have been received and processed. We also organized an electromagnetic wave measurement campaign in cooperation with the Taiwan Telecommunications Industry Development Association (TIDA) and commissioned reliable third-party units to conduct measurements in northern, central, southern, and eastern Taiwan as a reference for electromagnetic wave education and distribute promotional materials throughout Taiwan. Since 1996, important international organizations and research institutions such as the World Health Organization (WHO), International Commission on Non-Ionizing Radiation Protection (ICNIRP), and the Institute of Electrical and Electronics Engineers (IEEE) have conducted research projects on electromagnetic fields and released related reports and statements.

TWM base stations all conform to the relevant legislation in their construction. They have also been verified by the NCC to be fully compliant with the ICNIRP standard.

“

IEEE: A report released in 2000 states that the radio frequency power of base stations is much lower than the standard amount and is safe for the general public including seniors, pregnant women, and children.

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“

ICNIRP: A statement issued in 2004 points out that no consistent or convincing evidence exists that indicates that radio frequencies cause any health effects.

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WHO: Factsheet No.193 issued in June 2011 points out that a large number of studies on the potential health risks caused by mobile phones released over the past twenty years clearly indicate that no convincing proof exists so far that the use of mobile phones has any negative effect on health.

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5. Social Engagement

Core Concept

"Actions of corporate responsibility started by true concern!!"

TWM Foundation established in 1999 to uphold the spirit of local roots and supporting the local community. The Foundation responds to different needs in society through the long-term investment of manpower and resources in disadvantaged groups, helping the physically and mentally handicapped, the character development of teenagers, and prevention of social problems. It also integrates the core corporate resources to promote digital fusion and enhance domestic soft power in digital cultural creativity. TWM has continuously made our mission to serve society and give back to the public. Moreover, we strive to join people in building a more harmonious and sustainable society.

Commitment and Action

We make the best use of our four core resources of voice services, network bandwidth, digital content and innovative services to help the charity groups enable technicalization, expand into digital applications, cultivate talents of multimedia and digital marketing, and support various local artistic and culture activities. Furthermore, a comprehensive corporate volunteer system has been established to internalize the CSR thinking with top-down corporate responsibility promotion and social engagement from bottom-up.

- CSR Awards presented by the Global Views Monthly (9th award received within a period of 11 years)
 - ◇ 2015 Model award in the CSR Annual Survey - Service and Financial section
 - ◇ 2014 Top award in the Social Welfare Promotion section for i-Infinity Digital Welfare
 - ◇ 2013 Top award in the Education Promotion section for teenager information literacy and Internet safety education
 - ◇ 2012 Model award in the Overall Performance and Community Support sections for depression prevention
 - ◇ 2011 Top award in the Education Promotion section for myfone Mobile Composition Award
- Corporate Citizenship Awards presented by the Common Wealth Magazine for 7 years (2007 - 2013)
- Total social investment of 125.2 million NTD in 2014
- The "i-Infinity Digital Welfare" program had 181 participating NPOs in 2014 and published 8 successful cases.
- A total of 14 corporate volunteering events were held in 2014 and drew 559 volunteers in 6 counties/cities. Total funding was 991,000 NTD and benefited a total of 53,991 people.

Vision and Plan

TWM strives for balanced economic, social and environmental development. As the pioneer in digital convergence, we will continue to apply our core corporate resources to caring and serving the society. Apart from sponsorships, we must also help disadvantaged groups improve their digital skills, popularize CSR education, promote social harmony and establish the basis of sustainability.

In order to face up the influence of 4G era, we will pay particular emphasis to the cultivation of digital content production talents to enhance the soft power in cultural creativity in Taiwan. We will also match digital talents with charity groups to enable charity technicalization and maximize their social benefits.

TWM's social engagement projects are mostly promoted by Taiwan Mobile Foundation. The annual budget is approved by the Board of the Foundation in the preceding year which is then submitted to the competent authority and published on the Foundation's official website in accordance with the "Ministry of Transportation and Communications Guidelines for Establishment and Supervision of Transportation Service Foundations" for the sake of transparency and regular oversight. The results of each project are reported to the Board of Directors at the end of the year along with the proposed plan for the coming year. The final accounts of the year are also submitted to the competent authorities and processed for disclosure. All business groups are actively drawing upon their core business to promote solutions targeted at needs in society. This will hopefully promote social harmony and contribute to social responsibility.

5.1 Creating New Value through Digital Applications

M+ Messenger

M+ Messenger offers free official accounts to 2,645 elementary schools and 739 junior high schools throughout Taiwan. It offers school teachers and parents with a more convenient and real-time communication platform. The service is currently used by 12 elementary and junior high schools in Taipei, Taichung, Tainan, Kinmen and other parts of Taiwan. (Until the end of 2014)

M+ Messenger creates communication channels for 7,851 the Chief of Village throughout Taiwan so they can serve local residents by their smart phones at any time. Mobile village services now cover all 19 counties/cities and reach every corner of Taiwan. (Until the end of 2014)

This APP was developed by TWM and it strives to become a part of users' everyday life by building a channel for instant communication in every village and school. Users can use it to receive local notices, check on children's activities at school and engage in real-time parent-teacher communications. M+ Messenger expend the personal networks and



solve the problems quickly in the digitization lifestyle.

Mobile Village projects helps communicate easily

The Mobile Village project was developed by M+ Messenger and X4GPS Company, which offer free official accounts to all villages in Taiwan. There are more than 7,000 villages in Taiwan and 90% of the Chief of Village has now opened an official account for M+. To establish the digital communication channels, the Chief of Village can serve the community through their smart phones wherever in Taiwan. Members of the public can instant receive notices from the Chief of Village when they add the official account of their village, such as local festivals, vaccinations, and garbage service pickup times. The program allows residents to rapidly give their feedback to improve the efficiency and quality of local applications, expand the communication in the neighborhood and strengthening services efficacy. The varied of communication channels in M+ Messengers make community digitized as well.

M+ Messenger offers school-family communications

M+ Messenger offers free official accounts for schools of all levels upon application. It can be used by the school as a new channel for providing information. For example, parents can be automatically notified one or two days before a sports event through M+ Messenger. This will make it easier for parents to attend and facilitate real-time parent-teacher communication. Many private and public elementary schools in Taiwan have applied for M+ Messenger. Even offshore regions such as the Xikou Elementary School and Jinhu Elementary School in Kinmen County have set up an official account. Parents can subscribe to this account to receive important notices from school.

At the same time, the APP also supports chat-rooms up to 100 members. Teachers can set up and manage class-level groups. Once a group has been created, students and parents can simply search for the group and sign up. Teachers no longer have to collect the numbers of all parents and then invite them one by one. A review function can also be set to keep outsiders out.

The chat rooms can also be used to discuss student affairs and build an effective bridge between teachers, parents and students. The real-time messaging software can also be used with social networking to become the most convenient contact book.

Clubs, camps and enthusiasts can share information anytime and anywhere

In addition to individual users, school clubs, camps or enthusiast groups can all use M+ Messenger for their internal communications as well. People are now more health conscious and interested in exercise. Many people arrange to meet up outside of work or after class for exercises. Any exercises club can apply for an official account with M+ Messenger. It can be used to get people together to register for important races or for staying in touch with fellow riders or runners.

In 2014, M+ Messenger collaborated with NeverStop (Taipei Cycling Association) by providing an official account and other messaging tools for more than 10 large and small races. Pre-race registration, real-time race broadcasts and post-race results could all be sent more quickly through M+ Messenger and improve the quality of sports services.

The Information Management Camp organized by students from the National Taiwan University Department of Information Management in July, 2014, used M+ Messenger as their method of communication as well. M+ Messenger was not only used by the camp staff for pre-event preparations but also for sending updates on camp classes and events out to participating high schools. Team counselors and team members even set up chat groups to post course contents and timetables on the notice board. All members could hold discussions through M+ Messenger as well to effectively improve communication efficiency and realize a digital lifestyle.

TWM also offered the company tours during the camp to give students an introduction to the development and operation of instant messaging



Company tour - NTU Information Management Camp

software. They also toured the myfone store where they used mobile phones, tablets and apps to experience digital convergence and cloud services.

Promotion of Innovation Services

TWM is actively promoting free downloads of innovative lifestyle apps to introduce the general public to enjoy digital convergence and smart living.

Advances in technology have created a new and convenient digital lifestyle. TWM's innovation services enable music, books, videos and exercises to be carried wherever people may go. The innovation service apps campaign lets people download and experience the convenience of a digital lifestyle for free. Access on any platform and carrier brings new horizons through the digital lifestyle. It also makes the conservation of resources as eco-friendly. In 2014, a total of 54,971 people took part in the digital innovation service experience and downloaded 109,014 innovation service apps.

Free innovation service trials and downloads for 2014:

To support the smart living, TWM crafted a cloud digital content service area for the "Smart City Exhibition" featuring 7 new value-adding services, the TWM Broadband Home Play multi-screen sharing service, and the TWM 6-star cloud IDC. These total solutions for individual, family and even enterprise users allow people to experience the convenience of a smart mobile lifestyle in any time and place.

During the "International Book Exhibition", TWM continued to promote "myBook" mobile reading. The new way of reading means people can enjoy reading while they travel. To make e-reading more interesting to the general public, myBook provides an extensive range of e-books and current period magazines.

TWM invested 5 million NTD during the Smart City Exhibition to set up an experience booth for promoting digital reading and other digital innovation services so members of the general public can experience smart mobile living for themselves.





TWM also took part in the "TLC Taipei Picnic Day". The general public was invited to bring their friends and families to enjoy an outdoor picnic and also experience the convenience of innovation services. Furthermore, TWM provide a special activity "Download Together" for free APP download and get the star cookies. There was also a spin-the-wheel game to give away peripheral products.

TWM formed a strategic partnership with Pili International Multimedia, one of the leading forces for cultural creativity in Taiwan, to host the "Pili Legends Exhibition" in Taipei and Kaohsiung. Cloud service brought the milestone for a new relationship established between local cultural and digital creativity. In this unprecedented combination of the digital and cultural creativity, all of the characters from the Pili Puppet Show including Su

Huan Zhen, Ye Xiao-chai and Yi Ye-Shu will show up on the digital platform of TWM. It not only opened the "first mile" for Pili's entry into the digital arena but also used TWM's innovation services to connect the "last mile" between cultural creativity and subscribers, opening up new possibilities in "Mobile Cultural Creativity" across platforms and carriers. TWM contributed 2 million NTD towards this cross-industry content partnership for promoting the "Pili Legends Exhibition". A further 1 million NTD in funding was also used during the exhibition to set up a free booth where Pili fans could experience on the cloud (myBook, myVideo, myMusic, M+ Messenger).

We also worked actively to provide custom digital lifestyle app services for different groups for events such as the Taipei-Fubon Marathon and ICRT Battle of the Bands.

5.2 Promoting Digital Fusion

i-Infinity digital welfare

TWM Foundation assists NPOs in the adoption of digital services and digital trends by pioneering an "i-Infinity program" featuring a concentration of digital projects. We integrate our core capabilities and resources to provide NPOs with digital applications and employ our digital leverage to improve the capabilities of NPOs in the field of digital applications and cultivate digital talent. An enhanced operational efficiency of the internal structure of NPOs and improved external fundraising ability can make up for the social disadvantage of a lack of assistance from the public and private sectors. This also helps awaken social concern in Taiwan and increase devotion to welfare issues.

A total of 181 NPOs took part in 2014 and 8 success stories were published. iSharing and the NFC smart tracking bracelet are now in the second phase of development. Three charity micro-movies and three charity theme songs have since gone online as well. "Angel 21" was produced by the Down Syndrome Foundation and based on a true story. In its first month online, it attracted nearly 400,000 views. The "NFC Smart Tracking Wristband" is the first of its type in Taiwan and uses the latest technology to help those suffering from dementia patients or the physically/mentally handicapped find their way home; "Wheelmap" app has accumulated a database through crowdsourcing and expanded participation by local citizens and improves the mobility of 4 million physically disabled people, seniors, and parents with babies. The company also pioneered the early intervention game app "Bubble Adventures" which propels rehabilitation therapy into the mobile age and helps develop the inner potential of 1 million children; "iSharing" is the first cross-platform volunteer service in Taiwan, encourages the general public to utilize their scattered time to serve as volunteers in an effortless fashion.

Micro movies – experiential marketing through images breaks through the bottleneck of traditional fundraising efforts

TWM enlisted the award-winning team of the micro movie category of the myfone mobile composition awards to adapt real stories in an effort to revolutionize traditional marketing methods employed by NPOs. In 2012, three movies were produced for Canlove Social



2014 i-Infinity results conference - iSharing volunteering ambassador Chan Yung-Jan and Chan Hao-Ching share the stage with NPOs

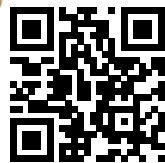
Service Association, the Chinese Christian Relief Association, and the Champions Education Association, respectively. "11 o'clock Secret" describes how a mother who suffers from depression turns over a new leaf for her children. "Grandma Believes in Jesus" depicts in a humorous way the upbringing by grandparents and the importance of after-school guidance for children of disadvantaged families. The "Label Girl" strengthens the moral education of adolescents who are champions in a fantasy setting. These three micro movies were released online in 2013 and helped these organizations raise over 9 million NTD within three months, which represents an increase of approx. 6.6 million NTD compared to the same period of the previous year. These movies resolve the fundraising bottlenecks of NPOs, increase the number of service beneficiaries, and help expand the service scope.

In 2013, another three movies were produced for the First Social Welfare Foundation, Formosa Cancer Foundation, and Mennonite Social Welfare Foundation, respectively. "Grandpa's Secret Lover" describes a senior citizen in a remote village who finds the second love of his life in a day-care center. "Xiao Hua, where are you going" is about a cancer struck mother who is concerned about the future of her mentally retarded son



as he grows older. "Metamorphosis" skirts the issue of grief and tragedy in a family struck by cancer and focuses instead on new possibilities which emerge when we look beyond our personal struggles. "Xiao Hua, where are you going?", the movie clip of the First Social Welfare Foundation, accumulated over 200,000 views within one month after its online release on February 5, 2014.

Among the three movies that TWM assisted the Garden of Hope Foundation, the Spinal Cord Injury Foundation and Down Syndrome Foundation shoot in 2014, the "Door of Hope" told the story of how women who were victims of domestic violence managed to live a new life after being rescued by social workers. It was hoped that the micro movie will help raise funds and recruit volunteers to help abused women and children find a new life and open a new "Door of Hope". "One Step More" featured a father whose spine was injured in a car accident moving on after his injury with the support of his son and daughter. The product team, made up of Radio and Television and Motion Picture students/graduates from the National Taiwan University of Art, poured their passion for visual arts into their work and paid attention to every detail of the micro-movie. They hoped that the micro movie will help boost the social engagement of spinal injury sufferers and create a friendly social environment. "Angel 21" was an adaptation of a real-life story from the Down Syndrome Foundation. The production team created a variety of scenes to illustrate the inner journey of a mother whose child had Down Syndrome. It also showed a child with Down Syndrome bringing his first hard-earned pay packet to his mother who did so much to raise him. The determined



performance by a real Down Syndrome patient was really heart-breaking. The Down Syndrome Foundation hoped that the micro movie will persuade the general public to be more patient and tolerant in helping Down Syndrome sufferers become a part of society.

The micro movies are supported by online marketing every year. For the period of the event (3 months), TWM would donate 1 NTD for every view clocked up on the YouTube video platform to a maximum of 100,000 NTD. The move will hopefully encourage younger Internet users to take an interest in disadvantaged groups and support their fund-raising efforts.

Theme songs interpret different charity concepts

In 2014, we invited the winning team of the original ringtone category from the "myfone Mobile Composition Award" to help the Champion Education Association, Formosa Budding Hope Association and Kuang Jen Social Welfare Foundation craft their own unique charity theme song. Among these, the "Age of Dreams" used a pop rock style to encourage young people to leave their blues behind and become a champion by fulfilling their dreams; "Let Hope Bud" used the five sounds "yeau-suwa-gon-n-nya (I bid you welcome)" as an recurring theme and a children's song from Southeast Asian to present cute and sincere Cambodian style; "Light" had a quick, light rhythm that warmed the heart and bridged the gulf between the general public and the handicapped. The three songs perfectly captured the spirit and characteristics of their charities. Their catchy melodies increased public interest in the charities and provided these talented cultural creativity artists with another opportunity to shine.

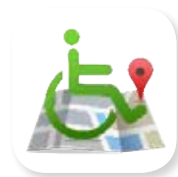
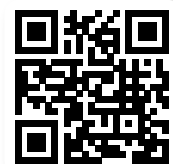


"iSharing" connects supply and demand through digital mobility

"iSharing" is the first free charity matchmaking service in Taiwan to span both website and app. The platform provides charity groups with services such as volunteer recruitment, material requests, voice donations and volunteer forums. The general public can use the mobile device to sign-up for nearby volunteering opportunities in their spare time or donate goods to charity. Events can also be shared with friends through social networking. TWM subscribers can make donations through the hotline as well. People can now use their mobile phones for charity despite their hectic schedules.

Since the iSharing platform went live in March, 2014, more than 170 NPOs have applied for listing. The app has been downloaded more than 9,000 times and over 600 people have been successful in signing up. This development is revolutionizing the nature of charity services and attracting more students and professionals to contribute their talents for charity. This, in turn, promotes the philosophy that it is better to give than to receive in society.

iSharing website: www.isharing.tw



"Wheelmap" - A handy helper for the handicapped and mobility-impaired

"Wheelmap" app is a national handicapped access platform that integrates food, clothing, accommodation, travel and entertainment. It can be used with mobile devices to check the accessibility features of nearby travel sights, cultural venues, hotel accommodation, restaurants and shopping centers at any time. There are around 4 million mobility-impaired handicapped people, seniors and pram-users in Taiwan who can benefit from this service when getting about. Since it was launched two year ago in 2013, it has accumulated over 4,000 entries as of April, 2015. Most of these are concentrated in Greater Taipei and Hualien.

After two years of incubation the Wheelmap app is now mature both as a database and a platform. The TWM Foundation's mission in helping charities take the first step towards digitization has now been completed. We hope that charities will continue to grow and prosper in the digital field so "Wheelmap" was donated to the Taiwan Access for All Association. The association will take full ownership of the app while the TWM Foundation will take on an advisory role.



NFC Smart Tracking Wristband 2.0



"NFC Smart Tracking Wristband" - Wearable technology to help bring the lost home

The aging population in Taiwan has increased the number of those suffering from dementia. TWM Foundation partnered with the Bjorgaas Social Welfare Foundation and Federation for the Welfare of the Elderly to develop a smart tracking wristband incorporating Near Field Communication (NFC) technology. The general public can use mobile devices that support NFC to scan the data on the bracelet to greatly simplify the process for helping and reporting lost people. There is no need to download a separate app, so it is convenient for render assistance. The wristband has been well-received since it was launched in early 2014. We also worked hard to collect



5180 Mobile Donation

In December 2005, we introduced this mobile platform for small donations. The 5180 Mobile Donation Hotline which emphasizes convenience, gives busy modern humans a chance to transform love into action without any time or space constraints and establishes a long-term fundraising channel for social welfare organizations. This service also fully utilizes IVR (Interactive Voice Response), a core technology of the telecommunications industry as well as back-end services. Selectable donation amounts are 100, 200, 300, 500, 1,000, 1,500, 2,000, 3,000, and 6,000 NTD. The back-end cash-flow and information flow system allows users to make a donation as part of their monthly telecommunication bills. Receipts can be retrieved online when making a donation in a safe and convenient fashion.

On the other hand, a donation function (titled "I want to make a donation") was added to the customer service APP in February 2013. This APP allows subscribers to make donations anytime and anywhere without the use of voice dial functions. Mobilized services greatly expand the numbers of young donors. This APP turns smart phones into passbooks which can be used for charity purposes with personalized real-time query functions to achieve an enhanced effect of continued donations.

Between the launch of the service in December 2005 and the end of 2014, a total of 67 social welfare organizations have conducted fundraising campaigns by utilizing this system. The service helps gradually raise the fundraising efficiency of these organizations. Cumulative donations have already exceeded 63 million NTD by almost 140,000 donors. A trickling flow of donations has turned into a stream testifying to the kind-hearted energy of Taiwanese civil society. At the same time, we are also committing our corporate resources to help charities enhance the public exposure and fund-raising effectiveness through different corporate activities and promotional channels. Annual seminars and nonscheduled educational training programs are held as necessary in response to the demands of charities. These activities not only provide these organizations with a communication and interaction platform but also help them face the challenges posed by the knowledge economy and refine their management practices. In the future, we will continue to optimize the system and increase the number of participating organizations and subscribers. We will also provide resources and enhance the efficiency of the donation process in line with plans designed by social welfare organizations in the hope of transforming the mobile donation platform into one of the main donation channels for these organizations.

user feedback and a 2.0 version was released in December of the same year that was thinner, lighter and more comfortable to wear. Applications have now been expanded to all of Taiwan to help more dementia sufferers, people with mental handicaps or young children find their way home. 712 applications for the bracelet have been received as of April, 2015.



Popularization of early therapy through "Bubble Adventures App" and extension to home care

The "Bubble Adventures" app is a tablet game application which appeals to children in need of early intervention and provides assistance in the rehabilitation process. The therapy indicators extend to home care by using a game format to learn how to use muscles, improve language comprehension, train speaking skills and develop cognitive learning. It offers doctors, teachers and parents with a way of observing a child's progress. The game strengthens parent-child communication and can even be used in school for the education of handicapped children. It benefits children requiring early intervention and their families by bringing therapy into the mobile age and reducing the stress of traveling to different types of treatment centers for parents. At the same time, it can help the 1.4 million children under the age of six in Taiwan unlock their potential.



5180 Donation Results

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Donated Amount (10,000 NTD)	289.94	420.37	701.26	784.68	722.00	779.09	745.20	861.50	955.55
Number of Donations	7,177	11,448	16,286	17,662	16,391	15,557	15,605	19,815	20,689

myfone Academy - Free in-store digital classes

myfone Academy conducted nearly 300 consumer courses at 30 outlets around Taiwan and serviced nearly 1,000 consumers in 2014.

The development of mobile digital living and popularity of mobile devices mean that consumers now want to learn more about how to use smart devices. Through customers asking in stores about how to use their mobile phones, TWM became aware of the demand for this service. We began organizing free regular classes on using mobile phones and Internet services in stores to help answer customer questions about all the different mobile phones.

The myfone Academy starts with basic courses like "Getting Started with iPhone" and "Getting Started with Android" then continues with instruction on advanced lifestyle apps (Cloud Secrets, Notepad Hints, Best Travel Apps etc.) and essential value-added services for mobile living (myVideo, myMusic, mySports, M+ Messenger). The diverse range of 3C classes on offer help satisfy different requirements such as "building your own personal micro-theater" and "music for digital living". These help users better appreciate the applications of the digital lifestyle.

Apart from purchasing a smart phone to makes life more convenient, our subscribers can also attend various 3C classes through myfone Academy in myfone stores as well. Mobile communication services are therefore no longer limited to just voice communication but can also include different digital innovation services such as reading, listening to music and watching movies online. These make life a richer and more convenient experience.

Digital Teaching Materials

TWM has been releasing digital teaching materials since 2009 covering a wide variety of fields including actual concert performances, healthy Internet use by teenagers and children, creation of digital images, digital music composition, environmental education, and humanistic concern. We actively encourage our partners and musicians to provide usage rights for welfare purposes and even strive to obtain expensive licenses from foreign music companies. TWM converts these video clips into limited edition digital teaching materials with rich educational value and provides them to schools, libraries, and other cultural and educational units free of charge.

When instructors prepare for classes or create teaching materials, they often search for relevant educational resources via Internet search engines. However, these materials are not always suitable, the quality of contents is often not uniform, and instructors face the problem of copyright protection. To make up for these deficiencies TWM creates education-oriented digital teaching materials that differ from generic audiovisual materials on the market in many respects. Rich video contents are accompanied by professionally designed manuals. Experts were invited to provide easily understandable explanations for profound theories, design lesson plans and worksheets tailored to teaching and study needs. Step-by-step guided instruction is provided for each topic. These study and teaching materials are extremely valuable for children during their growth and development process.

As of the end of 2014, a total of 27 course packages have been published with more than 30,717 copies donated so far to popular acclaim. Please visit the "Taiwan Mobile Foundation" for information on how to apply for free digital teaching materials.

Charity Ads for LED Wall outside of myfone store

The Songshan Cultural Park is a new recreational venue in Taipei City. Apart from its cultural creativity industry tenants, people of all ages are drawn by the mall and other park facilities as well. The LED wall outside of myfone store in particular is the most effective and most high-profile digital media within the park. We offer slots for charity events to raise public awareness about important social welfare issues.

· Achievements:

A total of 7 slots were provided in 2014, the equivalent of 2.24 million NTD in sponsorships.

Slot	Content	Exposure
1	NFC Smart Tracking Wristband Launch Press Conference	4 straight hours
2	Fubon Art Foundation - Spring courses of the Fubon Lectures	In rotation for 1 month
3	Labor Insurance Bureau (Labor insurance for part-time workers)	In rotation for 1 month
4	Fubon Art Foundation: Wave 1 of advertising for 2014 Very Fun Park	2 straight days In rotation for 2 weeks
5	Fubon Art Foundation: Wave 2 of advertising for 2014 Very Fun Park	1 full day In rotation for 2 weeks
6	Fubon Art Foundation: Wave 3 of advertising for 2014 Very Fun Park	1 full day In rotation for 3 weeks
7	Council of Hakka Affairs - Gourmet Food Campaign	In rotation for 1 month

5.3 Supporting Local Culture

Mazu cloud computing services for national participation in a cultural festival

As leading brand in domestic digital living, TWM actively connects with local culture in the spirit of community engagement and CSR. TWM's "Computing Cloud Service" program for Festival of Mazu gave Mazu's believers the latest position of the parade and live broadcasts. For believers who are elderly and mobility-impaired this helped them participate in their local culture. In an exclusive partnership with Jenn Lann Temple during the Festival of Mazu parade covering over 300 km and attracts more than a million local and overseas visitors, the "Computing Cloud" service developed and operated by TWM provides real-time GPS tracking so followers who can't take part in the parade can stay up to date on Dajia Mazu through their computer or smart phone app. For followers in the parade, they can use the website to convenient access all the Festival of Mazu information including weather updates, dining information and sanitary facilities. The 2014 Festival of Mazu was viewed over 550,000 times through the event website and the app was downloaded more than 50,000 times.

909 Mobile Audio Guides

TWM pioneered the Audio Guide service in 2004 by using mobile communication resources to offer audio guides on mobile phones in support of arts and culture. A digital database of exhibitions transforms mobiles into personal tour guides that introduce the general public to the exciting exhibition content.

We successively released various art, culture, community, history, relic, and biology related audio guide services in cooperation with large exhibition venues including Juming Museum, the National Museum of Marine Biology and Aquarium in Pingtung, and the Yingge Ceramics Museum in Taiwan. Due to the large number international tourists in Beitou, "English and Japanese Audio Guide Service" was launched at the end of September 2013, for 41 handpicked locations. This makes it easy for international tourists to enjoy a trip to Beitou in a relaxed fashion.

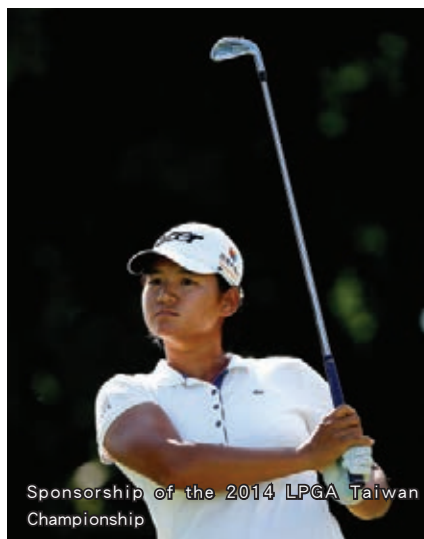
We also continue to cooperate with large-scale international special exhibitions and have provided various art, culture, community, history, relic, or biology related audio guide services for a total of 39 exhibitions in 19 national exhibition venues. Original authors and aesthetics masters such as Chiang Hsun and Ju Ming, the author and artist Lei Xiang, and his daughter, the Golden Melody/Golden Horse music producer Summer Lei were invited for every exhibition to personally provide manuscripts and recording services to bring the general public closer to works of art with the aid of the voices and perspectives of experts. The mobile phone audio guide system has been used by more than 270,000 people and listened to for more than 32,000 hours between 2004 and 2014.

909 Mobile Audio Guide Service Usage between 2004 and 2014

Year	Times used	Hours
2004	32,119	990.2
2005	19,016	408.7
2006	2,256	387.7
2007	3,679	766.4
2008	62,697	11,527.1
2009	27,223	2,146.8
2010	14,545	3,556.2
2011	27,513	5,396.7
2012	23,110	5,323.8
2013	23,317	964.5
2014	37,671	1051.5
Total	273,146	32,519.6



Chairman Richard M. Tsai with the Chan Yung-jan and Chan Hao-ching, the golden sisters of ladies doubles in tennis



Sponsorship of the 2014 LPGA Taiwan Championship

Supporting Taiwanese Sports

TWM strives to provide consumers with a simple, pleasant and user-friendly mobile lifestyle and to delivering its brand spirit, "Accompanying our Customers in Their Daily Lives," through various sporting event. Since 2003 more than 450 million NTD have been spent on sports sponsorship. In 2014, we began sponsoring Chan Yung-jan and Chan Hao-ching, the golden sisters of ladies doubles in tennis, and have been a long-time sponsor of Yani Tseng, Taiwan's top golfer. We consider it our mission to boost Taiwan's international profile.

TWM is also a premium sponsor for the "2014 Fubon LPGA Taiwan Championship" to inject positive energy into the fast-growing sport of women's golf. We also hope that the hosting of international events will enhance the golf environment in Taiwan and allow more Taiwanese golfers to demonstrate their prowess and share in the glory on the international stage!

Apart from golf, we also sponsored the "Taipei-Fubon Marathon" for six straight years to inject energy and vitality into the city. TWM will continue to support the sports in the future, cultivate athletes and encourage everyone pick up a sport. This will in turn promote a health population.



Taiwan Mobile Sun Moon Lake Concert "Our Future is no Dream"

Outdoor Concert

Performance arts represent the most prominent expression of cultural value and creativity in the cultural and creative industry, while classical music is the most sophisticated performance art with the greatest appeal. Due to the promotion of cultural and creative industries and the vigorous development of performance arts in Taiwan in recent years, a large number of outstanding music groups have formed. However, the general public has the stereotype that classical music is hard to approach because of high ticket prices and the fact that it is a sublime art form. In addition, most cultural and economic resources are concentrated in metropolitan areas and sophisticated classical music concerts are usually only held in metropolitan areas. This makes it difficult to popularize and promote classical music.

To promote classical concerts and supreme art and cultural activities which give the general public the chance to experience the beauty of classical music without any budget or age restrictions and in a relaxed fashion, TWM started organizing large-scale outdoor classical concerts in 2005 and invited national and international music masters and orchestras for free outdoor performances all over Taiwan. We bring brilliant musicians, orchestras, and sophisticated classical music to every corner of Taiwan from tribal communities, villages, famous scenic sites to large cities. These activities can cultivate a taste for music and enhance the artistic refinement of the general public all over Taiwan.



"TWM Concert" fan group: <https://www.facebook.com/TWMconcert>

as well as nurture outstanding performance ensembles to strengthen the soft skills of all citizens.

After the consideration of the role and positioning of the enterprise in the promotion of art and culture activities, we decided to transcend the passive role of traditional sponsors and started to actively develop creative concepts. We give full play to the professionalism and integrative abilities of the enterprise in the selection of performance locations, invitation of ensembles, program design and planning, and marketing and promotion to establish an ideal connection between the enterprise, performance ensembles, the general public, and locations through the music.

In 2011, we started to explore extended values and additional possibilities besides the promotion of art and culture by adding public welfare elements. In addition to the invitation of NPOs to the concerts for an appreciation of the performances, we meticulously designed soft promotions and introductions of NPOs that fit the main theme of the concerts during the warm up, intermission, and conclusion of the concerts. We also made use of the 5180 Mobile Donation Platform which was established through the company's core technologies to provide a stress-free and convenient donation channel for the general public. We successfully generated fundraising and promotion effects for NPOs setting a brand-new example for a successful combination of public welfare and art and culture activities promoted by enterprises. This has led to a diversification of the social contributions of outdoor concerts. A total of 2,029,769 NTD has been raised for 15 NPOs through a combination of public welfare and art and cultural activities since 2011.

We organized three theme concerts in 2014: The "Alishan Sunrise Impression Concert" that challenges high altitudes and low temperatures, the "Our Future is no Dream" Sun Moon Lake concert complemented by spectacular fireworks, and "To Greatness", the first concert to be held in the newly completed Taichung National Opera House which has been acclaimed as one of the new 9 landmarks of the world. These expanded the general public's horizons and experiences through their diverse aspects. A total of 41 large-scale concerts have been organized all over Taiwan since 2005 drawing audiences of over 550,000 music lovers.



Taiwan Mobile Hu Nai-Yuan Concert "To Greatness" was the first classical concert to be held at the Taichung National Opera House

List of concerts in 2014

Date	Theme	Location	Performance ensembles	NPOs
January 1, 2014	Alishan Sunrise Impression TWM Concert	Sunrise Field, Duigayue, Alishan Chiayi County	Philharmonia Moments Musicaux Conductor: Paul Chiang Soprano: Gigi Chan Dance Works Philharmonia Moments Women Ladies Chorus	
October 25, 2014	Taiwan Mobile Sun Moon Lake Concert "Our Future is no Dream"	Sun Moon Lake Shuishe Zhongxing Parking Lot	Philharmonia Moments Musicaux Conductor/ Jing-Bo Jiang Tenor/ Wang Dian Soprano/ Lin Lin-hui NTU Choir	Jing Chuan Child Safety Foundation
December 7, 2014	Taiwan Mobile Concert "To Greatness"	Taichung National Opera House	Hu Nai-yuan and the Taiwan Connection Chamber Orchestra	Angel Heart Family Social Welfare Foundation

An Art Gallery without Walls

Digital Life Taipei Cultural Creativity Store

"Taiwan Mobile Digital Life" is characterized by the beauty and surprises to be found everywhere. Digital content is packaged in a cultural creativity ambience and the grand façade over 4 meter height features works by top local and foreign artists in partnership with the Fubon Art Foundation. This is truly an art gallery without walls that lets art be everywhere!

There were a total of three sessions in 2014 featuring artists Tim Budden, CANLOVE and Tseng Wei-hao. All put on a display of different artistic creations that give the general public a better appreciation of the arts. More than 1 million NTD were spent during the exhibitions and they attracted 24,000 visitors.



Artist	Exhibition Summary
Tim Budden	<p>Tim Budden likes leaves and butterflies because he finds the shapes and colors of leaves to be very interesting while butterflies are a beautiful, fragile yet very much alive creature. For "TWM Digital Life" he created an all-new tailor-made artwork that gave traditional paper cutouts a new dimension. The use of acrylic paints as well as the interplay of light and shadow enriched the visual effect of the cutouts. Through changes in light and shadow as well as areas deliberately left blank and the 3D effect of acrylic, the six fluttering leaves seem to be floating in the history of Songshan Tobacco Factory. The butterfly hidden within the installation not only connects with the seasons but also Tim Budden's influence on Taiwanese and Chinese paper cut-outs in a way that frees this art from traditional boundaries.</p>
CANLOVE	<p>"Every can contains a surprise. We want to show the world that if there is love, then there is beauty in everything."</p> <p>Spray paint can be used for creativity or for destruction. CANLOVE, the creation of two American artists DJ Neff and Paul Ramirez, saw endless possibilities in waste cans of spray paint. How did CANLOVE come to Taiwan? The international art organization "POW! WOW!" invited 40 local and international artists to create wall paintings in Taipei. The 1,000 spray cans they left behind was exactly what CANLOVE was looking for. They turned cold, hard metal cans into organic elements such as flowers, rain and beautiful colors that convey the artists' passion of creativity and love of nature.</p>
Tseng Wei-hao	<p>We might not have noticed it, but every conversation and every sound has its own distinctive frequency. When people talk to each other or interact with the environment, these frequencies pass through them as well. The artist sought to amplify this experience and let the audience feel this kind of penetration.</p> <p>The black blocks in the installation seem like silhouettes of city buildings but they are actually the frequency diagram for the recorded voice of the artist himself. You can also imagine it to be sounds emitted by the city with the long bars each following their own rhythm. Those of us who live and move through the city are part of the city's soundscape and also its listener.</p> <p>The artist used the electrically conductive nature of the human body to play the sounds through connections with the body. Sight, hearing and touch then feels like a cityscape made up of sound entering the body.</p>



Caring for Foreigners

Foreign workers gather for the carnival to relieve their homesickness

Foreign workers in Taiwan need appropriate leisure activities, to meet with others from the same country and to celebrate holidays together. In 2014, TWM set aside 3 million NTD to organize the Mid-Autumn concert for Vietnamese workers during the Mid-Autumn Festival, and to host the 2014 Winter Festival Indonesian Concert after Ramadan. The two large-scale concerts invited super stars from their home countries to sing on stage and the stars, appearing one after another, brought the excitement to fever pitch. They also sang along with foreign workers in the audience to help them get over their homesickness and enjoy the holidays so they can work happily in Taiwan.

• 2014 Results:

- ◇ 4,000 people attended the Vietnam concert (2014 was the first time that a Vietnam concert was held).
- ◇ 15,000 people attended the Indonesia concert (the Indonesia concert has been held for more than 3 years and audience numbers have grown by 1,000 ~ 2,000 people each year).

5.4 Contributing to Society through Core Competencies

Universal service

Since 2009, our subsidiary Taiwan Fixed Network and the TWM Foundation have provided broadband data services for Shanmei, Chashan, and Shizi Village in the Ali Mountain area as well as Jingying Village in Nantou County and Yixing Village in Hsinchu County under the guidance of the National Communications Commission in line with the policy of providing broadband access to all villages and tribal communities. The goal is to enable tribal communities in remote areas to get in sync with the world, obtain firsthand information, and engage in e-commerce via the Internet.

In view of the adverse local weather conditions and topographical barriers, fiber-optic cables and very-high-bit-rate digital subscriber lines (VDSL) were employed to construct a roughly 15.5km long fiber-optic line and guarantee a stable transmission quality and premium services with the goal of improving the environment for external communications in those areas and increasing the broadband penetration rate. Upon completion of the hardware installations, the villagers will be entitled to free Internet access (exemption from Internet and circuit charges) for the first year and a 50% discount for the second year which helps reduced the burden to villagers generated by broadband Internet charges.

In addition, the company promoted broadband speed upgrades in remote areas in 2013 in an active response to the government policy of bridging the digital divide between city and country, and to provide citizens in remote areas with stable and fast broadband Internet services as well as increase the broadband Internet speed in the Shanmei, Chashan, and Yixing villages in the Ali Mountain area and Hsinchu County. In the context of the speed upgrade operations, cables with an insufficient number of cores as well as facilities and plates were replaced and the Internet connection speed was upgraded from 12Mbps to 100Mbps. The operational maintenance fees for universal services amounted to 2,003,572 NTD in 2014.

Video conferencing system

Beneficiaries of the charity groups are spread all over Taiwan. Social workers often faced travel fatigue and exorbitant transportation costs because of educational training courses and communication meetings. By December 31, 2014, the TWM Foundation provided video-conferencing services and training to 13 charity groups in 82 locations. We have so far helped the charity groups save more than 3.75 million NTD in transportation costs, reduced carbon emissions by 105 tons and provided training through video-conferencing to more than 18,000 people.

Mobile therapy

The TWM Foundation has been sponsoring the costs of mobile medical vehicles in remote areas as well as mobile Internet transmission equipment and network interface cards incurred by the Emergency Care Program for Isolated Senior Citizens of the Department of Social Welfare, Taipei City and the Taitung Christian Hospital. Telecommunication technology allows real-time communication and transmission in case of emergencies and provides much needed assistance for disadvantaged groups.

Care for isolated senior citizens

Following the aging of Taiwanese society and the population exodus in certain areas (especially obvious in remote areas of Hualien and Taitung), a large number of senior aborigines people have no one to depend on or care for them and live in isolation. Since 2008, TWM has been dispatching over 100 corporate volunteers to these remote areas in Hualien. These volunteers provide much needed personal company and care for these senior citizens as well as material support.





They give isolated seniors a chance to experience the warmth of human company.

Over the past seven years, we have been overcoming geological and age barriers in our attempt to build an emotional bridge between our volunteers and these isolated elders in Hualien who have been able to receive dedicated care. Year after year, they exhort themselves to maintain their physical and mental health in the hope of another encounter in the future, while the volunteers earn precious, once-in-a-lifetime service experiences. This is a concrete example of "Extending the respect and care for one's own aged parents to other seniors".

In January 2014, a hundred corporate volunteers took part in the 7th New Year's banquet. They not only warmed the hearts of senior citizens living alone but also arranged for celebrity impressions of classic songs by Feng Fei-fei, Teresa Teng and Fei Yu-ching in the style of the classic hit TV show "Super Stars". The sing-along allowed the seniors to relive the good times. In January 2015, entertainers such as King of Chacha were invited to recreate the popular TV show "Rock Lion Dancing". The dancing made the seniors laugh and also helped them relive their youth through the upbeat song-list.

Care for patients suffering from depression

Depression is a major disease which is hard to detect and cure. According to a report entitled "Facing the Social and Economic Burden generated by Depression" (2009) released by the Taiwan Association Against Depression, 3% of the world population suffers from depression. As for Taiwan, a survey of the Department of Health reveals that citizens over 15 years of age in Taiwan who suffer from moderate depression account for around 8.9% of the total population. In addition, this survey also points out that 87% of all suicide victims have been diagnosed with depression before their deaths. This clearly indicates that depression is a social phenomenon and health problem in modern society that we can't afford to ignore.

In 2006, TWM started to cooperate with Canlove Social Service Association, a professional organization which has shown concern for depression patients over a long time and provided the organization with fixed network and mobile digital resources by utilizing the company's core technologies. We assisted the Canlove Association in establishing a superior communication network to ensure high-quality hardware resources for the provision of guidance and care for depression patients. Since 2009, the company has held general polls for "The 10 most caring and heartwarming doctors specializing in depression" and designed maps listing the best doctors for depression disorders all over the country to encourage depression patients to seek medical treatment, reduce the high prevalence of depression, and increase the treatment rate in Taiwan. The goal is to encourage positive communication between doctors and patients and raise the medical awareness and treatment rate of depression patients. In 2014, TWM assisted Canlove Association in the provision of services for 42,000 depression patients. A total of 5 polls for the best doctors who specialize in depression have been held so far. A total of 39,476 Internet users participated in these polls.

Digital learning centers

According to the 2014 Report on the Current State of Digital Opportunities and Development in Taiwan, released by the Research, Development, and Evaluation Commission of the Executive Yuan (RDEC) (Note 1), the Internet penetration rate

in Taiwan has reached 78% and the difference between Level 1 and Level 5 digital development areas amounts to 24.5%. The Survey on the Digital Opportunities of Citizens aged 50 and above conducted by RDEC in December 2013 indicates that 43% of this age group are Internet users. The 2012 Report on the Current State of Digital Opportunities and Development among the Physically and Mentally Challenged (Note 2) reveals that only 26.3% of this group use the Internet. In an effort to improve on this state of affairs, we have utilized our core telecommunication technologies and integrated our mobile, fixed network, and cable TV resources to establish a digital learning center for remote areas and disadvantaged groups.

We rely on written data, field investigations, and preparatory courses to gain a full understanding of actual demands and provide computer hardware facilities and maintenance, and broadband Internet services to avoid waste and redundancy of resources. We also plan courses and activities that are tailored to the needs of community members in cooperation with local NPOs to make optimal use of mutual resources and increase the number of digital opportunities for community members.

The digital divide is due to not only a lack of hardware but also a shortage of qualified instructors. We assist and guide local organizations in the use of e-learning resources so they can achieve independence and learn how to apply digital technology. They can then help other people instead. In addition, we employ IP-cameras to strengthen contacts with local organizations in order to gain a firm grasp on actual usage conditions and be able to provide immediate assistance. This also allows mutual observation and acquisition of valuable experiences by digital learning centers.

A total of 17 digital learning centers set up in cooperation with local organizations have been in continuous operation since 2007. These include Su-ao in Yilan; Danshui, Wanhua, the First Social Welfare Foundation (First Development Center of First Welfare Foundation, Ai Zhi Development Center, Heng Ai Development Center) and Syin-Lu Social Welfare Foundation in Taipei; the Development Center for Spinal Cord Injured in Taoyuan; Carpenter's House Caring Center in Zhongli; Puli in Nantou; Dongshi in Chiayi; Fengshan, Linyuan, Niao-song and Dashu in Kaohsiung; Shoufeng and Yuli in Taitung;

as well as Daren and Taimali in Hualien. The partnership between business and local communities provides broadband Internet, computer equipment and online multimedia teaching resources on computer basics, network applications, social networking applications, multimedia production, word processing and graphics editing, online multimedia, and e-commerce. The goal is to provide disadvantaged groups including impoverished children, foreign spouses, seniors, as well as children and adults with multiple disabilities with an opportunity to improve their skills and connect with the world through computers and the Internet.

Note 1 Merged into the National Development Commission of the Executive Yuan in January, 2014

Note 2 The latest version of the Report on Digital Opportunities for the Handicapped published by the Research, Development and Evaluation Commission dates back to December, 2012.

5.5 Cultivation of Cultural and Creativity Talent

myfone Mobile Composition Award

In 2007, TWM Foundation created the myfone Mobile Composition Awards in response to the low level of Chinese proficiency in Taiwan, the shrinking market for music, and the lack of outstanding creative talent with the goal of furthering creativity in the field of digital technology in Taiwan and encouraging the general public to use cell phones which are an indispensable part of their daily lives to be creative anytime and anywhere. Since the initiation of the Mobile Composition Awards eight years ago, the number of submissions and the number of participants in related seminars and the voting process have continued to reach new highs, establishing a new benchmark for submitted artistic and creative works in Taiwan. This clearly shows that myfone Mobile Composition Awards have gained great prestige and reputation in a relatively short period of time. The goal of the award is to identify creative talent in written, music, image and video content by providing them with a creative platform. This will enhance our soft power as a nation and the connection between digital content and cultural creativity.

The popularity of mobile tools means mobile creativity has become the new trend as well. "myfone Mobile Composition Award" continues to adjust its competition categories based on developments in technology and the latest tools. Following the vigorous development of video platforms in recent years, the diversification of audiovisual creations on mobile devices has turned into a general trend. The "Micro Movie" category was therefore added since 2012 in response to the popularity of multimedia and resurgence in movies. "Inspiration" was chosen as the theme of the category and the top prize was set at 300,000 NTD. In 2013, "Change" was set as theme to encourage everyone to venture beyond their limits and start by changing themselves! The top prize was increased to 1 million NTD in 2014 and a special prize of 500,000 NTD for "Best Mobile Movie" was



The 8th myfone Mobile Composition Award presentation ceremony in 2014

added to encourage the general public to use their mobile devices for their submitted movie creations. A total of 516 submissions have been received in the "Micro Movie" category over the past three years. In addition, a special quota is reserved for students who are encouraged to join the ranks of movie makers. The micro movie category of the myfone Mobile Composition Awards has provided a great impetus to the cultivation of movie-making talent. In 2015, the "Micro Movie" category was renamed the "Micro Movie Festival" to continue focusing on multimedia composition and mobile multimedia. Separate micro movie and mobile video categories have been created and themes will be set to give composers focus.

Cartoon icons have become all the rage thanks to the popularity of M+ Messenger and Line apps. Be it emoticons, characters, animals or cartoons, a tiny icon can often say

it all, touch the heart and overcome differences in race and culture. The 8th awards in 2014 added the "SMS" and "Original Icon" categories to offer the public a new composition format and mindset. The first "SMS" category received 4,578 entries while the "Original Icon" category was a tremendous success with 1,168 entries. The winning icon entries will be listed on M+ Messenger so they can live on through the mobile world and spread across the global through instant messaging software in a demonstration of Taiwan's cultural soft power.

This philosophy earned positive responses from many high-caliber judges. The great masters Guang-Zhong Yu, Yu-Hui Liao, Hong-Zhi Zhan, Ping Lu, and Wen-Hua Wang served as judges for the SMS category, while Zi-Hong Chen, Zhi-Jian Hou, and Summer Lei evaluated the entries of the ringtone category and Xiao Ye, Leon Dai, and Li-Zhou



The winners of first prize for the 8th myfone Mobile Composition Award

Yang selected the winners in the micro movie category. The newly added emoticons category invited Ron Chu, Aaron Nieh and FJU Monkey as the judges. All judges agreed that the quality of the submitted work is gradually increasing.

Music producer Zi-Hong Chen, participating for the first time, praised the entries for their high standard. The overall quality of 2014 was so high that after he received the 100 ringtones chosen for the finals, he listened to them all in one sitting and was very impressed by the competitors' creativity and composition skills. He has decided to sign up the top-place finishers this year on exclusive competitors contracts with his recording company. This will provide the competitors with a similar transition to the industry and help them go further in the music world. For micro movies, judge Leon Dai said that this year's entries have finally escape from the "me too" mentality and now have their own central theme. The high level of sophistication and execution of some entries reflected the much higher standards.

2014 myfone Mobile Composition Seminars

Date	Topic	Speaker	Location	Attendance
4/23 (Wed)	Zi-Hong Chen	The theory and reality of music composition	Department of Music, National Sun Yat-sen University	80
5/14 (Wed)	Angus Kuo	Painting makes me happy! More happy than making money!	Fu-Hsin Trade and Arts School	300
5/22 (Thu)	Li-Zhou Yang	The Power of Reality	College of Journalism and Communication, Shih Hsin University	40
5/28 (Thu)	FJU Monkey	"Artwork can be designed, but not life" - FJU Monkey's Funky Life	Department of Design, National Taiwan Normal University	40
6/4 (Wed)	Lu Ping	The Link between Interest and Creativity	Ankang Senior High School	750
6/5 (Thu)	Li-chou Yang	The Power of Reality	Department of Film & TV, I-Shou University	150
6/20 (Fri)	Wen-shan Fan	Creativity Lifestyle - Search for Self	Wenhua Senior High School	1,200
				2,560 in total

Statistics on participation in the myfone Mobile Composition Awards

		2007	2008	2009	2010	2011	2012	2013	2014	Cumulative Total
Entries	SMS	5,232	4,745	22,512	39,494	48,279	44,497	40,562	25,859	231,180
	Ringtone	138	331	424	427	660	470	425	577	3,452
	Micro Movie	-	-	-	-	-	201	100	215	516
	Icon	-	-	-	-	-	-	-	1,168	1,168
Total Entries		5,370	5,076	22,936	39,921	48,939	45,168	41,087	27,819	236,316
Votes for popularity award		-	-	49,674	54,370	65,260	159,399	123,530	147,235	599,468

Influence 1: National participation, quality and quantity in entries, exponential growth in influence

- "myfone Mobile Composition Award" has been hosted eight times so far and has continued to reach new highs in terms of entries, seminar attendance and votes received. It is now the biggest art and cultural creativity competition in terms of entries received in Taiwan. This shows that "myfone Mobile Composition Award" has established its reputation and status while also inspiring a new trend in mobile composition. The competitions held between 2007 and 2014 have attracted a total of 231,175 SMS, 3,454 ringtones, 516 micro movies and 1,168 icons. This brings the total number of entries to 236,313 and represents an important indicator for art and cultural competitions in Taiwan.

- Apart from the increase in competitors, the range of participants is wide as well. Winners in the 8th "myfone Mobile Composition Award" ranged from 17 to 60 years old. The age range of competitors was even wider, with the youngest being just 10 and the oldest being 76. Youths were a major group with those between 16 ~ 20 accounting for 30.16%. The largest group were those under 30 years old and accounted for 71.05% of entrants. Diversity of winners: The winners came from all walks of life and provided a detailed look at the voice of the average citizen. Their entries reflected the Taiwanese society and a century of development! The rise of the Internet means the "myfone Mobile Composition Award" has made a large impact online. The online voting on the finalists each year has garnered much attention from the social media. Winners from past years can be found on www.myfone.org.tw under the "History" section (QR Code).

Influence 2: The entries reflect contemporary social consciousness and represent a

projection of the new age

- The works reflect the latest issues: The entries have continued to build up in terms of quality and quantity. The "myfone Mobile Composition Award" is now no longer a creative competition on the beauty of literature, music, imagery or videos. Instead, it is a condensation and record of contemporary life and society. The entries each year reflect contemporary life of that year.
- Student activists, national education, generation gap and mobile phone addiction have all become inspirations for creative content: The entries in the 8th competition reflected the Sunflower Movement that ignited Taiwan at the start of 2014. It also looked at lifestyle issues, such as 12-year national education, express love, workplace ecology and the generation gap. In the past, most of the entries revolved around extra-marital affairs. In 2014, all categories featured a variety of content inspired by mobile phone usage. Facebook's online communities have now become a way of applying popular pressure individual behavior without anyone really noticing it. All of the entries nevertheless highlighted the "Mobile Phone Addiction" afflicting people today. The poet Guang-Zhong Yu once stated that SMS literature expresses the thought and aspirations of the general public in a concise and ingenious fashion similar to the Book of Odes which covers the customs of 15 different states and is therefore an ideal reference for rulers, the research of social problems, and parents and teachers.

Influence 3: Creative platform for cultivating talent

Myfone Mobile Composition Awards encourages the use of the cell phone as a new creative tool to reflect contemporary needs and technological changes. This groundbreaking event regards text messages as a new literary style, ringtones as a new music format, and micro movies as a response to new demands in the field of mobile videos and therefore proposes the concept of a mobile composition contest to expand the influence of the event and provide a stage for public exposure, finding clients and incubation.

1. TWM's corporate resources are leveraged to list the winning works on the Group's related platforms (SMS Expert, Call Ringtone, M+ Messenger) for public download.
2. Funding winning teams to produce multimedia for charities: Commissions for the shooting of charity micro movies and theme songs were offered through the Foundation's i-Infinity project. Proposals were limited to past winners of merit or better awards in the myfone Mobile Composition Award with TWM Foundation arranging for the composers to produce short fund-raising videos or theme songs for NPOs. A total of 14 micro movies and 3 theme songs were produced in 2014.
3. Physical film exhibitions and online publication: The winning works from "myfone Mobile Composition Award" were provided with a variety of channels for publication

through digital convergence value-added broadcasting services such as "Kbro", "TWM Cable" and "myVideo". Free micro movie exhibition held at Eslite Songshan that attracted crowds from the nearby shopping mall.

4. The winning teams in the ringtone category received record company contracts and commissions: The top 3 winners in the ringtone category of "myfone Mobile Composition Awards" were offered exclusive music contracts with the Enjoy Music record company. They were also invited by TWM Foundation to submit proposals for charity theme songs. This gave music composers a different way of making contacts in the industry.

To encourage interactions between judges and composers, the tradition of organizing a face-to-face gathering was held for the 3rd consecutive year upon conclusion of the award ceremony. This gathering of over 100 participants turned the myfone Mobile Composition Awards into an interaction platform for creators and gave the judges an opportunity to answer questions of the contestants regarding individual entries providing an opportunity for bidirectional close interactions.

The "myfone Mobile Composition Award" hosted by TWM uses handheld devices as a new creative tool in response to changing times and technologies. It encourages people with talent to become involved in creative endeavors and fosters quality cultural digital content. This will promote the cultivation of digital content and creative talent, forming a positive feedback loop for core operations.

Mobile Micro Movie Creation Camp for Teenagers

The maturity of the Internet and growing popularity mobile devices signal the advent of a competitive age in which videos are used to tell stories. In other words, it is an age characterized by the power of the image. The TWM Foundation continues to promote the "Mobile Micro Movie Creation Camp for Teenagers" in cooperation with Public Television Service Taiwan to cultivate future multimedia professionals. Free two-day camps have been held in northern, central, southern and eastern Taiwan for six consecutive years so far. The themes included: "Show Taiwan on the Mobile Phone" (2009), "My Trend Dictionary" (2010), "Mobile Ticker" (2011), "After-School Skies" (2012), "Little Highlights in Life" (2013), "My Daydream Adventure" (2014) and "No School Today" (2015). The storytelling ability of teenagers is cultivated through professional guidance to enhance

their mastery of images and competitiveness.

High-end cell phones with filming and recording functions are provided for the camps. The organizers hire renowned directors who provide guidance and input for the initial image concepts and creative techniques and discuss movie outlines and scripts. Foremost directors such as Yu-Xian Lin ("Jump Ashin!") and Jia-Jun Huang ("Rock me to the Moon") have been invited to provide personal guidance and supervision of the production process by utilizing industry resources. The directors guide the creative teams in the joint creation of 5 min long movie clips. A strong cast of instructors were invited for 2014 as well including director Tommy Yu (winner of the 42nd Golden Horse Award for best short film), director Monster Chang (member of the international animation artist association ASIFA and AWG children's animation workshop), director Huang Cheng-yuan (winner of numerous Government Information Office awards for best script) and other talented creative artists in Taiwan.

Participants not only had the opportunity to practice their shooting techniques and skills but also gained a deeper understanding of accurate legal concepts. This not only enhanced teenagers' ability to express themselves through imagery but also instilled in them the proper values regarding media, information and intellectual property. The students not only learned about image creation during the 2-day event, but more important, became artists capable of sharing images on social values.

Following the evolution of technology, Internet speeds have increased from 3G to 4G, storage on hard drives has been replaced by cloud storage, while handheld filming equipment is now mobile and wearable. TWM promotes image education in sync with the times. Water-resistant cell phones were purchased in 2013 and GOPRO wearable mobile devices were introduced in the constant pursuit of perfection for the camp courses in 2014. The works completed by teenagers during the camp are screened via different channels and platforms or presented at national or international film festivals. The positive feedback received at these events prompted these teenagers to dedicate themselves to the creation of digital contents. Image education thereby produced a positive impact and dissemination effect in this friendly environment.

Students from previous years not only shot amazing works during the camp but also continued to create as a team to apply the power of imagery to all aspects of life. For example: The "New Journey to Danshui" filmed by the Huilin After-School Mentoring for Disadvantaged Children team was nominated for the "Taiwan Award - Taiwan



Kids' Production" at the 4th International Children's TV and Film Festival; the "No. 73 Dashujiao" that was shot as part of a series by the Taipei Beitou Elementary School team was recognized at an international film festival; the Taichung Longgang Elementary School continued to work on the 10-minute "Crab Climbing the Tower" video after the camp while the school principal and teachers also introduced imagery education to all 5th and 6th grade students; many of the students went on to join imagery-related clubs in high school or furthering their studies by enrolling in mass media and visual design-related programs.

To enhance imagery diversity in students, the advanced class was introduced in 2012. A course on new media is developed every year to further upgrade the digital editing skills of the students. Students from past camps were also invited to become camp counselors so they can become the seeds of future creative camps and pass their experience to their juniors. In 2014, we partnered with Dolby Sound Studio of Central Pictures to have the master composers Frank Cheng and Fei-wu Chen honed students' digital skills by guiding them through the process of re-dubbing, applying sound effects and sound engineering for films such as "Zone Pro Site", "Black & White: The Dawn of Assault" and "Jump Ashin!".

Between 2009 and 2014, a total of 133 mobile short films have been created over the six times that the event has been held. A total of 1,005 students from more than 395 schools



around Taiwan took part and it has become an important cradle for mobile short films in Taiwan.

5.6 Corporate volunteers

The company formulated and implemented the Corporate Volunteer Guidelines starting in 2007. We offer two days of paid leave a year for volunteer services as well as volunteer traffic allowances and insurance. The company also provides a complete volunteer training program and awards volunteer certificates. A volunteer website has been set up for exchanges and sharing of experiences to encourage employees to participate in social services, practice social work, and fulfill their social responsibility. We also provide different social service opportunities for corporate volunteers to meet the different service demands of NPOs.

Between 2006 and 2014, our people volunteered 559 times and accumulated over 18,350 service hours. The 14 volunteer activities which were organized in 2014 required a total service time of 4,515 hours. A large number of employees utilize these concrete actions to change their value systems and make active contributions to society, thereby strengthening their identification and loyalty to the corporate culture.

Volunteer service events from the past 3 years

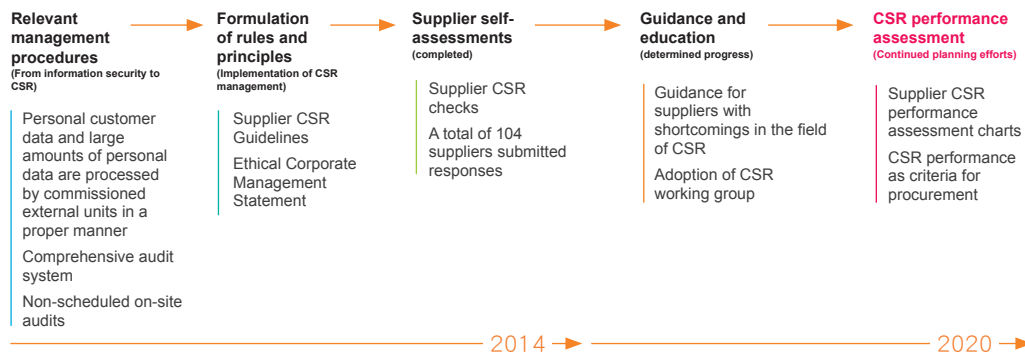
Event Date	Service Hours	Volunteers	Event Name	Event Description
2012/1/6	8	98	New Year Banquet for Senior Citizens Living Alone in Hualien	In January 2012, corporate volunteers and the Taiwan Christian Hospital jointly organized the 5th New Year’ s banquet to provide companionship to senior citizens living alone. An "Aging Experience" was also organized where young people were fitted with "aging devices" that gave them a taste of how inconvenient life is like in old age with blurred vision, stiff joints and clumsy fingers. The experience made them appreciate what they have even more as well as greater respect for their elders and parents.
2012/4/1	8	20	Earth Day	TWM has continued to promote energy conservation and reduction as part of its longstanding environmental policy. This included supporting Earth Day on April 22, 2012, with the theme of "Mobilize the Earth". The general public was invited to join in environmental protection by recycling old mobile phones to protect the Earth's resources.
2012/7/13, 9/14, 11/16	24	75	Man-made Trails (3 sessions)	To fulfill our environmental commitment, TWM partnered with the Society of Wilderness to develop the "2012 Man-made Trail Volunteer" series of activities. The building of trails by hand cultivated the seeds of corporate environmental protection volunteering and helped maintain hiking trails.
2012/9/10-9/26	8	112	Moon Cake Volunteers	13 groups of volunteers visited the Heng-Ai Development Center of the First Social Welfare Foundation and joined the children in the sheltered workshops in making moon cakes.
2013/2/1	15	103	New Year Banquet for Isolated Senior Citizens in Hualien	The "2013 Year-end Care and Concern for Impoverished Seniors" was held for the 6th consecutive year. Volunteers traveled to the Guangfu Sugar Refinery in Hualien where they visited low-income senior citizens living alone and joined them in the New Year’ s banquet and challenge games. Three senior celebrities were invited for the first time to entertain the elderly as well.
2013/5-9	32	11	Mobile Microm Movie Camp for Teenagers (4 camps)	Corporate volunteers were invited for the first time to participate in the two-day camps and spend time with teenagers aged between 13 ~ 18. They joined the students at the camp in using mobile phones to film and produce quality videos. Volunteers were specially chosen based on their enthusiasm, energy, social experience and steadfast attitude. They contributed their professional expertise in the field of consumer electronics and provided their advice. After the event, they continued to participate in interactive learning through social networks and contribute what they learned.
2013/8 -2014/1/1	8	40	TWM Concert Volunteers (4 concerts)	The volunteers supported the TWM Concert series and on 2013/12/31 traveled over-night to Alishan to help move musical instruments in sub-zero temperatures. Their efforts made the 2014 Alishan Sunrise Concert a flawless performance.
2013/11/16	8	7	myfone Mobile Composition Award Ceremony Volunteers	Supported the myfone Mobile Composition Award ceremony by using their exceptional service experience to receive guests at the ceremony.
2013/9-12	3	24	Volunteers to ensure safe Internet use by children (5 sessions)	The rise of the Internet means children around us are becoming increasingly mired in the virtual world. We partnered with Cyber Angel's Pick to visit school campuses and promote Internet safety through videos, teaching materials and fun quiz games.
2013/9/4-9/17	8	81	Moon Cake Volunteers	Separate groups visited the First Social Welfare Foundation's Heng-ai Development Center and the Eden Foundation's Taichung Sheltered Workshop to make moon cakes.
2013/9/27 2013/10/25	8	30	Man-made Trails (2 sessions)	To fulfill our commitment to the environment, TWM partnered with the Society of Wilderness again to develop the "2013 Hand-built Trail Volunteer" series of activities. Apart from repairs to the Mt. Dalunwei Trail in 2012, we also added the Cuishan Trail and Fuzhoushan Park in 2013.
2013/12/19	4	4	Wheelmap App Volunteers	Corporate volunteers and the Taiwan Access for All Association joined disabled access investigators in using the Wheelmap app developed by the TWM Foundation to examine disabled access facilities in Greater Taipei and create an accessible neighborhood for handicapped people.
2014/1/17	15	115	New Year Banquet for Isolated Senior Citizens in Hualien	TWM, Taitung Christian Hospital and A Kernel of Wheat Foundation sent volunteers to keep senior citizens living alone in Hualien company for the 7th consecutive year.
2014/4/20	4	23	Earth Day	Out of our longstanding concern for the local environment, we supported Earth Day by calling upon the general public to face the crisis facing the Earth. Everyone is encouraged to listen to the problems, make a difference and be friendly to the planet in their consumption.
2014/5/30	4	55	Dragon boat Festival Visit to Isolated Senior Citizens	TWM partnered with Huashan Foundation for the first time by visiting poor senior citizens living alone in the "Da-an District" bearing gifts and the spirit of good will for the Dragon Boat Festival. The visits meant the seniors did not spend the Dragon Boat Festival alone and could feel the love and well wishes from all.
2014/6/21	4	16	Huashan Seniors Sports Carnival	Held in partnership with the Huashan Foundation, the annual senior sports carnival encouraged seniors to come out of their homes and have a fun summer!
2014/8/18-9/4	8	95	Moon Cake Volunteers	Groups visited the First Social Welfare Foundation's Heng-ai Development Center to make moon cakes.
2014/5-9	32	15	Mobile Micro Movie Camp for Teenagers (4 camps)	Corporate volunteers were invited to participate in the two-day camps and spend time with teenagers aged between 13 ~ 18. They joined the students at the camp in using mobile phones to film and produce quality videos.
2014/9/5	4	4	Mid-Autumn Festival Visit to Seniors Living Alone	TWM partnered with Huashan Foundation to visit poor senior citizens living alone in the "Da-an District" to give out Mid-Autumn gift boxes of moon cakes.
2014/10-12	8	46	TWM Concert Volunteers (2 concerts)	Supported the TWM Concert Series. These included the Sun Moon Lake Fireworks Concert and the Hu Nai-Yuan Concert in Taichung.
2014/11/22	4	180	V-Men Charity Run	TWM and the Garden of Hope Foundation partnered to organize the 2014 V-men Charity Run against domestic violence! The event encouraged abused women to move on from their pain and suffering with the fast speeds of 4G.
2014/11/23	7	10	myfone Mobile Composition Award Ceremony Volunteers	Supported the myfone Mobile Composition Award ceremony by using their exceptional service experience to receive guests at the ceremony.

6. Supply Chain Management

Core Concept

TWM views supply chain management as a key link of corporate sustainability. We purchase network, information, and communication facilities and base station, data center, office equipment from domestic and international manufacturers on an annual basis. Large orders are placed with multiple suppliers. In addition to compliance with strict behavioral norms in its own operations, the company therefore also maximizes its impact on suppliers to guide them in their concern for CSR and environmental protection related issues. Through the promotion of sustainable development of the industry, the implementation of CSR is strengthened to spur improvements of the overall environment.

Commitment and Action



Achievements and performance

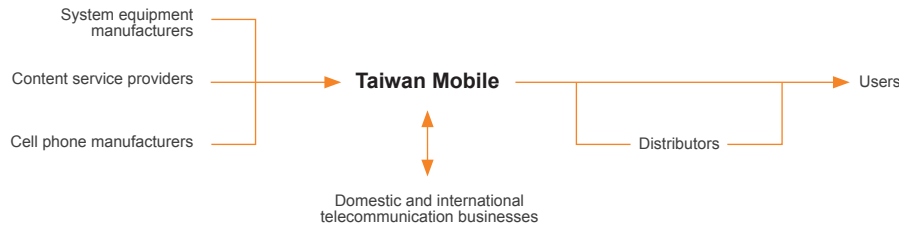
- In 2014, suppliers were invited to conduct self-assessments and a total of 104 questionnaires were collected. These data serve as a main reference for supplier management and assessment and procurement procedures.
- Suppliers are required to comply with "Taiwan Mobile CSR Guidelines for Suppliers"
- Suppliers are invited to participate in stakeholder engagement meetings for face-to-face discussions on sustainability issues
- In 2014, green procurement increased by 3.7% compared to the previous year

Vision and planning

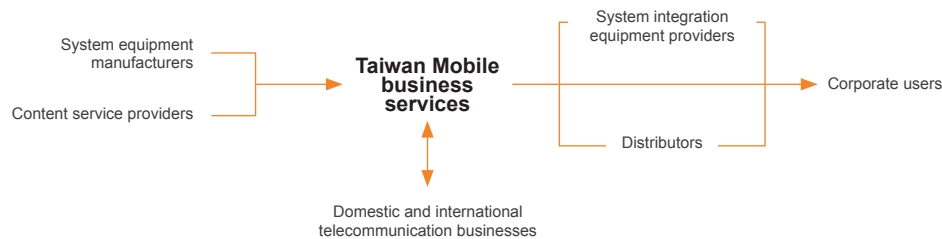
TWM will continue to carefully select suppliers in accordance with relevant rules and principles to expand and strengthen supplier management and determine their understanding and commitment to CSR through self-assessment questionnaires. In the future, we will ask even more suppliers to fill out and submit these questionnaires and provide professional guidance and educational training for suppliers with low implementation levels of CSR to encourage them to establish a solid foundation in the dimensions of economy, society, and environment and create an environment of sustainable development in cooperation with TWM.

6.1 Implementation of supplier management

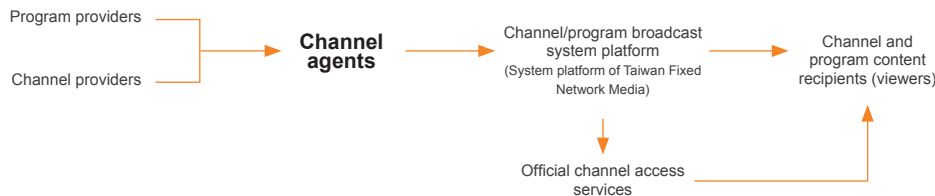
Overview of industry chains



Corporate user business group



Household user business group



Local supplier ratio

Supplier categories	Ratio
Domestic	99.57%
International	0.43%

Definition of international supplier: no business registration in Taiwan

Although telecommunication service providers are not direct producers of consumer products, they come in closest contact with consumers in the value chain. We place great emphasis on the fulfillment of CSR on the part of our supply partners and have established a comprehensive system and rules to ensure full compliance by suppliers. The company also closely monitors environmental impacts and social responsibility practices related to manufacturing processes of procured products. The impact of suppliers on company operations, the environment, and society is assessed through supplier self-assessment questionnaires and an internal review mechanism (including manufacturer operational norms and scoring regulations and procurement management guidelines) as a main reference for supplier selection.

We therefore announced the "Supplier CSR Rules" in 2011 (<https://twmepmall.taiwanmobile.com/esp/>) which stipulates that suppliers jointly fulfill their social responsibility in the four dimensions of labor rights and human rights, health and safety, environment, and ethical norms. All suppliers are required to carefully read and make a firm commitment to comply with these guidelines and jointly fulfill CSR prior to the initiation of cooperative relationships. In addition, the new manufacturers must sign a Business Integrity Statement before being accepted as qualified suppliers. CSR implementation and ethical corporate management on the part of supply partners is incorporated into standardized management.



The company has formulated the Contractor Safety, Health, and Environmental Protection Guidelines in accordance with the Labor Standards Act, the Environmental Protection Law, the Labor Safety and Health Act, and relevant mandatory rules. These guidelines have been made public on the procurement and bidding website. All engineering contractors are required to sign compliance agreements. Violations result in the termination of business relationships. These guidelines serve the purpose of guaranteeing the operation safety, safeguarding the safety and health of workers, and preventing environmental pollution. No terminations of business relationships due to violations of relevant rules and regulations occurred in 2014. We have also formulated Information Security Management Regulations for Subcontractors with the goal of reducing potential risks in the supply chain.

In order to assess environmental impacts generated by suppliers. Apart from restricting the hazardous substances used and Specific Absorption Rates (SAR) of electromagnetic waves emitted by cell phones, we also clearly stipulate which certificates suppliers must

acquire to be eligible to bid for environmental protection related procurement projects. For instance:

Manufacturers submitting bids for waste disposal must possess the following qualification: A-Grade removal or disposal licenses

In addition to the formulation of consistent compliance standards, we also strive to gain a better understanding of actual implementation conditions of CSR on the part of suppliers. CSR self-assessment questionnaires were therefore incorporated into the procurement process in 2014. We asked our major suppliers to fill out and return these questionnaires (a total of 104 questionnaires were collected) and announced the statistical results as a main reference point for the formulation of procurement strategies. We also plan to gradually incorporate CSR issues into supplier meetings and provide educational courses for suppliers with negative questionnaire results, so as to assist them in the implementation of improvements and the achievement of better results in the field of CSR. We aim to utilize the driving force of the industry to influence supplier behavior in order to promote a balanced and sustainable development of economy, society, and environment.

Strengthening measures to prevent procurement corruption

In 2013, the company detected the payment of kickbacks to employees of the procurement department. The case was reported to the relevant judicial body by the company. Five preventive measures were formulated in the wake of this case and relevant operations were implemented in 2014. Preventive measures include the signing of Business Integrity Statements by suppliers, adoption of open bidding processes for all tenders (except those of a special nature), and requirement for businesses to submit quotations via the electronic procurement system, lowering of the threshold for tender monitoring by executives, and adoption of a joint monitoring mechanism. In addition, job rotation of procurement personnel has been implemented and supplier qualifications and procurement conditions are re-inspected on an irregular basis. The main goal of these preventive measures lies in the reduction of bribery risks for the company and suppliers and strengthening of corporate ethical management.

6.2 Open and transparent procurement mechanism

The selection of suppliers is evaluated based on relevant operating procedures. Clandestine arrangements with suppliers are strictly forbidden. We have also established a transparent bidding and procurement system. All information pertaining to open bidding and procurement processes is made public. If suppliers or staff members have any

misgivings, they may voice them through the grievance and complaint channels. The Supplier Grievance Guidelines may be downloaded from the procurement section of the official website (<https://twmepmall.taiwanmobile.com/esp/>)

In addition to the contents of open tenders, information pertaining to bidding and quotation processes is also fully disclosed in the system. Upon completion of the registration procedures on the website, suppliers are able to submit bids and quotations in accordance with relevant procedures. Each tender is opened and manufacturers are selected based on specific scoring criteria. Bids submitted by suppliers are evaluated in a fair and transparent manner via a clear and rigorous systematic process. Price competition of suppliers also relies on a fair mechanism.

The Guidelines for Governing Procurement Operations and Assessment were amended in August 2014 in line with the enhancement of manufacturer quality and current operational changes to meet actual business demands.

6.3 Green Procurement

TWM continues to implement green procurement with the goal of expanding the market for green products in line with the win-win strategy of company for the creation of green benefits in the value chain. We therefore predominantly purchase eco-friendly products that have a low impact on the environment and meet the following criteria: 1.Acquisition of an Eco Label recognized by the Environmental Protection Administration of the Executive Yuan; 2. Utilization of recyclable and renewable materials, low pollution, and resource efficiency; 3. Increase of social benefits, reduction of social costs, or effects of a similar or identical nature. We aim to boost green consumption to maximize ecological effects. In 2014, green procurement amounted to almost 185 million NTD, which represents an increase by 3.7% compared to the total amount in 2013 (179 million NTD).

TWM Group			
Category	Label	Product name	Y2014 Total amount
1st Category	Eco label, Energy label	AC in base stations	16,789,460
1st Category	Eco label	Photocopier (leased)	12,251,115
Other	Eco-friendly soy ink	Printed materials	84,643,213
Other	Carbon label	Office supplies (Copy paper, sealing tape)	1,734,216
Other		Lease of hybrid vehicles	2,274,000
Other		Lease of computers	68,122,199
Other		Eco-friendly toner cartridges	27,765
Total (NTD)			185,841,968



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獨立有限確信報告

致台灣大哥大股份有限公司

本會計師接受台灣大哥大股份有限公司(以下簡稱「台灣大」)的委託,對台灣大截至2014年12月31日止的2014年企業社會責任報告書(以下簡稱「社會責任報告書」)進行有限確信。

公司的責任

台灣大負責社會責任報告書涵蓋之資訊及聲明的編製與表達,並負責設定台灣大社會責任績效和報導的目標,包括辨識利害關係人及重大性議題,及負責建立和維護適當的社會責任績效管理系統和用於產出社會責任報告書中揭露之績效訊息的內部控制系統。

台灣大採用全球永續性報告倡議組織(Global Reporting Initiative, 以下簡稱「GRI」)發佈之全球永續性報告指南第4版(G4)之全面揭露選項,編製社會責任報告書(已於社會責任報告書之「關於我們的報告書」章節說明)。

本會計師的責任

本會計師依照由國際審計與確信準則委員會(International Auditing and Assurance Standards Board)所發佈之國際確信業務準則第3000號—歷史性財務資訊之查核或核閱以外之確信業務(International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information)規劃並執行工作,同時遵守該準則要求之職業道德規範及獨立性要求,以對台灣大社會責任報告書是否存在重大不實表達出具獨立有限確信報告。

除下文所述者外,本會計師係基於此確信報告所述之準則執行有限確信工作,以對依照GRI G4編製之社會責任報告書是否存在重大不實表達出具獨立有限確信報告。

社會責任報告書之「環境保護」中,與溫室氣體排放(範疇一、範疇二及範疇三)及相關之能源耗用與電力耗用等資訊及揭露事項,係由香港商英商標準協會太平洋有限公司台灣分公司負責驗證(或作必要之修正)。因此,本獨立有限確信報告之確信範圍不包括對溫室氣體排放(範疇一、範疇二及範疇三)及相關之能源耗用與電力耗用等資訊及揭露事項表達意見。

執行的工作

社會責任報告書有限確信工作的內容包括對主要負責社會責任報告書資訊準備及編製的人員進行詢問,並執行分析及其他證據蒐集等確信程序。本會計師執行的工作包括:

- 詢問台灣大管理階層以瞭解台灣大決定關鍵利害關係人所關注之重大性議題的過程;
- 訪談台灣大管理階層及相關之員工,以瞭解與重大性議題有關之永續策略與政策及其執行情形;
- 訪談台灣大負責提供社會責任報告書資訊之相關員工;



- 對用以蒐集及產出報導資訊的主要機制及方法之設計及執行進行詢問,包括將資料彙總或可於社會責任報告書揭露之資訊;
- 在考量定性和定量風險分析的基礎上,對雲端機器執行實地訪視;
- 對社會責任報告書表達之資訊與披露之資訊來源於抽樣基礎下進行比對,以確認社會責任報告書是否已確實涵蓋有關資訊來源內之相關資訊;
- 閱讀社會責任報告書上表達之資訊,確認其是否與本會計師對台灣大的整體瞭解與社會責任績效一致。

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結論

依據所執行之程序及所獲取之證據,除於本會計師的責任第三段所述之項目外,於GRI G4之全面揭露選項下,本會計師未發現台灣大截至2014年12月31日止的社會責任報告書在所有重大方面有未允當表達之情事。

此獨立有限確信報告係依照台灣大與本會計師之合約條款而出具。本會計師的工作僅限於就約定事項在獨立有限確信報告中向台灣大進行報告,而非其他目的。本會計師應就所執行之工作、出具之獨立有限確信報告或作出的結論對除台灣大以外的任何第三方承擔任何責任。

安侯建業聯合會計師事務所

會計師: 陳佐光

二零一五年六月三日

台灣·台北

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GRI G4 Index


General Standard Disclosures

● Full Disclosure
◎ Partial Disclosure

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
Strategy and analysis				
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from the CEO	●	
G4-2	Description of key impacts, risks, and opportunities.	1.3	●	
Organizational profile				
G4-3	Name of the organization.	Sustainable Operations and Future Vision	●	
G4-4	Primary brands, products, and services.	1.1.1	●	
G4-5	Location of organization's headquarters.	Sustainable Operations and Future Vision	●	
G4-6	Number of countries where the organization operates and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Sustainable Operations and Future Vision	●	
G4-7	Nature of ownership and legal form.	Company Overview	●	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	1.1.1	●	
G4-9	Scale of the reporting organization.	1.1.1 / 2.1	●	
G4-10	Compiled performance chart	2.1	●	
G4-11	Percentage of employees covered by collective bargaining agreements.	2.1		No labor union
G4-12	Describe the organization's supply chain.	6.1	●	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.			No significant change
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	1.2 / 3.1.3	●	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Stakeholder Communication and Identification/3.2.3	●	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	See Appendix	●	
Identified material aspects and boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents; b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	a. Please refer to the Annual Report 2014. b. This report covers only this Company and the Taiwan Mobile Foundation, while other subsidiaries are not included in this report.	●	
G4-18	a. Process for defining report content and the Aspect Boundaries b. Explain how the Reporting Principles has been implemented the Reporting Principles for Defining Report Content.	Stakeholder Communication and Identification	●	
G4-19	List all the material Aspects identified in the process for defining report content.	Stakeholder Communication and Identification	●	

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Stakeholder Communication and Identification	●	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Stakeholder Communication and Identification	●	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.			N/A
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report	●	
Stakeholder engagement				
G4-24	List of stakeholder groups engaged by the organization.	Stakeholder Communication and Identification	●	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Communication and Identification	●	
G4-26	Approaches to stakeholder engagement.	Stakeholder Communication and Identification	●	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	Stakeholder Communication and Identification	●	
Report profile				
G4-28	Reporting period for information provided.	About this Report	●	
G4-29	Date of most recent previous report.	About this Report	●	
G4-30	Reporting cycle.	About this Report	●	
G4-31	Contact point for questions regarding the report or its contents.	About this Report	●	
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured.	About this Report	●	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	About this Report	●	
Governance				
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	1.1.2	●	
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	CSR Governance and Sustainability Vision	●	
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Sustainable Operations and Future Vision	●	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Sustainable Operations and Future Vision	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation 	Reasons for Non- disclosures
G4-38	The composition of the highest governance body and its committees.	1.1.2	●	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	1.1.2	●	
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body members.	1.1.2	●	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	1.1.2	●	
G4-42	Highest governance body' s and senior executives' roles in the development, approval, and updating of the organization' s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Sustainable Operations and Future Vision	●	
G4-43	The measures taken to develop and enhance the highest governance body' s collective knowledge of economic, environmental and social topics.	1.1.2	●	
G4-44	Processes for evaluation of the highest governance body' s performance with respect to governance of economic, environmental and social topics. Actions taken in response to evaluation of the highest governance body' s performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Sustainable Operations and Future Vision	●	
G4-45	The highest governance body' s role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Explain whether stakeholder consultation is used to support the highest governance body' s identification and management of economic, environmental and social impacts, risks, and opportunities.	Sustainable Operations and Future Vision	●	
G4-46	The highest governance body' s role in reviewing the effectiveness of the organization' s risk management processes for economic, environmental and social topics.	Sustainable Operations and Future Vision 1.2	●	
G4-47	The frequency of the highest governance body' s review of economic, environmental and social impacts, risks, and opportunities.	Sustainable Operations and Future Vision	●	
G4-48	The highest committee or position that formally reviews and approves the organization' s sustainability report and ensures that all material Aspects are covered.	This CSR report has been approved by the chairman of this company.	●	
G4-49	The process for communicating critical concerns to the highest governance body.	Sustainable Operations and Future Vision	●	
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Sustainable Operations and Future Vision	●	
G4-51	The remuneration policies for the highest governance body and senior executives. And how performance criteria in the remuneration policy relate to the highest governance body' s and senior executives' economic, environmental and social objectives.	1.1.2	⊙	
G4-52	The process for determining remuneration; Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	1.1.2	●	
G4-53	Explain how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	The remuneration for senior executives has been determined through participation in the Compensations Committee and the Board Directors.	⊙	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation 	Reasons for Non- disclosures
G4-54	The ratio of the annual total compensation for the organization' s highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2	●	
G4-55	The ratio of percentage increase in annual total compensation for the organization' s highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2	●	
Ethics and integrity				
G4-56	The organization' s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.1.2	●	
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	2.4	●	
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	2.4	●	
Specific Standard Disclosures				
Economic				
Economic performance				
DMA		1.1.1	●	
G4-EC1	Direct economic value generated and distributed	1.1.1 2.2 Compiled performance chart	●	
G4-EC2	Financial implications and other risks and opportunities for the organization' s activities due to climate change	3.1.3	●	
G4-EC3	Coverage of the organization' s defined-benefit plan obligations	2.2	●	
G4-EC4	Financial assistance received from government	1.1.1	●	
Market presence				
DMA		2.2	●	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	2.2	●	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	2.1	●	
Indirect economic impacts				
DMA		5.1	●	
G4-EC7	Development and impact of infrastructure investments and services supported	5.4	●	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	CH5	●	
Procurement practices				

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
DMA		6.1/6.2	●	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	6.1	●	
Environment				
Energy				
DMA		3.1.4/ 3.2.1/ 3.2.2	●	
G4-EN3	Energy consumption within the organization	3.2.1	●	
G4-EN4	Energy consumption outside of the organization	3.2.1	◎	
G4-EN5	Energy intensity	3.2.1	●	
G4-EN6	Reduction of energy consumption	3.2.2 / 3.2.3	●	
G4-EN7	Reductions in energy requirements of products and services	3.2.2	●	
Emissions				
DMA		3.1.4/ 3.2.1/ 3.2.2	●	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	3.2.1	■	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.2.1	■	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.2.1	■	
G4-EN18	Greenhouse gas (GHG) emissions intensity	3.2.1	●	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.2.2	●	
G4-EN20	Emissions of ozone-depleting substances (ODS)			We are not in the manufacturing industry and this aspect is thus inapplicable.
G4-EN21	NO _x , SO _x , and other significant air emissions			We are not in the manufacturing industry and this aspect is thus inapplicable.
Products and Services				
DMA		3.1	●	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.2/3.3	●	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category			Virtual services such as telecommunications and online multimedia are the characteristics of the industry in which this company operates. As we do involve in any manufacturing activities, this aspect is thus inapplicable

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
Compliance				
DMA		1.1.2	●	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		●	No significant non-compliance was reported.
Supplier environmental assessment				
DMA		6.1	●	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	6.1	■	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.1 / 6.3	●	
Environmental grievance mechanisms				
DMA		4.3	●	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Labor practices and decent work				
Employment				
DMA		2.1 / 2.2	●	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	2.1	●	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	2.2	●	
G4-LA3	Return to work and retention rates after parental leave, by gender	2.2	●	
Labor/Management relations				
DMA		2.4	●	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	2.4		We do not have a labor union. If this happens, we will handle it with reference to applicable laws and regulations.
Occupational health and safety				
DMA		2.4	●	
G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	2.4	●	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	2.4	●	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	2.4	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
G4-LA8	Health and safety topics covered in formal agreements with trade unions			No labor union
Training and education				
DMA		2.3	●	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	2.3	●	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	2.3	●	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	2.2 / 2.4	●	
Diversity and equal opportunity				
DMA		2.1	●	
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	2.3	●	
Equal remuneration for women and men				
DMA		2.2	●	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	2.2	●	
Supplier assessment for labor practices				
DMA		6.1	●	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	6.1	◎	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	6.1	●	
Labor practices grievance mechanisms				
DMA		2.4	●	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	2.4	●	One offence was reported and resolved during the reporting period.
Human rights				
Non-discrimination				
DMA		2.2	●	
G4-HR3	Total number of incidents of discrimination and actions taken	2.2	●	
Freedom of association and collective bargaining				
DMA		2.4	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights			Not available.
Child Labor				
DMA		2.4	●	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor			Not available.
Forced or compulsory labor				
DMA		2.4	●	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor			Not available.
Supplier human rights assessment				
DMA		6.1	●	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	6.1	◎	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.1	●	
Human rights grievance mechanisms				
DMA		4.3	●	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Society				
Anti-corruption				
DMA		1.1.2	●	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified			Not available.
G4-SO4	Communication and training on anti-corruption policies and procedures	1.1.2	●	
G4-SO5	Confirmed incidents of corruption and actions taken			Not available.
Anti-competitive Behavior				
DMA		1.1.2	●	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes			Not available.
Compliance				
DMA		1.1.2	●	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations			No significant non-compliance was reported.

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
Supplier assessment for impacts on society				
DMA		6.1	●	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	6.1	◎	
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.1	●	
Grievance mechanisms for impacts on society				
DMA		4.3	●	
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Product responsibility				
Customer health and safety				
DMA		4.6	●	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	4.6	●	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes			Not available.
Product and service labeling				
DMA		4.4	●	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	100%	●	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes			No non-compliance.
G4-PR5	Results of surveys measuring customer satisfaction	4.1	●	
Customer privacy				
DMA		4.5	●	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	4.3	●	
Compliance				
DMA		1.1.2		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			* Explanation

* : Explanation: Fines were incurred for 73 base station-related cases amounting to a total of 35.92 million NTD in 2014. 99.72% of all fines were imposed for base station installations. TWM handled cases for which fines were imposed in a proper manner and reviewed shortcomings. In the future, we will continue to communicate with our stakeholders to safeguard consumer rights and interests in the field of telecommunication.

◇ Appendix Participation of Taiwan Mobile in various associations and societies

Bridge Mobile Pte Ltd

GSM MoU Association

Chinese Public Companies Stock Affairs Association

Chinese International Economic Cooperation Association

Chinese Computer Audit Association

Taipei Computer Association

Taipei Electrical Commercial Association

itSMF-Taiwan Chapter

Taiwan Telecommunication Engineering Industry Association

Taiwan Electrical and Electronic Manufacturers' Association

Taiwan Communications Society

Taiwan Telecommunication Industry Development Association

Taiwan Internet and E-Commerce Association

Taiwan Internet Association

Taiwan Digital Publishing Forum

Cross-Strait CEO Summit

Taiwan Corporate Governance Association

Chinese National Association of Industry and Commerce

The Institute of Internal Auditors, Taiwan

Business Council for Sustainable Development of Taiwan

Turnaround Management Association, Taiwan

Taiwan Chain Stores and Franchise Association

Global Standard One Taiwan

Audit Bureau of Circulations

Taiwan Network Information Center

Institute for Information Industry

Digital Marketing Association

Taiwan Contact Center Development Association

Taiwan Association of Occupational Health Nurses



永續



Taiwan Mobile

www.taiwanmobile.com

Taiwan Mobile Foundation

www.twmf.org.tw

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3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services, which earned the following recognitions: Swiss SGS Qualicert certification for its direct store channels and customer service system and the “Trusted Brand Gold Award” from Reader’s Digest for the eleventh consecutive year. In addition, TWM’s cloud internet data center (IDC) received the “Brill Awards for Efficient IT” for its energy-saving and green design from the Uptime Institute, the world’s largest third party data center analysis institute, making it the first and the only recipient of the award in Taiwan.

For 2015, the acquisition of additional spectrum in the 700 MHz band as well as the anticipated release of further 4G spectrum in the 1800 MHz band means that we are in a strong strategic position to provide the best 4G mobile Internet service. The brand new high-speed Internet access, wide variety of mobile phone choices and innovative rate plans will help support the continued expansion of our 4G business. In addition to continuing to invest in digital convergence through telecommunications, cable TV, digital content and cultural creativity industries, we will also continue to embrace a philosophy of accountability to the environment and other shareholders in order to become a role-model for sustainability and corporate citizenship in the global ICT industry.

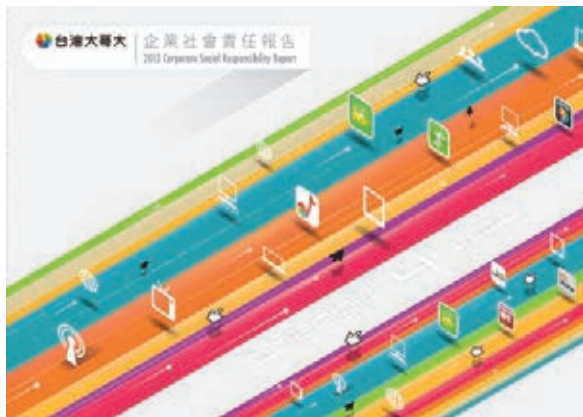
Chairman



Former CSR Reports

05

2013



2009~2010



2012



2007~2008



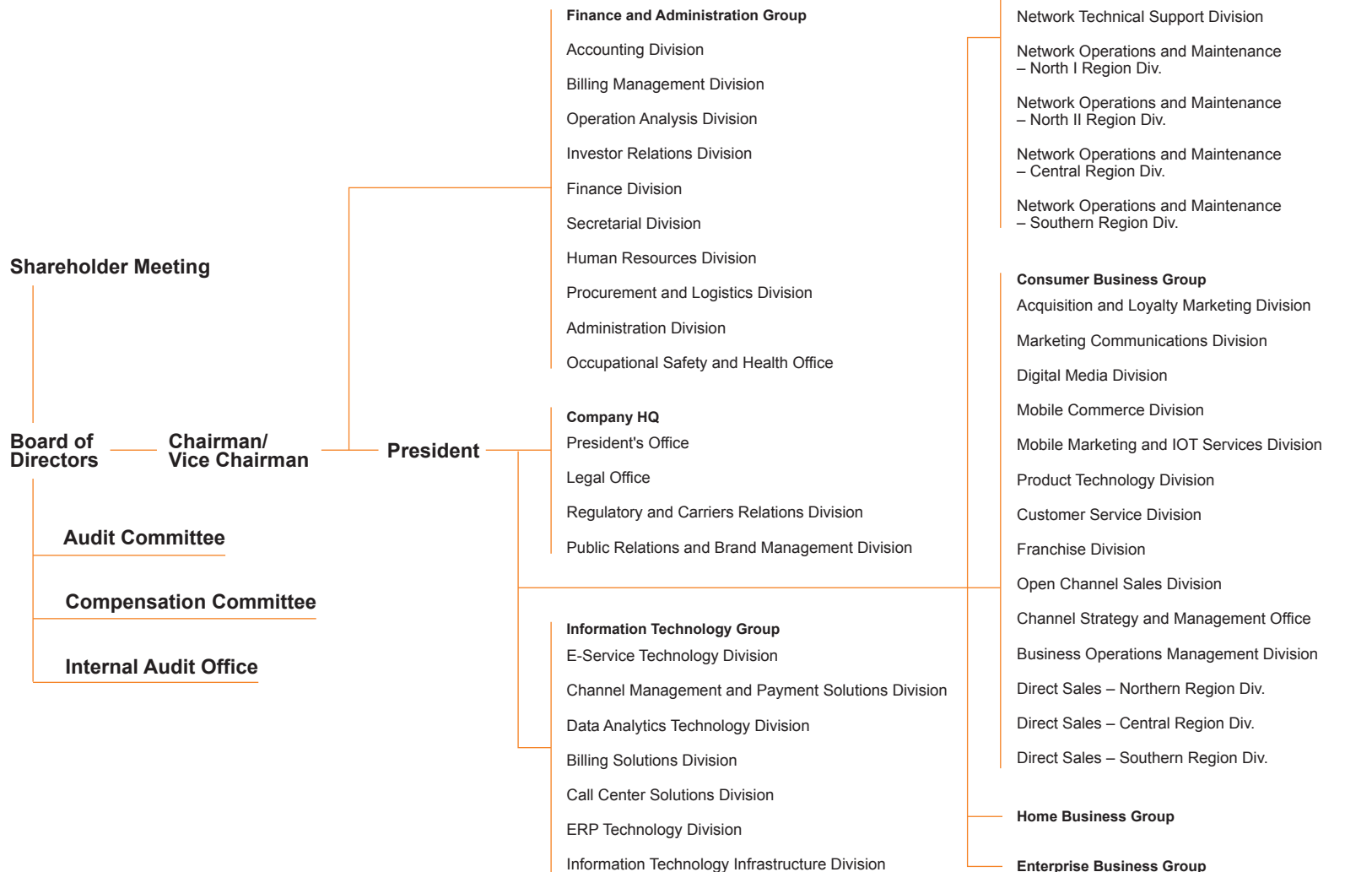
2011



2006



Organizational Framework



CSR Governance and Sustainability Vision

CSR Strategy

TWM insists on integrity as the fundamental principle for the implementation of corporate social responsibility, the maximization of values for our stakeholders, and the creation of a world-class sustainability benchmark enterprise of the information and communication industry. CSR has been incorporated into operational strategy development and the daily operations of management systems and departments. The board of directors ratified the company's CSR policy in January 2011 as the guiding principle for the long-term promotion of CSR. The Corporate Social Responsibility Best Practice Principles were ratified in January 2015. These principles are founded on the fundamental spirit and core values of the enterprise with an emphasis on perfect governance and a focus on stakeholders and full and accurate disclosure. The core technologies and services of the industry represent the strategic orientation with concrete practices in the fields of environmental protection and social welfare.

Honors and Recognitions

Environmental dimension

Item	2012	2013	2014	GRI G4 Indicator	Page No.
GHG emission (ton-CO ₂ e)	161,623	174,124.14	208,571.45	G4-EN15-16	P42
Electricity consumption (100 GWh)	2.99	3.28	3.9	G4-EN3	P42
Water consumption (m ³)	34,707	37,691	46,146	Voluntary disclosure	P47
Recycled resources (kg)	86,538	97,748	110,811	Voluntary disclosure	P48
Recycled waste electric cables and wires (kg)	397,720	311,895	288,310	Voluntary disclosure	P48
Number of recycled mobile phones	11,479	7,860	7,662	Voluntary disclosure	P48
Number of violations of environmental laws and imposed fines	0	0	0	G4-EN29	GRI

Social dimension

Item	2012	2013	2014	GRI G4 Indicator	Page No.
Total staff	2,959	2,379	2,311	G4-9	P29
Injury Rate (%)	0.035	0.076	0	G4-LA6	P37
Lost Day Rate (%)	0.14	0.52	0	G4-LA6	P37
Staff training (hours)	15.7	21.1	23.5	G4-LA9	P32
Customer satisfaction survey	3.8	3.7	3.7	G4-PR5	P53
Corporate volunteer hours	2,440	3,249	4,515	G4-EC8	P79
5180 donations (1000 NTD)	7,452	8,615	9,555	G4-EC8	P65
Community engagement (1000 NTD)	82,631	115,600	125,198	G4-EC8	--

- 2015-05 Excellence award in the “Annual CSR Survey-Service and Finance Section” of the 11th CSR Awards presented by Global Views Monthly (9th award received within a period of 11 years).
- 2015-03 TWM was the only telecommunication provider in Taiwan to be honored with awards for best management, best corporate governance, best investor relations, and best commitment to paying high dividends in the 2015 Best Asian Companies poll conducted by FinanceAsia and Taiwan Mobile Executive Vice President and Chief Financial Officer Rosie Yu was recognized as Best CFO in Taiwan.
- 2015-03 Recognized for exceptional telecommunication services in the 2015 influential brand survey conducted by Manager Today magazine.



- 2014-11 Honored with the following recognitions at the 7th Taiwan Corporate Sustainability Awards: Model Taiwanese Enterprise in the Field of Sustainability, Integrity and Transparency Award, Social Inclusion Award, and the TOP 50 Corporate Sustainability Reporting Gold Award in the Telecommunication Industry.
- 2014-11 Acquisition of the external ISO 50001 Energy Management System certification
- 2014-10 Honored with the Icon on Corporate Governance, a major award of the 10th Asian Excellence Recognition Awards organized by Corporate Governance Asia, for the eighth consecutive year
- 2014-09 Acquisition of the Euro Cloud Star Audit (ECSA) certification for the Taiwan Mobile Cloud Computing Services
- 2014-09 Selected as a Dow Jones Sustainability Index (DJSI) constituent stock for emerging markets for three consecutive years
- 2014-07 A++ rating for highest information transparency awarded for the 11th Information Disclosure and Transparency Ranking System for Publicly Listed Companies for the ninth consecutive year.
- 2014-06 Selected as a Trusted Brand and honored with a gold award in the field of phone services (fixed net or mobile) by Reader's Digest eleven years in a row.
- 2014-05 Top award in the public welfare promotion section of the 10th CSR Awards presented by Global Views Monthly
- 2014-04 Cloud IDC is the only center of its kind in Taiwan which has been awarded a Brill Awards for Efficient IT presented for the first time by the Uptime Institute
- 2013-12 Award for outstanding achievements in the field of group effects of healthy weight management activities in Taipei City presented by the Department of Health, Taipei City

- 2013-11 Honored with the CG6006 Advanced Corporate Governance Certification for the third consecutive time
- 2013-11 Taiwan Corporate Sustainability Excellence Award and Social Inclusion Model Award
- 2013-10 Continued ranking as a leading telecommunications service provider with the Best Reputation Benchmark in Taiwan in 2013
- 2013-09 Acquisition of the external ISO 14064-1 GHG inventory certification
- 2013-08 Honored with the Commonwealth Corporate Citizen award presented by Common-Wealth Magazine for the seventh time



Stakeholder Communication and Material Issues Identification

TWM has a firm grasp of issues of concern to different stakeholders. We not only continued to rely on the six main shareholder categories identified in the previous year in accordance with the AA1000 principles and internal identification procedures, but also conducted a CSR opinion survey of external stakeholders for the first time in 2014. Questionnaires were distributed to four types of stakeholder. All questionnaires were returned for a response rate of 100%. At the end of the year, we convened a conference with stakeholders to discuss the dimensions of economy, society, and environment issues. Finally, internal opinions were integrated and two new stakeholder categories were identified (media and appraisal organizations). A total of eight stakeholder categories have been identified in 2014: Employees, suppliers, competent authorities, communities/NGOs, customers, shareholders/investors, media, and appraisal organizations.

TWM has established dedicated communication channels for the different type of stakeholder to address and respond to the demands of stakeholders. We organizes engagement conferences to facilitate face-to-face communication with customers, NGOs, and suppliers and respond to their expectations. These discussions serve as a main reference for practices in the three key areas of economy, society, and environment and lay the foundation for sustainable development of TWM. Stakeholder communication channels, response methods, and concrete responses of TWM in 2014 are shown in the table below.

Stakeholder Communication Mechanism and Our Response

Key stakeholders	Communication channels	Frequency	Issues of concern/Responses
Employees	Performance assessments, performance interviews, and discussion of career development	Biannually	Employee remuneration/benefits and career development - CH2 Corporate governance and operational performance - CH1 Grievances - CH2
	Internal Communication Mechanism	Non-scheduled	
	Internal educational training	Non-scheduled	
	Staff satisfaction surveys	Every 2-3 years	
	Employee welfare committee/committees	Non-scheduled	
	Internal and external website	Non-scheduled	
	Labor-management meetings	Quarterly	
Suppliers	President and grievance mailbox	Non-scheduled	Supplier management - CH6 Grievances - CH6
	Manufacturer communication mechanism	Non-scheduled	
	Meeting for education on norms	Non-scheduled	
	Mail	Monthly	
	Grievance hotline	Non-scheduled	
Competent authorities	Questionnaires/Conferences	Non-scheduled	Legitimacy/legal compliance - GRI Content Index ; 1.1.2
	Meetings/Visits	Non-scheduled	
Communities/NGOs	Official documents	Non-scheduled	Creation of social value- CH5 Ethical corporate management - CH1 Product and service safety - CH4
	Electromagnetic wave testing hotline	Non-scheduled	
	Public welfare events	Non-scheduled	
	Foundation website	24H	
Customers	Questionnaires/Conferences	Non-scheduled	Product and service safety - CH4 Personal Data Security - CH4 Smart low-carbon products and services - CH3 Customer services/ Internet quality - CH4 Grievances - CH4
	Customer service hotline and mailbox	24H	
	Marketing activities	Non-scheduled	
	Customer satisfaction surveys	24H	
	Public information	Non-scheduled	
	Communication through text messages	Non-scheduled	
	Official documents	Non-scheduled	
	Official website and customer service APP	24H	
Shareholders/Investors	Questionnaires/Conferences	Non-scheduled	Corporate governance and operational performance - CH1 Market/brand image - CH1 Ethical corporate management - CH1
	General Shareholders' Meeting, investor conferences and meetings, road show	19 events in 2014	
	Special website section for investors	24H	
Media	Questionnaires	Non-scheduled	Product and service safety - CH4 Market/brand image - CH1 Personal data security - CH4
	News release	5-8 per week	
Appraisal organizations	Press conference	Non-scheduled	Corporate governance and operational performance - CH1 Creation of social value - CH5 Smart low-carbon products and services - CH3
	Submissions for major national awards	2-3 times a year	
	Responses to international questionnaires - CDP & DJSI	Annually	

Materiality Assessment Procedures

TWM uses various channels to communicate with stakeholders, so as to compile and organize issues of concern based on the principles of sustainability context, materiality, integrity, and stakeholder tolerance. Material issues are identified through three channels. Firstly, a vision blueprint is formulated in accordance with the sustainability strategies developed by the CSR committee. Secondly, industry trends are analyzed and assessments are conducted based on industry characteristics. Thirdly, conferences are organized to facilitate face-to-face communication with suppliers, NPOs, and customers to gain a better understanding of the level of concern for TWM sustainability issues. The materiality assessment procedures may be summarized as follows:



STEP 1 Identification

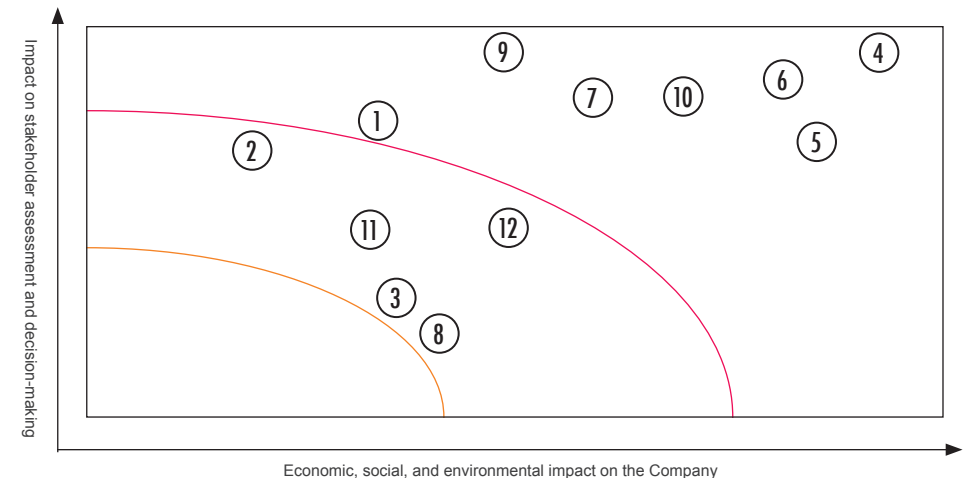


STEP 2 Ranking

After determining a list of issues to be disclosed in the report via the aforementioned three methods, the material issues and corresponding aspects identified by the CSR Committee are assessed in accordance with the two axes of “Level of concern of stakeholders” and “Level of impact on the Company”. Issues are ranked according to materiality and a materiality matrix is designed based on these assessments.

1 Supplier management	2 Product and service safety	3 Grievance mechanism
4 Corporate governance and operational performance	5 Smart low-carbon products and services	6 Personal data security
7 Creation of social value	8 Customer service/Internet quality	9 Legitimacy/legal compliance
10 Staff remuneration, benefits, and career Development	11 Market/brand image	12 Ethical corporate management

Materiality matrix



Material issues	Corresponding material aspects		Meaning	Boundaries				
				Internal	Suppliers	Customers	Shareholders/ Investors	Communities/ Society
Supplier management	EN32-EN33	Supplier environmental assessments	Guide suppliers in the joint implementation of CSR management practices	●	●			
	EC9	Procurement practices		●	●			
	LA14-LA15	Supplier assessments for labor practices		●	●			
	HR10-HR11	Supplier human rights assessments		●	●			●
	SO9-SO10	Supplier assessments for impacts on society		●	●			●
Product and service safety	PR1-PR2	Customer health and safety	Emphasis on customer health and safety and increase of the trust in service quality as well as improved handling of electromagnetic waves			●		●
Grievances	LA16	Grievance mechanism for labor practice issues	Provision of a transparent and fair grievance channel for employees	●				●
	EN34	Grievance mechanism for environmental issues	Provision of a grievance channel to reduce controversies					●
	HR12	Grievance mechanism for issues related to human rights practices		●				●
	SO11	Grievance mechanism for issues related to social impacts						●
Corporate governance and operational performance	EC1-EC4	Economic performance	Generation and distribution of operational performance and response on how to maximize stakeholder values	●			●	
Smart low-carbon products and services	EN15-EN21	Emissions	Active determination of GHG management conditions and strategies to exhibit leadership ability in the field of responses to climate change issues	●				
	EN27-EN28	Products and services	Low-carbon applications of newly developed products and services facilitate the reduction of environmental impacts and the creation of new market opportunities	●		●		
	EN3-EN7	Energy	Comprehensive energy management system to reduce operating costs and boost environmental sustainability and relevant strategies	●				
Personal data security	PR8	Customer privacy	Implementation of rigorous personal data management to protect customer data and thereby enhance customer loyalty and satisfaction			●		
Creation of social value	EC7-EC8	Indirect economic impacts	Public welfare events and newly developed products and services generate a positive impact on society	●		●		●
Customer service/Internet quality	PR3-PR5	Product and service labeling	Provision of detailed product and service information and accountability to customers			●		
Legitimacy/legal compliance	EN29	Compliance with environmental laws and regulations	Maintenance of brand reputation	●				
	PR9	Product accountability and legal compliance		●		●		
	SO8	Legal compliance in the social dimension		●				●
Employee remuneration/ benefits and career development	LA1-LA3	Labor-employer relations	Comprehensive remuneration and benefits system and sound staff structure to attract more talent, promote a professional training system, and encourage cohesion between employees and the Company	●				
	LA9-LA11	Training and education		●				
	LA12	Employee diversity and equal opportunities		●				
	LA5-LA8	Occupational health and safety	Occupational safety includes the promotion of a healthy and safe work environment and provision of complete training programs	●				
Market/Brand image	EC5-EC6	Market image	Provision of lucrative salaries, higher approval by local society, and focus on human rights and workplace equality	●		●		●
	HR3	Non-discrimination		●				
	LA13	Equal remuneration for men and women		●				
	HR5	Child labor		●	●			
	HR6	Forced and compulsory labor		●				
Ethical corporate management	SO3-SO5	Anti corruption	Maintenance of corporate brand reputation	●	●		●	
	SO7	Anti-competitive practices			●		●	

1. Business Governance

Core Philosophy

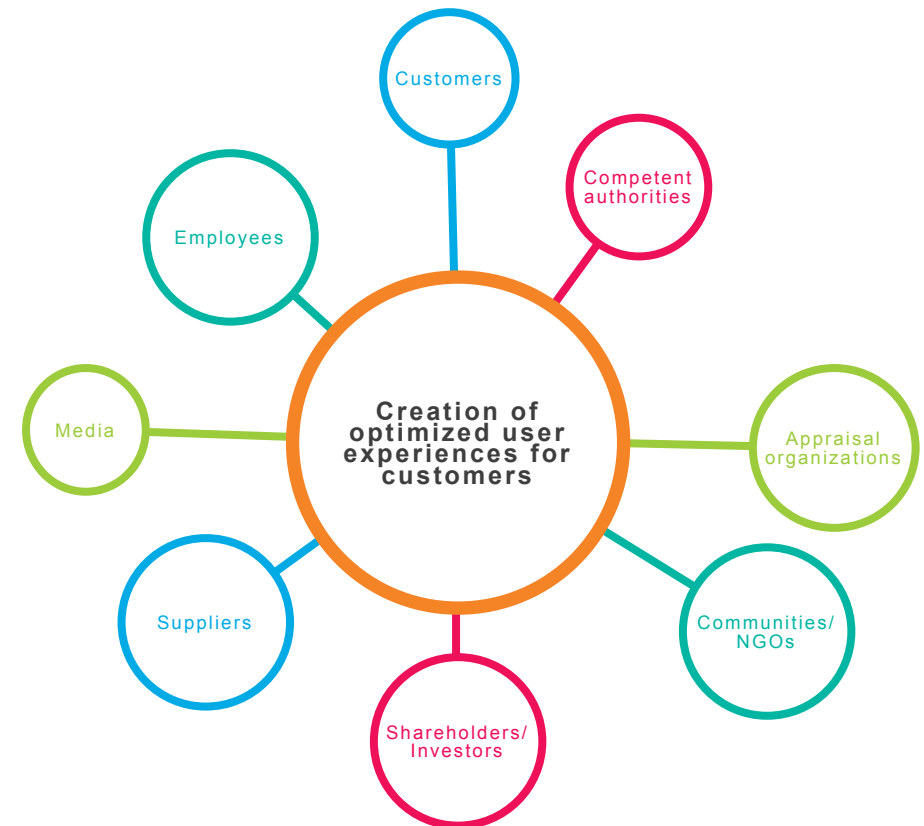
TWM embraces the core concept of “Creation of optimal user experiences for customers” in the provision of comprehensive communication and media services with the goal of turning into a benchmark enterprise in the information and communication industry. We insist on integrity as the fundamental principle for the implementation of corporate social responsibility to maximize the values of our stakeholders, which include our employees, suppliers, competent authorities, communities/NGOs, customers, shareholders/investors, media, and appraisal organizations.

Commitment and Action

We aim to provide customers with supreme telecommunication and digital convergence services, actively formulate sustainable business strategies, and employ our digital resources to create new technologies and further digital philanthropy on a foundation of world-class corporate governance, transparency, and integrity. This is a concrete manifestation of our accountability to stakeholders. Due to our continued efforts, we achieved brilliant results in 2014.

Achievements and Performance

- TWM was the only telecommunication provider in Taiwan to be honored with awards for best management, best corporate governance, best investor relations, and best commitment to paying high dividends in the 2015 Best Asian Companies poll conducted by FinanceAsia and Taiwan Mobile Executive Vice President and Chief Financial Officer Rosie Yu was recognized as Best CFO in Taiwan.
- Honored with the Icon on Corporate Governance, a major award of the 10th Asian Excellence Recognition Awards organized by Corporate Governance Asia, for the eighth consecutive year.
- A++ rating for highest information transparency awarded by the Information Disclosure and Transparency Ranking System for Publicly Listed Companies for the ninth consecutive year.



Vision and Planning

The Company is committed to constant enhancement of the operational efficiency of telecommunication services and stimulation of the growth of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as well as the generation of higher profits in other business areas such as cable TV and e-commerce retail. In addition, CSR Best Practice Principles are implemented in overall operations and governance strategies. Active participation in international appraisals (DJSI and CDP) serves the purpose of evaluating implementation performance and provides motivation to achieve strategic goals in order to enhance international competitiveness.

1.1 Corporate Governance

1.1.1 Operating Performance

The business system of the TWM Group is divided into the following four business groups: consumer services, home services, enterprise services, and retail services. An overview of the services and revenue conditions of different business groups is provided below:

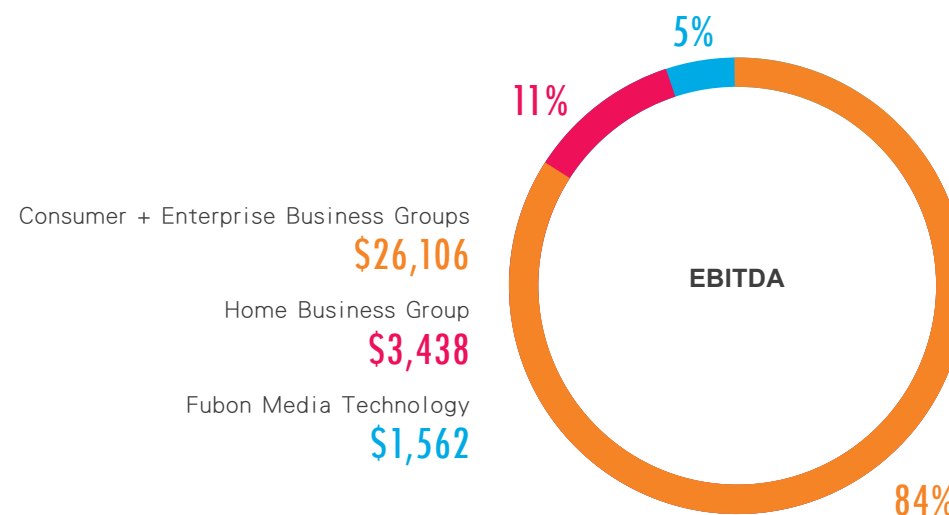
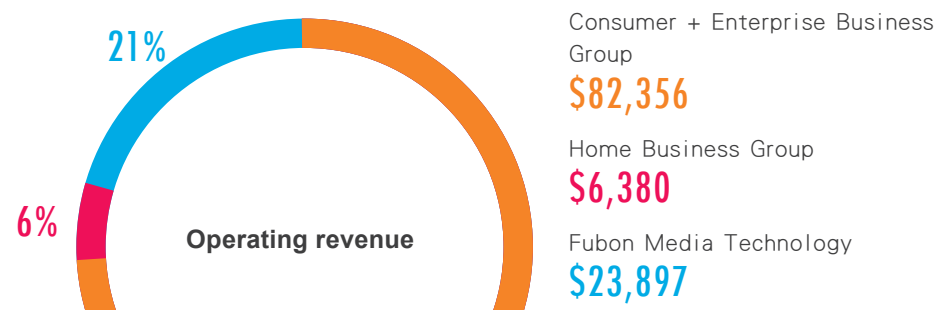
Overview of the services provided by different business groups

Business system	Consumer Business Group	Enterprise Business Group	Home Business Group	Retail Business
Brand name	TWM	TWM Business Solution	TWM Broadband	momo (Fubon Media Technology)
Service type	Telecommunication services		Cable TV services	E-commerce retail services
	Mobile business	Fixed-line business		
Main service content	Mobile telecommunication services for consumers including monthly rental plans, prepaid plans, and value-added services	Integrated information and communication services for enterprises including fixed-line services (Voice message/ data/Internet), corporate mobile services, and International simple resale (ISR) services	Pay TV services and cable broadband services.	TV house shopping, online shopping and mail order.
Market position / share	Second-largest mobile operator in a five-player market, with a market share of around 29% in terms of mobile service revenue.	A market share of around 1% for ADSL/FTTx business. One of the top three internet service providers (ISP), with a market share of 3.5% (including 190K cable broadband subscribers from its cable business)	Fourth-largest multisystem operator (MSO), covering about 11% of households in Taiwan	Ranked among the top three in both online shopping and TV home shopping businesses
User numbers	7,430K mobile subscribers	Around 70K ADSL/FTTx internet access users	Over 590,000 Cable TV subscribers and 190K cable broadband subscribers	Not applicable

Telecom Business (Consumer and enterprise business groups)

Due to the continued promotion of the tied sale of smartphones and mobile Internet services, the percentage of monthly rental-type users who also subscribe to mobile data services increased from 54% in 2013 to 62% in 2014. As a result, revenues from mobile Internet services in 2014 rose by 24% compared to the previous year and the revenue from mobile data services accounted for 51% of the total revenue derived from all mobile services. If the revenue from the sale of smartphones is added, the gross revenue derived from telecommunication services in 2013 grew by 1% compared to the previous year.

Operating performance of different business groups in 2014 (Unit: Million NTD)



*Data source: Financial reporting for segment in financial reports. Sums and total data differences are offset and adjusted between departments (calculated in accordance with International Financial Reporting Standards)

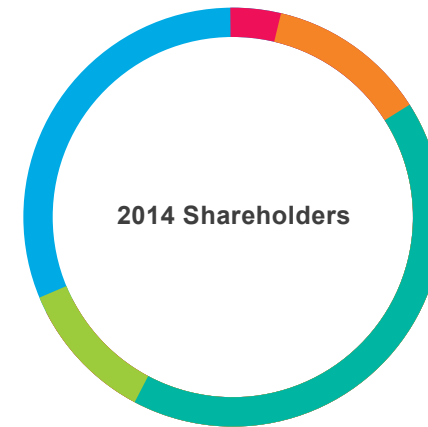
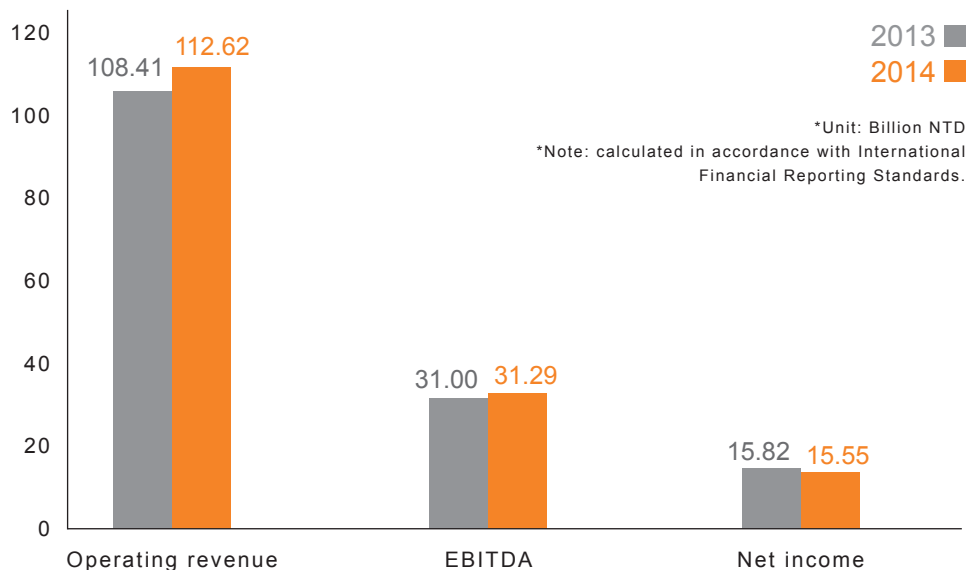
Cable Business (Home business group)

The total revenue of the household user business group in 2014 increased by 2% compared to the previous year. We mainly benefited from the rising penetration rate of both digital TV and broadband Internet services, which in turn is a result of our tie-in sales strategy. In addition to basic cable TV services, the proportion of extra subscriptions to digital TV and broadband services by household users is gradually rising. Stable revenue growth has also led to a growth of EBITPA from cable TV services by 5% compared to the previous year.

Retail Business (Fubon Media Technology)

The main growth impetus stems from the continued expansion of online shopping services. In 2014, the revenue from online shopping rose by 30% compared to the previous year. In addition, the Company also sold its cosmeceutical retail channel and reduced the number of TV shopping channels to cut down on expenses, which in turn resulted in a growth of annual EBITDA by a whopping 50% compared to the previous year.

2013-2014 Overall consolidated annual operational performance



Government agencies 4.00% Financial institutions 12.45%
External organizations and persons 31.49%
Individuals 11.22% Other legal persons 40.84%

*Note: As of July 5 2014, no major changes of the shareholder structure have occurred.

In conclusion, the consolidated gross revenue for the year 2014 grew by 4% compared to the previous year mainly due to the launch of G4, continued buoyant sales of 3G/4G smartphones, which in turn resulted in a growth of revenues from telecommunication services as well as cable TV and broadband Internet services (by 5% compared to the previous year), while the annual growth rate of the income derived from online shopping services of subsidiaries amounted to 30%. As far as profits are concerned, TWM's EBITDA grew by 1% compared to the previous year due to rising profits from cable TV and retail services despite the fact that income derived from newly launched 4G services was not sufficient to offset rising operational and marketing expenditures generated by the construction of LTE networks and the increase of 4G penetration rates. Net operating revenue and net after-tax earnings exceeded the financial forecasts for every quarter.

Dividend policy and Shareholder rights

TWM distributes earnings as dividends pursuant to regulations set forth in our Articles of Incorporation and current laws. Employee bonuses are paid out in cash to safeguard the rights and interests of shareholders. Votes are held on all relevant proposals during shareholders' meetings and voting rights may be exercised by electronic ballot to facilitate the exercise of shareholder rights. The 2014 shareholder structure is shown below (for more details on dividends please refer to the Annual Report)

Tax policy and Government subsidies

TWM continue to expand and earn profits and income taxes are filed and paid in an honest manner pursuant to the tax regulations. We also support and invest in major infrastructure projects promoted by the government and various R&D measures. Applications for tax preferences are submitted in accordance with the law.

The tax rate of the Company is roughly equivalent to the statutory tax rate of 17%. The discrepancy stems from tax exempt dividends or net earnings distributed to other profit-seeking business entities in host countries as well as applications for investment tax credits and tax preferences in accordance with the Statute for Industrial Innovation and other relevant laws. Major financial subsidies granted by the government in 2014 are listed below.

2014	Unit : 1,000 NTD
Income tax paid in cash	3,040,263
Tax preferences (investment tax credit)	48,001
Government subsidies	37,151

Data source were referred from TWM's consolidated financial statements and subsidiaries, the 2014 chart of net costs of universal data and communication services for uneconomic areas, and audit reports issued by accountants (Taiwan Fixed Network).

1.1.2 Governance framework and Operation mechanism

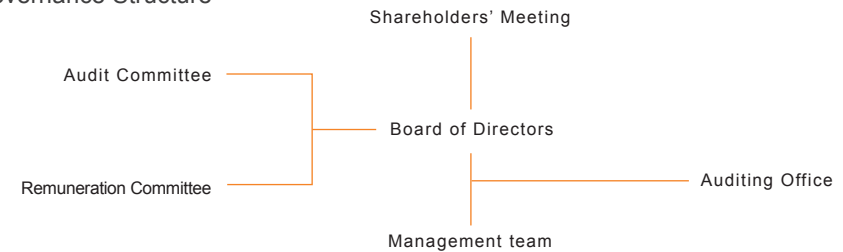
Operations of the highest governance body

1. Board of directors

Title	Name	Gender	Advanced training
Chairman	Richard M. Tsai	Male	The Company continues to encourage board members to attend internally and externally organized educational training courses related to sustainability issues (a majority of directors attended such courses in 2014).
Vice Chairman	Daniel M. Tsai	Male	
Director	James Jeng	Male	
Director	Howard Lin	Male	

Director	Vivien Hsu	Female	This includes the following courses: “Sustainable Thinking and Practice” , “Overview of the Global Sustainable Development - Case Study of the Telecommunication Industry” , “Corporate Social Responsibility and Sustainable Management” .
Independent director	Jack J.T. Huang	Male	
Independent director	Tsung-Ming Chung	Male	
Independent director	Hsueh-Jen Sung	Male	
Independent director	Guu-Chang Yang	Male	
For the educational background and advanced training of directors please refer to p.13, 22, and 26 of the 2014 Annual Report			

Governance Structure



The board of directors headed by the Chairman is the highest governance body of the Company. Board members serve for a term of three years (June 12, 2014-June 11, 2017) and the chairman does not hold concurrent administrative positions. The board's main responsibilities include the monitoring of legal compliance, real-time disclosure of material information, and ethical corporate management. Secondly, the board is also responsible for maintaining good communication channels and positive interactions with the management team and the provision of guidance for the execution of company operations and major resolutions and decisions to ensure corporate development and safeguard the rights and interests of shareholders. Four independent directors have been appointed which exceeds the required legal quota. Their expertise spans various field including law, accounting, financial services, and telecommunication services and they possess the knowledge, skills, and literacy required for the execution of their duties. The Audit Committee and Remuneration Committee are composed of the independent directors of the board formulate a series of operational guidelines and regulations to guarantee the soundness and effective operation of the system.

The board upholds the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and has successively formulated and amended relevant rules and regulations such as the Corporate Governance Code of Practice, Audit Committee Charter, Remuneration Committee Charter, Rules of Procedure for Board Meetings, Rules of Procedure for Shareholder Meetings, Procedures for the Handling of Major Insider Information, Rules of Moral Conduct, Ethical Corporate Management Rules, CSR Policies, CSR Best Practice Principles, and Operational Procedures for Transactions with Group Enterprises, Specified Companies, and Stakeholders to ensure the implementation of corporate governance.

The Company amended the Regulations Governing the Election of Directors in 2013, which now stipulate a candidate nomination system for the election of all board directors. Candidates are nominated, reviewed, and publicly announced by the board or shareholders with a legally prescribed shareholding ratio in accordance with stipulated procedures. Elected directors are required to sign a consent letter and confidentiality agreement, exercise the due care of a good administrator, fulfill their fiduciary duty, and perform their duties in honesty and good faith. The Company also purchases liability insurance for its directors to reduce risks associated with the execution of duties. The regulations set forth in Article 15 of the Rules of Procedure for Board Meetings state that if a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. No instances of such interested party relationships and recusal from discussion and voting were recorded in 2014. For more details, please refer to p.22 of the chapter on corporate governance in the annual report issued by the Company.

2. Executive Compensation

Compensation of board directors and independent directors is based on the regulations set forth in the Articles of Incorporation and the Compensation Guidelines for Board Directors. In addition, the appropriateness of the remuneration for board directors, independent directors, presidents, and vice presidents (variable pay of Presidents and Vice Presidents makes up around 50% of personal annual salaries) is regularly reviewed by the remuneration committee which is composed of independent directors based on

the degree of contribution to company operations including future operating risks and level of involvement in CSR related matters. Compensation for Presidents and Vice Presidents for the respective year is paid and reported to the Remuneration Committee by the HR Division. The appropriateness of salaries and compensation is reviewed on a regular basis.

The performance of board directors is evaluated before the end of every year in accordance with Board Performance Evaluation Guidelines formulated by the board of directors. The Remuneration Committee compiles the analysis results and submits assessment reports and improvement proposals to the board. The board performance evaluations for 2014 were conducted during the 5th meeting of the 7th board on Jan 29, 2015 in form of a self-appraisal by the board members.

Monitoring Mechanism

1. Dedicated internal control and audit units

We have established an Auditing Office, which is directly subordinate to the board of directors, to create a self-monitoring mechanism. The Office is in charge of conducting audits of all financial and business operations and management functions of the Company and its subsidiaries divided into ten main cycles in accordance with relevant laws and regulations. In addition to routine audits, which are performed in accordance with annual plans, project audits are scheduled based on actual requirements with the goal of the timely identification of potential shortcomings of the internal control system and the provision of suggestions for improvement. Upon completion of audits, the Auditing Office submits relevant reports to the Chairman. Audit managers deliver reports on execution conditions and results during Audit Committee and Board meetings on a regular basis to ensure the implementation of corporate governance.

2. Audit Committee

TWM established an Audit Committee in accordance with the Securities and Exchange Act in June 2008 in line with the spirit of corporate governance as a substitute for supervisors. The committee's monitoring functions can be summarized as follows:

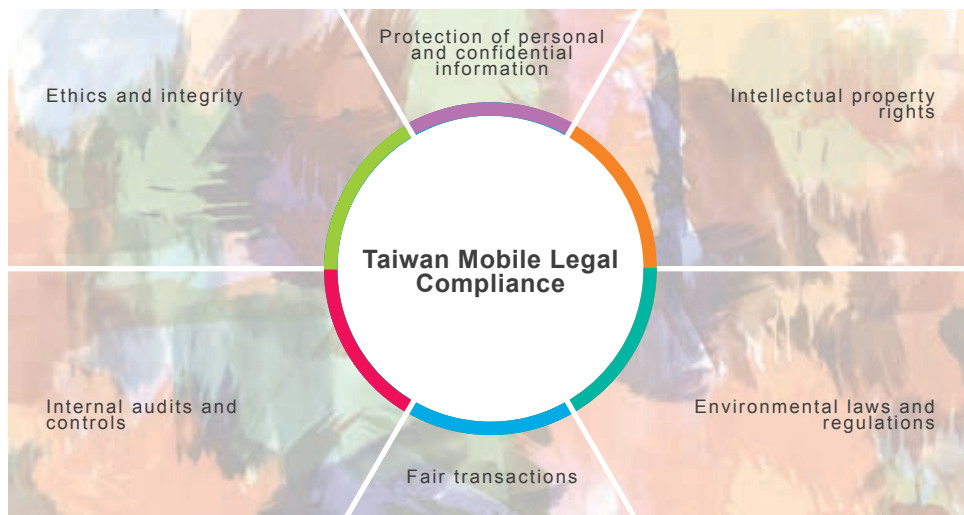
- (1) Fair presentation of financial statements
- (2) Selection of CPAs and assessment of their independence and performance
- (3) Effective implementation of the internal control system
- (4) Guarantee of compliance with relevant laws and regulations

(5) Control of existing or potential risks

As of 2014, the Audit Committee is composed of the four independent directors. Individual audit departments are directly responsible to the Audit Committee pursuant to the Audit Committee Charter and deliver reports on key operations of the Company and its subsidiaries to the independent directors during Audit Committee meetings every quarter, while hired CPAs report on the results and findings of financial statement audits during those meetings.

3. Remuneration Committee

The Remuneration Committee is comprised of four independent directors and acts in accordance with the Remuneration Committee Charter. The committee's main responsibilities consist of regular reviews of performance assessments of directors and managers and formulation of remuneration related policies, systems, standards, and structures as well as regular assessments and determination of salaries and compensation for directors and managers.



Moral integrity and Legal compliance

Integrity is one of our core values and serves as the key foundation for sustainable operations. We are strictly committed to the implementation of corporate governance and the scrupulous observation of the Company Law, Securities and Exchange Act, Commercial Accounting Law, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and laws and regulations governing public offerings and other types of commercial behavior. Integrity has been internalized into our corporate culture through a rigorous internal control system, educational training, internal communication, and a code of practice.

Moral conduct of staff members is an important link in all evaluations.. In July 2010, we turned these behavioral norms into written rules by formulating the Rules of Moral Conduct. These rules encompass principles of integrity and trustworthiness as well as norms related to the prevention of conflicts of interest and inappropriate personal gain, confidentiality obligations, fair transactions, and proper protection and use of company assets. Our staff members display great integrity in their pursuit of high standards of moral behavior.

Newly inducted employees are educated on the code of conduct during orientation training including an introduction of integrity as a key component of corporate culture, anti-corruption policies, and the employee grievance mechanism. All our employees have completed the "Rules of Moral Conduct" training program, which provides them with a better understanding of the moral norms, and which must be carefully observed in their daily work. A total of 681 newly added trainees attended this program in 2014. All colleagues who joined the Company before the end of 2014 have completed this training and passed the post-course exams.

The Company has established an employee grievance system. The completely safe reporting mechanism enables employees to submit opinions and feedback in a safe and confidential manner.

The Taiwan Mobile Ethical Corporate Management Best Practice Principles were formulated in January 2011. The application range includes subsidiaries, corporations with accumulated direct or indirectly contributed funds in excess of 50% and other institutions or corporations under de facto control of the Company.

The ethical corporate management rules of the Company specifically prohibit the

Employee Rules of Moral Conduct



Article 1 (Purpose and Basis of the Code of Ethics)

The Code of Ethics is adopted for the purpose of directing the directors, officers, managers, and employees of the Company to act in conformity with the standard of ethics, and ensuring that the stakeholders of the Company understand the ethical standard of the Company.

Article 2 (Persons Subject to Code of Ethics)

This Code of Ethics shall be applied to the board of directors, officers, managers, and other employees of the Company (collectively "the Personnel").

Article 3 (The Principle of Honesty and Credibility)

In the event of performing their duties, the Personnel of the Company shall be proactive, responsible, prudent, and shall abandon sectionalism, focus on teamwork, and diligently comply with the principle of honesty and credibility.

Article 4 (Prevention of Conflict of Interest)

The Personnel of the Company shall deal with corporate events objectively and efficiently, and shall not improperly take benefits based on the Personnel's position for themselves, their spouses, parents, children or relatives within three degrees of kinship.

In the event that the aforementioned Personnel's affiliates receive loans or guarantees, engage in material assets transactions, or purchase (or sell) products from (or to) the Company, the relevant Personnel shall voluntarily and sufficiently explain to the Company whether there exists any potential conflict of interest with the Company in order to gain proper approval from a supervisor.

Article 5 (No Self-Benefiting)

In the event that the Company has the opportunity to obtain benefits, the Personnel shall ensure that the Company is able to acquire them lawfully.

The Personnel shall not:

1. acquire the opportunities for benefit or benefit themselves by using the Company's assets or information or by virtue of their positions with the Company; or
2. compete with the Company.

Clause 6 (Confidentiality)

1. The Personnel shall, unless otherwise authorized or required to disclose by law, keep the company information and the information of suppliers / customers in strict confidence. The confidential information includes all non-public information that may cause damage to the Company or the customers if such information is disclosed or used by a competitor.
2. The Personnel shall keep the confidential, technical, personal or any other non-public information or trade secrets in connection with the Company, the affiliates of the Company, the customers of the Company or its affiliates, or any other third party, whether in writing or orally, marked "confidential" or not, in strict confidence ("Confidential Information"), and should not inquire, search and use such Confidential Information without justifiable cause. The Personnel shall not deliver, transfer, copy, duplicate, publish or in any other way disclose any of the Confidential Information without the Company's prior written consent.

Clause 7 (Fair Transactions)

1. The Personnel shall treat the Company's suppliers, customers, competitors and competitors' employees on a fair basis, and shall not manipulate, conceal or abuse the information acquired due to their position. The Personnel shall

not make false statements on important issues or gain any improper advantage by unfair transactions.

2. In the event of performing their normal duties, the Personnel shall comply with the ethical standard and fair-trade principal stipulated by the Company. With respect to the acceptance of a gift or hospitality from suppliers or contractors, the Personnel:
 - (1) shall not request or arrange to receive any gift, rebate, bribery or any other improper benefits by virtue of their positions;
 - (2) shall be strictly prohibited from receiving any cash or securities. If the Personnel find that any gift or hospitality from suppliers or contractors is not conforming to social custom, the Personnel shall refuse such gift or hospitality immediately;
 - (3) shall report to the supervisors of their own department and the head officer of the audit department if the Personnel found that, after receiving the gift or hospitality from suppliers or contractors, the gift or hospitality is not conforming to social custom due to force majeure.

Clause 8 (Proper Protection and Use of the Company's Assets)

The Personnel shall protect the assets of the Company, ensure the asset to be validly and legally used for business purposes, and avoid the asset from being stolen, wasted or neglected.

Clause 9 (Compliance of Laws and Regulations)

The Personnel shall comply with all the laws, rules, regulations and policies stipulated by the Company governing its operations. Once the Personnel is aware of any critical non-public information, the Personnel shall not conduct any security transaction in accordance with the "Securities and Exchange Act" and other relevant laws and regulations.

Clause 10 (Reporting a violation of the Code of Ethics)

If any employee discovers or suspects that there is an event conflicting with the law, regulations, or the Code of Ethics, the employee shall voluntarily report to the audit committee, managers, internal audit officers or other appropriate officers, and shall provide sufficient information so that the Company may properly handle the subsequent matters. The Company shall handle the employee's report in strict confidence and shall use its best endeavour to protect the reporting employee's safety.

Clause 11 (Penalty and Appeal)

In the event that a director or manager is in violation of the Code of Ethics, the Company shall deal with the violation in accordance with the relevant regulations. The Company shall establish an appeal procedure where the accused personnel may formally challenge the initial ruling.

Clause 12 (Method of Disclosure)

The Company shall disclose the Code of Ethics in the annual report, public prospectus, and Market Observation Post System, and the same procedure shall apply to the amendments.

Clause 13 (Enforcement)

The Code of Ethics shall be adopted for enforcement after resolution by the board of directors, delivered to the audit committee for reference and shall be reported to the shareholders' meeting. The same procedures shall apply to the amendments.

offering and acceptance of bribes, the provision of illegal political donations and improper charitable donations or sponsorship, unreasonable gifts or hospitality or other illicit profits, while specifying prevention plans and handling procedures. Announcements and notices of relevant regulations are provided on a regular basis for staff members, managers, and board directors. As of January 1, 2014, all employees are required to sign an integrity statement to strengthen the concepts of integrity and self-discipline. As a result of effective education and control efforts through various mechanisms, no employees were dismissed or penalized for bribery in 2014. We will continue our educational efforts in the future to give employees a better understanding of the importance and necessity of ethical conduct.

In addition to ethical norms, relevant policies and guidelines have also been formulated for other areas of legal compliance including personal data protection, preservation and destruction of documents, protection of confidential information, guarantee of fair transactions, compliance with environmental laws and regulations, internal audits and controls, anti-corruption policies, and protection of intellectual property rights. To provide our staff with a clear understanding of all legal compliance related issues, we organize corporate governance seminars on an irregular basis, while providing regular education on legal cases through active learning methods. The latest internal norms and regulations are also made public on the internal corporate website to raise the legal compliance awareness of employees and prevent unintentional infractions during work.

Ethical Corporate Management Best Practice Principles



1.2 Risk Management

In the field of risk management, TWM actively formulates risk management policies and has created an organizational framework and developed a risk management system to create an early response mechanism for potential operational risks that the Company is facing in order to achieve preventive effects. Risk management policies were formulated to regulate risk assessment procedures in 2011. These policies and all future amendments are subject to approval by the board. In 2015, we made adjustments to our risk management framework to achieve a synthesis of the current risk management framework and control mechanism. The Risk Management Committee was established upon approval by the board. Chairman Richard M. Tsai and President James Jeng serve as the committee chairman and vice chairman. This committee submits reports to the board on an irregular basis to strengthen the risk management mechanism.

Article 1 (Purpose of enactment and applicable scope)

The Ethical Corporate Management Best Practice Principles ("Principles") are enacted to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (Prohibition of Unethical Conduct)

When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits (see Article 3).

The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.

Article 3 (The types of Benefits)

The "Benefits" mentioned in the Principles means item of tangible value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate operations.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control management mechanism so as to create an operational environment for sustainable development.

Article 6 (The promises and executions)

The Company shall clearly specify ethical corporate management policies in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 7 (Engaging in commercial activities under ethical corporate management policies)

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical Conduct, if any, and avoid having any dealings with persons who have any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 8 (Prohibition of offering and accepting bribes)

When conducting business, the Company and its directors, managers, employees and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form, including rebates, commissions, grease payments, or offer or accept improper Benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where such business is conducted permit so.

Article 9 (Prohibition of offering illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 10 (Prohibition of improper charitable donations or sponsorship)

When making or offering donations and sponsorship, the Company and its directors, managers, employees and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 11 (Prohibition of unjustifiable presents, hospitality or other improper benefits)

The Company and its directors, managers, employees and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 12 (Organization and responsibility)

The board of directors of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjust-

ments so as to ensure thorough implementation of its Ethical Corporate Management Best Practice Principles. To achieve sound ethical corporate management, the internal audit department shall be in charge of enacting and enforcing the business integrity policies and prevention program ("Prevention Program") and reporting to the board of directors on a regular basis.

Article 13 (Legal compliance for business operation)

The Company and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

Article 14 (The avoidance of conflicts of interest of directors and managers)

The Company shall establish policies for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company. The Company's directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is prohibited from participating in voting on any proposals where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise self-discipline and should not support one another in improper ways. The Company's directors and managers shall not take advantage of their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 15 (Accounting and internal control)

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

Internal auditors of the Company shall examine the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis.

Article 16 (Operational procedures and guidelines)

The operational procedures and guidelines established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers, shall contain the following:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

Article 17 (Education training and reviews)

The Company shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 18 (Report and discipline)

In cases where the Company's directors, manager, employees or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the audit committee, managers, internal audit officer or other appropriate officers of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall actively investigate and deal with said report. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

Article 19 (Disclosure of Information)

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

Article 20 (Review and Amendment to the Principles)

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

Article 21 (Enforcement)

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after a review is made by the Corporate Governance Committee and approval is granted by the board of directors, and shall be submitted to the shareholders' meeting. The same shall apply to any amendment thereto.

The Auditing Office conducts risks assessments and determines scores for the importance and incidence rate of each risk at the end of every year. Value at Risk (VaR) is calculated based on the results of the scoring process. Calculated Values at Risk serve as a main reference for the audit plans of the following year. No shortcomings and irregularities of the internal control system were detected in 2014. Only 6 items requiring improvement were identified for each department. It was determined that the assessed risks have no major impact on the Company. A total of 72 concrete suggestions were provided for each operation process as a reference for an improvement of the management quality by each department. As for items requiring improvement and submitted suggestions, constant tracking is implemented on a quarterly basis until improvements are completed.

(1) Risk management policies

- Continued promotion of a risk management-oriented business model
- Establishment of a risk management mechanism which is characterized by early identification, accurate judgment, effective supervision, and strict controls
- Design of a risk management system encompassing the whole company to ensure that risks remain within acceptable and controllable levels
- Adoption of optimized risk management practices and constant improvements

(2) Risk management framework and operating mechanism

- Risk management framework



- Risk management operation mechanism, graded controls, and implementation of risk monitoring

	Competent unit	Main functions
Ground	Company HQ, Information section, Technology section, user service section, Finance and administration section	<ul style="list-style-type: none"> • Competent units are designated for the management of each risk item to guarantee timely detection and effective management of risks. • Competent units are required to keep risks within acceptable levels in their daily maintenance operations and submit timely reports in case of changing risk conditions to enable the Company to adopt response measures.
Middle	Corporate Social Responsibility Committee (CSR) Committee	Fulfillment of CSR and implementation of concepts of sustainable operations.
	Risk Management Committee (Note)	<ul style="list-style-type: none"> • Synthesis of the risk management framework and control mechanism. • Implementation of board resolutions on risk management and regular inspections of the development, establishment, and implementation results of the overall risk management mechanism.
	Operations and Management Conference	Regular review of operational goals, business management, planning of future development, budget implementation status, and control of finances and capital.
	Information Security Management Committee	Implementation of controls for potential risks related to the confidentiality, integrity, and availability of information assets and non-compliance with legal requirements, so as to effectively reduce business operation risks in a reasonable manner.
	Occupational Safety and Health Committee	Implementation of controls in the field of occupational safety and health risks in order to guarantee the safety and health of staff.
	Communication Quality Assurance Committee	Assurance and management of network communication quality.
Top	Board of Directors	<ul style="list-style-type: none"> • Overall risk-management policies are determined and approved by the board in accordance with overall operational strategies and business environments. • The effective functioning of the risk-management mechanism is monitored on a constant basis.
Monitoring Mechanism	Internal Auditing Office	<ul style="list-style-type: none"> • The seriousness of potential risks in each business area is taken into account during daily inspections and serves as a main reference for annual audit plans. • Competent executives must be notified immediately of handling of said irregularities must be tracked to guarantee a complete processing of respective items

(Note) The Risk Management Committee exercises control over four units/systems: Operations and Management Committee, Information Security Management Committee, Occupational Safety and Health Committee, and Communication Quality Assurance Committee. Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or other committee(s) to undertake any necessary measures.

1.3 Market Situation, Risks and Opportunities

Consumer Business Group (CBG)

1. Industry overview and developments

All telcos began offering 4G services in 2014. Due to limited 4G spectrum or network infrastructure, small operators are unlikely to threaten the big three in the market in the short-term. 4G newcomers seeking to acquire, merge or ally with existing operators will also help to keep a check on market competition.

2. Product development trends and competition

The launch of 4G services means operators are now aggressively developing the mobile broadband market through value-added services for monthly subscribers. This will provide the main source of future revenue growth. Competition in the prepaid market has intensified due to existing operators competing on price.

3. Risks

- (1) The NCC began progressively reducing mobile access rates in 2013 and this will continue until 2016, putting pressure on future telephony revenues.
- (2) The popularity of mobile data services means IP messaging apps are now replacing voice services and impacting on voice revenues.

4. Response

- (1) Accelerate the 4G network roll-out to satisfy customer demand for high-speed Internet access.
- (2) Plan ahead to cope with changes in related policies and legislation.
- (3) Aggressively promote innovative value-added services for smart phones to boost data revenues and compensate for declining voice revenues.

5. Opportunities

- (1) The launch of 4G services, more affordable mobile Internet access devices and rates as well as the rapid growth of application services means mobile Internet is no longer exclusive to business users. Its widespread adoption among ordinary users is driving the rapid growth of non-voice revenues.
- (2) The Digital Age is bringing about a convergence of the information, communications and media industries. Mobile telcos play a critical role in the supply chain for the wireless delivery of multimedia content and services.

Enterprise Business Group (EBG)

1. Industry overview and developments

NCC statistics indicate that there are 80 Class 1 telecommunications service providers ("Class 1 telcos") in Taiwan including 4 fixed network operators, 6 mobile network operators and other network leasing providers; there are a total of 433 Class 2 telcos (including Internet access, voice service resellers, VoIP and other value-added service). Intense competition in the telecommunication service market as well as the trend towards digital convergence is blurring the boundaries between telephony, television and computers, intensifying inter-industry co-opetition even more.

2. Product development trends and competition

In terms of fixed communications services, NCC statistics showed that Chunghwa Telecom (CHT) enjoys a virtual monopoly with over 90% of the local network revenues and 75% of the long-distance network revenues. The only exception was international network revenues where the other three operators account for a relatively high 50%; in wired broadband access in Taiwan, FTTx is now the preferred method of access with high-speed services now gathering steam. CHT's last-mile advantage on ADSL and FTTx lines means except for cable Internet services from cable TV providers, conventional fixed network operators simply cannot compete with CHT.

The trend towards IP-based and mobile telecommunications services as well as the growing use of smart mobile devices and a mature network infrastructure means that government agencies are now actively investing in and assisting the industry transformation/transition into the cloud computing industry. Taiwan's ICT companies will continue to promote mobile application solutions for enterprise customers as well as build cloud centers to provide all kinds of cloud application services. Cloud services,

mobility apps and mobile data integration services will therefore provide the main source of revenue growth in the future.

3. Risks

CHT, the market leader, still enjoys the "last-mile" advantage. The bottleneck on subscriber circuit infrastructure therefore remains the greatest obstacle to business development.

4. Response

Faced with trends such as new network communication technologies, dropping telecommunication service rates, cloud services for diversified platforms and mobilization, Taiwan Mobile is focusing on mobile integration solutions for enterprises and next-generation cloud IDC and cloud services to provide high-quality, innovative communication integration services and to form long-term partnerships with our customers. These will help customers simplify network management and costs.

5. Opportunities

- (1) We are the industry leader in 4G network transmission rates and quality. Mobility is a key ingredient for business competitiveness in the cloud age and the jump in demand for cloud and client integration from enterprise users will drive the growth in mobile data revenues.
- (2) When internal corporate information and IoT data is transferred over mobile networks, features such as IT security and physical network redundancy will become essentials.
- (3) Taiwan Mobile has the necessary mobile, cloud and fixed network resources as well as telecommunications integration expertise to play a key role in the trend towards enterprise mobility.

Home Business Group (HBG)

1. Industry overview and developments

Cable TV is now indispensable for Taiwanese households. Demand is however growing from the digital convergence market. Other viewing platforms including the IPTV (MOD) of telcos, free-to-air digital TV and emerging media such as the Internet and mobile phones are all joining the competition as well. The cable TV industry is therefore at a

critical point in its transition to digitization.

2. Product development trends and competition

Taiwan's broadband market is dominated by one key player but it is now under pressure from market saturation and declining growth. Our Home Business Group looked to the example of major broadband operators around the world including PCCW (Hong Kong), AT&T (No.1 U.S. telco) and Comcast (No.1 U.S. cable TV company) with its "Triple Play" bundling strategy. By focusing on the 590,000 cable TV subscribers within its operating area as the potential market, the bundling of high-speed fiber broadband, high-definition digital TV and video-on-demand produced a rapid increase in broadband market share. By improving fiber broadband Internet access quality, increasing digital HD content, developing new viewing methods and offering innovative digital TV services, we will offer digital family applications that are suited to home users and take advantage of the immense opportunities on offer from digital convergence.

3. Risks

- (1) Cable TV rate caps are reviewed by the local government every year and lower rates pose a potential risk.
- (2) The NCC is inclined to support CHT MOD and allow existing cable TV channels to be offered through the MOD platform.
- (3) The NCC digitization policy wants cable TV system operators to loan at least two set-top boxes to customers for free. This will increase operating costs.
- (4) The NCC is allowing cable TV companies to operate across different districts. Newcomers looking to acquire customers will increase competition in existing markets.

4. Response

- (1) TWM will leverage our extensive technology, marketing, sales and channel resources

to actively promote high-speed fiber broadband service. Cross-selling of the Group's digital convergence services such as telecom, IT and media content will aim to satisfy the one-stop shop requirements of home users. This will continue to increase our subscriber numbers and revenues from cable TV, high-speed fiber broadband and HD TV.

- (2) Continue to observe developments in Taiwan's digital content industry and the global market. By cultivating homegrown cultural creativity through the HD digital TV platform, enriching the digital channels and IPTV content, we will help stimulate the development of local digital content and innovative IPTV services.
- (3) We will continue to maintain a friendly relationship with local governments and communities. Group resources such as the TWM Foundation will continue to sponsor local public welfare art & cultural activities, subsidize network infrastructure in rural regions to bridge the urban-rural digital divide, and fulfill our corporate social responsibility in the spirit of "giving back to the community".
- (4) Closely monitor developments in the government's digitization policy and the direction of legislative amendments to engage in timely communication. This will also allow us to plan our response in advance.

5. Opportunities

- (1) The government's acceleration of its TV digitization policy will help with the promotion of HD digital TV services.

A government policy of accelerating digital TV penetration in Taiwan as well as the launch of TWM Broadband's "SuperMOD", "HomePlay" and "HomeSecurity" services will all help the Home Business Group convert cable TV subscribers over to HD digital TV services, increasing digital TV subscriber numbers and penetration. At the same time, TWM Broadband can increase its digital TV revenues by offering subscribers more value-added digital TV services.

- (2) High-speed broadband now mainstream

The growing consumer demand for the downloading, uploading and sharing of HD multimedia entertainment services means that high-speed broadband over 60M is now the mainstream standard. As part of its aggressive promotion of high-speed broadband services, TWM Broadband is not only investing in upgrades to the fiber infrastructure but also adopting the world's most advanced Docsis 3.0 fiber broadband access technology to provide world-class 200M fiber access. Digital convergence services including HD digital TV, IPTV and VOD can then be delivered into every home over a stable, high-speed network. Subscribers can then easily enjoy HD digital multimedia entertainment services on their computers and IPTVs, increasing customer loyalty and average revenue.

Retail Business

1. Industry overview and developments

The modern environment has given birth to the "Otaku Economy" consumption model. As cable/digital TV and mobile devices like smart phones become more widespread, consumers can now place orders over the phone or a virtual platform. The convenient billing method and fast logistics system mean merchandise can be quickly delivered into consumer hands so they can enjoy the fun of shopping.

2. Product development trends and competition

- Online shopping: The main competitors are Yahoo Shopping and PChome. While momo shopping is a hybrid B2C online shopping platform that came late to the market, it is growing quickly thanks to the Group's know-how in TV shopping.
- TV Shopping: Our main competitors are ET Mall, U-Mall and viva. In recent years, the rise of virtual shopping platforms (e-commerce and m-commerce) have made inroads into the TV shopping market. Increased penetration of digital TV however has increased contact between TV shopping programs and consumers. We will take advances in TV broadcast technology into account in order to provide TV shopping content better tailored to consumer needs at an appropriate time in the future.

- Mail Order: The mail order market in Taiwan is dominated by TV mail order (momo, ET Mall, U-Mall and viva), direct sellers (Amway, Avon, Herbalife, NuSkin), Japanese skincare and health food mail-order companies (DHC, ORBIS) and other mail order companies. The key competitors for momo mail order are direct sellers and Japanese mail-order companies.

3. Risks

- (1) Some TV shopping merchandise is prone to being fined by the authorities for misleading advertising.
- (2) Very similar companies and intense competition.
- (3) High level of product homogeneity means price wars and pressure on profit margins.
- (4) Food safety risks.

4. Response

- (1) As momo started out in TV shopping, it is backed by the TV shopping supplier system and a professional TV shopping product development team. This means there is a constant supply of TV shopping merchandise that can be transferred to online sales. Apart from extending product exposure and sales, this also enables product differentiation.
- (2) Launched mobile shopping app to increase consumer stickiness and capture a slice of the mobile shopping market. Unique features such as "group buy" and "limited time special" actively pushes special deals out to customers. The mobile shopping platform offers consumers with an environment that makes it convenient to shop at momo in any time and place. This increases consumers' purchasing frequency.
- (3) A dedicated quality management visits new suppliers to determine if their production environment and equipment are up to code. Independent testing is also used to ensure that the contents, ingredients and labeling of offered products do not break the law. These measures reduce the food safety risk of products we sell and help

ensure consumer confidence.

- (4) In response to new trends in consumer shopping behavior, we are upgrading new platforms such as shopping apps, shopping by remote and interactive shopping through digital TV.
- (5) We practice screening of problematic products and split product liability with the vendor.

5. Opportunities

- (1) Increasing penetration of mobile devices and fast growth of the mobile shopping market.
- (2) Government policy of promoting fiber and 4G wireless broadband network infrastructure will favor the development of e-commerce.
- (3) Aging society and declining birth rates will facilitate the targeting of niche markets.

2. Employee Care

Core Concept

Core competitiveness depends on people. TWM considers our employees to be partners in sustainable growth and we are committed to building a happy workplace. Apart from providing employees with a workplace that supports steady development, gender equality in work opportunities and a training system, we also encourage employees to pursue self-fulfillment, self-growth and create value through sustainable development.

Commitment and Action

Comprehensive remuneration and worker-friendly attendance management

TWM embraces a performance-based remuneration system that provides competitive salaries, annual bonuses and profit-sharing. We also conduct salary surveys every year to keep track of industry developments and enhance our competitiveness. In 2014, TWM was named a constituent stock in the TWSE "Taiwan Top Salary 100 Index". We introduced the first employee share ownership trust in the telecommunications industry where the employee and the company both contribute to the purchase of company stocks. Our leave system exceeds the requirements of the Labor Standards Act and includes 6 days of unpaid sick leave each year. Female employees are not scheduled for night shifts while they are pregnant or nursing.

Comprehensive benefits for food, clothing, accommodation, travel, education and recreation

We offer a comprehensive range of benefits. These benefits can be customized to personal needs including subsidies for personal/offspring education, family travel and insurance. We offer holiday bonuses, regular health exams, club activities, family days, partner merchant/hotel discounts, monthly subsidies on calling rates, emergency aid and senior employee incentives.

Career development

We offer comprehensive education, training and career development opportunities including: orientation training for new employees, common skills training, management training, computer/telecommunications specialization training, local/overseas continuing education opportunities (scholarship); and a fixed amount of employee subsidies for personal continuing education each year.

Equality, Diversity and Safety

We support an equal-opportunity workplace, promote job opportunities for handicapped people and have set up a mechanism for employer-employee communications. We enforce workplace safety management and organize regular occupational safety education and training.

Achievements and Performance

Benefits

- Free stress-relieving shoulder massage 5 days a week
- Employee retention rate of over 70% after unpaid parental leave
- Average length of service for handicapped employees is 11 years
- Group award of excellence in the "Taipei City Healthy Weight Management Event" organized by the Taipei City Department of Health

Career development

- Each employee averaged 23.5 hours of training in 2014
- Total of 9 employees received continuing education subsidies in 2014
- Set up 10 "Love the Planet" online courses in 2014
- Developed the CSR Cultural Cinema course

Equality and Diversity/Occupational Safety

- 0 cases of discrimination/child labor/sexual harassment
- 0 Injury rate (IR)

- 0 Occupational Disease Rate (ODR)

Vision and Plan

TWM will continue to promote a diverse and equal-opportunity workplace, organize different activities to encourage self-fulfillment by employees, and develop a variety of different online CSR courses and awareness initiatives. The integration of CSR policy with our employee performance evaluation system is now being considered to encourage our employees to join in fulfilling our CSR and realize sustainable corporate development from the bottom-up.

2.1 Structure

We recruit candidates who are deemed suitable to further their careers at TWM based on different professional attributes. We also provide highly competitive salaries and benefits as well as educational training opportunities to allow our employees to grow together with the company. In addition, we hire dispatched workers to gain the ability to provide more complete services and facilitate the execution of internal operations.

As of the end of 2014, TWM employed 2,311 people with a male-female ratio of 67:33 and the average length of service was 8.19 years. Most were men between the ages 31 to 50 and with the exception of 3 foreign employees, most were locally employed. Our company employees the statutory number of handicapped people as well as those from indigenous backgrounds. Basic employee status, gender and age distribution are shown in the table below.

The entry of new competitors in 2014 led to an increase in turnover among telecommunication workers, leading to departing employees outnumbering new employees for the first time in our history. Employee turnover, as well as their gender and age distribution in 2014, are shown in the table next page:

2012-2014 Staff ranking, age, and gender

Category	Age	2012			2013			2014		
		No. of Employees		Percentage	No. of Employees		Percentage	No. of Employees		Percentage
		Male	Female		Male	Female		Male	Female	
Top Executives (Vice President and above)	Under 30	0	0	0.00%	0	0	0.00%	0	0	0.00%
	31 - 50	4	1	25.00%	2	1	17.65%	1	3	22.22%
	Over 51	13	2	75.00%	13	1	82.35%	13	1	77.78%
	Total	17	3	100.00%	15	2	100.00%	14	4	100.00%
Employees	Under 30	334	419	25.62%	217	158	15.88%	203	142	15.05%
	31 - 50	1,343	816	73.46%	1,322	628	82.56%	1,271	615	82.25%
	Over 51	22	5	0.92%	31	6	1.56%	52	10	2.70%
	Total	1,699	1,240	100.00%	1,570	792	100.00%	1,526	767	100.00%
Total workforce		2,959			2,379			2,311		
Employment status	Full-time	2,957			2,372			2,301		
	Part-time	2			7			10		
Average length of service		6.78			7.7			8.19		
Educational background	Ph. D	0.24%			0.30%			0.26%		
	MA	20.71%			31.86%			31.59%		
	University	53.09%			51.83%			52.57%		
	College	20.99%			15.13%			14.71%		
	Senior High School or lower	4.97%			0.88%			0.87%		

Note: All employees are based in Taiwan.

Year	2014							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	77	49	3.33%	2.12%	50	39	2.17%	1.68%
31-50	106	62	4.59%	2.68%	196	107	8.48%	4.63%
Over 51	2	0	0.09%	0.00%	7	2	0.30%	0.09%
Total	185	111	8.01%	4.80%	253	148	10.95%	6.40%

Note: All employees are based in Taiwan (except employees who have been transferred to affiliates);

*The denominator is the total number of employees

Year	2013							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	165	110	6.93%	4.62%	59	69	2.48%	2.90%
31 - 50 years	204	101	8.58%	4.25%	124	102	5.21%	4.29%
Over 51	3	0	0.13%	0.00%	7	1	0.30%	0.04%
Total	372	211	15.64%	8.87%	190	172	7.99%	7.23%

Note: All employees are based in Taiwan (except employees transferred to affiliates);

*The denomination is the total number of employees

Year	2012							
Category	Newly hired				Resigned			
	No. of Employees		Percentage*		No. of Employees		Percentage*	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	199	196	6.73%	6.62%	50	65	1.69%	2.20%
31 - 50 years	135	87	4.56%	2.94%	132	95	4.46%	3.21%
Over 51	0	0	0.00%	0.00%	12	6	0.41%	0.20%
Total	334	283	11.29%	9.56%	194	166	6.56%	5.61%

Note: All employees are based in Taiwan (except employees transferred to affiliates);

*The denomination is the total number of employees

2.2 Salary and Benefits

The standard starting salary at TWM is higher than the minimum wage set by the government and highly competitive. In 2014, TWM was named a constituent stock in the TWSE "Taiwan Top 100 Salary Index". We have defined a reasonable remuneration policy with performance-based pay. Towards the end of the year, managers and employees get together and discuss work performance during the year and set the targets for the following year. For personnel involved with CSR, their annual targets include the CSR fulfillment with higher scores awarded to those with a high completion rate; employees with better performance evaluations receive more annual bonuses, dividends and raises.

We gives all entry-level specialists the same remuneration after recruitment. Remuneration for personnel with previous experience is adjusted based on their education, experience, specialty and certification. There is no discrimination based on gender in terms remuneration, benefits, promotion, raises, term, education and training, working conditions and right to work. The ratio between the basic salaries of men and women is 1:1.

In 2014, the ratio of men's average annual salary (including performance incentives) to women is as follows (where women is 1):

- Deputy manager or higher: 1.01
- Below deputy manager: 1.03

The ratio of Taiwan Mobile's standard starting salary to the minimum wage in Taiwan in 2014 was: 1.7 ~1.9: 1

In 2014, the ratio of the highest individual annual income to the median individual income was 14:1.*

In 2014, the ratio of percentage increase in the highest individual annual income to the percentage increase of other employees' individual income was 1.23:1.*

*Comparison is based on basic remuneration

"Benefits and rewards" are important for boosting employee morale and attracting quality talent. The Taiwan Mobile Joint Employee Welfare Committee is responsible for the

planning and implementation of all welfare plans. It also integrates all employee welfare matters at our subsidiaries. Available benefits include (total employee remuneration and benefit costs in 2014 amounted to 7,069,312,000 NTD):

- (1) Starting from their first day of employment, employees are eligible for group insurance paid fully by the company. This encompasses life insurance, injury insurance, medical insurance, hospital insurance and cancer insurance. Spouses are also eligible for hospital and cancer insurance fully paid for by the company. Employees, their spouse, parents and offspring may also enroll in the group insurance program at a discounted rate.
- (2) The company has implemented a year-end bonus and incentive system and pioneered an employee stock ownership plan in the telecommunications industry which relies on fixed contributions from the employee and the company.
- (3) TWM has defined regulations governing employee retirement and also set up a labor pension fund supervision committee in accordance with the law. Actuaries are retained to prepare a report on the pension costs for each employee and the funds transferred to the labor retirement reserve fund account. The final version of the funding plan is available on P.44 of the 2014 Q4 financial statement.
- (4) Employee health checks are carried out every two years. The results are graded for health management, repeat examination and health education. Health checks are also available for employee dependents at a discount. Various health promoting activities are also conducted including quit smoking and weight loss, breast/oral cancer screening, pap smears, flu vaccination, and bone density exams. Weight scales, body fat scales and blood pressure meters are also made available so employees can keep a tab on their health at any time. Full-time nursing personnel are on hand to provide professional advice and assistance.
- (5) We have implemented the flex-time system. We also exceed the statutory requirements on special leave (available in the first year; applications are very flexible and can be counted in hours), sick leave, parental leave and bereavement leave. A total of 18 employees applied for unpaid parental leave in 2014 and retention rate after returning from leave is over 70%.
- (6) TWM has integrated the employee welfare affairs of all subsidiaries under the Joint Employee Welfare Committee. The Committee is in charge of planning and executing all welfare plans. Apart from providing general benefits such as subsidies for marriage, childbirth, funerals, hospital stays and birthdays, it also offers employees the option for applying for customized benefits such as assistance for their children's education, travel, continuing education, insurance coverage and shopping. We also organize annual family day for our employees to help them balance work and play, and to strengthen the relationship between the company, our employees and their families.
- (7) Subsidies are provided to art, cultural or sport clubs set up by employees including: Photography Club, Badminton Club, Softball Club, and Yoga Club. Club activities serve to promote employee networking and personal development.
- (8) We have a "Volunteer Leave" system and also provide a channel for employees to donate supplies to disadvantaged or charity groups. Employees are encouraged to take part in charitable activities.
- (9) We actively contract with sports centers, theme parks, resort hotels and travel agencies to offer employees preferential rates on gym membership and travel for use in their spare time.
- (10) We strive to create an elegant and comfortable office environment. TWM works hard to provide a friendly, happy workplace. Every office floor features paintings and art that not only cultivate artistic sophistication but also inspire employees' creativity and relieve stress.
- (11) Subsidy for monthly call costs and employee discount packages are offered at different times.

2014 Statistics on Unpaid Parental Leave

Category	Male	Female
Number of people eligible to apply for unpaid parental leave	231	97
Number of people who applied for unpaid parental leave	2	16
Number of people expected to return from unpaid parental leave (A)	4	23
Number of people who returned from unpaid parental leave as expected(B)	2	7
Number of people who returned from unpaid parental leave in 2013 (C)	4	27
Continued to work for more than one year after returning from unpaid parental leave in 2013 (D)	3	20
Return rate (B/A)	50%	30.43%
Retention rate (D/C)	75%	74.07%

2.3 Employee Career Development

To cultivate our human capital and enhance corporate competitiveness, a talent development program is developed by combining our development strategy with the annual employee training requirements. A budget is prepared and the program implemented in accordance with the Training Management Guidelines.

We conduct regularly performance evaluations for all employees on a regular basis. At the end of each year, managers offer employees appropriate encouragement, feedback and assistance based on their performance at work. Employees are also given effective assistance on self-development and creating their own "Optimal Course Package". This becomes their Individual Training Plan for the year. This helps employees acquire the knowledge and skills they need at work or for their next role in an organized and systematic manner. This gives employees a better understanding of their personal career, help them prepare for future developments, and fulfill the goal of enhancing performance and development skills.

Apart from a tailored individual training program, we offer employees a wide variety of career development opportunities. Openings within the Group are all announced

online and employees can apply through the internal recruiting process for a change of department or transfer to another company.

As for the training results, every employee received an average of 23.5 hours of training in 2014 as shown below. The company provides a large number of telecommunication and information technology courses to enhance the professional skills of its employees, create optimal user experiences for its subscribers, and provide optimized Internet and voice communication services. These courses account for around 60% of the total training hours in 2014. The majority of the staff members in technology and information units are male, while the male-female ratio in the whole company is 67:33. The average training hours for male employees therefore exceed those for female employees.

2014 Employee Training Hour Statistics

Category	Hours
Internal training	44,442
External training	3,914
Online courses	5,111.3
Learning resources and reading community	945.5

2014 Employee Training Hours of Each Grade

Category	Male	Female
Deputy manager or higher	21.6	16.3
Below deputy manager	27.9	16.9
Average by gender	26.9	16.8
Average training hours per employee	23.5	

Overall corporate training and competency training

To enhance employees' professional skills and support personal/corporate growth, training courses must match their needs at work and development. At the end of each year, training requirement surveys and interviews are conducted before the training

program for the following year is drawn up. Classes, digital classes, online learning communities, learning videos, large seminars, book clubs and mobile learning are used to effectively assist with employees' continued growth at work.

TWM offers a variety of comprehensive study tracks from training for new employees to the development of top executives. In response to competition in the 4G market and future personnel development requirements, leadership potential assessment was used in 2014 to create an internal talent pool. Key positions and managers who show potential were also identified as the basis for future cultivation and assistance in personal development.

The training programs offered by TWM include:

(1) Pre-job training for newly inducted employees

These programs allow employees to rapidly gain an understanding of the work environment and their rights. Particular emphasis is given to workplace equality and regulations on complaints so new employees can be quickly familiarized with the company environment, industry characteristics and their work. The content of the programs includes company profile, culture, brand, organization, the telecommunications market, innovative services, internal network systems, labor safety and health, IT security training, and avenues for learning. An online community for new employees is also available for new employees to ask questions, participate in discussions, network with each other and build up rapport. A town hall meeting is also held for employees after 6 to 12 months. Top executives are invited to talk to employees and listen to their opinions. The two-way communication is used to provide support and assistance.

(2) Development of core competencies

These programs focus on core competencies to enhance the work efficiency of employees and provide them with the expertise and skills required for their daily duties as well as ensure compliance with government decrees and information security certification regulations. They include training courses on self-management and work management, problem analysis and solution skills, creative thinking, communication and interaction skills, project management, basic legal knowledge related to telecommunications, code of moral conduct, service skills, industry trends and celebrity speakers.

As 4G era in 2014, our top executives were invited to become speakers for industry trend seminars on the 4G topic. The latest telecommunications knowledge communicated through the in-class and digital courses helped TWM employees understand key 4G

topics such as industry trends, the evolution of technology and market development. We also provide employees with training courses such as fire drills, traffic safety and first aid. Automated External Defibrillators (AEDs) have now been installed on office floors, with CPR and AED training arranged for employees to provide a safer working environment.

(3) Stratified training for management personnel

Training programs are tailored to frontline, mid- and upper level management. They consist of courses on performance management, leadership, coaching skills, strategic planning and organizational development as well as corporate governance seminars.

The rapid development of telecommunications technology and changing business models means different skill sets are needed. A thorough review and inventory of the management skills required by managers/deputy managers were taken at the end of 2013 and recommendations issued on individual learning. The reports were also used to plan the training courses for 2014 and a personalized approach used to remind managers to study the more serious gaps in their competency. High-level management courses mainly consist of the reading and discussion of management cases, the dissection of industry practices and strategies, the cultivation of a total management mindset, as well as continuing to strengthen their ability combine management know-how with actual practice. We also regularly host corporate governance seminars for high-level managers to continue strengthening our corporate competitiveness.

(4) Improvement of professional knowledge

Each year, employees are sent to attend local and international courses on professional telecommunications technology; IP training and certification exams; IT courses, audit, HR, marketing and management forums; as well as training provided by consultants or vendors based on their professional requirements. These serve to enhance our technical capabilities, develop new products, introduce new concepts and improve management techniques.

(5) E-Learning platform, online learning communities, learning resources, Mobile-learning, reading corner



In recent years, TWM has employed diverse approaches as far as training methods and channels are concerned with the goal of improving learning results and satisfying the different learning and development demands of employees. In addition to traditional classroom courses which were common in the past, we have developed digital teaching materials, online learning communities, Mobile-learning, management cinema, and other learning material resources to enhance the learning efficiency and flexibility.

For traditional classroom courses, a survey is taken before the class. During class, students go through role-playing, practice exercises and case studies as well as teaching by instructors. After class, planning for extended learning and reading of learning resources improved learning effectiveness by helping employees apply what they learned in class to their work. Book clubs were also held with reading and instructors to encourage employees to talk about learning. This creates a learning atmosphere within the company and provides employees with a variety of paths for learning and growth at work. The interaction between groups also serves to expand employees' personal network and exchanges.

E-learning course topics included manager management, work management, telecommunications technology, product marketing, code of ethics, environmental protection, employee health promotion and creating an optimal customer experience. There were a total of 101 e-learning courses available by the end of 2014; in 2014, top executives were invited to produce the "Management Advice for the Executives" video that helped employees understand what the high-level managers expect from managers and their encouragement; to raise environmental awareness among employees, we also added 10 courses under the "Love the Planet" series in 2014 and hosted the "Love the Planet, e-Learning Point Collection Event" to promote learning among employees. The online learning communities included practical forums for new employees, project management, telecommunications technology, productivity, sales and book club. Each community contains experts from different fields and employees can share and exchange their insights from work here, making it easy to seek professional advice from other fields.

Mobile-Learning mode was also set up in 2012. M+ Messenger is used to provide short learning articles such as "Regulation Updates", "Telecommunications Encyclopedia", "Learning English Made Easy", "Management Dictionary", "Mobile Phone Expert App", and "Service Recharge Station". Employees can use their mobile devices to recharge at any time and continue to enhance their own value at work.

The "Book Stop" reading corner was set up in 2014 to encourage employees to learn, share and exchange knowledge by borrowing books, exchanging books or donating second-hand books on their own. The types of books and magazines available now include business management, finance, motivation, fiction, health and education.



Encouragement of continuing education and lifelong learning

In addition to the above training programs, we also encourage continuing education and lifelong learning for employees. In 2014, a total of 27 employees received study subsidies while 9 employees applied for and received continuing education subsidies.

(1) Scholarship application guidelines

The Scholarship Application Guidelines were implemented in 2006. Full scholarships covering tuition and miscellaneous fees for 2-3 years are available for study programs at business administration and telecommunication engineering graduate institutes at designated national and international universities. We also provide scholarships for MA degree programs in business or telecommunication engineering at renowned international academic institutions. These scholarships and subsidies allow employees to acquire professional degrees based on their personal career plans in accordance with the mid- and long-term human resource demands of the company.

(2) Subsidies for continuing education

The Taiwan Mobile Joint Employee Welfare Committee provides fixed subsidies on an annual basis to encourage employees to pursue continuing education to acquire job-related skills in their free time. Subsidies for continuing education are available for credit courses of BA, MA, or PhD programs offered by public and private academic institutions or continuing education courses related to job duties, computer skills, or English at public and private institutions.

2.4 LOHAS Workplace

Job vacancies at TWM are filled through a public recruitment process. Employee remuneration, benefits, promotions, raises, terms, education and training, working conditions or employment rights are not affected by gender. This principle is defined in the work rules as well and there is to be no discrimination against employees on the



basis of gender, sexual preference or marital status. TWM complies with existing national legislation such as the Labor Standards Act, Employment Service Act and Act of Gender Equality in Employment. Workplace sexual harassment prevention measures, complaints and disciplinary rules have been defined and all employees notified. A sexual harassment hotline and mailbox have been set up as well. Sexual harassment prevention and complaints mailbox have been included into the training materials for new employees and posted on the internal website to improve awareness.

Our company encourages employees to marry and have children. We seek to build a trusted and happy workplace through a series of benefits covering marriage, pregnancy

and childbirth. Apart from subsidies for marriage, childbirth and childcare, employees may also apply for optional subsidies on their children's education, family travel or family insurance. Employees' spouses receive free company-funded hospital and cancer insurance. Group insurance is also available for employees, their spouses, their children or their parents in group insurance at discounted rates. For female employees who are pregnant or still nursing, their shifts are adjusted to avoid working at night. The company also offers parental leave that exceed the statutory requirements. Our "Employee Performance Management Regulations" specifically allow for performance evaluation based on actual performance at work if an employee had applied for parental or unpaid leave during the evaluation period. This ensures their evaluations are not impacted.

TWM employs full-time nursing personnel to host regular baby seminars for new parents; breast-feeding rooms with the necessary equipment (such as electric milk expressing machines, disinfected utensils, refrigerator) have also been set up to facilitate breast-feeding by employees. Apart from providing employees with baby care advice, the nursing staff also teaches new mothers on the proper way to express milk and health education. The company has contracted with educational institutions to secure favorable rates for employees' children.

We respect the legal rights of our employees and have never obstructed or interfered with employees' freedom of association. There is no discrimination on the employment of local employees and indigenous people. No incidents of child labor, forced labor, human rights violations or discrimination has ever been reported at our company. When a new employee is hired, they are also given our employment contract to review in advance. All employees must submit a signed employment contract when they arrive to protect the rights of both parties.

For any changes in unit, work location or position, we communicate with the employee in advance and only proceed if they give their consent. The company provides any necessary assistance with relocating and renting as well.

The Auditing Office has defined rules governing employee and vendor complaints. A complaints mailbox has also been set up in the Auditing Office and Vendor Procurement section. Alternatively, they may also send a fax directly to the Auditing Office's complaints hotline. Any incidents of sexual harassment can be reported to the HR Division. This complaints channel is also announced during new employee training and on the internal website. There were no cases of sexual harassment at TWM in 2014.

Our company believes that the employer-employee negotiation mechanism is very important. Labor representatives are elected directly by employees and regular employer-employee meetings convened to ensure free and unobstructed communication.

Promoting employment for the handicapped

Jobs were redesigned by TWM to increase the employment opportunities for the handicapped. Those employed include the visually, hearing, physically and speech-impaired. TWM also actively cooperates with the Taipei City Foreign and Disabled Labor Office and Eden Social Welfare Foundation in the hiring of visually impaired masseurs. We employs masseurs with visual impairments who provide free stress-releasing massage services for the staff of TWM and associated enterprises in specially designed massage stations Monday through Friday afternoon. These services are available in offices in northern, central, and southern Taiwan. Employees have responded positively to this welfare measure.

Apart from visually-impaired masseuses, We leverages the skills of handicapped employees by providing a diverse range of high specialized positions including base

station project management, e-commerce web development, introduction of new technologies for the accounting system, system development testing and maintenance, mobile network maintenance and support, project technology liaison, IT system administration and wireless network optimization.

At the end of 2014, the average length of service among our handicapped employees was 11 years with the highest seniority been 18 years. These employees have all performed exceptionally as well. They include two deputy managers and one director. Many have salaries in excess of one million dollars a year.

Campus talent development to apply theory in practice

TWM actively works with universities and colleges. We arrange for managers to give students seminars on professional skills, career development and other topics. We also offer students internship opportunities during the summer and winter breaks or on an everyday basis.

In 2014, TWM partnered with the Taipei Chengshih University of Science and Technology to offer an industry-university cooperation internship program for final year students in the College of Engineering. The internship lasts one year (two academic terms) and a total of 5 students took part in the program. We not only provide the students with pay but also a complete training program. At the end of the internship, students were scored by the university faculty and head of the unit based on their learning performance. Students who exhibited exceptional performance are given preferences for employment as well. This program will hopefully help students combine theory with practice and let them grow with us.

A safe and healthy work environment

The Labor Safety and Health Committee was established in cooperation with senior executives of related units. The proportion of labor representatives is 1:3. Regular meetings are convened every three months and the committee conducts reviews of labor safety and health related guidelines and regulations for the whole company and implements regular tracking of requested improvements. A dedicated Labor Safety and Health Office is in charge of the planning and implementation process. In addition, the labor safety and health related norms and documents are made public on the internal website for the reference of employees.

For network continuity operations, a network continuity manual that lays out the relevant standard operating procedures has been defined. Employees are also provided with

appropriate personal protective equipment. Rules governing contractor safety, health and environmental protection have been issued for network continuity tractors as well. Contractors are supervised to ensure that safety rules are followed during continuity operations. Regular fire and first aid drills are also conducted to train employees in basic emergency response and rescue. Traffic safety training is organized to keep employees safe during their commute.

AEDs have been installed in office areas and a CPR training program implemented for all employees. The improvement in emergency first-aid capabilities will help to reduce the severity of injuries or sickness, providing all employees with a healthy and safe working environment. Full-time nursing professionals have been retained to support employee health management and health promotion. Employee health exams are conducted every two years and employees with health problems are tracked for follow-up. Health exams are also available for employees' dependents at the same discounted rate. We offer health consultation services and organize employee health promotion activities. A breast-feeding room with medical-grade milk expressing equipment has been set up to allow employees to continue nursing their children with breast milk after giving birth. The Taipei City Department of Health presented TWM with the "Good Breastfeeding Room Certificate" in 2014.

We have designed a variety of health activities for employees based on the four themes of "safe environment, disease prevention, health promotion and stress-relief". Health seminars are also organized at various times to promote healthy living. These are not only offered to employees but also open to their families and local residents. Health promoting activities with different themes are held every month including: Avoiding New Metabolic Syndrome, Self-pampering for Women seminar, quit smoking class and weight control class. Stress-relief activities in the office include: Free neck massage services for employees during office hours and the hosting of spine-relaxation seminars to teach proper posture and avoid musculoskeletal injury. Sleep therapy events also help employees overcome sleeping disorders.

In the telecommunications industry, the greatest risk of occupational injury is from the maintenance of base stations. To strengthen the management of occupational injuries, we have defined rules for handling occupational injuries. We also process, track and investigate occupational injuries to come up with preventive strategies. Occupational injury statistics are reported monthly to the labor inspection agencies as well. Our statistics for the year are as follow:

2014 Occupational Injury Statistics

Injury Rate(IR)

0

$$= \frac{\text{Total number of occupational injuries} \times 200,000}{\text{Total number of work hours}}$$

Occupational
Disease Rate
(ODR)

0

$$= \frac{\text{Total number of occupational diseases} \times 200,000}{\text{Total number of work hours}}$$

Lost Day Rate
(LDR)

0

$$= \frac{\text{Total number of lost days} \times 200,000}{\text{Total number of work hours}}$$

Absentee Rate
(AR)

1.864

$$= \frac{\text{Total number of absentee days over the period} \times 200,000}{\text{Total number of work days for the same period}}$$

3. Environmental Protection

Core Concept

TWM is deeply aware of the risks generated by climate change and the huge impact on the environment and the ecology as well as the tremendous harm to the long-term economic development. To set a positive example, the company is firmly committed to reducing carbon emissions in its daily operations as well as an active promotion of environmental protection and the establishment of a system for the effective management and use of energy resources. At the same time, we fully utilize our core capabilities as information and communication service providers to incorporate environmental considerations into the product and service design process with the goal of providing green products and services and fulfilling our environmental responsibility.

Commitment and Action

Operation of the Environmental Sustainability Team

The team is responsible for integrating all internal environmental protection activities. It defines the environmental strategy and direction for inclusion in the corporate CSR policy and reports regularly to the CSR Committee and Board of Directors.

Resource Conservation and Waste Recycling

Enhance the effective utilization of resources as well as the coefficient of reuse and recycle including paper, water and electricity. For data centers and base stations, industrial waste is disposed of in a proper manner and scrapped parts refurbished for reuse if possible.

Carbon Risk Management

Regular reviews of energy performance, implementation of energy-saving measures in data centers, improvements to base station equipment as well as energy management of office buildings and stores are used to reduce the environmental impact of our operations. We conduct an annual greenhouse gas (GHG) inventory and are continuing

to promote the energy management system. Verification by third-party organizations helps enhance the quality and reliability of our data. GHG reduction targets were also set in 2014. Each department must draw up concrete action plans for energy conservation and carbon reduction to ensure a balance between business growth and environmental sustainability.

Green Services

Our own operations management, communications technologies and innovative products have been integrated to create solutions such as video conferencing services, green value-adding services and e-/M-services that enable a smart, low-carbon society.

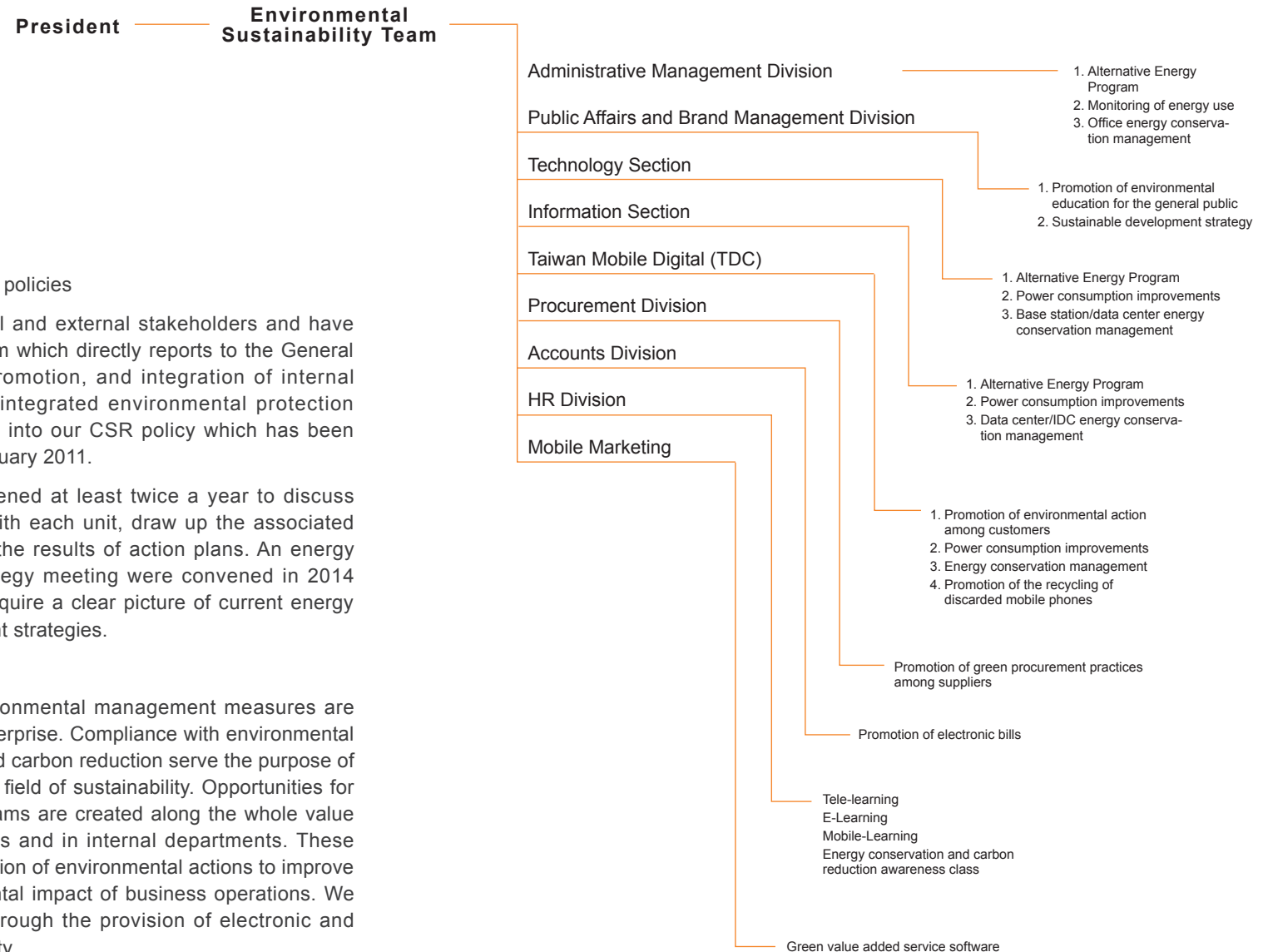
Achievements and Performance

- Acquired ISO 14064-1 verification and ISO 50001 certification
- Reduction of paper consumption by 24% compared to 2013.
- Resource recycling rate increased by 13% compared to 2013.
- Recycled nearly 693 tons for waste cable as well as batteries from base stations and data centers in 2014.
- Savings of 23.26 million sheets of paper due to paperless forms up to 2014.
- Reduction of paper bills by 7.39 million copies due to e-billing and savings of 17.75 million sheets of printed paper due to paperless operations in myfone stores.

Vision and Plan

We will continue to focus on carbon risk management and control GHG emissions from sales growth. We have set the reduction target as 1% below the annual estimate. We are also conducting pilot trials and assessments to gauge the feasibility of renewable energy sources such as solar, wind and fuel cells. The development of alternative energy sources will help save electricity and protect the environment. We actively participate in international assessments to review the performance of our related management systems and incentive targets. This will ensure that our sustainable competitiveness will continue to improve.





3.1 Environmental Protection Strategy

3.1.1 Environmental management framework and policies

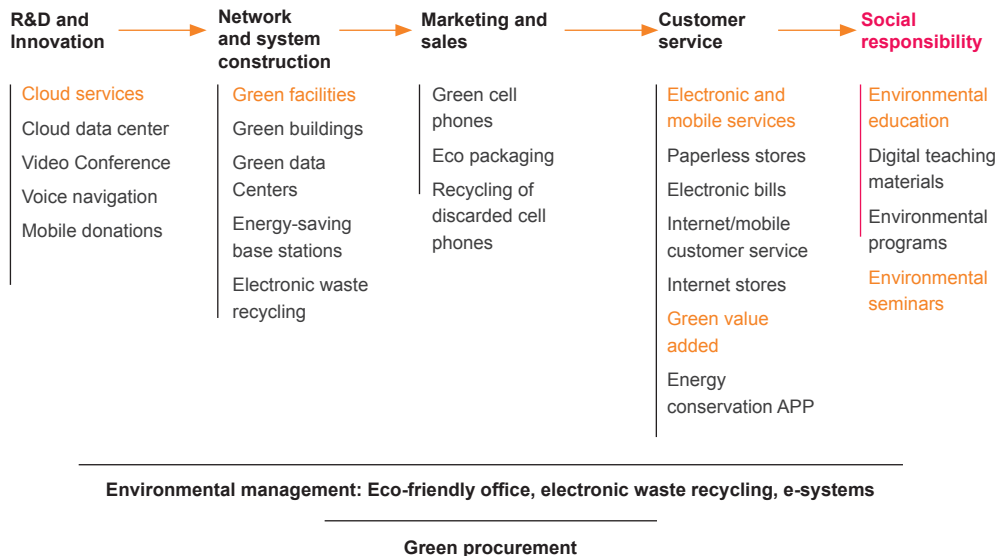
We actively respond to the demands of internal and external stakeholders and have established an Environmental Sustainability Team which directly reports to the General Manager and is in charge of the planning, promotion, and integration of internal environmental protection services. We have integrated environmental protection strategies and future implementation directions into our CSR policy which has been implemented upon ratification by the board in January 2011.

The environmental sustainability team is convened at least twice a year to discuss the annual energy conservation action plans with each unit, draw up the associated environmental protection strategies, and track the results of action plans. An energy review meeting and a GHG management strategy meeting were convened in 2014 over the energy conservation action plans to acquire a clear picture of current energy management efforts and subsequent management strategies.

3.1.2 Sustainable development strategies

Energy-saving equipment is installed and environmental management measures are adopted based on the core capabilities of the enterprise. Compliance with environmental laws and regulations and energy conservation and carbon reduction serve the purpose of enhancing the company's competitiveness in the field of sustainability. Opportunities for the promotion of environmental protection programs are created along the whole value chain from upstream to downstream businesses and in internal departments. These factors are taken into account for the implementation of environmental actions to improve energy performance and reduce the environmental impact of business operations. We develop and fully utilize our key capabilities through the provision of electronic and mobile services to build a smart low-carbon society.

Environmental protection programs in the value chain



3.1.3 Climate risk responses

Legal risks

We closely monitor the enactment of relevant laws by the government. This includes legal drafts regarding GHG emission reductions and energy taxes. Telecommunication service providers generate less GHG emissions than high energy intensive industries such as the petrochemical and steel industry and are therefore not expected to be included into the regulatory scope during the initial implementation stage of relevant laws. Energy tax laws currently still target fossil energy sources such as gasoline and natural gas and are therefore expected to have a rather limited effect on company operations. On the other hand, the indirect impact of these laws on the daily habits of the general public has a potential positive effect on virtual and mobile services and products.

Physical risks

Sudden incidents such as storms, floods, or power cuts can have a considerable impact on the stable and safe operations of telecommunication data centers or base stations. The early Internet construction planning consists of complete contingency plans to reduce potential losses generated by disasters and guarantee fast recovery. In addition, the following basic regulations governing the selection and construction of data centers have been formulated to enhance the safety of these facilities.

The construction of data centers shall meet the building strength criteria specified in the building code and regulations as well as wind and earthquake resistance requirements.

Site selection for ground-level base stations must comply with the Soil and Water Conservation Act and incorporate related appropriate measures.

Assessment of the suitable power system and transmission architecture as well as the stable backup system and routes required to be prepared for disasters.

Construction of highly disaster-resistant base stations

In the wake of the Morakot disaster in 2009, the company constructed relief-type base stations in towns and villages of mountain areas starting in October of the same year in response to policies of the former Kaohsiung County Government (now merged with Kaohsiung City). If power or telecommunication facilities are destroyed or disrupted, these stations have the function of maintaining external contact with relief providers.

In 2011, we commissioned five highly disaster-resistant base stations in the Taoyuan, Liugui, Maolin, Shanlin, and Fengshan districts and added backup power generators as well as stable microwave and satellite routing equipment for transmission purposes. In August 2012, three highly disaster-resistant mobile base stations were commissioned. These stations are capable of maintaining stable telecommunication services and contact with emergency relief providers in the event of a natural disaster.

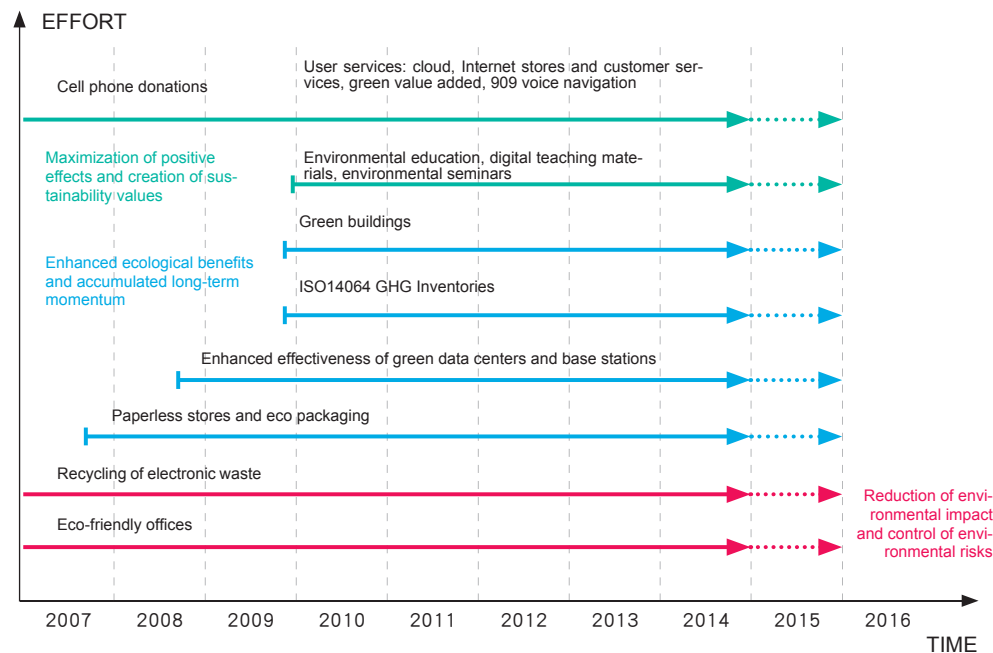
3.1.4 Short- mid- and long-term environmental goals

Since 2007 we have been promoting short-range (3-5 years), mid-range (5-7 years), and long-range (7-10 years) environmental protection measures based on their relation to the development of company operations.

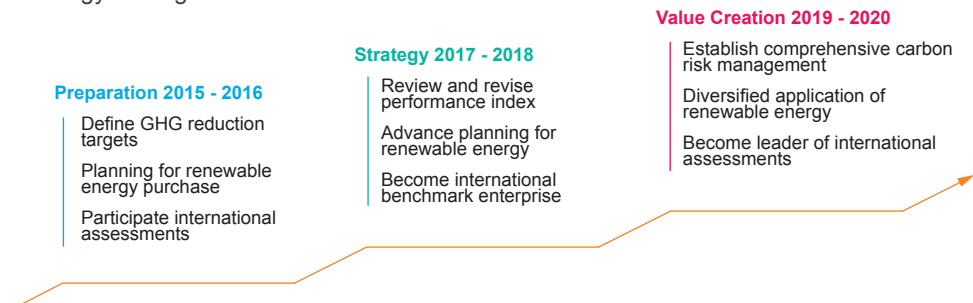
Short-range measures: Focus on the reduction of the environmental impact and risks of the operational dimension, encouragement of recycling and reuse such as the

recycling of waste batteries and cables as well as discarded cell phones to decrease the environmental impact of operations. Mid-range measures: Emphasis on enhanced ecological benefits of energy resources such as the substitution of electronic bills for physical bills, promotion of paperless operations for all stores in Taiwan, and digitization of forms to reduce the waste of printed paper. Long-range measures: Construction of energy-saving base stations and green cloud data centers and hardware facilities; procurement and operations are based on environmental sustainability principles; use of core telecommunication services such as video conferencing and Internet/mobile cloud services to provide assistance for other enterprises and consumers in the field of energy conservation and carbon reduction as well as conveyance of eco-friendly concepts via different media including cell phones, the Internet, and TV in order to enhance the environmental awareness of the general public and spur various environmental action initiatives.

Short, mid, and long-term promotion of key issues



Between 2007 and the end of 2014, we had successively implemented the recycling of waste batteries, cables, and cell phones at base stations as well as the recycling of different types of office resources, paperless operations, the construction of energy-saving base stations, and green cloud data centers. All of the targets have now been achieved. We are therefore making the Vision 2020 Project our basis for environmental strategy management as shown below:



3.2 Green Operations and Carbon Risk Management

In the field of environmental action, we actively fulfill our role as information and communication service providers to provide assistance in the creation of a smart low-carbon society. Carbon emissions are reduced on a cross-industry and department basis through electronic and mobile services and eco-friendly concepts are passed on through contacts with large numbers of users and consumers. We play the role of “promoters” to achieve our long-term objectives.

3.2.1 GHG Inventories and Management

GHG information management is promoted by the Energy Management System Committee (below referred to as “this committee”). The President serves as the chairman of the committee, while the Vice President acts as the management representative. The committee members are selected and appointed by related units, while the Public Affairs and Brand Management Division assume the position of executive secretary.

Taiwan Mobile Energy Management System Committee Organizational Chart



TWM adopted ISO14064-1 GHG inventory in 2012. Annual inventory is set for Taiwan Mobile Co., Ltd., Tai Hsin Joint Digital Co., Ltd., Taiwan Digital Services Co. Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan Fixed Network Co., Ltd., Taiwan Fixed Network Media Co., Ltd., Win TV Broadcasting Co., Ltd., and Taiwan Kuro Times Co., Ltd through the continued adoption of an operational control approach. Inventory categories include office buildings, data centers, base stations, and direct stores of the above mentioned companies. GHG emissions are calculated based on actual data pertaining to operating activities of the respective year with the GHG Emission Coefficient Management Chart (Version 6.0.1) released by Environmental Protection Administration in December 2013, the Heat Content of Energy Product Chart released by the Bureau of Energy of the Ministry of Economic Affairs in 2010, and the Electricity Emission Coefficient announced by the same bureau in 2013 as auxiliary tools.

Due to the relocation of Company HQ in 2014 and the addition of the cable TV system platform as a subsidiary, the inventory boundaries have been adjusted and GHG

emission amount changes of 6.06% have been generated. 2014 has therefore been set as the base year. The total Carbon emission amount from greenhouse gases reached 208,571.45 tons CO₂e in 2014. This includes six different greenhouse gases, namely CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆. Relevant data were externally verified by the British Standards Institution (BSI) to guarantee data reliability and validity. Our

GHG emissions

Unit : ton CO₂e

Item	2013	2014
Direct GHG emission source (Scope 1)	3,146.50	7117.86
Indirect GHG emission source (Scope 2)	170,977.64	201453.59
Total emission amount (Scope 1 + Scope 2)	174,124.14	208571.45
Emission intensity (t-CO ₂ e/NTD million)	1.61	1.85

Energy consumption and energy intensity

Consumption	Liter/Joule	2013	2014
Direct energy consumption	Gasoline (Liters)	545,380.48	864,180.56
	Million Joules	17,811,362.94	28,222,927.37
	Diesel (Liters)	36,803.97	33,445.50
	Million Joules	1,356,064.36	1,232,319.57
Indirect energy consumption	kWh	327,543,376.6	385,926,420.85
	Million Joules	1,179,156,155.78	1,389,335,115.07
Total energy consumption	Million Joules	1,198,323,582.86	1,418,790,362.01
Energy intensity	(Million Joules /NTD million)	11,053.83	12,597.70

Note:

1. Heating values (2010) and electricity coefficients (2013) are based on official announcements by the Bureau of Energy, MoEA.
2. Energy intensity is calculated by dividing total energy consumption (direct and indirect) by consolidated total revenue for the respective year.
3. Only internal energy consumption is listed in the table above. We also plan to disclose external energy consumption in the future.

operations span the telecommunication and media industries, which rely on electricity as the main energy source. Scope 2 GHG emissions which are indirect GHG emissions from purchased electricity, and therefore account for 96.59% of all emissions. The remaining 3.41% are Scope 1 GHG emissions generated through direct emissions or fugitive emissions from coolants, fire extinguishers, septic tanks, or service vehicles. As for Scope 3 GHG emissions, we only conducted a qualitative analysis due to the fact that it is difficult to keep track of relevant activities and emissions. However, in view of the international trend of increasingly strict requirements for GHG management, we are currently assessing the inclusion of personnel in charge of GHG emission calculations to facilitate the tracking of Scope 3 emissions. Our long-term goal is to generate a gradual impact on customers and consumers with the goal of perfecting GHG emission management categories.

Analysis of the increase of GHG emissions

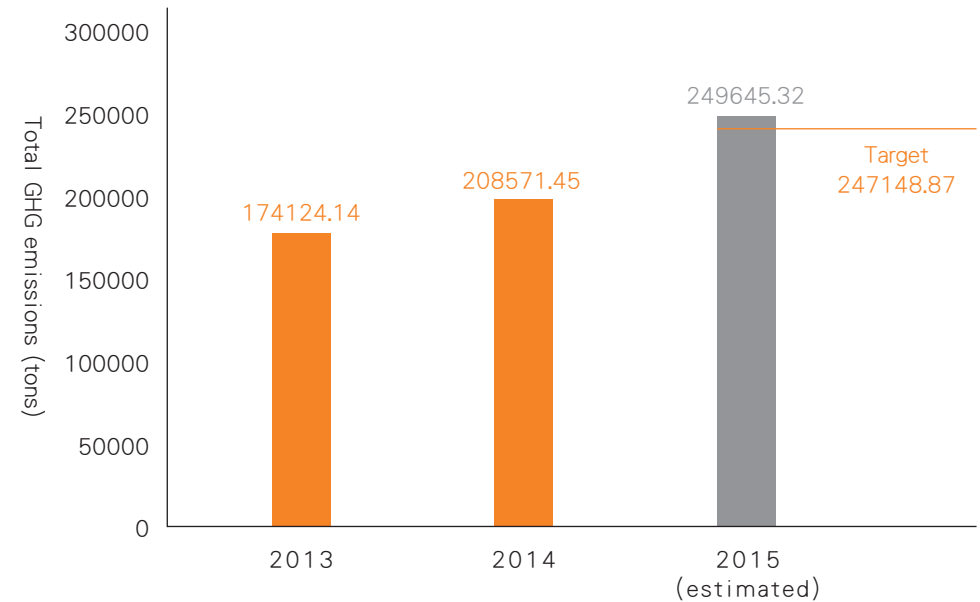
2014 officially ushered in the 4G era. TWM is therefore speeding up the construction of LTE high-speed network facilities all over Taiwan to provide consumers with superior 4G communication services. In addition, inventory boundaries have been expanded to include the cable TV system platform, a subsidiary of TWM to facilitate the tracking and control of GHG emission conditions. On the other hand, cloud IDC occupancy rate is gradually rising in response to the vigorous development of big data cloud services. In view of these developments, we expect a stable growth of mobile communication and cloud services, which in turn will lead to an increase in GHG emissions. We therefore started to set GHG management targets in 2014.

Target: Keep annual GHG emissions 1% below the estimated values based on operational growth

Due to business growth in 2015, it is estimated that GHG emission amounts will increase to 249,645.32 tons CO₂e. The target for 2015 is therefore to keep GHG emissions below 247,148.87 tons CO₂e.

3.2.2 GHG reduction and management strategy

The above analysis clearly indicates that greenhouse gases generated by electricity consumption represent the main emission source. Base stations and data centers account for the largest portion of power consumption. Our GHG reduction efforts and management strategies therefore focus on an increase of power usage effectiveness as well as the adoption of energy conservation and carbon reduction measures with the goal of reducing GHG emissions. Concrete steps include:



1. Replacement of dated chillers with high power consumption in data centers
2. Replacement of air conditioning systems and facilities in base stations / installation of exhaust fans / reliance on natural ventilation
3. Replacement of lighting equipment with highly efficiency.
4. Temperature setting of 26°C for office air conditioning
5. Set the multifunction printers automatic enter the power-saving mode when idle for long time.
6. Renting of electric or hybrid official vehicles
7. Promotion of e-operations to reduce energy consumption
8. Adjustment of billboard lighting times on buildings and operating bases on a seasonal basis.

Energy use efficiency management

In 2014, the integrated energy management and monitoring IT system was completed. This system organizes up to more than 10,000 electricity charge data entries and monitors power use irregularities and excessive power consumption. The system is currently in the trial stage and will help save manpower required for manually kept statistics once it goes online. In addition, the Energy Management System Committee convenes meetings to discuss and design Energy Management Action Plan Assessment Forms and perform inventories and determine carbon reduction goals for lighting and AC power consumption. The following concrete results were achieved in 2014 :

1. Enhanced A/C operation efficiency in data centers

(1) Carbon reduction : 21.45 tons CO₂e

(2) Energy conservation rate : 8.7%

2. Replacement of chiller units in data centers

(1) Carbon reduction : 398 tons CO₂e

(2) Energy conservation rate : 33%

In addition, the company has actively adopted the ISO 50001 energy management system standard and inventories encompass over 450 facility and asset types including air conditioning, lighting, data centers, and computer/information systems. The concrete goal of a 3% reduction of energy consumption within three years was formulated with 2012 as the base year. In view of the relocation of company HQ in 2013, the energy management system categories were adjusted and the cloud IDC was consolidated. The implementation results are as follows:

Energy performance indicators

1. Company HQ, stores: EUI (Energy Usage Intensity)

$$\text{EUI} = \frac{\text{Annual power consumption (kWh)}}{\text{Total area covered by facilities (m}^2\text{)}}$$

2. Data centers: PUE (Power Usage Effectiveness)

$$\text{PUE} = \frac{\text{Annual power consumption (kWh)}}{\text{IT facility power consumption (kWh)}}$$

3. Energy baseline

- 2013 cloud IDC baseline: PUE 1.5
- 2012 Optoelectronics Tower – office baseline: EUI 34.35
- 2013 Optoelectronics Tower – data center baseline: PUE 1.78/ PUE 2.72
- 2013 Guanqian store baseline: EUI 78

Energy management goals

1. Optoelectronics Tower and stores: 1% decrease of EUI/PUE for all bases within one year and accumulated reduction of 3% within three years (initial baseline year serves as the benchmark of power consumption)
2. Cloud IDC: Maintenance of PUE >1.5 when Ω1 and Ω2 data center usage rate reaches 80%

(The Optoelectronics Tower and stores reached the specified targets in 2014. Since the occupancy rate of the cloud data center only reached 30% in 2014, we will continue to track the occupancy rate and changes in PUE energy performance indicators)

Energy conservation measures for base stations

(1) Increased ratio of co-stations and co-construction

After the amendment of the management regulations by the relevant authorities in 2003, the company immediately initiated co-construction and co-stationing efforts in its 2G network. For instance, co-constructed base stations were established at the sites of major traffic infrastructure projects such as the MRT tunnel network in Taipei and Kaohsiung, the tunnels along National Freeway No. 1, 3, and 5, Terminal 1 and 2 of Taoyuan International Airport, and the TaiRail and HSR tunnel systems. 82.6% of the 2G base stations of the company are currently co-stations and the co-construction ratio amounts to 36.3%.

(2) Reduced construction of new stations and antennas due to joint use of co-stations

94.8% of the 3G base stations are constructed and installed at the sites of the original 2G base stations (co-stationing), which leads to a reduced number of new sites. In addition, due to the adoption of multi-band antennas which are suitable for both 2G and 3G systems and the addition of 3G base stations at the sites of the original 2G base stations, it is not necessary to add new antennas. Moreover, 28.6% of the 3G base stations are not only built at the sites of the original 2G base stations but are also equipped with antennas which have been jointly constructed and are jointly used with other 3G providers to reduce the total number of antennas.

(3) Enhanced energy conservation efficiency of base stations

In addition to continued adjustments of air conditioning systems and temperature settings to enhance the energy efficiency, the supplier of the 3G base station facilities which were purchased in 2011 has already passed the ISO14000 certification, which in turn has led to an increase in the energy conservation efficiency by 50% compared to previously purchased equipment. After the decommissioning of facilities, 95% of the components can be recycled and reused. This facility type which is characterized by high energy efficiency has been installed in 99.8% of the 3G base stations. Energy efficiency is also increased through the use of variable frequency-type air conditioning systems and temperature adjustment.

(4) Landscape beautification

To beautify the landscape around the base stations and maintain the overall environment, the greening and beautification of the base stations is conducted in accordance with the "Work rules for the landscape beautification and construction work at base stations". The goal is to integrate the stations into the local natural environment and reduce the visual impact as well as alleviate concerns of the general public regarding electromagnetic waves emitted by the stations.

(5) Green Power

The establishment of green, zero-carbon power generation facilities is planned for 2015 with solar energy and wind power renewable energy equipment of a total capacity of 28kw. It is expected that these facilities will result in an annual carbon reduction of 16 tons CO₂e. These experiences in the field of green power serve as an ideal preparation for the future deployment of green power generation facilities.

Percentage of base stations that have adopted action plans

Action plan	Effects	2011	2012	2013	2014
AC Temperature adjusted to 28°C (Starting in 2007)	Power savings of 6% compared to a temperature setting of 26°C	28.0%	28.0%	28.0%	28.0%
Use of variable frequency air conditioning (Starting in 2007)	Power savings of around 40%	26.4%	58.8%	67.8%	73.6%
Use of power-saving and highly efficient base station facilities	Only 50% of the power consumption of traditional base stations	67.4% of 3G base stations	88.2% of 3G base stations	97.3% of 3G base stations	99.8% of 3G base stations

3.2.3 Enhanced energy efficiency of office areas and stores

Unnecessary power consumption is reduced and energy efficiency is enhanced in office areas and direct stores through power consumption surveys and different energy conservation measures for lighting systems, air conditioning systems, and office equipment. Detailed inventories are carried out for locations which are characterized by high energy and power consumption and concrete energy conservation projects are proposed to adjust electric contract capacities to reasonable values.

1. Installation of energy-saving lighting equipment such as T5 light tubes
2. Adjustment of room temperature settings to save AC power consumption
3. Divide the elevator zones for different served floors and encourage employees to use the stairs.
4. Turn off unnecessary basic lighting and office equipment during lunch breaks.
5. Turn off the computers, photocopiers and lighting equipment outside working hours.

Due to the relocation of company HQ and new site added, a total of 15,053,304 kWh of electricity was consumed in our offices in 2014, which represents a slight increase compared to 2013 (14,386,838 kWh).

* The abovementioned offices refer to those owned by TWM

Power consumption statistics for office areas

	2013	2014	Annual difference	Increase Rate (%)
Power consumption (kWh)	14,386,838	15,053,304	666,466	4.6%

Energy conservation in office

1. Chiller units

Research findings and actual measurements in the “2013 Energy Conservation Diagnosis Report” issued by the Green Productivity Foundation indicate that the operation efficiency of chiller units can be increased by 4.4 % for every 1 °C reduction of the entering cooling water temperature. By reducing the temperature of the entering cooling water to an appropriate value, annual AC power consumption can be decreased by around 40,000 kWh.

2. Energy-saving light equipment

A total of 3,034 T8 light bulbs were replaced with more energy efficient T5 bulbs in Sanchong Tomson Plaza and the Tsaigu Tower in Taichung 2014. This resulted in an energy conservation efficiency of 50% and annual power consumption savings of 1.34 GWh for lighting.

3. Energy-saving refrigerators

Installation of energy-saving refrigerators enhanced 130% efficiency which is higher than a regular 500L refrigerator.

Refrigerator	Energy Factor
Old	8.6 liter/kWh/Month
New	19.8 liter/kWh/Month

Response to the Carbon Disclosure Project

In 2014, TWM actively responded to changes in the climate system (Carbon Disclosure Project, CDP) for the first time to cope with impacts, risks, and opportunities generated by examination of environmental factors by international institutional investors

(investments of 95 trillion USD) and inspect the implementation effects of GHG emission management and sustainable environmental management strategies. We strive to make international institutional investors aware of our ambition and determination in the field of sustainable operations and follow the international trend of climate policy formulation.

Adoption of renewable energy sources

TWM has been planning the establishment of green, zero-carbon power generation facilities since 2014 to reduce environmental impacts caused by business growth and expect to install the renewable energy facilities in 2015. We also support green energy policies adopted by the government and plan to promote a program titled “Donate 1NTD when purchasing a smartphone to promote green energy”. The purpose of this program is to propagate environmental sustainability concepts among the general public.

Smart carbon reduction practices

TWM has actively promoted this technology inside the enterprise and for the product dimension. Since 2009, videoconferencing has been used for the majority of meetings between Company HQ and overseas branches such as Beijing and Xiamen. This technology not only produces economic benefits but also reduces indirect carbon emissions. As far as external promotion is concerned, Taiwan Fixed Network launched its own videoconferencing services in September 2010. We continue to popularize this technology by providing low-carbon services for corporate clients and employ this green project to support public welfare groups. Video conferencing greatly reduces carbon emissions generated by commuting employees. This videoconferencing package also increases the efficiency of volunteer educational training programs and creates green leverage. The company currently features five large (mobile) and ten small (stationary) packages. A total of 451 store-type packages and a total of 466 packages have been installed.

As far as external efforts are concerned, TWM Foundation provided videoconferencing services and educational training for 82 service bases of 13 NPOs in 2014 due to the fact that service beneficiaries are spread all over Taiwan. These services solved the problem of travel fatigue of social workers and exorbitant transportation costs for meeting and educational training participants. This has led to transportation cost savings of 3.75 million dollars and carbon emission reductions of over 90 tons. Over 18,000 individuals participated in educational training on videoconferencing.

3.2.4 Office water conservation results

TWM continue to enhance the ecological benefits of energy resources to create green

office environments. As far as the usage efficiency of water resources is concerned, we conduct regular inspections and repairs of water supply and drainage facilities and reduce the water amount consumed in toilets and rest areas. Taiwan Water Corporation is the main water supplier.

The wastewater generated by RO water dispensers in the telecom building is recycled and used for flower watering, cleaning, or car washing. This results in daily water savings of roughly 2-3 tons. A total of approx. 500 tons of water is recycled annually accounting for around 3% of the total water consumption.

** The maximum daily water amount discharged by the drainage pipes of the RO units equals two 86-liter buckets (a total of 135-175 liters). The estimated annual recycling amount equals $135 \times 15 \times 250 = 506.25$ tons (calculations are based on 250 workdays per year and a total of 15 floors (2F-18F))

Due to the relocation of company HQ in 2014, a new base with a total water consumption of 46,146 m³ was added, which represents an increase of office areas compared to 2013 (37,691 m³).

Actual water consumption in office areas

	2013	2014	Annual difference	Increase Rate (%)
Total consumed units	37,691	46,146	8,455	22.43%

3.2.5 Recycling of office resources and paper reduction

A total of 110.8 tons of office resources were recycled in 2014, which represents a 13% increase compared to 2013 (97.7 tons). Recycled office resources can be divided into four categories: Paper, plastic, PET bottles, and aluminum cans. After these resources have been sorted and collected by the cleaning personnel, they are recycled and treated by a qualified waste disposal business. In 2014, domestic garbage amounted to 279 tons.

Office waste (trash) and resource recycled statistics

	2013	2014	Annual difference	Increase rate (%)
Waste amount (kg)	192,705	279,756	87,051	45%
Recycled amount (kg)	97,748	110,811	13,063	13%

Office paper consumption statistics

	2013	2014	Annual difference	Increase rate (%)
Paper consumption (sheets/month)	2,158,626	1,640,626	-518,000	-24%

3.2.6 Handling of electronic waste

Effective handling of waste cables

To expand the scope and quality of telecommunication services, we lay cables and conduct maintenance operations on a regular basis. Over the past three years, we have used a total of 4,160,420 kg of copper cables and fiber-optic cables. In 2014, a total of 9,870 kg of copper cables and 1,379,760 kg of fiber optic cables were deployed (a total of 1,389,630 kg)

Total weight of cables deployed and used for maintenance operations

Year	2012	2013	2014
Fiber-optic cable (kg)	1,246,680	1,452,560	1,379,760
Copper cable (kg)	62,400	9,150	9,870
Total	1,309,080	1,461,710	1,389,630

During the installation and maintenance of telecommunications infrastructure, large quantities of old optical fiber and copper cables have to be phased out and replaced. If these cables are not handled in a proper fashion, they will cause a serious environmental impact. To prevent damage to the environment, we commissioned a qualified waste cable treatment business which has been approved by the Environmental Protection Administration starting in 2000 to replace copper cables with fiber-optic cables by adopting turnkey treatment to achieve the dual goal of eco-friendliness and cost reduction. In 2014, a total of approx. 288,310 kg of waste cables were treated successfully. Over the past three years, a total of 997,925 kg of waste cables were treated in this fashion.

Waste cable recycling achievement

Year	2012	2013	2014	Total
Fiber-optic cable (kg)	299,500	233,890	269,755	803,145
Copper cable (kg)	98,220	78,005	18,555	194,780
Total	397,720	311,895	288,310	997,925

**Fiber-optic cable and copper cable quantities are calculated by multiplying the total length of the cables purchased in the respective year by weight

Treatment and use of reusable old battery packs

Battery packs are used as emergency backup power for our main data centers and base stations. Batteries are consumables and must therefore be tested and replaced on a regular basis. To prevent waste of reusable resources, we have formulated battery recycling and classification standards. Batteries which have been declared reusable after removal are put to use again to achieve the dual goal of eco-friendliness and cost reduction. Professional waste battery treatment businesses have been commissioned to handle these batteries in two different ways: Batteries that have been in use for 7 years or longer are directly discarded due to service life limits. Batteries which have been in use for less than 7 years are handed over to businesses specializing in battery activation and recycling. Recycled batteries with a storage capacity of at least 80% are put to use again. A total of 12,773 batteries were discarded in 2014. After classification of these batteries in accordance with the recycling standards, it was determined that 700 batteries could be directly recycled and reused, while another 700 were handed over to professional businesses for activation and recycling. The remaining batteries were directly discarded by these businesses.

All the waste batteries are treated by EPA qualified contractor since 2008. In 2014, the total weight of waste batteries treated by said businesses (after deducting batteries recycled and reused by the company itself) amounted to 404,526 kg. Over the past 3 years, a total of 1,272,531 kg of waste batteries were treated in this fashion to prevent pollution of the environment by toxic battery fluid.

Achievements in the recycling of batteries in base stations and data centers

Year	2012	2013	2014	Total
Battery (kg)	496,215	371,790	404,526	1,272,531

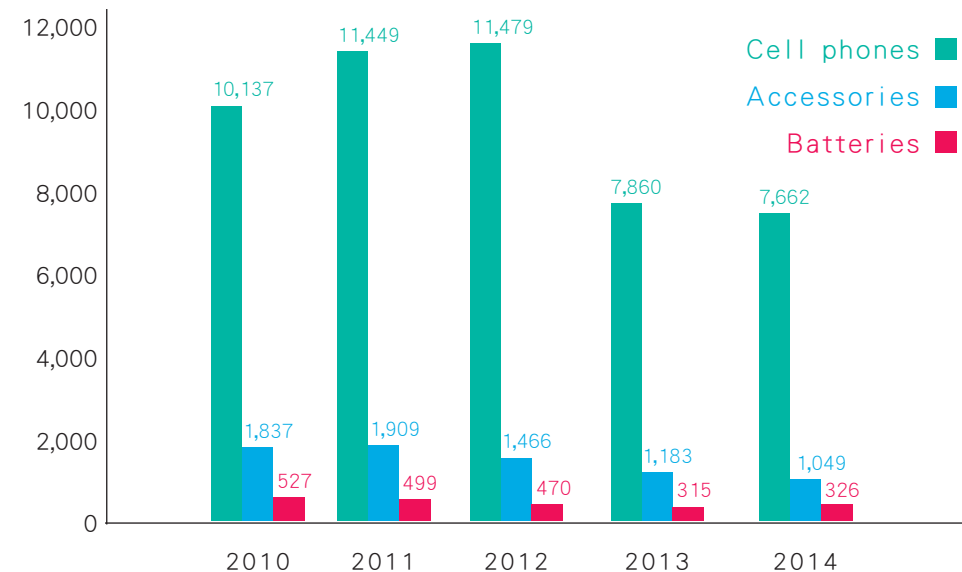
**Total weight of discarded batteries = Σ Number of discarded batteries x average battery weight

Recycling of discarded cell phones

The “Cherish our Planet” recycling program which was the first complete cell phone recycling program in Taiwan was launched in April 2008. All stores in Taiwan actively promoted the recycling of mobile communication components such as batteries, cell phones, travel chargers, charging bases, headphones, and transmission wires to prevent heavy metals such as lead, cadmium, and cobalt in the discarded components from polluting and contaminating our environment. The goal is to recycle and reuse resources such as gold, copper, and plastic to reduce resource development and waste. The recycling bins for cell phones are made of acrylic to avoid secondary pollution caused by battery fluid leakage.

In 2008, we also participated in the Waste Mobile Communication Product Recycling Program sponsored by the Environmental Protection Administration of the Executive

Achievements in the recycling of cell phones, batteries and accessories





Yuan. By the end of 2014, more than 67,000 cell phones had been recycled. The company also actively participates in conferences and symposiums to share experiences and encourage businesses of the same sector, cell phone providers, electronics and household appliance businesses, and domestic retail

chains to join these efforts to turn Taiwan into the country with the highest density of cell phone recycling points. In 2014, a total of 7,662 discarded cell phones were recycled, while the total weight of accessories and batteries amounted to 1,049kg and 326.8kg, respectively.

3.2.7 Paperless forms and operations

Not only have paper bills been replaced with e-mail, we have also implemented paperless operations in many areas inside the enterprise and the sales process. Paperless operations in stores represent an example of green practices in the value chain. In the past, subscribers had to proceed to stores to fill out a large number of paper forms to complete the application procedures. We have invested in soft and hardware facilities to fully implement paperless operations and allow subscribers to provide electronic signatures and scanned versions of required documents. It is not necessary to provide copies of documents which decreases paper consumption and guarantees the confidentiality of the personal information of subscribers.

Paperless operations not only reduce the costs required for the printing of forms and paper but also lead to lower expenses for transportation, shredding, and storage of forms. Between 2007 and the end of 2014, a total of 15,189,674 paperless documents had been processed leading to savings of 23.26 million sheets of paper.

Usage of paperless forms

Year	2010	2011	2012	2013	2014
Documents (copies)	1,610,387	1,737,215	2,205,900	2,969,644	3,946,710
Papers (amount)	2,030,706	2,135,404	3,420,261	4,629,949	7,506,488

3.3 Smart Low-carbon Solutions

3.3.1 Creation of a 6-star IDC Cloud Data Center

The TWM Cloud IDC (Internet Data Center) is the first of its kind in Taiwan to be awarded the Uptime Institute's (the global data center authority) Tier III dual certification. The center, which covers a total area of around 26,446 m² and costs around 5 billion NTD, is located in the Neihu Technology Park in Taipei. New international standards and a 6-star design concept were adopted to provide stable and uninterrupted data center services for finance, international telecommunication, and e-commerce businesses.

In May 2014, the data center became the first of its kind in Taiwan to be presented with a Brill Award for Efficient IT presented by the Uptime Institute. The Brill Award recognizes energy conservation efficiency of data centers all over the world. A selection committee formed by professionals of the Uptime Institute chooses data centers with the best performance in the field of energy conservation from a multitude of existing centers. TWM Cloud IDC is one of the 18 data centers in the world that were honored with this award. This is a clear indication of the contributions of the center in the field of energy conservation.

Stable and uninterrupted services through dual-loop design

To meet the criteria of the Uptime Institute Tier III certification, electromechanical facilities must be equipped with a N+1 redundancy mechanism and, even more importantly, the five major systems (power, air conditioning, fire protection, safety, and environmental control) must be based on a dual-loop design and the data center must be concurrently maintainable. This allows operators to maintain uninterrupted services by switching data pipelines during maintenance of the center or in case of accidents. This not only represents the main difference between Tier III and Tier II certified data centers but is also one of the key factors for the selection of IDC by enterprises.

Highly energy-efficient Data center with a PUE of only 1.5 and a carbon reduction effect equivalent to 24 Daan Forest Parks

We are fully aware of the increased risk of GHG emissions generated by data centers in this age of big data cloud services, the cloud data center design therefore employs

cold/hot aisle separation and free cooling methods in combination with special air conditioning facilities (such as chiller units, cooling towers, and scavenger fans) as well as accurate lighting control systems. The overall energy efficiency goals are based on the Green Grid silver-level measurement standards for data centers to achieve a PUE (Power Usage Effectiveness) of 1.5. Compared to the PUE 2.0 power usage efficiency of generic data centers, the TWM IDC cloud data center consumes around 25% less power. After the official launch of the center, it is expected that the carbon reduction effect will be equivalent to the amount of carbon absorbed by 24 Daan Forest Parks. The first truly green cloud data center in this industry will effectively reduce carbon emissions.

**Calculations of carbon emission reductions are based on the amount of saved power

**Daan Forest Park can absorb 705 tons of carbon per year (source: Forestry Bureau, Council of Agriculture)

Data collected by the Forestry Bureau reveals that 1,500 Pongamia trees (average age of 10 years) are planted on one hectare of forest land. These trees can trap around 27 tons of CO₂. The Daan Forest Park covers a total area of 25.9293 hectares. The amount of absorbed carbon therefore amounts to 25.9293x27=707.869 tons. The power emission factor in Taiwan in 2009 was 0.623kg of CO₂/kWh.

3.3.2 Mobile lifestyles – an application of low-carbon concepts



myBook Book Town

myBook reading platform is committed to promoting digital reading. It mainly provides digital contents including e-books, e-magazines, and audio learning materials.

Mobile devices allow readers to enjoy the pleasure of reading anytime and anywhere, whenever they like. This platform satisfies the needs of readers of all ages and levels without taking up any physical space.

There were 64 e-book been published on myBook which covering a wide range of subjects including 3C, business management, fashion, inspiration, and literature with the goal of offering an even greater number of excellent books in digital format for the pleasure of readers to set an example for others to emulate. Furthermore, myBook



myPlay1 Mobile online game services

myPlay1 mostly releases mobile games and allows gamers to play these games online via their portable smart devices. Compared to PC games which were popular in the past, mobile games consume less energy and the integrated direct payment systems allow gamers to directly purchase in-game credits via their cell phones. It is no longer necessary to purchase physical game cards in convenience stores as required for computer games in the past.



M+ Messenger

M+ Messenger gives 2,645 elementary schools and 739 junior high schools all over Taiwan the opportunity to register for free official accounts to provide a convenient and real-time communication platform between teachers and parents. A total of 12 elementary and junior high schools in Taipei, Taichung, Tainan, and Kinmen currently take advantage of these services until the end of 2014.

M+ Messenger has created the "Mobile Village" project in cooperation with X4GPS to provide all villages and boroughs in Taiwan with the opportunity to register free official accounts. As of the end of 2014, 90% of the over 7000 village and borough heads in Taiwan have registered accounts. This digital communication channel allows them to provide services for village and borough residents and communities in every corner of the country via their smartphones in a real-time manner.





mySports Transforms cell phones into health management specialists

Following the growing popularity of smartphones, the general public can exercise in a relaxed fashion and track and manage their personal health via these devices. This product is capable of creating records for 23 different exercise types including jogging, cycling, hiking, and brisk walking and allows the import of data from wearable GPS devices of multiple brands and a unified management of all data. We have also released a series of recommended exercise routes in Taiwan to allow the general public to freely select routes suitable for cycling, hiking, brisk walking, and strolling. In addition to enjoying the beautiful scenery along the way, they can also make a contribution to energy conservation and carbon reduction. Between September 2013 and the end of 2014, membership numbers soared to 169,000 and a total of over 1.15 million exercise records were uploaded, turning mySports into one of the best sports community platforms in Taiwan.

3.3.3 Promotion of e-bill services

Since May 2008, we have been officially promoting e-billing by replacing physical paper bills with e-mail files. As of August 2012, clients can print out detailed call records based on their personal needs and access website browsing services. In July 2013, e-billing by SMS was added, and cell phone QR code scanning services which allow clients to proceed to convenience stores to pay their bills without the need to print them out



are available since 2014. Based on the assumption that every e-bill can help save 2.4 sheets of A4 paper, a total of 85.34 million sheets of A4 paper had been saved through promotion efforts until the end of 2014. CO₂ emissions generated by the sending of physical bills were also reduced by 224.74 tons.

Relevant information is disseminated via the company's own channels including bills, envelopes, the official website, stores, and company events. For instance, e-bill services were promoted during two free outdoor concert activities in 2014. Rebates on bills, e-gifts, or purchase of certified eco-friendly products are employed to attract clients to apply for e-billing services in the hope of realizing and maximizing the effects of a low-carbon lifestyle.

Year	2008	2009	2010	2011	2012	2013	2014	Total
Paper savings due to e-billing	1,431,609	4,008,820	5,122,304	5,510,339	5,776,667	6,312,773	7,397,703	35,560,215
Reduction of the use of A4 copy paper (in sheets)	3,435,862	9,621,168	12,293,530	13,224,814	13,864,001	15,150,655	17,754,487	85,344,516
CO ₂ e reduction (tons)	9.0477689	25.335742	32.3729613	34.8253425	36.5085354	39.8967254	46.753483	224.74

Note : each e-bill equals 6.32g CO₂e

4. Customer Relations

Core Concept

TWM embraces the core concept of “Genuine concern for the customer” with the enhancement of customer service quality as the ultimate benchmark. We are also committed to providing our customers with optimized user experiences and a safe telecommunication environment. The company has dedicated its efforts to connecting every link of its mobile communication and Internet services to fully satisfy the customer demands. Through the integration of products, prices, services, images, perceptions, and experiences, customers are provided with a relaxed, easily, and user-friendly mobile lifestyle

Commitment and Actions

Supreme Internet services: Professional teams all over Taiwan are engaged in Internet optimization projects all year round.

Professional stores: Over 900 myfone stores spread all over Taiwan provide professional and friendly services

Considerate services: Provision of professional solutions for all mobile lifestyle related demands all around the clock with a focus on customer perceptions

Diverse fee plans: A large variety of options are available in the fields of voice and Internet services to satisfy the needs of different customer groups and allow them to enjoy a lifestyle characterized by unrestrained communication

Value-added services: New innovative services spanning the fields of life information, multimedia, and entertainment such as myMusic, myVideo, mySports, myBook, myPlay1 are constantly introduced to ensure a further upgrade of mobile services.

Achievements and Performance

- Selected as a Trusted Brand by Reader's Digest for the eleventh consecutive year
- Myfone stores and customer service centers have been recognized with the SGS Qualicert Certification for two consecutive years
- Honored with the Award for Exceptional Contributions to the 165 Anti-Fraud Hotline presented by the Criminal Investigation Bureau
- Cloud IDC is the first and the only data center of its kind in Taiwan to be recognized with a Brill Awards for Efficient IT presented by the Uptime Institute, the global data center authority, and has thereby set a new paragon in energy efficiency.

Vision and Plan

2014 has ushered in the new era of 4G for the Taiwanese telecommunication market. Changing transmission and communication modes have a huge impact on human life. TWM will continue its pursuit of exceptional customer service experiences and exhibit its vitality as leading brand in the field of digital convergence. We aim to provide an even greater number of optimized services and contents by utilizing our abundant corporate resources and complete strategy layout in a smooth Internet environment to allow customers to fully enjoy the convenience and revolutionary changes brought about by 4G in the different dimensions of multimedia, entertainment, mobile shopping, and mobile payment.

4.1 Focus on the Voice of the Customer to Ensure Excellent Service Quality

TWM continue to employ different market survey tools (such as phone interviews, Internet surveys, and focus group discussions) to track, review, and improve customer satisfaction levels. Different types of survey projects are carefully planned every year. The respondents range from the whole market to specific subscribers. Customer demands and opinions are analyzed on a regular basis and improvement plans or business strategies are formulated based on the survey results with the goal of an all-out improvement of subscriber satisfaction levels. Overall consumer satisfaction surveys are administered twice a year. This highlights the great importance attached to consumer opinions and satisfaction levels.

Satisfaction surveys are conducted by designated internal units and commissioned external units. These surveys not only provide a clear understanding of the overall satisfaction of subscribers to the telecommunication market with telecommunication businesses or single items, they also allow businesses to compare their own performance with that of others, which can serve as the driving force for continued growth of the company. TWM recorded stable overall satisfaction levels in 2014. The average score was 3.7, while the highest satisfaction level was achieved in the category of customer services with a score of 4.3.

KPI for customer satisfaction	2012	2013	2014
Overall satisfaction level	3.8	3.7	3.7
Satisfaction with voice quality	3.7	3.7	3.7
Satisfaction with customer services	4.5	4.4	4.3
Satisfaction with store services	4.1	4.2	4.1

Note : A five-point scale is employed to determine satisfaction scores. Very satisfied, satisfied, neutral, dissatisfied, very dissatisfied expressed in scores from 1-5.

4.2 Multiple Payment Channels and Account Management Options

myfone store	Online payment
Convenience stores	ATM
579 Voice payment	Automatic transfer payment

Mobile Customer Service APP

Up to 96 different service items were available, and the number of downloads has reached 1,804,442 until December 31, 2014.

The development of new services for the mobile customer service APP since 2014 focuses on the personal needs and demands of subscribers. The APP has been updated with a brand-new look and additional functions such as hot keys for current bills and data transmission queries to greet the advent of the 4G era. Subscribers are provided with an intuitive and user-friendly interface, which allows a constant monitoring of account usage. A new exclusive area has been created to rapidly familiarize with 4G relevant information in preparation for actual user experiences speedy.

Newly added service in 2014 :

1. Online application for automatic payment of credit card bills with time-saving (no paper forms have to be filled out), simple, and rapid procedures
2. Reminder services for online roaming which provide immediate access to a daily quota of SMS notifications and usage queries to allow a constant monitoring of online roaming charges and ensure worry-free use while abroad
3. VIP reservation services allow clients to enjoy services without waiting times at designated direct stores
4. Queries of past data transmission amounts within the previous six billing periods
5. Usage push notifications for subscribers charged based on actual usage. Receipt times may be configured as desired to allow a rapid and convenient monitoring of Internet usage information
6. Queries of outstanding charges for 4G services presented in form of icons to facilitate understanding
7. 4G add-on purchases to rapidly boost Internet traffic
8. Immediate configuration and modification of 4G rates without the necessity to adjust billing cycles or dial 188 to contact customer service



4.3 Transparent Complaint Channels

In this new era of 4G, telecommunication products and services are even more diverse and complex. TWM continues to enhance customer service experiences and insists on the provision of professional, efficient, cordial, considerate high quality services to satisfy customers. In addition to a 24-hour toll-free customer service hotline (188 for mobile phones and 0809-000852 for home phones), subscribers are also able to submit complaints through the website, the customer service mailbox, or in stores. Upon receipt of complaints, dedicated personnel is in charge of tracking and proper handling based on complaint categories. No major complaints regarding environmental, social, or human rights related issues were received in 2014.

In January 2013, the company adopted an external certification system and was awarded the Qualicert International Service Quality Certification and the ISO 10002:2004 International Standard Certification (Quality

Management – Customer Satisfaction – Guidelines for Handling of Complaints in Organizations) by SGS (Societe Generale Surveillance) for its efforts to establish a convenient and transparent complaint mechanism. In July 2014, the company passed two service certifications of Qualicert and ISO 10002 again. The company received an excellent rating for professionalism and considerate services in the mysterious shopping assessment conducted by SGS. TWM embraces the core values of “Integrity, Innovation, passion, and Simplification” in the realization of its commitment to provide all-around services. We carefully listens to customer demands and actively responds to customer issues. Customer rights and interests are safeguarded in a reasonable manner and special demands are respected. Problems are solved in a fully satisfactory manner to create optimized mobile lifestyle experiences for our customers.



Examples: proper handling of complaints

1. TWM has commissioned President Transnet Corp. to provide logistics and delivery services for its products. If negligence on the part of personnel leads to damage or loss of products or customer application data during the delivery process, products will be reshipped immediately and relevant requirements will be reissued by TWM. The company also convenes regular routine meetings with President Transnet Corp. to conduct inspections and reviews of procedures and cases with the goal of optimizing the quality of services. There were 26 cases reported in 2014 which were handled in an appropriate and satisfactory manner.
2. A lawsuit was filed against TWM and Taiwan Kuro Times for privacy right infringement of its M+ communication software. The Summary Court of Taipei District Court awarded a compensation of 500 NTD to the plaintiff. In response to this verdict, the APP was revised and now only indicates whether the phone numbers of contacts in the phone directories created by subscribers are on-net or off-net. Operator's name is no longer displayed.

4.4 Rate Transparency s and Various Discounts

Before TWM introduces innovative products or services, the rate and charges are approved by competent authority (National Communications Commission) and made public before implementation as required by the law. Fees and rates for sold items are also fully disclosed in the media, the company website, and each operating base.

In addition, store personnel are required to explain rates, service subscription and cancellation methods in a detailed fashion when customers apply for services as well as recommend suitable rate plans in accordance with customer needs. Upon completion of the application process, subscribers are provided with a fee plan agreement and promotional materials regarding the plans for reference purposes. Furthermore, the monthly billing statements clearly specify the service names, monthly rates, billing methods, and usage times for all charges based on different categories. The goal is to convey plan contents to the subscriber in a detailed and accurate fashion to safeguard consumer rights and interests and implement the concepts of “Trusted Brand” and “Product Liability”.

Customized promotion schemes tailored to the demands of special groups that differ from those of average subscribers serve the purpose of promoting digital inclusion.

Seniors joyfully embrace the digital tide

The aging of Taiwanese society is an inevitable trend. We employ our technologies and services to provide a user-friendly communication environment for senior users. Since 2008, we offer a large variety of special rate plans with 50% discounts on monthly subscription fees for seniors over 60 years of age (in view of the high proportion of seniors in remote areas, preferential rates are available in these areas starting from the age of 50). In 2014, we planned a service package of monthly subscription fees of 129 NTD combined with selected hotlines as well as account applications for only 99 NTD a month. The number of senior beneficiaries of these offers amounted to 330,000 until the end of 2014.

To encourage seniors to use mobile Internet services, a special plan (50% discounts on monthly voice subscription fees) for seniors featuring brand tablet computers with calling functions has been available since 2013. This offer not only eliminates the inconvenience caused to seniors by the small screen size of smartphones, the Internet flat-rate of 489 NTD a month also allows elderly subscribers to surf the Internet without having to worry

about high fees. This special offer for senior subscribers with monthly subscription fees of only 689 NTD, allows these users to fully experience the convenience and joy of surfing the Internet on a large screen. The number of beneficiaries of this Internet flat-rate offer of only 489 NTD a month amounted to over 50,000 in 2014.

Subsidies for students and remote areas to safeguard the rights of these subscribers

Following the advent of 4G era, TWM started to offer special rate plans with low monthly subscription fees and high data transmission amounts (starting at 598 NTD with 5GB/7GB/9GB data plans) for students in October 2014 to allow them to experience the joy generated by new mobile technologies. By the end of 2014, the number of beneficiaries had reached 9,358. TWM still focuses on the satisfaction of subscribers in remote areas while placing an equal emphasis on the voice service demands. As of November 2014, a preferential rate plan with monthly subscription fees of 179 NTD and free on-net calls and discounted off-net calls to specified hotlines are available. A total of almost 1,000 subscribers benefited from this special offer in 2014.

User-friendly plans for foreign tourists and new immigrants

TWM offers pre-paid cards for international calls to allow 550,000 foreign laborers in Taiwan to call their families in their home countries. Discounted times are available every day (40-50% discounts) to provide assistance for these economically disadvantaged groups who live far away from their hometowns and give them a chance to relieve their homesickness and stress after work. In addition, we also jointly organizes large-scale festival-related events such as annual concerts and the Songkran Festival with the Taoyuan County Government, Thailand Trade and Economic Office, and the Indonesian Economic and Trade Office. Around 15,000 people made valid contributions to the organization of these events in 2014.

With the goal of providing a wide variety of customized services, TWM offers foreign tourists a range of prepaid package deals with different combinations of voice and internet services tailored to personal needs. Myfone Service Centers are located in both terminals at Taoyuan International Airport to satisfy the telecommunication demands of foreign tourists upon arrival in Taiwan with prepaid telecommunication service packages of a premium quality at flexible and competitive prices.

4.5 Guarantee of Customer Data Security

In 2004, TWM established an Information Security Committee responsible for the coordination of information security tasks across units, promotes information security improvement activities for relevant departments, conducts internal audit regularly, and ensures compliance with information security related policies through independent and objective assessments. The company has successfully passed annual assessments of information security management practice by competent authorities as well as relevant administrative inspections. Regular audits are conducted by external 3rd party in accordance with the ISO/IEC 27001 International Information Security Management System to review the implement of information security. In addition, the company has formed an emergency response task force, which handles information security incidents in a rapid manner to reduce impacts and prevent reoccurrence. Enhance the information security management can ensure that subscribers view the company as trustworthy and reliable.

The implementation of information security policies provides subscribers with comprehensive and optimal security protection while they enter a myfone store to apply for different telecommunication services to the receipt of monthly bills and the dialing of toll-free customer service hotlines to modify rates and charges or global roaming settings due to the protection provided by the professional information security management system and dedicated service personnel. This allows our subscribers to use our services in a worry-free fashion.

We constantly improve our security management process and implement various projects to meet organizational demands and integrate information security operations into our local culture and lifestyles. A summary of projects completed in 2014 is provided in the table below. Relevant effects and results have been reported to the Information Security Committee.

Item	Content	Effects
Response to new threats	Adoption of protective measures against Advanced Persistent Threats (APT) and improvement of existing anti-virus software to cope with hacker attacks	Achievement of information security goals, protection against long-term persistent threats, implementation of management policies, better protection of confidential data
Acquisition of cloud certifications	The company passed the EuroCloud Star Audit (ECSA) and became the first provider of IaaS cloud services in the world to be awarded the highest five-star rating	Acquisition of the ECSA certification for the company's cloud computing services as well as the ISO27001 and ISO27011 international information security certifications, monitoring and management conducted by the Security Operation Center (SOC) all year round, firm grasp of service security and stability, and worry-free use of services by subscribers
Initiation of control measures for mobile facilities	Implementation of control measures for mobile devices (e.g., cell phones, tablet computers) used by employees including password requirements, screen locking, and remote wipe	Safe storage and retrieval of system resources and prevention of data loss through the adoption of effective mobile device management, enhancement of operational efficiency of employees, and creation of an information environment conducive to corporate competitiveness
Penetration testing	External simulation and testing of hacker behavior provides a better understanding of potential avenues used by intruders and allows the provision of suggestions for improvement	1. Audits of the strength of information security protection mechanisms 2. Verification of the safety of current systems
Standardized measurement indicators for information security operations	Identification of different quantitative indicators (such as risk values and KPI) as standardized measurement indicators for information security operations	Compilation of KPI which are employed for regular inspections of the information security system of the company. The values of all information security indicators have been gradually rising since statistics were first recorded.

4.6 Free Electromagnetic Wave Measurement Services

To alleviate worries of the general public regarding health hazards posed by electromagnetic waves emitted by base stations, we have established a hotline 0800-580010 (“waves measurement for free”) to apply for the measurement at base stations free of charge in coordination with other telecommunication providers. In addition to accepting requests by the general public to measure electromagnetic waves in the vicinity of their homes, we also offer a consultation and grievance mechanism for telecom services and commission reliable third-party units to conduct on-site measurements and provide professional explanations. In 2014, the company accepted 110 requests by the general public for measurement services. All measurement results conformed to the standard values set by NCC. Over the past three years, a total of 323 cases have been received and processed. We also organized an electromagnetic wave measurement campaign in cooperation with the Taiwan Telecommunications Industry Development Association (TIDA) and commissioned reliable third-party units to conduct measurements in northern, central, southern, and eastern Taiwan as a reference for electromagnetic wave education and distribute promotional materials throughout Taiwan. Since 1996, important international organizations and research institutions such as the World Health Organization (WHO), International Commission on Non-Ionizing Radiation Protection (ICNIRP), and the Institute of Electrical and Electronics Engineers (IEEE) have conducted research projects on electromagnetic fields and released related reports and statements.

TWM base stations all conform to the relevant legislation in their construction. They have also been verified by the NCC to be fully compliant with the ICNIRP standard.

“

IEEE: A report released in 2000 states that the radio frequency power of base stations is much lower than the standard amount and is safe for the general public including seniors, pregnant women, and children.

”

“

ICNIRP: A statement issued in 2004 points out that no consistent or convincing evidence exists that indicates that radio frequencies cause any health effects.

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“

WHO: Factsheet No.193 issued in June 2011 points out that a large number of studies on the potential health risks caused by mobile phones released over the past twenty years clearly indicate that no convincing proof exists so far that the use of mobile phones has any negative effect on health.

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5. Social Engagement

Core Concept

"Actions of corporate responsibility started by true concern!!"

TWM Foundation established in 1999 to uphold the spirit of local roots and supporting the local community. The Foundation responds to different needs in society through the long-term investment of manpower and resources in disadvantaged groups, helping the physically and mentally handicapped, the character development of teenagers, and prevention of social problems. It also integrates the core corporate resources to promote digital fusion and enhance domestic soft power in digital cultural creativity. TWM has continuously made our mission to serve society and give back to the public. Moreover, we strive to join people in building a more harmonious and sustainable society.

Commitment and Action

We make the best use of our four core resources of voice services, network bandwidth, digital content and innovative services to help the charity groups enable technicalization, expand into digital applications, cultivate talents of multimedia and digital marketing, and support various local artistic and culture activities. Furthermore, a comprehensive corporate volunteer system has been established to internalize the CSR thinking with top-down corporate responsibility promotion and social engagement from bottom-up.

- CSR Awards presented by the Global Views Monthly (9th award received within a period of 11 years)
 - ◇ 2015 Model award in the CSR Annual Survey - Service and Financial section
 - ◇ 2014 Top award in the Social Welfare Promotion section for i-Infinity Digital Welfare
 - ◇ 2013 Top award in the Education Promotion section for teenager information literacy and Internet safety education
 - ◇ 2012 Model award in the Overall Performance and Community Support sections for depression prevention
 - ◇ 2011 Top award in the Education Promotion section for myfone Mobile Composition Award
- Corporate Citizenship Awards presented by the Common Wealth Magazine for 7 years (2007 - 2013)
- Total social investment of 125.2 million NTD in 2014
- The "i-Infinity Digital Welfare" program had 181 participating NPOs in 2014 and published 8 successful cases.
- A total of 14 corporate volunteering events were held in 2014 and drew 559 volunteers in 6 counties/cities. Total funding was 991,000 NTD and benefited a total of 53,991 people.

Vision and Plan

TWM strives for balanced economic, social and environmental development. As the pioneer in digital convergence, we will continue to apply our core corporate resources to caring and serving the society. Apart from sponsorships, we must also help disadvantaged groups improve their digital skills, popularize CSR education, promote social harmony and establish the basis of sustainability.

In order to face up the influence of 4G era, we will pay particular emphasis to the cultivation of digital content production talents to enhance the soft power in cultural creativity in Taiwan. We will also match digital talents with charity groups to enable charity technicalization and maximize their social benefits.

TWM's social engagement projects are mostly promoted by Taiwan Mobile Foundation. The annual budget is approved by the Board of the Foundation in the preceding year which is then submitted to the competent authority and published on the Foundation's official website in accordance with the "Ministry of Transportation and Communications Guidelines for Establishment and Supervision of Transportation Service Foundations" for the sake of transparency and regular oversight. The results of each project are reported to the Board of Directors at the end of the year along with the proposed plan for the coming year. The final accounts of the year are also submitted to the competent authorities and processed for disclosure. All business groups are actively drawing upon their core business to promote solutions targeted at needs in society. This will hopefully promote social harmony and contribute to social responsibility.

5.1 Creating New Value through Digital Applications

M+ Messenger

M+ Messenger offers free official accounts to 2,645 elementary schools and 739 junior high schools throughout Taiwan. It offers school teachers and parents with a more convenient and real-time communication platform. The service is currently used by 12 elementary and junior high schools in Taipei, Taichung, Tainan, Kinmen and other parts of Taiwan. (Until the end of 2014)

M+ Messenger creates communication channels for 7,851 the Chief of Village throughout Taiwan so they can serve local residents by their smart phones at any time. Mobile village services now cover all 19 counties/cities and reach every corner of Taiwan. (Until the end of 2014)

This APP was developed by TWM and it strives to become a part of users' everyday life by building a channel for instant communication in every village and school. Users can use it to receive local notices, check on children's activities at school and engage in real-time parent-teacher communications. M+ Messenger expend the personal networks and



solve the problems quickly in the digitization lifestyle.

Mobile Village projects helps communicate easily

The Mobile Village project was developed by M+ Messenger and X4GPS Company, which offer free official accounts to all villages in Taiwan. There are more than 7,000 villages in Taiwan and 90% of the Chief of Village has now opened an official account for M+. To establish the digital communication channels, the Chief of Village can serve the community through their smart phones wherever in Taiwan. Members of the public can instant receive notices from the Chief of Village when they add the official account of their village, such as local festivals, vaccinations, and garbage service pickup times. The program allows residents to rapidly give their feedback to improve the efficiency and quality of local applications, expand the communication in the neighborhood and strengthening services efficacy. The varied of communication channels in M+ Messengers make community digitized as well.

M+ Messenger offers school-family communications

M+ Messenger offers free official accounts for schools of all levels upon application. It can be used by the school as a new channel for providing information. For example, parents can be automatically notified one or two days before a sports event through M+ Messenger. This will make it easier for parents to attend and facilitate real-time parent-teacher communication. Many private and public elementary schools in Taiwan have applied for M+ Messenger. Even offshore regions such as the Xikou Elementary School and Jinhu Elementary School in Kinmen County have set up an official account. Parents can subscribe to this account to receive important notices from school.

At the same time, the APP also supports chat-rooms up to 100 members. Teachers can set up and manage class-level groups. Once a group has been created, students and parents can simply search for the group and sign up. Teachers no longer have to collect the numbers of all parents and then invite them one by one. A review function can also be set to keep outsiders out.

The chat rooms can also be used to discuss student affairs and build an effective bridge between teachers, parents and students. The real-time messaging software can also be used with social networking to become the most convenient contact book.

Clubs, camps and enthusiasts can share information anytime and anywhere

In addition to individual users, school clubs, camps or enthusiast groups can all use M+ Messenger for their internal communications as well. People are now more health conscious and interested in exercise. Many people arrange to meet up outside of work or after class for exercises. Any exercises club can apply for an official account with M+ Messenger. It can be used to get people together to register for important races or for staying in touch with fellow riders or runners.

In 2014, M+ Messenger collaborated with NeverStop (Taipei Cycling Association) by providing an official account and other messaging tools for more than 10 large and small races. Pre-race registration, real-time race broadcasts and post-race results could all be sent more quickly through M+ Messenger and improve the quality of sports services.

The Information Management Camp organized by students from the National Taiwan University Department of Information Management in July, 2014, used M+ Messenger as their method of communication as well. M+ Messenger was not only used by the camp staff for pre-event preparations but also for sending updates on camp classes and events out to participating high schools. Team counselors and team members even set up chat groups to post course contents and timetables on the notice board. All members could hold discussions through M+ Messenger as well to effectively improve communication efficiency and realize a digital lifestyle.

TWM also offered the company tours during the camp to give students an introduction to the development and operation of instant messaging



Company tour - NTU Information Management Camp

software. They also toured the myfone store where they used mobile phones, tablets and apps to experience digital convergence and cloud services.

Promotion of Innovation Services

TWM is actively promoting free downloads of innovative lifestyle apps to introduce the general public to enjoy digital convergence and smart living.

Advances in technology have created a new and convenient digital lifestyle. TWM's innovation services enable music, books, videos and exercises to be carried wherever people may go. The innovation service apps campaign lets people download and experience the convenience of a digital lifestyle for free. Access on any platform and carrier brings new horizons through the digital lifestyle. It also makes the conservation of resources as eco-friendly. In 2014, a total of 54,971 people took part in the digital innovation service experience and downloaded 109,014 innovation service apps.

Free innovation service trials and downloads for 2014:

To support the smart living, TWM crafted a cloud digital content service area for the "Smart City Exhibition" featuring 7 new value-adding services, the TWM Broadband Home Play multi-screen sharing service, and the TWM 6-star cloud IDC. These total solutions for individual, family and even enterprise users allow people to experience the convenience of a smart mobile lifestyle in any time and place.

During the "International Book Exhibition", TWM continued to promote "myBook" mobile reading. The new way of reading means people can enjoy reading while they travel. To make e-reading more interesting to the general public, myBook provides an extensive range of e-books and current period magazines.

TWM invested 5 million NTD during the Smart City Exhibition to set up an experience booth for promoting digital reading and other digital innovation services so members of the general public can experience smart mobile living for themselves.





TWM also took part in the "TLC Taipei Picnic Day". The general public was invited to bring their friends and families to enjoy an outdoor picnic and also experience the convenience of innovation services. Furthermore, TWM provide a special activity "Download Together" for free APP download and get the star cookies. There was also a spin-the-wheel game to give away peripheral products.

TWM formed a strategic partnership with Pili International Multimedia, one of the leading forces for cultural creativity in Taiwan, to host the "Pili Legends Exhibition" in Taipei and Kaohsiung. Cloud service brought the milestone for a new relationship established between local cultural and digital creativity. In this unprecedented combination of the digital and cultural creativity, all of the characters from the Pili Puppet Show including Su

Huan Zhen, Ye Xiao-chai and Yi Ye-Shu will show up on the digital platform of TWM. It not only opened the "first mile" for Pili's entry into the digital arena but also used TWM's innovation services to connect the "last mile" between cultural creativity and subscribers, opening up new possibilities in "Mobile Cultural Creativity" across platforms and carriers. TWM contributed 2 million NTD towards this cross-industry content partnership for promoting the "Pili Legends Exhibition". A further 1 million NTD in funding was also used during the exhibition to set up a free booth where Pili fans could experience on the cloud (myBook, myVideo, myMusic, M+ Messenger).

We also worked actively to provide custom digital lifestyle app services for different groups for events such as the Taipei-Fubon Marathon and ICRT Battle of the Bands.

5.2 Promoting Digital Fusion

i-Infinity digital welfare

TWM Foundation assists NPOs in the adoption of digital services and digital trends by pioneering an "i-Infinity program" featuring a concentration of digital projects. We integrate our core capabilities and resources to provide NPOs with digital applications and employ our digital leverage to improve the capabilities of NPOs in the field of digital applications and cultivate digital talent. An enhanced operational efficiency of the internal structure of NPOs and improved external fundraising ability can make up for the social disadvantage of a lack of assistance from the public and private sectors. This also helps awaken social concern in Taiwan and increase devotion to welfare issues.

A total of 181 NPOs took part in 2014 and 8 success stories were published. iSharing and the NFC smart tracking bracelet are now in the second phase of development. Three charity micro-movies and three charity theme songs have since gone online as well. "Angel 21" was produced by the Down Syndrome Foundation and based on a true story. In its first month online, it attracted nearly 400,000 views. The "NFC Smart Tracking Wristband" is the first of its type in Taiwan and uses the latest technology to help those suffering from dementia patients or the physically/mentally handicapped find their way home; "Wheelmap" app has accumulated a database through crowdsourcing and expanded participation by local citizens and improves the mobility of 4 million physically disabled people, seniors, and parents with babies. The company also pioneered the early intervention game app "Bubble Adventures" which propels rehabilitation therapy into the mobile age and helps develop the inner potential of 1 million children; "iSharing" is the first cross-platform volunteer service in Taiwan, encourages the general public to utilize their scattered time to serve as volunteers in an effortless fashion.

Micro movies – experiential marketing through images breaks through the bottleneck of traditional fundraising efforts

TWM enlisted the award-winning team of the micro movie category of the myfone mobile composition awards to adapt real stories in an effort to revolutionize traditional marketing methods employed by NPOs. In 2012, three movies were produced for Canlove Social



2014 i-Infinity results conference - iSharing volunteering ambassador Chan Yung-Jan and Chan Hao-Ching share the stage with NPOs

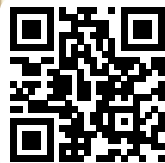
Service Association, the Chinese Christian Relief Association, and the Champions Education Association, respectively. "11 o'clock Secret" describes how a mother who suffers from depression turns over a new leaf for her children. "Grandma Believes in Jesus" depicts in a humorous way the upbringing by grandparents and the importance of after-school guidance for children of disadvantaged families. The "Label Girl" strengthens the moral education of adolescents who are champions in a fantasy setting. These three micro movies were released online in 2013 and helped these organizations raise over 9 million NTD within three months, which represents an increase of approx. 6.6 million NTD compared to the same period of the previous year. These movies resolve the fundraising bottlenecks of NPOs, increase the number of service beneficiaries, and help expand the service scope.

In 2013, another three movies were produced for the First Social Welfare Foundation, Formosa Cancer Foundation, and Mennonite Social Welfare Foundation, respectively. "Grandpa's Secret Lover" describes a senior citizen in a remote village who finds the second love of his life in a day-care center. "Xiao Hua, where are you going" is about a cancer struck mother who is concerned about the future of her mentally retarded son



as he grows older. "Metamorphosis" skirts the issue of grief and tragedy in a family struck by cancer and focuses instead on new possibilities which emerge when we look beyond our personal struggles. "Xiao Hua, where are you going?", the movie clip of the First Social Welfare Foundation, accumulated over 200,000 views within one month after its online release on February 5, 2014.

Among the three movies that TWM assisted the Garden of Hope Foundation, the Spinal Cord Injury Foundation and Down Syndrome Foundation shoot in 2014, the "Door of Hope" told the story of how women who were victims of domestic violence managed to live a new life after being rescued by social workers. It was hoped that the micro movie will help raise funds and recruit volunteers to help abused women and children find a new life and open a new "Door of Hope". "One Step More" featured a father whose spine was injured in a car accident moving on after his injury with the support of his son and daughter. The product team, made up of Radio and Television and Motion Picture students/graduates from the National Taiwan University of Art, poured their passion for visual arts into their work and paid attention to every detail of the micro-movie. They hoped that the micro movie will help boost the social engagement of spinal injury sufferers and create a friendly social environment. "Angel 21" was an adaptation of a real-life story from the Down Syndrome Foundation. The production team created a variety of scenes to illustrate the inner journey of a mother whose child had Down Syndrome. It also showed a child with Down Syndrome bringing his first hard-earned pay packet to his mother who did so much to raise him. The determined



performance by a real Down Syndrome patient was really heart-breaking. The Down Syndrome Foundation hoped that the micro movie will persuade the general public to be more patient and tolerant in helping Down Syndrome sufferers become a part of society.

The micro movies are supported by online marketing every year. For the period of the event (3 months), TWM would donate 1 NTD for every view clocked up on the YouTube video platform to a maximum of 100,000 NTD. The move will hopefully encourage younger Internet users to take an interest in disadvantaged groups and support their fund-raising efforts.

Theme songs interpret different charity concepts

In 2014, we invited the winning team of the original ringtone category from the "myfone Mobile Composition Award" to help the Champion Education Association, Formosa Budding Hope Association and Kuang Jen Social Welfare Foundation craft their own unique charity theme song. Among these, the "Age of Dreams" used a pop rock style to encourage young people to leave their blues behind and become a champion by fulfilling their dreams; "Let Hope Bud" used the five sounds "yeau-suwa-gon-n-nya (I bid you welcome)" as an recurring theme and a children's song from Southeast Asian to present cute and sincere Cambodian style; "Light" had a quick, light rhythm that warmed the heart and bridged the gulf between the general public and the handicapped. The three songs perfectly captured the spirit and characteristics of their charities. Their catchy melodies increased public interest in the charities and provided these talented cultural creativity artists with another opportunity to shine.

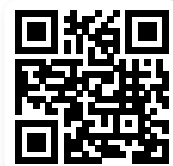


"iSharing" connects supply and demand through digital mobility

"iSharing" is the first free charity matchmaking service in Taiwan to span both website and app. The platform provides charity groups with services such as volunteer recruitment, material requests, voice donations and volunteer forums. The general public can use the mobile device to sign-up for nearby volunteering opportunities in their spare time or donate goods to charity. Events can also be shared with friends through social networking. TWM subscribers can make donations through the hotline as well. People can now use their mobile phones for charity despite their hectic schedules.

Since the iSharing platform went live in March, 2014, more than 170 NPOs have applied for listing. The app has been downloaded more than 9,000 times and over 600 people have been successful in signing up. This development is revolutionizing the nature of charity services and attracting more students and professionals to contribute their talents for charity. This, in turn, promotes the philosophy that it is better to give than to receive in society.

iSharing website: www.isharing.tw



"Wheelmap" - A handy helper for the handicapped and mobility-impaired

"Wheelmap" app is a national handicapped access platform that integrates food, clothing, accommodation, travel and entertainment. It can be used with mobile devices to check the accessibility features of nearby travel sights, cultural venues, hotel accommodation, restaurants and shopping centers at any time. There are around 4 million mobility-impaired handicapped people, seniors and pram-users in Taiwan who can benefit from this service when getting about. Since it was launched two year ago in 2013, it has accumulated over 4,000 entries as of April, 2015. Most of these are concentrated in Greater Taipei and Hualien.

After two years of incubation the Wheelmap app is now mature both as a database and a platform. The TWM Foundation's mission in helping charities take the first step towards digitization has now been completed. We hope that charities will continue to grow and prosper in the digital field so "Wheelmap" was donated to the Taiwan Access for All Association. The association will take full ownership of the app while the TWM Foundation will take on an advisory role.



NFC Smart Tracking Wristband 2.0



"NFC Smart Tracking Wristband" - Wearable technology to help bring the lost home

The aging population in Taiwan has increased the number of those suffering from dementia. TWM Foundation partnered with the Bjorgaas Social Welfare Foundation and Federation for the Welfare of the Elderly to develop a smart tracking wristband incorporating Near Field Communication (NFC) technology. The general public can use mobile devices that support NFC to scan the data on the bracelet to greatly simplify the process for helping and reporting lost people. There is no need to download a separate app, so it is convenient for render assistance. The wristband has been well-received since it was launched in early 2014. We also worked hard to collect



user feedback and a 2.0 version was released in December of the same year that was thinner, lighter and more comfortable to wear. Applications have now been expanded to all of Taiwan to help more dementia sufferers, people with mental handicaps or young children find their way home. 712 applications for the bracelet have been received as of April, 2015.



Popularization of early therapy through "Bubble Adventures App" and extension to home care

The "Bubble Adventures" app is a tablet game application which appeals to children in need of early intervention and provides assistance in the rehabilitation process. The therapy indicators extend to home care by using a game format to learn how to use muscles, improve language comprehension, train speaking skills and develop cognitive learning. It offers doctors, teachers and parents with a way of observing a child's progress. The game strengthens parent-child communication and can even be used in school for the education of handicapped children. It benefits children requiring early intervention and their families by bringing therapy into the mobile age and reducing the stress of traveling to different types of treatment centers for parents. At the same time, it can help the 1.4 million children under the age of six in Taiwan unlock their potential.



5180 Mobile Donation

In December 2005, we introduced this mobile platform for small donations. The 5180 Mobile Donation Hotline which emphasizes convenience, gives busy modern humans a chance to transform love into action without any time or space constraints and establishes a long-term fundraising channel for social welfare organizations. This service also fully utilizes IVR (Interactive Voice Response), a core technology of the telecommunications industry as well as back-end services. Selectable donation amounts are 100, 200, 300, 500, 1,000, 1,500, 2,000, 3,000, and 6,000 NTD. The back-end cash-flow and information flow system allows users to make a donation as part of their monthly telecommunication bills. Receipts can be retrieved online when making a donation in a safe and convenient fashion.

On the other hand, a donation function (titled "I want to make a donation") was added to the customer service APP in February 2013. This APP allows subscribers to make donations anytime and anywhere without the use of voice dial functions. Mobilized services greatly expand the numbers of young donors. This APP turns smart phones into passbooks which can be used for charity purposes with personalized real-time query functions to achieve an enhanced effect of continued donations.

Between the launch of the service in December 2005 and the end of 2014, a total of 67 social welfare organizations have conducted fundraising campaigns by utilizing this system. The service helps gradually raise the fundraising efficiency of these organizations. Cumulative donations have already exceeded 63 million NTD by almost 140,000 donors. A trickling flow of donations has turned into a stream testifying to the kind-hearted energy of Taiwanese civil society. At the same time, we are also committing our corporate resources to help charities enhance the public exposure and fund-raising effectiveness through different corporate activities and promotional channels. Annual seminars and nonscheduled educational training programs are held as necessary in response to the demands of charities. These activities not only provide these organizations with a communication and interaction platform but also help them face the challenges posed by the knowledge economy and refine their management practices. In the future, we will continue to optimize the system and increase the number of participating organizations and subscribers. We will also provide resources and enhance the efficiency of the donation process in line with plans designed by social welfare organizations in the hope of transforming the mobile donation platform into one of the main donation channels for these organizations.

5180 Donation Results

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Donated Amount (10,000 NTD)	289.94	420.37	701.26	784.68	722.00	779.09	745.20	861.50	955.55
Number of Donations	7,177	11,448	16,286	17,662	16,391	15,557	15,605	19,815	20,689

myfone Academy - Free in-store digital classes

myfone Academy conducted nearly 300 consumer courses at 30 outlets around Taiwan and serviced nearly 1,000 consumers in 2014.

The development of mobile digital living and popularity of mobile devices mean that consumers now want to learn more about how to use smart devices. Through customers asking in stores about how to use their mobile phones, TWM became aware of the demand for this service. We began organizing free regular classes on using mobile phones and Internet services in stores to help answer customer questions about all the different mobile phones.

The myfone Academy starts with basic courses like "Getting Started with iPhone" and "Getting Started with Android" then continues with instruction on advanced lifestyle apps (Cloud Secrets, Notepad Hints, Best Travel Apps etc.) and essential value-added services for mobile living (myVideo, myMusic, mySports, M+ Messenger). The diverse range of 3C classes on offer help satisfy different requirements such as "building your own personal micro-theater" and "music for digital living". These help users better appreciate the applications of the digital lifestyle.

Apart from purchasing a smart phone to makes life more convenient, our subscribers can also attend various 3C classes through myfone Academy in myfone stores as well. Mobile communication services are therefore no longer limited to just voice communication but can also include different digital innovation services such as reading, listening to music and watching movies online. These make life a richer and more convenient experience.

Digital Teaching Materials

TWM has been releasing digital teaching materials since 2009 covering a wide variety of fields including actual concert performances, healthy Internet use by teenagers and children, creation of digital images, digital music composition, environmental education, and humanistic concern. We actively encourage our partners and musicians to provide usage rights for welfare purposes and even strive to obtain expensive licenses from foreign music companies. TWM converts these video clips into limited edition digital teaching materials with rich educational value and provides them to schools, libraries, and other cultural and educational units free of charge.

When instructors prepare for classes or create teaching materials, they often search for relevant educational resources via Internet search engines. However, these materials are not always suitable, the quality of contents is often not uniform, and instructors face the problem of copyright protection. To make up for these deficiencies TWM creates education-oriented digital teaching materials that differ from generic audiovisual materials on the market in many respects. Rich video contents are accompanied by professionally designed manuals. Experts were invited to provide easily understandable explanations for profound theories, design lesson plans and worksheets tailored to teaching and study needs. Step-by-step guided instruction is provided for each topic. These study and teaching materials are extremely valuable for children during their growth and development process.

As of the end of 2014, a total of 27 course packages have been published with more than 30,717 copies donated so far to popular acclaim. Please visit the "Taiwan Mobile Foundation" for information on how to apply for free digital teaching materials.

Charity Ads for LED Wall outside of myfone store

The Songshan Cultural Park is a new recreational venue in Taipei City. Apart from its cultural creativity industry tenants, people of all ages are drawn by the mall and other park facilities as well. The LED wall outside of myfone store in particular is the most effective and most high-profile digital media within the park. We offer slots for charity events to raise public awareness about important social welfare issues.

· Achievements:

A total of 7 slots were provided in 2014, the equivalent of 2.24 million NTD in sponsorships.

Slot	Content	Exposure
1	NFC Smart Tracking Wristband Launch Press Conference	4 straight hours
2	Fubon Art Foundation - Spring courses of the Fubon Lectures	In rotation for 1 month
3	Labor Insurance Bureau (Labor insurance for part-time workers)	In rotation for 1 month
4	Fubon Art Foundation: Wave 1 of advertising for 2014 Very Fun Park	2 straight days In rotation for 2 weeks
5	Fubon Art Foundation: Wave 2 of advertising for 2014 Very Fun Park	1 full day In rotation for 2 weeks
6	Fubon Art Foundation: Wave 3 of advertising for 2014 Very Fun Park	1 full day In rotation for 3 weeks
7	Council of Hakka Affairs - Gourmet Food Campaign	In rotation for 1 month

5.3 Supporting Local Culture

Mazu cloud computing services for national participation in a cultural festival

As leading brand in domestic digital living, TWM actively connects with local culture in the spirit of community engagement and CSR. TWM's "Computing Cloud Service" program for Festival of Mazu gave Mazu's believers the latest position of the parade and live broadcasts. For believers who are elderly and mobility-impaired this helped them participate in their local culture. In an exclusive partnership with Jenn Lann Temple during the Festival of Mazu parade covering over 300 km and attracts more than a million local and overseas visitors, the "Computing Cloud" service developed and operated by TWM provides real-time GPS tracking so followers who can't take part in the parade can stay up to date on Dajia Mazu through their computer or smart phone app. For followers in the parade, they can use the website to convenient access all the Festival of Mazu information including weather updates, dining information and sanitary facilities. The 2014 Festival of Mazu was viewed over 550,000 times through the event website and the app was downloaded more than 50,000 times.

909 Mobile Audio Guides

TWM pioneered the Audio Guide service in 2004 by using mobile communication resources to offer audio guides on mobile phones in support of arts and culture. A digital database of exhibitions transforms mobiles into personal tour guides that introduce the general public to the exciting exhibition content.

We successively released various art, culture, community, history, relic, and biology related audio guide services in cooperation with large exhibition venues including Juming Museum, the National Museum of Marine Biology and Aquarium in Pingtung, and the Yingge Ceramics Museum in Taiwan. Due to the large number international tourists in Beitou, "English and Japanese Audio Guide Service" was launched at the end of September 2013, for 41 handpicked locations. This makes it easy for international tourists to enjoy a trip to Beitou in a relaxed fashion.

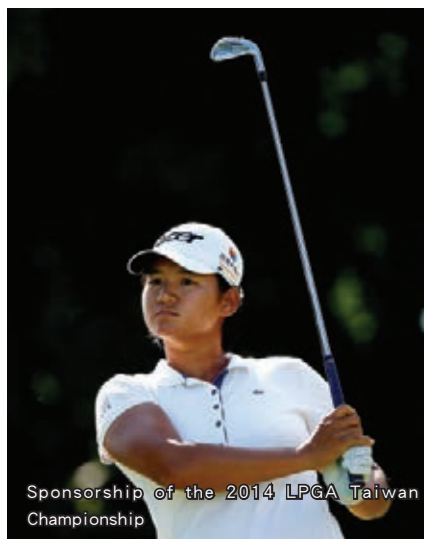
We also continue to cooperate with large-scale international special exhibitions and have provided various art, culture, community, history, relic, or biology related audio guide services for a total of 39 exhibitions in 19 national exhibition venues. Original authors and aesthetics masters such as Chiang Hsun and Ju Ming, the author and artist Lei Xiang, and his daughter, the Golden Melody/Golden Horse music producer Summer Lei were invited for every exhibition to personally provide manuscripts and recording services to bring the general public closer to works of art with the aid of the voices and perspectives of experts. The mobile phone audio guide system has been used by more than 270,000 people and listened to for more than 32,000 hours between 2004 and 2014.

909 Mobile Audio Guide Service Usage between 2004 and 2014

Year	Times used	Hours
2004	32,119	990.2
2005	19,016	408.7
2006	2,256	387.7
2007	3,679	766.4
2008	62,697	11,527.1
2009	27,223	2,146.8
2010	14,545	3,556.2
2011	27,513	5,396.7
2012	23,110	5,323.8
2013	23,317	964.5
2014	37,671	1051.5
Total	273,146	32,519.6



Chairman Richard M. Tsai with the Chan Yung-jan and Chan Hao-ching, the golden sisters of ladies doubles in tennis



Sponsorship of the 2014 LPGA Taiwan Championship

Supporting Taiwanese Sports

TWM strives to provide consumers with a simple, pleasant and user-friendly mobile lifestyle and to delivering its brand spirit, "Accompanying our Customers in Their Daily Lives," through various sporting event. Since 2003 more than 450 million NTD have been spent on sports sponsorship. In 2014, we began sponsoring Chan Yung-jan and Chan Hao-ching, the golden sisters of ladies doubles in tennis, and have been a long-time sponsor of Yani Tseng, Taiwan's top golfer. We consider it our mission to boost Taiwan's international profile.

TWM is also a premium sponsor for the "2014 Fubon LPGA Taiwan Championship" to inject positive energy into the fast-growing sport of women's golf. We also hope that the hosting of international events will enhance the golf environment in Taiwan and allow more Taiwanese golfers to demonstrate their prowess and share in the glory on the international stage!

Apart from golf, we also sponsored the "Taipei-Fubon Marathon" for six straight years to inject energy and vitality into the city. TWM will continue to support the sports in the future, cultivate athletes and encourage everyone pick up a sport. This will in turn promote a health population.



Taiwan Mobile Sun Moon Lake Concert "Our Future is no Dream"

Outdoor Concert

Performance arts represent the most prominent expression of cultural value and creativity in the cultural and creative industry, while classical music is the most sophisticated performance art with the greatest appeal. Due to the promotion of cultural and creative industries and the vigorous development of performance arts in Taiwan in recent years, a large number of outstanding music groups have formed. However, the general public has the stereotype that classical music is hard to approach because of high ticket prices and the fact that it is a sublime art form. In addition, most cultural and economic resources are concentrated in metropolitan areas and sophisticated classical music concerts are usually only held in metropolitan areas. This makes it difficult to popularize and promote classical music.

To promote classical concerts and supreme art and cultural activities which give the general public the chance to experience the beauty of classical music without any budget or age restrictions and in a relaxed fashion, TWM started organizing large-scale outdoor classical concerts in 2005 and invited national and international music masters and orchestras for free outdoor performances all over Taiwan. We bring brilliant musicians, orchestras, and sophisticated classical music to every corner of Taiwan from tribal communities, villages, famous scenic sites to large cities. These activities can cultivate a taste for music and enhance the artistic refinement of the general public all over Taiwan.



"TWM Concert" fan group: <https://www.facebook.com/TWMconcert>

as well as nurture outstanding performance ensembles to strengthen the soft skills of all citizens.

After the consideration of the role and positioning of the enterprise in the promotion of art and culture activities, we decided to transcend the passive role of traditional sponsors and started to actively develop creative concepts. We give full play to the professionalism and integrative abilities of the enterprise in the selection of performance locations, invitation of ensembles, program design and planning, and marketing and promotion to establish an ideal connection between the enterprise, performance ensembles, the general public, and locations through the music.

In 2011, we started to explore extended values and additional possibilities besides the promotion of art and culture by adding public welfare elements. In addition to the invitation of NPOs to the concerts for an appreciation of the performances, we meticulously designed soft promotions and introductions of NPOs that fit the main theme of the concerts during the warm up, intermission, and conclusion of the concerts. We also made use of the 5180 Mobile Donation Platform which was established through the company's core technologies to provide a stress-free and convenient donation channel for the general public. We successfully generated fundraising and promotion effects for NPOs setting a brand-new example for a successful combination of public welfare and art and culture activities promoted by enterprises. This has led to a diversification of the social contributions of outdoor concerts. A total of 2,029,769 NTD has been raised for 15 NPOs through a combination of public welfare and art and cultural activities since 2011.

We organized three theme concerts in 2014: The "Alishan Sunrise Impression Concert" that challenges high altitudes and low temperatures, the "Our Future is no Dream" Sun Moon Lake concert complemented by spectacular fireworks, and "To Greatness", the first concert to be held in the newly completed Taichung National Opera House which has been acclaimed as one of the new 9 landmarks of the world. These expanded the general public's horizons and experiences through their diverse aspects. A total of 41 large-scale concerts have been organized all over Taiwan since 2005 drawing audiences of over 550,000 music lovers.



Taiwan Mobile Hu Nai-Yuan Concert "To Greatness" was the first classical concert to be held at the Taichung National Opera House

List of concerts in 2014

Date	Theme	Location	Performance ensembles	NPOs
January 1, 2014	Alishan Sunrise Impression TWM Concert	Sunrise Field, Duigayue, Alishan Chiayi County	Philharmonia Moments Musicaux Conductor: Paul Chiang Soprano: Gigi Chan Dance Works Philharmonia Moments Women Ladies Chorus	
October 25, 2014	Taiwan Mobile Sun Moon Lake Concert "Our Future is no Dream"	Sun Moon Lake Shuishe Zhongxing Parking Lot	Philharmonia Moments Musicaux Conductor/ Jing-Bo Jiang Tenor/ Wang Dian Soprano/ Lin Lin-hui NTU Choir	Jing Chuan Child Safety Foundation
December 7, 2014	Taiwan Mobile Concert "To Greatness"	Taichung National Opera House	Hu Nai-yuan and the Taiwan Connection Chamber Orchestra	Angel Heart Family Social Welfare Foundation

Artist	Exhibition Summary
Tim Budden	<p>Tim Budden likes leaves and butterflies because he finds the shapes and colors of leaves to be very interesting while butterflies are a beautiful, fragile yet very much alive creature. For "TWM Digital Life" he created an all-new tailor-made artwork that gave traditional paper cutouts a new dimension. The use of acrylic paints as well as the interplay of light and shadow enriched the visual effect of the cutouts. Through changes in light and shadow as well as areas deliberately left blank and the 3D effect of acrylic, the six fluttering leaves seem to be floating in the history of Songshan Tobacco Factory. The butterfly hidden within the installation not only connects with the seasons but also Tim Budden's influence on Taiwanese and Chinese paper cut-outs in a way that frees this art from traditional boundaries.</p>
CANLOVE	<p>"Every can contains a surprise. We want to show the world that if there is love, then there is beauty in everything."</p> <p>Spray paint can be used for creativity or for destruction. CANLOVE, the creation of two American artists DJ Neff and Paul Ramirez, saw endless possibilities in waste cans of spray paint. How did CANLOVE come to Taiwan? The international art organization "POW! WOW!" invited 40 local and international artists to create wall paintings in Taipei. The 1,000 spray cans they left behind was exactly what CANLOVE was looking for. They turned cold, hard metal cans into organic elements such as flowers, rain and beautiful colors that convey the artists' passion of creativity and love of nature.</p>
Tseng Wei-hao	<p>We might not have noticed it, but every conversation and every sound has its own distinctive frequency. When people talk to each other or interact with the environment, these frequencies pass through them as well. The artist sought to amplify this experience and let the audience feel this kind of penetration.</p> <p>The black blocks in the installation seem like silhouettes of city buildings but they are actually the frequency diagram for the recorded voice of the artist himself. You can also imagine it to be sounds emitted by the city with the long bars each following their own rhythm. Those of us who live and move through the city are part of the city's soundscape and also its listener.</p> <p>The artist used the electrically conductive nature of the human body to play the sounds through connections with the body. Sight, hearing and touch then feels like a cityscape made up of sound entering the body.</p>



Caring for Foreigners

Foreign workers gather for the carnival to relieve their homesickness

Foreign workers in Taiwan need appropriate leisure activities, to meet with others from the same country and to celebrate holidays together. In 2014, TWM set aside 3 million NTD to organize the Mid-Autumn concert for Vietnamese workers during the Mid-Autumn Festival, and to host the 2014 Winter Festival Indonesian Concert after Ramadan. The two large-scale concerts invited super stars from their home countries to sing on stage and the stars, appearing one after another, brought the excitement to fever pitch. They also sang along with foreign workers in the audience to help them get over their homesickness and enjoy the holidays so they can work happily in Taiwan.

• 2014 Results:

- ◇ 4,000 people attended the Vietnam concert (2014 was the first time that a Vietnam concert was held).
- ◇ 15,000 people attended the Indonesia concert (the Indonesia concert has been held for more than 3 years and audience numbers have grown by 1,000 ~ 2,000 people each year).

5.4 Contributing to Society through Core Competencies

Universal service

Since 2009, our subsidiary Taiwan Fixed Network and the TWM Foundation have provided broadband data services for Shanmei, Chashan, and Shizi Village in the Ali Mountain area as well as Jingying Village in Nantou County and Yixing Village in Hsinchu County under the guidance of the National Communications Commission in line with the policy of providing broadband access to all villages and tribal communities. The goal is to enable tribal communities in remote areas to get in sync with the world, obtain firsthand information, and engage in e-commerce via the Internet.

In view of the adverse local weather conditions and topographical barriers, fiber-optic cables and very-high-bit-rate digital subscriber lines (VDSL) were employed to construct a roughly 15.5km long fiber-optic line and guarantee a stable transmission quality and premium services with the goal of improving the environment for external communications in those areas and increasing the broadband penetration rate. Upon completion of the hardware installations, the villagers will be entitled to free Internet access (exemption from Internet and circuit charges) for the first year and a 50% discount for the second year which helps reduced the burden to villagers generated by broadband Internet charges.

In addition, the company promoted broadband speed upgrades in remote areas in 2013 in an active response to the government policy of bridging the digital divide between city and country, and to provide citizens in remote areas with stable and fast broadband Internet services as well as increase the broadband Internet speed in the Shanmei, Chashan, and Yixing villages in the Ali Mountain area and Hsinchu County. In the context of the speed upgrade operations, cables with an insufficient number of cores as well as facilities and plates were replaced and the Internet connection speed was upgraded from 12Mbps to 100Mbps. The operational maintenance fees for universal services amounted to 2,003,572 NTD in 2014.

Video conferencing system

Beneficiaries of the charity groups are spread all over Taiwan. Social workers often faced travel fatigue and exorbitant transportation costs because of educational training courses and communication meetings. By December 31, 2014, the TWM Foundation provided video-conferencing services and training to 13 charity groups in 82 locations. We have so far helped the charity groups save more than 3.75 million NTD in transportation costs, reduced carbon emissions by 105 tons and provided training through video-conferencing to more than 18,000 people.

Mobile therapy

The TWM Foundation has been sponsoring the costs of mobile medical vehicles in remote areas as well as mobile Internet transmission equipment and network interface cards incurred by the Emergency Care Program for Isolated Senior Citizens of the Department of Social Welfare, Taipei City and the Taitung Christian Hospital. Telecommunication technology allows real-time communication and transmission in case of emergencies and provides much needed assistance for disadvantaged groups.

Care for isolated senior citizens

Following the aging of Taiwanese society and the population exodus in certain areas (especially obvious in remote areas of Hualien and Taitung), a large number of senior aborigines people have no one to depend on or care for them and live in isolation. Since 2008, TWM has been dispatching over 100 corporate volunteers to these remote areas in Hualien. These volunteers provide much needed personal company and care for these senior citizens as well as material support.





They give isolated seniors a chance to experience the warmth of human company.

Over the past seven years, we have been overcoming geological and age barriers in our attempt to build an emotional bridge between our volunteers and these isolated elders in Hualien who have been able to receive dedicated care. Year after year, they exhort themselves to maintain their physical and mental health in the hope of another encounter in the future, while the volunteers earn precious, once-in-a-lifetime service experiences. This is a concrete example of "Extending the respect and care for one's own aged parents to other seniors".

In January 2014, a hundred corporate volunteers took part in the 7th New Year's banquet. They not only warmed the hearts of senior citizens living alone but also arranged for celebrity impressions of classic songs by Feng Fei-fei, Teresa Teng and Fei Yu-ching in the style of the classic hit TV show "Super Stars". The sing-along allowed the seniors to relive the good times. In January 2015, entertainers such as King of Chacha were invited to recreate the popular TV show "Rock Lion Dancing". The dancing made the seniors laugh and also helped them relive their youth through the upbeat song-list.

Care for patients suffering from depression

Depression is a major disease which is hard to detect and cure. According to a report entitled "Facing the Social and Economic Burden generated by Depression" (2009) released by the Taiwan Association Against Depression, 3% of the world population suffers from depression. As for Taiwan, a survey of the Department of Health reveals that citizens over 15 years of age in Taiwan who suffer from moderate depression account for around 8.9% of the total population. In addition, this survey also points out that 87% of all suicide victims have been diagnosed with depression before their deaths. This clearly indicates that depression is a social phenomenon and health problem in modern society that we can't afford to ignore.

In 2006, TWM started to cooperate with Canlove Social Service Association, a professional organization which has shown concern for depression patients over a long time and provided the organization with fixed network and mobile digital resources by utilizing the company's core technologies. We assisted the Canlove Association in establishing a superior communication network to ensure high-quality hardware resources for the provision of guidance and care for depression patients. Since 2009, the company has held general polls for "The 10 most caring and heartwarming doctors specializing in depression" and designed maps listing the best doctors for depression disorders all over the country to encourage depression patients to seek medical treatment, reduce the high prevalence of depression, and increase the treatment rate in Taiwan. The goal is to encourage positive communication between doctors and patients and raise the medical awareness and treatment rate of depression patients. In 2014, TWM assisted Canlove Association in the provision of services for 42,000 depression patients. A total of 5 polls for the best doctors who specialize in depression have been held so far. A total of 39,476 Internet users participated in these polls.

Digital learning centers

According to the 2014 Report on the Current State of Digital Opportunities and Development in Taiwan, released by the Research, Development, and Evaluation Commission of the Executive Yuan (RDEC) (Note 1), the Internet penetration rate

in Taiwan has reached 78% and the difference between Level 1 and Level 5 digital development areas amounts to 24.5%. The Survey on the Digital Opportunities of Citizens aged 50 and above conducted by RDEC in December 2013 indicates that 43% of this age group are Internet users. The 2012 Report on the Current State of Digital Opportunities and Development among the Physically and Mentally Challenged (Note 2) reveals that only 26.3% of this group use the Internet. In an effort to improve on this state of affairs, we have utilized our core telecommunication technologies and integrated our mobile, fixed network, and cable TV resources to establish a digital learning center for remote areas and disadvantaged groups.

We rely on written data, field investigations, and preparatory courses to gain a full understanding of actual demands and provide computer hardware facilities and maintenance, and broadband Internet services to avoid waste and redundancy of resources. We also plan courses and activities that are tailored to the needs of community members in cooperation with local NPOs to make optimal use of mutual resources and increase the number of digital opportunities for community members.

The digital divide is due to not only a lack of hardware but also a shortage of qualified instructors. We assist and guide local organizations in the use of e-learning resources so they can achieve independence and learn how to apply digital technology. They can then help other people instead. In addition, we employ IP-cameras to strengthen contacts with local organizations in order to gain a firm grasp on actual usage conditions and be able to provide immediate assistance. This also allows mutual observation and acquisition of valuable experiences by digital learning centers.

A total of 17 digital learning centers set up in cooperation with local organizations have been in continuous operation since 2007. These include Su-ao in Yilan; Danshui, Wanhua, the First Social Welfare Foundation (First Development Center of First Welfare Foundation, Ai Zhi Development Center, Heng Ai Development Center) and Syin-Lu Social Welfare Foundation in Taipei; the Development Center for Spinal Cord Injured in Taoyuan; Carpenter's House Caring Center in Zhongli; Puli in Nantou; Dongshi in Chiayi; Fengshan, Linyuan, Niaoosong and Dashu in Kaohsiung; Shoufeng and Yuli in Taitung;

as well as Daren and Taimali in Hualien. The partnership between business and local communities provides broadband Internet, computer equipment and online multimedia teaching resources on computer basics, network applications, social networking applications, multimedia production, word processing and graphics editing, online multimedia, and e-commerce. The goal is to provide disadvantaged groups including impoverished children, foreign spouses, seniors, as well as children and adults with multiple disabilities with an opportunity to improve their skills and connect with the world through computers and the Internet.

Note 1 Merged into the National Development Commission of the Executive Yuan in January, 2014

Note 2 The latest version of the Report on Digital Opportunities for the Handicapped published by the Research, Development and Evaluation Commission dates back to December, 2012.

5.5 Cultivation of Cultural and Creativity Talent

myfone Mobile Composition Award

In 2007, TWM Foundation created the myfone Mobile Composition Awards in response to the low level of Chinese proficiency in Taiwan, the shrinking market for music, and the lack of outstanding creative talent with the goal of furthering creativity in the field of digital technology in Taiwan and encouraging the general public to use cell phones which are an indispensable part of their daily lives to be creative anytime and anywhere. Since the initiation of the Mobile Composition Awards eight years ago, the number of submissions and the number of participants in related seminars and the voting process have continued to reach new highs, establishing a new benchmark for submitted artistic and creative works in Taiwan. This clearly shows that myfone Mobile Composition Awards have gained great prestige and reputation in a relatively short period of time. The goal of the award is to identify creative talent in written, music, image and video content by providing them with a creative platform. This will enhance our soft power as a nation and the connection between digital content and cultural creativity.

The popularity of mobile tools means mobile creativity has become the new trend as well. "myfone Mobile Composition Award" continues to adjust its competition categories based on developments in technology and the latest tools. Following the vigorous development of video platforms in recent years, the diversification of audiovisual creations on mobile devices has turned into a general trend. The "Micro Movie" category was therefore added since 2012 in response to the popularity of multimedia and resurgence in movies. "Inspiration" was chosen as the theme of the category and the top prize was set at 300,000 NTD. In 2013, "Change" was set as theme to encourage everyone to venture beyond their limits and start by changing themselves! The top prize was increased to 1 million NTD in 2014 and a special prize of 500,000 NTD for "Best Mobile Movie" was



The 8th myfone Mobile Composition Award presentation ceremony in 2014

added to encourage the general public to use their mobile devices for their submitted movie creations. A total of 516 submissions have been received in the "Micro Movie" category over the past three years. In addition, a special quota is reserved for students who are encouraged to join the ranks of movie makers. The micro movie category of the myfone Mobile Composition Awards has provided a great impetus to the cultivation of movie-making talent. In 2015, the "Micro Movie" category was renamed the "Micro Movie Festival" to continue focusing on multimedia composition and mobile multimedia. Separate micro movie and mobile video categories have been created and themes will be set to give composers focus.

Cartoon icons have become all the rage thanks to the popularity of M+ Messenger and Line apps. Be it emoticons, characters, animals or cartoons, a tiny icon can often say

it all, touch the heart and overcome differences in race and culture. The 8th awards in 2014 added the "SMS" and "Original Icon" categories to offer the public a new composition format and mindset. The first "SMS" category received 4,578 entries while the "Original Icon" category was a tremendous success with 1,168 entries. The winning icon entries will be listed on M+ Messenger so they can live on through the mobile world and spread across the global through instant messaging software in a demonstration of Taiwan's cultural soft power.

This philosophy earned positive responses from many high-caliber judges. The great masters Guang-Zhong Yu, Yu-Hui Liao, Hong-Zhi Zhan, Ping Lu, and Wen-Hua Wang served as judges for the SMS category, while Zi-Hong Chen, Zhi-Jian Hou, and Summer Lei evaluated the entries of the ringtone category and Xiao Ye, Leon Dai, and Li-Zhou



The winners of first prize for the 8th myfone Mobile Composition Award

Yang selected the winners in the micro movie category. The newly added emoticons category invited Ron Chu, Aaron Nieh and FJU Monkey as the judges. All judges agreed that the quality of the submitted work is gradually increasing.

Music producer Zi-Hong Chen, participating for the first time, praised the entries for their high standard. The overall quality of 2014 was so high that after he received the 100 ringtones chosen for the finals, he listened to them all in one sitting and was very impressed by the competitors' creativity and composition skills. He has decided to sign up the top-place finishers this year on exclusive competitors contracts with his recording company. This will provide the competitors with a similar transition to the industry and help them go further in the music world. For micro movies, judge Leon Dai said that this year's entries have finally escape from the "me too" mentality and now have their own central theme. The high level of sophistication and execution of some entries reflected the much higher standards.

2014 myfone Mobile Composition Seminars

Date	Topic	Speaker	Location	Attendance
4/23 (Wed)	Zi-Hong Chen	The theory and reality of music composition	Department of Music, National Sun Yat-sen University	80
5/14 (Wed)	Angus Kuo	Painting makes me happy! More happy than making money!	Fu-Hsin Trade and Arts School	300
5/22 (Thu)	Li-Zhou Yang	The Power of Reality	College of Journalism and Communication, Shih Hsin University	40
5/28 (Thu)	FJU Monkey	"Artwork can be designed, but not life" - FJU Monkey's Funky Life	Department of Design, National Taiwan Normal University	40
6/4 (Wed)	Lu Ping	The Link between Interest and Creativity	Ankang Senior High School	750
6/5 (Thu)	Li-chou Yang	The Power of Reality	Department of Film & TV, I-Shou University	150
6/20 (Fri)	Wen-shan Fan	Creativity Lifestyle - Search for Self	Wenhua Senior High School	1,200
				2,560 in total

Statistics on participation in the myfone Mobile Composition Awards

		2007	2008	2009	2010	2011	2012	2013	2014	Cumulative Total
Entries	SMS	5,232	4,745	22,512	39,494	48,279	44,497	40,562	25,859	231,180
	Ringtone	138	331	424	427	660	470	425	577	3,452
	Micro Movie	-	-	-	-	-	201	100	215	516
	Icon	-	-	-	-	-	-	-	1,168	1,168
Total Entries		5,370	5,076	22,936	39,921	48,939	45,168	41,087	27,819	236,316
Votes for popularity award		-	-	49,674	54,370	65,260	159,399	123,530	147,235	599,468

Influence 1: National participation, quality and quantity in entries, exponential growth in influence

- "myfone Mobile Composition Award" has been hosted eight times so far and has continued to reach new highs in terms of entries, seminar attendance and votes received. It is now the biggest art and cultural creativity competition in terms of entries received in Taiwan. This shows that "myfone Mobile Composition Award" has established its reputation and status while also inspiring a new trend in mobile composition. The competitions held between 2007 and 2014 have attracted a total of 231,175 SMS, 3,454 ringtones, 516 micro movies and 1,168 icons. This brings the total number of entries to 236,313 and represents an important indicator for art and cultural competitions in Taiwan.

- Apart from the increase in competitors, the range of participants is wide as well. Winners in the 8th "myfone Mobile Composition Award" ranged from 17 to 60 years old. The age range of competitors was even wider, with the youngest being just 10 and the oldest being 76. Youths were a major group with those between 16 ~ 20 accounting for 30.16%. The largest group were those under 30 years old and accounted for 71.05% of entrants. Diversity of winners: The winners came from all walks of life and provided a detailed look at the voice of the average citizen. Their entries reflected the Taiwanese society and a century of development! The rise of the Internet means the "myfone Mobile Composition Award" has made a large impact online. The online voting on the finalists each year has garnered much attention from the social media. Winners from past years can be found on www.myfone.org.tw under the "History" section (QR Code).

Influence 2: The entries reflect contemporary social consciousness and represent a

projection of the new age

- The works reflect the latest issues: The entries have continued to build up in terms of quality and quantity. The "myfone Mobile Composition Award" is now no longer a creative competition on the beauty of literature, music, imagery or videos. Instead, it is a condensation and record of contemporary life and society. The entries each year reflect contemporary life of that year.
- Student activists, national education, generation gap and mobile phone addiction have all become inspirations for creative content: The entries in the 8th competition reflected the Sunflower Movement that ignited Taiwan at the start of 2014. It also looked at lifestyle issues, such as 12-year national education, express love, workplace ecology and the generation gap. In the past, most of the entries revolved around extra-marital affairs. In 2014, all categories featured a variety of content inspired by mobile phone usage. Facebook's online communities have now become a way of applying popular pressure individual behavior without anyone really noticing it. All of the entries nevertheless highlighted the "Mobile Phone Addiction" afflicting people today. The poet Guang-Zhong Yu once stated that SMS literature expresses the thought and aspirations of the general public in a concise and ingenious fashion similar to the Book of Odes which covers the customs of 15 different states and is therefore an ideal reference for rulers, the research of social problems, and parents and teachers.

Influence 3: Creative platform for cultivating talent

Myfone Mobile Composition Awards encourages the use of the cell phone as a new creative tool to reflect contemporary needs and technological changes. This groundbreaking event regards text messages as a new literary style, ringtones as a new music format, and micro movies as a response to new demands in the field of mobile videos and therefore proposes the concept of a mobile composition contest to expand the influence of the event and provide a stage for public exposure, finding clients and incubation.

1. TWM's corporate resources are leveraged to list the winning works on the Group's related platforms (SMS Expert, Call Ringtone, M+ Messenger) for public download.
2. Funding winning teams to produce multimedia for charities: Commissions for the shooting of charity micro movies and theme songs were offered through the Foundation's i-Infinity project. Proposals were limited to past winners of merit or better awards in the myfone Mobile Composition Award with TWM Foundation arranging for the composers to produce short fund-raising videos or theme songs for NPOs. A total of 14 micro movies and 3 theme songs were produced in 2014.
3. Physical film exhibitions and online publication: The winning works from "myfone Mobile Composition Award" were provided with a variety of channels for publication

through digital convergence value-added broadcasting services such as "Kbro", "TWM Cable" and "myVideo". Free micro movie exhibition held at Eslite Songshan that attracted crowds from the nearby shopping mall.

4. The winning teams in the ringtone category received record company contracts and commissions: The top 3 winners in the ringtone category of "myfone Mobile Composition Awards" were offered exclusive music contracts with the Enjoy Music record company. They were also invited by TWM Foundation to submit proposals for charity theme songs. This gave music composers a different way of making contacts in the industry.

To encourage interactions between judges and composers, the tradition of organizing a face-to-face gathering was held for the 3rd consecutive year upon conclusion of the award ceremony. This gathering of over 100 participants turned the myfone Mobile Composition Awards into an interaction platform for creators and gave the judges an opportunity to answer questions of the contestants regarding individual entries providing an opportunity for bidirectional close interactions.

The "myfone Mobile Composition Award" hosted by TWM uses handheld devices as a new creative tool in response to changing times and technologies. It encourages people with talent to become involved in creative endeavors and fosters quality cultural digital content. This will promote the cultivation of digital content and creative talent, forming a positive feedback loop for core operations.

Mobile Micro Movie Creation Camp for Teenagers

The maturity of the Internet and growing popularity mobile devices signal the advent of a competitive age in which videos are used to tell stories. In other words, it is an age characterized by the power of the image. The TWM Foundation continues to promote the "Mobile Micro Movie Creation Camp for Teenagers" in cooperation with Public Television Service Taiwan to cultivate future multimedia professionals. Free two-day camps have been held in northern, central, southern and eastern Taiwan for six consecutive years so far. The themes included: "Show Taiwan on the Mobile Phone" (2009), "My Trend Dictionary" (2010), "Mobile Ticker" (2011), "After-School Skies" (2012), "Little Highlights in Life" (2013), "My Daydream Adventure" (2014) and "No School Today" (2015). The storytelling ability of teenagers is cultivated through professional guidance to enhance

their mastery of images and competitiveness.

High-end cell phones with filming and recording functions are provided for the camps. The organizers hire renowned directors who provide guidance and input for the initial image concepts and creative techniques and discuss movie outlines and scripts. Foremost directors such as Yu-Xian Lin ("Jump Ashin!") and Jia-Jun Huang ("Rock me to the Moon") have been invited to provide personal guidance and supervision of the production process by utilizing industry resources. The directors guide the creative teams in the joint creation of 5 min long movie clips. A strong cast of instructors were invited for 2014 as well including director Tommy Yu (winner of the 42nd Golden Horse Award for best short film), director Monster Chang (member of the international animation artist association ASIFA and AWG children's animation workshop), director Huang Cheng-yuan (winner of numerous Government Information Office awards for best script) and other talented creative artists in Taiwan.

Participants not only had the opportunity to practice their shooting techniques and skills but also gained a deeper understanding of accurate legal concepts. This not only enhanced teenagers' ability to express themselves through imagery but also instilled in them the proper values regarding media, information and intellectual property. The students not only learned about image creation during the 2-day event, but more important, became artists capable of sharing images on social values.

Following the evolution of technology, Internet speeds have increased from 3G to 4G, storage on hard drives has been replaced by cloud storage, while handheld filming equipment is now mobile and wearable. TWM promotes image education in sync with the times. Water-resistant cell phones were purchased in 2013 and GOPRO wearable mobile devices were introduced in the constant pursuit of perfection for the camp courses in 2014. The works completed by teenagers during the camp are screened via different channels and platforms or presented at national or international film festivals. The positive feedback received at these events prompted these teenagers to dedicate themselves to the creation of digital contents. Image education thereby produced a positive impact and dissemination effect in this friendly environment.

Students from previous years not only shot amazing works during the camp but also continued to create as a team to apply the power of imagery to all aspects of life. For example: The "New Journey to Danshui" filmed by the Huilin After-School Mentoring for Disadvantaged Children team was nominated for the "Taiwan Award - Taiwan



Kids' Production" at the 4th International Children's TV and Film Festival; the "No. 73 Dashujiao" that was shot as part of a series by the Taipei Beitou Elementary School team was recognized at an international film festival; the Taichung Longgang Elementary School continued to work on the 10-minute "Crab Climbing the Tower" video after the camp while the school principal and teachers also introduced imagery education to all 5th and 6th grade students; many of the students went on to join imagery-related clubs in high school or furthering their studies by enrolling in mass media and visual design-related programs.

To enhance imagery diversity in students, the advanced class was introduced in 2012. A course on new media is developed every year to further upgrade the digital editing skills of the students. Students from past camps were also invited to become camp counselors so they can become the seeds of future creative camps and pass their experience to their juniors. In 2014, we partnered with Dolby Sound Studio of Central Pictures to have the master composers Frank Cheng and Fei-wu Chen honed students' digital skills by guiding them through the process of re-dubbing, applying sound effects and sound engineering for films such as "Zone Pro Site", "Black & White: The Dawn of Assault" and "Jump Ashin!".

Between 2009 and 2014, a total of 133 mobile short films have been created over the six times that the event has been held. A total of 1,005 students from more than 395 schools



around Taiwan took part and it has become an important cradle for mobile short films in Taiwan.

5.6 Corporate volunteers

The company formulated and implemented the Corporate Volunteer Guidelines starting in 2007. We offer two days of paid leave a year for volunteer services as well as volunteer traffic allowances and insurance. The company also provides a complete volunteer training program and awards volunteer certificates. A volunteer website has been set up for exchanges and sharing of experiences to encourage employees to participate in social services, practice social work, and fulfill their social responsibility. We also provide different social service opportunities for corporate volunteers to meet the different service demands of NPOs.

Between 2006 and 2014, our people volunteered 559 times and accumulated over 18,350 service hours. The 14 volunteer activities which were organized in 2014 required a total service time of 4,515 hours. A large number of employees utilize these concrete actions to change their value systems and make active contributions to society, thereby strengthening their identification and loyalty to the corporate culture.

Volunteer service events from the past 3 years

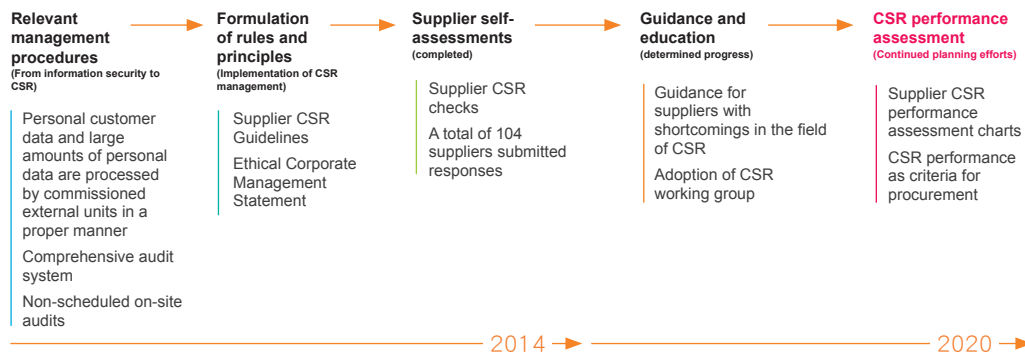
Event Date	Service Hours	Volunteers	Event Name	Event Description
2012/1/6	8	98	New Year Banquet for Senior Citizens Living Alone in Hualien	In January 2012, corporate volunteers and the Taiwan Christian Hospital jointly organized the 5th New Year’ s banquet to provide companionship to senior citizens living alone. An "Aging Experience" was also organized where young people were fitted with "aging devices" that gave them a taste of how inconvenient life is like in old age with blurred vision, stiff joints and clumsy fingers. The experience made them appreciate what they have even more as well as greater respect for their elders and parents.
2012/4/1	8	20	Earth Day	TWM has continued to promote energy conservation and reduction as part of its longstanding environmental policy. This included supporting Earth Day on April 22, 2012, with the theme of "Mobilize the Earth". The general public was invited to join in environmental protection by recycling old mobile phones to protect the Earth's resources.
2012/7/13, 9/14, 11/16	24	75	Man-made Trails (3 sessions)	To fulfill our environmental commitment, TWM partnered with the Society of Wilderness to develop the "2012 Man-made Trail Volunteer" series of activities. The building of trails by hand cultivated the seeds of corporate environmental protection volunteering and helped maintain hiking trails.
2012/9/10-9/26	8	112	Moon Cake Volunteers	13 groups of volunteers visited the Heng-Ai Development Center of the First Social Welfare Foundation and joined the children in the sheltered workshops in making moon cakes.
2013/2/1	15	103	New Year Banquet for Isolated Senior Citizens in Hualien	The "2013 Year-end Care and Concern for Impoverished Seniors" was held for the 6th consecutive year. Volunteers traveled to the Guangfu Sugar Refinery in Hualien where they visited low-income senior citizens living alone and joined them in the New Year’ s banquet and challenge games. Three senior celebrities were invited for the first time to entertain the elderly as well.
2013/5-9	32	11	Mobile Microm Movie Camp for Teenagers (4 camps)	Corporate volunteers were invited for the first time to participate in the two-day camps and spend time with teenagers aged between 13 ~ 18. They joined the students at the camp in using mobile phones to film and produce quality videos. Volunteers were specially chosen based on their enthusiasm, energy, social experience and steadfast attitude. They contributed their professional expertise in the field of consumer electronics and provided their advice. After the event, they continued to participate in interactive learning through social networks and contribute what they learned.
2013/8 -2014/1/1	8	40	TWM Concert Volunteers (4 concerts)	The volunteers supported the TWM Concert series and on 2013/12/31 traveled over-night to Alishan to help move musical instruments in sub-zero temperatures. Their efforts made the 2014 Alishan Sunrise Concert a flawless performance.
2013/11/16	8	7	myfone Mobile Composition Award Ceremony Volunteers	Supported the myfone Mobile Composition Award ceremony by using their exceptional service experience to receive guests at the ceremony.
2013/9-12	3	24	Volunteers to ensure safe Internet use by children (5 sessions)	The rise of the Internet means children around us are becoming increasingly mired in the virtual world. We partnered with Cyber Angel's Pick to visit school campuses and promote Internet safety through videos, teaching materials and fun quiz games.
2013/9/4-9/17	8	81	Moon Cake Volunteers	Separate groups visited the First Social Welfare Foundation's Heng-ai Development Center and the Eden Foundation's Taichung Sheltered Workshop to make moon cakes.
2013/9/27 2013/10/25	8	30	Man-made Trails (2 sessions)	To fulfill our commitment to the environment, TWM partnered with the Society of Wilderness again to develop the "2013 Hand-built Trail Volunteer" series of activities. Apart from repairs to the Mt. Dalunwei Trail in 2012, we also added the Cuishan Trail and Fuzhoushan Park in 2013.
2013/12/19	4	4	Wheelmap App Volunteers	Corporate volunteers and the Taiwan Access for All Association joined disabled access investigators in using the Wheelmap app developed by the TWM Foundation to examine disabled access facilities in Greater Taipei and create an accessible neighborhood for handicapped people.
2014/1/17	15	115	New Year Banquet for Isolated Senior Citizens in Hualien	TWM, Taitung Christian Hospital and A Kernel of Wheat Foundation sent volunteers to keep senior citizens living alone in Hualien company for the 7th consecutive year.
2014/4/20	4	23	Earth Day	Out of our longstanding concern for the local environment, we supported Earth Day by calling upon the general public to face the crisis facing the Earth. Everyone is encouraged to listen to the problems, make a difference and be friendly to the planet in their consumption.
2014/5/30	4	55	Dragon boat Festival Visit to Isolated Senior Citizens	TWM partnered with Huashan Foundation for the first time by visiting poor senior citizens living alone in the "Da-an District" bearing gifts and the spirit of good will for the Dragon Boat Festival. The visits meant the seniors did not spend the Dragon Boat Festival alone and could feel the love and well wishes from all.
2014/6/21	4	16	Huashan Seniors Sports Carnival	Held in partnership with the Huashan Foundation, the annual senior sports carnival encouraged seniors to come out of their homes and have a fun summer!
2014/8/18-9/4	8	95	Moon Cake Volunteers	Groups visited the First Social Welfare Foundation's Heng-ai Development Center to make moon cakes.
2014/5-9	32	15	Mobile Micro Movie Camp for Teenagers (4 camps)	Corporate volunteers were invited to participate in the two-day camps and spend time with teenagers aged between 13 ~ 18. They joined the students at the camp in using mobile phones to film and produce quality videos.
2014/9/5	4	4	Mid-Autumn Festival Visit to Seniors Living Alone	TWM partnered with Huashan Foundation to visit poor senior citizens living alone in the "Da-an District" to give out Mid-Autumn gift boxes of moon cakes.
2014/10-12	8	46	TWM Concert Volunteers (2 concerts)	Supported the TWM Concert Series. These included the Sun Moon Lake Fireworks Concert and the Hu Nai-Yuan Concert in Taichung.
2014/11/22	4	180	V-Men Charity Run	TWM and the Garden of Hope Foundation partnered to organize the 2014 V-men Charity Run against domestic violence! The event encouraged abused women to move on from their pain and suffering with the fast speeds of 4G.
2014/11/23	7	10	myfone Mobile Composition Award Ceremony Volunteers	Supported the myfone Mobile Composition Award ceremony by using their exceptional service experience to receive guests at the ceremony.

6. Supply Chain Management

Core Concept

TWM views supply chain management as a key link of corporate sustainability. We purchase network, information, and communication facilities and base station, data center, office equipment from domestic and international manufacturers on an annual basis. Large orders are placed with multiple suppliers. In addition to compliance with strict behavioral norms in its own operations, the company therefore also maximizes its impact on suppliers to guide them in their concern for CSR and environmental protection related issues. Through the promotion of sustainable development of the industry, the implementation of CSR is strengthened to spur improvements of the overall environment.

Commitment and Action



Achievements and performance

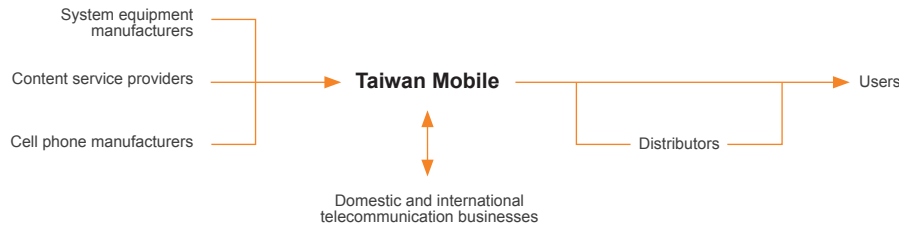
- In 2014, suppliers were invited to conduct self-assessments and a total of 104 questionnaires were collected. These data serve as a main reference for supplier management and assessment and procurement procedures.
- Suppliers are required to comply with “Taiwan Mobile CSR Guidelines for Suppliers”
- Suppliers are invited to participate in stakeholder engagement meetings for face-to-face discussions on sustainability issues
- In 2014, green procurement increased by 3.7% compared to the previous year

Vision and planning

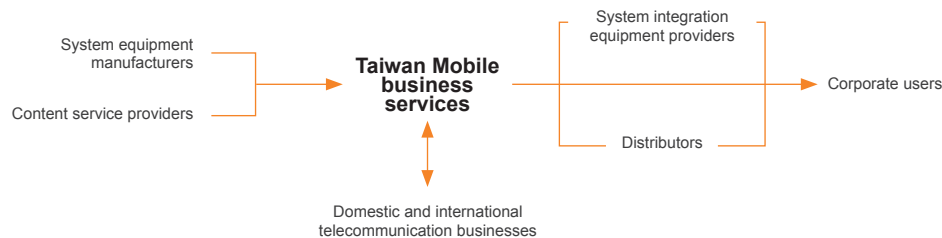
TWM will continue to carefully select suppliers in accordance with relevant rules and principles to expand and strengthen supplier management and determine their understanding and commitment to CSR through self-assessment questionnaires. In the future, we will ask even more suppliers to fill out and submit these questionnaires and provide professional guidance and educational training for suppliers with low implementation levels of CSR to encourage them to establish a solid foundation in the dimensions of economy, society, and environment and create an environment of sustainable development in cooperation with TWM.

6.1 Implementation of supplier management

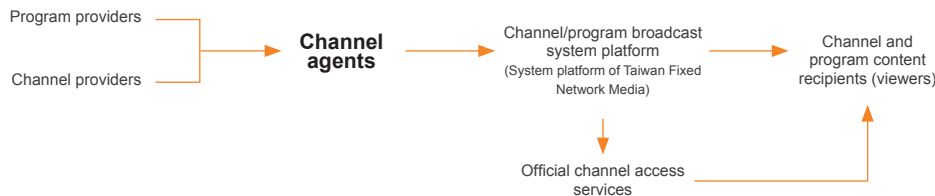
Overview of industry chains



Corporate user business group



Household user business group



Local supplier ratio

Supplier categories	Ratio
Domestic	99.57%
International	0.43%

Definition of international supplier: no business registration in Taiwan

Although telecommunication service providers are not direct producers of consumer products, they come in closest contact with consumers in the value chain. We place great emphasis on the fulfillment of CSR on the part of our supply partners and have established a comprehensive system and rules to ensure full compliance by suppliers. The company also closely monitors environmental impacts and social responsibility practices related to manufacturing processes of procured products. The impact of suppliers on company operations, the environment, and society is assessed through supplier self-assessment questionnaires and an internal review mechanism (including manufacturer operational norms and scoring regulations and procurement management guidelines) as a main reference for supplier selection.

We therefore announced the "Supplier CSR Rules" in 2011 (<https://twmepmall.taiwanmobile.com/esp/>) which stipulates that suppliers jointly fulfill their social responsibility in the four dimensions of labor rights and human rights, health and safety, environment, and ethical norms. All suppliers are required to carefully read and make a firm commitment to comply with these guidelines and jointly fulfill CSR prior to the initiation of cooperative relationships. In addition, the new manufacturers must sign a Business Integrity Statement before being accepted as qualified suppliers. CSR implementation and ethical corporate management on the part of supply partners is incorporated into standardized management.



The company has formulated the Contractor Safety, Health, and Environmental Protection Guidelines in accordance with the Labor Standards Act, the Environmental Protection Law, the Labor Safety and Health Act, and relevant mandatory rules. These guidelines have been made public on the procurement and bidding website. All engineering contractors are required to sign compliance agreements. Violations result in the termination of business relationships. These guidelines serve the purpose of guaranteeing the operation safety, safeguarding the safety and health of workers, and preventing environmental pollution. No terminations of business relationships due to violations of relevant rules and regulations occurred in 2014. We have also formulated Information Security Management Regulations for Subcontractors with the goal of reducing potential risks in the supply chain.

In order to assess environmental impacts generated by suppliers. Apart from restricting the hazardous substances used and Specific Absorption Rates (SAR) of electromagnetic waves emitted by cell phones, we also clearly stipulate which certificates suppliers must

acquire to be eligible to bid for environmental protection related procurement projects. For instance:

Manufacturers submitting bids for waste disposal must possess the following qualification: A-Grade removal or disposal licenses

In addition to the formulation of consistent compliance standards, we also strive to gain a better understanding of actual implementation conditions of CSR on the part of suppliers. CSR self-assessment questionnaires were therefore incorporated into the procurement process in 2014. We asked our major suppliers to fill out and return these questionnaires (a total of 104 questionnaires were collected) and announced the statistical results as a main reference point for the formulation of procurement strategies. We also plan to gradually incorporate CSR issues into supplier meetings and provide educational courses for suppliers with negative questionnaire results, so as to assist them in the implementation of improvements and the achievement of better results in the field of CSR. We aim to utilize the driving force of the industry to influence supplier behavior in order to promote a balanced and sustainable development of economy, society, and environment.

Strengthening measures to prevent procurement corruption

In 2013, the company detected the payment of kickbacks to employees of the procurement department. The case was reported to the relevant judicial body by the company. Five preventive measures were formulated in the wake of this case and relevant operations were implemented in 2014. Preventive measures include the signing of Business Integrity Statements by suppliers, adoption of open bidding processes for all tenders (except those of a special nature), and requirement for businesses to submit quotations via the electronic procurement system, lowering of the threshold for tender monitoring by executives, and adoption of a joint monitoring mechanism. In addition, job rotation of procurement personnel has been implemented and supplier qualifications and procurement conditions are re-inspected on an irregular basis. The main goal of these preventive measures lies in the reduction of bribery risks for the company and suppliers and strengthening of corporate ethical management.

6.2 Open and transparent procurement mechanism

The selection of suppliers is evaluated based on relevant operating procedures. Clandestine arrangements with suppliers are strictly forbidden. We have also established a transparent bidding and procurement system. All information pertaining to open bidding and procurement processes is made public. If suppliers or staff members have any

misgivings, they may voice them through the grievance and complaint channels. The Supplier Grievance Guidelines may be downloaded from the procurement section of the official website (<https://twmepmall.taiwanmobile.com/esp/>)

In addition to the contents of open tenders, information pertaining to bidding and quotation processes is also fully disclosed in the system. Upon completion of the registration procedures on the website, suppliers are able to submit bids and quotations in accordance with relevant procedures. Each tender is opened and manufacturers are selected based on specific scoring criteria. Bids submitted by suppliers are evaluated in a fair and transparent manner via a clear and rigorous systematic process. Price competition of suppliers also relies on a fair mechanism.

The Guidelines for Governing Procurement Operations and Assessment were amended in August 2014 in line with the enhancement of manufacturer quality and current operational changes to meet actual business demands.

6.3 Green Procurement

TWM continues to implement green procurement with the goal of expanding the market for green products in line with the win-win strategy of company for the creation of green benefits in the value chain. We therefore predominantly purchase eco-friendly products that have a low impact on the environment and meet the following criteria: 1.Acquisition of an Eco Label recognized by the Environmental Protection Administration of the Executive Yuan; 2. Utilization of recyclable and renewable materials, low pollution, and resource efficiency; 3. Increase of social benefits, reduction of social costs, or effects of a similar or identical nature. We aim to boost green consumption to maximize ecological effects. In 2014, green procurement amounted to almost 185 million NTD, which represents an increase by 3.7% compared to the total amount in 2013 (179 million NTD).

TWM Group			
Category	Label	Product name	Y2014 Total amount
1st Category	Eco label, Energy label	AC in base stations	16,789,460
1st Category	Eco label	Photocopier (leased)	12,251,115
Other	Eco-friendly soy ink	Printed materials	84,643,213
Other	Carbon label	Office supplies (Copy paper, sealing tape)	1,734,216
Other		Lease of hybrid vehicles	2,274,000
Other		Lease of computers	68,122,199
Other		Eco-friendly toner cartridges	27,765
Total (NTD)			185,841,968



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獨立有限確信報告

致台灣大哥大股份有限公司

本會計師接受台灣大哥大股份有限公司(以下簡稱「台灣大」)的委託,對台灣大截至2014年12月31日止的2014年企業社會責任報告書(以下簡稱「社會責任報告書」)進行有限確信。

公司的責任

台灣大負責社會責任報告書涵蓋之資訊及聲明的編製與表達,並負責設定台灣大社會責任績效和報導的目標,包括辨識利害關係人及重大性議題,及負責建立和維護適當的社會責任績效管理系統和用於產出社會責任報告書中揭露之績效訊息的內部控制系統。

台灣大採用全球永續性報告倡議組織(Global Reporting Initiative, 以下簡稱「GRI」)發佈之全球永續性報告指南第4版(G4)之全面揭露選項,編製社會責任報告書(已於社會責任報告書之「關於我們的報告書」章節說明)。

本會計師的責任

本會計師係依照由國際審計與確信準則委員會(International Auditing and Assurance Standards Board)所發佈之國際確信業務準則第3000號—歷史性財務資訊之查核或核閱以外之確信業務(International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information)規劃並執行工作,同時遵守該準則要求之職業道德規範及獨立性要求,以對台灣大社會責任報告書是否存在重大不實表達出具獨立有限確信報告。

除下文所述者外,本會計師係基於此確信報告所述之準則執行有限確信工作,以對依照GRI G4編製之社會責任報告書是否存在重大不實表達出具獨立有限確信報告。

社會責任報告書之「環境保護」中,與溫室氣體排放(範疇一、範疇二及範疇三)及相關之能源耗用與電力耗用等資訊及揭露事項,係由香港商英商標準協會太平洋有限公司台灣分公司負責驗證(或作必要之修正)。因此,本獨立有限確信報告之確信範圍不包括對溫室氣體排放(範疇一、範疇二及範疇三)及相關之能源耗用與電力耗用等資訊及揭露事項表達意見。

執行的工作

社會責任報告書有限確信工作的內容包括對主要負責社會責任報告書資訊準備及編製的人員進行詢問,並執行分析及其他證據蒐集等確信程序。本會計師執行的工作包括:

- 詢問台灣大管理階層以瞭解台灣大決定關鍵利害關係人所關注之重大性議題的過程;
- 訪談台灣大管理階層及相關之員工,以瞭解與重大性議題有關之永續策略與政策及其執行情形;
- 訪談台灣大負責提供社會責任報告書資訊之相關員工;



- 對用以蒐集及產出報導資訊的主要機制及方法之設計及執行進行詢問,包括將資料彙總或可於社會責任報告書揭露之資訊;
- 在考量定性和定量風險分析的基礎上,對雲端機房執行實地訪視;
- 對社會責任報告書表達之資訊與披露之資訊來源於抽樣基礎下進行比對,以確認社會責任報告書是否已確實涵蓋有關資訊來源內之相關資訊;
- 閱讀社會責任報告書上表達之資訊,確認其是否與本會計師對台灣大的整體瞭解與社會責任績效一致。

有限確信案件的範圍係明顯低於依照國際確信業務準則(International Standards on Assurance Engagements)執行合理確信或依照國際審計準則(International Standards on Auditing)執行查核的範圍。因此,有限確信案件所執行的證據蒐集程度的範圍係低於合理確信案件,所提供的確信程度亦將低於合理確信,且必然無法使本會計師辨識於執行審計案件或合理確信案件時將被注意到的所有重大事項。

結論

依據所執行之程序及所獲取之證據,除於本會計師的責任第三段所述之項目外,於GRI G4之全面揭露選項下,本會計師未發現台灣大截至2014年12月31日止的社會責任報告書在所有重大方面有未允當表達之情事。

此獨立有限確信報告係依照台灣大與本會計師之合約條款而出具。本會計師的工作僅限於就約定事項在獨立有限確信報告中向台灣大進行報告,而非其他目的。本會計師應就所執行的工作、出具的獨立有限確信報告或作出的結論對除台灣大以外的任何第三方承擔任何責任。

安侯建業聯合會計師事務所

會計師: 陳佐光

二零一五年六月三日

台灣·台北

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GRI G4 Index


General Standard Disclosures

● Full Disclosure
◎ Partial Disclosure

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
Strategy and analysis				
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from the CEO	●	
G4-2	Description of key impacts, risks, and opportunities.	1.3	●	
Organizational profile				
G4-3	Name of the organization.	Sustainable Operations and Future Vision	●	
G4-4	Primary brands, products, and services.	1.1.1	●	
G4-5	Location of organization's headquarters.	Sustainable Operations and Future Vision	●	
G4-6	Number of countries where the organization operates and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Sustainable Operations and Future Vision	●	
G4-7	Nature of ownership and legal form.	Company Overview	●	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	1.1.1	●	
G4-9	Scale of the reporting organization.	1.1.1 / 2.1	●	
G4-10	Compiled performance chart	2.1	●	
G4-11	Percentage of employees covered by collective bargaining agreements.	2.1		No labor union
G4-12	Describe the organization's supply chain.	6.1	●	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.			No significant change
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	1.2 / 3.1.3	●	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Stakeholder Communication and Identification/3.2.3	●	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	See Appendix	●	
Identified material aspects and boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents; b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	a. Please refer to the Annual Report 2014. b. This report covers only this Company and the Taiwan Mobile Foundation, while other subsidiaries are not included in this report.	●	
G4-18	a. Process for defining report content and the Aspect Boundaries b. Explain how the Reporting Principles has been implemented the Reporting Principles for Defining Report Content.	Stakeholder Communication and Identification	●	
G4-19	List all the material Aspects identified in the process for defining report content.	Stakeholder Communication and Identification	●	

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Stakeholder Communication and Identification	●	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Stakeholder Communication and Identification	●	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.			N/A
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report	●	
Stakeholder engagement				
G4-24	List of stakeholder groups engaged by the organization.	Stakeholder Communication and Identification	●	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Communication and Identification	●	
G4-26	Approaches to stakeholder engagement.	Stakeholder Communication and Identification	●	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	Stakeholder Communication and Identification	●	
Report profile				
G4-28	Reporting period for information provided.	About this Report	●	
G4-29	Date of most recent previous report.	About this Report	●	
G4-30	Reporting cycle.	About this Report	●	
G4-31	Contact point for questions regarding the report or its contents.	About this Report	●	
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured.	About this Report	●	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	About this Report	●	
Governance				
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	1.1.2	●	
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	CSR Governance and Sustainability Vision	●	
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Sustainable Operations and Future Vision	●	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Sustainable Operations and Future Vision	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation 	Reasons for Non-disclosures
G4-38	The composition of the highest governance body and its committees.	1.1.2	●	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	1.1.2	●	
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body members.	1.1.2	●	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	1.1.2	●	
G4-42	Highest governance body' s and senior executives' roles in the development, approval, and updating of the organization' s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Sustainable Operations and Future Vision	●	
G4-43	The measures taken to develop and enhance the highest governance body' s collective knowledge of economic, environmental and social topics.	1.1.2	●	
G4-44	Processes for evaluation of the highest governance body' s performance with respect to governance of economic, environmental and social topics. Actions taken in response to evaluation of the highest governance body' s performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Sustainable Operations and Future Vision	●	
G4-45	The highest governance body' s role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Explain whether stakeholder consultation is used to support the highest governance body' s identification and management of economic, environmental and social impacts, risks, and opportunities.	Sustainable Operations and Future Vision	●	
G4-46	The highest governance body' s role in reviewing the effectiveness of the organization' s risk management processes for economic, environmental and social topics.	Sustainable Operations and Future Vision 1.2	●	
G4-47	The frequency of the highest governance body' s review of economic, environmental and social impacts, risks, and opportunities.	Sustainable Operations and Future Vision	●	
G4-48	The highest committee or position that formally reviews and approves the organization' s sustainability report and ensures that all material Aspects are covered.	This CSR report has been approved by the chairman of this company.	●	
G4-49	The process for communicating critical concerns to the highest governance body.	Sustainable Operations and Future Vision	●	
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Sustainable Operations and Future Vision	●	
G4-51	The remuneration policies for the highest governance body and senior executives. And how performance criteria in the remuneration policy relate to the highest governance body' s and senior executives' economic, environmental and social objectives.	1.1.2	©	
G4-52	The process for determining remuneration; Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	1.1.2	●	
G4-53	Explain how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	The remuneration for senior executives has been determined through participation in the Compensation Committee and the Board Directors.	©	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation 	Reasons for Non-disclosures
G4-54	The ratio of the annual total compensation for the organization' s highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2	●	
G4-55	The ratio of percentage increase in annual total compensation for the organization' s highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2	●	
Ethics and integrity				
G4-56	The organization' s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.1.2	●	
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	2.4	●	
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	2.4	●	
Specific Standard Disclosures				
Economic				
Economic performance				
DMA		1.1.1	●	
G4-EC1	Direct economic value generated and distributed	1.1.1 2.2 Compiled performance chart	●	
G4-EC2	Financial implications and other risks and opportunities for the organization' s activities due to climate change	3.1.3	●	
G4-EC3	Coverage of the organization' s defined-benefit plan obligations	2.2	●	
G4-EC4	Financial assistance received from government	1.1.1	●	
Market presence				
DMA		2.2	●	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	2.2	●	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	2.1	●	
Indirect economic impacts				
DMA		5.1	●	
G4-EC7	Development and impact of infrastructure investments and services supported	5.4	●	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	CH5	●	
Procurement practices				

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
DMA		6.1/6.2	●	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	6.1	●	
Environment				
Energy				
DMA		3.1.4/ 3.2.1/ 3.2.2	●	
G4-EN3	Energy consumption within the organization	3.2.1	●	
G4-EN4	Energy consumption outside of the organization	3.2.1	◎	
G4-EN5	Energy intensity	3.2.1	●	
G4-EN6	Reduction of energy consumption	3.2.2 / 3.2.3	●	
G4-EN7	Reductions in energy requirements of products and services	3.2.2	●	
Emissions				
DMA		3.1.4/ 3.2.1/ 3.2.2	●	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	3.2.1	■	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.2.1	■	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.2.1	■	
G4-EN18	Greenhouse gas (GHG) emissions intensity	3.2.1	●	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.2.2	●	
G4-EN20	Emissions of ozone-depleting substances (ODS)			We are not in the manufacturing industry and this aspect is thus inapplicable.
G4-EN21	NO _x , SO _x , and other significant air emissions			We are not in the manufacturing industry and this aspect is thus inapplicable.
Products and Services				
DMA		3.1	●	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.2/3.3	●	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category			Virtual services such as telecommunications and online multimedia are the characteristics of the industry in which this company operates. As we do involve in any manufacturing activities, this aspect is thus inapplicable

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
Compliance				
DMA		1.1.2	●	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		●	No significant non-compliance was reported.
Supplier environmental assessment				
DMA		6.1	●	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	6.1	■	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.1 / 6.3	●	
Environmental grievance mechanisms				
DMA		4.3	●	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Labor practices and decent work				
Employment				
DMA		2.1 / 2.2	●	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	2.1	●	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	2.2	●	
G4-LA3	Return to work and retention rates after parental leave, by gender	2.2	●	
Labor/Management relations				
DMA		2.4	●	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	2.4		We do not have a labor union. If this happens, we will handle it with reference to applicable laws and regulations.
Occupational health and safety				
DMA		2.4	●	
G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	2.4	●	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	2.4	●	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	2.4	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
G4-LA8	Health and safety topics covered in formal agreements with trade unions			No labor union
Training and education				
DMA		2.3	●	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	2.3	●	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	2.3	●	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	2.2 / 2.4	●	
Diversity and equal opportunity				
DMA		2.1	●	
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	2.3	●	
Equal remuneration for women and men				
DMA		2.2	●	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	2.2	●	
Supplier assessment for labor practices				
DMA		6.1	●	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	6.1	◎	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	6.1	●	
Labor practices grievance mechanisms				
DMA		2.4	●	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	2.4	●	One offence was reported and resolved during the reporting period.
Human rights				
Non-discrimination				
DMA		2.2	●	
G4-HR3	Total number of incidents of discrimination and actions taken	2.2	●	
Freedom of association and collective bargaining				
DMA		2.4	●	

profile closure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non- disclosures
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights			Not available.
Child Labor				
DMA		2.4	●	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor			Not available.
Forced or compulsory labor				
DMA		2.4	●	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor			Not available.
Supplier human rights assessment				
DMA		6.1	●	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	6.1	◎	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.1	●	
Human rights grievance mechanisms				
DMA		4.3	●	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Society				
Anti-corruption				
DMA		1.1.2	●	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified			Not available.
G4-SO4	Communication and training on anti-corruption policies and procedures	1.1.2	●	
G4-SO5	Confirmed incidents of corruption and actions taken			Not available.
Anti-competitive Behavior				
DMA		1.1.2	●	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes			Not available.
Compliance				
DMA		1.1.2	●	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations			No significant non-compliance was reported.

profile disclosure	description	Page & Description	BSI External Assurance KPMG Limited Validation	Reasons for Non-disclosures
Supplier assessment for impacts on society				
DMA		6.1	●	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	6.1	◎	
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.1	●	
Grievance mechanisms for impacts on society				
DMA		4.3	●	
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	4.3	●	
Product responsibility				
Customer health and safety				
DMA		4.6	●	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	4.6	●	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes			Not available.
Product and service labeling				
DMA		4.4	●	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	100%	●	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes			No non-compliance.
G4-PR5	Results of surveys measuring customer satisfaction	4.1	●	
Customer privacy				
DMA		4.5	●	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	4.3	●	
Compliance				
DMA		1.1.2		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			* Explanation

* : Explanation: Fines were incurred for 73 base station-related cases amounting to a total of 35.92 million NTD in 2014. 99.72% of all fines were imposed for base station installations. TWM handled cases for which fines were imposed in a proper manner and reviewed shortcomings. In the future, we will continue to communicate with our stakeholders to safeguard consumer rights and interests in the field of telecommunication.

◇ Appendix Participation of Taiwan Mobile in various associations and societies

Bridge Mobile Pte Ltd

GSM MoU Association

Chinese Public Companies Stock Affairs Association

Chinese International Economic Cooperation Association

Chinese Computer Audit Association

Taipei Computer Association

Taipei Electrical Commercial Association

itSMF-Taiwan Chapter

Taiwan Telecommunication Engineering Industry Association

Taiwan Electrical and Electronic Manufacturers' Association

Taiwan Communications Society

Taiwan Telecommunication Industry Development Association

Taiwan Internet and E-Commerce Association

Taiwan Internet Association

Taiwan Digital Publishing Forum

Cross-Strait CEO Summit

Taiwan Corporate Governance Association

Chinese National Association of Industry and Commerce

The Institute of Internal Auditors, Taiwan

Business Council for Sustainable Development of Taiwan

Turnaround Management Association, Taiwan

Taiwan Chain Stores and Franchise Association

Global Standard One Taiwan

Audit Bureau of Circulations

Taiwan Network Information Center

Institute for Information Industry

Digital Marketing Association

Taiwan Contact Center Development Association

Taiwan Association of Occupational Health Nurses

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Taiwan Mobile

www.taiwanmobile.com

Taiwan Mobile Foundation

www.twmf.org.tw