

Guiding principles for compensation to management executives

Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses have been proposed by the Compensation Committee for approval at the board meeting.

Procedure for setting performance bonus

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing shall come from the pool of 1% to 3% of the Company's annual net income after deducting losses from previous years.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.
- (2) The Human Resources Division is tasked with preparing the annual compensation for the president and vice presidents, and submitting a report to the Compensation Committee.

Corporate Governance

Board of Directors attendance

1. The Board of Directors convened six meetings in 2016

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	6	0	100%	Messrs. Richard M. Tsai and Daniel M. Tsai resigned as Chairman and Vice Chairman, respectively, on Oct. 12, 2016. Messrs. Daniel M. Tsai and Richard M. Tsai were elected Chairman and Vice Chairman, respectively, by the board on the same day.
Vice Chairman	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	6	0	100%	
Director	Fu Chi Investment Co., Ltd. Representative: San-Cheng Chang	2	0	100%	Fu Chi Investment Co., Ltd. appointed San-Cheng Chang as its representative, taking over Vivien Hsu's duties on October 11, 2016.
	Fu Chi Investment Co., Ltd. Representative: Vivien Hsu	4	0	100%	
Director	TCC Investment Co., Ltd. Representative: Howard Lin	6	0	100%	None
Director	TCC Investment Co., Ltd. Representative: James Jeng	6	0	100%	None
Independent Director	Jack J.T. Huang	5	1	83%	None
Independent Director	Tsung-Ming Chung	6	0	100%	None
Independent Director	Hsueh-Jen Sung	5	0	83%	None
Independent Director	Guu-Chang Yang	6	0	100%	None

2. Any objections or issues raised by the independent directors against resolutions passed by the Board of Directors

(1) Pursuant to Article 14-3 of the Securities and Exchange Act:

Date	Board session	Proposals and issues	Independent directors' opinions	Company's response
2016.1.29	9th meeting of the seventh BOD	Distribution of 2015 profit-sharing bonuses to employees and compensation to directors	Approved as proposed	Not applicable
		The 2015 Business report		
		The 2015 Financial statements		
		The 2016 Budget, consolidated financial forecasts and donation to TWM Foundation		
		Procurement contract with Nokia Siemens Taiwan Co., Ltd. capped at NT\$3.768bn		
		Letter of commitment once again for the extension of Taipei New Horizon Co., Ltd.'s NT\$3.565bn syndicated loan		
		Revisions to the Rules for Setting Director's Remuneration		
		Convening the 2017 Annual General Shareholders' Meeting		
2016.4.28	10th meeting of the seventh BOD	Distribution of the 2015 retained earnings	Approved as proposed	Not applicable
		Appointment of CPAs		
		Revisions to the Rules and Procedures for Lending and Making Endorsements/Guarantees		
2016.8.18	12th meeting of the seventh BOD	3rd unsecured convertible bond issue	Approved as proposed	Not applicable
2016.10.28	14th meeting of the seventh BOD	Authorize the Chairman to handle all matters relating to the Company's endorsement/guarantee of up to NT\$21.5bn for Taiwan Fixed Network Co., Ltd., and contract signing	Approved as proposed	Not applicable
		Authorize the Chairman to handle all matters relating to the Company's endorsement/guarantee of up to NT\$50mn for Taiwan Kuro Times Co., Ltd., and contract signing		

(2) Other items not covered in the preceding table: None

3. Any conflict of interest among directors: None

4. Other BOD objectives:

- (1) Training programs for directors: Aside from encouraging directors to attend outside seminars, the Company holds annual in-house seminars to facilitate interactions between lecturers and directors. Total training hours reached 61 hours in 2016, which included programs such as "Corporate governance structure and BOD operations" and "The future of finance – blockchain development trends and implementation."
- (2) Information transparency: Committed to upholding operational transparency and protecting shareholders' interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investor' conferences on a quarterly basis and has set up Chinese/English sections of Investors Relations, Corporate Social Responsibility and Corporate Governance on its official website.
- (3) Liability insurance: The Company purchases annual liability insurance for its directors and managers to cover risks as they carry out their duties, and reviews the insurance coverage on an annual basis to make sure the amount and scope are sufficient to the need.
- (4) The Chairman and Vice Chairman of the Board of Directors are not members of the Company's management team to maintain a system of checks and balances.
- (5) The Audit Committee and the Remuneration Committee, composed entirely of independent directors, assist the Board of Directors in carrying out supervisory tasks. The chairperson of each committee reports on their committee's operations to the board on a regular basis.

Audit Committee attendance

1. The third term of the Audit Committee with tenure from June 12, 2014 to June 11, 2017 convened seven times in 2016.

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	7	0	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	6	1	86%	None
Independent Director	Hsueh-Jen Sung	7	0	100%	None
Independent Director	Guu-Chang Yang	7	0	100%	None

5. Any objections or issues raised by the Audit Committee against resolutions passed by the Board of Directors

(1) Pursuant to Article 14-5 of the Securities and Exchange Act:

Date	BOD	Proposals and issues	Audit Committee's decision	Company response
2016.01.29	9th meeting of the seventh BOD	4Q15 Internal Audit Report	Approved as proposed	Not applicable
		2015 Internal Control Statement		
		2015 business report		
		2015 financial statements		
		2016 capital expenditure plan and donation to TWM Foundation		
		Procurement contract with Nokia Siemens Taiwan Co., Ltd. capped at NT\$3.768bn		
2016.04.28	10th meeting of the seventh BOD	1Q16 financial statements	Approved as proposed	Not applicable
		1Q16 Internal Audit Report		
		2015 earnings distribution		
		Appointment of CPA		
2016.07.27	11th meeting of the seventh BOD	2Q16 financial statements	Approved as proposed	Not applicable
		2Q16 Internal Audit Report		
2016.08.18	12th meeting of the seventh BOD	3rd unsecured convertible bond issue	Approved as proposed	Not applicable
2016.10.28	14th meeting of the seventh BOD	3Q16 financial statements	Approved as proposed	Not applicable
		3Q16 Internal Audit Report		
		Internal Audit Plan for 2017		
		Authorize the Chairman to handle all matters relating to the Company providing endorsement/guarantee of up to NT\$21.5bn for Taiwan Fixed Network Co., Ltd., and contract signing		
		Authorize the Chairman to handle all matters relating to the Company providing endorsement/guarantee of up to NT\$50mn for Taiwan Kuro Times Co., Ltd., and contract signing		

- (2) Other items not covered in the preceding table: None.

2. Any conflict of interest among independent directors: None

3. Communication between independent directors and the Internal Audit Chief Officer and CPAs:

- (1) The Internal Audit Chief Officer and CPAs communicated directly with the independent directors when needed.
- (2) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer and CPAs met with the independent directors at the quarterly Audit Committee meetings, bringing communication into full play.
- (3) Regular communication between independent directors and internal audit officers/CPAs:

Date	Internal Audit Officers		CPAs	
	Matters Communicated	Results	Matters Communicated	Results
2016.01.28 10th meeting of the third Audit Committee	1. 4Q15 Internal Audit Report 2. 2015 Internal Control Statement	1. Acknowledged 2. Reviewed and submitted to BOD for approval	1. 2015 financial statements and amendments of regulations governing special committees of public companies set for M&A 2. CPAs discussed inquiries raised by attendees.	Acknowledged
2016.04.27 11th meeting of the third Audit Committee	1Q16 Internal Audit Report	Acknowledged	1. 1Q16 financial statements and impact of the issuance of Statements of Auditing Standards No. 58 2. CPAs discussed inquiries raised by attendees	Acknowledged
2016.07.25 13th meeting of the third Audit Committee	2Q16 Internal Audit Report	Acknowledged	1. 2Q16 financial statements and impact of amendments to the Satellite Broadcasting Act. 2. CPAs discussed questions raised by attendees over media reports on risk control issues	Acknowledged
2016.10.27 15th meeting of the third Audit Committee	1. 3Q16 Internal Audit Report 2. Internal Audit Plan for 2017	1. Acknowledged 2. Reviewed and submitted to BOD for approval	1. 3Q16 financial statements and key audit matters in the new Independent Auditor's Report 2. CPAs discussed inquiries raised by attendees.	Acknowledged

Corporate governance practices

Item	Current practice	
Has the Company established principles based on the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”?	The Company has established said “Corporate Governance Best Practice Principles” and published them on the Company’s official website and market observation post system (MOPS).	
Shareholding structure and shareholders’ interests	Handling of shareholders’ suggestions and disputes	The “Corporate Governance Best Practice Principles” includes a chapter on upholding shareholders’ interests. The spokesperson or Secretarial Division handles all non-legal issues; the legal division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division submits a monthly report listing the shareholdings of directors, managers and major shareholders (over 10% shareholding) to the authorities.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company’s internal control system set up the “Rules and Procedures on Conducting Transactions between Group Companies and Related Parties” and the “Rules and Procedures on Monitoring Subsidiaries” as risk control mechanisms.
	Prohibitions on insider trading	The Company has established “Rules and Procedures on Handling Internal Material Information.”
Board of directors and its responsibilities	Board diversity and execution	Board appointments and member qualifications are stipulated in the Company’s “Rules for Election of Directors.”
	Establishing a Compensation Committee and an Audit Committee in accordance with the law and voluntarily setting up other functional committees	The Company has also established a Risk Management Committee, CSR Committee and Innovation Management Committee to enhance various functions.
	Board performance evaluation	The Company passed the “Rules and Procedures on Evaluating Board of Directors’ Performance” to enhance efficiency, under which the Compensation Committee evaluates the board’s performance and submits a report on proposed improvements to the board. (All members participated in a self-evaluation of individual performances for 2016 during the board meeting on January 25, 2017.)
	Periodical review of CPA’s independence	<p>The Audit Committee is authorized to evaluate the independence of the CPAs according to the “Bulletin of Norm of Professional Ethics for Certified Public Accountants of the Republic of China” and “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” on an annual basis based on the following criteria and procedures:</p> <ol style="list-style-type: none"> 1. The CPA’s resumes. 2. The CPAs neither serve as a director/supervisor/ manager nor hold a position with major influence in the Company or its subsidiaries. They have no interests that conflict with the Company’s.

Item		Current practice
		<p>3. The CPAs haven't provided the audit services to the Company for seven consecutive years.</p> <p>4. The CPAs should provide the Company with a Declaration of Independence on a quarterly basis.</p> <p>5. The CPAs are not involved in any significant lawsuit or litigation and have never been censured by any regulatory body.</p> <p>6. Scale and reputation of the CPA firm.</p> <p>7. Effective interaction with management and internal audit officer.</p> <p>8. Quality and efficiency of the audit, taxes and other professional services.</p> <p>The supervisors in the finance/accounting divisions of TWM and its subsidiaries have evaluated the independence of CPAs and reported the result to the Audit Committee on January 28, 2016.</p>
	Has the company set up a full/part time unit or personnel in charge of handling corporate governance-related matters – including but not limited to providing information for board directors to carry out their duties, prepare board of directors' and shareholders' meetings, handle company registration and any changes therein, and prepare BOD and shareholders' meeting minutes?	The secretarial division, reporting to the EVP and CFO, is in charge of corporate governance-related matters, as well as the board of directors' and shareholders' meetings.
	Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and set up a stakeholders' section on the Company's website to respond to critical corporate social responsibility issues?	Sections on investor relations, procurement and CSR have been set up on the Company's official website and integrated into one comprehensive stakeholders' section in 2015.
	Has the Company outsourced its AGM management?	The Company has engaged the Transfer Agency and Registry Department of Fubon Securities Co., Ltd. to manage its annual general meeting.
Information disclosure	Disclosure of information on financial status, operations and corporate governance	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	Aside from having a spokesperson, the Company has a dedicated department, the Investor Relations Division, to handle information disclosure. It also has an English website and a team working on gathering and releasing relevant Company information.

Additional information

1. Employee rights

The Company's human resources policies comply with provisions prescribed under the law, such as the Labor Standards Act, in safeguarding employee rights.

2. Employee care

The Company provides different communication channels to facilitate communication within the firm. These include holding regular employee and managerial meetings to accommodate suggestions for improvement and conducting surveys to gather employees' views and opinions.

3. Investor relations

The Company posts financial, operational and material information on its official website and MOPS in a timely manner to keep investors abreast of Company developments and strategies and, thus, maximize shareholders' interests.

4. Supplier relations

The Company holds procurement bids based on the "Procedures Governing Procurement" and suppliers deliver products in accordance with the contract.

5. Stakeholders' rights

To protect the interests of stakeholders, the Company has established various free and open communication channels to promote trust and corporate social responsibility.

6. Training programs for directors in 2016

Training program	Organization	Date	Hours	Director Participated
2016 corporate governance conference—insider trading and corporate social responsibility	Securities and Futures Institute	2016.04.01	3	Guu-Chang Yang
Corporate governance trends—2016 BOD six major issues	Corporate Governance Association	2016.05.06	3	Jack J.T. Huang
Tax trends	Corporate Governance Association	2016.07.06	3	Tsung-Ming Chung
The future of finance – blockchain development trends and implementation	Corporate Governance Association	2016.08.19	3	Daniel M. Tsai, Richard M. Tsai, James Jeng, Hsueh-Jen Sung
A game for transforming Taiwan companies	Corporate Governance Association	2016.08.30	3	Howard Lin
A game for transforming Taiwan companies	Corporate Governance Association	2016.08.30	1	Jack J.T. Huang (attending as a speaker)
Corporate governance structure and BOD operations	Corporate Governance Association	2016.10.29	3	Daniel M. Tsai, Richard M. Tsai, Howard Lin, James Jeng, Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung, Guu-Chang Yang
Case analysis of commercial bribery prevention and practices	Securities and Futures Institute	2016.11.07	3	San-Cheng Chang
Legal implications of financial statement fraud on directors and supervisors	Securities and Futures Institute	2016.11.15	3	San-Cheng Chang
Corporate financial crisis – Analysis of types and early warning signals	Securities and Futures Institute	2016.11.17	3	San-Cheng Chang

Strategy and key performance indicators	Securities and Futures Institute	2016.11.24	3	San-Cheng Chang
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Note: The training hour requirements listed above have been fulfilled.

7. Corporate governance related training programs for management in 2016

Training program	Organizer	Date	Hours	Participants
Corporate governance and sustainability	National Taiwan University, EMBA	2016.01.23	2	Egon Chen
The legal liability of managers	In-house training	2016.03.25	1.5	C.H. Jih, Jeff Ku, James Chang, Jay Hong, Iris Liu, Naomi Lee, Egon Chen, Chien Chen, Daphne Lee, Michael Teng, Eddie Chan
Information security (Part I): <i>Preventing information hacking</i>	In-house training	2016.05.03	1	James Jeng, Rosie Yu, C.H. Jih, Jeff Ku, James Chang, Jay Hong, Iris Liu, David Lin, Naomi Lee, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee, Michael Teng, Eddie Chan
Political environment and corporate governance in India	Taiwan Corporate Governance Association	2016.05.19	2	Rosie Yu
Change Taiwan by innovation	In-house training	2016.07.15	2	C.H. Jih, Jeff Ku, James Chang, Jay Hong, Egon Chen, Chien Chen, Steve Chou, Daphne Lee
Takeover bids / defense tactics: An unavoidable legal warfare	Taiwan Corporate Governance Association	2016.07.28	3	Rosie Yu
Information security (Part II): <i>Preventing information leaks</i>	In-house training	2016.08.01	1	James Jeng, Rosie Yu, C.H. Jih, Jeff Ku, James Chang, Jay Hong, David Lin, Naomi Lee, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee, Michael Teng, Eddie Chan
Code of ethics	In-house training	2016.08.15	0.3	C.H. Jih, Jeff Ku, Ariel Hwang, James Chang, Jay Hong, Iris Liu, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee, Michael Teng, Eddie Chan
Best guide to corporate governance: principles/practices/trends	Taiwan Corporate Governance Association	2016.11.10	3	Naomi Lee
Information security (Part III): <i>Dissemination of the personal information protection act</i>	In-house training	2016.11.23	1	James Jeng, Rosie Yu, C.H. Jih, Jeff Ku, Ariel Hwang, James Chang, C.H. Wu, Jay Hong, Iris Liu, David Lin, Naomi Lee, Egon Chen, Chien Chen, Tom Koh, Steve Chou, Daphne Lee, Michael Teng, Eddie Chan
Code of ethics	In-house training	2016.11.29	0.3	C.H. Wu

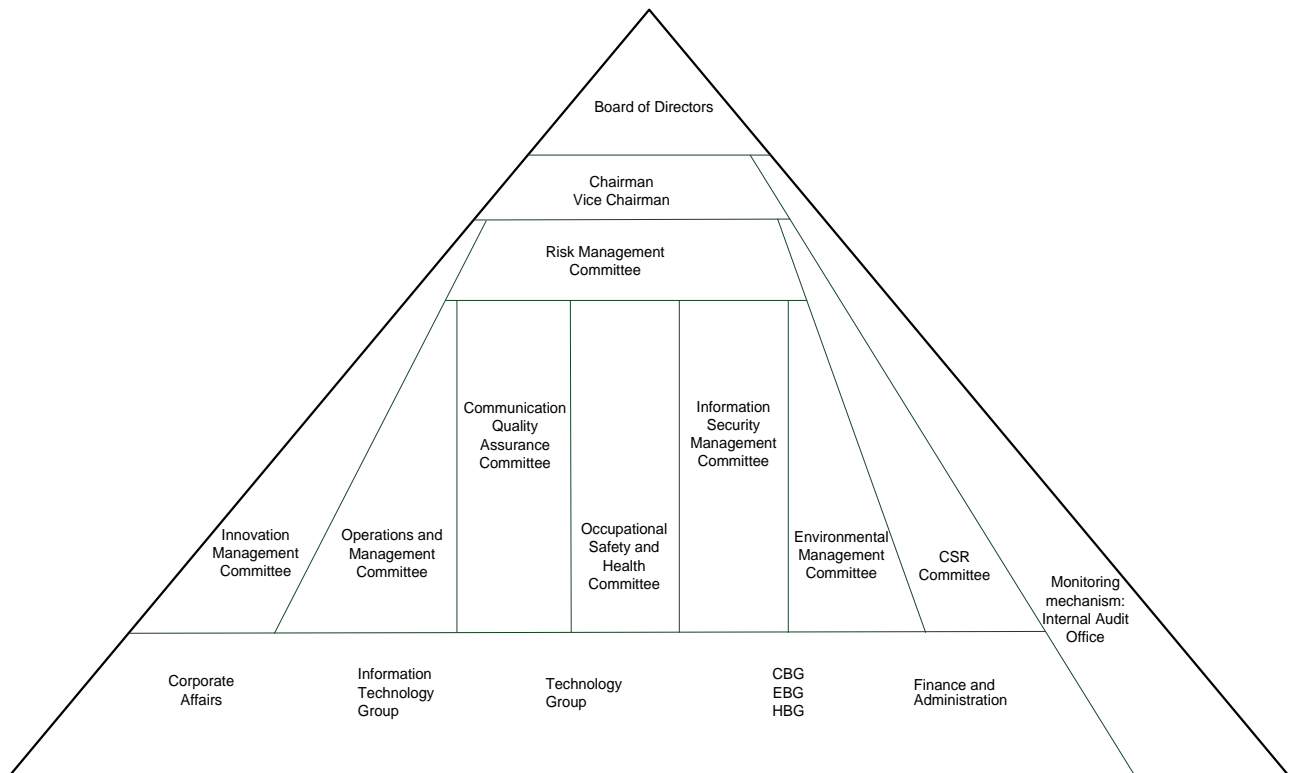
Corporate social responsibility	In-house training	2016.12.15	0.6	James Jeng, Iris Liu, Tom Koh
Blockchain application and prospects	In-house training	2016.12.16	2	James Jeng, Rosie Yu, C.H. Jih, Jeff Ku, James Chang, C.H. Wu, Jay Hong, Naomi Lee, Egon Chen, Tom Koh, Steve Chou, Michael Teng, Eddie Chan

8. Risk management

Risk management policies

- (1) Promote a risk management-based business model
- (2) Establish a risk management mechanism that can effectively cite, evaluate, supervise and control risks
- (3) Create a company-wide risk management structure that can limit risks to an acceptable or controllable level
- (4) Introduce best risk management practices and continue to seek improvements

Risk management structure



The Company's risk management structure is made up of three levels of control mechanism, and a monitoring mechanism:

	Responsible unit	Function
Ground	Corporate Affairs, Information Technology Group, Technology Group, Consumer Business Group, Enterprise Business Group, Home Business Group, Finance and Administration	<p>Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.</p> <p>Each unit shall ensure, on a daily basis, that risks are kept under acceptable levels. Should there be any changes in condition or other factors, the responsible unit shall report these to the Company for an appropriate course of action.</p>
Middle	Risk Management Committee (Note)	<p>Integrate the Company's risk management framework and internal control mechanism.</p> <p>Execute risk management strategies and conduct a review of the efficiency of the overall risk management mechanism.</p> <p>Exercise control over the five following committees:</p>
	Operations and Management Committee	Conduct periodic reviews of each business group's operating target and performance to meet the Company's guidance and budget.
	Information Security Management Committee	Control potential threats to important information assets in order to reduce operational risks.
	Occupational Safety and Health Committee	Supervise and minimize potential risks to workers' safety and health.
	Communication Quality Assurance Committee	Ensure and manage network communication quality.
	Environmental Management Committee	Develop and manage the Company's policies and objectives for environmental and energy management.
	Corporate Social Responsibility Committee	Promote corporate social responsibility and implement sustainable management within the Company.
	Innovation Management Committee	Integrate the Company's innovation strategies and establish a management mechanism.
Top	Board of Directors	Responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.
Monitoring mechanism	Internal Audit Office	<p>Regularly monitor and assess potential and varying levels of risks that the Company may face and use this information as a reference for drafting an annual audit plan.</p> <p>Report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.</p>

Note: The Risk Management Committee exercises control over five units/systems: Operations and Management Committee, Information Security Management Committee, Occupational Safety and Health Committee, Communication Quality Assurance Committee and Environment Management 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.

Risk factors and underlying mechanisms

	Important risk factors	Responsible unit	Examining committee	Decisionmaking and supervision
1	Operating risk	Technology Group / IT Group	Operations and Management Committee	The highest decisionmaking body: Board of Directors Monitoring mechanism: Internal Audit Office
2	Market risk A. Competition B. New products C. Channel management D. Inventory management	CBG, EBG and HBG		
3	Credit and collection risks	Business Operations Management Division and Billing Management Division		
4	Government policies and regulatory compliance	Regulatory and Carrier Relations Division		
5	M&A and investments	President's Office		
6	Volatility of interest rates, exchange rates and financial risks	Finance Division		
7	Financing and endorsements / guarantees provided to others, derivatives transaction and working capital management	Finance Division		
8	Financial report disclosure and tax risk management	Accounting Division		
9	Litigious and non-litigious matters	Legal Office		
10	Changes in shareholding of directors and major shareholders	Secretarial Division		
11	Board meeting facilitation	Secretarial Division		
12	Employee behavior, code and ethics	Human Resources Division		
13	Corporate social responsibility risks and other emerging risks	Public Relations and Brand Management Division	CSR Committee	
14	Employee safety	Occupational Safety and Health Office and Administration Division	Occupational Safety and Health Committee	
15	Risks related to information security	President's Office	Information Security Management Committee	
16	Technology and maintenance risks	President's Office – Communication Quality Assurance Department	Communication Quality Assurance Committee	
17	Environmental and energy risks	Network Engineering Division	Environmental Management Committee	
18	Innovation risk	CBG, EBG, HBG, Technology Group, IT Group, Public Relations and Brand Management Division	Innovation Management Committee	

9. Implementation of customer policy

With the mission of “creating the best user experience,” the Company is continuously striving to improve its products, services and operations to win clients’ trust and raise the quality of customer care.

10. Liability insurance purchased for the Company’s board directors

The Company purchases annual liability insurance for its directors and reports the insurance coverage, the amount and the scope to the BOD on a regular basis.

11. Employee certifications relating to information transparency

(1) Certified Internal Auditor (CIA): five employees in the Internal Audit Office; one in the Finance Division; one in the Accounting Division; and one in the President’s Office

- (2) Certification in Control Self-Assessment (CCSA): one employee in the Internal Audit Office
- (3) Certification in Risk Management Assurance (CRMA): one in the Internal Audit Office
- (4) Certified Information Systems Auditor (CISA): two in the Internal Audit Office; and one in the President's Office
- (5) First-level examiner of internal controls (Securities and Futures Institute): three employees in the Secretarial Division
- (6) Certified Public Accountant (CPA): two in the Finance Division; three in the Accounting Division; four in the Operation Analysis Division; and one in the Procurement and Logistics Division

12. Any internal evaluation or third party assessment reports on corporate governance. If yes, specify results, major flaws or recommendations for improvements:

The Company participated in the "Corporate Governance Evaluation" conducted by the Taiwan Stock Exchange and Taipei Exchange, ranking among the top 5% of listed companies for two consecutive years. The Board of Directors convened six meetings in 2016, which met the requirements of the aforementioned evaluation.

Compensation Committee operations

The Compensation Committee, composed entirely of independent directors, is bound by the Compensation Committee Charter. The committee is responsible for evaluating the following matters:

- (1) Establish a policy, system, standard and structure for directors' and managers' compensation and review them periodically.
- (2) Decide compensation for directors and managers and carry out periodic evaluations.

Qualifications and independence criteria of members of the Compensation Committee

Identity (Note 1)	Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Note 2)								No. of public companies in which he or she also serves as a member of the Compensation Committee
			1	2	3	4	5	6	7	8	
Independent Director	Jack J.T. Huang	V	V	V	V	V	V	V	V	V	3
Independent Director	Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	1
Independent Director	Hsueh-Jen Sung	V	V	V	V	V	V	V	V	V	0
Independent Director	Guu-Chang Yang	V	V	V	V	V	V	V	V	V	0

Note 1: The identities of the members of the Compensation Committee all meet the requirements stipulated in Item 5, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter."

Note 2: "V" denotes meeting the conditions specified below during their tenure or two years before assuming their posts:

- Criterion 1: Not an employee of the Company or its affiliated companies
- Criterion 2: Not a director or supervisor of the Company or the Company's affiliated companies (unless the person is an independent director of the Company, the Company's parent company or any subsidiary of the Company)
- Criterion 3: Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders
- Criterion 4: Not a spouse or a relative within second degree of affinity, or within three degrees of consanguinity to any person specified in criteria 1 to 3
- Criterion 5: Neither a director, supervisor, or employee of an entity that directly or indirectly holds more than 5% of the Company's shares, nor one of the Company's top five shareholders
- Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company
- Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides commercial, legal, financial or accounting services or consultations to the Company or its affiliates
- Criterion 8: Not in contravention of Article 30 of the Company Act

Compensation Committee attendance

(1) The Compensation Committee consists of four members.

(2) Tenure of the Second Compensation Committee: June 12, 2014 to June 11, 2017. The committee convened four times in 2016:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Jack J.T. Huang	4	0	100%	Appointed committee chairman
Independent Director	Tsung-Ming Chung	4	0	100%	None
Independent Director	Hsueh-Jen Sung	4	0	100%	None
Independent Director	Guu-Chang Yang	4	0	100%	None

1. **Any suggestion made by the Compensation Committee that was not accepted or revised by the Board of Directors:** None
2. **Any written objections or issues raised by a member of the Compensation Committee against resolutions passed by the committee:** None

Corporate social responsibility (CSR)

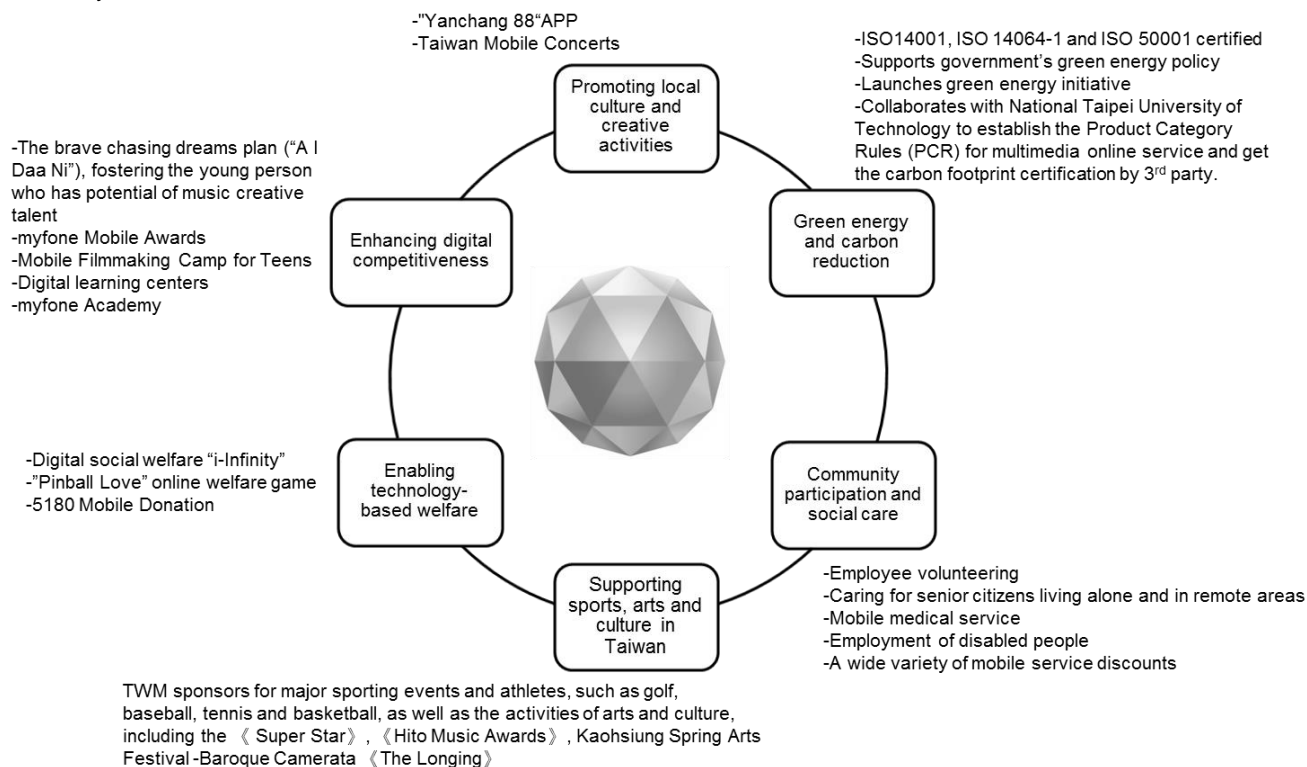
Item	Current Practices
<p>Corporate governance</p> <ol style="list-style-type: none"> 1. Establishing a CSR policy or system and review mechanism 2. CSR course training 3. Setting up a unit to carry out this policy or system 4. Establishing a reward-and-punishment system as part of the Company's employee performance evaluation system and CSR policy 	<ol style="list-style-type: none"> 1. The Company set up the "Corporate Social Responsibility Policy" in 2011 to ensure effective execution of corporate social responsibility, and the "Corporate Social Responsibility Best Practice Principles" in 2015. TWM has also developed a sustainability strategy blueprint that serves as the foundation for the CSR Vision 2020 Project. The Corporate Social Responsibility Committee reviews and tracks the execution of CSR related projects on a quarterly basis. A year-end review showed that all projects' targets were achieved in 2016. To bring more synergy in 2017, the Company will focus on integrating and optimizing resources to maximize efficiency. 2. CSR course training is held periodically. 3. In 2007, TWM established a Social Responsibility Department under the Public Relations and Brand Management Division to draft and carry out CSR initiatives. With designated personnel and a separate budget, the department provides planning, execution and coordination across different divisions. The Corporate Social Responsibility Committee was established in 2014, with the Company chairman and president serving as committee chairman and vice chairman, respectively. The committee reports to the board on a quarterly basis. 4. The Company's compensation policy is to reward employees commensurate with their performance. Evaluation meetings are held at the end of the year for supervisors and staff to discuss their performance over the past year and set objectives for the following year, including core functions and corporate social responsibility. Performance is graded based on employees' fulfillment of the annual objectives and accordingly rewarded with bonuses and/or salary increases.
<p>Environmental sustainability</p> <ol style="list-style-type: none"> 1. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment 2. Establishing an environmental management system in line with the nature of the Company's business operations 3. Monitoring the impact of climate change on operating activities and adopting measures to reduce GHG emissions and minimize their impact on the environment 	<ol style="list-style-type: none"> 1. The Company has continuously worked to improve the efficient use of resources, including paper, water and electricity, as well as to promote recycling of cables and battery modules. 2. In 2016, the Environmental Management Committee was set up to take charge of developing environmental policies and objectives, in addition to integrating four major tasks: environmental management, greenhouse gas (GHG) inventories, energy management and smart energy conservation. The committee is also tasked with incorporating the Company's environmental management rules and sustainable management roadmap into its CSR policy. 3. TWM's operating management practices, including communications technology deployment, are designed to reduce energy consumption and GHG emissions. These measures include: <ul style="list-style-type: none"> ● Smart energy conservation ● Green energy infrastructure ● Energy-saving program for data centers ● Base station equipment upgrading ● Energy management program for TWM's office buildings and direct stores ● Telepresence service ● Green value-added services ● e-service and mobile services ● Carbon inventory on employee commuting, business travel and internal logistics

Item	Current Practices												
	<p style="text-align: right;">Unit: tCO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2015</th> <th>2016*</th> </tr> </thead> <tbody> <tr> <td>Direct emissions</td> <td>7,263</td> <td>5,871</td> </tr> <tr> <td>Indirect emissions</td> <td>236,960</td> <td>245,578</td> </tr> <tr> <td>Total GHG emissions</td> <td>244,223</td> <td>251,449</td> </tr> </tbody> </table> <p>* The increase in emissions was due to the updated electricity emission factor, expansion of TWM's internet data center business and 4G services.</p>		2015	2016*	Direct emissions	7,263	5,871	Indirect emissions	236,960	245,578	Total GHG emissions	244,223	251,449
	2015	2016*											
Direct emissions	7,263	5,871											
Indirect emissions	236,960	245,578											
Total GHG emissions	244,223	251,449											
<p>Commitment to corporate social responsibility</p> <ol style="list-style-type: none"> 1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy and establishing appropriate management practices, procedures and execution 2. Setting up an employee appeals process 3. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education 4. Building a regular communication mechanism and notifying employees about potential operational changes that may have a significant impact on them 5. Developing individual training plans for career development 6. Developing consumer rights 	<ol style="list-style-type: none"> 1. Pursuant to related national regulations, including the Labor Standards Act, Employment Services Act and Gender Equality in Employment Act, the Company has never employed child workers, discriminated against any employee or ethnic group, or forced its employees to work. 2. The Company has set up an "Employee Appeals Process" and designated the Internal Audit Office to handle employee petitions and complaints through an exclusive e-mail or fax hotline. The complainant's name and identity are kept confidential and proper action shall be taken subject to verification of the case. 3. The Company aims to provide a safe and healthy working environment for employees and has implemented related measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet. 4. The Company has set up multiple channels to communicate with employees on a regular basis about its operational decisions. <ol style="list-style-type: none"> (1) Dialogue between employees and management: Managerial meetings are held every quarter to reinforce the Company's vision, convey recent critical developments to all employees, and respond to employee concerns and opinions. (2) Labor-management meetings are held quarterly to enhance communication between employees and management for consensus building and to promote cooperation. (3) A forum is held twice a year for newcomers to familiarize them with Company policies and practices and help them adapt to the new environment. (4) A President's Mailbox has been set up for employees to submit recommendations to the Company. (5) Employee opinion surveys: A survey is conducted every three years to gauge job satisfaction rates and employees' views about the workplace and management practices. Additional surveys are conducted after company activities, such as the year-end party and medical checkups, to gather employee opinions. (6) Information disclosure: All information is posted on the Company's intranet, where employees can view the company's press releases, product information and management measures. 5. Based on individual career interests, strengths and weaknesses, supervisors help their staff draw up individual training plans during the annual performance review to give them systematic guidance on enhancing their skills and abilities for career development. 6. TWM provides various convenient service channels and offers high-quality and consistent services based on the principles of innovation, sincerity, 												

Item	Current Practices
<p>protection policies and appeals procedures related to R&D, procurement, production, operations and service processes</p> <p>7. Complying with relevant regulations and international standards on marketing and labeling of products and services</p> <p>8. Evaluating prospective suppliers' track record on environmental and social issues</p> <p>9. Right to terminate a contract if supplier violates its social responsibility, causing a significant impact on the environment and society</p>	<p>enthusiasm and empathy. The Company has been awarded SGS Qualicert service certification for five years in a row. To protect personal data security, a committee was established to guide the Company through the formulation of its information security policy and supervise its implementation of the "ISO/IEC 27001 information security management system," which aims to protect every aspect of customer information linkage by adopting a professional management system and promoting personal awareness. Information on customers' rights and how personal information is collected, processed and utilized are available on the Company's website, service contracts, customer hotlines and stores. Customers can also provide feedback or file complaints through these channels or a special mobile app.</p> <p>7. TWM's mobile base stations were constructed in accordance with relevant laws and regulations, and passed base station electromagnetic checks by the National Communications Commission (NCC), having fully complied with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) standards.</p> <p>8. Before entering into a contract with a supplier, TWM requires that the supplier comply with rules and regulations on protecting workers and the environment to avoid any incidents deemed harmful to society or the environment.</p> <p>9. TWM believes that ethics serves as the moral foundation of a well-managed enterprise. To promote a fair and just system, the Company set up an open procurement system to select suppliers and required that all suppliers comply with the "Environmental and Occupational Health and Safety Policy for Contractors" and "Guidelines on Corporate Social Responsibility for Suppliers." Should a supplier break its social responsibility and adversely impact the environment and society, the Company has the right to suspend its account. Furthermore, TWM provides first bargaining rights to green-product and conflict-free product suppliers to encourage others to likewise produce environmentally friendly products.</p> <p>(1) TWM does not use any product from conflict material/product suppliers.</p> <p>(2) TWM requests its suppliers investigate their supply chains to ensure that no products are from conflict areas.</p>
<p>Information disclosure</p> <p>Disclosing relevant and reliable information on corporate social responsibility</p>	<p>CSR-related information is updated on the Company's website in a timely manner. All information and data contained in the CSR reports are compiled internally and verified by an external party to ensure their reliability and accuracy. All information (subject and content) is deemed to be materially important and designed to meet shareholders' expectations.</p>
<p>The Company's CSR policy and practices fully comply with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."</p> <p>The concept of corporate social responsibility is embedded in the strategic decisions and daily operations of all departments. TWM's Board of Directors passed the "Taiwan Mobile CSR Policy" in January 2011 to serve as a long-term guideline for promoting corporate social responsibility and the "Taiwan Mobile CSR Guidelines" in January 2015 to ensure effective execution of the Company's commitment to society.</p> <p>With its underlying corporate philosophy and core values serving as the foundation, the Company emphasizes corporate governance, stakeholders' interests and full disclosure, and leverages off the Company's core competencies and services to promote environmental conservation and public welfare.</p>	

Additional information on CSR-related matters:

TWM leverages its core competencies in telecommunications, network and digital convergence to generate wider benefits for society and the environment.



Has the Company issued CSR reports that have been verified by an independent third-party assurance organization?

Since 2009, TWM's CSR reports have been verified by an independent third-party organization, the British Standards Institute, in accordance with its AA1000 assurance standards and GRI guidelines. In 2014, Taiwan Mobile was proud to be the first Taiwanese telecom company to pass the International Standard on Assurance Engagements (ISAE) 3000, demonstrating the Company's commitment to management integrity. In 2016, Taiwan Mobile published its 2015 CSR report based on the limited assurance engagement conducted by KPMG in accordance with ISAE3000, with the information disclosed complying with the latest GRI G4 framework in accordance with the comprehensive option.

Ethical corporate management

Item	Current Practice
<p>1. Establishing a policy on ethical corporate management:</p> <p>(1) Specifying the Company's policy on ethical corporate management in its official charter and material documents, including the board and management's commitment to its implementation</p> <p>(2) Setting up a system, including operational guidelines, reporting system and punishment for violations, to prevent dishonest behavior</p> <p>(3) Adopting measures to prevent high-risk unethical conduct as specified in Article 7 Paragraph 2 of "Ethical Corporate Management for TWSE/GTSM Listed Companies"</p>	<p>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles and reinforces them on an annual basis to ensure that employees, management and the board comply with the principles. Moreover, the principles have been incorporated into the Company's internal control system.</p> <p>(2) The Company's Ethical Corporate Management Best Practice Principles details preventive measures against the following:</p> <ul style="list-style-type: none"> a. offering and accepting bribes b. illegal political donations c. improper charitable donations or sponsorship d. offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits <p>The aforementioned principles and related regulations have been announced and disseminated to board directors, managers, employees and appointees to enhance integrity and self-discipline.</p> <p>Employees and suppliers are required to sign a "Declaration of Integrity" or "Declaration of Integrity in Business Conduct" to ensure that they fully understand the Company's determination to enforce ethical management and the consequences of behaving in a dishonest manner.</p> <p>(3) The Company has set up an accounting system and internal control system for business activities that are at a higher risk of dishonest behavior. The aforementioned systems are reviewed periodically to ensure that they are working and measures are implemented.</p> <p>The Company avoids contact with dubious traders. Its business contracts specify that suppliers or vendors must observe ethical corporate management, and failing that, the Company reserves the right to terminate or cancel the contract.</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Avoiding transactions with parties that have a record of dishonest behavior, stipulating in all contracts what constitute unacceptable behavior</p> <p>(2) Establishing a full-time or part-time unit to promote the Ethical Corporate Management Best Practice Principles under the supervision of the Board of Directors</p> <p>(3) Setting up policies to prevent conflict of interest and providing channels to report such conflict</p>	<p>(1) The Company provides "Guidelines on Social Responsibility for Suppliers" and requires all suppliers to sign a "Declaration of Ethical Corporate Management," which states that suppliers must not engage in bribery; otherwise, the Company has the right to suspend their accounts and terminate or rescind their contracts at any time.</p> <p>(2) The Audit Committee, Compensation Committee and Internal Audit Office were established under the Board of Directors to supervise and audit the practice and implementation of the Company's integrity management. In addition, the Legal Office, which reports to the President directly, is responsible for executing the Company's integrity management policy, setting up guidelines to prevent dishonest behavior and reporting to the Board of Directors at least once a year to ensure the implementation of the highest guiding principles for integrity management.</p> <p>(3) The Company has promulgated policies to prevent conflict of interest. Should there be a conflict of interest, directors should recuse themselves from discussing or voting on the issue. Any board director, manager, employee or appointee must not use his or her position or influence in the Company to obtain improper benefits.</p> <p>Any breach of ethical corporate management practices can be reported via email or fax hotline to the Company.</p>

Item	Current Practice
<p>(4) Building an effective accounting system and internal control system to carry out ethical corporate management, with internal/external auditors auditing the process</p> <p>(5) Conducting regular internal and external training courses on ethical corporate management</p>	<p>(4) The Company has established an effective accounting system and internal control system. In addition, internal auditors schedule regular audits according to the level of risk and report the findings to the board on a periodic basis.</p> <p>The Company periodically delegates independent accountants to audit its financial statements and to verify the effectiveness of the internal control system.</p> <p>(5) The Company promotes the importance of Ethical Corporate Management Best Practice Principles to directors, managers, employees and appointees on an annual basis to help them fully understand the need to comply with ethical corporate management practices. The Company also conducts related training courses upon request. From January 1, 2016 to January 31, 2017, a total of 2,098 training hours were held, with 1,275 participants.</p>
<p>3. Reporting ethical violations</p> <p>(1) Establishing a reporting and incentive system to facilitate the processing of complaints and assigning a person or unit to deal with the cases</p> <p>(2) Setting up investigation and confidentiality procedures</p> <p>(3) Protecting whistleblower from harm</p>	<p>(1) The Company has established procedures for dealing with complaints about employees or suppliers, with the Internal Audit Office tasked with dealing with the cases.</p> <p>a) Supplier complaints can be filed with the Internal Audit Office in written form or via fax to (02) 66361600.</p> <p>b) Employee complaints can be sent to a designated internal email account.</p> <p>(2) The Internal Audit Office must immediately launch an investigation upon receipt of the complaint and ensure that the name and identity of the complainant are kept confidential.</p> <p>(3) The Internal Audit Office must be objective and fair in its investigation. It must report the results of its investigation directly to a higher supervisor and ensure that the whistleblower is not harmed.</p>
<p>4. Strengthening information disclosure</p> <p>Disclosing related information on ethical corporate management on the Company's website</p>	<p>The Company has posted its Ethical Corporate Management Best Practice Principles on its company website and MOPS. Its annual report and corporate social responsibility report further shed light on its execution and enhance corporate transparency.</p>
<p>5. Has the company promulgated its own ethical corporate management principles in accordance with the "Ethical Corporate Management for TWSE/GTSM Listed Companies"? If yes, describe the differences between the principles and current practices: No difference.</p>	
<p>6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices:</p> <p>(1) The Company's electronic procurement system mandatorily requires suppliers to sign a "Declaration of Integrity in Business Conduct" every year; otherwise, they are not allowed to participate in the bidding process.</p> <p>(2) The Company regularly monitors developments in domestic and international ethical corporate management standards and reviews its performance to ensure compliance. The Board of Directors approved amendments to the "Ethical Corporate Management Best Practice Principles" on July 27, 2016.</p>	

Corporate governance rules and procedures

The Company has implemented a number of rules and procedures to enhance its corporate governance practices: Corporate Governance Best Practice Principles, Audit Committee Charter, Compensation Committee Charter, Rules and Procedures Governing Board of Directors' Meetings, Rules and Procedures Governing Shareholders' Meetings, Regulations Governing Internal Material Information, Procedures Governing Applications to Suspend or Resume Trading, Code of Ethics, Ethical Corporate Management Best Practice Principles, Corporate Social Responsibility Policy, Corporate Social Responsibility Best Practice Principles, and Rules and Procedures on Conducting Transactions between Group Companies and Related Parties. With these efforts, not only does the Company's corporate governance mechanism

comply with Taiwan's Securities and Exchange Act, but it also adheres to the highest international standards. The aforementioned charters and rules are available on the Company's website: www.taiwanmobile.com.

Additional information on corporate governance operations:

Corporate governance principles

- Timely disclosure of material information
- Checks and balances between the board and management
- Fair representation of independent board members
- Audit Committee was established to ensure fair and independent financial oversight.
- Compensation Committee was established to strengthen corporate governance practices and promote a sound compensation system.
- Adoption of a high cash dividend payout policy
- Shareholders' rights are guaranteed with the right to vote on all proposals at the annual general shareholders' meeting or through an electronic voting system.
- Strict compliance with the Code of Ethics and Ethical Corporate Management Best Practice Principles and establishment of an internal audit mechanism

To ensure that employees, managers and directors promote information transparency and timely disclosure, the Company disseminates its "Regulations Governing Internal Material Information" (approved by the Board of Directors on January 22, 2009) on an annual basis and has incorporated them into its internal control system to avoid the risk of insider trading.

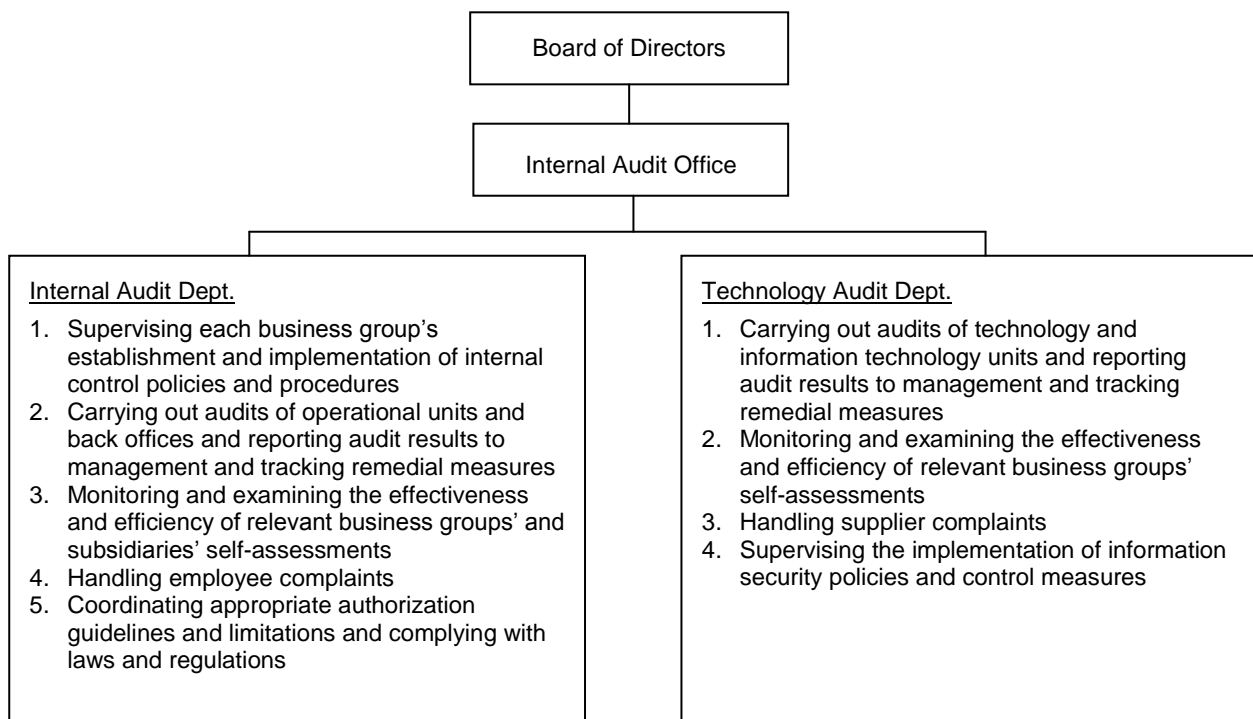
Internal control system

1. Internal control mechanism

The Internal Audit Office is an independent unit with designated personnel who report directly to the Board of Directors.

- It is responsible for the examination and assessment of the internal controls of the Company's financial, sales, operations and management departments. All departments, including those of the subsidiaries, are subject to its audit.
- Regular internal audits are executed according to an annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements.
- In accordance with corporate governance, audit reports are submitted on a regular basis and reviewed by the Chairman, as well as presented to the Audit Committee and the Board of Directors by the Chief Internal Auditor.
- The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the President and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.

There are 11 dedicated internal audit staff members, including one supervisor in charge of the Internal Audit Office, whose responsibilities are detailed below:



2. Has the Company delegated CPAs to review its internal audit system and issued an audit report?

No.

3. Internal control statement

Taiwan Mobile Co., Ltd.

Internal Control Statement

Date: January 25, 2017

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2016:

1. TWM is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1) Control environment, (2) Risk assessment and response, (3) Control activities, (4) Information and communications, and (5) Monitoring. Please refer to the Regulations for details on these five key elements.
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of Dec. 31, 2016, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 25, 2017, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Daniel M. Tsai
Chairman



James Jeng
President

Violation of regulations and internal policies: None

Major resolutions at the shareholders' meeting and board meetings

1. Major resolutions at the 2016 shareholders' meeting

Issues approved and subsequent execution:

- (1) Revisions to the Company's "Articles of Incorporation"

Execution: Already approved by the Ministry of Economic Affairs on July 5, 2016 and the revised rules were posted on the Company's website.

- (2) 2015 business report and financial statements

- (3) Distribution of 2015 earnings

Execution: Set record date of ex-dividend on July 6, 2016 and cash payment of NT\$5.6 per share on July 21, 2016.

- (4) Revisions to the Rules and Procedures of Lending and Making Endorsements/Guarantees

Execution: The revised rules were published on the Company's website and MOPS on June 17, 2016 and implemented accordingly.

2. Major resolutions by the board (from 2016 up to publication date in 2017)

1. 9th meeting of the seventh BOD on January 29, 2016

- (1) Approved the 2015 business report and financial statements
- (2) Approved the 2016 consolidated financial forecasts and donation to TWM Foundation
- (3) Approved the 2016 capital expenditure plan
- (4) Approved the procurement of mobile broadband equipment from Nokia Siemens Networks Taiwan Co., Ltd.
- (5) Approved the schedule for the 2016 general shareholders' meeting

2. 10th meeting of the seventh BOD on April 28, 2016

- (1) Approved the 2015 earnings distribution proposal
- (2) Approved the appointment of General Counsel

3. 12th meeting of the seventh BOD on August 18, 2016

- (1) Approved the issuance of the 3rd domestic unsecured convertible bond

4. 13th meeting of the seventh BOD on October 12, 2016

- (1) Messrs. Daniel M. Tsai and Richard M. Tsai were elected as Chairman and Vice Chairman, respectively

5. 14th meeting of the seventh BOD on January 25, 2017

- (1) Approved the 2016 business report and financial statements
- (2) Approved the 2017 consolidated financial forecasts and donation to TWM Foundation
- (3) Approved the 2017 capital expenditure plan
- (4) Approved the appointments of the Chief Business Officer and the Chief Information Officer
- (5) Approved the procurement of mobile broadband equipment from Nokia Siemens Networks Taiwan Co., Ltd.
- (6) Approved the schedule for the 2017 general shareholders' meeting

The above information is posted on MOPS: <http://mops.twse.com.tw>.

Major dissenting comments among directors over board meeting resolutions from 2016 up to publication date in 2017: None

Resigned/discharged chairman, president, chief accounting officer, chief financial officer, chief internal audit officer and chief research officer:

As of February 27, 2017

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Chairman	Mr. Richard M. Tsai	2014.06.12	2016.10.12	Messrs. Richard M. Tsai and Daniel M. Tsai resigned as Chairman and Vice Chairman, respectively, on Oct. 12, 2016. Messrs. Daniel M. Tsai and Richard M. Tsai were elected as Chairman and Vice Chairman, respectively, at the board meeting on the same date.

Certified Public Accountant (CPA) Information

1. CPA service fees

Accounting firm	Name of CPA	Period covered by CPA's audit	Remarks
Deloitte & Touche	Li-Wen Kuo Kwan-Chung Lai	2016.01.01~2016.12.31	None

Range of CPA service fee	Audit fee	Non-audit fee	Total
NT\$0~NT\$1,999,999	-	-	-
NT\$2,000,000~NT\$3,999,999	-	✓	-
NT\$4,000,000~NT\$5,999,999	-	-	-
NT\$6,000,000~NT\$7,999,999	-	-	-
NT\$8,000,000~NT\$9,999,999	✓	-	-
NT\$10,000,000 and above	-	-	✓

2. Other information

- (1) If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services:

Unit: NT\$'000

Accounting firm	Name of CPA	Audit fee	Non-audit fee					Period covered by CPA's audit	Remarks
			System design	Company registration	Human resources	Others	Total		
Deloitte & Touche	Li-Wen Kuo Kwan-Chung Lai	8,146	-	-	-	2,528	2,528	2016.01.01~ 2016.12.31	Fees for other non-audit services were mainly for tax-related consultation and attestation services.

- (2) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: Not applicable