

Company is the first to have won the awards of “R.O.C. Enterprises Environmental Protection Award” three years in a row and got the lifetime honor.

## **Employee Relations**

### **Employee behavior/ethical standards**

The Company has established policies and rules as a guide for employee conduct, rights, responsibilities, and ethical standards.

#### **Delegation of authority**

1. Authorization guidelines and limitations: Aimed at streamlining business processes, strengthening distribution of responsibility, as well as detailing management authority at each job level.
2. Empowerment and delegation rules: Designed to ensure smooth and normal business operations.
3. Job ranking, title and organizational structure policy: Formulated to correspond to employees’ career plans.

#### **Working Rules**

The Company’s working rules clearly define the rights and obligations of management and labor. The Company’s modern management approach has promoted cooperation among employees and benefited the Company.

#### **Divisional responsibilities**

The Company’s major divisions are separated by functions. Each division is tasked with specific job responsibilities and this separation of functions has strengthened the core competency of the Company.

#### **Reward and punishment policies**

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company, as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in Article 14 and Articles 47 to 58 in the Company’s “Working Rules.”

#### **Employee assessment policy**

Supervisors provide feedback, assistance and map out individual development plans based on employee performance.

#### **Attendance and leave policy**

Enforcement of this policy – designed to serve as a guideline for employees – helps enhance work quality.

#### **Business confidentiality policy**

To maintain the Company’s competitiveness, employees are required to sign a “Confidentiality and Intellectual Property Rights Statement” and “Employment Contract” as a safeguard against potential damage arising from the disclosure of trade secrets. The Company provides employees with the required information and training courses to

strengthen their understanding of information security.

### **Sexual harassment prevention and handling procedures**

The Company's "Working Rules" include rules on preventing sexual harassment in the workplace and promoting gender equality. The Company disseminates information on laws and procedures for filing complaints on sexual harassment on the intranet to serve as a guideline for employees.

### **Code of Conduct**

The Company has a Code of Conduct that all directors, managers and employees are expected to adhere to and advocate in accordance with the highest ethical standards.

## **Employee benefits program**

1. All employees are entitled to labor insurance, national health insurance, and group insurance coverage starting from the first day of work.
2. The Company has an employee stock subscription plan and an employee profit-sharing plan.
3. An Employee Welfare Committee was established in July 1998 to handle and implement employee benefits programs. In 2006, a Joint Employee Welfare Committee was set up to integrate the committees formerly set up by TAT, MBT (Mobitai), TFN and TFNM. The committee is in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions such as weddings, festivals and funerals. The Company appropriates around NT\$80mn to the welfare committee annually.

## **Employee training and education program**

1. Training expense in 2012 and up to the publication date totaled NT\$13,279,395, with 50,319 in training hours and 16,762 participants.
2. Orientation for new employees includes introduction to the corporate culture, company organization, telecommunication market, IT and network systems, labor safety, as well as information security training.
3. Core competency development: Focus on basic competencies, including problem solving, decision-making, communication, project management, basic legal knowledge of the telecommunication market, team building and service skills.
4. Management training and development: Separate training programs for entry-level management, middle management and senior management. Training courses include performance management, leadership, motivation skills, strategy management, innovative thinking, team dynamics skills and organizational development skills.
5. The Company sends large numbers of employees to local and international telecommunication conferences,

management forums, consulting seminars, and vendor training programs every year. These activities have a profound impact on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.

6. The Company has a scholarship programs in place for its employees to develop their expertise in telecommunication technologies and business administration.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.

## **Retirement plan and implementation**

1. The Company has specific Employee Retirement Guidelines.
2. The Company has set up a Labor Pension Supervisory Committee, which was approved by the Taipei City Government in February 1998.
3. The Company implemented the New Labor Pension System in July 2005.
4. In accordance with No. 18 of the Financial Accounting Standards of the ROC, the Company retains the services of an actuary to assess and calculate the labor pension reserve and provide a detailed report.

## **Employee safety and sanitary policy**

To fulfill the Company's social responsibility in providing its employees with a safe, healthy and comfortable working environment, the Company endeavors to:

1. Abide by and comply with regulations on environmental protection, safety and sanitation.
2. Be on constant lookout for potential hazards in the work environment to minimize accidents.
3. Promote health education, conduct physical examinations, and implement health management programs.
4. Promote and instill energy-saving consciousness to help reduce waste of resources.

The Company's employee safety and sanitary policy is posted on the intranet and is summarized as follows:

1. A unit dedicated to conducting environmental inspections and carrying out employee sanitary training courses was established in accordance with regulations.
2. A Health and Safety Committee was set up to draft a plan to prevent job injuries, ensure compliance and review related rules on employee health and sanitary improvement solutions through periodic meetings.
3. Full-time professional nursing personnel are employed to perform health checks, track the progress of staff who failed their health examinations, and hold talks on how to promote health. Staffers who are able to administer first aid treatment have been placed in each work area.
4. Fire/flood protection exercises are held periodically to reduce risks of employee injury and property loss from natural disasters.
5. Guards and security systems have been installed at all main base stations and work offices to protect staff, property and information security.
6. Energy-saving policies have been established to reduce carbon emissions.

## Labor negotiations and protection of employee benefits

The Company, working under the management and labor as one concept and belief that a win-win situation can be achieved when the two sides work together, has followed relevant labor laws and regulations, held quarterly management/labor forums to facilitate communication, and promoted employee benefits to build a harmonious and satisfactory management/labor relationship.

**Losses caused by labor disputes in the recent year:** None, and expects none in the future.

## Number of disabilities due to on-the-job injuries/fatalities in the recent year up to publication date

Year	2011	2012
Number of disabilities	2	2
Disabling Frequency Rate (FR, Note 1)	0.42	0.35
Disabling Severity Rate (SR, Note 2)	1.5	12.1

Note 1: The number of injuries resulting in fatalities and permanent total disabilities cases per million hours worked.

Note 2: The number of workday lost due to fatalities, permanent total disabilities per million hours worked.