

Corporate Governance

Board of Directors attendance

1. The Board of Directors convened six times in 2013

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	6	0	100%	None
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	6	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu / Benny Chen	6	0	100%	Benny Chen took over Vivien Hsu's duties on October 1, 2013. Mr. Chen and Ms. Hsu each attended three board meetings during their tenure.
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	6	0	100%	Cliff Lai resigned as representative on January 6, 2014. James Jeng has been appointed to take over the position in 2014.
Director	Fu-Chi Venture Corp. Representative: Victor Kung / Vivien Hsu	6	0	100%	Vivien Hsu took over Victor Kung's duties on October 1, 2013. Ms. Hsu and Mr. Kung each attended three board meetings during their tenure.
Independent Director	Jack J.T. Huang	5	1	83%	None
Independent Director	Tsung-Ming Chung	6	0	100%	None
Independent Director	Wen-Li Yeh	5	1	83%	None
Independent Director	J. Carl Hsu	4	2	67%	None

2. Any objections or issues raised by independent directors against resolutions passed by the Board of Directors pursuant to Article 14-3 of the Securities and Exchange Act: None

3. Any conflict of interests among directors: None

4. Other BOD objectives:

- (1) Performance evaluation and enhancement: The board approved the "Rules and Procedures Governing Board of Directors' Meetings," which were modeled after the "Regulations Governing Procedures for Meetings of Listed Companies' Board of Directors." It also passed the "Rules and Procedures on Evaluating Board of Directors' Performance" to enhance efficiency, under which the Compensation Committee would evaluate the board's performance and submit a report on proposed improvements to the board. All members participated in a self-evaluation of individual performances for 2013 during the 17th meeting of the sixth board of directors on January 28, 2014.
- (2) Training programs for directors: Since 2008, the Company has conducted annual in-house seminars to facilitate interaction between the lecturer and directors and to meet the required training hours.
- (3) Information transparency: Committed to upholding transparency in operations 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 investors' conferences on a quarterly basis.
- (4) Liability insurance: The Company purchases annual liability insurance for its directors and managers to cover risks as they carry out their duties.

Audit Committee attendance

The Audit Committee was set up in June 2008 to replace board supervisors, pursuant to provisions in the Securities and Exchange Act. The committee's operation is bound by the "Audit Committee Charter" and its main responsibility is to assist the board in overseeing the following:

- (1) Integrity of the Company's financial statements
- (2) Independent auditors' appointment (termination) and integrity/performance
- (3) Internal risk controls
- (4) Company's compliance with legal and regulatory requirements
- (5) Company's existing and potential risks

1. The Audit Committee convened six times in 2013

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	6	0	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	6	0	100%	
Independent Director	Wen-Li Yeh	5	1	83%	
Independent Director	J. Carl Hsu	4	2	67%	

2. Any objections or issues raised by the Audit Committee against resolutions, pursuant to Article 14-5 of the Securities and Exchange Act, that were approved by over two-thirds of the directors: None

3. Any conflict of interests among the independent directors: None

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

- (1) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer met with the independent directors at the quarterly Audit Committee meetings, bringing communication into full play.
- (2) The CPAs presented audit reports and findings to the independent directors during the committee's quarterly meetings.
- (3) The Internal Audit Chief Officer and CPAs also communicated directly with the independent directors when needed.

Corporate governance practices

Item		Current practice
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	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 interest	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 has set up "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" and "Rules and Procedures on Monitoring Subsidiaries" as risk control mechanisms.
Board of directors and its responsibilities	Independent directors	The Company's board includes four independent directors.
	Periodic 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 Accountant of the Republic of China" and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" on a quarterly basis based on the following criteria:</p> <ol style="list-style-type: none"> 1. The CPAs neither serve as a director/supervisor /manager nor hold a position with major influence in the Company or its subsidiaries. Neither are they related parties nor do they have direct or indirect interests that conflict with the Company's. 2. The Company has not engaged the services of the same CPA for seven consecutive years. 3. The CPAs should provide the Company with a Declaration of Independence on a periodic basis. <p>All CPAs engaged by the Company have fulfilled the aforementioned criteria.</p>
Communication channels with shareholders		The spokesperson and the mailboxes of the spokesperson and the Audit Committee serve as the main communication channels between the Company and shareholders.
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.
Functional committees		An Audit Committee and a Compensation Committee were set up under the board of directors. Their operations are detailed in Chapter 2.

Item	Current practice
	<p>Has the Company established principles based on the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”? If yes, detail progress of implementation and any deviations:</p> <p>Although the Company has not established said principles, its operations fully comply with the requirements set forth in the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.”</p>

Additional information

1. Employee rights

The Company’s human resource policies not only comply with, but offer even better provisions than those 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 Company. These include holding regular employee and managerial meetings to accommodate suggestions for improvement and conducting surveys to collect employees’ views and opinions.

3. Investor relations

The Company posts financial, operational and material information on the Company website and the market observation post system (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. Corporate governance related training programs for management in 2013

Training program	Organizer	Date	Hours	Participants
The science of leadership: theories and practices	NTU EMBA	2013/01/02	2	Egon Chen
Negotiation: Collaborative decision making	NTU EMBA	2013/01/05 2013/01/19	8	Egon Chen
Corporate governance and capital market overview in Taiwan	Accounting Research and Development Foundation	2013/01/17	3	Darren Shih
Technology management	NTU EMBA	2013/02/02 ~ 2013/05/25	32	Egon Chen
Crisis management	TWM HR Div.	2013/03/12	4	Cliff Lai*, Jay Hong, Joseph Yang, Egon Chen, Chien Chen, Tom Koh, Steve Chou
How to develop long-term incentive programs for executives	Towers Watson	2013/03/29	4	Cliff Lai*

Training program	Organizer	Date	Hours	Participants
The 4th cross-strait CIO forum	Taiwan CIO magazine	2013/04/19	4	James Chang
Innovative marketing strategies and corporate competitiveness	TWM HR Div.	2013/05/7	2.5	Jeff Ku, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Steve Chou
Corporate governance and securities regulation	Taiwan Corporate Governance Association	2013/06/14	3	Rosie Yu
Management case studies: Industry competitive analysis	TWM HR Div.	2013/06/25	7	Vivien Hsu*, Jeff Ku, H.S. Wang*, Joseph Yang, Tom Koh, Paul Huang
Practical rules on "Personal Information Protection Act"	TWM Internal Audit Office	2013/08/27	0.5	Cliff Lai*, Vivien Hsu*, Rosie Yu, Jeff Ku, H.S. Wang*, Jay Hong, Ariel Hwang, Joseph Yang, James Chang, Egon Chen, Chien Chen, Tom Koh, Sean Hsieh, Paul Huang, Steve Chou
The corporate values and innovative approaches of Google	TWM HR Div.	2013/10/30	2	Jeff Ku, H.S. Wang*, James Chang, Tom Koh, Sean Hsieh, Paul Huang, Steve Chou
Information security fundamentals : Information leakage & hacking	TWM Internal Audit Office	2013/11/26	0.5	Cliff Lai*, Rosie Yu, Jeff Ku, H.S. Wang*, Jay Hong, Ariel Hwang, Joseph Yang, James Chang, Egon Chen, Chien Chen, Tom Koh, Sean Hsieh, Paul Huang, Steve Chou
Information security: protecting sensitive data	TWM Internal Audit Office	2013/11/27	0.5	Sean Hsieh

* Has resigned as manager

7. Training programs for directors in 2013

Training program	Organization	Date	Hours	Name
The impact of IFRS on corporate governance	Corporate Governance Association	2013/07/26	3	Richard Tsai, Daniel Tsai, Vivien Hsu, Jack J.T. Huang, Wen-Li Yeh, J. Carl Hsu, Cliff Lai*, Victor Kung*
Financial industry development policy	Corporate Governance Association	2013/12/18	3	Richard Tsai, Daniel Tsai
The responsibility of directors and supervisors in issuing IFRS- compliant financial statements	Corporate Governance Association	2013/01/30	3	Jack J.T. Huang
The legal implications of financial statement fraud	Chinese National Association of Industry and Commerce	2013/10/25	3	Benny Chen
The 9th Taipei corporate governance forum	Financial Supervisory Commission	2013/11/28	3	Tsung-Ming Chung
			6	Cliff Lai*

*Has resigned as director

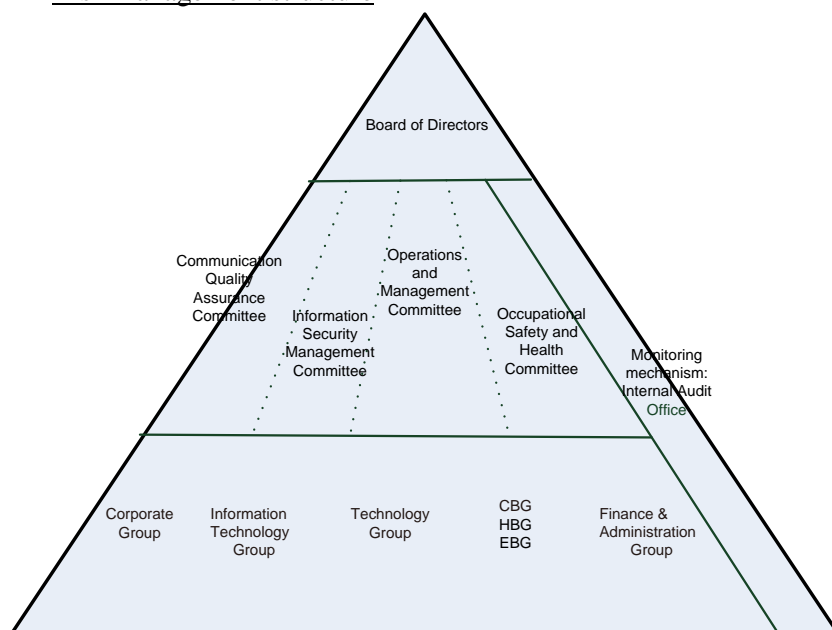
Note: The training hour requirements listed above have been fulfilled.

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 risk
- (3) Create a company-wide risk management structure that can limit risk to an acceptable 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:

(1) Ground

- Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.
- 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.

(2) Middle

- Operations and Management Committee, Occupational Safety and Health Committee, Information Security Management Committee, and Communication Quality Assurance Committee assume responsibility. Presidents and committee heads convene a task force composed of unit chief officers of concerned departments.
- Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or the other three committees to examine the risks and undertake any necessary measures. The functions of the four committees are as follows:
 - Operations and Management Committee: Conduct periodic review of each business group's operating target and performance to meet the Company's guidance and budget.
 - Occupational Safety and Health Committee: Tasked with supervising and reducing potential risks to workers' safety and health.
 - Information Security Management Committee: Supervise important information assets for confidentiality, integrity, availability, and regulatory compliance in order to control and reduce operational risks to an effective and reasonable level.
 - Communication Quality Assurance Committee: Ensure and manage communication quality of the networks.

(3) Top: Board of Directors

- The Board of Directors is responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.

(4) Monitoring mechanism: Internal Audit Office

- The Internal Audit Office regularly monitors and assesses potential and varying levels of risks that the Company may face and uses this information as a reference for drafting its annual audit plan.
- The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

Risk factors and management structure

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

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 customers’ trust and raise the quality of customer care.

10. The Company has purchased liability insurance for its directors.

11. Employee certifications relating to financial transparency

- (1) Certified Internal Auditor (CIA): six employees in the Internal Audit Office; one in the Finance Division; and one in the Accounting Division
- (2) First-level examiner of internal controls (Securities and Futures Institute): three employees in the Secretarial Division
- (3) Qualified Internal Auditor (QIA): six employees in the Internal Audit Office; one in the Finance Division; two in the Accounting Division; and one in the Procurement and Logistics Division
- (4) Certified Public Accountant (CPA): one in the Finance Division; two in the Accounting Division; four in the Operation Analysis Division; one in the Secretarial 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: None

Compensation Committee operations

The Compensation Committee, composed entirely of independent board directors, is bound by the “Compensation Committee Charter.” The committee is responsible for evaluation of 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 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	1
Independent Director	Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	1
Independent Director	Wen-Li Yeh	V	V	V	V	V	V	V	V	V	0
Independent Director	J. Carl Hsu	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 during the tenure and a two-year duration prior to the tenure specified below

- Criterion 1: Not an employee of the Company or its affiliated companies
- Criterion 2: Not a director or supervisor of the Company or its affiliated companies (unless the person is an independent director of the Company, the Company’s parent company or of any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares)
- Criterion 3: Not a shareholder whose total holdings, including that 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 five 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 and accounting services or consultation 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: July 28, 2011 to June 14, 2014. The Compensation Committee convened three times in 2013:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Jack J.T. Huang	3	0	100%	Appointed committee chairman
Independent Director	Tsung-Ming Chung	3	0	100%	-
Independent Director	Wen-Li Yeh	2	1	67%	-
Independent Director	J. Carl Hsu	3	0	100%	-

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. Setting up a unit to carry out this policy or system 3. Holding regular training programs on business ethics for directors and employees and establishing a reward-and-punishment system incorporated in the Company's employee performance evaluation 	<ol style="list-style-type: none"> 1. The Company set up the "Taiwan Mobile CSR Policy" to ensure effective execution of corporate social responsibility in January 2011. 2. In 2007, TWM established a Social Responsibility Department under the Public Relations 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. 3. In addition to regular training programs on business ethics, the Company formulated a Code of Ethics that all directors, managers and employees are expected to follow and support. Since August 2010, employees can access the Code of Ethics through TWM's e-learning website. An intranet hotline was also set up for employees to report any violation of the Code. Violators shall be punished in accordance with Company regulations. 												
<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. Setting up a framework and allocating staff to promote environmental conservation 4. Monitoring the impact of climate change on operating activities and adopting measures to reduce greenhouse gas 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. TWM has established an internal Sustainable Development Committee that is responsible for monitoring energy management activities and environment-related indexes and efforts to reduce carbon emissions, as well as planning, promoting and integrating all of the Company's environmental protection-related activities. 3. The Company has designated personnel in the Administration Division, Public Affairs Division and Network Engineering Division to promote its environmental protection program. 4. TWM has made use of its operating management practices and communications technology to reduce energy consumption and greenhouse gas (GHG) emissions. These measures include: <ul style="list-style-type: none"> ● Data center energy-saving program ● Base station equipment upgrading ● Energy management program for TWM's office buildings and direct stores ● Telepresence service ● Green value-added service ● e-service and mobile service <p style="text-align: right;">Unit: tCO₂e</p> <table border="1" data-bbox="628 1512 1378 1812"> <thead> <tr> <th></th> <th>2012</th> <th>2013*</th> </tr> </thead> <tbody> <tr> <td>Direct emissions</td> <td>2,617</td> <td>3,016</td> </tr> <tr> <td>Indirect emissions</td> <td>160,201</td> <td>173,082</td> </tr> <tr> <td>Total GHG Emissions</td> <td>162,818</td> <td>176,098</td> </tr> </tbody> </table> <p>* The increases were due to the inclusion of a cloud internet data center completed in October 2013.</p>		2012	2013*	Direct emissions	2,617	3,016	Indirect emissions	160,201	173,082	Total GHG Emissions	162,818	176,098
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Item	Current Practices
<p>Commitment to corporate social responsibility</p> <p>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</p> <p>2. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education</p> <p>3. Building a regular communication mechanism and notifying employees about potential operating changes that may have a significant impact on them</p> <p>4. Drawing up a policy on protecting consumers' rights and providing a transparent and effective mechanism for filing and processing complaints about products and services</p> <p>5. Working with vendors to promote corporate social responsibility.</p> <p>6. Promoting community development projects and philanthropic work through commercial activities, donations, volunteer work or other services</p>	<p>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. In addition, TWM's Code of Ethics serves as a guideline for employees. The company has also established a performance-based reward system to motivate employees.</p> <p>2. 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.</p> <p>3. The Company has set up multiple channels to communicate with employees on a regular basis about the company's operational decisions.</p> <p>(1) Dialogue between employees and management: Managerial meetings are held every three months to deliver the company's vision and recent critical developments to all employees.</p> <p>(2) A President's Mailbox has been set up for employees to submit recommendations to the company.</p> <p>(3) 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.</p> <p>4. To protect consumers' rights, the Company provides various services and information, such as information related to outdoor coverage for wireless broadband; free trial service for mobile internet; customers' prior agreement needed to activate mobile internet and international roaming services; measures to protect young adults and children; notification of activating international data roaming service; and voluntarily notifying customers about the collection, processing and use of their personal information. All these are written in the customer service contracts and posted on the company website and on posters in Company stores. The Company aims to provide customers with the most diversified and convenient service channels by integrating its call center service, store service, website service and smartphone app service into an integrated customer-centric service network. In 2013, the Company was awarded an ISO 10002 certification for its customer service system.</p> <p>5. 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." 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>6. TWM has made significant progress in fulfilling its corporate social responsibility systematically and strategically. The Company leverages its core competence to generate wider benefits for society.</p> <p>(1) The potential benefit of carbon emissions reduction throughout the ICT industry is far greater than what TWM can achieve on its own. As such, the Company has actively helped consumers and other organizations meet energy-saving and carbon-reduction goals through handset recycling, e-billing, video conferencing and green value-added services (electronically and mobilized).</p> <p>(2) In addition to the 5180 Mobile Donation Hotline and 909 Mobile Phone Audio Guide, TWM holds the annual myfone Mobile Awards to encourage</p>

	<p>creativity and innovation in order to enrich digital content and applications for its telecom business.</p> <p>(3) TWM provides discount rates for people with disabilities, and has also contributed hardware equipment and applications to promote information literacy to expand digital opportunities for remote and underprivileged communities to enhance the nation's digital competitiveness.</p> <p>(4) In 2007, TWM introduced its "Corporate Volunteer Guidelines" to encourage employees to take an active role in fulfilling their social responsibilities. Volunteers can take two paid days off a year to participate in community service activities. Transportation allowances and insurance, as well as comprehensive training, are provided. To date, 1,616 participants have joined these activities.</p>
<p>Information disclosure</p> <p>1. Disclosing relevant and reliable information on corporate social responsibility</p> <p>2. Process for preparing and disclosing CSR information</p>	<p>1. CSR-related information is updated on the websites of the Company and the Taiwan Mobile Foundation 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) are deemed to be materially important and designed to meet stakeholders' expectations.</p> <p>2. TWM released its first CSR report in 2007. A second report, released in 2009, complies with the GRI and the AA1000 assurance standards on CSR disclosure practices. In addition, information disclosed in the 2013 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.</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 has been embedded in the strategic decisions and daily operations of all departments. TWM went a step further, with the Board of Directors passing the "Taiwan Mobile CSR Policy" to serve as a long-term guideline for promoting CSR and fulfilling the company's commitment to society in January 2011.</p> <p>The policy contains six articles, with the Company's underlying corporate philosophy and core values serving as the foundation, emphasizing corporate governance, stakeholder's interests and full disclosure, and leveraging off the Company's core competence and services to promote environmental conservation and public welfare.</p>	

Additional information on CSR-related matters:

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

1. Environmental protection

Aside from compliance and reducing pollution, TWM has also taken the initiative to help build an intelligent low-carbon society by leveraging its key resources in the ICT service industry. The Company (i.e., its office buildings, server rooms, base stations and company stores) met ISO 14064-1 standards for greenhouse gas (GHG) emissions and removals as well as received an ISO 50001 certification for energy management.

2. Consumers’ interests

TWM introduced a global standard information security management system to ensure that customers’ personal information is strictly protected every step of the way – from form application to activation, information changes, billing, settlement and customer service. The Company strictly follows government regulations and information security policies on respecting customer privacy and protecting the use of client information.

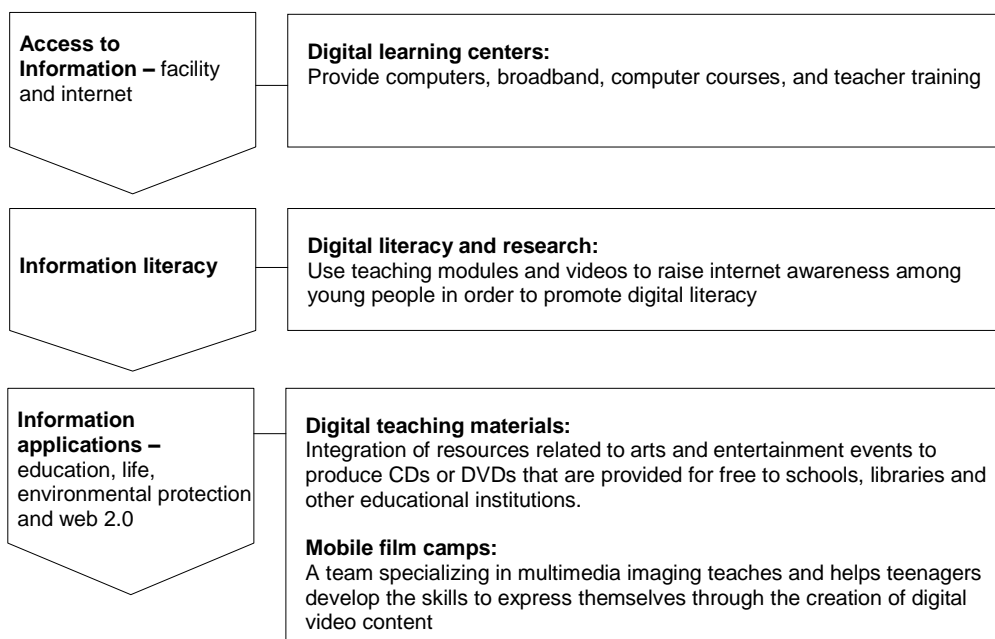
3. Human rights

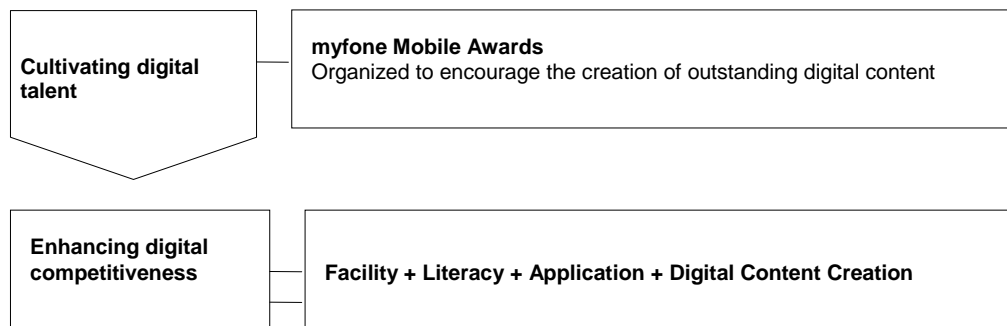
TWM has never employed child workers. Pursuant to the Gender Equality in Employment Act and Employment Services Act, the Company has never discriminated against any employee and ethnic group or forced labor on its employees. Employees are free to form associations.

4. Safety and health

To build a vital, happy and healthy workplace, TWM has designed various activities for its employees with a focus on promoting a safe environment, disease prevention, health and spiritual relaxation. From 2007 to 2013, the Company received the following awards: “LOHAS (Lifestyles of Health and Sustainability),” “Community Health,” “Leader in Health” and “Best Weight Loss Office” from the Cabinet-level Department of Health. It also received top certifications from Taipei City’s Health Department for its breastfeeding rooms.

5. Enhancing digital competitiveness





- TWM continued to set up broadband services in remote areas in 2013. The Company also collaborated with local nonprofit organizations (NPOs) and was operating 15 digital learning centers as of the end of 2013.
- TWM has published 26 sets of digital teaching materials since 2009, with content covering live concerts, raising internet literacy among young adults and children, creating digital videos, digital music composition, environmental education and human care.
- TWM hosted the “Mobile Film Creation Camp for Teenagers” to teach imaging techniques and applications, helping teenagers learn how to express their ideas through the creation of video content in order to cultivate future multimedia talent.
- TWM launched the “myfone Mobile Awards” to encourage the creation of new types of literature and music. The contest attracted a record nearly 50,000 entries in 2013.

6. Digital social welfare “i-Infinity”

In 2012, TWM started integrating its core competencies and resources to help non-profit organizations develop the ability to harness the power of digital applications, help disadvantaged groups that other public or private institutions are not able to assist and enhance these NPOs’ operating efficiency and fundraising capabilities. In 2013, TWM proposed five mobile application programs to aid these organizations’ digital application development and cater to their digital marketing and training needs. Cumulatively, 37 social welfare groups attended 51 seminars on these programs.

- “Wheelmap (Taiwan)” App was launched to enable the elderly, people with disabilities and parents with small children search for attractions, hotels, restaurants and shopping centers in Taiwan that have barrier-free facilities and for bus routes served by low-floor buses.
- “Flora App,” developed in collaboration with the Society of Wilderness, National Taiwan University, and National Chengchi University’s computer science department, is a mobile flower library in Taiwan.
- Three social-welfare short films have helped NPOs raise more than NT\$6 million since they were posted online.
- Teleconferencing service: TWM has helped thirteen NPOs install video conference equipment as of the end of 2013. The teleconferencing service has helped these NPOs save more than NT\$5 million in travel expenses and more than 60 tons in carbon emissions. More than 7,300 participants have been trained using the service.
- E-books: TWM has assisted 27 NPOs in developing electronic books. As of the end of 2013, the e-book service has helped reduce mailing costs by 30%, which translates into savings of around NT\$720,000 from annual printing expenses.

7. Community participation and social care

- TWM introduced the “5180 Mobile Donation Hotline,” a micro-donation platform, to provide a long-term fundraising channel for 67 NPOs.
- TWM sponsors tutorial sessions after school for more than 60 children from underprivileged families.
- TWM works with the Canlove Social Services Association to provide professional counseling services to people with depression and to promote suicide prevention awareness. More than 45,000 participants took part in these activities in 2013.
- TWM sponsors an NGO that provides classes on “EQ Management” and “Suicide Prevention” to junior-high school students. More than 192,000 students have been involved in this program.

8. Cultural promotions:

- TWM introduced the “909 Mobile Phone Audio Guide,” which employs mobile communications technology and cloud database to promote art and culture.
- To promote cultural literacy, TWM has since 2005 held 39 large outdoor concerts throughout the country, with more than 530,000 people attending these events.

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 addition, information disclosed in the 2013 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.

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 operation, guidelines and training – to prevent dishonest behavior</p> <p>(3) Adopting measures to prevent high-risk dishonest behavior, such as offering or accepting bribes, giving illegal political donations</p>	<p>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles and disseminates 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 have established 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 were announced and disseminated to employees, managers and board directors to enhance integrity and self-discipline. In addition, all employees are required to sign a "Declaration of Integrity" every year starting 2014.</p> <p>(3) The Company has set up an accounting system and internal control system for business activities that are at higher risk of dishonest behavior. The Company has no under-the-table accounts or secret accounts. The aforementioned systems are reviewed periodically to ensure that they are working and measures are implemented.</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 and supervision by the board of directors</p> <p>(3) Setting up policies to prevent conflict of interests and providing channels to report such conflict</p> <p>(4) Building an effective accounting system and internal control system to carry out ethical corporate management, with internal auditors auditing the process</p>	<p>(1) The Company's Guidelines on Corporate Social Responsibility for Suppliers states that all suppliers should not engage in bribery.</p> <p>(2) The Internal Audit Office is responsible for promulgating and overseeing policies and programs relating to ethical corporate management and tasked with reporting to the board of directors.</p> <p>(3) The Company has promulgated policies to prevent conflict of interests. Any violation should be reported to the Audit Committee, the managers or the chief internal audit officer.</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 risks. No material violation has ever been found.</p> <p>Moreover, all employees are required to sign a "Declaration of integrity," while suppliers are required to sign a "Declaration of Integrity in Business Conduct."</p>
<p>3. Providing reporting channels and a system for appeal and punishment in cases of ethics violation</p>	<p>The reporting channels include mailboxes for employee or vendor complaints. If any violation is found, the Internal Audit Office will conduct an investigation and report the results, with punishment being meted out in accordance with the severity of the offense. The Company has incorporated its Ethical Corporate Management Best Practice Principles into its employee performance evaluation and human resource policies to create an effective reward/punishment mechanism.</p>
<p>4. Strengthening information disclosure</p> <p>(1) Disclosing related information on ethical corporate management on the Company's website</p> <p>(2) Other ways of disclosure (e.g. setting up an English website or designating dedicated personnel to collect and disclose related information on the Company's website)</p>	<p>(1) The Company's Ethical Corporate Management Best Practice Principles have already been posted on the Company's Chinese / English websites as well as its intranet.</p> <p>(2) The Company has designated dedicated personnel to collect and disclose related information on the official website and update the revision of related regulation duly.</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>	

6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices, such as the Company publishing its ethical corporate management practices and inviting vendors to participate in the Company's training on and amendment of the principles:

The Company has promulgated its Guidelines on Corporate Social Responsibility for Suppliers to serve as a guide for doing business with vendors. In addition, the Company issued a CSR report in 2013, which was verified by an independent third-party organization, in accordance with its AA1000 (2008) Type 2 high assurance standards. The information disclosed in the aforementioned report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization. This is another evidence of the Company's commitment to carrying out ethical corporate management.

Corporate governance rules and procedures

The Company has implemented a number of rules and procedures to enhance its corporate governance practices. It has revised the Audit Committee Charter, the Compensation Committee Charter, Rules and Procedures Governing Board of Directors' Meetings, Rules and Procedures Governing Shareholders' Meetings, Regulations Governing Internal Material Information, Code of Ethics, Ethical Corporate Management Best Practice Principles, Corporate Social Responsibility Policy, and Rules and Procedures on Conducting Transactions between Group Companies and Related Parties. With these changes, 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 ensures fair and independent financial oversight
- Compensation Committee ensures sound corporate governance practices and compensation systems for directors and managers are in place
- Adoption of a high cash dividend payout policy
- Shareholders' rights guaranteed with the right to vote on all proposals at the annual general 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 on January 22, 2009) on an annual basis and has incorporated them into its internal control system to avoid risks of insider trading.

Internal control system

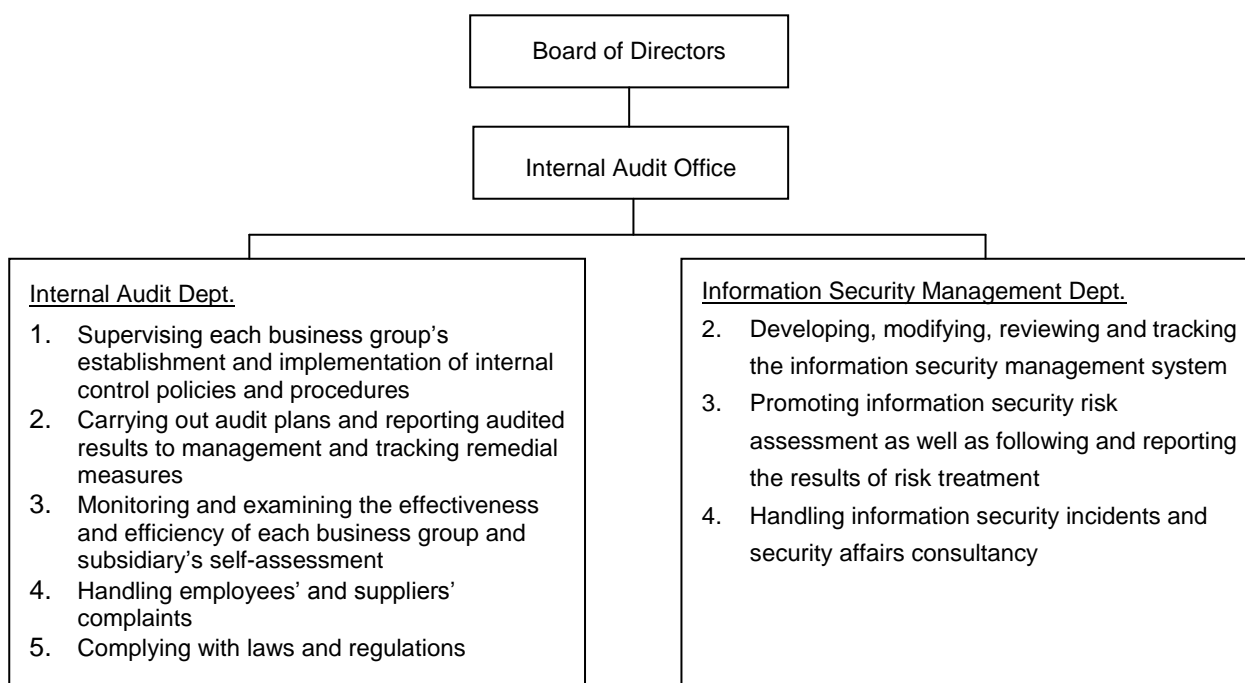
1. Internal control mechanism

The Company's Internal Audit Office is made up of two departments: internal audit and information security management. The internal audit department carries out audits, while the information security management department sets information security affairs into action.

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.

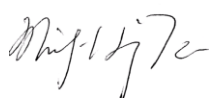
Internal Control Statement

Date: January 28, 2014

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2013:

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 "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, 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, 2013, 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 28, 2014, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Richard 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 2013 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2012 business report and financial statements
- (2) 2012 earnings distribution proposal

Execution: Set record date of ex-dividend for July 14, 2013, cash payment on July 26, 2013.

- (3) Approved plan for the Company to consign its direct store related operations to Taiwan Digital Service Co., Ltd.

Execution: The Company signed a management contract consigning its direct store related operations to Taiwan Digital Service Co., Ltd. from July 1, 2013.

- (4) Amendments to the Company's "Articles of Incorporation"

Execution: Already approved by Minister of Economic Affairs on July 15, 2013 and disclosed on Company website

- (5) Amendments to the Company's "Rules and Procedures on Lending and Making Endorsements/Guarantees"

Execution: implemented in accordance with the revised rules.

- (6) Amendments to rename the Company's " Election Rules on Directors and Supervisors"

Execution: implemented in accordance with the revised rules.

2. Major resolutions by the board (from 2013 up to the publication date in 2014)

1. 10th meeting of the sixth BOD on January 31, 2013

- (1) Approved 2012 business report and financial statements
- (2) Approved plan to change chief internal audit officer
- (3) Approved changes to accounting policy on bundled sales starting January 1, 2013
- (4) Approved 2013 consolidated financial forecasts
- (5) Approved 2013 capital expenditure plans

- (6) Approved the consignment of the Company's direct store related operations to a newly established 100%-owned subsidiary, Taiwan Digital Service Co., Ltd.

- (7) Approved schedule for 2013 general shareholders' meeting

2. 11th meeting of the sixth BOD on April 30, 2013

- (1) Approved 2012 earnings distribution proposal and cash returns distributed from legal reserve
- (2) Approved proposal to participate in Taiwan Cellular Co., Ltd.'s rights issue

3. 12th meeting of the sixth BOD on July 30, 2013

- (1) Approved plan to participate in the government's 4G license auction

4. 13th meeting of the sixth BOD on October 1, 2013

- (1) Approved the appointment of a new Managing Director and Co-President Vivien Hsu's resignation

5. 14th meeting of the sixth BOD on October 31, 2013

- (1) Approved additional capital expenditure plans for 2013

6. 15th meeting of the sixth BOD on November 26, 2013

- (1) Approved additional capital expenditure plans for 2013
- 7. 16th meeting of the sixth BOD on January 6, 2014
 - (1) Approved the appointment of a new President and his exemption from non-competition restrictions
- 8. 17th meeting of the sixth BOD on January 28, 2014
 - (2) Approved 2013 business report and financial statements
 - (3) Approved 1Q14 consolidated financial forecasts
 - (4) Approved 2014 capital expenditure plan
 - (5) Approved the procurement of mobile broadband equipment from Nokia Siemens Networks Taiwan Co., Ltd.
 - (6) Approved the schedule for the 2014 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 2013 up to the publication date in 2014: None

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

As of March 20, 2014

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Co-President	Vivien Hsu	2011.01.01	2013.10.01	Resignation
President	Cliff Lai	2011.01.01	2014.01.06	Resignation
Internal Auditor	Christine Yang	2013.01.31	2014.02.17	Position Adjustment