

## Corporate Governance

### Board of Directors attendance

#### 1. The Board of Directors convened eight times in 2014

| Title                | Name   | Attendance in person | By proxy | Attendance ratio | Remarks   |
|----------------------|--|----------------------|----------|------------------|---|
| Chairman             | Fu-Chi Venture Corp.<br>Representative:<br>Richard Tsai                | 5                    | 3        | 63%              | None  |
| Vice Chairman        | Fu-Chi Venture Corp.<br>Representative:<br>Daniel Tsai                 | 8                    | 0        | 100%             | None  |
| Director             | TCC Investment Co., Ltd.<br>Representative:<br>James Jeng / Cliff Lai  | 8                    | 0        | 100%             | James Jeng took over Cliff Lai's duties on January 6, 2014. Mr. Jeng and Mr. Lai attended seven and one board meeting(s) respectively during their tenure.      |
| Director             | TCC Investment Co., Ltd.<br>Representative:<br>Howard Lin / Benny Chen | 8                    | 0        | 100%             | Howard Lin took over Benny Chen's duties after the board election on June 12, 2014. Mr. Lin and Mr. Chen each attended four board meetings during their tenure. |
| Director             | Fu-Chi Venture Corp.<br>Representative:<br>Vivien Hsu                  | 6                    | 2        | 75%              | None  |
| Independent Director | Jack J.T. Huang  | 6                    | 1        | 75%              | None  |
| Independent Director | Tsung-Ming Chung   | 7                    | 1        | 88%              | None  |
| Independent Director | Hsueh-Jen Sung   | 4                    | 0        | 100%             | Mr. Sung was elected on June 12, 2014 and required to attend four board meetings.   |
| Independent Director | Guu-Chang Yang   | 4                    | 0        | 100%             | Mr. Yang was elected on June 12, 2014 and required to attend four board meetings.   |
| Independent Director | Wen-Li Yeh   | 4                    | 0        | 100%             | Mr. Yeh, who completed his tenure on June 12, 2014, was required to attend four board meetings.   |
| Independent Director | J. Carl Hsu  | 1                    | 2        | 25%              | Mr. Hsu, who completed his tenure on June 12, 2014, was required to attend four board meetings.   |

#### 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 interest 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."
- (2) Training programs for directors: Since 2008, the Company has conducted annual in-house seminars to facilitate interactions between lecturers and directors and to fulfill 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 operations are 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 2014

| 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  | 5                    | 1        | 83%              | None   |
| Independent Director | Hsueh-Jen Sung   | 3                    | 0        | 100%             | Mr. Sung was elected on June 12, 2014 and required to attend three committee meetings.               |
| Independent Director | Guu-Chang Yang   | 3                    | 0        | 100%             | Mr. Yang was elected on June 12, 2014 and required to attend three committee meetings.               |
| Independent Director | Wen-Li Yeh       | 3                    | 0        | 100%             | Mr. Yeh, who completed his tenure on June 12, 2014, was required to attend three committee meetings. |
| Independent Director | J. Carl Hsu      | 1                    | 2        | 33%              | Mr. Hsu, who completed his tenure on June 12, 2014, was required to attend three committee meetings. |

### 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 interest among 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  |
|---|--|---|
| 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 MOPS (Market Observation Post System).  |
| 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 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  | The board appointments and member qualifications are both regulated 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 established a Compensation Committee and an Audit Committee in accordance with the law. All corporate governance functions were executed by the Board, the Audit Committee and the Compensation Committee.  |
|   | 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 submit a report on proposed improvements to the board. (All members participated in a self-evaluation on individual performances for 2014 during the board meeting on January 29, 2015.)  |
|   | Periodic review of CPA’s independence  | 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: <ol style="list-style-type: none"> <li>1. Review of the CPA’s resumes.</li> <li>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.</li> <li>3. The Company has not engaged the services of the</li> </ol> |

| Item                   |  | Current practice  |
|------------------------|--|---|
|                        |  | <p>same CPA 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. Quality and efficiency of the audit, taxes and other professional services.</p> <p>6. The CPAs are not involved in any lawsuit or litigation and have never been censured by the authorities.</p> <p>7. Scale and reputation of the CPA firm.</p> <p>8. Interactions with management and internal audit officer.</p> <p>All CPAs engaged by the Company have fulfilled the aforementioned criteria.</p> |
|                        | Has the Company established communication channels with stakeholders, including setting up a stakeholders' section on the Company's website? | Sections of investor relations, procurement and CSR have been set up on the Company's official website and will be integrated into one comprehensive stakeholders' section by the end of 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 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. Training program for directors in 2014

| Training program   | Organization                                   | Date       | Hours | Name  |
|--|--|------------|-------|---|
| Third-party payment service: opportunities and challenges  | Corporate Governance Association               | 2014/12/26 | 3     | Richard Tsai, Daniel Tsai, James Jeng, Vivien Hsu, Hsueh-Jen Sung, Guu-Chang Yang |
| Corporate social responsibility and sustainable management   | Corporate Governance Association               | 2014/12/22 | 3     | Tsung-Ming Chung  |
| Advanced practice seminar for directors and supervisors (including independent officials)              | Securities and Futures Institute               | 2014/12/4  | 3     | Hsueh-Jen Sung  |
| Audit and internal control from the perspective of directors and supervisors                           | Corporate Governance Association               | 2014/12/2  | 3     | Hsueh-Jen Sung  |
| Sustainable thinking and practices   | Corporate Governance Association               | 2014/11/25 | 3     | Richard Tsai, Daniel Tsai, Vivien Hsu   |
| Practical business operations for independent directors  | Corporate Governance Association               | 2014/10/21 | 3     | Hsueh-Jen Sung  |
| The battle to protect trade secrets  | Corporate Governance Association               | 2014/8/19  | 3     | James Jeng  |
| Building a competitive capital structure   | Accounting Research and Development Foundation | 2014/8/6   | 3     | Guu-Chang Yang  |
| Supervising and auditing subsidiaries  | Accounting Research and Development Foundation | 2014/7/10  | 6     | Guu-Chang Yang  |
| Legal liabilities of insider trading (including securities regulation)                                 | Corporate Governance Association               | 2014/7/9   | 3     | James Jeng, Howard Lin  |
| Corporate governance and securities regulation (including disclosure of internal material information) | Corporate Governance Association               | 2014/6/19  | 3     | James Jeng  |
| Directors and BOD performance evaluation   | Corporate Governance Association               | 2014/5/27  | 3     | Jack J.T. Huang   |
| Items that need attention at board meetings and AGM  | Corporate Governance Association               | 2014/3/26  | 3     | James Jeng  |

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

## 7. Corporate governance related training program for management in 2014

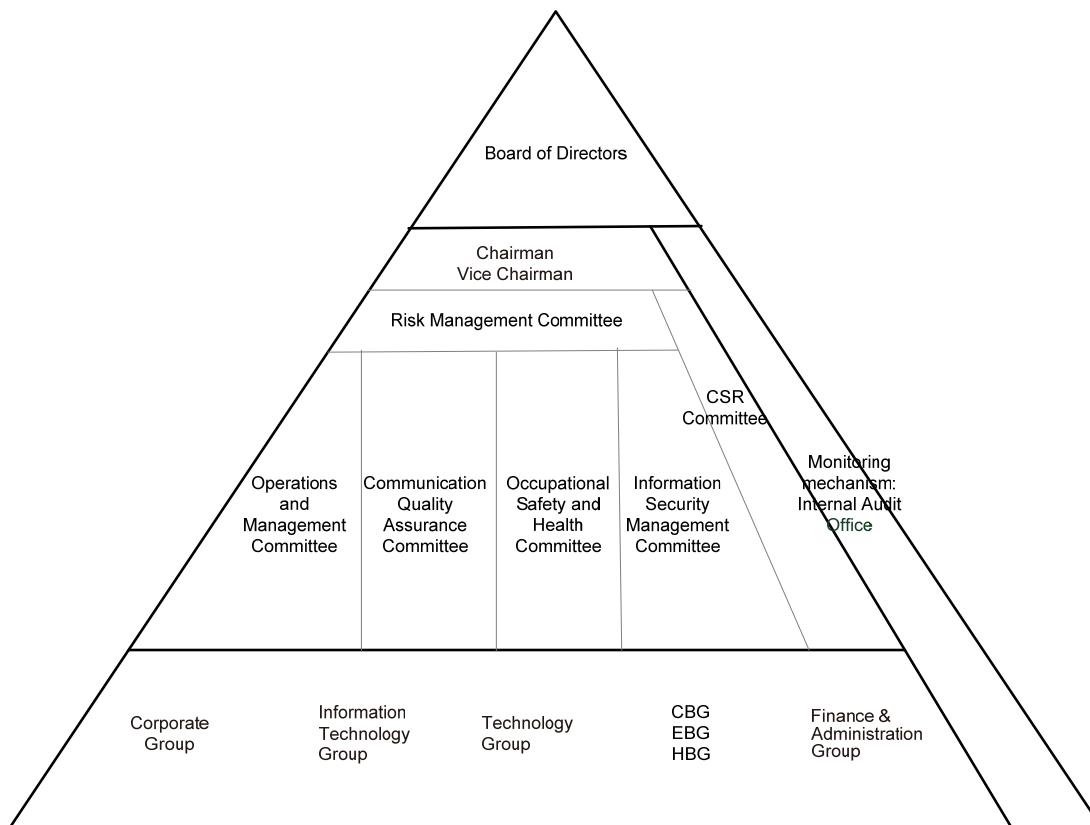
| Training program  | Organizer                               | Date           | Hours | Participants   |
|---|---|----------------|-------|--|
| Information security (advanced):<br>Practice of personal data protection law                        | TWM Internal Audit Office               | 2014/12-2015/1 | 1     | James Jeng, Rosie Yu, C.H. Jih, Jeff Ku, Joseph Yang, James Chang, Jay Hong, Ariel Hwang, Egon Chen, Chien Chen, Tom Koh, Sean Hsieh, Paul Huang, Steve Chou, Daphne Lee, Iris Liu |
| Continually adding values:<br>Disruptive innovation   | TWM HR Division                         | 2014/11/07     | 4     | C.H. Jih, Tom Koh, Steve Chou  |
| Seminars for listed companies to advocate good faith management and corporate social responsibility | Securities & Futures Institute          | 2014/09/09     | 3     | Iris Liu   |
| Co-opetition strategy:<br>Application of game theory  | TWM HR Division                         | 2014/08/22     | 4     | C.H. Jih, Jeff Ku, Joseph Yang, James Chang, Chien Chen, Tom Koh, Sean Hsieh, Paul Huang, Iris Liu   |
| Information security (basic):<br>Preventing information leakage and hacking                         | TWM Internal Audit Office               | 2014/07/25     | 0.5   | Iris Liu   |
| Benchmarking to good practices at IBM and GE  | TWM HR Division                         | 2014/05/20     | 3     | C.H. Jih, Joseph Yang, James Chang, Egon Chen  |
| Relativity theory of business management  | NTU EMBA                                | 2014/03/15     | 2     | Egon Chen  |
| Corporate social responsibility   | Chunghwa Negotiation Management Society | 2014/03/08     | 4     | Egon Chen  |

## 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 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 the monitoring mechanism:

|        | <b>Responsible unit</b>  | <b>Function</b>  |
|--------|--|--|
| Ground | Corporate Group, Information Technology Group, Technology Group, Consumer Business Group, Enterprise Business Group, Home Business Group, Finance and Administration Group | Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.<br><br>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. |
| Middle | Corporate Social Responsibility Committee  | Promote corporate social responsibility and implement sustainable management within the company.   |
|        | Risk Management Committee (Note)   | Integrate the company's risk management framework and internal control mechanism.<br><br>Execute risk management strategies and conduct a regular review of the structure, development and efficiency of the overall risk management mechanism.<br><br>Exercise control over the four following committees:  |
|        | Operations and Management Committee  | Conduct periodic review of each business group's operating target and performance to meet the Company's guidance and budget.   |

|                      |   |  |
|----------------------|---|--|
|                      | 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.   |
|                      | 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.   |
| 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                     | 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.<br><br>Report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed. |

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



## Risk factors and management structure

|    | 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:<br>Board of Directors<br><br>Monitoring mechanism:<br>Internal Audit Office |
| 2  | Market risk<br>A. Competition<br>B. New products<br>C. Channel management<br>D. Inventory management              | CBG, EBG and HBG  |   |  |
| 3  | Credit and collection risk  | 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   | 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 image   | 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   | Internal Audit Office - Information Security Management Department      | Information Security Management Committee |  |
| 16 | Technology and maintenance risk   | President's Office - Communication Quality Assurance Department         | Communication Quality Assurance 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. The Company has purchased liability insurance for its directors on a yearly basis.

### 11. Employee certifications relating to financial transparency

- (1) Certified Internal Auditor (CIA): eight 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): eight 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; five 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:** None

**Compensation Committee operations**

The Compensation Committee, composed entirely of independent 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 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 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 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: June 12, 2014 to June 11, 2017. The Compensation Committee convened three times in 2014:

| Title                | Name             | Attendance in person | By proxy | Attendance ratio | Remarks  |
|----------------------|------------------|----------------------|----------|------------------|--|
| Independent Director | Jack J.T. Huang  | 2                    | 1        | 67%              | Appointed committee chairman   |
| Independent Director | Tsung-Ming Chung | 3                    | 0        | 100%             | None   |
| Independent Director | Hsueh-Jen Sung   | 1                    | 0        | 100%             | Mr. Sung was elected on June 12, 2014 and required to attend one committee meeting.                |
| Independent Director | Guu-Chang Yang   | 1                    | 0        | 100%             | Mr. Yang was elected on June 12, 2014 and required to attend one committee meeting.                |
| Independent Director | Wen-Li Yeh       | 2                    | 0        | 100%             | Mr. Yeh, who completed his tenure on June 12, 2014, was required to attend two committee meetings. |
| Independent Director | J. Carl Hsu      | 1                    | 0        | 50%              | Mr. Hsu, who ended his tenure on June 12, 2014, was required to attend two committee meetings.     |

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><b>Corporate governance</b></p> <ol style="list-style-type: none"> <li>1. Establishing a CSR policy or system and review mechanism</li> <li>2. CSR course training</li> <li>3. Setting up a unit to carry out this policy or system</li> <li>4. Establishing a reward-and-punishment system as part of the Company's employee performance evaluation system and CSR policy</li> </ol>   | <ol style="list-style-type: none"> <li>1. The Company set up the "Corporate Social Responsibility Policy" to ensure effective execution of corporate social responsibility in January 2011 and the "Corporate Social Responsibility Best Practice Principles" in January 2015. 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 2014. To bring more synergy in 2015, the Company will focus on integrating and optimizing resources to maximize efficiency.</li> <li>2. CSR course training is held periodically.</li> <li>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.</li> <li>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.</li> </ol>   |         |      |       |                  |       |       |                    |         |         |                     |         |         |
| <p><b>Environmental sustainability</b></p> <ol style="list-style-type: none"> <li>1. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment</li> <li>2. Establishing an environmental management system in line with the nature of the Company's business operations</li> <li>3. Monitoring the impact of climate change on operating activities and adopting measures to reduce greenhouse gas emissions and minimize their impact on the environment</li> </ol> | <ol style="list-style-type: none"> <li>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.</li> <li>2. TWM established an internal Sustainable Development Committee in 2011 that is responsible for monitoring energy management activities and environment-related indexes, promoting efforts to reduce carbon emissions, and planning, promoting and integrating all of the Company's environmental protection-related activities. The committee is also tasked with incorporating the Company's environmental management rules and sustainable management roadmap into its CSR policies.</li> <li>3. TWM's operating management practices, including communications technology deployment, are designed to reduce energy consumption and greenhouse gas (GHG) emissions. These measures include: <ul style="list-style-type: none"> <li>● Energy-saving program for data centers</li> <li>● Base station equipment upgrading</li> <li>● Energy management program for TWM's office buildings and direct stores</li> <li>● Telepresence service</li> <li>● Green value-added services</li> <li>● e-service and mobile services</li> </ul> </li> </ol> <p style="text-align: right;">Unit: tCO<sub>2</sub>e</p> <table border="1" data-bbox="632 1787 1378 1984"> <thead> <tr> <th></th> <th>2013</th> <th>2014*</th> </tr> </thead> <tbody> <tr> <td>Direct emissions</td> <td>3,147</td> <td>7,118</td> </tr> <tr> <td>Indirect emissions</td> <td>170,978</td> <td>201,209</td> </tr> <tr> <td>Total GHG emissions</td> <td>174,124</td> <td>208,327</td> </tr> </tbody> </table> <p>* Emissions saw sharp annual increases due to the inclusion of TFN Media and its five system operator subsidiaries and the expansion of TWM's internet data center business and 4G services.</p> |         | 2013 | 2014* | Direct emissions | 3,147 | 7,118 | Indirect emissions | 170,978 | 201,209 | Total GHG emissions | 174,124 | 208,327 |
|  | 2013  | 2014*   |      |       |                  |       |       |                    |         |         |                     |         |         |
| Direct emissions   | 3,147   | 7,118   |      |       |                  |       |       |                    |         |         |                     |         |         |
| Indirect emissions   | 170,978   | 201,209 |      |       |                  |       |       |                    |         |         |                     |         |         |
| Total GHG emissions  | 174,124   | 208,327 |      |       |                  |       |       |                    |         |         |                     |         |         |

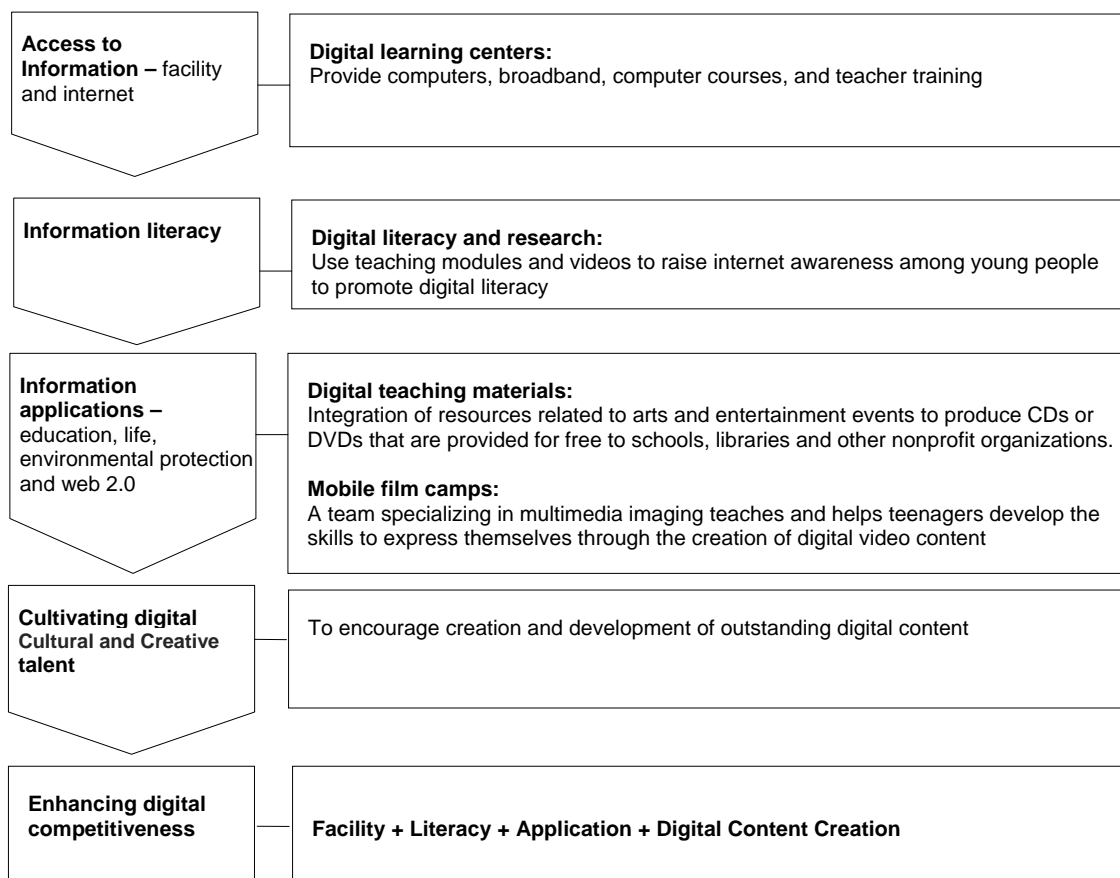
| Item   | Current Practices  |
|--|--|
| <p><b>Commitment to corporate social responsibility</b></p> <ol style="list-style-type: none"> <li>1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy and establishing appropriate management practices, procedures and execution</li> <li>2. Setting up an employee appeals process</li> <li>3. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education</li> <li>4. Building a regular communication mechanism and notifying employees about potential operating changes that may have a significant impact on them</li> <li>5. Developing Individual Training Plans (ITP) for career development</li> <li>6. Developing consumer rights protection policies and appeals procedures related to R&amp;D, procurement, production, operations and service processes</li> </ol> | <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>4. The Company has set up multiple channels to communicate with employees on a regular basis about the company's operational decisions. <ol style="list-style-type: none"> <li>(1) Dialogue between employees and management: Managerial meetings are held every three months to reinforce the company's vision and convey recent critical developments to all employees.</li> <li>(2) Labor-management meetings are held quarterly to enhance communication between employees and management for consensus building and to promote cooperation.</li> <li>(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.</li> <li>(4) A President's Mailbox has been set up for employees to submit recommendations to the Company.</li> <li>(5) Employee opinion surveys: A survey is conducted every two to 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 checkup to gather employee opinions.</li> <li>(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.</li> </ol> </li> <li>5. Based on individual career interests, strengths and weaknesses, supervisors help their staff draw up individual training plans at the annual performance review to give them systematic guidance on enhancing their skills and abilities for career development.</li> <li>6. The Company is committed to enhancing its service quality to help customers navigate the complex network of telecom offerings in the 4G era. In 2014, TWM was again awarded an SGS Qualicert and SGS ISO 10002 certification for its customer service system. 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.</li> </ol> |

| Item   | Current Practices  |
|--|--|
| <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>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 violate 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><b>Information disclosure</b><br/> <b>Disclosing relevant and reliable information on corporate social responsibility</b></p>   | <p>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><b>The Company's CSR policy and practices fully comply with the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies."</b></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 Guideline" in January 2015 to ensure effective execution of the Company's commitment to society.</p> <p>With 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 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. Enhancing digital competitiveness**



- TWM continued to set up broadband services in remote areas in 2014. The Company also collaborated with local nonprofit organizations (NPOs) and was operating 17 digital learning centers as of the end of 2014.
- TWM has published 27 sets of digital teaching materials since 2009, whose content ranges from live concerts to raising internet literacy among young adults and children, creating digital videos, digital music composition, environmental education and human care.
- TWM has hosted the “Mobile Film Creation Camp for Teenagers” since 2009 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. As of the end of 2014, 133 short films had been made with 1,005 students participating.
- TWM launched the “myfone Mobile Awards” to encourage the creation of new types of literature and music in 2007. As of the end of 2014, the contest had attracted nearly 240,000 entries since 2007.

**2. 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 emissions and removals, as well as received an ISO 50001 certification for energy management.

**3. Digital social welfare “i-Infinity”**

In 2012, TWM started integrating its core competencies and resources to help nonprofit 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 2014, TWM proposed five mobile application programs to aid these organizations’ digital application development and cater to their digital marketing and training needs. Since its inception, 181 social welfare groups had attended 59 seminars on these programs.

- “Wheelmap (Taiwan) App” enables the elderly, people with disabilities, and parents with small children to search for information regarding low-floor buses and attractions, hotels, restaurants and shopping centers in Taiwan that have barrier-free facilities.
- “Bubble Adventures App” is a tablet game application that appeals to children in need of early intervention and provides assistance in the rehabilitation process. The game process is designed in a way to promote rehabilitation in such areas as cognition, memory, social adaptation, and hand-eye coordination. The therapy process is extended to home care and the application serves as a reference for the observation of the child rehabilitation process by doctors, teachers and parents.
- “NFC Smart Tracking Wristband” was the first smart tracking wristband developed in Taiwan to help people with dementia who are lost when attempting to return home. The wristband, which employs NFC technology, transmits information to keep track of the wearer’s location.
- “iSharing Volunteer Platform,” the first cross-website and cross-application volunteer platform in Taiwan, provides a solution to the problem of matching volunteers, encouraging 17.3 million prospective volunteers aged 15 to 65 to sign up for volunteer services. This platform is looking to align with the government’s 12-year compulsory education program by establishing a volunteers’ database.
- Three social-welfare short films have helped NPOs raise fundraising income since they were posted online.
- Teleconferencing service: TWM had helped 13 NPOs install video conference equipment as of the end of 2014. The teleconferencing service has helped these NPOs save more than NT\$3.57 million in travel expenses and more than 105 tons in carbon emissions. Close to 18,000 participants have been trained using the service.
- E-books: TWM has assisted 27 NPOs in developing electronic books. As of the end of 2014, the e-book service had helped reduce mailing costs by 30%, which translates into savings of around NT\$720,000 in annual printing expenses.

#### 4. 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 works with the Canlove Social Services Association to provide professional counseling services to people with depression and to promote suicide prevention awareness. More than 46,000 participants took part in these activities in 2014.

#### 5. Cultural promotions:

- TWM introduced the “909 Mobile Phone Audio Guide,” which employs mobile communications technology and cloud database to promote art and culture. This mobile audio guide system has been used a total of 273,146 times for a total of over 32,520 hours.
- To promote cultural literacy, TWM has since 2005 held 41 large outdoor concerts throughout the country, with more than 560,000 people attending these events.

#### 6. Supporting sports in Taiwan:

TWM is committed to providing consumers with a relaxed, pleasant and user-friendly mobile lifestyle and delivering its brand spirit — “Accompanying our Customers in Their Daily Lives” — through various efforts, including continuous sponsorships of major sporting events, such as golf, baseball, tennis and basketball, as well as athletes. TWM invested more than NT\$450 million accumulatively in sports sponsorships from 2003 to the end of 2014.

#### **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, Taiwan Mobile published its 2014 CSR report based on the limited assurance engagement conducted by KPMG in accordance with ISAE 3000, with the information disclosed complying with the latest GRI G3.1 application level of A+. Taiwan Mobile is proud to be the first Taiwanese telecom company to pass ISAE3000, demonstrating the company’s commitment to integrity management.



## 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, punishment of violations and reporting system 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"> <li>a. offering and accepting bribes</li> <li>b. illegal political donations</li> <li>c. improper charitable donations or sponsorship</li> <li>d. offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits</li> </ul> <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 account and terminate or rescind the contract at any time.</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 interest. Should there be a conflict of interest, directors should recuse themselves from discussing or voting on the issue. Any board director, manager, employee and 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 risks 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.</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 whistle-blower 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>(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 whistle-blower does not come to harm.</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 official 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 the 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 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.</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, 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](http://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 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

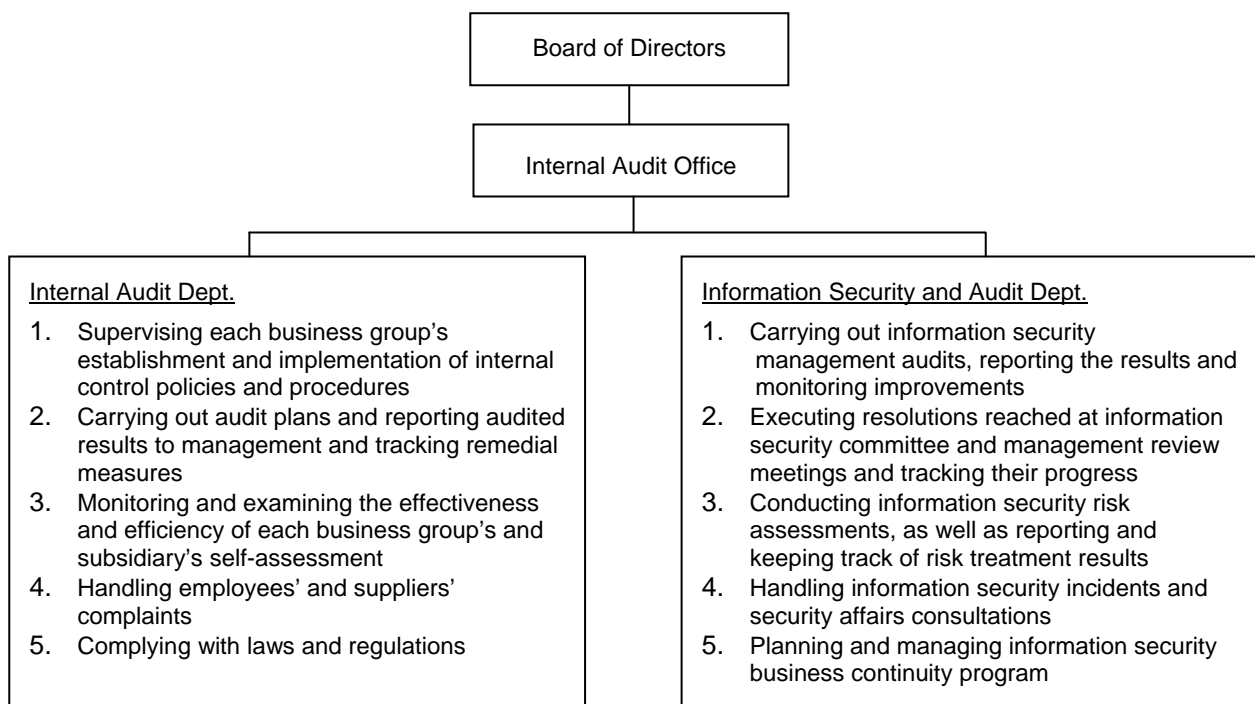
### 1. Internal control mechanism

The 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 15 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 29, 2015

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2014:

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, 2014, 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 29, 2015, 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 2014 shareholders' meeting**

Issues approved and subsequent execution:

(1) The 2013 business report and financial statements

(2) The 2013 earnings distribution proposal

Execution: Set record date of ex-dividend for July 5, 2014, cash payment on July 18, 2014.

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

Execution: Already approved by the Ministry of Economic Affairs on September 5, 2014 and disclosed on the Company website

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

Execution: implemented in accordance with the revised rules

(5) Election of the seventh Board of Directors (including independent directors)

Directors: Fu-Chi Venture Corp. (representatives: Richard Tsai, Daniel Tsai and Vivien Hsu)

TCC Investment Co., Ltd. (representatives: James Jeng and Howard Lin)

Independent Directors: Jack J.T. Huang, Tsung-Ming Chung, Hsueh-Jen Sung and Guu-Chang Yang

(6) Removal of non-competition restrictions for the aforementioned directors

### **2. Major resolutions by the board (from 2014 up to publication date in 2015)**

1. 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

2. 17th meeting of the sixth BOD on January 28, 2014

(1) Approved the 2013 business report and financial statements

(2) Approved the 1Q14 consolidated financial forecasts

(3) Approved the 2014 capital expenditure plan

(4) Approved the procurement of mobile broadband equipment from Nokia Siemens Networks Taiwan Co., Ltd.

(5) Approved the schedule for the 2014 general shareholders' meeting

3. 18th meeting of the sixth BOD on April 29, 2014

(1) Approved the 2013 earnings distribution proposal

(2) Approved the 2Q14 consolidated financial forecasts

(3) Approved the appointment of new managers and internal auditor and their exemption from non-competition restrictions

(4) Approved the resignation of the Managing Director

(5) Approved the revision of the 2014 capex of TWM and its subsidiaries

4. 1st meeting of the seventh BOD on June 12, 2014

(1) Elected Richard Tsai and Daniel Tsai, representatives of Fu-Chi Venture Corp., as Chairman and Vice Chairman, respectively

5. 2nd meeting of the seventh BOD on July 28, 2014

- (1) Approved the proposal to participate in Wealth Media Technology Co., Ltd.'s rights issue
  - (2) Approved the 3Q14 consolidated financial forecasts
  - (3) Approved the issuance of the 1st euro-convertible bond (ECB)
  - (4) Approved the revision of the 2014 capex of TWM and its subsidiaries
  - (5) Approved the new vice presidents' exemption from non-competition restrictions
6. 3rd meeting of the seventh BOD on September 25, 2014
- (1) Approved the proposal to participate in Ambit Microsystems Corp.'s rights issue
  - (2) Approved the acquisition of 5MHz x 2 spectrum in the 700 frequency band from Ambit
7. 4th meeting of the seventh BOD on October 31, 2014
- (1) Approved the 4Q14 consolidated financial forecasts
  - (2) Approved the revision of the 2014 capex of TWM and its subsidiaries
8. 5th meeting of the seventh BOD on January 29, 2015
- (1) Approved the 2014 business report and financial statements
  - (2) Approved the 2015 consolidated financial forecasts
  - (3) Approved the 2015 capital expenditure plan
  - (4) Approved the schedule for the 2015 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 2014 up to publication date in 2015:** None

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

As of March 25, 2015

| Title            | Name           | Date of taking office | Date of resignation | Reason for resignation/discharge |
|------------------|----------------|-----------------------|---------------------|----------------------------------|
| President        | Cliff Lai      | 2011.01.01            | 2014.01.06          | Resignation                      |
| Internal Auditor | Christine Yang | 2013.01.31            | 2014.02.17          | Position adjustment              |