

## Human Resources

### Employee statistics in the past two years up to publication date

Year		2018	2019	2020 (as of February 24)
Number of employees	Consolidated	7,932	8,268	8,273
	Stand-alone	3,827	3,769	3,766
Education level	Ph.D.	0.20%	0.18%	0.19%
	Master's	13.99%	13.43%	13.39%
	University	58.45%	58.97%	58.94%
	College	16.52%	16.10%	16.02%
	Others	10.84%	11.32%	11.46%
Average age		37.19	37.63	37.74
Average years of service		7.60	7.82	7.92

## Environmental Protection Expenditure

### Loss or penalty due to environmental pollution in 2019 up to publication date in 2020

None

#### Countermeasures:

TWM has taken into consideration any potential risks or breach of environmental regulations in formulating its environmental management system. The Company also closely monitors developments in the government's environmental policies or regulations to be able to design precautionary measures. It does not expect any substantial expenditure arising from environmental pollution.

The Company is committed to protecting the environment and has adopted various measures, such as promoting green procurement, establishing energy-efficient base stations and data centers, minimizing the use of water and paper in offices and stores, recycling waste cables, batteries and handsets, and encouraging users to switch to e-billing and online services.

## Employee Relations

### Employee behavior/ethical standards

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

#### Delegation of authority

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

#### Work rules

The Company's work rules clearly define the rights and obligations of management and employees. Its modern management

approach has promoted cooperation among employees and benefited the Company.

### **Divisional responsibilities**

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

### **Reward and punishment policies**

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company, as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in the Company's "Work Rules."

### **Employee assessment policy**

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

### **Attendance and leave policy**

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

### **Business confidentiality policy**

To maintain the Company's competitiveness, employees are required to sign a "Confidentiality and Intellectual Property Rights Statement" and an "Employment Contract" as safeguards against potential damage arising from the disclosure of trade secrets. The Company provides employees with the required information and training courses to strengthen their understanding of information security.

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

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

### **Code of Conduct**

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

### **Employee benefits program**

1. All employees are entitled to labor insurance, national health insurance and free group insurance coverage for employees and their spouses starting from the first day of work.
2. The Company has an employee share ownership trust (ESOT) and an employee profit-sharing plan.
3. The Company and its subsidiaries had established Employee Welfare Committees to handle and implement employee benefits programs. The committees are in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions, such as weddings, festivals and funerals.

4. The Company offers high subsidies for phone bills, purchase discounts for company products and flexible working hours, as well as provides maternity leave, sick leave and bereavement leave that exceed the requirements of Taiwan's labor law.

## **Employee training and education program**

1. Training expenses up to January 31, 2020 totaled NT\$19,755,936, with 626,565 attendees taking a total of 384,103.3 training hours.
2. Orientation for new employees includes company profile, culture, brand, company organization, telecommunications market, innovative services, internal network systems, employee health and safety, IT security training and avenues for learning.
3. Core competency development: Develop basic competencies, such as self-management and work management, problem analysis and solution skills, creative thinking, communication and interaction skills, project management, and knowledge of industry trends, basic telecommunications laws and code of ethics; hold service training programs; organize book clubs; and invite celebrity speakers.
4. Management training and development: Separate training programs for entry-level management, middle management and senior management. Training courses include performance management, leadership, strategy management, innovative thinking, team dynamics and organizational development skills, as well as corporate governance seminars.
5. The Company arranges for employees to participate in different programs according to their professional knowledge and skills, including information technology, auditing, human resources, marketing, procurement, safety, finances, accounting and telecommunications technology. These activities have a profound impact on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.
6. The Company has a scholarship program for employees to develop their expertise in telecommunication technologies, digital technologies and business administration.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.

## **Retirement plan and implementation**

### **1. Old Labor Pension System**

The Company has published its Employee Retirement Guidelines and formed a Labor Pension Supervisory Committee in accordance with the law. In addition, the Company retains the services of an actuary to assess and calculate labor pension reserves and provide a detailed report annually. It contributes a sum equivalent to 2% of a worker's monthly wage into a special labor pension account as a reserve fund to pay retirees.

As of February 2020, the accumulated reserve fund was NT\$604,754,000.

### **2. New Labor Pension System**

The Company implemented the New Labor Pension System in July 2005. It deposits 6% of a worker's monthly wage into an individual labor pension account managed by the Bureau of Labor Insurance, with ownership going to the worker.

A total of NT\$155,005,000 was deposited in 2019.

### **3. Retirement policy**

The Company regulates its retirement policy in accordance with labor laws. It also offers the option of early retirement for employees who have worked for at least five years with the Company, which plus his/her age would equal 65 years or above, subject to the Chairman's approval.

## **Employee safety and health policy**

The Company endeavors to contain potential hazards in the workplace, as well as build and promote a safety culture, by observing the following:

1. Regulatory compliance: Follow all rules and regulations pertaining to occupational safety and health and conduct periodic reviews of compliance.
2. Risk control: Implement measures to identify safety risks at work to minimize hazards and prevent injuries or diseases.
3. Consultation and communication: Enhance employee knowledge of the importance of health and safety and encourage them to participate in and take responsibility for their personal health and safety.
4. Healthcare: Organize health-oriented activities and promote care for employees' physical and mental health.
5. Performance evaluation: Conduct systematic evaluations of these measures to gauge their effectiveness and improve health and safety standards.

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

1. Occupational Safety and Health Management System (OHSAS 18001:2007) certification: Its aim is to constantly improve health and safety management in order to reduce risks in the workplace.
2. A unit dedicated to conducting environmental inspections and carrying out employee sanitary training courses was established in accordance with regulations.
3. An Occupational Safety and Health Committee was set up to meet every three months to draft a plan to prevent job injuries, ensure compliance, and conduct periodic reviews of related rules on employee health and sanitary improvement solutions.
4. Full-time professional nursing personnel are employed to perform health checks, track the progress of staff who failed their health examinations, and hold talks on health promotion. Employees who are able to administer first aid treatment have been placed in each work area.
5. Each office site is equipped with an automated external defibrillator and staffed with a sufficient number of first-aid personnel.
6. Fire/flood protection exercises are held regularly every six months to reduce risks of employee injury and property loss from natural disasters.
7. Guards and security systems have been installed at all main base stations and work offices to protect staff, property and information security.

## **Employee negotiations and protection of employee benefits**

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

## **Losses caused by employee disputes in 2019 and up to publication date in 2020:**

The Company maintains a harmonious management/employee relationship and there were no material disputes.

**Number of disabilities due to on-the-job injuries/fatalities in 2019 and up to publication date in 2020:**

Year	2019	2020 (as of February 24)
Number of disabilities	3	0
Disabling Frequency Rate <sup>1</sup> (FR)	0.41	0
Disabling Severity Rate <sup>2</sup> (SR)	1.52	0

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

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

**Major Contracts**

Nature	Counterpart	Contract period	Description	Restriction clauses
Long-term credit facility	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Taipei Branch	2018.07.30~2021.07.30	Long-term loan of NT\$2 billion	Non-disclosure
	Sumitomo Mitsui Banking Corp., Taipei Branch	2019.01.31~2021.01.31	Long-term loan of NT\$4 billion	Non-disclosure
	Mizuho Bank, Ltd., Taipei Branch	2019.04.14~2021.04.14	Long-term loan of NT\$4 billion	Non-disclosure
Strategic alliance	Bridge Alliance	2004.11.03~present	Joined Bridge Alliance	Non-disclosure
Procurement	Apple Asia LLC	2019.06.01~2022.05.31	Procurement agreement for iPhone	Non-disclosure
		2017.11.01~2020.10.31	Procurement agreement for iPad	
	Samsung Electronics Taiwan Co., Ltd.	2019.11.01~2020.10.31	Sales and supply agreement	Non-disclosure
	OPPO Taiwan	2018.01.18~present	Distribution agreement	Non-disclosure
Procurement	Nokia Solutions and Networks Taiwan Co., Ltd.	2019.04.01~2021.03.31	4G equipment supply contract for 2019 set at under NT\$4.682 billion	Non-disclosure
momo				
Land purchase by momo	Yi Jinn Industrial Co., Ltd.	2019.07.31	momo purchased a plot of land in Tainan	None