

Corporate Governance

Board of Directors attendance

The Board of Directors convened seven meetings in 2021

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	7	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	5	2	71%	None
Director	Fu Chi Investment Co., Ltd. Representative: Chris Tsai	7	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	7	0	100%	None
Independent Director	Hsueh-Jen Sung	7	0	100%	None
Independent Director	Char-Dir Chung	7	0	100%	None
Independent Director	Hsi-Peng Lu	7	0	100%	None
Independent Director	Tong Hai Tan	7	0	100%	None
Independent Director	Drina Yue	7	0	100%	None

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

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

Not applicable. The Company has already established an audit committee.

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

2. Any recusals due to conflicts of interest:

Date	Name of directors	Proposal	Reasons for recusal	Participation in deliberation
2021.01.26	Daniel M. Tsai Richard M. Tsai Jamie Lin	2020 performance evaluation and proposed year-end bonuses for chairman, vice chairman and managers by the Remuneration and Nomination Committee	Daniel M. Tsai and Jamie Lin: Personal interest Richard M. Tsai: Interested party	All three were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations
2021.05.04	Jamie Lin	Acquisition of shares of AppWorks Fund III through TWM Venture Co., Ltd., a 100%-owned subsidiary	Personal interest	Mr. Lin was excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai Jamie Lin	Acquisition or disposal of right-of-use assets	Richard M. Tsai and Jamie Lin: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All four were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Removal of non-competition restrictions for board members	Personal interest	All three were excluded from the deliberations
2021.08.05	Daniel M. Tsai Richard M. Tsai Jamie Lin	Distribution of 2020 bonuses and adjustment of 2021 remuneration for the Company's chairman, managers and audit supervisor	Daniel M. Tsai and Jamie Lin: Personal interest Richard M. Tsai: Interested party	All three were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations
2021.11.04	Jamie Lin	Balanced scorecard for president	Personal interest	Mr. Lin was excluded from the deliberations
	Hsueh-Jen Sung Char-Dir Chung Hsi-Peng Lu Tong Hai Tan Drina Yue	Revisions to the Rules for Setting Director's Remuneration	Personal interest	All five were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations

3. Information regarding the implementation of the evaluation of the BoD and functional committees

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Measures	
Once a year	Jan 2021 to Dec 2021	Performance evaluation of the board as a whole, individual directors, and functional committees	<ol style="list-style-type: none"> 1. Evaluation of the performance of the board of directors <ol style="list-style-type: none"> (1) Participation in the operations of the company (2) Improvement in decision-making quality (3) Composition and structure of the board (4) Election and continuing education of directors (5) Internal controls (6) Participation in corporate social responsibility 2. Self-evaluation by individual directors <ol style="list-style-type: none"> (1) Alignment with the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operations of the company (4) Management of internal relationships and communication (5) Professionalism and continuing education of directors (6) Internal control 3. Self-evaluation by Functional Committees: <ol style="list-style-type: none"> (1) Participation in the operations of the company (2) Awareness of the duties of the functional committees (3) Improvement in quality of decision-making (4) Election and composition of the functional committees (5) Internal controls 	
Every three years	Mar 2020 to Feb 2021	Commissioning of an independent evaluator to conduct an overall assessment of the board's performance	Commissioned the Taiwan Corporate Governance Association to conduct the evaluation	Evaluation of the performance of the board , including its composition, guidance, delegation, supervision, communication, internal controls and risk management, self-discipline and other matters, e.g. board meetings and support systems

4. Other BoD objectives:

- (1) Training programs for directors: Aside from encouraging directors to attend outside seminars, the Company holds annual in-house sessions to facilitate interactions between lecturers and directors. The total number of training hours was 65 in 2021, which included programs such as "Trends in internet threats and information security policy" and "ESG responsible investment – The sustainable influence of the financial industry."
- (2) Information transparency: Committed to upholding operational transparency and protecting shareholders' interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investor conferences on a quarterly basis and has set up Chinese/English sections for Investor Relations and Corporate Social Responsibility on its official website.
- (3) Liability insurance: The Company provides its directors and managers with annual liability insurance to cover risks as they carry out their duties, and reviews the insurance coverage on an annual basis to make sure the amount and scope are sufficient to the need.
- (4) The Chairman of the Board of Directors is not a member of the Company's management team to ensure a system of checks and balances.
- (5) The Audit Committee and the Remuneration and Nomination Committee, composed entirely of independent directors, assist the Board of Directors in carrying out supervisory tasks. The chairperson of each committee reports on their committee's operations to the board on a regular basis.
- (6) The Company passed the Rules and Procedures on Evaluating the Performance of the Board and Functional Committees to enhance efficiency, under which the Remuneration and Nomination Committee conducts an analysis and submits a report on proposed improvements to the board after an annual performance evaluation. Board members completed an evaluation assessment in 1Q22.
- (7) To strengthen corporate governance and enhance the board's functions, the Board of Directors passed a proposal that independent directors should comprise at least 40% of the board, and that the Remuneration and Nomination Committee should be in charge of identifying and nominating competent candidates.

Audit Committee attendance

The Audit Committee is responsible for reviewing the following:

- Financial reports
- Internal control systems and related policies, procedures and assessment of their effectiveness
- Compliance with Article 36-1 of the Securities and Exchange Act
- Material asset or derivatives transactions
- Material monetary loans, endorsements or guarantees
- Offering, issuance or private placement of any equity-type securities
- Fairness and rationality of the Company's M&A plans and transactions
- Any matter that has a bearing on the personal interest of a management executive or director
- Fraud investigation reports
- Interacting and communicating with management and listening to business strategy development reports
- Hiring or dismissal of an attesting CPA, or the compensation given thereto
- Performance, qualification and independence of CPAs
- Appointment or discharge of financial, accounting or internal auditing officers

1. The Audit Committee convened eight times in 2021.

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Hsueh-Jen Sung	8	0	100%	Appointed committee chairman
Independent Director	Char-Dir Chung	8	0	100%	None
Independent Director	Hsi-Peng Lu	8	0	100%	None
Independent Director	Tong Hai Tan	8	0	100%	None
Independent Director	Drina Yue	8	0	100%	None

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

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

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2021.01.25	6th meeting of the fifth Audit Committee	2020 internal control statement	None	Approved as proposed	Approved as proposed
		2021 capital expenditure plan and donation to TWM Foundation			
		Acquisition or disposal of right-of-use assets			
2021.02.24	7th meeting of the fifth Audit Committee	2020 business report and financial statements	None	Approved as proposed	Approved as proposed
		Appointment of CPA			
		Acquisition or disposal of right-of-use assets			
		2021 additional capital expenditures			
2021.05.03	8th meeting of the fifth Audit Committee	1Q21 financial statements	None	Approved as proposed	Approved as proposed
		2020 earnings distribution and cash return from capital surplus			
		Issuance of unsecured straight corporate bonds			
		Removal of non-competition restrictions on members of the BOD			
		Acquisition or disposal of right-of-use of assets			
		Acquired additional common shares of AppWorks Fund III through TWM Venture CO., LTD., a 100%-owned subsidiary			

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2021.07.15	9th meeting of the fifth Audit Committee	Investment in TIKI Global PTE. LTD. through TWM Venture CO., LTD. Resolution to participate in the issuance of new shares by TWM Venture Co., Ltd., a 100%-owned subsidiary (NT\$570 million)	None	Approved as proposed	Approved as proposed
2021.08.04	10th meeting of the fifth Audit Committee	2Q21 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use assets			
2021.11.02	11th meeting of the fifth Audit Committee	3Q21 financial statements	None	Approved as proposed	Approved as proposed
		Internal audit plan for 2022			
		Acquisition or disposal of right-of-use assets			
2021.12.30	12th meeting of the fifth Audit Committee	Merger of Taiwan Star into Taiwan Mobile	None	Approved as proposed	Approved as proposed

(2) In addition to the items listed above, any resolution passed by over two-thirds of the Board of Directors, but not approved by the Audit Committee: None.

3. Any recusals due to conflicts of interest: None.

4. Communication between independent directors and the Internal Audit Chief Officer and CPAs about major financial/operational matters:

(1) The Internal Audit Chief Officer and CPAs communicated directly with independent directors when needed.

(2) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer and CPAs met with the independent directors at the quarterly Audit Committee meetings, bringing communication into full play.

(3) Regular communication between independent directors and internal audit officers/CPAs:

Date	Internal Audit Officers		CPAs	
	Subject matter	Results	Subject	Results
2021.01.25 6th meeting of the fifth Audit Committee	1. 4Q20 internal audit report 2. 2020 internal control statement	1. Acknowledged 2. Reviewed and submitted to BoD for approval	-	-
2021.02.24 7th meeting of the fifth Audit Committee	-	-	2020 financial statements, key audit matters, explanations of computer audit, changing trend in compliance with risk management from passive to active Discussed inquiries raised by attendees	Acknowledged
2021.05.03 8th meeting of the fifth Audit Committee	1Q21 internal audit report	Acknowledged	1. 1Q21 financial statements, smart city, future trends 2. Discussed inquiries raised by attendees	Acknowledged
2021.08.04 10th meeting of the fifth Audit Committee	1. 2Q21 internal audit Report 2. Report the business of the Risk Management Committee	1. Acknowledged 2. Acknowledged	1. 2Q21 financial statements and audit of subsidiaries 2. Discussed and shared case studies about trends in enterprise data governance 3. Discussed inquiries raised by attendees	Acknowledged
2021.1.02 11th meeting of the fifth Audit Committee	1. 3Q21 internal audit report 2. Internal audit plan for 2022	1. Acknowledged 2. Reviewed and submitted to BoD for approval	1. 3Q21 financial statements and communication of key audit matters 2. Discussed inquiries raised by attendees	Acknowledged

Corporate governance practices

Item		Current practices
Has the Company established principles based on the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?		The Company has established said Corporate Governance Best Practice Principles and published them on the Company's official website and market observation post system (MOPS).
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The Corporate Governance Best Practice Principles includes a chapter on upholding shareholders' interests. The spokesperson or Secretarial Division handles all non-legal issues; the Legal Division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division submits a monthly report listing the shareholdings of directors, managers and major shareholders (over 10% shareholding) to the authorities.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company's internal control system set up the Rules and Procedures on Conducting Transactions between Group Companies and Related Parties and the Rules and Procedures on Monitoring Subsidiaries as risk control mechanisms.
	Prohibitions on insider trading	The Company has established Rules and Procedures on Handling Internal Material Information, which are given to employees when they start work. The Company also provides guidelines on handling and processing internal material information, as well as corporate ethics, to ensure that employees and directors are familiar with and comply with said regulations.
Board of directors and its responsibilities	Board diversity and execution	Diversity of board members is stipulated in the Company's Rules for Election of Directors and has been fully implemented.
	Establishing a Remuneration and Nomination Committee and an Audit Committee in accordance with the law and voluntarily setting up other functional committees	The Company has also established a Privacy and Information Security Management Committee, Risk Management Committee, CSR Committee and Innovation Management Committee to enhance various functions.
	Board performance evaluation	<p>The Company passed the Rules and Procedures on Evaluating the Performance of the Board and Functional Committees to enhance efficiency, under which the Remuneration and Nomination Committee conducts an analysis and submits a report on proposed improvements to the board after an annual performance evaluation and uses it as a reference for remuneration and re-appointment. The performance evaluation was completed through self-assessments by board members, which covered evaluations of the performance of the board, board members and functional committees. Both the board and committees performed well, with an average rating of over 4.95, with 5 being the highest score.</p> <p>The Company appointed the Taiwan Corporate Governance Association (TCGA) to conduct its board evaluation in January 2021. The evaluation, covering the period from March 1, 2020 to February 28, 2021, focused on eight aspects: composition, guidelines, authorization, supervision, communication, internal controls and risks, self-discipline and support systems. The report was issued on May 3, 2021, and presented to the Board of Directors by the Remuneration and</p>

Item	Current practice
	<p>Nomination Committee on August 5, 2021. The results of the evaluation and proposed countermeasures are as follows:</p> <p>A. Comments :</p> <p>(a) The Company values having a diverse board of directors, with members who are selected based not only on the Company's current needs, but also their capabilities in advancing its future development. Independent members take up more than half of the board seats. Aside from attending scheduled meetings, board members take an active role in the Company's various business operations and interact closely with management.</p> <p>(b) To lead the Company's transformation, the board appointed a president with a nontraditional telecommunications industry background two years ago. The president's performance is evaluated by the Remuneration and Nomination Committee using the Balanced Scorecard model, taking into consideration the Company's short, medium and long-term goals.</p> <p>(c) The Company again appointed an independent evaluator to assess board performance. It took actions on all recommendations from the previous evaluation and disclosed relevant information in the annual report and on its corporate website. This showed the board's proactive approach to enhancing corporate governance and the effectiveness of the board.</p> <p>(d) To manage potential risks related to the Company's transformation, the chairman acts as the convener and supervisor of the Risk Management Committee. The committee holds a meeting at least every six months and reports its operations to the board at least once a year.</p> <p>B. Suggestions/Implementation:</p> <p>(a) As the Company pursues a new growth curve with a business model that differs from its existing position as a traditional telecommunications company, it is recommended that the board should continuously strengthen risk controls, regularly review the effectiveness of the internal control system and make adjustments accordingly. The Company has executed the suggestions.</p> <p>(b) It is recommended that the Company set up a "Nomination Committee". The functions of the "Nomination Committee" were incorporated into the Remuneration and Nomination Committee in 2018.</p>
Periodic review of CPA's independence	<p>The heads of finance and other divisions of the Company and its subsidiaries have evaluated the independence of the CPAs according to "The Bulletin of Norm of Professional Ethics for Certified Public Accountants of the Republic of China" and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" on an annual basis based on the following criteria and procedures:</p>

Item	Current practices
	<ol style="list-style-type: none"> 1. The CPAs' resumes. 2. The CPAs neither serve as a director/supervisor/ manager nor hold a position with major influence in the Company or its subsidiaries, and have no interests that conflict with the Company's. 3. The CPAs have not served as auditors for the Company for seven consecutive years. 4. The CPAs should provide the Company with a Declaration of Independence on a quarterly basis. 5. The CPAs have not provided non-audit services to the Company which might affect their independence. 6. The CPAs are not involved in any significant lawsuit or litigation, and have never been censured by any regulatory body. 7. The scale and reputation of the CPA firm. 8. Effective interaction with management and internal audit officer. <p>The results of the 2021 evaluation met the independence criteria and were approved by the Audit Committee on January 24, 2022 and the board on January 25, 2022.</p>
<p>Has the Company set up a full/part time unit or personnel and appointed a Chief Corporate Governance officer in charge of handling corporate governance-related matters – including, but not limited to providing information for board directors to carry out their duties, preparing board and shareholders' meetings, handling company registration and any changes therein, and recording board and shareholders' meeting minutes?</p>	<p>The Secretarial Division is headed by the EVP/CFO, Chief Corporate Governance officer, who has more than 10 years of experience managing publicly listed companies' financial and stock affairs, as well as meeting procedures. The division head attended the following training programs in 2021:</p> <ol style="list-style-type: none"> 1. How to enhance risk management and crisis management through e-governance (Taiwan Digital Governance Association, 3hr) 2. Legal liability and case study of financial statement fraud and insider trading (Taiwan Securities Association, 3hr) 3. Model for wealth succession – Case study on the transfer of stocks and real estate (Taiwan Securities Association, 3hr) 4. Corporate governance 3.0: Sustainable development blueprint (Taiwan Securities Association, 3hr) <p>The division provided the following:</p> <ol style="list-style-type: none"> 1. Assisted directors in assuming their positions, furnished them with information required for business execution, and held seminars to facilitate interaction between lecturers and directors. 2. Purchased annual liability insurance for directors. 3. Prepared board of directors' and shareholders' meetings, and handled company registration and any changes therein.

Item	Current practices	
<p>Has the Company established communication channels with stakeholders (including, but not limited to shareholders, employees, customers and suppliers) and set up a stakeholders' section on the Company's website to respond to critical corporate social responsibility issues?</p>	<p>Sections on investor relations, procurement and ESG have been set up on the Company's official website and integrated into one comprehensive stakeholders' section. Special personnel have been assigned to handle ESG related issues.</p>	
<p>Has the Company outsourced its shareholders' general meetings?</p>	<p>The Company has engaged the Transfer Agency and Registry Department of Fubon Securities Co., Ltd. to manage its annual general meeting.</p>	
<p>Information disclosure</p>	<p>Disclosure of information on financial status, operations and corporate governance</p>	<p>Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.</p>
	<p>Other ways of disclosing information</p>	<p>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.</p>
	<p>Has the Company published and reported its annual financial statement within two months after the end of a fiscal year, and published and reported its financial statements for the first, second and third quarters, as well as its operating status for each month, before the specified deadline?</p>	<p>In 2021, the Company published and reported its annual financial statement within two months after the end of the fiscal year. It published and reported its first, second and third quarter financial statements before deadline, as well as its monthly operating status ahead of the target date.</p>

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 labor-management meetings to accommodate suggestions for improvement and conducting surveys to gather employees' comments about the workplace and management practices.

3. Investor relations

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

4. Supplier relations

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

5. Stakeholders' rights

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

6. Training programs for directors in 2021

Training program	Organization	Date	Hours	Participant(s)
Corporate governance 3.0: Sustainable development blueprint and corporate governance evaluation practice analysis	Accounting Research and Development Foundation	2021.01.28	3	Drina Yue
Analysis of cases of fraudulent financial reports and grasping the key points in a financial report	Accounting Research and Development Foundation	2021.01.29	3	Drina Yue
Corporate social responsibility and analysis of remuneration system	Taiwan Corporate Governance Association	2021.03.23	3	Hsi-Peng Lu
New policies for sustainable development of corporates and analysis of fraud prevention cases	Accounting Research and Development Foundation	2021.03.29	3	Char-Dir Chung, Tong Hai Tan
Legal compliance and auditing practices of corporate shareholders' meeting	Accounting Research and Development Foundation	2021.03.30	3	Tong Hai Tan
Sharing of actual cases by the Audit Committee – Review of mergers and the responsibilities of directors	Taiwan Corporate Governance Association	2021.05.07	3	Hsueh-Jen Sung
Protection of financial consumers and fair treatment of customers	Taipei Fubon Commercial Bank Co., Ltd.	2021.06.18	1	Daniel M. Tsai
Lecture on corporate governance for directors, supervisors and chief corporate governance officer in line with IFRS 17	Taiwan Insurance Institute	2021.08.25	3	Richard M. Tsai
The 13th Taipei Corporate Governance Forum	Financial Supervisory Commission	2021.09.01	6	Tong Hai Tan
Management guidelines to prevent insider trading	Taiwan Corporate Governance Association	2021.09.17	3	Jamie Lin
International trends and practices to counter money laundering and financing of terrorism	Taipei Fubon Commercial Bank Co., Ltd.	2021.09.24	1	Daniel M. Tsai

Training program	Organization	Date	Hours	Participant(s)
Model for wealth succession – Case study on the transfer of stocks and real estate	Taiwan Securities Association	2021.10.08	3	Hsueh-Jen Sung
2021 5th corporate governance training lecture	Institute of Financial Law and Crime Prevention	2021.11.19	3	Char-Dir Chung
Trends in internet threats and information security policy	Independent Director Association Taiwan	2021.11.26	3	Daniel M. Tsai, Hsi-Peng Lu, Chris Tsai
Corporate governance lecture – Principles on fair treatment of customers (Session II)	Taiwan Academy of Banking and Finance	2021.11.29	3	Daniel M. Tsai
ESG responsible investment – The sustainable influence of the financial industry	Independent Director Association Taiwan	2021.12.08	3	Richard M. Tsai, Hsi-Peng Lu, Chris Tsai, Jamie Lin

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

7. Corporate governance related training programs and succession plan for management in 2021

At the end of every year, the Company develops a training plan for the following year in accordance with enterprise development strategies, a survey of training needs and interviews with each group's senior executives. Training courses for senior executives are closely aligned with corporate strategies and global business trends. In 2021, the Company arranged training courses covering topics such as "Prospective trends and new opportunities in AIoT," "Exploration of corporate governance and reinforcing ethical corporate management," "Management guidelines to prevent insider trading," and "Corporate governance 3.0".

The Company has developed a succession plan for senior executives that is in line with corporate core values and future strategies. It evaluates the capability and performance of each executive on a regular basis and provides customized training programs, job assignments or job rotation accordingly. The progress of the succession plan is reviewed by the Remuneration and Nomination Committee.

In line with this plan, the Company recently promoted two senior executives. Mr. Ming-Tung Wu was promoted to Vice President after serving as the head of several divisions to acquire skills and competencies needed for the position. Ms. Kate Chen, head of the Acquisition and Loyalty Marketing Division, was promoted to Vice President after overseeing the Channel Strategy and Management Office and Business Operations Management Division. By expanding her management scope, Ms. Chen will be able to expand the leadership skills needed to grow into future roles and responsibilities.

Training program	Organizer	Date	Hours	Participants
Ethical corporate management best practice principles	In-house training	2021.03.05	1.2	Jamie Lin, Tom Koh, Eddie Chan, C.H. Wu, Steve Chou, Kate Chen, Jay Hong, Shirley Chu, Joan Hung, Ming-Tung Wu, David Lin, Naomi Lee, Iris Liu, Daphne Lee, Michael Teng
Information security and confidential information protection	In-house training	2021.03.17	3	Tom Koh, Jay Hong, Ming-Tung Wu, Iris Liu
How to enhance risk management and crisis management by E-governance	Taiwan Digital Governance Association	2021.03.24	3	Rosie Yu
Prospect of the trends and new opportunities of AIoT	In-house training	2021.04.16	2	Tom Koh, Tim Lee, Kate Chen, Jay Hong, Shirley Chu, Joan Hung, Iris Liu, Daphne Lee, Michael Teng

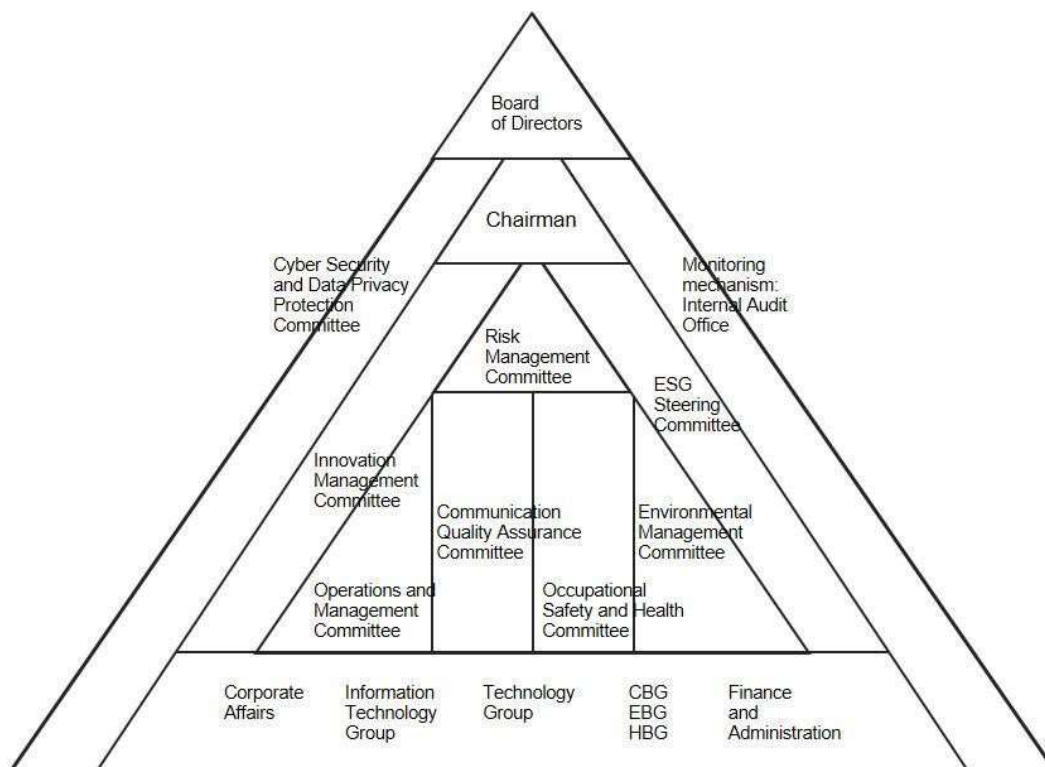
Training program	Organizer	Date	Hours	Participants
Exploration of corporate governance and reinforcing ethical corporate management	In-house training	2021.06.23	2	Tom Koh, Steve Chou, Kate Chen, Jay Hong, Joan Hung, Ming-Tung Wu, David Lin, Naomi Lee, Iris Liu, Daphne Lee, Michael Teng
Code of ethics	In-house training	2021.08.26	0.5	Jamie Lin, Rosie Yu, Tom Koh, Eddie Chan, C.H. Wu, Steve Chou, Tim Lee, Kate Chen, Jay Hong, Shirley Chu, Joan Hung, Ming-Tung Wu, David Lin, Naomi Lee, Iris Liu, Daphne Lee, Michael Teng
Legal liability and case study of financial statement fraud and insider trading	Taiwan Securities Association	2021.09.07	3	Rosie Yu
Management guidelines to prevent insider trading	Taiwan Corporate Governance Association	2021.09.17	3	Jamie Lin
Efficient Interpret and prepare for the requirements of ESG disclosure of Corporate Governance 3.0	Taiwan Corporate Governance Association	2021.09.17	3	Naomi Lee
Case study of stock and real estate transfer	Taiwan Securities Association	2021.10.08	3	Rosie Yu
ESG responsible investment	Independent Director Association Taiwan	2021.12.08	3	Jamie Lin
Forum on TWM circular economy	In-house training	2021.12.14	3	Jay Hong, Iris Liu, Michael Teng

8. Risk management

Risk management policies

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

Risk management structure



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

	Responsible unit	Function
Ground	Corporate Affairs, Information Technology Group, Technology Group, Consumer Business Group, Enterprise Business Group, Home Business Group, Finance and Administration	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.
Middle	Risk Management Committee*	Integrate the Company's risk management framework and internal control mechanism. Execute risk management strategies and conduct a review of the efficiency of the overall risk management mechanism. Exercise control over the four following committees:
	1) Operations and Management Committee	Conduct periodic reviews of each business group's operating targets and performance to meet the Company's guidance and budget.
	2) Occupational Safety and Health Committee	Supervise and minimize potential risks to workers' health and safety.
	3) Communication Quality Assurance Committee	Ensure and manage network communication quality.
	4) Environmental Management Committee	Develop and manage the Company's policies and objectives for environmental and energy management.
	Cyber Security and Data Privacy Protection Committee	Demonstrate the Company's commitment to these principles by investigating reported breaches of information privacy principles and policies, and, if necessary, take appropriate corrective measures.
	ESG Steering Committee	Uphold the principle of sustainable management and implement sustainable strategy blueprints and visions.
	Innovation Management Committee	Integrate the Company's innovation strategies and establish a management mechanism.
Top	Board of Directors	Responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.
Monitoring mechanism	Internal Audit Office	Regularly monitor and assess potential and varying levels of risks that the Company might face and use this information as a reference for drafting an annual audit plan. Report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

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

Risk management scope

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

9. Implementation of customer policy

With customer service as a core value, the Company provides online customer services on its official website. To gain customer trust, the Company established the 080 Home Agent to continue providing customer services amid COVID-19.

10. Liability insurance for board directors

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

11. Employee certifications relating to information transparency

Certification	Number of Employees		
	Internal Audit Office	Corporate Affairs	Finance and Administration Group
Certified Public Accountant (CPA)			11
Certified Internal Auditor (CIA)	3	1	2
Certified Information Systems Auditor (CISA)	2		
Chartered Financial Analyst (CFA)		1	
Corporate Governance basic skills			3
Stock affairs specialist (Securities and Futures Institute)			3
Bond specialist (Securities and Futures Institute)			2
ISO20000/ISO22301/ISO27001/ISO27701/ISO29100/ISO9001/BS10012/BS25999/BS7799 Lead Auditor	9	24	10

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

The Company participated in the "Corporate Governance Evaluation" conducted by the Taiwan Stock Exchange and Taipei Exchange, ranking among the top 5% listed companies for seven consecutive years.

Remuneration and Nomination Committee operations

The Remuneration and Nomination Committee, composed entirely of independent directors, is bound by the Remuneration and Nomination Committee Charter. The committee is responsible for the following:

- (1) Establishing a policy, system, standard and structure for directors' and managers' compensation and reviewing them periodically.
- (2) Deciding the compensation of directors and managers and carrying out periodic evaluations.
- (3) Selecting, assessing and nominating candidates for directorships.

Qualifications and independence criteria of members of the Remuneration and Nomination Committee

Identity	Name	Professional qualifications and Experience	Independence criteria	No. of public companies in which he or she also serves as a member of the Remuneration and Nomination Committee
Independent Director	Char-Dir Chung	Please refer to page23 "Qualifications and independence criteria of directors"		0
Independent Director	Hsueh-Jen Sung			0
Independent Director	Hsi-Peng Lu			3
Independent Director	Tong Hai Tan			0
Independent Director	Drina Yue			0

Remuneration and Nomination Committee attendance

- (1) The Remuneration and Nomination Committee consists of five members.
- (2) Tenure of the Fourth Remuneration and Nomination Committee: June 18, 2020 to June 17, 2023. The committee convened four times in 2021:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Char-Dir Chung	4	0	100%	None
Independent Director	Hsueh-Jen Sung	4	0	100%	None
Independent Director	Hsi-Peng Lu	4	0	100%	None
Independent Director	Tong Hai Tan	4	0	100%	None
Independent Director	Drina Yue	4	0	100%	None

- Any suggestion made by the Remuneration and Nomination Committee that was not accepted or revised by the Board of Directors: None
- Any written objections or issues raised by a member of the Remuneration and Nomination Committee against resolutions passed by the committee: None

Meetings of Remuneration and Nomination Committee

Date	R&N Committee Meeting	Agenda	R&N Committee's opinion	Company response
2021.01.26	2nd meeting of the fourth R&N Committee	Succession plan for management executives	Approved as proposed	Approved by the BoD
		Commissioning of an external professional institution to conduct an evaluation of the board's 2020 performance	Approved as proposed	Approved by the BoD
		Results of a 2020 performance evaluation of managers/head of internal audit, and year- end bonus distribution	Approved as proposed	Approved by the BoD
		2020 year-end bonus of the Chairman	Approved as proposed	Approved by the BoD
2021.02.25	3rd meeting of the fourth R&N Committee	Succession plan for management executives	Approved as proposed	Approved by the BoD
		Report on the results of a 2020 performance evaluation of the BoD and functional committees	Approved as proposed	Approved by the BoD
		2020 remuneration distribution plan for BoD	Approved as proposed	Approved by the BoD

Date	R&N Committee Meeting	Agenda	R&N Committee's Opinion	Company Response
		Develop balanced scorecard evaluation scheme for the President	Approved as proposed	Approved by the BoD
2021.08.05	4th meeting of the fourth R&N Committee	Report on the results of a 2020 external performance evaluation of the BoD and functional committees	Approved as proposed	Approved by the BoD
		Promotion and salary adjustment proposal for managers	Approved as proposed	Approved by the BoD
		2020 employee profit sharing distribution plan and 2021 salary adjustment proposal for managers/head of internal audit	Approved as proposed	Approved by the BoD
		2020 annual compensation and 2021 salary adjustment proposal for the Chairman	Approved as proposed	Approved by the BoD
2021.11.04	5th meeting of the fourth R&N Committee	Develop balanced scorecard evaluation scheme for the President	Approved as proposed	Approved by the BoD
		Revision of BoD remuneration policy	All members were excluded from the deliberations as stakeholders	All independent directors were excluded from the deliberation. The proposal was approved as proposed by all directors who have voting rights

Environmental, social and corporate governance (ESG)

Item	Current practices
<p>Corporate governance</p> <p>1. Setting up a unit to carry out environmental, social and corporate governance (ESG) policy or system</p> <p>2. Applying the materiality principle to identify material ESG topics, and setting corresponding policies or strategies</p>	<p>1. A Sustainability and Corporate Citizenship Department was established under the Sustainability and Brand Development Division. It serves as the executive secretary to the ESG Steering Committee, and is responsible for integrating interdepartmental ESG tasks, as well as drafting and carrying out ESG initiatives. The CSR Steering Committee was established in 2014. With the board's approval in 2021, it was renamed as the ESG Steering Committee.</p> <p>2. The Company chairman and president serve as the ESG Steering Committee chairman and vice chairman, respectively. The committee leads the top executives from each business group in identifying risks and opportunities relevant to environmental, social and governance issues, reports to the Board of Directors on a quarterly basis, and formulates sustainability strategies by integrating operations with core resources. In 2021, the Board of Directors approved the company-wide goal of using 100% renewable energy by 2040 and a plan to join the RE100 renewable energy initiative.</p> <p>1. The ESG materiality boundaries were defined based on the nature of Taiwan Mobile's operations.</p> <p>2. A total of 24 topics concerning sustainability were selected by applying the materiality principle. Specifically, the Company prioritized topics that were more vital to its operations, concerned stakeholders more, and in which the Company had a high impact on society. It also considered topics that the Company would manage internally in an autonomous manner. The material topics were confirmed by the ESG Steering Committee.</p> <p>3. The Company conducted an impact analysis of these key material topics to explore how it should respond and set strategic targets in accordance with its risk management policies, as well as continue to track the progress of implementing these targets. Please refer to the following website for our 2021 ESG report: (https://corp.taiwanmobile.com/pdf/2021_E_ESG.pdf)</p>

Item	Current practices
<p>Environmental sustainability</p> <ol style="list-style-type: none"> 1. Establishing an environmental management system in line with the nature of the Company's business operations 2. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment 	<ol style="list-style-type: none"> 1. The Environmental Management Committee was formed in 2016, with the CTO serving as the chairperson, and the Sustainability and Brand Development Division VP as the vice chairperson. It was tasked with developing environmental policies and objectives, as well as integrating the administration of ISO 14001 environmental management, ISO 14064-1 greenhouse gas inventories, ISO 50001 energy management, and smart energy conservation. The committee meets semi-annually to assess the Company's progress in reducing water, electricity and waste usage to meet its goal to lower GHG emissions and promote renewable energy, and to report back to the ESG Steering Committee and Board of Directors. 2. TWM unveiled its "Circular Economy Cooperation Declaration" in 2019. In 2020, the Company transformed its fiber optic cable waste into bespoke furniture, including coffee tables and chairs, and bricks, and is assessing the viability of turning them into substitute steel. In 2021, it focused on recreating new value for ICT resources and smart devices. The Company has recycled 170,000 smartphones since 2008, reducing carbon emissions by 116,000 kilograms, and since 2015, has accepted 54,000 trade-ins of old devices for new ones, extending the lifecycle of smartphones and creating NT\$380 million in economic benefits. Recycling phones reduces waste, and precious metals recovered from the phones, e.g. gold, silver and copper, are put into good use. The Company also plans to launch a program to donate refurbished pads and phones to non-profit organizations. At the same time, it has continuously improved the efficient use of resources, including paper, water, electricity and energy, and to promote the reduction and recycling of domestic waste (e.g., cables, batteries and cellphones).

Item	Current practices
<p>3. Evaluating climate change risks and opportunities for the Company and taking action</p>	<p>3. Climate change is incorporated into corporate risk management at TWM in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.</p> <p>Governance The Environmental Management Committee is in charge of identifying and managing climate change risks and opportunities, reporting climate and environmental risk issues to the Risk Management Committee on a regular basis in accordance with the Company's risk management system. Relevant mitigation and adaptation projects are assessed and approved by the Risk Management Committee. In addition, the Risk Management Committee reports company risks(including climate risks) to the Board of Directors on an ad-hoc basis, allowing the board to supervise and provide guidance on formulating relevant strategies.</p> <p>Risk management A total of 12 climate risks were reviewed, four of which belonged to high-risk impacts on operations, namely increased frequency and severity of typhoons/hurricanes, increased costs of greenhouse gas emissions, increase in demand and regulations relating to sustainability, and increase in the costs of transformation to low- carbon technology.</p> <p>Financial impact assessment An impact assessment on three risks selected from the four high climate risks was conducted to fully evaluate their financial effect on the Company.</p> <p>(1) Increase in demand and regulations relating to sustainability: Investment is estimated to reach NT\$12.6-15.0 billion in 2022-2030.</p> <p>(2) Increased frequency and severity of typhoons/hurricanes: Total losses due to typhoons in 2019-2030 are estimated to reach up to NT\$58 million.</p> <p>(3) Increase in the cost of transformation to low-carbon technology: Investment is estimated to reach NT\$2.05 billion in 2019-2030.</p> <p>Strategic objectives Based on the results of a financial impact assessment, five core strategies were set:</p> <p>(1) Strengthened climate-related financial impact disclosures (2) Smart energy conservation in telecommunication facilities and base stations (3) Green energy procurement (4) Green energy generation for self-use (5) Green energy investment</p>

Item	Current practices																						
<p>4. Statistics on GHG emissions, water consumption and waste, and formulation of environmental sustainability policies</p>	<p>4. The Company's Environmental and Energy Policy comprises four main aspects: compliance with environmental protection regulations, green purchasing to achieve an ecological balance, sustainability through recycling of resources, and energy conservation and carbon reduction.</p> <p>Statistics on GHG emissions, water consumption and waste for 2020-2021 are detailed below:</p> <table border="1" data-bbox="671 501 1362 840"> <thead> <tr> <th colspan="2">Category</th> <th>2020</th> <th>2021*</th> </tr> </thead> <tbody> <tr> <td rowspan="3">GHG emissions (ton-CO₂e)</td> <td>Scopes 1+2 location based</td> <td>240,705.32</td> <td>275,302.34</td> </tr> <tr> <td>Scopes 1+2 market based</td> <td>240,705.32</td> <td>275,302.34</td> </tr> <tr> <td>Scope 3</td> <td>425,337.05</td> <td>350,484.78</td> </tr> <tr> <td colspan="2">Water consumption (m³)</td> <td>303,060</td> <td>278,827</td> </tr> <tr> <td colspan="2">Waste disposed (tons)**</td> <td>1,949.05</td> <td>1,625.07</td> </tr> </tbody> </table> <p>*The increase in GHG emissions was due to the rise in electricity consumption for 5G deployment. In response, we have been pursuing ways to purchase renewable energy from outside sources, minimize our impact on the environment by actively saving energy, and cutting carbon emissions.</p> <p>** Adjustments in the calculation of the waste disposed target and 2020 waste disposed were revised accordingly.</p>	Category		2020	2021*	GHG emissions (ton-CO ₂ e)	Scopes 1+2 location based	240,705.32	275,302.34	Scopes 1+2 market based	240,705.32	275,302.34	Scope 3	425,337.05	350,484.78	Water consumption (m ³)		303,060	278,827	Waste disposed (tons)**		1,949.05	1,625.07
Category		2020	2021*																				
GHG emissions (ton-CO ₂ e)	Scopes 1+2 location based	240,705.32	275,302.34																				
	Scopes 1+2 market based	240,705.32	275,302.34																				
	Scope 3	425,337.05	350,484.78																				
Water consumption (m ³)		303,060	278,827																				
Waste disposed (tons)**		1,949.05	1,625.07																				

Item	Current practices
<p>Commitment to corporate social responsibility</p> <ol style="list-style-type: none"> 1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy, and establishing appropriate management practices, procedures and execution 2. Establishing reasonable employee benefits measures (such as remuneration and leave policy) and linking company performance to employee compensation 3. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education 4. Developing individual training plans for career development 	<ol style="list-style-type: none"> 1. Pursuant to related national regulations, including the Labor Standards Act, Employment Services Act, Gender Equality in Employment Act and International Bill of Human Rights, the Company has never employed child workers, discriminated against any employee or ethnic group, or forced its employees to work. 2. The Company offers a well-rounded benefits package. Our Employee Welfare Committee is responsible for planning and implementing various benefits, including general benefits, birthday allowance, holiday vouchers, childbirth allowance, childcare subsidy, free group insurance coverage for employees and their spouses, an employee stock ownership trust, high subsidies for phone bills and purchase discounts for Company products. The Company offers maternity leave, sick leave and bereavement leave that surpass requirements stipulated in Taiwan's labor law. Moreover, the Company provides paid volunteer leave, flexible working hours, and work-from-home as an option. The Company values the importance of diversity and equality in the workplace. It has continuously educated its employees about the value of diversity and resisting unconscious bias in order to build an inclusive workplace. Employee compensation, benefits, promotion, training and other rights in employment are not affected by gender, sexual orientation, marriage status, etc. Women comprise 42.7% of the Company's workforce and 47.7% of its management. Year-end bonuses and employee profit sharing plans are set based on the Company's performance. 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 annual objectives and accordingly rewarded with bonuses and/or salary increases. 3. The Company aims to provide a safe and healthy working environment for employees and has implemented measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet. 4. The Company conducts a survey of employees' career development plans and supervisors provide feedback to all employees. Based on individual key job achievements, career interests, strengths and weaknesses, supervisors help their staff draw up individual development plans during the annual performance review to give them systematic guidance on enhancing their skills and abilities for career development. From new recruits to top executives, the Company provides different training programs to meet employees' needs at different stages in their career.

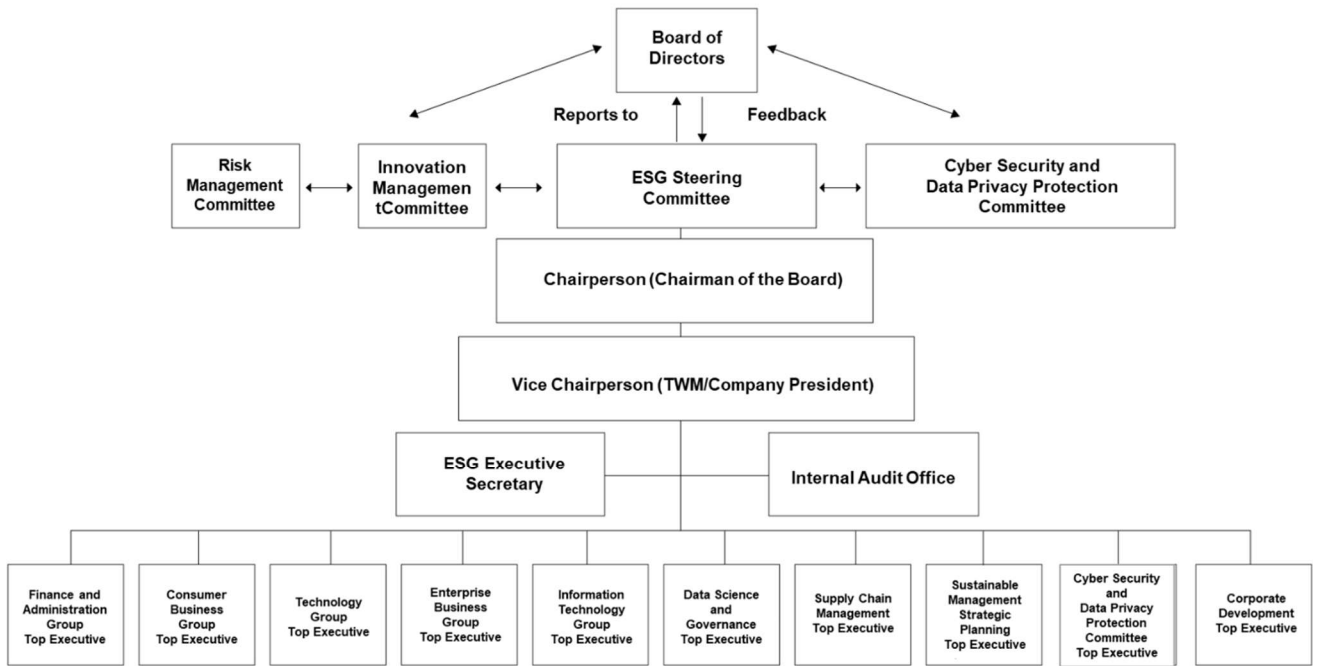
Item	Current practices
<p>5. Complying with relevant regulations and international standards on marketing and labeling of products and services</p>	<p>5. TWM's mobile base stations were constructed in accordance with relevant laws and regulations and passed base station electromagnetic checks by the National Communications Commission, having fully complied with the International Commission on Non-Ionizing Radiation Protection standards.</p> <p>The Company holds "ISO/IEC 27001 Information Security Management System" and BS 10012 and ISO 27701 "Privacy Protection Management System" certifications. It established an Information Communication and Personal Information Privacy Security Committee, which has invested a lot of resources to comply strictly with various management and control requirements. Every six months, the Company conducts internal and external audits to ensure management quality.</p> <p>The Company abides by the Consumer Protection Law and the Fair Trade Law, and conducts internal legal reviews before launching new marketing ads.</p> <p>The Company has provided a variety of service channels for customers to submit complaints or suggestions to provide them with world-class mobile services. The Company has passed the Swiss SGS Qualicert service verification for 10 consecutive years.</p>
<p>6. Establishing a policy on supplier management, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights</p>	<p>6. 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 requires that all suppliers comply with the "Environmental and Occupational Health and Safety Policy for Contractors" and "Guidelines on Corporate Social Responsibility for Suppliers." Should a supplier break its social responsibility and adversely impact the environment and society, the Company has the right to suspend its account.</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>Has the Company issued ESG reports that have been verified by an independent third-party assurance organization?</p>	<p>In 2014, Taiwan Mobile was proud to be the first Taiwan telecom company to pass the International Standard on Assurance Engagements (ISAE) 3000, demonstrating the Company's commitment to management integrity. In 2022, the Company published its 2021 ESG report in conformity with the GRI Sustainability Reporting Standards' "comprehensive" options. A limited assurance of the report's content was performed by KPMG, a reputable independent institution, in accordance with the Assurance Standard No. 1 of the Republic of China. The report also conforms to the Sustainability Accounting Standards Board (SASB) Standards.</p>

The Company's ESG policy and practices fully comply with the ESG Best Practice Principles for TWSE/GTSM Listed Companies.

The concept of ESG is embedded in the strategic decisions and daily operations of all departments. The Board of Directors approved the "Taiwan Mobile ESG Policy" and "Taiwan Mobile ESG Guidelines" in 2011 and 2015, respectively, serving as long-term guidelines for promoting sustainability, as well as ensuring effective execution of the Company's commitments to society. With its underlying corporate philosophy and core values serving as the foundation, TWM emphasizes corporate governance, stakeholders' interests and full disclosure, and leverages off the Company's core competencies and services to promote environmental conservation and public welfare.

Additional information on ESG-related matters:

The Company has formulated a comprehensive mechanism for sustainable operations management. The ESG Steering Committee, the Risk Management Committee and the Innovation Management Committee were established in 2014, 2015 and 2017, respectively. Moreover, since 2020, the Company has a board director with relevant background in information security to oversee the Cyber Security and Data Privacy Protection Committee. The senior management from each business group are members of the ESG Steering Committee, enhancing the levels of accountability, participation and governance of senior management. To strengthen ESG implementation, since 2016, the compensation of the President and Vice Presidents have been tied to the Company's ESG performance. A self-assessment of ESG performance by the Board of Directors has been implemented since 2017.



Ethical corporate management

Item	Current practices
<p>1. Establishing a policy on ethical corporate management:</p> <p>(1) Has the Company established an ethical management policy approved by the Board of Directors, and clearly stated, in the regulations and external documents, the policies and practices of ethical management, and the commitment of the Board of Directors and senior management to actively implement the management policy?</p> <p>(2) Has the Company established a mechanism for assessing risks of unethical conduct, regularly analyzing and evaluating business activities with a higher risk of unethical conduct, and formulating a plan to prevent unethical conduct, and at least covering the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies' precautionary measures in Article 7(2)?</p> <p>(3) Has the Company set up a system, including operational guidelines, reporting system and punishment for violations, to prevent dishonest behavior, as well as reviewed the aforementioned guidelines periodically and amended them as needed?</p>	<p>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles to establish its ethical management policy. Its formulation and amendments were approved by the Board of Directors, submitted to the shareholders' meeting, and disclosed on the corporate website and MOPS to declare the commitment of the board and senior management to implementing the policy.</p> <p>(2) (i) The Operating Rules of Ethical Corporate Management Principles provide specific regulations on matters that warrant the Company's special attention in conducting its business. The Audit Office regularly analyzes and evaluates business activities with a high risk of dishonest behavior by conducting annual risk assessments, and makes audit plans to ensure compliance.</p> <p>(ii) The Company avoids contact with dubious traders. Contracts signed with third parties specify compliance with ethical corporate management practices and, failing that, the Company reserves the right to terminate or rescind the contract.</p> <p>(3) (i) The Operating Rules of Ethical Corporate Management Principles prohibit directors, managers, employees and other mandataries of the Company from directly or indirectly offering, promising to offer, requesting or accepting any improper benefits, or committing unethical acts that contravene the principle of good faith, are illegal or a breach of fiduciary duty.</p> <p>(ii) 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>(iii) The Audit Office shall periodically notify senior management and the Legal Office of the auditing results of compliance with the prevention plan, and prepare an audit report for the Board of Directors.</p>

Item	Current practices
<p>2. Implementation of ethical corporate management</p> <p>(1) Has the Company avoided transactions with parties that have a record of dishonest behavior, stipulating in all contracts what constitute unacceptable behavior?</p> <p>(2) Has the Company established a dedicated unit to promote ethical corporate management under the supervision of the Board of Directors and regularly (at least once a year) report to the board its management policy and implementation?</p> <p>(3) Has the Company set up policies to prevent conflicts of interest and provide channels to report such conflicts?</p> <p>(4) Has the Company built an effective accounting system and internal control system to carry out ethical corporate management, and has the internal auditor set up relevant audit plans based on the results of assessments of risks of dishonesty and compliance with the prevention plan, or delegated the task to an accountant?</p> <p>(5) Has the Company conducted regular internal and external training courses on ethical corporate management?</p>	<p>(1) The Company provides “Guidelines on Social Responsibility for Suppliers” and requires all suppliers to sign a “Declaration of Ethical Corporate Management,” which states that suppliers must not engage in bribery; otherwise, the Company has the right to suspend their accounts and terminate or rescind their contracts any time.</p> <p>(2) (i) The Audit Committee, the Compensation Committee and the Internal Audit Office were established under the Board of Directors to supervise and audit the practices and implementation of the Company’s ethical corporate management policy. In addition, the Legal Office, which reports to the President directly, is responsible for executing the policy, setting up guidelines to prevent dishonest behavior and reporting to the Board of Directors at least once a year to ensure the implementation of the highest guiding principles for ethical management.</p> <p>(ii) To implement the ethical corporate management policy and prevent unethical conduct, the Company has set up Ethical Corporate Management Best Practice Principles and Operation Rules of Ethical Corporate Management Best Practice Principles.</p> <p>(3) (i) The Company has promulgated policies to prevent conflicts of interest. If there is any proposal that might be harmful to the interest of the Company, board directors who have conflicts of interest with the Company shall recuse themselves from discussing or voting on the issue. Any board director, manager, employee and mandatary must not use his/her position or influence in the Company to obtain improper benefits for himself/herself or any other person.</p> <p>(ii) Any breach of ethical corporate management practices can be reported via email or fax hotline to the Company.</p> <p>(4) (i) The Company has established an effective accounting system and internal control system. In addition, the Audit Office regularly analyzes and evaluates business activities with a high risk of dishonest behavior through annual risk assessment processes, and sets up an audit plan and checks its execution, then reports the findings to the board on a periodic basis.</p> <p>(ii) The Company periodically delegates independent accountants to audit its financial statements and to verify the effectiveness of its 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 such practices. The Company also conducts related training courses (including integrity management regulations compliance, telecommunications management and personal information protection and internal controls) upon request to strengthen colleagues’ awareness. From January 1, 2021 to February 23, 2022, a total of 12,442.4 training hours were held, with 31,877 participants.</p>

Item	Current practices
<p>3. Reporting ethical violations</p> <p>(1) Has the Company established a reporting and incentive system to facilitate the processing of complaints and assigned a person or unit to deal with the cases?</p> <p>(2) Has the Company set up investigation and confidentiality procedures?</p> <p>(3) Has the Company protected whistle-blowers 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 handling the cases.</p> <p>a) Supplier complaints can be filed with the Internal Audit Office in written form or via fax to (02) 6636- 1600.</p> <p>b) Employee complaints can be sent to a designated internal email account.</p> <p>(2) The Internal Audit Office must immediately launch an investigation upon receipt of a 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 is not harmed.</p>
<p>4. Has the Company strengthened information disclosure by posting related information on ethical corporate management and promoting its effectiveness on the Company's website and MOPS?</p>	<p>The Company has posted its Ethical Corporate Management Best Practice Principles on its website and MOPS. Its annual report and 2021 ESG 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 Best Practice Principles for TWSE/GTSM Listed Companies? If yes, describe the differences between the principles and current practices: No difference.</p>	
<p>6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices:</p> <p>(1) The Company's electronic procurement system mandatorily requires suppliers to sign a "Declaration of Integrity in Business Conduct" every year; otherwise, they are not allowed to participate in the bidding process.</p> <p>(2) To improve its ethical corporate management policy, the Company regularly monitors local and international developments in ethical corporate management standards to keep its Ethical Corporate Management Best Practice Principles and Operating Rules of Ethical Corporate Management Principles upto date.</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, Remuneration and Nomination Committee Charter, Rules and Procedures Governing Board of Directors' Meetings, Rules and Procedures Governing Shareholders' Meetings, Regulations Governing Internal Material Information, Procedures Governing Applications to Suspend or Resume Trading, Code of Ethics, Ethical Corporate Management Best Practice Principles, Corporate Social Responsibility Policy, Corporate Social Responsibility Best Practice Principles and Standard Operating Protocols for Responding to Requests from Directors. With these efforts, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, 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
- Independent directors should comprise at least 40% of the board: Current ratio is 56%
- Audit Committee was established to ensure fair and independent financial oversight
- Remuneration and Nomination Committee was established to bolster corporate governance practices, promote a sound compensation system for directors and managers, and select candidates for directorships
- Adoption of a high cash dividend payout policy
- Shareholders' rights are 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 holds annual training sessions to familiarize employees with the Regulations Governing Internal Material Information and have incorporated them into its internal control system to avoid insider trading risks.

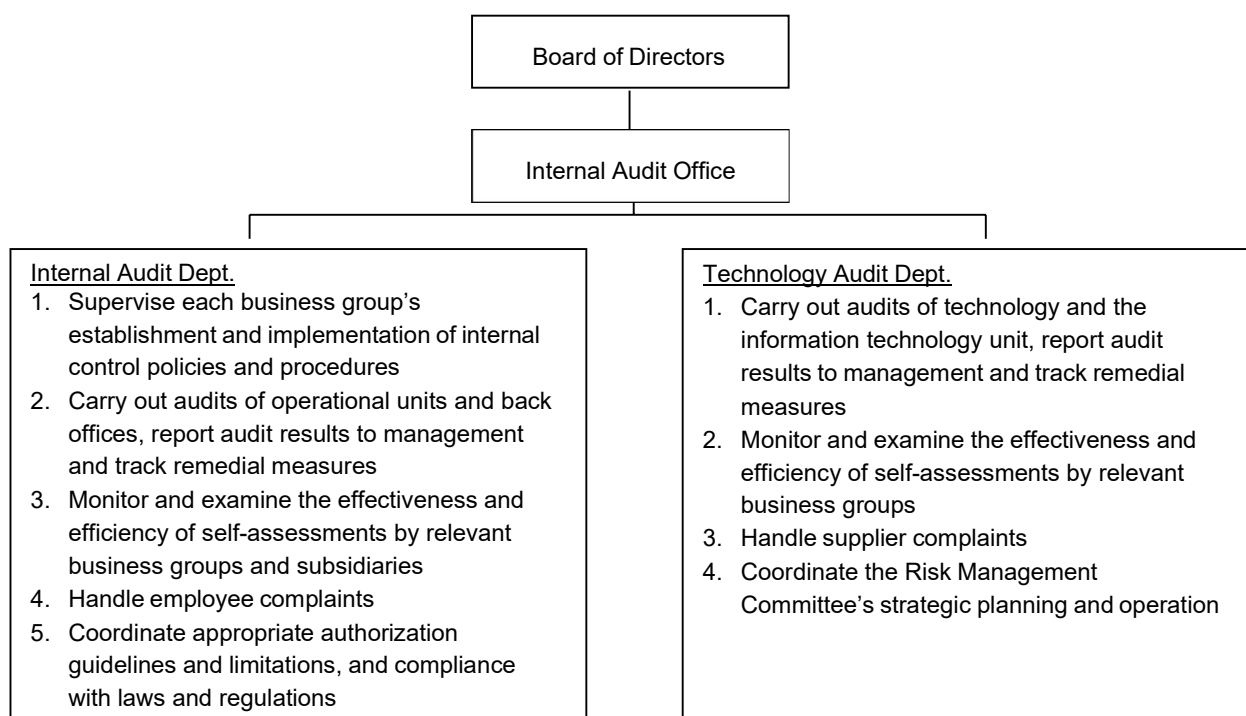
Internal control system

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 12 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

Internal Control Statement

Date: January 25, 2022

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2021:

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 December 31, 2021, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 25, 2022, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Daniel M. Tsai
Chairman



Jamie Lin
President

Violation of regulations and internal policies: None.

Major resolutions at the shareholders' and board meetings

1. Major resolutions at the 2021 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2020 business report and financial statements
- (2) Distribution of 2020 earnings and cash return from capital surplus
Execution: Ex-dividend date was set for August 29, 2021, and cash payment of NT\$4.29953 per share on September 11, 2021.
- (3) Revisions to the Company's Articles of Incorporation
Execution: Approved by the Ministry of Economic Affairs on October 4, 2021, the revised rules were posted on the Company's website.
- (4) Removal of non-competition restrictions on board directors
Execution: Published on MOPS on August 20, 2021.

2. Major resolutions by the board (from 2021 up to the publication date in 2022)

1. 5th meeting of ninth BoD on January 26, 2021
 - (1) Approved the 2021 capital expenditure plan and donation to TWM Foundation
 - (2) Approved the acquisition or disposal of right-of-use assets
2. 6th meeting of ninth BoD on February 25, 2021
 - (1) Approved the 2020 business report and financial statements
 - (2) Approved the 2021 guidance
 - (3) Approved the schedule for the 2021 annual general meeting
 - (4) Approved the acquisition or disposal of right-of-use assets
3. 7th meeting of ninth BoD on May 4, 2021
 - (1) Approved the 2020 earnings distribution proposal and cash return from capital surplus
 - (2) Approved the 1Q21 financial statements
 - (3) Approved the issuance of unsecured straight corporate bonds
 - (4) Approved the acquisition or disposal of right-of-use assets
4. 8th meeting of ninth BoD on July 15, 2021
 - (1) Approved the change of date and place for 2021 AGM
 - (2) Approved the ex-dividend record date of 2020 for cash dividend and cash return out of capital surplus
 - (3) Approved a proposal to participate in the new share offering of 100%-owned TWM Venture Co., Ltd. (Total transaction amount: NT\$570 million)
5. 9th meeting of ninth BoD on August 5, 2021
 - (1) Approved the 2Q21 financial statements
 - (2) Approved the acquisition or disposal of right-of-use assets
6. 10th meeting of ninth BoD on November 4, 2021
 - (1) Approved the 3Q21 financial statements
 - (2) Approved the acquisition or disposal of right-of-use assets
7. 11th meeting of ninth BoD on December 30, 2021
 - (1) Approved the merger of Taiwan Star into Taiwan Mobile
8. 12th meeting of ninth BoD on January 25, 2022
 - (1) Approved the 2022 capital expenditure plan and donation to TWM Foundation
 - (2) Approved the 2022 guidance
 - (3) Approved executive personnel changes
 - (4) Approved the procurement of mobile broadband equipment
 - (5) Approved a proposal to participate in the new share offering of 100%-owned TWM Venture Co., Lt. (Total transaction amount was NT\$2.8 billion)