

Corporate Governance

Board of Directors attendance

The Board of Directors convened six meetings in 2022

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	6	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	6	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Chris Tsai	6	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	6	0	100%	None
Independent Director	Hsueh-Jen Sung	6	0	100%	None
Independent Director	Char-Dir Chung	6	0	100%	None
Independent Director	Hsi-Peng Lu	6	0	100%	None
Independent Director	Tong Hai Tan	6	0	100%	None
Independent Director	Drina Yue	6	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
2022.01.25	Daniel M. Tsai Richard M. Tsai Jamie Lin	2021 performance evaluation and proposed year-end bonuses for chairman, managers and audit supervisor 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
2022.02.22	Jamie Lin	2022 Balanced scorecard for president	Personal interest	Mr. Lin was 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
2022.05.06	Richard M. Tsai Chris Tsai	Removal of non-competition restrictions for board members	Chris Tsai: Personal interest Richard M. Tsai: Interested party	Both 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
2022.08.01	Daniel M. Tsai Richard M. Tsai Jamie Lin	Distribution of 2021 bonuses and adjustment of 2022 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
2022.11.10	Jamie Lin	Investment in AppWorks Fund IV L.P. through 100%-owned TWM Venture Co., Ltd.	Personal interest	Mr. Lin was 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. 2022 to Dec. 2022	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 the quality of decision-making (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 the quality of decision-making (4) Election and composition of the functional committees (5) Internal controls 	
Every three years	March 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 82.5 in 2022, which included programs such as "Trends and impact of sustainable finance" and "The new financial era: Development trends and strategies in digital technology."
- (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, reviews the insurance coverage on an annual basis and reports to the board 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, the Remuneration and Nomination Committee and the ESG Steering Committee 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 the first quarter of 2023.
- (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 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 six times in 2022

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Hsueh-Jen Sung	6	0	100%	Appointed committee chairman
Independent Director	Char-Dir Chung	6	0	100%	None
Independent Director	Hsi-Peng Lu	6	0	100%	None
Independent Director	Tong Hai Tan	6	0	100%	None
Independent Director	Drina Yue	6	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
2022.01.24	13th meeting of the fifth Audit Committee	Appointment of CPA	None	Approved as proposed	Approved as proposed
		2022 capital expenditure plan and donation to TWM Foundation			
		Procurement of mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. (capped at NT\$4.205bn)			
		Participation in the NT\$2.8bn new share issue of 100%-owned TWM Venture Co., Ltd.			
		2021 internal control statement			
2022.02.21	14th meeting of the fifth Audit Committee	Acquisition or disposal of right-of-use assets	None	Approved as proposed	Approved as proposed
		2021 business report and financial statements			
2022.05.05	15th meeting of the fifth Audit Committee	1Q22 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use of assets			
		2021 earnings distribution and cash return from capital surplus			
		Revisions to the Rules and Procedures for Acquisition or Disposal of Assets			
		Removal of non-competition restrictions for board members			
		Additional capital expenditure for network integration with Taiwan Star (NT\$4.025 billion)			
Procurement of mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. (capped at NT\$3.296bn)					

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2022.06.16	16th meeting of the fifth Audit Committee	Subscription to LINE Bank Taiwan Ltd's common shares via private placement	None	Approved as proposed	Approved as proposed
		Acquisition of secondary shares of Cloud Mile Inc. through 100%-owned TWM Venture Co., Ltd.			
2022.08.01	17th meeting of the fifth Audit Committee	2Q22 financial statements	None	Approved as proposed	Approved as proposed
2022.11.09	18th meeting of the fifth Audit Committee	3Q22 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use assets			
		Internal audit plan for 2023			
		Investment in AppWorks Fund IV L.P. through 100%-owned TWM Venture Co., Ltd.			

(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
2022.01.24 13th meeting of the fifth Audit Committee	1. 4Q21 internal audit report 2. 2021 internal control statement	1. Acknowledged 2. Reviewed and submitted to BoD for approval	-	-
2022.02.21 14th meeting of the fifth Audit Committee	-	-	1. 2021 financial statements, key audit matters, explanations of computer audit, and other communication items 2. Discussed the international standards for management of innovation and intellectual property 3. Discussed inquiries raised by attendees	Acknowledged
2022.05.05 15th meeting of the fifth Audit Committee	1Q22 internal audit report	Acknowledged	1. 1Q22 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2022.08.01 17th meeting of the fifth Audit Committee	1. 2Q22 internal audit report 2. Report the business of the Risk Management Committee 3. Revision of risk management policy	1. Acknowledged 2. Acknowledged 3. Reviewed and submitted to BoD for approval	1. 2Q22 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2022.11.09 18th meeting of the fifth Audit Committee	1. 3Q22 internal audit report 2. Internal audit plan for 2023	1. Acknowledged 2. Reviewed and submitted to BoD for approval	1. 3Q22 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 established an ESG Steering Committee, Cyber Security and Data Privacy Protection Committee, and Risk 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 4.96, 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 Nomination Committee on August 5, 2021. The results of the evaluation and proposed countermeasures were as follows:</p>

Item	Current practice
	<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 the board's 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 was recommended that the board 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) The Company was advised to 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 conduct annual evaluations of the independence and reappointment of 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," and referring to Audit Quality Indicators (AQIs) 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 CPA firm's involvement, quality control review and innovative plans. 8. Effective interaction with manager and internal audit officer. <p>The results of the 2022 evaluation met the independence criteria and were approved by the Audit Committee on February 23, 2023 and the board on February 24, 2023.</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 VP/CFO who heads the Secretarial Division is also the Chief Corporate Governance officer. He has more than 10 years of experience in the securities industry, including managing listed companies' financial affairs. The division head attended the following training programs in 2022:</p> <ol style="list-style-type: none"> 1. Corporate governance 3.0: Practical analysis of sustainability reports (Accounting Research and Development Foundation, 3hr) 2. Digital technology development and application trends (Taiwan Corporate Governance Association, 3hr) 3. The explosion of the virtual world: The development of metaverse and cryptocurrency blockchain (Taiwan Corporate Governance Association, 3hr) 4. The new financial era: Development trends and strategies in digital technology (Independent Directors' Association Taiwan, 3hr) 5. Driving the green transition: Aiming for net zero (Accounting Research and Development Foundation, 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
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?		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.
Has the Company outsourced its shareholders' general meetings?		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.
	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?	In 2022, 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.

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 2022

Training program	Organization	Date	Hours	Participant(s)
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.01.24	1	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Jamie Lin
Principles on fair treatment of customers	Taiwan Insurance Institute	2022.03.04	1.5	Richard M. Tsai
Forum on independent directors and 2022 shareholders' meeting – an international perspective	Taiwan Stock Exchange, Quantum International Corp., Georgeson LLC	2022.03.10	1	Hsueh-Jen Sung, Tong Hai Tan, Drina Yue
The development of green energy innovation business: Vision and strategies for low carbon investments	Taiwan Corporate Governance Association	2022.03.22	3	Char-Dir Chung
Metaverse, NFT, Web 3.0 and social network: basic concepts and applications	Taiwan Corporate Governance Association	2022.03.22	3	Hsi-Peng Lu
Carbon neutrality, enterprise management and promotion and prospects of Taiwan taxonomy for sustainable activities	Independent Directors' Association Taiwan	2022.04.21	3	Daniel M. Tsai, Richard M. Tsai
Carbon pricing guidelines in Taiwan – TCFD climate-related analysis	Independent Directors' Association Taiwan	2022.04.29	3	Daniel M. Tsai
Twin-summit forum	Taiwan Stock Exchange, Alliance Advisers Pty Ltd., Taiwan Corporate Governance Association	2022.05.04	2	Drina Yue
Twin-summit forum	Taiwan Stock Exchange, Alliance Advisers Pty Ltd., Taiwan Corporate Governance Association	2022.05.12	2	Hsueh-Jen Sung
2030/2050 green industrial revolution	Taiwan Corporate Governance Association	2022.07.05	3	Drina Yue

Training program	Organization	Date	Hours	Participant(s)
Sharing of actual cases by the Audit Committee – Review of mergers and the responsibilities of directors	Taiwan Corporate Governance Association	2022.07.12	3	Tong Hai Tan
Sustainability accelerators: CSR, ESG and SDGs	Taiwan Investor Relations Institute	2022.08.09	3	Hsi-Peng Lu
Challenges and opportunities in pursuing sustainable development	Taiwan Securities Association	2022.08.10	3	Char-Dir Chung
Latest IFRS 17 related issues	Taiwan Insurance Institute	2022.08.12	3	Richard M. Tsai
Multifaceted view of ESG governance – from knowing to doing	Taiwan Corporate Governance Association	2022.08.16	3	Tong Hai Tan
Information security oversight between government and competent authority for supply chains and financial services	EY Advisory Services Inc.	2022.09.30	2	Richard M. Tsai
Trends and impact of sustainable finance	Taiwan Corporate Governance Association	2022.10.07	3	Daniel M. Tsai, Hsi-Peng Lu, Jamie Lin
Information security and privacy issues in the metaverse	Taiwan Insurance Institute	2022.11.01	3	Hsueh-Jen Sung
Principles on fair treatment of customers and financial inclusion services	Independent Directors' Association Taiwan	2022.11.02	3	Daniel M. Tsai
The new financial era: Development trends and strategies in digital technology	Independent Directors' Association Taiwan	2022.11.25	3	Daniel M. Tsai, Chris Tsai, Hsi-Peng Lu, Jamie Lin
The application of AI technology in new fields – financial technology and anti-money laundering	Independent Directors' Association Taiwan	2022.12.09	3	Daniel M. Tsai, Chris Tsai

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

7. Corporate governance related training programs and succession plan for management in 2022

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 2022, the Company arranged training courses covering topics such as "Exploring the business opportunities of telecom integration with fintech," "A new consumption model for OMO," "Net-zero emissions" and "Corporate governance and securities regulations."

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 Mr. Tim Lee to Vice President and Chief Strategy Officer on November 10, 2022. Mr. Lee has contributed greatly to the Company, building an international team of investment professionals and leading several major investment projects to assist in the Company's transition to the global market.

Training program	Organization	Date	Hours	Participant(s)
Code of ethics	In-house training (e-learning)	2022.02.19 ~ 2022.12.23	0.5	George Chang, Rock Tsai, Tony Lin, Luke Han, Vincent Wu

Training program	Organization	Date	Hours	Participant(s)
Ethical corporate management best practice principles	In-house training (e-learning)	2022.05.05 ~ 2022.11.18	0.9	Jamie Lin, Tom Koh, Tim Lee, Eddie Chan, Rock Tsai, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu, Naomi Lee, Vincent Wu
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.01.24	1	Jamie Lin
Constructing a sustainable DNA to achieve a net-zero future	Chinese National Association of Industry and Commerce	2022.05.18	3	Tom Koh, Iris Liu
Exploring the business opportunities of telecom integration with fintech	In-house training	2022.05.20	1.83	Tom Koh, Rock Tsai, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu
A new consumption model for OMO	In-house training	2022.07.08	2	Tom Koh, Rock Tsai, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu
Taiwan's net-zero emissions goal: scientific solutions and industrial opportunities	Chinese National Association of Industry and Commerce	2022.08.22	2	Tom Koh
Multinational corporations' operations	Taiwan Renaissance Platform	2022.08.26	68.5	Tony Lin, Joan Hung
Digital technology development and application trends	Taiwan Corporate Governance Association	2022.09.07	3	George Chang
The explosion of the virtual world: The development of metaverse and cryptocurrency blockchain	Taiwan Corporate Governance Association	2022.09.23	3	George Chang
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.10.07	3	Jamie Lin
Seminar on net zero emissions	Taiwan Communications Society	2022.10.07	4	Tom Koh
Corporate sustainability seminar – how to implement ESG	Taiwan Stock Exchange Corporation	2022.10.17	2	Shirley Chu
Corporate governance summit: Improving the functional competencies of directors and implementing sustainable corporate governance	Taiwan Corporate Governance Association	2022.10.19	3.5	Iris Liu

Training program	Organization	Date	Hours	Participant(s)
Corporate governance and securities regulations	In-house training	2022.11.18	3	Shirley Chu
The new financial era: Development trends and strategies in digital technology	Independent Directors' Association Taiwan	2022.11.25	3	Jamie Lin, George Chang
Fintech and AI: Development trends and strategies during a pandemic	In-house training	2022.11.25	3	George Chang
Driving the green transformation: net-zero emissions	Accounting Research and Development Foundation	2022.12.21	3	George Chang

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



* Added as a working group based on a proposal by the ESG Steering Committee to the Board of Directors on Nov. 10, 2022

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 Group	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) Communication Quality Assurance Committee	Ensure and manage network communication quality.
	ESG Steering Committee	Establish a functional committee governance system, strengthen management functions, and commit to the implementation of corporate social responsibility and sustainable management.
	1) ESG Working Group	Integrate operations and core resources to promote the Company's ESG policies to move toward sustainable development.
	2) Occupational Safety and Health Working Group	Supervise and minimize potential risks to workers' health and safety.
	3) Environmental Working Group	Develop and manage the Company's policies and objectives for environmental and energy management.
	4) Innovation Working Group	Integrate the Company's innovation strategies and establish a management mechanism.
	5) Brand Development Working Group	Implement the brand spirit of "Open Possible" and build a seamless brand experience from the inside out through employee conduct, products and services, internal and external working environments, and marketing communications.
	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.
Top	Board of Directors	Responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.

	Responsible unit	Function
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 Board of Directors exercises control over the ESG Steering Committee and the Cyber Security and Data Privacy Protection Committee. In addition, the Chairman exercises control over the Risk Management Committee. If any major event or incident happens, the responsible unit shall report it to the Operations and Management Committee and corresponding Committee or Working Group to determine the necessary measurement to be undertaken.

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 -- ESG Working Group	

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision
14	Employee safety	Occupational Safety and Health Office and Administration Division	Occupational Safety and Health Working Group	
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 Working Group	
18	Innovation risk	CBG, EBG, HBG, Technology Group, IT Group, Sustainability and Brand Development Division	Innovation Working Group	

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 the COVID-19 pandemic.

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 Group
Certified Public Accountant (CPA)			11
US Certified Public Accountant (US CPA)		1	3
Certified Internal Auditor (CIA)	3		2
Certified Information Systems Auditor (CISA)	2		
Chartered Financial Analyst (CFA)		2	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	11	12	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 eight 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 page 24-28 "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 five times in 2022:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Char-Dir Chung	5	0	100%	None
Independent Director	Hsueh-Jen Sung	5	0	100%	None
Independent Director	Hsi-Peng Lu	5	0	100%	None
Independent Director	Tong Hai Tan	5	0	100%	None
Independent Director	Drina Yue	5	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
2022.01.25	6th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Results of a 2021 performance evaluation of managers/head of internal audit, and year-end bonus distribution	Approved as proposed	Approved by the BoD
		2021 year-end bonus of the Chairman	Approved as proposed	Approved by the BoD
2022.02.22	7th meeting of the fourth R&N Committee	Report on the results of a 2021 performance evaluation of the BoD and functional committees	Approved as proposed	Approved by the BoD
		2021 remuneration distribution plan for BoD	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD

Date	R&N Committee Meeting	Agenda	R&N Committee's Opinion	Company Response
		2022 balanced scorecard goal setting for the President	Approved as proposed	Approved by the BoD
2022.05.06	8th meeting of the fourth R&N Committee	Appointment of a manager	Approved as proposed	Approved by the BoD
2022.08.01	9th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD
		Results of 2021 year-end bonus distribution for managers	Approved as proposed	Approved by the BoD
		2021 employee profit sharing and mid-year bonus distribution plan and 2022 salary adjustment proposal for managers/head of internal audit	Approved as proposed	Approved by the BoD
		2021 annual compensation and 2022 salary adjustment proposal for the Chairman	Approved as proposed	Approved by the BoD
2022.11.10	10th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD

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. The Sustainability and Corporate Citizenship Department was established under the Sustainability and Brand Development Division with a dedicated staff and an independent budget. It serves as the executive secretary to the ESG Steering Committee and the ESG Working Group, and is responsible for integrating interdepartmental ESG tasks.</p> <p>The CSR Committee was established in 2014, and renamed the ESG Steering Committee in 2021 following the Board's approval. In 2022, the ESG Steering Committee, which fell under the Chairman's purview, was elevated to a board-level committee, and the Chairman was appointed as the convener with five independent directors. The committee holds meetings at least twice a year to comprehensively supervise all decision-makings involving ESG. The previous ESG Steering Committee, which was under the Chairman's purview, was renamed the ESG Working Group in 2022, with TWM's Chairman and President serving as its chairman and vice chairman, respectively. The ESG Working Group holds quarterly meetings and reports to the ESG Steering Committee and the Board of Directors every six months about environmental, social and governance proposals and implementations. In March 2022, TWM officially joined the RE100 renewable energy initiative, and the Board of Directors in May approved a pledge to achieve net zero emissions by 2050.</p> <p>2. The ESG materiality boundaries were defined based on the nature of Taiwan Mobile's operations.</p> <p>A total of 24 topics concerning sustainability were selected by applying the materiality principle after researching international trends, referring to world-class corporates, holding stakeholder forums, and analyzing questionnaires from our official website. The material topics were confirmed by the ESG Working Group after surveying stakeholders' level of concern and assessing the significance of impact.</p> <p>TWM 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. In 2022, TWM identified these key material topics and conducted an impact analysis, setting strategic targets in accordance with its risk management policies.</p>

Item	Current practices
<p>Environmental sustainability</p> <p>1. Establishing an environmental management system in line with the nature of the Company's business operations</p> <p>2. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment</p>	<p>1. The Environmental Management Committee was formed in 2016, and renamed the Environmental Management Working Group in 2022, 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, renewable energy, biodiversity conservation and smart energy conservation. The committee meets semi-annually to assess the Company's progress in reducing electricity and water consumption, as well as waste and carbon emissions, to meet its goal to lower GHG emissions and promote renewable energy, and to report back to the ESG Working Group, ESG Steering Committee and Board of Directors. The company conducts ISO 14001, ISO 14064 and ISO 50001 verifications every year, and obtains corresponding certificates. The scope of the inspection is as follows:</p> <ul style="list-style-type: none"> (1) ISO 14001: Telecommunications and cable TV operations, covering Taipei New Horizon headquarters, Cloud IDC, Taipei 480 Ruiguang Building, Taipei Dunnan Building, the main computer room in Kaohsiung's Hsin Ya, the Kaohsiung Po Ai Building, the Taichung Peiping Building and the momo Cable TV Building. (2) ISO 14064: Office buildings, computer rooms, base stations and directly operated stores of Taiwan Mobile (including Taiwan Mobile Foundation), Taiwan Digital Service, Taiwan Teleservices & Technologies, Taiwan Fixed Network, TFN Media and its broadcasting channels, Win TV Broadcasting, Taiwan Kuro Times Co., Ltd, Taipei New Horizon Co., Ltd. and Tai Hsin Insurance Agent. (3) ISO 50001: Taipei Guangdian Building, Cloud IDC and two directly operated stores. <p>2. The Company has recycled 190,000 smartphones since 2008, reducing carbon emissions by 149,000 kilograms, and since 2015, has accepted 67,000 trade-ins of old devices for new ones, extending the lifecycle of smartphones and creating NT\$490 million in economic benefits. In 2022, it launched the "Upcycle, Create Possible!" project. Working in cooperation with 14 NPOs, it took stock of the need for 1,200 mobile phones and tablets and encouraged the public to donate second-hand devices. The Company reburbished the used phones and tablets and donated them to students in rural areas to help narrow the digital gap. 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).</p>

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 Working Group 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 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 posed a high risk to operations: 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 billion to NT\$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 the financial impact assessment, five core strategies were set:</p> <p>(1) Strengthen climate-related financial impact disclosures (2) Boost smart energy conservation at its telecommunication facilities and base stations (3) Procure green energy (4) Build green energy generating stations for self-use (5) Invest in green energy</p>

Item	Current practices																														
<p>4. Statistics on GHG emissions, water consumption and waste, and formulation of environmental sustainability policies</p>	<p>4. The Environmental Management Working Group formulates environmental goals and strategies in accordance with the Environmental and Energy Management Policies, holds meetings every six months to review the implementation of policies relating to electricity and water conservation, waste and carbon reduction, and renewable energy, and track their progress.</p> <p>Statistics on GHG emissions, water consumption and waste for 2021-2022 are detailed below:</p> <table border="1" data-bbox="660 517 1383 999"> <thead> <tr> <th colspan="2">Category</th> <th>2021</th> <th>2022**</th> </tr> </thead> <tbody> <tr> <td rowspan="3">GHG emissions (ton-CO₂e)</td> <td>Scopes 1+2 location based</td> <td>275,302.34</td> <td>287,472.24</td> </tr> <tr> <td>Scopes 1+2 market based</td> <td>275,302.34</td> <td>287,428.46</td> </tr> <tr> <td>Scope 3</td> <td>350,484.78</td> <td>313,385.34</td> </tr> <tr> <td colspan="2">Water withdrawal (m³)*</td> <td>278,876</td> <td>294,821</td> </tr> <tr> <td colspan="2">Waste (tons)</td> <td>1,625.07</td> <td>1,503.42</td> </tr> <tr> <td>Energy consumption</td> <td>Direct (MJ)</td> <td>31,069,681</td> <td>22,586,412</td> </tr> <tr> <td>Energy consumption</td> <td>Indirect (MJ)</td> <td>1,957,402,998</td> <td>2,089,276,824</td> </tr> </tbody> </table> <p>*The source of water withdrawal includes tap water and rainwater. The amount in 2021 is adjusted retrospectively.</p> <p>**GHG emissions rose due to the increase in mobile data traffic and Internet Data Center users. TWM continues to adopt various renewable energy sources to reduce carbon emissions.</p> <p>The above-mentioned contents have been externally confirmed by ISAE 3000, and corresponding certificates have been obtained. The scope of the investigation is the same as the boundary and scope of the 2022 sustainability report.</p>	Category		2021	2022**	GHG emissions (ton-CO ₂ e)	Scopes 1+2 location based	275,302.34	287,472.24	Scopes 1+2 market based	275,302.34	287,428.46	Scope 3	350,484.78	313,385.34	Water withdrawal (m ³)*		278,876	294,821	Waste (tons)		1,625.07	1,503.42	Energy consumption	Direct (MJ)	31,069,681	22,586,412	Energy consumption	Indirect (MJ)	1,957,402,998	2,089,276,824
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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, cafeteria benefit, staff clubs activities, childbirth allowance, childcare subsidy, free group insurance coverage for employees and their spouses, an employee stock ownership trust, high subsidies for phone bills, discounts on Company products and a tenure reward program. 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. <p>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 are not affected by gender, sexual orientation, marriage status, etc. Women comprise 49.0% of the Company's workforce and 49.0% of its management. The proportion of women in top management positions is 35.9%.</p> <p>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 sustainable development. Performance is graded based on employees' fulfillment of annual objectives and accordingly rewarded with bonuses and/or salary increases.</p> 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 11 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 2023, the Company published its 2022 sustainability report. A limited assurance of the report's contents was performed by KPMG, a reputable independent institution, in accordance with the Assurance Standard No. 1 of the Republic of China. The sustainability report also conforms to the Sustainability Accounting Standards Board's (SASB) Standards on ESG disclosure.</p>

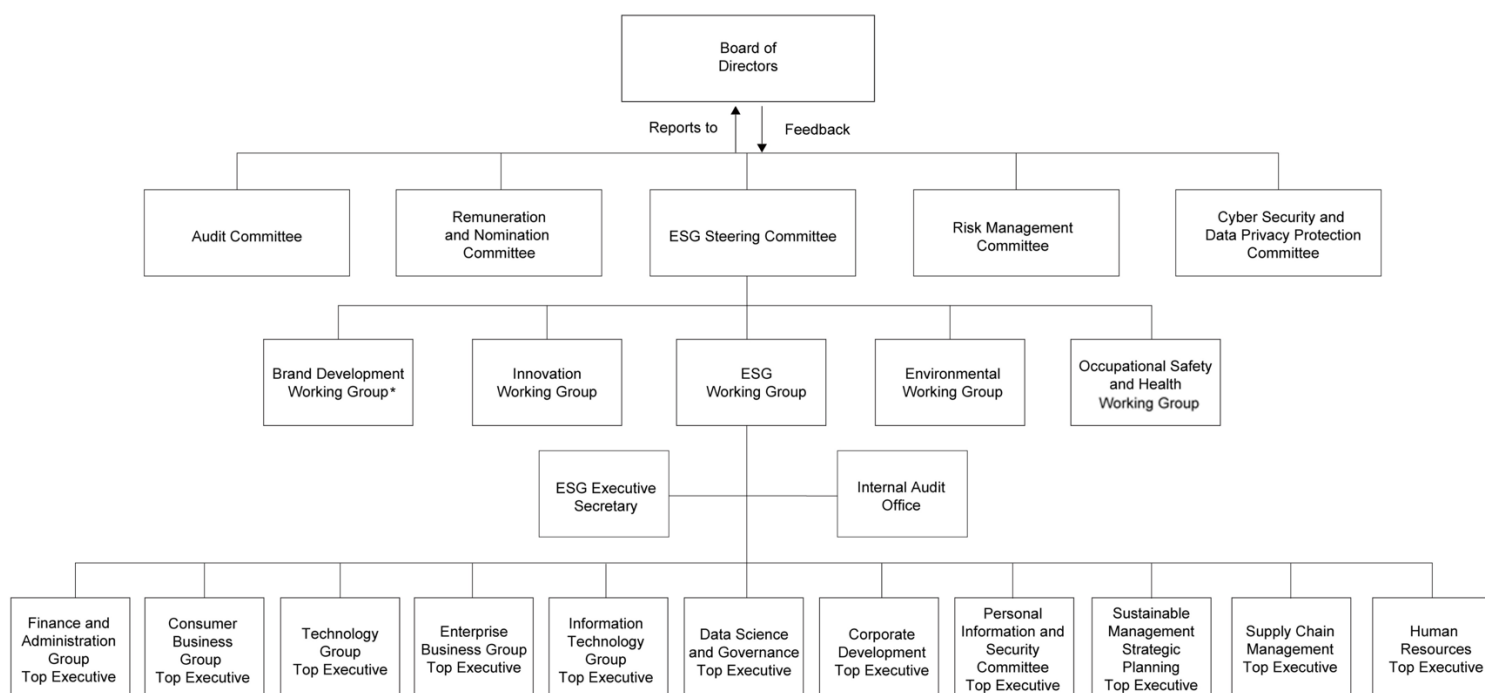
The Company’s ESG policy and practices fully comply with the ESG Best Practice Principles for TWSE/GTSM Listed Companies.

The concept of ESG is embedded in the strategic decisions and daily operations of all departments. The Board of Directors approved the “Taiwan Mobile CSR Policy” and “Taiwan Mobile CSR Guidelines” in 2011 and 2015, respectively. In 2022, in order to enhance the level of sustainable development, and incorporate the company's ESG implementation status and international trends into its policy and guidelines, the Company revised the “CSR Policy” and "CSR Code of Practice" and renamed them "Corporate Sustainable Development Policy" and "Corporate Sustainable Development Guidelines" to serve as long-term guidelines for promoting sustainability. 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 the public welfare.

Additional information on ESG-related matters:

The Company has formulated a comprehensive mechanism for sustainable operations management. TWM's independent directors, who comprise more than half of the board, took the lead in the industry in elevating the ESG Steering Committee into a board-level unit. The move was approved by the Board of Directors on May 6, 2022, with the Chairman appointed as the convener with the five independent directors serving as members to comprehensively supervise all ESG-related decision-making, enhancing the depth and width of corporate sustainable management.

Other ESG-related measures include the establishment of the Risk Management Committee under the Board of Directors in 2015 and placing the Cyber Security and Data Privacy Protection Committee directly under the board in 2020. The ESG Steering Committee communicates sustainable development issues related to business risks, social innovation and information security with various committees from time to time. The ESG Working Group members are drawn from the senior management of each business group to enhance accountability, participation and governance by the Company’s top executives. To strengthen implementation, the compensation of the President and Vice Presidents has been tied to the Company’s ESG performance since 2016, and board directors have carried out self-assessments of their ESG performance since 2017.



* Added as a working group on Nov. 10, 2022

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 Internal Audit Office and functional committees 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 (such as, compliance with integrity management regulations, preventing insider trading and money laundering, and protecting trade secrets and personal information) upon request to strengthen colleagues' awareness. From January 1, 2022 to February 25, 2023, a total of 8,507.4 training hours were held, with 32,511 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 e-mail 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 2022 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 of relevant ethical corporate management standards. The Company has also amended its Ethical Corporate Management Best Practice Principles, which were approved by the Board of Directors on November 10, 2022.</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, ESG Steering 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 Sustainable Development Policy, Corporate Sustainable Development Guidelines 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
- ESG Steering Committee was established to promote the implementation of corporate social responsibility and sustainable operations
- 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.

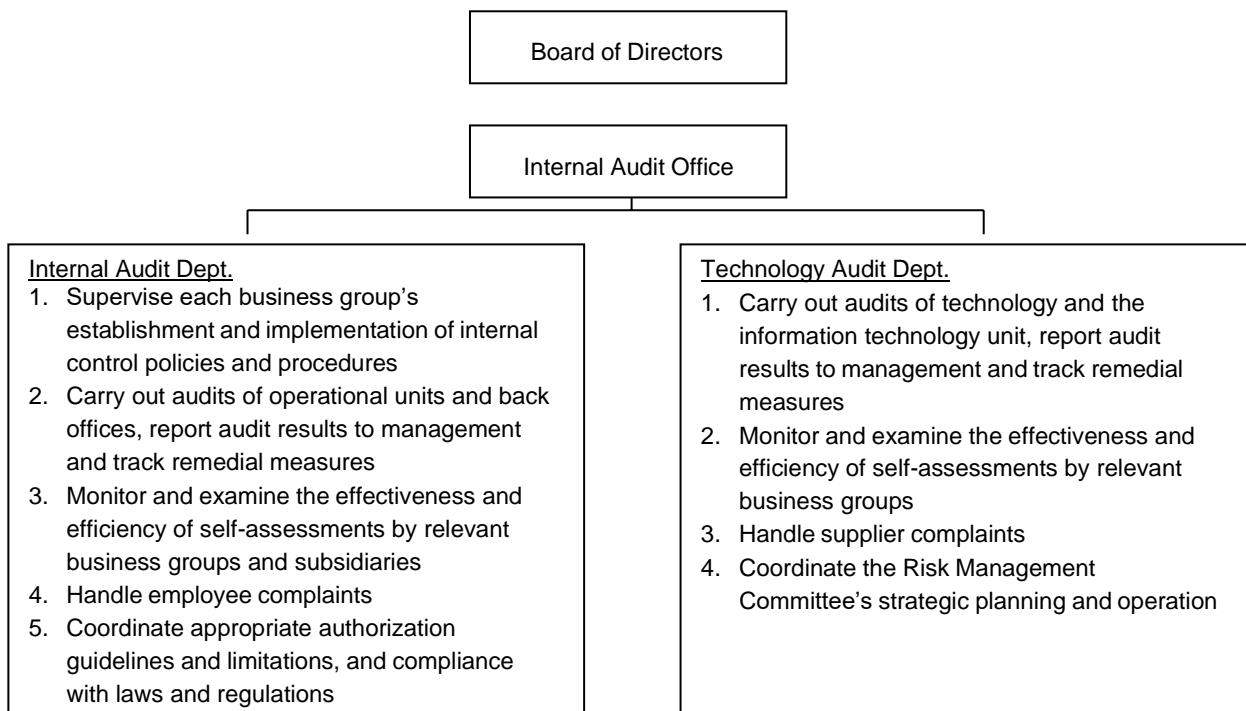
Internal control system

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 11, 2023

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2022:

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, 2022, 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 11, 2023, 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 2022 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2021 business report and financial statements
- (2) Distribution of 2021 earnings and cash return from capital surplus
Execution: Ex-dividend date was set for July 16, 2022, and cash payment of NT\$4.3 per share on August 3, 2022.
- (3) Revisions to the Company's Articles of Incorporation
Execution: Approved by the Ministry of Economic Affairs on July 21, 2022, the revised rules were posted on the Company's website.
- (4) Revisions to the Rules and Procedures Governing Shareholders' Meeting
Execution: Published on the Company's website and MOPS on June 23, 2022.
- (5) Revisions to the Rules and Procedures for Acquisition or Disposal of Assets
Execution: Published on the Company's website and MOPS on July 13, 2022.
- (6) Removal of non-competition restrictions on board directors
Execution: Published on MOPS on June 23, 2022.

2. Major resolutions by the board (from 2022 up to the publication date in 2023)

1. 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 NT\$2.8bn new share issue of 100%-owned TWM Venture Co., Ltd.
2. 13th meeting of ninth BoD on February 22, 2022
 - (1) Approved executive personnel changes
 - (2) Approved the 2021 business report and financial statements
 - (3) Approved the schedule for the 2022 annual general meeting
 - (4) Approved the acquisition or disposal of right-of-use assets
3. 14th meeting of ninth BoD on May 6, 2022
 - (1) Approved executive personnel changes
 - (2) Approved the 2021 earnings distribution proposal and cash return from capital surplus
 - (3) Approved the 1Q22 financial statements
 - (4) Approved capex budget additions for 2022
 - (5) Approved the procurement of mobile broadband system
 - (6) Approved the establishment of the ESG Steering Committee
 - (7) Approved the acquisition or disposal of right-of-use assets
4. 15th meeting of ninth BoD on June 16, 2022
 - (1) Approved a proposal to subscribe to LINE Bank Taiwan Ltd.'s common shares via a private placement
5. 16th meeting of ninth BoD on August 1, 2022
 - (1) Approved the 2Q22 financial statements
 - (2) Approved executive personnel changes
6. 17th meeting of ninth BoD on November 10, 2022
 - (1) Approved the 3Q22 financial statements
 - (2) Approved executive personnel changes
 - (3) Approved the acquisition or disposal of right-of-use assets
7. 18th meeting of ninth BoD on January 11, 2023
 - (1) Approved the 2023 capital expenditure plan and donation to TWM Foundation
8. 19th meeting of ninth BoD on February 24, 2023
 - (1) Approved the 2022 business report and financial statements

- (2) Approved the adjustment of its share swap ratio for the merger with Taiwan Star Telecom Co., Ltd.
- (3) Approved the issuance of unsecured straight corporate bonds
- (4) Approved the schedule for the 2023 Annual General Meeting
- (5) Approved a proposal to participate in the NT\$3.1bn new share issuance of 100%-owned TWM Venture Co., Ltd.
- (6) Approved the acquisition or disposal of right-of-use assets

The above information is posted on MOPS: <https://mops.twse.com.tw>.

Major dissenting comments over board meeting resolutions from 2022 up to the publication date in 2023: None

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

As of February 25, 2023

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Vice President and Chief Information Officer	James Chang	2017/01/25	2022/01/01	Retirement
Executive Vice President and Chief Financial Officer	Rosie Yu	2014/04/29	2022/09/01	Retirement
Corporate Governance Officer	Rosie Yu	2019/04/30	2022/09/01	Retirement

Certified Public Accountant (CPA) Information

1. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remarks
Deloitte & Touche	Pei-De Chen Te-Chen Cheng	2022.01.01~ 2022.12.31	7,890	2,940	10,830	-

Note: Fees for non-audit services were mainly for tax certifications, tax-related consultations and attestation services.

- (1) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: Not applicable
- (2) If the audit fee dropped by more than 10%, specify the amount and percentage of decline and reasons: Not applicable