

Corporate Social Responsibility Report



About This Report

This report is drafted according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and the Corporate Social Responsibility Policies of Taiwan Mobile to describe the company’s practices, performance and planning related to business operations, corporate governance, environmental protection and social participation during the two-year period of 2011. Certain topics include data recorded before 2010 to show changes over time.

While the report mainly covers the practices of Taiwan Mobile Co., Ltd, some areas involving affiliated enterprises are also addressed. There have

not been significant changes from the previous reporting period (November 2011) in the scope or measurement methods applied in the report. Any differences in the report’s scope or measurement methods are specified in related sections. Significant change is from bi-annual report to annual report which highlights our commitment of frequently communicating with stakeholders.

The information disclosed in this report is based on Taiwan Mobile statistics and survey results. Some financial data, however, also contains information published after CPA certification and is expressed as generally used statistical data.

The report has been compiled based on the GRI/G3 guidelines of the Global Reporting Initiative (GRI) to address business performance, corporate governance, environmental protection and social participation. All information and data in this report have been verified by an international certification organization in accordance with the AA1000 (2008) assurance standard. Information disclosed in the report complies with the GRI G3.1 application level of A+, as audited by an independent third-party organization in compliance with AA1000. The assurance statements are also included in the report.

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Message from the Chairman

In 2011, due to the dark cloud of the Euro Debt Crisis, the overall growth economic slowdown in addition to the growing saturation of the mobile voice market, operators have been forced to face even greater changes and challenges. In response to these changes and challenges, Taiwan Mobile ("TWM" or "The Company") has put a priority on integrity and implemented corporate governance policies. Guided by visionary business strategies and corporate social responsibility principles, Taiwan Mobile continues to steadily pursue the goal of providing world-class telecom services by actively responding to the needs of our stakeholders, consumers, employees, the environment, suppliers and local communities.

The company continues to place tremendous importance on the environment. To deal with the global warming issue, we have established an internal carbon inventory system to monitor our carbon reduction performance. Concurrently, Taiwan Mobile has also implemented cloud computing services to help consumers, businesses, governments, non-profit organizations and other business units to reach the goal of even greater energy savings and carbon reduction. We remain continuously proactive in promoting the benefits of an energy-efficient "green" environment and sharing these values with our subscribers. Our persistent efforts in this area have earned us the distinction of being the only recipient in the service industry to receive the R.O.C. Enterprise Environmental Protection (EEP) Award for three years in a row – 2009 to 2011 – from the Environmental Protection Administration of the Executive Yuan.

In the meantime, through our expertise and core

competency in telecom technology, we continue to strive to not just fulfill our corporate social responsibility, but to exceed it by addressing a variety of social needs. The 5180 Mobile Donation Hotline, the 909 Mobile Audio Guides and the myfone Mobile Composition Award are some examples of how we leverage core telecom values to enrich digital content and applications. We also donate equipment, educational materials and applications to help remote and underprivileged communities enhance their digital awareness and capabilities. These efforts have been recognized through a number of CSR honors -- such as the "Excellence in Corporate Social Responsibility" from CommonWealth Magazine and the "Corporate Social Responsibility Award" from GlobalViews Monthly.

For the present and the future, digital convergence has been positioned as a core strategy. Taiwan Mobile has continued to aggressively roll out new and upgraded communication platforms, enriched its content and expanded traditional/virtual channels. All these have strengthened and advanced Taiwan Mobile's thrust into the T.I.M.E. – Telecoms, Internet, Media and Entertainment – fields.

We would like to take this opportunity to share our CSR policies and achievements with integrity and transparency. We welcome your comments and suggestions and hope we can all work together to improve our society and environment.

Chairman



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Aspect		2010	2011	Unit
Financials	Revenue	701.46	813.69	NT\$1 mn
	EBITDA	274.65	270.87	NT\$1 mn
	Net Income	138.22	134.69	NT\$1 mn
	R&D Expenses (As a % of Revenues)	1.10	0.91	%
Environmental Responsibility	Direct Energy Consumption	19,425,251	17,484,274	joule
	Indirect Energy Consumption	381,367,733	309,875,082	Kw/ hour
	Greenhouse Gas Emissions */**	2,743.1	2,608.2	tonnes of carbon dioxide equivalents
		233,397.1	196,220.8	tonnes of carbon dioxide equivalents
	Office Recycling	36.07	28.93	Kg/person
	Water Consumption	17	15	gallons/person
	Electronic Billing ***	44	46	10,000s
	Volume of Green Purchases	441.07	398.64	NT\$1 mn
Social Responsibility	Overall Customer Satisfaction Rating ****	3.7	3.7	
	Average # of Employee Training Hours	24.33	20.72	hours
	# of Individual Volunteer Trips	180	198	Individual trips

* Direct emissions ** Indirect emissions *** Cumulative amount of users **** 1-to-5 ranking scale; 1 represents most dissatisfied, 5 represents most satisfied



1.1 Company Introduction

1.1.1 Status Quo and Development

Taiwan Mobile Co. Ltd. was founded in February 1997. It was the first private telecom company in Taiwan to be listed on the Taiwan Stock Exchange and was included in both the Taiwan 50 Index and Morgan Stanley Composite Index (MSCI) in 2002.

To expand our operations, Taiwan Mobile acquired Taiwan Fixed Network (TFN), Taiwan Telecommunications Network Service (TTN), TransAsia Telecommunications and Mobitai Communications in 2007 and 2008, allowing us to offer a “4-in-1” platform that cov-

ers mobile, fixed-line, broadband and cable TV. In 2008, we introduced three major new brands, “Taiwan Mobile,” “Taiwan Broadband” and “TWM Solution”, to provide integrated services for individual consumers, households and enterprises.

Looking ahead, we will remain committed to our brand values of “integrity, innovation, passion and simplicity” as we strengthen our competitiveness in the T.I.M.E. – Telecoms, Internet, Media and Entertainment – fields and build the most reliable telecom and media service model to become Taiwan’s leader in digital convergence services.

1 Company Overview

2011-11 TWM was one of the nine companies featured in “Taiwanese Enterprises: Promoting Trust and Integrity,” published by the Industrial Development Bureau under the Ministry of Economic Affairs.

Received “CG6006 Advanced Corporate Governance” certification from the Taiwan Corporate Governance Association.

TWM Chairman, Richard Tsai, was honored with the “Asia Innovator of the Year Award” at the 10th Asian Business Leaders Awards by CNBC. He was the sole awardee from Taiwan.

2011-09 Received ISO/IEC 27001 information security management system certification and passed additional ISO/IEC 27011 inspections for information security management in the telecommunications sector by the National Communications Commission.

2011-07 Received an “A+” ranking and ranked as one of the top 10 listed companies for “Transparency and Information Disclosure” by Taiwan’s Securities and Futures Institute for the sixth consecutive year.

2011-06 Received the “Corporate Governance Asia Recognition Award” in the Asia-Pacific region by Corporate Governance Asia for the fifth year in a row.

Ranked sixth in Business Next Magazine’s list of 100 leading tech companies in Taiwan (Info Tech 100 Taiwan); also included in its “Info Tech 100 Asia” list.

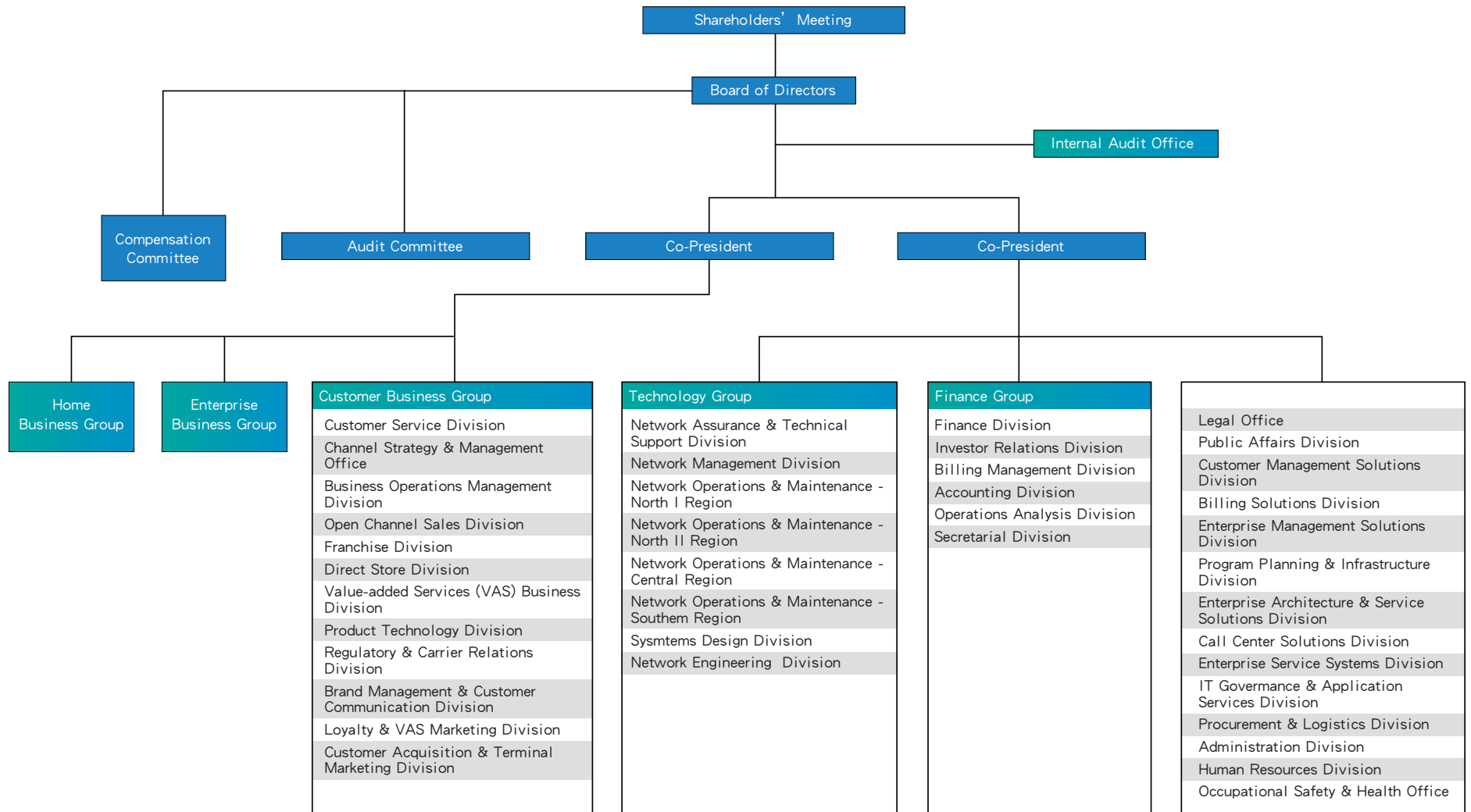
2011-05 Received a “Trusted Brand Gold Award” from Reader’s Digest for the eighth consecutive year.

Won first prize for “Corporate Social Responsibility,” education category, by Global Views Monthly. Won first prize in the “2011 Digital Service Awards,” ICT category, based on a digital service power survey by Business Next magazine.

2011-03 Awarded “Best Corporate Investor Relations in Taiwan” in Corporate Governance Asia’s first Asian Excellence Recognition Awards.

2011-01 Ranked No.1 in Euromoney’s survey of “Best Corporate Governance in Taiwan” – the fourth time the Company received such recognition.

Organization Chart



1.1.2 Business Environment Overview

With the recovery of the economy, the prevalence of smart handheld devices and the rising demand for mobile network services, it is widely expected that applications related to mobile commerce, audio/video services, gaming, shopping and social networks will transform the way we do business and live our lives. And telecom operators will play a critical role in that transformation because of their huge subscriber base, extensive distribution channels and steady cash flow. On top of those advantages, Taiwan Mobile has the added competitive edge of digital convergence and a comprehensive product portfolio, enabling us to enjoy steady growth amid fierce competition among the three major players in Taiwan’s telecom industry.

Consumer spending on telecommunication and its related services is closely related to the overall economic situation. The Taiwan Directorate-General of Budget, Accounting, and Statistics pointed out that the Euro debt crisis that enveloped the international economy impacted corporate profits and employment in the 2nd half of 2011. And, thus, the private consumption growth rate fell to 3.10% in 2011 from 3.67% in 2010.

In 2011, the National Communication Commission’s (referred to as the NCC) continued regulatory tariff cuts significantly impacted mobile voice revenue, but the growing popularity of smart mobile devices enhanced the public’s need for mobile internet and such mobile services as mobile

shopping, social networking, games and audio and video entertainment, all of which drove data revenue growth. Taiwan Mobile with its outstanding network performance, diverse set of data plans and wide range of smart devices has widened the gap between them and their peers. This difference in overall quality and variety has caused mobile data revenue to grow 47% compared to 2010, the highest in the industry.

In recent years, Taiwan Mobile has furthered the implementation and development of digital convergence. In addition to leveraging cloud technology and online TV services and incorporating mobile phones, computers, tablets and TV to introduce “Four Screen, One Cloud” digital convergence services, the company has unceasingly provided innovative and widely welcomed value-added services and digital content. For example, the “match Apps” store, designed specifically

for smart devices, allows users to enjoy a more complete mobile user experience. Another introduction was the “myBook store,” a 24-hour on-line bookstore where users can easily purchase e-books in two simple clicks. myBook was ahead of its peers in offering hard-copies of books while providing an integrated platform where users can easily switch between traditional and digital environments to heighten their reading experience. In the end, 2011 saw Taiwan Mobile once again strengthen channel content that includes, among others, shopping, music, and family entertainment and expanded these channels in order to enhance the customer experience and to see our market grow in a dynamic and enjoyable way.

The performance of the Company’s three major business groups: Consumer Business Group (CBG), Home Business Group (HBG) and Enterprise Business Group (EBG).

The Main Business Scope and Scale of the Three Business Groups

Business Type	Consumer Business Group	Home Business Group	Enterprise Business Group
Brand Name	TWM	TTN	TFN
Main Services	Mobile telecom services for individual subscribers including monthly subscriptions, pre-paid and value-added services.	Household CATV / DTV and Cable Modem / FTTx, or integrated digital convergence services.	ICT services for business subscribers including fixed-network (voice/digital/Internet), enterprise mobile services and system integration.
Subscriber Size	Over 6.6 million mobile subscribers	Over 570,000 cable TV subscribers; over 150,000 broadband subscribers.	Around 150,000 ADSL/FTTx subscribers

1.1.3 Operating Performance

Consumer Business Group

Mandatory tariff cuts imposed by the National Communications Commission (NCC) weighed on mobile voice revenue in 2011. However, with mobile data revenue surging 47% from a year ago – accounting for 26% of overall mobile service revenue – mobile service revenue still grew 1% YoY. This, together with handset sales, lifted CBG's total revenue by 5% from a year ago.

Home Business Group

HBG's 2011 revenue rose 4% from a year ago due to revenue growth from its pay TV (including analog and digital channels) and cable broadband businesses. Growth is attributed to an expanding subscriber base, additional revenue stream from digital TV services, increasing channel leasing and higher adoption rate for high-speed cable broadband services. EBITDA climbed 9% YoY due to expanding economies of scale.

Enterprise Business Group

EBG's 2011 revenue grew 4% YoY, largely from a 2% YoY increase in enterprise customers' mobile revenue and rising IP transit and Internet data center (IDC) businesses. In addition, EBG's 2011 EBITDA rose 15% from a year ago due to rising revenue and cost/expense control.

2010-2011 Revenue and EBITDA of the Three Business Groups

Unit: Million NTDS

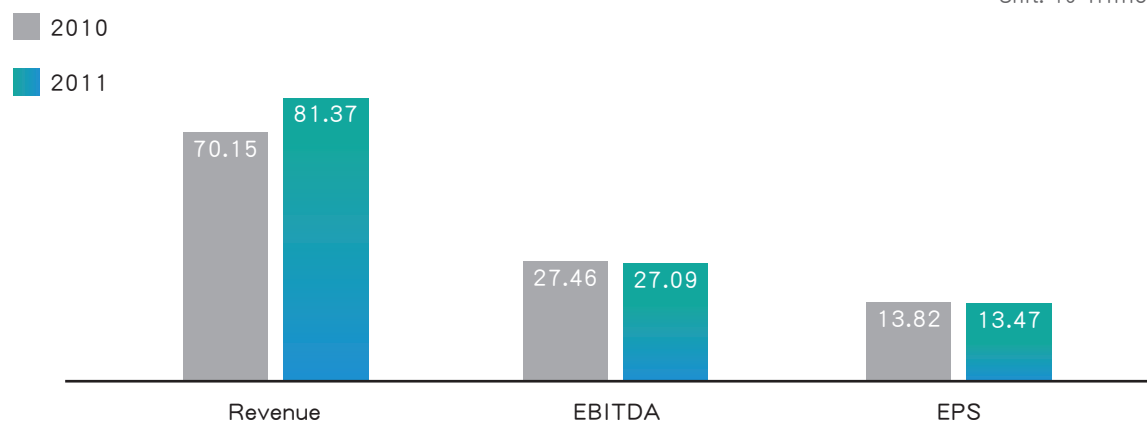
	Consumer Business Group	Home Business Group	Enterprise Business Group
Revenue	58,109	5,914	9,861
EBITDA	20,494	3,038	2,688

Overall, in 2011, despite the impact of the National Communications Commission's (NCC) mandatory tariff cuts on mobile operators' voice service revenue, the Company still saw a 16% YoY rise in consolidated revenue, as it pushed wireless data, cable broadband and other promising businesses. In terms of profitability, despite increased handset subsidies to boost smartphone penetration, the

Company managed to post stable earnings due to: 1) rising revenue, 2) contained network cost and administration expenses, which were lower than a year ago, and, 3) earnings contribution from FubonMultimedia Technology Co (51% owned by the Company and consolidated into TWM since July 13, 2011, contributing 2% to TWM's full-year consolidated EBITDA in 2011).

2010-2011 Business Operation

Unit: 10 Trillion NTDS



1.2 Corporate Governance

Our commitment to our investors, employees and business partners is to implement world-class corporate governance, and we continue to fulfill our corporate social responsibility on the basis of honest and transparent governance practices. TWM has been recognized for these efforts for many years by numerous awards domestically and abroad. They include: “Best Corporate Governance in Asia” and “Best Corporate Governance in Taiwan” from Euromoney; “Best Financial Disclosure in Asia-Pacific” and “Best Investor Relations Program in Taiwan” from IR Global Ratings (IRGR); and an “A+” rating from Corporate Governance Asia and Taiwan’s Securities and Futures Institute 5 years and 6 years in a row respectively.

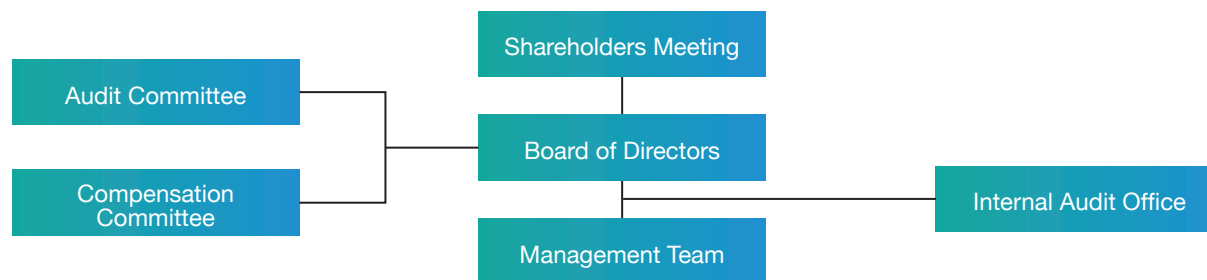
1.2.1 Corporate Governance Structure and Principles

TWM has 9 board members composed of a female and 8 male. The average age is 58. Based on the spirit of “Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies,” TWM reserves four seats on its board for independent directors, two more than the minimum legal requirement of two seats for publicly listed companies. The independent directors form an auditing committee to fulfill the responsibilities of supervisors and set a series of policies and regulations to ensure the system’s effectiveness and efficiency. As for our stock dividend policy, TWM distributes a high ratio of its earnings as cash dividends. Employee bonuses are distributed in the form of cash to protect shareholder rights.

1.2.2 Governance and Top Executive Compensation

Compensation for directors, independent directors, the president and vice presidents is guided

Corporate Governance Framework



by regulations such as the “Corporate Charter” and “Guidelines for Director Compensation” and is periodically reviewed by the Corporate Governance Committee, which is comprised of TWM’s independent directors.

1.2.3 Internal Control and Auditing Mechanism

Our independent Internal Audit Office is responsible for auditing all financial, business, operational and management functions at TWM and its subsidiaries. Regular audits are conducted according to the annual audit plan and special audits are implemented as needed to identify probable flaws with the internal control system and provide timely recommendations for further improvement. Audit reports are regularly submitted to the Audit Committee for review.

1.2.4 Financial Information Disclosure System

To ensure that shareholders receive the most updated and accurate information to formulate their investment decisions, Taiwan Mobile respects the principles of accurate information and fair disclosure in providing information on the company’s strategies, business operations, business philos-

ophy, finances, and the major resolutions of the Board of Directors. The level of information disclosure exceeds that required by local regulatory agencies. Consolidated financial statements and operating results are provided on a monthly and quarterly basis, and institutional investor meetings are held every quarter. We also actively attend major investor forums at home and abroad.

1.2.5 Employee Ethical Code of Conduct

As part of TWM’s strict corporate governance, ethical conduct has become an important factor in employee evaluations. We reinforced the concept by establishing an Ethical Code of Conduct in July 2010. The code stresses honesty and integrity, warns against conflicts of interest and the solicitation of illegal personal gains, and puts a priority on confidentiality, fair trading and the protection and proper usage of company assets. Company employees all pursue the highest standard of ethical conduct with integrity. They are required to receive training on the Ethical Code of Conduct so that everyone is aware of the ethical guidelines governing their daily jobs. In addition, we also host lectures on the laws and regulations regarding corporate governance to avoid unintentional breaches of the law.

Code of Ethics

Officially resolved by the Board of Directors on 27 July 2010

Article 1 (Purpose and Basis of the Code of Ethics)

The Code of Ethics is adopted for the purpose of directing the directors, officers, managers, and employees of the Company to act in conformity with the standard of ethics, and ensuring that the stakeholders of the Company understand the ethical standard of the Company.

Article 2 (Persons Subject to Code of Ethics)

This Code of Ethics shall be applied to the board of directors, officers, managers, and other employees of the Company (collectively "the Personnel").

Article 3 (The Principle of Honesty and Credibility)

In the event of performing their duties, the Personnel of the Company shall be proactive, responsible, prudent, and shall abandon sectionalism, focus on teamwork, and diligently comply with the principle of honesty and credibility.

Article 4 (Prevention of Conflict of Interest)

The Personnel of the Company shall deal with corporate events objectively and efficiently, and shall not improperly take benefits based on the Personnel's position for themselves, their spouses, parents, children or relatives within three degrees of kinship.

In the event that the aforementioned Personnel's affiliates receive loans or guarantees, engage in material assets transactions, or purchase (or sell) products from (or to) the Company, the relevant Personnel shall voluntarily and sufficiently explain to the Company whether there exists any potential conflict of interest with the Company in order to gain proper approval from a supervisor.

Article 5 (No Self-Benefiting)

In the event that the Company has the opportunity to obtain benefits, the Personnel shall ensure that the Company is able to acquire them lawfully.

The Personnel shall not:

1. acquire the opportunities for benefit or benefit themselves by using the Company's assets or information or by virtue of their positions with the Company; or
2. compete with the Company.

Clause 6 (Confidentiality)

1. The Personnel shall, unless otherwise authorized or required to disclose by law, keep the company information and the information of suppliers / customers in strict confidence. The confidential information includes all non-public information that may cause damage to the Company or the customers if such information is disclosed or used by a competitor.

2. The Personnel shall keep the confidential, technical, personal or any other non-public information or trade secrets in connection with the Company, the affiliates of the Company, the customers of the Company or its affiliates, or any other third party, whether in writing or orally, marked "confidential" or not, in strict confidence ("Confidential Information"), and should not inquire, search and use such Confidential Information without justifiable cause. The Personnel shall not deliver, transfer, copy, duplicate, publish or in any other way disclose any of the Confidential Information without the Company's prior written consent.

Clause 7 (Fair Transactions)

1. The Personnel shall treat the Company's suppliers, customers, competitors and competitors' employees on a fair basis, and shall not manipulate, conceal or abuse the information acquired due to their position. The Personnel shall not make false statements on important issues or gain any improper advantage by unfair transactions.

2. In the event of performing their normal duties, the Personnel shall comply with the ethical standard and fair-trade principal stipulated by the Company. With respect to the acceptance of a gift or hospitality from suppliers or contractors, the Personnel:

- (1) shall not request or arrange to receive any gift, rebate, bribery or any other improper benefits by virtue of their positions;
- (2) shall be strictly prohibited from receiving any cash or securities. If the Personnel find that any gift or hospitality from suppliers or contractors is not conforming to social custom, the Personnel shall refuse such gift or hospitality immediately;
- (3) shall report to the supervisors of their own department and the head officer of the audit department if the Personnel found that, after receiving the gift or hospitality from suppliers or contractors, the gift or hospitality is not conforming to social custom due to force majeure.

Clause 8 (Proper Protection and Use of the Company's Assets)

The Personnel shall protect the assets of the Company, ensure the asset to be validly and legally used for business purposes, and avoid the asset from being stolen, wasted or neglected.

Clause 9 (Compliance of Laws and Regulations)

The Personnel shall comply with all the laws, rules, regulations and policies stipulated by the Company governing its operations. Once the Personnel is aware of any critical non-public information, the Personnel shall not conduct any security transaction in accordance with the "Securities and Exchange Act" and other relevant laws and regulations.

Clause 10 (Reporting a violation of the Code of Ethics)

If any employee discovers or suspects that there is an event conflicting with the law, regulations, or the Code of Ethics, the employee shall voluntarily report to the audit committee, managers, internal audit officers or other appropriate officers, and shall provide sufficient information so that the Company may properly handle the subsequent matters. The Company shall handle the employee's report in strict confidence and shall use its best endeavor to protect the reporting employee's safety.

Clause 11 (Penalty and Appeal)

In the event that a director or manager is in violation of the Code of Ethics, the Company shall deal with the violation in accordance with the relevant regulations. The Company shall establish an appeal procedure where the accused personnel may formally challenge the initial ruling.

Clause 12 (Method of Disclosure)

The Company shall disclose the Code of Ethics in the annual report, public prospectus, and Market Observation Post System, and the same procedure shall apply to the amendments.

Clause 13 (Enforcement)

The Code of Ethics shall be adopted for enforcement after resolution by the board of directors, delivered to the audit committee for reference and shall be reported to the shareholders' meeting. The same procedures shall apply to the amendments.

1.2.6 Ethical Corporate Management Best Practice Principles

Integrity is our core value and the most important foundation of the sustainable operation of the company. We try to internalize the concept of

integrity in our business culture through an internal control system, training & education, internal communications and daily business activities. We have also announced Taiwan Mobile Ethical Corporate Management Best Practice Principles in

Jan, 2011, which also apply to our subsidiaries, legal entities of which our direct or indirect contributions exceed 50% of their total funding, and other institutions or juridical persons within our control.

Ethical Corporate Management Best Practice Principles

Officially resolved by the board of directors on January 27, 2011

Revised on October 27th

Article 1 (Purpose of enactment and applicable scope)

The Ethical Corporate Management Best Practice Principles ("Principles") are enacted to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (Prohibition of Unethical Conduct)

When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits (see Article 3).

The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.

Article 3 (The types of Benefits)

The "Benefits" mentioned in the Principles means item of tangible value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted

social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate operations.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control management mechanism so as to create an operational environment for sustainable development.

Article 6 (The promises and executions)

The Company shall clearly specify ethical corporate management policies in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

Article 7 (Engaging in commercial activities under ethical corporate management policies)

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical

Conduct, if any, and avoid having any dealings with persons who have any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 8 (Prohibition of offering and accepting bribes)

When conducting business, the Company and its directors, managers, employees and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form, including rebates, commissions, grease payments, or offer or accept improper Benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where such business is conducted permit so.

Article 9 (Prohibition of offering illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 10 (Prohibition of improper charitable donations or sponsorship)

When making or offering donations and sponsorship, the Company and its directors, managers, employees and Substantial Controllers shall comply with relevant laws and regulations and internal opera-

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tional procedures, and shall not surreptitiously engage in bribery.

Article 11 (Prohibition of unjustifiable presents, hospitality or other improper benefits)

The Company and its directors, managers, employees and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 12 (Organization and responsibility)

The board of directors of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its Ethical Corporate Management Best Practice Principles.

To achieve sound ethical corporate management, the internal audit department shall be in charge of enacting and enforcing the business integrity policies and prevention program ("Prevention Program") and reporting to the board of directors on a regular basis.

Article 13 (Legal compliance for business operation)

The Company and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

Article 14 (The avoidance of conflicts of interest of directors and managers)

The Company shall establish policies for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company.

The Company's directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is prohibited from participating in voting on any proposals where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise self-discipline and should not support one another in improper ways.

The Company's directors and managers shall not take advantage of

their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 15 (Accounting and internal control)

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

Internal auditors of the Company shall examine the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis.

Article 16 (Operational procedures and guidelines)

The operational procedures and guidelines established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers, shall contain the following:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

Article 17 (Education training and reviews)

The Company shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial

Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 18 (Report and discipline)

In cases where the Company's directors, manager, employees or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the audit committee, managers, internal audit officer or other appropriate officers of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall actively investigate and deal with said report. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

Article 19 (Disclosure of Information)

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

Article 20 (Review and Amendment to the Principles)

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

Article 21 (Enforcement)

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after a review is made by the Corporate Governance Committee and approval is granted by the board of directors, and shall be submitted to the shareholders' meeting. The same shall apply to any amendment thereto.

1.3 Risk Management

1.3.1 Four Major Risk Management Policies

- (1) Continue to promote a risk management-based business model.
- (2) Establish a risk management mechanism that can effectively identify, evaluate, monitor and control risk.
- (3) Create a company-wide risk management structure that can limit risk to an acceptable level.
- (4) Introduce best risk management practices and continue improving.

1.3.2 Risk Management Structure

The president of TWM acts as the convener of the risk management committees. The risk management structure is comprised of three committees, which is illustrated as graph below.

1.3.3 Risk Management Operating Mechanism

The mechanism can be divided into three levels. Level 1 involves the responsible divisions concerned, which have to report any changes or emergence of risk during daily operations. Level 2 involves a management committee consisting of top executives of different departments and divisions that reviews significant risks and takes necessary measures. Level 3 involves the board of directors (BOD), which is responsible for ma-

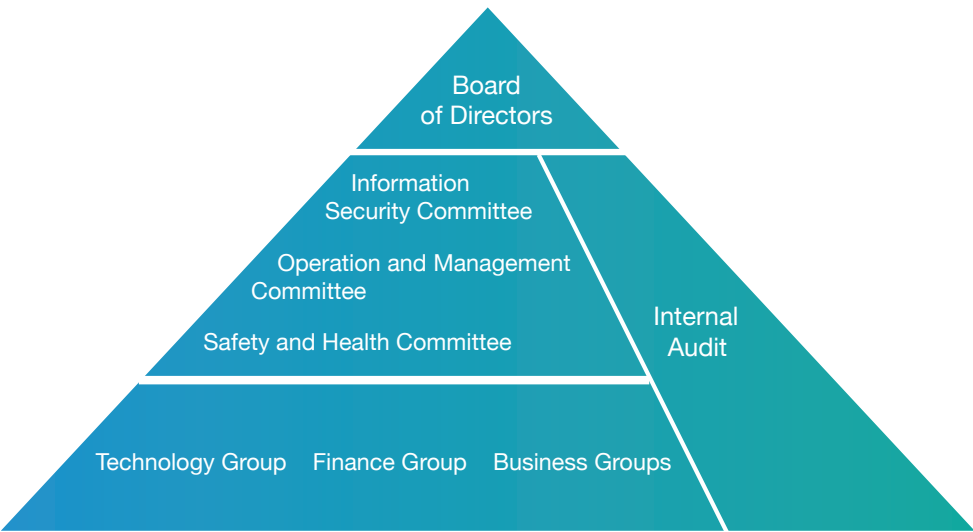
jor risk item assessment or control measures. It is also responsible for following up on execution and results. Apart from the board, the Internal Audit Office bears responsibility for supervising and confirming the proper management of risk-related matters. Any problems identified are to be immediately reported to the executive concerned to facilitate a prompt response.

1.3.4 Social and Environmental Risk Assessment and Response

In 2011, the Company submitted a risk management policy and it was approved by the Board of Directors on October 27. The audit committee at the end of each year conducts a risk evaluation where they assess the importance of and potential occurrence of various risks with the resultant score being the calculated risk value, which will then be used within next year's audit plan. From the 2011 risk evaluation, the audit department recommended 25 areas that each department should improve, and then listed 45 recommendations as a reference for each department.

Currently, all major elements of social and environmental risk are included in the daily operation of the risk management system and the various departments concerned (please refer to the section in the Company's 2011 Annual Report regarding risk management). These risks are monitored and controlled via our internal mechanism and we take preventive measures to minimize the potential loss caused by such risks as climate change and the potential impact of environmental regulations prompted by efforts to control greenhouse gas emissions.

Risk Management Operating Mechanism



2

Corporate Social Responsibility Framework

- 2012-05 Won prize for “Corporate Social Responsibility Award” in communication participation category and overall performance category by Global Views Monthly.
- 2012-03 Received the “Asia Excellence Recognition Awards” by Corporate Governance Asia.
- 2011-08 Received the “Corporate Social Responsibility Award” by CommonWealth Monthly for the fifth year in a row.
- 2011-05 Received “Corporate Social Responsibility Award” in education promotion category category by Global Views Monthly.

2.1 Corporate Social Responsibility Framework

2.1.1 CSR Policy

Taiwan Mobile’s corporate social responsibility policy, based on the core value of integrity, is aimed at maximizing value for stakeholders, including employees, shareholders, clients, government agencies, local communities, NPOs and the environment, and creating a world-class enterprise.

Although the concept of CSR has been incorporated in the strategy development and daily operations of various departments, TWM went a step further and drafted the “Taiwan Mobile CSR Policy”, passed by the Corporate Governance Committee and the Board of Directors, as the long-term guideline for promoting CSR and fulfilling the company’s commitment to society.

Taiwan Mobile Co., Ltd. Corporate Social Responsibility Policy

Officially resolved by the Board of Directors on 27 Jan 2011

Article 1

The company shall, based on the principle of integrity, be firmly against any form of corruption and bribery. All personnel have to observe our “Code of Ethics” and “Ethical Corporate Management Best Practice Principles” to ensure the fulfillment of basic corporate social responsibility.

Article 2

The company shall meet the expectations of stakeholders, including employees, shareholders, clients, government agencies, local communities, non-profit organization and the environment, via a comprehensive framework of corporate governance and actively enhance its sustainable value.

Article 3

The company shall leverage its core technology competency and the resources of telecom, Internet and digital convergence to practice corporate social responsibility and maximize social benefits.

Article 4

The company shall adopt energy-efficient equipment and various environmental management measures to continue to innovate and minimize the environmental impact of its operation and improve ecological benefit. It shall also assist in constructing an intelligent and low-carbon society to accentuate the critical function of the communications industry and to reduce carbon emission for other industries and institutions via various computerized and mobilized services.

Article 5

The company shall continue to care for underprivileged groups and the sustainable development of local communities to make telecommunication and digital resources available to all and enhance the general digital competitiveness and information literacy of the society.

Article 6

The company shall communicate with the stakeholders based on the principle of fairly disclosing full and accurate information to ensure the transparency of business information.

2.1.2 CSR Organization

In 2007, Taiwan Mobile set up a dedicated Social Responsibility Department under the Public Affairs Division to oversee the corporate social responsibility program and implement a variety of charity initiatives by incorporating the resources of the Taiwan Mobile Foundation. The SR Department can pull together resources within the group to maximize benefits by analyzing global CSR trends and defining and implementing strategies. The department also acts as an important communications bridge with stakeholders and provides feedback to top management and other departments concerned. The SR Department is also responsible for submitting recommendations to government authorities such as the Financial Supervisory Commission (FSC) and Environmental Protection Agency (EPA) in promoting CSR development in Taiwan.

Other issues related to CSR, such as customer information security and environmental protection are handled by related divisions or task forces internally. Taiwan Mobile will continue to review the effectiveness of this operational mechanism and changes in the external environment to make any necessary adjustments over time.

2.2 CSR Trends and Key Issues

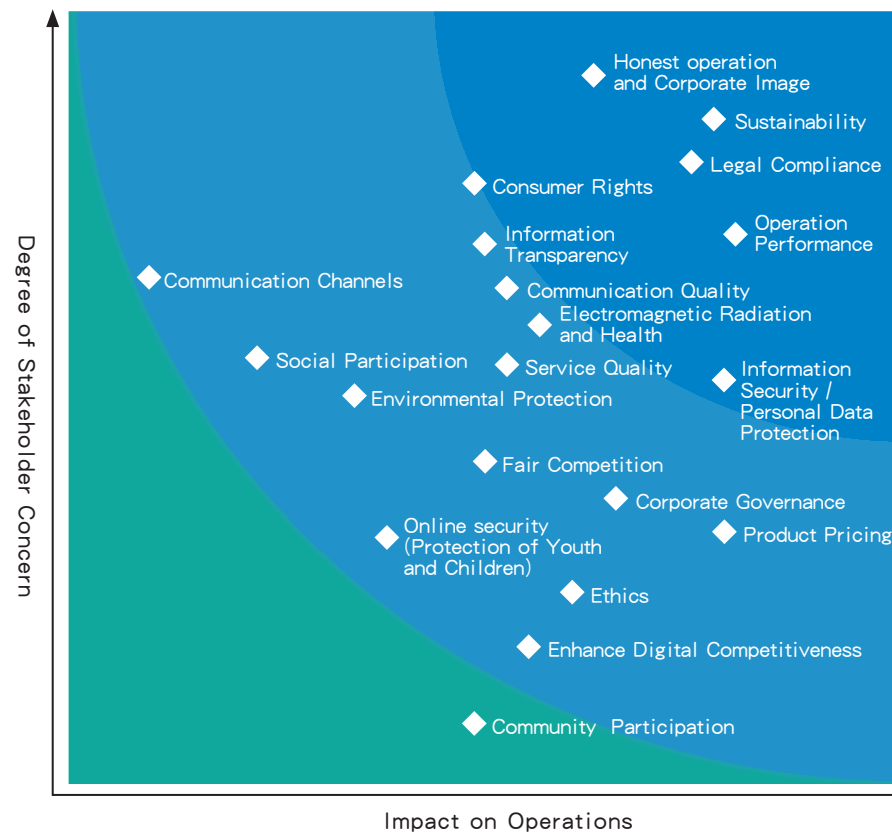
Key issue assessment focuses on identifying key issues, such as industrial evolution, social trends and environmental change, and offering CSR so-

lutions, including developing the digital, cultural and creative industries, highlighting video education and promoting environmental education.

Key issue assessment is conducted by the CSR Department after collecting relevant internal and external information. We gauge major issues based on factors such as “degree of stakeholder concern” and “impact on operations.” Key CSR

issues include “Corporate Image,” “Legal Compliance,” “Sound Operating Practices,” “Corporate Governance,” “Information Disclosure,” “Consumer Rights,” “Electromagnetic Radiation Safety,” “Information Security (Personal Data Protection),” “Product Pricing,” “Online Security (Child Protection),” and “Communication Quality.”

Key Issues Assessment



2.3 Communicating with Stakeholders

The following methods are used by the departments concerned to communicate with stakeholders on the key issues above in an open and transparent manner:

Stakeholder	Communication Method
Employees	(1) Dialogue between employees and the management: <ul style="list-style-type: none"> • Managerial meetings held every three months, in addition to employee meetings in various professional capacities, to communicate the company's visions to all employees. • A president's mailbox for employees to submit recommendations to the company.
	(2) Information announcement system: All information is posted on the company's intranet, where employees can quickly see the company's press releases, product information and management measures.
	(3) Employee opinion surveys: An external professional organization is commissioned to conduct an employee survey every two years on employee satisfaction and their views on management measures. Questionnaires are also used to get employee feedback at year-end parties or health examinations, etc.
	(4) Internal publication: Taiwan Mobile E-Bulletin is published from time to time.
	(5) Employee benefit committee
Customers	(1) 24/7 Toll-Free number for product inquiries, service consulting and customer complaints.
	(2) Online customer service mailbox to meet customers' needs at the click of a mouse.
	(3) Customer satisfaction survey: Various surveys are conducted to identify user needs and facilitate efforts to improve customer satisfaction.
	(4) Subscribers can provide feedback directly to retail outlets.
	(5) Company uses its website and e-bulletins to communicate with subscribers.
	(6) Mobile Customer Service: APP

Stakeholder	Communication Method
Individual shareholders	(1) Annual shareholder meeting and financial statements compiled in accordance with applicable regulations.
	(2) A dedicated shareholders section on the company website providing information on operations, finances and debt, and a shareholders column disclosing dividends, stock prices and other relevant information.
	(3) Online investor newsletters
	(4) Regular shareholder contact window
Investor Institutional shareholders	(1) Monthly publication of information on the company's business status
	(2) Quarterly institutional investor meeting; face-to-face and one-on-one investor meetings as required
	(3) Participation in investment forums at home and abroad
	(4) Regular contact window and spokesperson for institutional shareholders
	(5) Responses to surveys of international CSR ratings, such as the Dow Jones Sustainability Index
Suppliers	(1) Online procurement/bidding system to ensure information transparency
	(2) Designated personnel to communicate regularly with suppliers concerning the status of purchases
	(3) Supplier meetings with management to discuss suppliers' difficulties and exchange views
	(4) Designated committee set up to review supplier complaints of unfair or detrimental procurement practices.
	(5) Supplier assessment mechanism to rate suppliers on quality, service, etc.

Stakeholder	Communication Method
Local Community	<ul style="list-style-type: none"> (1) Visits to community management committees and residents to discuss issues such as electromagnetic radiation and base station deployment; participation in community holiday activities to better understand residents' needs and opinions. (2) Toll-free hotline for electromagnetic radiation testing in conjunction with the Taiwan Telecommunication Industry Development Association, and publication of base station electromagnetic radiation awareness information for the community and neighborhoods. (3) CATV operators cover community activities to promote community participation. (4) CATV operators invite residents and students to visit TV stations. (5) Sponsoring art and cultural community activities.
Government agencies	<ul style="list-style-type: none"> (1) Maintaining a healthy interaction with the National Communications Commission (NCC), and participating actively in NCC hearings concerning telecommunications laws and regulations. (2) Cooperation with NCC's supervision of the telecommunications industry, which includes administrative audits and administrative guidance. (3) Cooperation with NCC's measures on fee assessment and network construction. (4) Promotion of environmental protection by joining energy-saving and used handset recycling initiatives organized by the Bureau of Energy and Environmental Protection Administration.
Industry	<p>Participation in local and international industry associations and organizations; establishment of coordination platform for better cooperation and a fair competitive environment. Relevant platforms include:</p> <ul style="list-style-type: none"> (1) Taiwan Telecommunication Industry Development Association (2) Taipei Computer Association (3) Taiwan Network Information Center (4) Taiwan Internet Association (5) Cable Broadband Institute in Taiwan (CBIT) (6) Bridge Mobile Alliance (7) GSM Association(GSMA)

Stakeholder	Communication Method
Non-Profit Organization	Communication with non-profit organizations through government, industry and academic seminars and the 5180 Mobile Donation Hotline.
Other	<p>TWM also participates in the activities of the following associations to keep abreast of industry trends and contribute to ICT development in Taiwan:</p> <ul style="list-style-type: none"> (1) Asia-Pacific General Chamber of Commerce and Industry (2) Taiwan Business Council for Sustainable Development (3) Taiwan Digital Publishing Forum (4) Taiwan IT Manager Association (5) Taiwan CIO Association (6) Monte Jade Science and Technology Association (7) Foundation for Public Relations (8) Turnaround Management Association (9) Taiwan Internet Content Rating Promotion Foundation

3

Core Technologies and the Response to Social Needs

The penetration rate of mobile phones has exceeded 100% in Taiwan and the number of mobile Internet service subscribers has also experienced significant growth. Daily life has become inseparable from mobile communications as smartphones and other mobile devices have been widely adopted by domestic consumers. In this environment, Taiwan Mobile acts as a catalyst by leveraging core telecom sector resources and technologies to enable a more productive society.

In terms of CSR strategic planning and implementation, we try to identify the needs and gaps in society to formulate specific and socially beneficial strategies that incorporate core telecom, network and digital convergence resources. At the same time, we position ourselves and direct CSR policies to bring sustainable value to the company.

3.1 Enhancing Digital Competitiveness Strategies

In terms of strategies to enhance digital competitiveness, we have extended our efforts from information access and information literacy to information application. We also establish different programs to enhance our digital competitiveness in general.

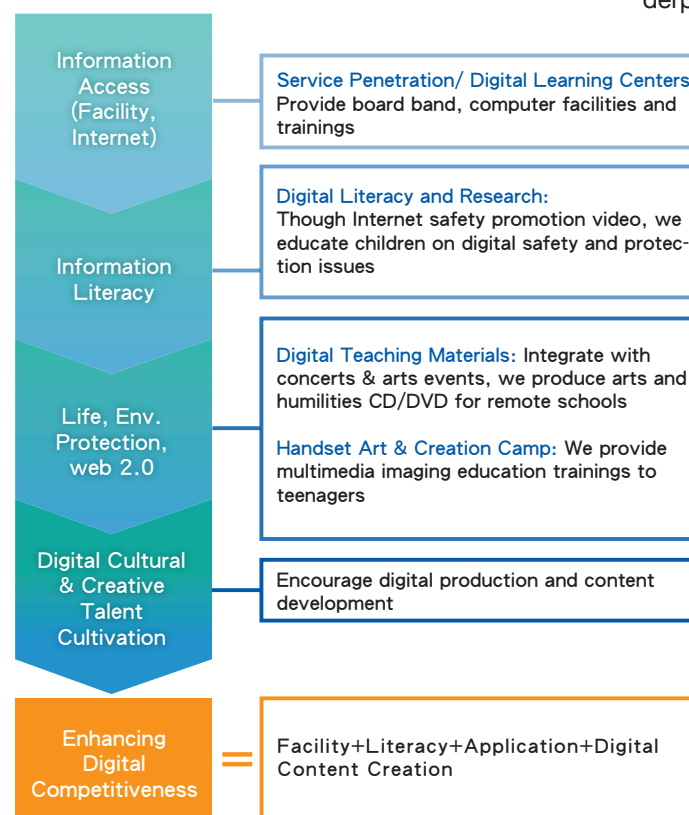
With economic development and industrial evolution, the digital divide has expanded beyond the scope of the gap between urban and rural areas and shortages of hardware resources into the area of digital capabilities. We have tried to enhance the digital competitiveness of the underprivileged segments of the population by

improving facilities, strengthening soft power, and cultivating digital capabilities, digital literacy and video education.

3.1.1 Information Access

(1) Service Penetration

In 2009 and 2010, our subsidiary TFN and the TWM Foundation followed the NCC's policy directive of bringing broadband service to every village in the country by providing broadband service to Jinin Village of Jen-I Township in Nantou County and Yishin Village of Jianshih Township in Hsinchu County. The program's goal was to enable remote communities to connect



to the rest of the world via the Internet and gain first-hand access to information and e-commerce. To ensure against unexpected weather and geographic conditions, a 3.3-kilometer optic-fiber and VDSL network was built to ensure stable transmission quality and improve the outward communication environment and the reach of a broadband network. After the physical infrastructure was completed, the Foundation further subsidized the network subscription fee for village residents to reduce their financial burden.

Meanwhile, in order to help indigenous people leverage the Internet to promote local agricultural products and B&B tourism, we specially designed modulated programs for them to simplify the marketing process. We have also sent corporate volunteers into the mountains to facilitate the development of their agricultural economy, tourism businesses and agricultural product distribution. These efforts not only help local communities generate commercial opportunities but also improve their quality of life. Total expenses in 2011 is NT\$4,223,471

(2) Digital Learning Centers

According to the latest report on the digital divide

published by the Research, Development and Evaluation Commission (RDEC) of the Executive Yuan (2011), the difference in the computer usage rate between residents in remote areas and non-remote areas is as high as 20%. And the computer usage rate for mentally and physically challenged people is 32.1% lower than for the rest of Taiwan's population. To improve the situation, we have mobilized core telecom technology and integrated mobile, fixed-line network and cable TV resources to establish digital learning centers in those remote areas.

In addition to the RDEC report, we also tried to gauge actual demand and avoid resource idleness and waste by studying relevant documents, conducting on-site visits and planning curriculums. We have met community demand by offering computer hardware and maintenance services, network bandwidth, and training courses for local instructors. We also joined with local non-profit organizations to plan activities and curriculums that cater to the needs of the local communities and increase digital opportunities for the local residents.

The digital divide issue is not limited to the lack



The TWM Digital Learning Center located in Kaohsiung County was operated in July 2011.

of equipment but also to a shortage of proper instructors. The phenomenon of young people migrating away from their remote homes prevents some remote areas from cultivating their own instructors. To resolve the problem, we have helped local communities apply e-learning resources to train women who work at home and junior and senior high school students to become instructors so that those who were helped can then help other people. In addition, we have facilitated communication with local communities by applying IP-cameras to provide timely assistance and allow the many digital learning centers to share valuable



experiences with each other.

In 2011, the foundation sponsored the Carpenter Home Care Association in Taoyuan and in Kaohsiung and the First Social Welfare Foundation to establish three digital learning centers, which includes computer and network resources for 44 workstations. Since 2007, 13 digital learning centers have been opened with a total of 171 workstations. Each center provides a curriculum that is specifically tailored for either underprivileged children or new immigrants or the physically disabled or the developmentally challenged of those communities and gives them the opportunity to improve their skills and to better understand the world through the use of a computer.

but due to the lack of proper information literacy, we have seen a growing prevalence of Internet addiction, bullying and online crime among teens and children.

It is our mission to provide our subscribers, both young and old, with safe content and a clean digital environment. In addition to excluding nudity in our value-added services, we also joined with the White Ribbon Caring Association (Digital Culture Action Lab of NCCU) to research young people's online behavior and issues (such as online prostitution, pornography websites, Internet addiction and online bullying, etc.). We produced an Internet safety promotion video with the association to educate children on digital safety and protection

3.1.2 Information literacy

The average Internet user continues to get younger,

issues, such as Internet copyrights, personal data protection and legal issues related to spreading rumors online. We have also mobilized TWN corporate volunteers, parents of students and teachers to hold educational sessions with engaging teaching materials and videos to help break paradoxical myths about the Internet for young people and children. In 2011, more 15,000 students from more than 100 schools participated in the program.

Number of schools and students participating in the Internet Safety Promotional Campaign from 2009 to 2011

Year	2009	2011	2011
No. of Schools	41	66	106
No. of Students	7,249	9,175	15,146

3.1.3 Information Applications

(1) Imaging Education and Applications

Blogs, micro blogs and online videos have gradually become part of our daily lives. With easy access to recording equipment and publishing platforms, the threshold for video production has been lowered significantly. That has also contributed, however, to the accumulation of unwanted material. Because mobile phones will soon become the most important medium for image recording and mobile media, Taiwan Mobile wants to enrich people's lives with a more diversified and meaningful content base in the era of digital convergence. The TWN Foundation therefore joined with Public Television Service to host a “handset art creation camp” for teenagers to cultivate future multimedia



Handset Art Creation Camp for teenagers

Digital Teaching Material Published in 2011

No.	Title	Topic
011	2009-2011 Taiwan Connection Music Festival	Music Appreciation
012	Yungminnie' s blog	Internet Safety
013	The Mountains and The River	Environmental Protection
014	Sun Moon Lake Firework Concert	Music Appreciation
015	Tango in Paris	Music Appreciation



talent. We have hosted seven two-day camps in different parts of Taiwan over two years based on the themes “Show Taiwan with a Mobile Phone” and “My Street Talk Dictionary” to teach teenagers to express their ideas through video images.

Handsets with advanced recording functions were provided to the students, and famous directors were invited to teach them basic imaging concepts, filming techniques and storyboard and script concepts. The students were able to practice shooting skills and techniques, but also learned about the legal concept of intellectual property. Through these two day camps, not only

is the art of image creation and production taught and learned, but, more importantly, the value of media literacy is demonstrated in manner where every student is able to share images that carry social value.

In 2011, the 3rd annual Mobile Phone Short Digital Film Camp expanded and was simultaneously held in Taipei, Taichung, Kaohsiung and Yilan with a total of 130 students collaborating in the completion of 20 films. In all, from 2009 to 2011, a total of 365 students from 92 schools have participated in the completion of 55 mobile films.

Previous students have not only produced stun-

ning work at the camps, they have also carried the creative and collaborative spirit and manifested it in a variety of diverse manners. For example, a group of students from Taipei Beitou Elementary School continued and finished a film started at the camp called “Tree, No. 73” and has recently garnered attention on the International Film Festival circuit. Students from the Kang Chiao Bilingual School produced a video in honor of the victims and survivors of the 3.11 Earthquake in Japan called “Infinite Love, Courage, Hope”. The video was viewed over a million times and raised over NT\$4 million and provided a clear example of the positive influential power of the digital image.

(2) Producing Quality Digital Teaching Materials

There are more than 1,000 middle schools and elementary schools located in remote parts of Taiwan. Though the Ministry of Education launched a campaign in 2009 to offer complete packages of computer equipment to schools in remote areas, these schools are still short of qualified teachers and software resources. At the same time, students at these schools have little opportunity to attend art and cultural activities.

Taiwan Mobile hosts multiple classical music concerts every year and sponsors major environmental

and humanities education programs to extend the reach of its resources to remote areas and enable schoolchildren there to enjoy diversified educational and cultural experiences. We convinced our partners and musicians to grant video copyrights to charity so that these educational sessions, performances and films could be distributed to local libraries, middle schools and elementary schools in rural areas to be used as educational materials. We hired a professional team to conduct multi-track recording and post production so that children everywhere can enjoy outstanding performances through digital teaching materials. To help teachers make the best use of the materials, we also recruited experts to help explain the materials in simple terms so that the students can explore the topics in proper sequence.

By the end of 2011, 15 sets of teaching materials had been published, covering TWM’s live outdoor concerts, Internet safety education, mobile phone image creation, environmental education and the humanities. A total of 19,668 copies have been distributed. In the future, we will delve deeper into environmental education and expand the program into the areas of literature and the arts. We will also increase the number of teaching plans or

learning modules to meet the needs of the teachers and students.

3.1.4 myfone Mobile Composition Award

The age of the winners of the 5th annual myfone Mobile Composition Awards ranged from 17 to 69, and the age distribution of all participants was even broader, making it an event for everyone. Of the participants, 29.01% were aged 16 to 20, making it the largest age bracket in the contest. The percentage of participants under 30 was 65.63%, an indication that the award was particularly favored by the younger generation.

As more works of higher quality have been submitted over time, the myfone Mobile Composition Award has gone beyond a simple composition award for music or literature and moved into the realm of documenting modern life and society. The concept of the award has been recognized by numerous prominent figures in the artistic and cultural circles. For the categories of SMS literature and original ringtones, the judges have noted that the quality of the contributions has consistently improved and reflects a sense of contemporary life and this era.

The Myfone Mobile Composition Award contest



veloping cultural and creative industries. We hope that by continuing to provide artists with new creative platforms and identifying outstanding literary and music content, we will be able to promote the soft power of Taiwan and facilitate the development of digital content and the cultural and creative industries.

No. of Ringtone entries	2007	2008	2009	2010	2011
SMS literature	5,232	4,745	22,512	39,494	48,279
Original ringtones	138	331	424	427	660
Total	5,370	5,076	22,936	39,921	48,939

uses handsets as tools responding to the changes in technology and the times. We led the trend by treating SMS and ringtones as a new literary and musical form and hosted a contest to encourage mobile composition. The award has not only stimulated the interesting chemistry between technology and literature/music, but also encouraged

people to see mobile content in a different light. The award has helped identify artists with great potential and fostered the creation of more literary and musical content, which, in turn, has led to the cultivation of even more digital content and talent, creating a virtuous cycle for our core operations. This really echoes the government's policy of de-



3.2 Creating Social Value with Digital Applications

Digital applications can do more than facilitate our daily lives and improve our efficiency at work. They can also be used for social activities such as promoting the arts, charity, healthcare and environmental protection. For many years, we have continued to explore new opportunities to create more social value through digital applications by integrating our core competency and resources to reduce the social divide.

3.2.1 5180 Mobile Donation Hotline

With the prevalence of smartphones and the increasing number of mobile Internet service users, our decision to launch a mobile donation hotline service five years ago has proved to be a forward-looking decision. The 5180 Mobile Donation Hotline fully leveraged the advantage of convenience. By freeing busy people from the restrictions of time and space, the service makes optimal use of a handset's mobility and convenience, allowing users to show their concern anytime and anywhere. It also provides charity organizations with a stable, long-term source of funds.

The service fully integrates core IVR (Interactive Voice Response) technology and back-office services. There are plenty of donation options -- NT\$100, NT\$500, NT\$1,000, NT\$1,500, NT\$2,000 and NT\$3,000 -- for subscribers to choose from. By incorporating back-end cash-flow and information-flow systems, donors can pay for their donations as part of their monthly bills. When online, donors can choose to request a receipt as soon as they make their donation. The system is secure

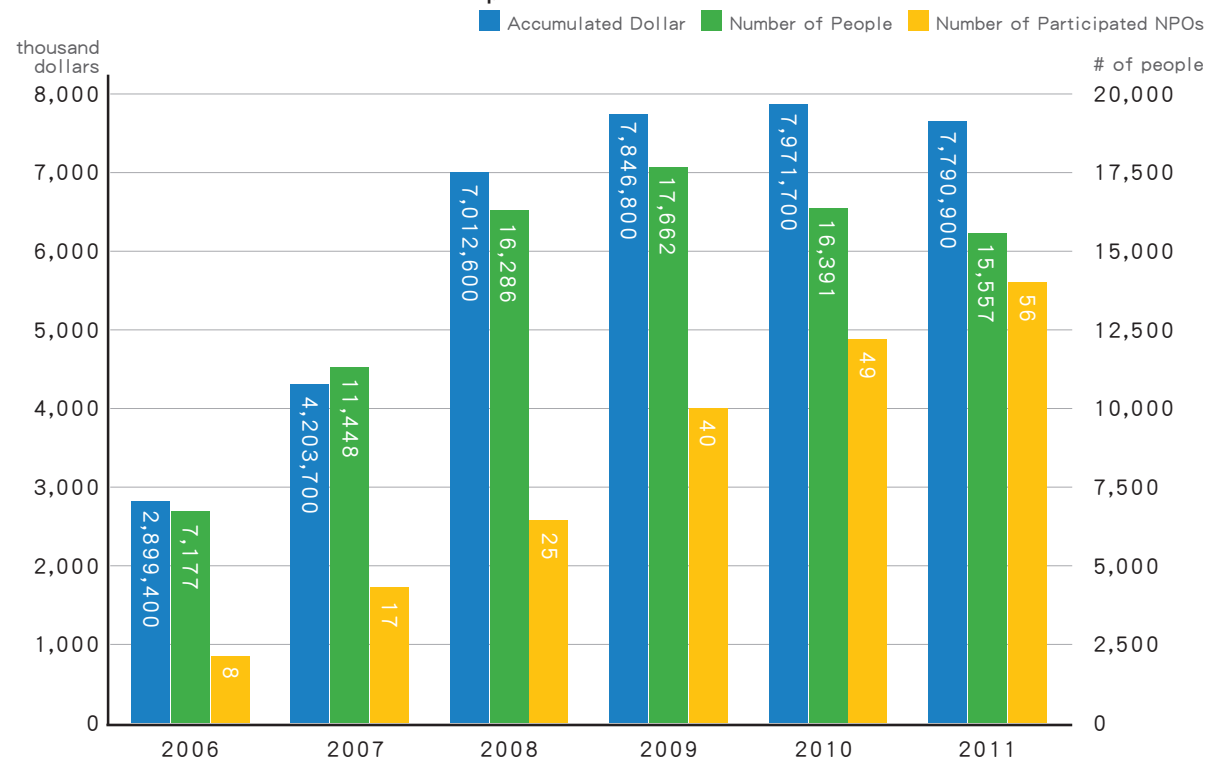
and convenient.

We have also devoted considerable corporate resources to help NPOs enhance their visibility and fund-raising efficiency with a variety of corporate events and media. We periodically host educational lectures in response to requests from NPO for such topics as "How to raise more funds during a recession" and "Online marketing: the survival tool for NPOs in a challenging environment" to provide a platform for NPOs to communicate and exchange ideas with each other. In addition to ensuring the stable operation of the system, we

also encourage our employees to support NPOs through the 5180 Mobile Donation Hotline. We host several volunteer sessions every year to introduce the NPOs to our employees to help them identify with the groups' causes and, thereby, increasing their willingness to make donations.

From the beginning, we have tried to select charity organizations that are of good quality, efficient and financially transparent to work with. The organizations we sponsor have to be rated higher than Class A by the authority concerned or are qualified for subsidization by the United Way of Taiwan. In

5180 Performance and Numbers of Participated NPOs



terms of their financial credibility, they have to be members of the NPO Alliance or have their annual financial statements certified by an accountant. By the end of 2011, a total of 56 NPOs were raising funds on this platform and, a total of NT\$37 million had been raised more than 84,000 individual donations. The numbers truly demonstrate the positive force of Taiwan's civil society. During the Sichuan earthquake in 2008 and Typhoon Morakot in 2009, donations were significantly higher than on average, which shows that mobile donations have become a preferred option in times of major catastrophes.

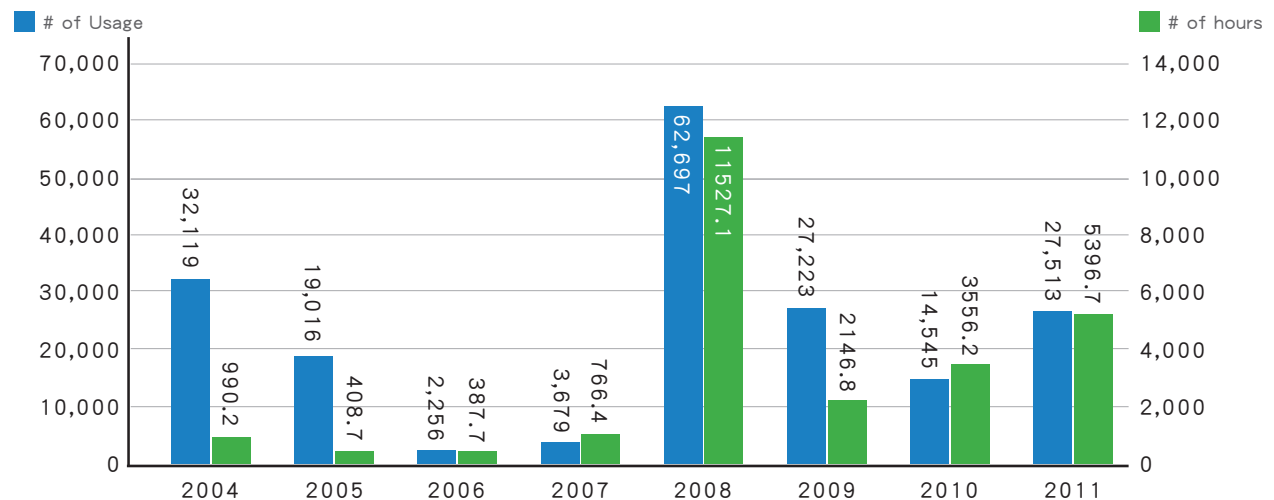
In the future, Taiwan Mobile will continue to optimize the system and expand the scope of service. We will also work with the NPOs to provide assistance in helping them maximize benefits. We look forward to seeing mobile donations becoming a major funding source for NPOs in the future.

3.2.2 909 Mobile Audio Guide

Telecom service can be more than simply transmitting electronic signals. It can also be used to promote the concept of aesthetics to users. In 2004, we first introduced the 909 Mobile Audio Guides service with our core technology to assist in the promotion of art and cultural activities. Thus, in addition to helping museums build a comprehensive digital database of their collections, we have turned the mobile handset into personal audio tour guide to help users learn more about the exhibits they are viewing.

We have collaborated with several museums around the country to provide audio guides on a wide range of subjects, from art and history to sci-

909 Mobile Audio Guide Service Usage (2004-2011)



ence, historic sites, and biology. We have worked frequently with the the Juming Museum, the National Museum of Marine Biology and Aquarium in Pingtung, and the Yingge Ceramics Museum, as well as provided the service to other important art and cultural exhibitions . With the advances in telecommunications technology, specifically, through the use of cloud computing technology, broadband services, and multimedia content, we will continue to provide new content navigation services that will find more effective and exciting ways to promote quality art and cultural events and activities.

In 2011, the 909 Mobile Audio Guide was provided and used 27,513 times at the following museums and exhibits: the National Museum of Marine Biology and Aquarium in Pingtung, the Yingge Ceramics Museum, three permanent exhibits at the Jum-

ing Museum, "The Emperor Kangxi and the Sun King Louis XIV" exhibit and the "Treasures from the British Museum: The Body Beautiful in Ancient Greece" special exhibit both at the National Palace Museum. Since 2004, these audio services have served nearly 190,000 people with an accumulated usage time of more than 25,000 hours.

3.2.3 Mobile Healthcare Service

We sponsor mobile communications service and equipment for the "Taipei Bureau of Social Affairs Emergency Care Program for Seniors Living Alone," and the "Touring medical service in remote mountain areas from Taitung Christian Hospital." We utilize our telecom technology to facilitate emergency communications and provide necessary assistance for underprivileged people in need.

3.3 Promoting a Digital and Low-Carbon Society

According to a survey conducted by the technology research firm Gartner, the greenhouse gas emissions of the global ICT industry accounts for 2-3% of the overall global emissions, and the telecom industry accounts for one-fourth of that. A study conducted by the Global Sustainability Initiative (GeSI) and McKinsey & Company noted that by 2020, the volume of emissions prevented

by the ICT industry could be five times the volume of emissions the industry emits. Thus, the ICT industry can contribute significantly to the model of a low-carbon society and create greater value for our society.

Assisting in building a smart and low-carbon society, developing key functions of the telecom industry, and reducing carbon emissions in other

industries and departments through a variety of mobile services and e-services are among the goals we set in our CSR policy. E-billing, paperless services and video conferencing are some of the positive results derived from our digital and low-carbon emission practices.

3.3.1 Smart Carbon Reduction: Video Conferencing

A study published by the Carbon Disclosure Project in 2010 shows that virtualization services may effectively reduce CO2 emissions and generate considerable financial benefits. The study estimates that if the U.K. and the U.S. can deploy “10,000 telepresence units,” it would cut nearly 5.5 million tons of CO2 emissions by 2020 and achieve US\$19 billion in financial benefits. In view of the study, we have been heavily promoting the idea of video conferencing both for our own internal meetings and for our service portfolios. Starting from the end of 2009, meetings between our head office and overseas subsidiaries in Beijing and Xiamen have mostly been conducted in the

form of video conferencing. It not only brings economic savings but also indirectly reduces carbon emissions. In September 2010, our subsidiary TFN introduced video conferencing services to consumers and businesses. Recently, these services were provided to the Society of Wilderness, a non-profit organization in Taiwan. A total of 10 video conferencing systems were installed in their 10 chapter locations with two of them overseas. In 2011, the video conferencing services saved the organization 12,341 kilometers and NT\$242,640 in traveling distance and costs and, more importantly, the associated carbon emissions.

3.3.2 Expanding Green Value-added Services

We also recognize that many mobile phone apps





can help subscribers to reduce energy consumption and carbon emissions. For example, real-time mass transportation information makes it more convenient to use public transportation. And our myBook e-book service allows subscribers to read thousands of books and magazines that are stored online, directly reducing paper usage and the carbon emissions generated when those books are otherwise shipped. In 2011, we have set up an “Environmental Protection Section” in the match App store to offer environmental pro-

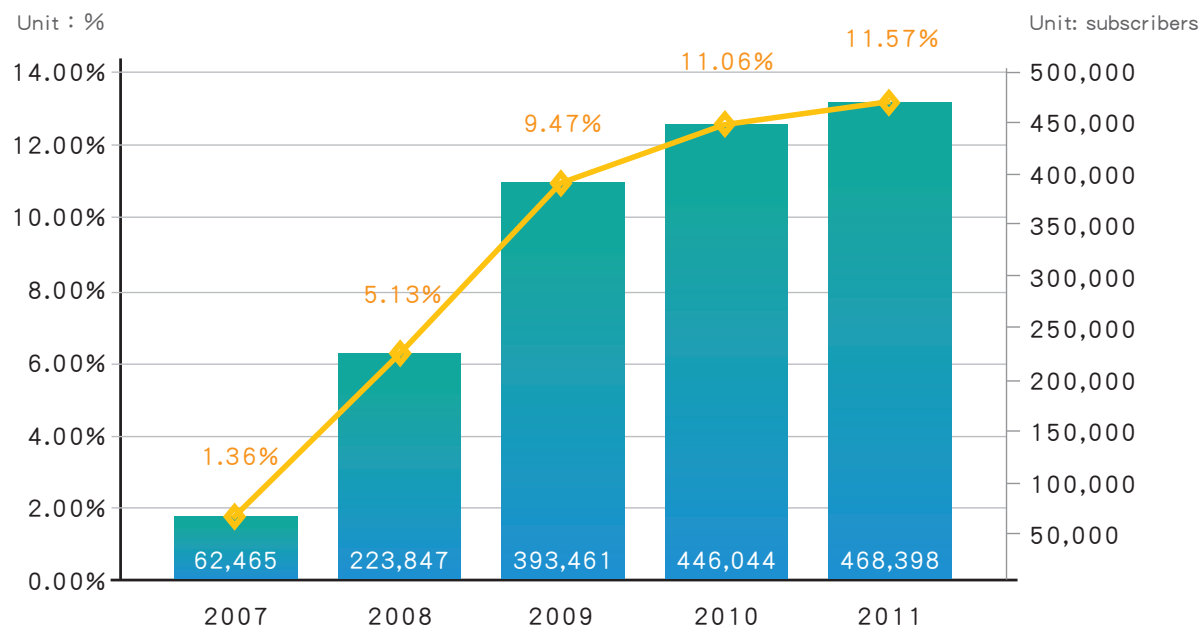
tection related smartphone apps, including environmental protection information, energy-saving tools and games so that subscribers can understand the concept and information in an easy and direct way.

3.3.3 Growth of E-billing Ratio

In May 2008, we began promoting e-billing. By re-

placing hard copies with e-mails, we are able to reduce the usage of 2.4 pieces of A4-sized paper per subscriber, equal to 1 envelope and 1.4 sheets. From May 2008 to the end of 2011, a total of 15.8 million paper bills were saved, which helped conserve 37.94 million sheets of A4-sized paper. By the end of 2011, more than 460,000 subscribers had opted for e-billing, equal to 11.57% of our to-

Growth in E-billing Percentage





tal subscribers. The number of new e-billing subscribers has increased every year since the option was first introduced.

In the future, we will continue to provide various incentives such as promotional giveaways and discounts for existing subscribers for corporate events, and we also intend to optimize the e-billing format to grow the e-billing ratio further to fulfill our energy-saving and carbon emission reduction targets.

3.3.4 Paperless Operation Results

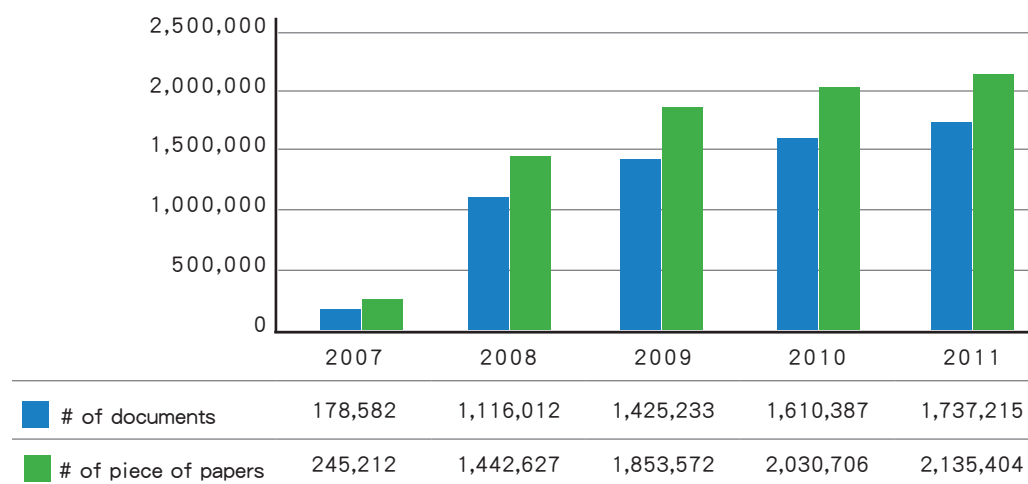
In addition to replacing physical phone bills with

e-mails, we have also implemented the paperless concept in our internal and sales procedures. The paperless operations in our myfone stores are the best example of green practices in the value chain. In the past, subscribers have had to complete multiple physical forms as part of the application process. To promote paperless operations, we have invested in both hardware and software so that subscribers now can directly apply online. Copies of personal IDs are not required and paper receipts have been replaced by SMS, which also helps reduce concerns over personal data leakage due to the disposal of physical receipts. Paperless operations can not only save printing costs, but also the cost of physically shipping,



scanning, storing and destroying the documents. By the end of 2011, a total of 1.73 million sheets of paper had been saved by the paperless policy, as detailed in the chart below.

Paperless Operation Performance





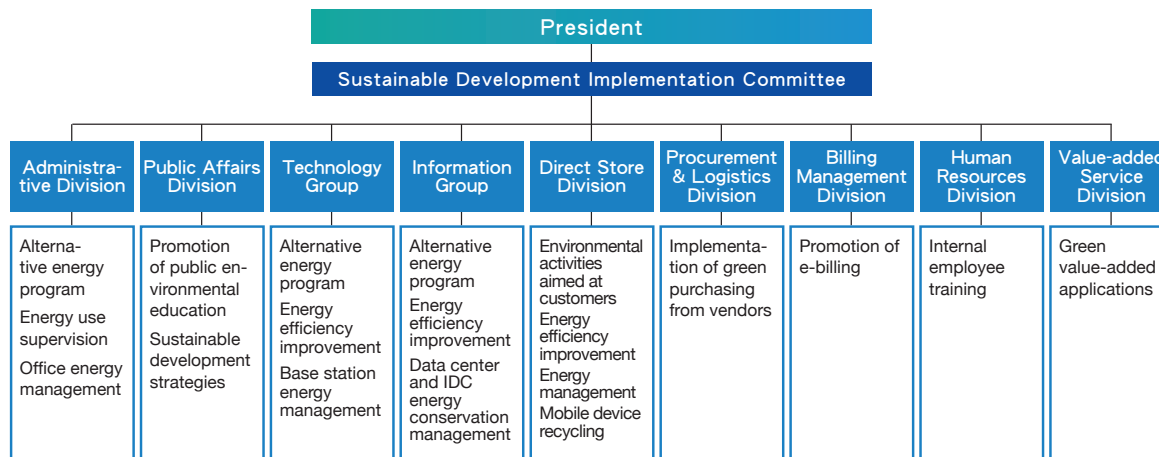
Environmental Protection

2011-10 Won "R.O.C Enterprises Environmental Protection Award."
The 1st enterprise in the service sector has received the award for 3 continuous years.

When it comes to environmental protection, Taiwan Mobile not only focuses on compliance and the reduction of pollution but also takes the initiative to help build an intelligent low-carbon society by leveraging key resources of the ICT service industry. We help other businesses reduce their carbon emissions with our mobile and e-services and also promote the concept of environ-

mental protection through our extensive interaction with subscribers and consumers. Our long-term goal is to be an "initiator" of environmental protection efforts. In 2011, TWM was the 1st enterprise in the service sector that was awarded "R.O.C. Enterprises Environmental Protection Award" for three years in a row.

4.1 Environmental Management Organization and Policy



TWM has established an internal Sustainable Development Implementation Committee. It reports directly to the president and is responsible for planning, promoting and integrating all of the company's environmental-related activities.

We have incorporated environmental strategy and future directions into our CSR strategy. The initiative was approved by the Corporate Governance Committee and the Board of Directors in January 2011.

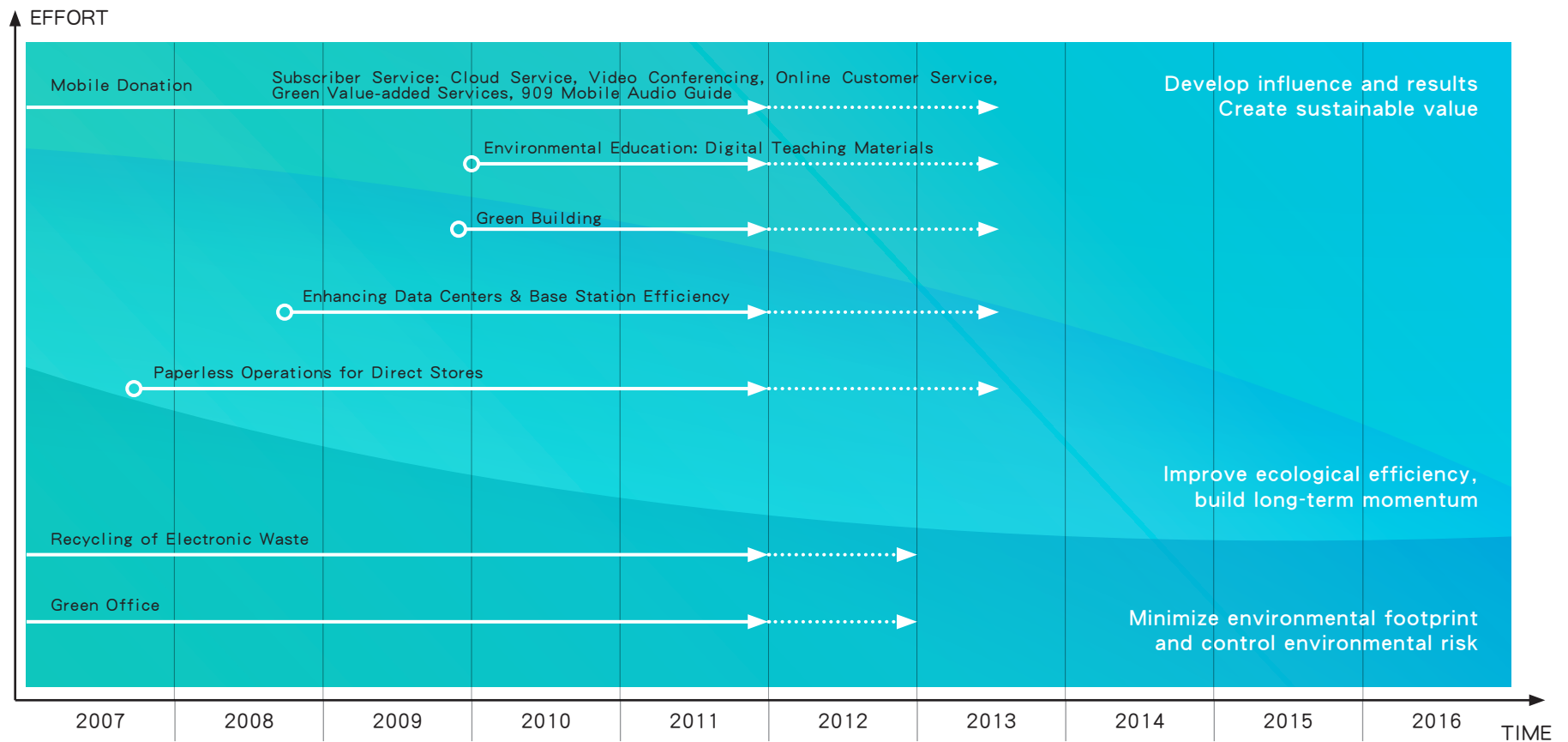
4.1.1 Environment Protection Strategy

We divide our environmental strategies into short, medium and long-term frames based on the initiative's relevance to our business operations. Short-term strategies such as recycling used base-station battery modules, cables and handsets focuses on reducing our ecological footprint as well as the environmental risk to our operations.

Medium-term strategies concentrate on enhancing the ecological efficiency of energy resources, including measures such as replacing physical account statements with e-bills to reduce paper usage. Long-term strategies make use of core telecom services such as video conferencing to help other entities reduce their energy consumption

and carbon emissions. They are also devised to promote the concept of environmental protection via handsets, the Internet and TV to enhance environmental awareness and promote environmentally friendly conduct.

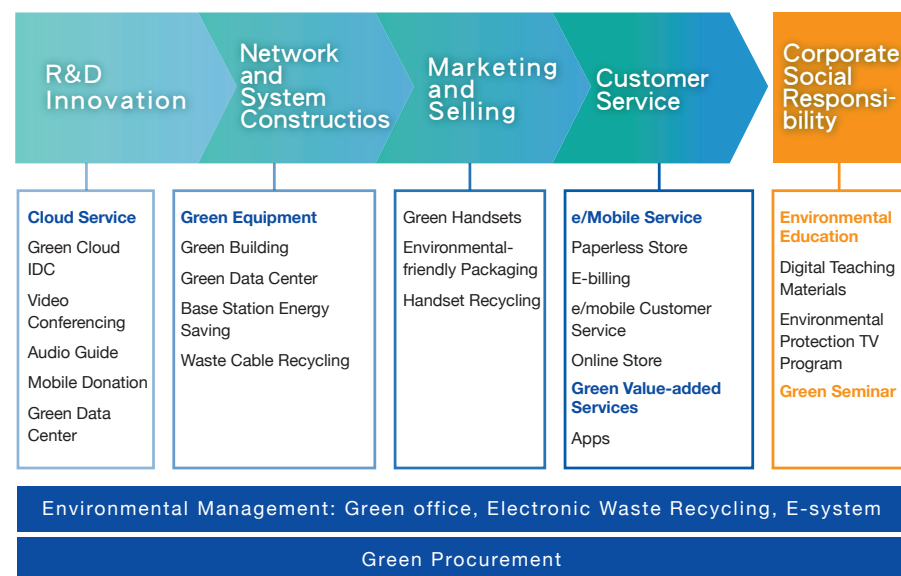
Promoting key issues for the short, middle and the long term



4.1.2 Implementing Environmental Program

From a value chain perspective, we identify opportunities to promote environmental initiatives in every division within the company.

Environmental Programs in TWM's Value Chain



In order to expand the range and quality of telecommunications services, we have regular cable rollout and maintenance. In the past three years, the cumulative total weight of copper and fiber cable rollout was 3,527,180 kg. In 2011, the total weight of copper rollout was 47,115 kg compared to 977,290 kg for fiber optic cable for an overall total of 1,024,405 kg.

Unit:Kg

Year	2009	2010	2011
Copper Cable	165,915	146,480	47,115
Fiber-optic Cable	1,007,140	1,183,240	977,290
Total	1,173,055	1,329,720	1,024,405

4.2 Responding to Climate Change

4.2.1 Carbon Management

The telecom industry mainly consumes energy through the use of electricity. Most of its greenhouse gas emissions are Scope II emissions (those produced indirectly from the consumption of purchased electricity). We started our planning and preliminary assessment in 2010 based on "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition.". The assessment covers Scope 1 and Scope 2 and the six greenhouse gases specified in the Kyoto Protocol. The calculation is based on public government information and actual operating data. The preliminary results are as follows: The assessment covered office buildings, direct stores, base stations and data centers. The carbon emissions from base station and data centers accounted for 80% of the company total. Indirect carbon emissions, such as

Energy Consumption

	Direct Energy Consumption				Indirect Energy Consumption (KWH)
Year	Petrol (liter)	Joule	Diesel(liter)	Joule	KWH
2010	579,827	18,904,680	14,826	520,571	381,367,733
2011	519,289	16,930,911	15,760	553,363	309,875,082

Greenhouse Gas Emissions

Unit: Tones CO2-e

Year	2010	2011
Direct Emissions (Scope 1)	2,743.1	2,608.2
Indirect Emissions (Scope 2)	233,397.1	196,220.8
Total	236,140.2	198,829

business and employee travel, were not included in the assessment. We continue to enhance the efficiency of electrical energy as a main means to reduce carbon emission. The major goal of the sustainability committee in 2012 and 2013 is to establish an internal inventory system and to obtain external verification.

4.2.2 Building Energy-Saving Stations

(1) Increasing Co-stationing and Co-construction

Since the NCC revised management regulations in 2003, we have increased co-stationing and co-construction throughout the 2G network. For instance, we have established co-constructed base stations at the site of many new infrastructure projects, including the Taipei and the Kaohsiung MRT tunnels, the National Freeway No.1 and No. 3 tunnels, the Hsuehshan Tunnel, the Taoyuan International Airport Terminals 1 and 2, the Taiwan Railways Administration and the Taiwan High Speed Rail Corp. tunnels. Just over three-quarters (79.6%) of our 2G base stations are co-stationed at present and 30.1% are co-constructed. This far exceeds the NCC's minimum requirement of 20% and 10% for co-stationing and co-construction respectively.

(2) Reducing Building New Stations

Approximately 98.3% of our 3G base stations have been installed on existing 2G base stations (co-stationing), reducing the need for new sites. Our base stations also employ 2G/3G multi-band antennas, so no extra antennas have been needed when new 3G stations have been built on existing 2G base stations. Another 21.01% of 3G base

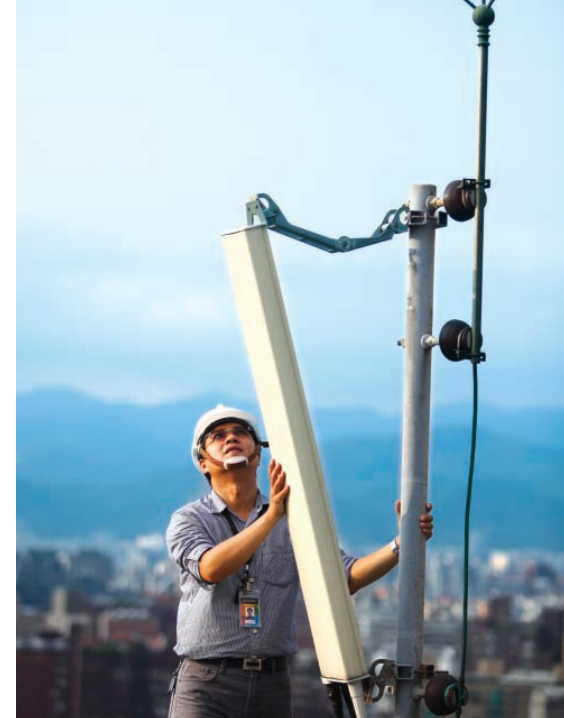
stations share construction and antennas with the other 3G operators' stations, which does even more to reduce the number of antennas.

(3) Enhancing Energy Efficiency

In addition to adjusting A/C equipment and temperature settings to improve energy efficiency, we have also installed the most energy efficient equipment possible. New equipment purchased for 3G base stations in 2011, from a vendor with ISO14001 certification, is 50% more energy efficient than the previously used equipment, and 95% of its components can be recycled after replacement. Energy-saving equipment has been installed at 67.4% of our 3G base stations, and we have also enhanced energy efficiency by adopting inverter-aided air conditioning equipment and temperature controls.

(4) Beautifying the Base Stations

Even though people increasingly depend upon cellular communications, they are opposed to the towers spoiling otherwise scenic views. Through careful design and siting standards, we strive to



not only minimize the adverse visual effects of telecommunications facilities and towers, but to also beautify the local landscape surrounding the base stations and to reduce concerns regarding electromagnetic waves by building base stations in remote areas when possible.

Project	Benefit	Base Station Adoption Ratio		
		2009	2010	2011
Setting A/C temperature at 28°C (starting 2007)	Saves 6% of power consumption compared with 26°C	28.0%	28.0%	28.0%
Use of variable-frequency air conditioning equipment (starting 2007)	Saves approximately 40% of power	15.2%	18.5%	26.4%
Use of high efficiency equipment in 3G station	Save 50% energy	33.2%	58.2%	67.4%

4.2.3 Building Energy-efficient Data Centers

At the end of 2008, we devised energy-conservation measures for new telecommunications and IDC data centers. Our data centers are designed to employ temperature and humidity controls and separate hot and cold air conditioning ducts for better air conditioning efficiency. We also continue to carry out various projects to enhance energy efficiency step by step, including installing LED fluorescent tubes and new more efficient UPS systems and air conditioners.

The company plans to build data centers and facilities in line with the spirit and principles of green procurement. The company began to build a green cloud data center at the end of 2011. The data center is the first one in Taiwan to receive an internationally-recognized Tier III certification from the Uphill Institute and is expected to be opened for operations in the first quarter of 2013. The facility will follow the design guidelines recommended by the Green Grid in order to operate more energy efficient. For example, a cold aisle/ hot aisle layout, which can promote effective flow, the separation of cold and warm air streams, direct cooling to data center hot spots, and energy-efficient power equipment and motion sensor lighting. Following these guidelines, the company will have an energy management system that is expected to achieve PUE rating of 1.5 or less as well as to obtain ISO 50001 specification. Once completed and fully operational, it is estimated that the data center and its energy management system will reduce carbon emission by 17,444 tons.

4.2.4 Enhancing Energy Efficiency at Office and Stores

At our office buildings and company-operated stores, we conducted a power consumption survey and implemented various energy-saving initiatives to reduce the power consumption of our lighting, air-conditioning and office equipment to enhance power efficiency. We took detailed power-use inventories of high-energy consumption areas and formulated specific energy conservation improvement programs, while also adjusting our contracted power capacity to a more reasonable level. In addition to installing power-saving T-5 lights and more efficient reflectors, we also reduced unnecessary lighting use through the seasonal adjustment of lighting times for signs on high-rise buildings and other locations and the use of zonal control switches to adjust workplace lighting to reasonable levels based on need. Taiwan Mobile also adjusted elevator operating formats by reducing the number of floors at which each elevator can stop to reduce power consumption.

The company uses R22 coolant for air-conditioning and cooling systems in some office buildings. However, in accordance with Taiwan and International environmental regulations, R22 will be replaced by R134a and R410a, both more environmentally friendly coolants, in the near future.

4.2.5 Improving the Response to Climate Risk

(1) Compliance Risk

We pay close attention to progress on a proposed Greenhouse Gas Reduction Act and drafts related to an energy tax. The GHG emissions of the tel-

ecom service industry are relatively low compared with energy-intensive industries such as petrochemicals and steel, so it is unlikely that the telecom industry will be initially included in the scope of any new regulations. The main target of the energy tax will focus more on fossil fuel sources such as gasoline and natural gas, meaning the impact on our business is expected to be minimal. If, however, new laws indirectly change the lifestyle of Taiwan's residents, then it could have a positive impact on virtual or mobile services and products.

(2) Physical Risk

Because emergencies caused by typhoons, floods or power outages could threaten the stable operation of telecom data centers or base stations, it is necessary to comprehensively plan and review each network project before it is built to minimize the potential damage of natural disasters and ensure system recovery in the shortest period of time. The following guidelines on data center location selection and implementation have been drafted to ensure system safety:

- Data center construction must comply with architectural strength design criteria for withstanding the impact of a certain level of wind speed and earthquake intensity.
- The location of ground-level base stations needs to comply with the Soil and Water Conservation Act. Proper water and soil conservation measures also need to be taken.
- The proper power system and power backup system must be evaluated to minimize damage from disasters.
- The proper power delivery framework and stable backup routes must also be assessed to minimize damage from disasters.

4.2.6 Constructing Disaster-Proof Stations

After Typhoon Morakot hit Taiwan in August 2009, we responded to the policy of the Kaohsiung City government (then the Kaohsiung County government) to establish disaster-relief base stations in remote townships and villages in October of the same year. When the power and telecom infrastructure is damaged by floods or typhoons, these special base stations must remain in operation for disaster-relief purposes. In 2011, we have activated five base stations with strong anti-disaster capabilities in Taoyuan, Liouguei, Maolin, Shanlin and Fongshan by adding backup power generators, and enhancing the transmission capacity of the microwave and satellite router service. This will ensure stable telecom service operation during natural disasters for emergency purposes.

4.3 Electronic Waste Recycling

4.3.1 Recycling Old Cables

There are many old power cables that need to be phased out during telecom infrastructure construction or maintenance. If these cables are not handled properly, they can be harmful to the environment. To prevent that from happening, starting in 2000, we commissioned an EPA-approved waste cable processing plant to replace copper cables with fiber-optic cables. In 2011, approximately 349,230 kilograms of copper cables were removed and recycled for a three-year accumulated total of 1,347,998 kilograms.

Waste Cable Recycling Results

Unit:Kg

Year	2009	2010	2011	Total
Copper Cable	199,498	61,190	43,310	303,998
Fiber-optic Cable	401,070	337,000	305,920	1,043,990
Total	600,568	398,190	349,230	1,347,998

4.3.2 Recycling and Reused Battery

Our facilities and base stations employ batteries for emergency backup power. These batteries are consumables and must be regularly tested and replaced. To avoid the unnecessary waste of usable resources, a battery recycling standard and classification scheme was drafted to use reusable batteries and to commission the disposal of consumable batteries to meet environmental requirements and save costs. A total of 338,490 kilograms of used batteries were recycled in 2011 and a cumulative total of 898,785 kg recycled over the last three years, leading to the prevention of a significant amount of water pollution and soil contamination from hazardous battery disposal.

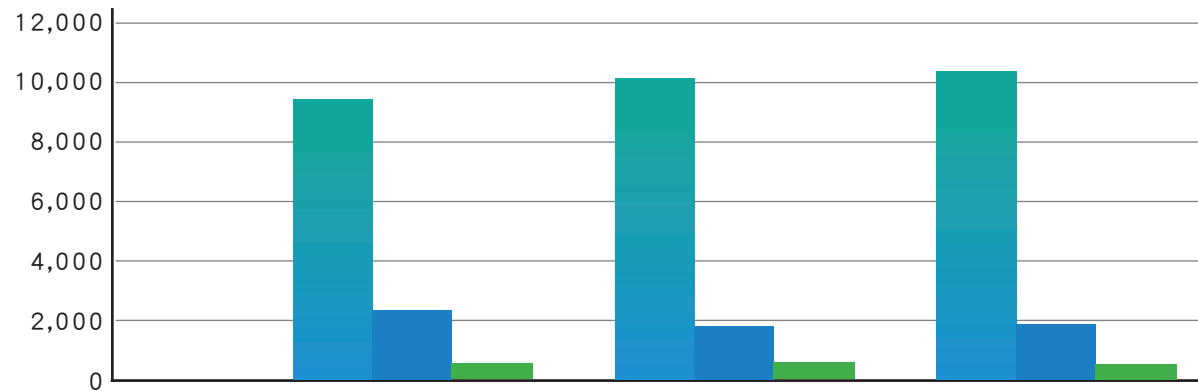
4.3.3 Continuing to Promote Handset Recycling

Taiwan Mobile introduced Taiwan's first waste handset recycling plan -- the "Love the World Recycling Campaign" -- in April 2008. This campaign allowed consumers to recycle batteries, handsets,

and components such as charging bases, travel chargers, headphones, and transmission wires. By reducing the amount of heavy metals such as lead, cadmium and cobalt entering the environment, and recovering materials such as gold, copper and plastic, this campaign reduces pollution, resource use and waste. The handset recycle bin is made of acrylic to avoid secondary pollution caused by battery acid leakage.

By the end of 2011, nearly 40,000 handsets had been retrieved through the program, with the number of handsets recycled growing every year. Taiwan Mobile's initiative encouraged competitors, mobile phone manufacturers, electronic chain stores and domestic retail chains to follow suit, eventually helping make Taiwan the country with the highest concentration of handset recycling kiosks. In 2011, we recycled 11,449 handsets, 1,909.1 kg of mobile phone accessories and 449.4 kg of used batteries. Approximately 12.9% more handsets were collected for recycling in 2011 than previous year.

Recycling Performance



Category \ Year	2009	2010	2011
No. of handsets recycled	9,673	10,137	11,449
Accessories(kg)	2,202.3	1,837.84	1,909.1
Batteries(kg)	461.05	527.27	499.4

Water Consumption in Offices

Unit: Degree

	2010	2011	Annual variance	Growth rate (%)
scale of water use # of degree	40,196	36,748	-3,448	-8.58
degree/# of employee	17	15	-2	-11.97

* Note: Above number is excluded water use in Kaohsiung Office since its water consumption charges is included in monthly rental.

4.4 Green Office

We continue to enhance the eco-efficiency of energy resources with the goal of building a “green” office building. In terms of water resources, we regularly inspect the water supply and drainage facilities and reduce the volume of water output in the toilets and kitchens at office and business locations. We also recycle the wastewater produced by reverse osmosis drinking fountains for use in toilets and car washes. Approximately 2-3 tons of water can be conserved every day. In average, water consumption of each employees is 8.58% less in 2011 than in 2010, and we will continue to implement various water-conservation measures in the future.

In terms of recycling, we also established recycling facilities on each office floor for the purpose of resource classification and recycling. In 2011, we recycled a total of 76,696 kilograms of resources, 17.6% less than the 91,917 kilograms in 2010.

After implementing these measures, all of our environmental performance targets for 2011 were met. Compared with 2010, office power consumption, water consumption and paper consumption were reduced 9%, 8.58% and 5.6% respectively. We will continue to improve energy and resource efficiency in the future. Our goal for 2012 is to further reduce power consumption, water consumption and paper consumption by additional 2%, 1% and 1%, respectively.

4.5 Free Electromagnetic Radiation Measurement Services

To ease public concerns about the effect of base station electromagnetic radiation on human health, we have set up a free base station radiation measurement hotline (0800-580010) that takes requests for free household electromagnetic radiation measurements and telecom service inquiries or complaints. We conducted approximately 207 measurements in 2011 and a cumulative total of 545 over the last three years.

At the same time, we have teamed up with other members of the Taiwan Telecommunication Industry Development Association in inviting third-party organizations to take measurement samples in northern, cen-

tral, southern and eastern Taiwan and collect data for educational purposes and the production of promotional material as well as provide professional assessments of the radiation levels. We have also assisted National Taiwan University's Telecom Research Center in hosting seminars where educators and industry experts from Taiwan and abroad discuss electromagnetic radiation research, safety standards and current regulations to provide a reference for the government in developing and implementing policies related to the issue. We will continue to promote the concept of electromagnetic radiation in conjunction with relevant agencies and groups in all cities and join forces with other telecom operators to commission the Taiwan Telecommunication Industry Development Association to provide material promoting electromagnetic radiation awareness.



Electromagnetic Radiation and Public Health

Since 1996, major international organizations and research institutions including the World Health Organization (WHO), International Commission on Non-Ionizing Radiation Protection (ICNIRP) and Institute of Electrical and Electronic Engineering (IEEE), have conducted research on the effects of electromagnetic fields, and have issued the following reports and statements:

IEEE : Stated in a Year 2000 report: "Levels of public exposure are normally far below the recommended guidelines. Consequently wireless base stations are not considered to present a risk to the general population including seniors, pregnant women and children. "

ICNIRP : Issued a statement in 2004 finding "no consistent or convincing evidence of a causal relation between RF exposure and any adverse health effect.

WHO : Stated in Fact Sheet No.193 (June, 2011): "From all research on the potential health risk caused mobile phone during the past two decades, no evidence has proved that the usage of mobile phone will cause any negative effect to human health."

Our base stations are established in accordance with relevant laws and regulations: the NCC ensures that electromagnetic radiation from base stations is in full compliance with ICNIRP standards.

Taiwan Mobile fulfills the needs of mobile service subscribers with a variety of rate plans and value-added services. We have also introduced discounted rate plans for specific mar-

5.1 Customer Service Mechanism

“Genuine customer care” is one of our core values at TWM. We strive to provide customers with an optimal telecommunications service experience, superb customer service, the best in information security, superior communications quality, and innovative products and services. We also use different market survey methods to track customer demand and feedback. Taiwan Mobile also offers a customer service hotline that operates 24/7.

5.1.1 Introducing New Measures to Enhance Service Quality

- (1) Understanding the trend of mobile life, we launch a “Customer Service App” to better serve our customer anywhere anytime.
- (2) In order to solve customer issues more quickly and enhance overall service efficiency, we employ a smart service platform that can predict potential short-term problems that could lead to customer issues and, thus, remind the staff through the company’s internal platform.
- (3) To help subscribers enjoy a premium and convenient mobile life, we deploy Mobile Experts in myfone stores to explain mobile phone

ket segments. If our subscribers go online or into one of our stores, our team can recommend timely promotions that will give them access to premium services at lower rates.

operational procedures to customers face-to-face. A mobile network task force also provides service around the clock through our customer service hotline. At the same time, a variety of smartphone user guides are posted on the official website for subscribers to access relevant information via a self-help service interface.

5.1.2 Establishing a Transparent Complaint Procedure

To improve customer satisfaction and implement a service-oriented business model, we have integrated our stores, the service hotline and our website to establish comprehensive and standardized SOP to handle customer complaints. All customer feedback is forwarded to the relevant divisions or departments for a proper response or improvement. The departments involved set a schedule for handling each complaint, and the efficiency and outcome of the responses are monitored on a regular basis to improve our products and services. In 2011, customer inquiries mainly addressed promotional activities, value-added services, quality of service, and billing issues.



Customer Service

- 2011-11 Ranked No.2 in Next Magazine’s “The 8th Annual Top Service Awards” in mobile & fixed-line communications.
- 2011-05 Received the “Trusted Brand Gold Award” by Reader’s Digest for the 8th consecutive year.
- 2011-05 Received First Prize of “2011 Service On Award” in the ICT Group in the Digital Service Power Survey by Business Next magazine.

5.2 Customer Satisfaction

We employ all kinds of market survey tools (including telephone interviews, online surveys, and focus groups) to track and improve customer satisfaction. We plan and implement a variety of surveys every year whose focus ranges from the market as a whole to specific users. We strive to understand customers' needs and thinking, and draft improvement plans and business strategies geared to enhancing user satisfaction. We conduct two surveys on general customer satisfaction every year, an indication of how big a priority we put on consumer opinion and satisfaction.

We conduct satisfaction surveys through our own departments and third-party survey companies. Survey topics generally cover consumer satisfaction in seven areas: call quality, rates, billing, store service, call centers, value-added services

and the website. In addition to shedding light on users' views concerning various telecom operators in the market as a whole, these surveys also enable us to gauge our performance compared with other carriers, facilitating our internal assessment efforts and promoting our continued

growth momentum. TSM's customer satisfaction average score in 2011 was 3.7 with 57% indicating "very satisfied" or "satisfied" with a very low proportion giving a low score. Call center customer service registered the highest satisfaction score of 4.3 out of 5.

2009-2011 Customer Satisfaction Survey Results

	2009	2010	2011
Overall Customer Satisfaction	3.6	3.7	3.7
Call Quality Satisfaction	3.7	3.7	3.6
Call Center Satisfaction	4.2	4.3	4.3
Store Service Satisfaction	4.0	4.1	4.0

* Note: the satisfaction rate is ranked on a scale of five: 5 = very satisfied, 4 = satisfied, 3 = average, 2 = dissatisfied, and 1 = very dissatisfied. All numbers represent the survey result of that specific year.

5.3 Information Security

From the moment that our subscribers step into our myfone stores to subscribe to our mobile service or receive their monthly phone bill or use our free customer service hotline to change their fee plan or to discuss international roaming services, every critical link that requires subscribers' personal information is monitored by our advanced IT security system and professional service team. Subscribers can set their minds at ease when using our services because they know their personal

information is protected in the most secure way. Mindful of the importance of customer information security, we implemented an information security management system in 2004, obtained the world's first ISO 27001 Information Security Management System Certificate in 2006, and passed the global system's three-year overall review in 2008. We also received Taiwan's first "Information Security Contribution Award" in 2007, and we remain the only telecom firm to have been awarded

this honor. In 2011, TWM met the certification standards of the ISO/ IEC 27001 as well as additional criteria listed in the NCC ISO/ IEC 27011. These accomplishments further validates TWM's information security management system as the most comprehensively secure system in Taiwan and assures that our users are continually receiving world-class information security.

To protect users' rights and interests, and to strengthen the protection of users' personal in-

formation, we have broadened the scope of our information security certification from our information technology (IT) units to all customer information service processes. We ensure that personal information is protected in all access number applications, activations, changes, account processing, fraud prevention, and customer service tasks. In setting the scope of the information security management system, we adopted a bottom-up approach as illustrated below to ensure that the scope of information security management is in line with our vision and commitment to customers. After the information security management system was created, we established an information

security task force to continually improve the system. Each department or division is assigned an information security committee member and maintenance engineer to assess information security issues. Operating through an emergency reporting framework, the task force quickly identifies security hazards and problems and takes corrective and preventive measures.

In addition, an internal audit based on an independent and objective review process is conducted every six months to ensure the proper implementation of information security policy. To maintain the effectiveness of information security control points and in response to the latest infor-

mation security trends, internal audits rely on new methods and areas of concentration every time they are applied. Auditors are recruited from different professional backgrounds to make internal audits more comprehensive.

To ensure that information security operations can be assessed by standardized indicators, we have drafted internal information security key performance indicators (KPIs) and perform regular assessments. We use encryption or password protection for customer data and data transmissions to ensure information security and also examine records to prevent any unauthorized internal access.

5.4 Rate

5.4.1 Full Disclosure of Information

Our detailed disclosure of product and service information demonstrates the importance we place on integrity. We submit all service and rate plans for approval by the NCC, followed by a public announcement prior to their implementation. We fully disclose our rate plans via the media, our website, and marketing displays at our stores and offices, indicative of our effort to convey the content of all our programs to consumers in a detailed and accurate manner. Representatives at our myfone stores explain in detail and recommend appropriate fee plans to customers according to their needs. After the application procedure is completed, the fee plan agreement

and detailed information on the plan are provided to new subscribers for their reference. In the monthly billing statement, details of the charges are also specified in a systematic way.

5.4.2 Preferred Rate Plans for Underprivileged Population

We offer special rate plans for specific user populations, such as people with disabilities and senior citizens, which cater to their specific needs. We also introduced a New Preferred Rate Plan for the Physically and Mentally Challenged and Deaf-Mute Subscribers in June 2009. In addition to a certain number of free on and off-net short messages, we offer these users 30 minutes of

free video communication every month.

We have also offered rate plans with a 50% discount on monthly subscription fees for the elderly since 2008 as well as mobile phones exclusively designed for the elderly that have extra-large keypads, extra-loud ringtones, extra-large font sizes, and extra-long stand-by battery life. It also includes elderly-specific safety features such as a flashlight on top of the handset as well as a SOS emergency button on the back of the handset that, when pressed for three seconds, the subscriber can instantly get in touch with his or her family members. The over 65 year old segment of the population in Taiwan is a rapidly growing one

and, thus, we intend to use our core competency and services to provide a more user-friendly communications environment for them.

Overall, we have frequently launched numerous

5.5 Innovative Services

Taiwan Mobile continues to develop a variety of services for mainstream smartphones and other handheld devices, including match apps, the app store that incorporates multiple smartphone OS systems, and the MoFun channel, which offers a wide range of audio and video entertainment content. There is also the popular myBook, which offers features such as an online library, group functions, exclusive audio books and e-book bonuses, as well as applications such as Handset Bodyguard, which helps retrieve lost handsets and backs up data, and the Incoming Call Butler, which helps the user manage calls. Taiwan Mobile also introduced Mobile TV, which allows our customers to watch TV on your mobile device with over 40 channels to choose from. Supported by 3G and Wifi, our customers can now watch TV anywhere and anytime.

In the future, Taiwan Mobile will continue to develop a variety of digital convergence services through our cloud services, Internet TV, Machine to Machine (M2M) network, and our four-in-one platform featuring mobile communications, a fixed-line network, broadband and cable TV to meet subscribers' needs. We hope to become the leader in the digital telecom industry by bringing a seamless user experience to the household and individual users and lead them toward a "digitally intelligent" life.

promotions to address the many different user types and communications needs. For example, for students, we offered half-price on their monthly voice rates. We also launched the "Fam-

5.6 Eliminating Adult-only Information to Protect Children and Teenagers

In addition to the continual partnership with the White Ribbon Caring Association to promote computer literacy and Internet safety education for young people, Taiwan Mobile was the first among Taiwan's six telecom service providers to pledge to control adult value-added content. We introduced "TWM Adult Service Self-Disciplinary Guidelines" to block all images, videos and animations featuring pornography and violence. All services and content need to be reviewed and inspected before being released online. Content providers who violate the guidelines are asked to revise their content immediately, and partnerships with them may be terminated should there be serious violations.

We also began providing a child-safe mechanism in 2009 for parents to shut down adult-only services and content to prevent young people in their families from accessing inappropriate content. Access to adult content is blocked when subscribers apply for mobile phone service for their children.

Our smartphone service also follows the same rules. No adult content can be accessed from our

ily Hotline", which includes such features as free on-net calls to the family for a low monthly fee, so that family members can always remain in touch.

match Portal or match Market to prevent young people from being negatively affected by inappropriate content.





6

Human Development and Employee Relations

Human resources are the key to maintaining our core competitiveness. We not only strive to create a working environment that promotes steady career growth but also emphasize cultivating the value of integrity among our employees. Only on a foundation of integrity can we build a dependable and sustainable business.

6.1 Employee Recruitment

6.1.1 Employee Attributes

We recruit employees who match the career opportunity offered by Taiwan Mobile based on the characteristics of different types of expertise. We also offer extremely competitive compensation, benefits and training opportunities for employees to grow along with the company. We have never employed child workers and, in accordance with the Gender Equality in Employment Act and Employment Services Act, we do not discriminate against any ethnic group and have never violated the human rights of our employees. We send job offer agreements to job candidates for them to review before they are officially hired, and they must submit the signed agreement protecting their rights and benefits before coming on board. Any transfer of depart-

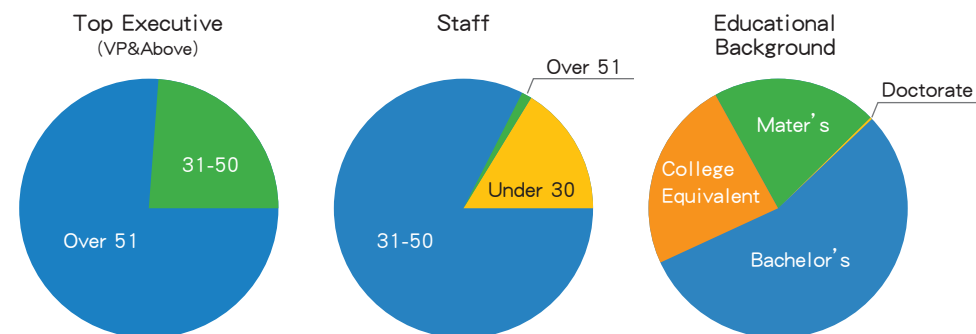
ment, location or position can only take place after getting the approval of the employee at least three days before the transfer. Any transfer to a new location across geographical regions must be communicated with the employee at least two weeks ahead of time to allow enough time to the employee to prepare for the move. The company will also offer any necessary assistance related to the move, including renting a house.

Taiwan Mobile employed 2,651 people as of the end of 2011. Please see the following table for basic information concerning the demographics of our employees based on position, gender and age. The male:female ratio is 58:42 and average length of employment is over 7 years. Males between 31-50 years old constitute the majority of our employees.

Employee Attributes

Category	Age	Number		%
		Male	Female	
Top Executive (VP and Above)	Under 30	0	0	0.00%
	31-50	4	1	23.81%
	Over 51	13	3	76.19%
	Total	17	4	100.00%
Staff	Under 30	152	276	16.27%
	31-50	1,333	836	82.48%
	Over 51	26	7	1.25%
	Total	1,511	1,119	100.00%
Total Employees		2,651		
Employment Status	Full-time	2,648		
	Part-time	3		
Average Years of Employment		7.2		
Educational Background	Doctorate	0.26%		
	Master's	20.67%		
	Bachelor's	50.93%		
	College Equiva- lent	23.84%		
	High School	4.30%		

*Note: All employees are based in Taiwan.



In terms of turnover rate, the number of new employees exceeded the number of people who left the company in 2011, and the percentages of women in those two categories were both higher than males. The gender and age distribution of employees who joined and left TWM in 2011 are shown as follows:

Category	Newly Hired				Left			
	Number		%		Number		%	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	114	152	4.30%	5.73%	27	72	1.02%	2.72%
31-50	51	43	1.92%	1.62%	96	105	3.62%	3.96%
Over 51	1	0	0.04%	0.00%	11	1	0.41%	0.04%
Total	166	195	6.26%	7.35%	134	178	5.05%	6.72%

*Note: All employees are based in Taiwan. (Employee transfers to affiliated companies are excluded.)

6.2 Training and Education

In order to improve our human capital and enhance corporate competitiveness, we conduct training courses in accordance with our development strategies and annual training needs. Annual budgets are allocated in accordance with training management regulations. Our training system comprises of corporate training and functional training.

6.2.1 Corporate and Functional Training

Training can be divided into two categories: corporate training and functional training. Multilevel training courses and common training courses have been designed based on our human resource needs. Corporate training includes orientation for new employees, business philosophy, corporate culture and QC training, IT skills training, safety and environmental training, and general management skills development/work efficiency improvement training.

Professional education and on-the-job training



programs catering to specific skill sets are developed by specific groups or divisions/departments respectively. The training system is structured as follows:

(1) Orientation for New Employees

Helps new employees learn about the working environment and employee rights and establishes a comfortable level of support, which builds cohesiveness and a happy working environment. During the process, we also put great emphasis on workplace equality, and have instituted an internal complaint mechanism.

(2) Core Competency Development

This training focuses on common competencies and seeks to boost work efficiency by providing the knowledge and skills needed to accomplish everyday tasks. It also ensures that employees comply with government regulations and information security certification regulations. Courses include problem solving, communications, project management, basic legal knowledge related to telecommunications, and service skills.

(3) Management Training and Development

There is separate training for entry-level management, middle management, and upper management. Some courses include performance management, leadership, motivation skills, management forums, strategy management forums, project management, team dynamics skills and organizational development skills and a Masters forum. We have established an objective set of assessment indicators on the basis of functional assessment results for middle level managers.

These indicators are used in conjunction with training classes to boost management skills and provide a basis for the training and development of individual managers.

(4) Improving professional knowledge

Based on their professional needs, employees are given the chance to attend professional telecom technology classes, management forums, and consultant and supplier training programs held domestically or abroad every year. These activities greatly facilitate technological upgrades and lead to new products, innovative concepts, and improved managerial skills.

A statistical look at our training program shows that the average training hours per person in 2011 was 20.72. In order to strengthen our employees' ability to provide the highest quality data network and voice calls, close to 1/3 of the courses offered in the past year were technical courses, which were attended mostly by male employees. Overall, male employees logged longer training hours on average than their female colleagues. The details are as follows:

Personnel Training Hours

Category	Male	Female
Assistant Manager and above	21.89	22.32
Personnel under Assistant Manager	27.05	12.66
Average by gender	25.98	13.56
Average hours per employee	20.72	

In 2008, Taiwan Mobile began establishing an e-learning program. The program was gradually made available to employees in 2009, and a total of 3,002 hours had been logged through the program as of the end of 2011.

6.3.2 Encouraging Lifelong Learning

(1) Scholarship program

We implemented Rules and Regulations on Scholarship Applications in 2006. The initiative offers full scholarships (including tuition and miscellaneous fees) for study in business management or telecommunications engineering graduate programs at designated domestic and foreign universities. Taiwan Mobile helps employees flexibly obtain professional degrees in accordance with their individual career plans and the company's mid-/long-term human resource needs. Total 25 employees were sponsored by the program since 2006.

(2) Subsidies for Continuing Education

Our Employee Welfare Committee provides fixed annual financial aid to employees for continuing education to encourage them to strengthen work-related skills in their spare time. Applicable continuing education opportunities include for-credit undergraduate, master's and doctoral programs at public and private universities, and also continuing education extension classes in work-related matters, computer skills, and language training at public or private institutions.

We conduct performance reviews on a regular basis. Executives provide feedback and assistance based on employees' performances and then help them develop a personal training and development program so that they can have a clearer picture of their personal career development and achieve the goals of enhancing performance and developing employee capabilities.

6.3 Employee Benefits System

"Employee benefits and incentives" are important in boosting employee morale and attracting talent. The Taiwan Mobile Joint Employee Welfare Committee is responsible for planning and implementing benefits programs and integrating employee benefits at all subsidiaries. These benefits include:

- (1) Labor Insurance, National Health Insurance, labor pension contributions and group insurance coverage starting from the first day of work.
- (2) An employee treasury stock subscription plan, annual bonus plan and employee profit-sharing system; TWM also leads the industry in introducing employee stock ownership trusts in which the company will match the amount put in by the employee.
- (3) Subsidies for weddings, child births, funerals,

hospitalization, children's education, and club activities, on a case-by-case basis.

(4) Regular health check-ups every two years and health management in accordance with checkup results; follow-up examinations and health education.

(5) We also offers better vacation benefits than required by law. For example, employees are eligible to take annual leaves as soon as they join the company. The length of the vacation will be calculated in proportion to the number of days worked that year. We also put greater emphasis on benefits such as parental leave. In 2011, 27 employees applied for parental leave and 100% of the male employees and more than 70% of the female employees returned to their position afterwards.

2011 Parental Leave

Category	Male	Female
Number of employees entitled to apply for parental leave	215	162
Number of employees applying for parental leave without pay	3	24
Number of employees who could have resumed their position after taking parental leave(A)	4	29
Number of employees who could have resumed their position after taking parental leave and in fact did (B)	4	21
Number of employees who resumed their position after taking parental leave (C)	4	21
Number of employee who resumed their position after taking parental leave and worked for more than one year(D)	4	13*
Return rate(B/A)	100.00%	72.41%
Retention rate(D/C)	100.00%	61.90%

Note*: Those who resume their position in 2011 and remained on board until the end of May 10, 2012.

6.4 Employee Health and Workplace Safety

We have established a Labor Health and Safety Committee consisting of the heads of the relevant company units and labor representatives (who form at least one-third of the committee). The committee meets every three months to review the company's employee health and safety rules and regulations. A follow-up review of how well plans are executed is conducted by the Occupational Safety and Health Office. All relevant regulations and documents are posted on the company's internal website for employee reference.

We have drafted a network maintenance operating handbook that details relevant standard operating procedures for our network maintenance personnel. We also provide protective gear for use

by appropriate personnel. In addition, we have drafted health, safety, and environmental protection regulations that contractors performing network maintenance work are required to abide by, and we supervise the contractors' maintenance work to ensure safety. We also hold fire and first-aid drills for employees to improve their disaster response and relief skills.

In line with the four themes of "maintaining a safe environment, preventing disease, promoting health, and relieving mental stress", we have designed a variety of health activities for our employees. We have also hosted health lectures for employees as well as residents of certain communities. Those efforts have been recognized by the

country's Department of Health (DOH). In 2011, we were accredited by the Bureau of Health Promotion of the Department of Health for promoting a "Healthy Workplace". In addition, our lactation room was certified by the Taipei municipal government's Department of Health as an "excellent lactation room".

In terms of occupational injury management, we have established guidelines for the handling, summarizing and analyzing of occupational injuries and for devising appropriate responses to any problems. Occupational injury data is reported to the authorities concerned on a monthly basis. The data collected for the past year are as follows:

2011 Occupational Injury

Injury Rate (IR)	0.084
Occupational Disease Rate (ODR)	0
Loss of Work Days Rate (LDR)	0.3
Absentee Rate (AR)	283.4



Supplier Management and Procurement

7.1 Strengthening Supplier Management

Taiwan Mobile has drafted “Contractor Safety and Hygiene Guidelines” based on Taiwan’s Labor Standards Act, Labor Safety and Health Act, and environmental protection laws and related enforcement rules. The guidelines are included in the labor laws and regulations section of our procurement and bidding website and can be downloaded. All contractors are required to sign an agreement pledging to follow the guidelines. TWM may break off partnerships with contractors who violate the regulations. We fully abide by government regulations and supervise contractor implementation to ensure operational safety, the health of workers, and the prevention of pollution and disasters to minimize potential risks in the supply chain.

In addition, we also pay close attention to environmental issues and CSR implementation

in the manufacturing process of handsets and peripheral products. This includes limiting the use of toxic materials and the specific absorption rate (SAR) of electromagnetic radiation and protecting the human rights of workers. The telecom service industry is not the direct manufacturer of handsets and other electronic devices, but it is the closest link to consumers in the value chain and any positive or negative CSR events concerning any of our suppliers will impact our reputation. We plan to draft a Supplier CSR Statement in 2011 to invite our suppliers to join us in practicing corporate social responsibility. We not only intend to play the role of a catalyst and messenger, but also expect to truly contribute to CSR practices of the industry as a whole.

7.2 Open and Transparent Procurement Mechanism

We strive to maintain aboveboard business practices. Our dealings with suppliers do not depend on personal relationships and we do not permit any under-the-table exchanges. Our

transparent bid request purchasing system requires a clear and transparent public announcement of all purchasing and bid request information. We also provide adequate appeal and

complaint channels for suppliers or employees. Supplier appeal regulations may be downloaded from the procurement section on our official web-site (<https://twmepmall.taiwanmobile.com/esp/>).

Bid request information is announced on the Internet in an open and transparent manner. Suppliers can learn about potential tenders on our web site, and can tender bids or quote prices after completing registration procedures. In all tenders, bids are opened and suppliers selected in accordance with the system's scoring standards. The system is clear and rigorous, and appraises suppliers' bids in an impartial manner.

This system also ensures fair competition among suppliers' price quotes.

7.3 Green Procurement

Green procurement measures can not only help promote the green consumption market but they also meet our goal of creating green benefits in our value chain. We therefore give preference to products that are EPA certified, can be recycled, generate little pollution and are energy-efficient, and that can bring social benefits or reduce social costs without compromising functionality. We

Green Procurement Items and Amount

Unit : NTD\$

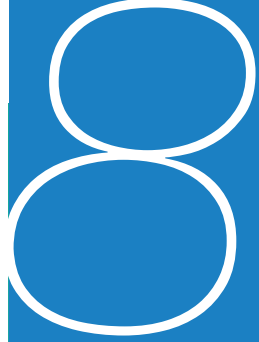
Product Type	Item	Amount (2011)
Office Equipment	Recyclable printer cartridge	115,760
	Copying machine (leasing)	6,542,410
	Computer equipment (leasing)	19,468,696
	Air conditioner	1,045,400
	Drinking fountain	188,250
	Printed material	81,019,834
Environmental Friendly Products	Handset	280,781,000
	Electric-powered Scooters	188,457
Total Amount of Green Procurement		398,639,687

purchase environmentally friendly products in the hopes that it will promote green consumerism. Furthermore, we regularly provide green purchasing training to purchasing personnel and compile relevant information into green product purchasing guides.

We will continue to follow the direction and principles of green procurement when building the data

center and other facilities of our cloud computing program to enhance sustainable benefits.

In 2011, the amount of green-related purchases totaled nearly NT\$400 million with more than 70% used to procure "green handsets". We remain an active leader in providing consumers eco-friendly handsets that are free of hazardous chemicals.



Community Participation and Social Care

We devote our core resources to fulfilling important social needs and responding to important social issues. We believe that only by actively working with local communities can we promote the harmonious and sustainable development of a LOHAS society.

2012-05 Awarded the "Corporate Social Responsibility Award" by Global Views Monthly in the categories of Community Care and Overall Performance. The only telecom operator to receive this award.

8.1 Caring for the Underprivileged

8.1.1 Care for Seniors Living Alone

As Taiwan's society ages and more people move to cities, the problems associated with the elderly have become particularly acute in the remote areas of eastern Taiwan. Many seniors that belong to indigenous tribes in these areas live alone without anyone to support or look after them. Taiwan Mobile leads more than 100 volunteers every year to Hualien to care for these seniors living alone. These volunteers bring with them more than just daily supplies, they bring something these elderly people desire the most, the warmth of companionship.

During the past five years, we have overcome distance and gaps in age to connect seniors

with our volunteers. In January 2012, together with the Christian Hospital in Taiwan, nearly 100 corporate volunteers joined senior citizens who live alone for a traditional Chinese "hot pot" dinner. This trip gave volunteers the opportunity to participate in activities that allow them to see and experience life as an elderly through the use of props that affected their vision and movements. In the end, while the seniors enjoyed the warmth of companionship, the volunteers developed a greater appreciation for the hardship of aging and an understanding of how important their help is to the elderly. These volunteers have truly embodied the spirit of the saying "treat all elderly persons as one's own family."



8.1.2 Care for Depression Patients

According to a World Health Organization report, there are three major diseases that will significantly threaten human health and create a heavy economic burden for society, and depression is one of them. Unfortunately, depression is not a physical disease, making its prevention and treatment even more difficult. According to the Bureau of Health Promotion, there are already more than 1 million people suffering from depression in Taiwan, making it a serious social issue that needs to be addressed.

In addition to consultation, caring and listening is very important in the prevention of depression. Telecom service therefore can act as the medium for communication. Starting in 2006, we have been working with the Can Love Association to provide an 880 hotline service for depression consultation and prevention. A total of 90,000 people benefited from the service during 2009 and 2010. In view of the high prevalence of depression in Taiwan and the low rate of people seeking treatment for it, we have also hosted a “Top 10 Depression Doctors” voting campaign since 2009 to encourage positive doctor-patient communication and a healthy frame of mind to handle the disease. In 2011, Taiwan Mobile helped the Can Love association in assisting 43,500 people. We also held the 3rd annual “Top 10 Depression Doctors” vote with over 14,000 people voting.

8.1.3 Tutorial Program for Underprivileged Children

A society can only move forward when underprivileged children start to see hope. With this idea in mind, we have been sponsoring tutoring

programs since 2005 when we began to support the Chinese Christian Relief Association’s “After-school Tutorial Program for Children from Underprivileged Families”. Children attending these sessions come from all sorts of backgrounds and thanks to the long-term schoolwork assistance and character education they receive, their school performance improves, they show greater confidence and self-esteem and, thus, become less likely to get into trouble.

In 2010-2011, Taiwan Mobile sponsored 12 tutorial sessions for 225 children from underprivileged families. These sessions were located in Wujia Township of Yilan County, Xinzhuang District of New Taipei City, Dajia Township of Taichung County, Donggang Township of Pingtung County and Penghu County.

8.1.4 Teenager EQ Management and Life Education

Living in a rapidly changing society, teenagers nowadays have to deal with the pressure of schoolwork, complicated personal relationships and diversified and often conflicting values. They need support from their school, family and society as a whole during their adolescent years more than at any other time in their lives.

Since 2004, Taiwan Mobile has sponsored the Champions Education Association by offering a 10-week educational program that includes “problem resolution”, “anger management”, “relationships”, “suicide prevention”, “internet dating” and “crisis management” in hundreds of high schools nationwide.

In 2011, a total of 199,430 students have taken

part in 5,698 classes of the “problem resolution” and “anger management” programs in 1,121 schools covering 25 counties including those in the outlying islands such as Kinmen County, Penghu and Lienchiang.

“The Champions Program” is designed to reduce troubled teen behavior and to raise the motivation to learn the positive impact of the proper approaches to problem solving as well as to promote the understanding that, for all teens who are coping with personal behavioral issues, there are individuals ready to help. As a means of understanding the impact of the program, we have conducted a large-sample quantitative analysis of the program. The survey found that the program had a positive impact on those who attended it both academically and personally. Students indicated a greater ability to adapt to their environment, exhibited more positive character traits, and a lower inclination toward disruptive behavior. The program has been especially helpful to students when facing various issues and challenges by equipping them to problem solve, to maintain a proper outlook on life and values and to develop strong interpersonal relationships.

Students also indicated that “The Champions Program” was instrumental in helping them manage their emotions, particularly as it relates to personal issues and future employment. Results show that “The Champions Program” allows students to understand and perceive their own emotions and to address those emotions in an appropriate manner and to understand that even when the immediate surroundings cannot be change, the students can choose to adopt a positive attitude and focus on the things that can be changed.

8.2 Cultural Literacy Promotion and Sports Sponsorship

Art and cultural activities and sports sponsorship can be seen as intangible investments for enterprises. With our brand development and our foundation's resources, Taiwan Mobile actively sponsors cultural activities and sports events to help build a LOHAS society that promotes health and cultural literacy.



TWMF sponsored an outdoor concert in Sun Moon Lake where more than 20,000 people attended and enjoyed the performance.

8.2.1 Outdoor Concerts

With the government's support for cultural and creative industry development, many artistic and cultural performances in Taiwan are of world-class caliber. Most of the resources spent, however, have been restricted to metropolitan areas. Therefore, we have invited world-class performing music ensembles from home and abroad to perform free outdoor concerts for citizens of all age groups. We not only designed the playlist according to the characteristics of different localities, but also arranged subtitles and interactive content during the performance to promote a connection between the audience and music. To encourage the participation of local residents, we not only called on local governments to promote these



concerts, but also invited local performing groups to perform at the events, thus, giving every event a local sound as well as the opportunity for the local artists to perform in a large setting.

Taiwan Mobile is the only local enterprise to promote classical music by hosting large-scale free outdoor concerts. We have redefined corporate sponsorship in art and cultural events by connecting businesses, performing groups and the general public through music. Taiwan Mobile also transformed the role of the enterprise from conventional sponsor to event creator and organizer. From the selection of locations and the invitation of performing groups to the planning, promotion and execution of these concerts, Taiwan Mobile brings its expertise in business operations, re-

source integration and brand awareness into full play to act as the bridge between local communities and performing groups. In addition to promoting the cultural and creative industry and thereby helping people develop cultural awareness, but we have also increased the fan base for local musicians and performing groups with the goal of inspiring even greater creativity due to increased interactions with the different local communities.

The added elements of mime and animation were also included in the concerts to offer audiences an unexpected mixture of art forms. In 2011, four themed concerts were held. From the Sunrise Concert at Alishan to the Sun Moon Lake Fireworks Concert led by conductor Shao-Chia Lu of the National Symphony Orchestra to International



master violinist Hu Nai-yuan to the Taiwan Connection Chamber Orchestra, this diversified set of concerts provided a new perspective and appreciation for music. Many of the show have been broadcast live on TV, and DVDs of the live concerts have been turned into digital teaching materials and presented to more than 1,000 high schools and elementary schools to benefit schoolchildren and residents in remote areas. Overall, 28 large outdoor concerts have been held with more than 380,000 people attending.

2011 Outdoor Concert

Date	Concert Title
2011.01.01	Sunrise Concert at Mt. Ali
2011.09.17	Happy Birthday to NSO
2011.10.09	Outdoor Concert at Sun Moon Lake
2011.12.03	Facing Fate-TC Chamber Orchestra lead by Nai-Yuan Hu

8.2.2 Elite Lectures

Living in a society where information changes with each passing day, trying to digest all the information at once to improve our knowledge base and capabilities is a challenge we are all facing. The Taiwan Mobile Foundation has been hosting free informative lectures for years, inviting NGOs and experts in a wide range of disciplines, from various humanities fields to digital content to environmental protection and music, to share with local residents their professional knowledge and observations of trends. In 2011, six series of a total of 12 lectures were held with nearly 1,600 people attending.

8.2.3 Promoting Sports

The spirit of our brand is “living with you,” and in order to enable people to experience the beauty and vitality of life, we have sponsored many major sporting events and activities. We have been involved in sports with the broadest range in the age of participants, the greatest number of fans and the greatest number of participants, such as golf, baseball and basketball. Since the end of 2003 to 2011, we have invested more than NT\$268 million while sponsoring numerous sporting events. Our



chairman, Richard Tsai, was presented a “Sports Promotion Award” Gold Prize by the Sports Affairs Council in 2009.

The Taiwan Mobile basketball team joined Taiwan’s professional Super Basketball League in 2007 and injected energy and vitality into the highest level of basketball in Taiwan. In 2010, Taiwan Mobile furthered its commitment to athletics by sponsoring the High School Basketball League (HBL) in Taiwan to provide a better environment for the development of the local basketball talent. In 2011, we continued our sponsorship of the SBL and HBL by contributing NT\$36.66 million in support of those leagues.

Beyond continuing to sponsor sporting events in the future, Taiwan Mobile will also devote more time and effort to help everyone enjoy a healthier and more energetic life. We also hope to bring more attention to the sports community through our various efforts and examples and encourage local athletes to push themselves to higher levels and become the prides of Taiwan.

8.3 Corporate Volunteering

Starting in 2007, we drafted and began implementing our “Corporate Volunteer Guidelines,” which encourage our employees to take part in

community service and set a good example by actively fulfilling their social responsibilities. The Guidelines specify that volunteers can enjoy two paid volunteer service vacation days a year. Transportation allowances and insurance as well as comprehensive training are provided. People who complete the volunteer service vacations receive certificates and can share their insights and experiences on our volunteer website. In view of the service needs of different public interest groups,

we offer our corporate volunteers a generous range of social service opportunities.

From 2006 to the beginning of 2012, a total of more than 8,084 volunteer hours were accumulated under this program. In 2011, two volunteer events were held and the total number of volunteer hours reached 1,584. As a result, many employees have changed their attitude towards social participation and have identified further with this aspect of our corporate culture.





Total Hours of Volunteer Service

Date	Event	# of volunteers
2010.02.05	“Year-End Banquet for Seniors Living Alone-Can’t Do Without You” volunteering event	101
2010.04.23	Volunteers building the San-Mei Bridge at Mt. Ali	66
2010.09.01~ 2010.10.31	White Ribbon Caring Association “2010 Network Safety Promotion” volunteers	13
2011.01.14	“Year-End Banquet for Seniors Living Alone-Can’t Do Without You” volunteer event	115
2011.08.29~ 2011.09.07	Making moon cakes with NPOs	83
2012.01.06	“Year-End Banquet for Seniors Living Alone-Can’t Do Without You” volunteer event	98

獨立保證意見聲明書

2011 年台灣大哥大股份有限公司企業社會責任報告書

英國標準協會與台灣大哥大股份有限公司(簡稱台灣大哥大公司)為相互獨立的公司,英國標準協會除了針對台灣大哥大公司 2011 年企業社會責任報告書進行評估和查證外,並無與台灣大哥大公司有任何財務上的關係。

本獨立保證意見聲明書的目的僅作為對下列有關台灣大哥大公司企業社會責任報告書所界定範圍內的相關事項進行查證之結論,而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外,對於關於其他目的之使用,或閱讀此獨立保證意見聲明書的任何人,英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係基於台灣大哥大公司提供予英國標準協會之相關資訊審查所作成之結論,因此審查範圍乃基於並侷限在這些提供的資訊內容之內,英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問,將由台灣大哥大公司一併回覆。

查證範圍

台灣大哥大公司與英國標準協會協議的查證範圍包括:

1. 整份報告書內容及 2011 年台灣大哥大公司總部及其相關企業之營運系統與活動;但不包括溫室氣體排放量之特定永續性績效資訊部份。

2. 依照 AA1000 保證標準(2008)的第 2 應用類型評估台灣大哥大公司遵循 AA1000 當責性原則標準的本質和程度,以及特定永續性績效資訊的可信程度。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結台灣大哥大公司企業社會責任報告書內容,對於台灣大哥大公司的相關運作與績效則提供了一個公平的觀點。我們相信有關台灣大哥大公司 2011 年的經濟、社會及環境等績效指標是被正確而無誤地呈現。

我們的工作是由一組具有依據 AA1000 保證標準(2008)查證能力之團隊執行,以及策劃和執行這部分的工作,以獲得必要的訊息資料及說明。我們認為就台灣大哥大公司所提供的足夠證據,表明其依據 AA1000 保證標準(2008)的報告方法和他們的自我聲明符合 GRI 全球永續發展報告協會報告指南係屬公允的。

查證方法

為了收集與作成結論有關的證據,我們執行了以下工作:

- 對來自外部團體的議題相關於台灣大哥大公司政策、進行高階管理層的審查,以確認本報告中聲明書的合適性
- 與台灣大哥大公司管理者討論有關利害關係人參與的方式,我們並訪談 1 位外部利害關係人
- 訪談 34 位與永續性管理、報告編製及資訊提供有關的員工
- 拜訪台灣大哥大公司台北地區的 1 個直營店,審查手機回收計畫與節能行動之運作流程
- 審查有關組織的關鍵性發展
- 審查財務與非財務報告相關的會計系統之廣度與成熟度
- 審查內部稽核的發現
- 藉由與負責收集資料管理者的會議,查證報告中的績效數據與宣告
- 審查資料收集的流程與確保數據的準確性,數據追溯至最初來源並進行有限抽樣
- 比對財務數據與經會計稽核的財務報告數據之一致性
- 審查報告中所作宣告的支持性證據,及
- 針對公司報告及其相關 AA1000 保證標準(2008)中所述有關包容性、重大性及回應性原則的流程管理進行審查

結論

針對包容性、重大性及回應性之 AA1000 當責性原則、永續性績效資訊與全球永續性報告 G3.1 版指南的詳細審查結果如下:

包容性

2011 年報告書反映出台灣大哥大公司已持續地尋求利害關係人的參與,以發展及達成對企業社會責任具有責任且策

略性的回應。此系統正被發展以產生必要的資訊。報告書中已公正地報告與揭露經濟、社會和環境的訊息,足以支持適當的計畫與目標設定,以我們的專業意見而言,這份報告涵蓋了台灣大哥大公司的包容性議題。然而,未來的報告可以進一步加強下列的項目:

— 廣納利害關係人多元觀點,並結合公司核心策略,持續地溝通並發展公司企業社會責任實務

重大性

台灣大哥大公司公布永續經營相關資訊使利害關係人得以對公司的管理與績效進行判斷,以我們的專業意見而言,這份報告適切地涵蓋了台灣大哥大公司的重大性議題。然而,未來的報告書可以進一步加強以下的項目:

— 持續未來 CSR 績效創新,多元應用現今分析實務,使重大性結果之呈現更加完善

回應性

台灣大哥大公司執行來自利害關係人的期待與看法之回應。台灣大哥大公司已發展相關道德政策並每年報告,作為提供進一步回應利害關係人的機會。以我們的專業意見而言,這份報告適切地涵蓋了台灣大哥大公司的回應性議題。然而,未來的報告可以進一步加強以下的項目:

— 長期地發展利害關係人參與之相關回應策略,如道德供應鏈的管理實務

績效資訊

基於本聲明書所述的我們之工作,特定績效資訊係在台灣大哥大公司與英國標準協會協議的查證範圍內,報告書揭露的全球永續性報告 G3.1 版指南核心指標及電信業行業補充指標試行版。以我們的觀點,台灣大哥大公司 2011 年 CSR 社會責任報告書的數據與績效資訊沒有實質性差異。

GRI 報告指南

台灣大哥大公司提供有關符合全球永續性報告 G3.1 版指南的自我宣告,與相當於 A+ 分級的相關資料。基於審查的結果,我們確認報告中參照 GRI 全球永續發展報告協會的社會責任與永續發展的相關指標已被報告。部分報告或策略,以我們的專業意見而言,此自我宣告涵蓋了台灣大哥大公司的社會責任與永續性議題。然而,未來的報告可以進一步加強以下的項目:

— 鼓勵持續發展現有節能減碳績效指標內容以適時回應利害關係人

保證等級

依據 AA1000 保證標準(2008)我們審查本聲明書為高度保證等級,如同本聲明書中所描述的範圍與方法。

責任

這份社會責任報告書所屬責任,如同責任信中所宣稱,為台灣大哥大公司負責人所有。我們的責任為基於所描述的範圍與方法,提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立,為全球標準與驗證的領導者。本查證團隊係由具工程背景,且接受過如 AA1000AS、ISO14001、OHSAS18001、ISO14064 及 ISO9001 之一系列永續性、環境及社會等管理標準的訓練,具有主導稽核員與驗證員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
12 July, 2012



Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
BSI Taiwan is a subsidiary of British Standards Institution.

GRI G3.1 Content Index

● Full disclosure ◎ Partial disclosure ○ None disclosure

Description	Status	Page	Note
1. Strategy and Analysis			
1.1 Statement from the most senior decision-maker of the organization	●	3	
1.2 Description of key impacts, risks, and opportunities	●	13,15	
2. Organizational Profile			
2.1 Name of the organization	●	2	
2.2 Primary brands, products, and/or services.	●	7	
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	6	
2.4 Location of organization's headquarters	●	2	
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	5	
2.6 Nature of ownership and legal form	●	5	
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	5	
2.8 Scale of the reporting organization	●	8,41	
2.9 Significant changes during the reporting period regarding size, structure, or ownership	●	5	No major organizational changes during the past two years.
2.10 Awards received in the reporting period	●	5,14,29,37,48	
3. Report Parameters			
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	●	2	
3.2 Date of most recent previous report (if any)	●	2	
3.3 Reporting cycle (annual, biennial, etc.)	●	2	The company issued a CSR report every two years during 2007 to 2010. Starting in 2011, a new report will be issued every year.
3.4 Contact point for questions regarding the report or its contents.	●	2	
3.5 Process for defining report content including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	●	2	
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	2	
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	2	
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	56	No instances to report
3.9 Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	2	
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	●	56	As the comparison for different points of time
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	2	

Description	Status	Page	Note
3.12 Table identifying the location of the Standard Disclosures in the report.	●	55-63	
4. Governance, Commitments, and Engagement			
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks such as setting strategy or organizational oversight.	●	9	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	●	57	The Chairman does not assume the position of President or CEO at the same time.
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	9	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	16	
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	9	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	9	
4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	9	
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	9-13	
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	15	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	9	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	13	
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	45	
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	17	
4.14 List of stakeholder groups engaged by the organization.	●	16-17	
4.15 Basis for identification and selection of stakeholders with whom to engage	●	16	
4.16 Approaches to stakeholder engagement including frequency of engagement by type and by stakeholder group.	●	16	
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns including through its reporting.	●	16	
Economic Performance Indicators			
Disclosure on management approach	●	7-9	
EC1 Direct economic value	●	8, 57	For additional information, please refer to the Company Annual Report
EC2 Financial implications due to climate change	●	26,33	

Description	Status	Page	Note
EC3 Benefit plan	●	44	
EC4 Financial government assistance	●	57	
EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	57	
EC6 Local suppliers	◎	46	
EC7 Local recruitment	●	41	
EC8 Infrastructure investment and services for public benefit	●	19	
EC9 Indirect economic impacts	●	13	
Environmental Performance Indicators			
Disclosure on management approach	●	29-31	
EN1 Volume of materials used	●	31	
EN2 Recycled materials	●	33	
EN3 Direct primary energy consumption	●	31	
EN4 Indirect primary energy consumption	●	31	
EN5 Energy conservation	◎	32-33	
EN6 Initiatives for energy-efficiency and renewable energy	●	32-33	
EN7 Initiatives for reducing indirect energy	●	32-33	
EN8 Water Withdrawal	●	35	
EN9 Effect of Water Withdrawal	●	35,58	All procedures were done according to regulations. There was no effect on the quality of any related water resource.
EN10 Water recycled	●	35	
EN11 Land assets in sensitive areas	●	58	No relevant information.
EN12 Impacts on biodiversity	●	58	No relevant information.
EN13 Habitats protected or restored	●	58	No relevant information.
EN14 Strategies for biodiversity	●	58	No relevant information.
EN15 Endangered species	●	58	No relevant information.
EN16 Greenhouse gas emissions	●	31	

Description	Status	Page	Note
EN17 Other greenhouse gas emissions	●	31	
EN18 Initiatives to reduce greenhouse gases	●	31-33	
EN19 Ozone-depleting substance emissions	●	33	
EN20 NOX, SOX and other air emissions	●	58	It is not of the manufacturing industry and carries no significant implications.
EN21 Water discharge	●	59	It is not of the manufacturing industry and carries no significant implications.
EN22 Waste by disposal method	●	59	General wastes are disposed through local public facilities. Industrial wastes are disposed according to government regulations.
EN23 Significant spills	●	59	No relevant information.
EN24 Movements of hazardous Waste	●	59	No relevant information.
EN25 Habitats affected by discharge and runoff	●	59	No relevant information.
EN26 Environmental impact mitigation	●	26-36	
EN27 Packaging materials	●	59	Not applicable.
EN28 Non-compliance sanctions	●	59	No relevant information.
EN29 Environmental impact of transport	●	59	The transport of company products and employee travel does have a significant impact on the environment.
EN30 Environmental protection expenditure	●	33,34,47	
Social Performance Indicators(1)			
Social Performance Indicators: Labor	●	41	
LA1 Total workforce by employment type, employment contract, and region breakdown by gender	●	41-42	
LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	42	
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	44	
LA4 Employees with collective bargaining agreements	●	41,59	100%
LA5 Minimum notice periods	●	41	
LA6 Workforce in joint health committee	●	45	
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	45	
LA8 Training with regards to serious diseases	●	45	
LA9 Trade union agreements on health	●	59	Issues related to labor health and safety are listed in the employee handbook. All employees are covered within the group insurance plan from the first day of work. To further improve employee health and safety, the company has built a health center with licensed nurse and professionals.

Description	Status	Page	Note						
LA10 Average hours of training per year per employee by gender and by employee category.	●	43							
LA11 Programs for lifelong learning	●	43							
LA12 Percentage of employees receiving regular performance and career development reviews by gender	●	43,60	Female:100% Male:100%						
LA13 Composition of governance bodies	●	42							
LA14 Gender pay disparity	●	60	Basic salary levels for male and female employees are equal. The average annual salary (bonus included) for female employees is set at one. Following is the table for male employees. <table><tr><td>Year</td><td>2011</td></tr><tr><td>Deputy Manager and above</td><td>0.93</td></tr><tr><td>Positions under Deputy Manager</td><td>1.14</td></tr></table>	Year	2011	Deputy Manager and above	0.93	Positions under Deputy Manager	1.14
Year	2011								
Deputy Manager and above	0.93								
Positions under Deputy Manager	1.14								
LA15 Return to work and retention rates after parental leave, by gender.	●	44							
Social Performance Indicators (2)									
Social Performance Indicators: Human rights	●	41							
HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	●	60	No instances to report.						
HR2 Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	◎	46	All suppliers are to review and sign a labor contract. If any human right violation occurs, the company is within its rights to terminate its partnership with the supplier.						
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	60	1. Regulations on employee manual and gender equality are included in the new employee orientation. Total number of employee training hours was 575. 2. Employees of the Information Security Task Force have been arranged to receive education on personal and client data security/confidentiality at the new employee orientation. Advanced training programs will be planned on a regular basis to improve the awareness of personal information security. Total number of employee training hours was 2,676. 3. Relevant training takes around 6% of total training hours in 2011.						
HR4 Total number of incidents of discrimination and corrective actions taken.	●	41,60	No incident of discrimination occurred.						
HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	●	60	The company respects employee's legal rights and has never interfered with their freedom of association.						
HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	41,46							
HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	41,60	No relevant information.						
HR8 Training for security personnel	○	N.A.							
HR9 Violations of rights of indigenous peoples	●	41							
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	●	60	100%; the Company operates in accordance with the Labor Standards Act and related regulations.						
HR11 Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	●	60	The audit office issued a labor and supplier compliance policy. Employees and suppliers can file their complaint via email or FAX. None were filed in 2011.						

Description	Status	Page	Note
Social performance indicators (3)			
Social Performance Indicators : Society	●	14	
SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	◎	16,48-54	
SO2 Corruption risks	◎	9,61	The company takes out fidelity insurance policies to protect itself against possible corruption of employees of certain high-risk positions.
SO3 Anti-corruption training	●	9	
SO4 Actions against corruption	●	9-10	
SO5 Lobbying	●	61	No relevant information.
SO6 Political donations	●	61	No relevant information.
SO7 Anti-competitive behavior	●	61	No relevant information.
SO8 Regulatory non-compliance sanctions	●	61	No major issues were occurred in 2011 except for 6 matters that resulted in government fines totaling NT\$626,000. Labor Standards Act: \$ 6,000 Fair Trade Act: \$ 100,000 Telecommunications Act: \$ 520,000
SO9 Operations with significant potential or actual negative impacts on local communities.	●	61	None.
SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	17	
Social performance indicators (4)			
Social Performance Indicators : Product Responsibility	●	36	
PR1 Health and safety impacts along product life cycle	●	36	
PR2 Non-compliance with health and safety standards	●	61	No relevant information.
PR3 Product information	●	25,39-40	
PR4 Non-compliance with product information standards	●	61	No relevant information.
PR5 Customer satisfaction	●	38	
PR6 Communication programs	●	39	
PR7 Non-compliance in marketing practices	●	61	No relevant information.
PR8 Complaints regarding customer privacy	●	61	No relevant information.
PR9 Non-compliance products	●	61	No relevant information.

Telecommunication Sector Specific Indicators			Status	Page	Note
Internal Operations	Investment	IO1 Capital investment in telecommunication network infrastructure broken down by country/region.	◎	19	
		IO2 Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	●	18-19	
	Health and Safety	IO3 Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency (RF) emissions from handsets.	●	45	
		IO4 Compliance with ICNIRP standards on exposure to radiofrequency (RF) emissions from handsets	●	36	
		IO5 Compliance with ICNIRP standards on exposure to radio frequency (RF) emissions from base stations.	●	36	
		IO6 Policies and practices with respect to Specific Absorption Rate (SAR) of headsets.	●	36	
	Infrastructure	IO7 Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	●	32	
		IO8 Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	●	32	
Providing Access	Bridging the Digital Divide	PA1 Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applies.	●	19	
		PA2 Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applies.	●	19,39-40	
		PA3 Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	◎	37	
		PA4 Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	◎	8	
		PA5 Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	●	19,39-40	
		PA6 * Interaction with governments on security issues for surveillance purposes * Interaction with national and local authorities and own initiatives to restrict criminal or potentially unethical content. * Protecting vulnerable groups such as children. Explain how such policies and practices are adapted and applied in different countries.	●	25,33-34	

Telecommunication Sector Specific Indicators			Status	Page	Note
Providing Access	Access to Content	PA7 Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. For example: * Participation industry initiatives or individual initiatives related to Freedom of Expression * Legislation in different markets on registration, censorship, limiting access,	●	19,39-40	
	Customer Relations	PA8 Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	●	36	
		PA9 Total amount invested in programs and activities in electromagnetic field research. Include description of programs currently contributed to and funded by the reporting organization.	●	63	Approximately NT\$7 million in 2011.
		PA10 Initiatives to ensure clarity of charges and tariffs.	●	39	
		PA11 Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	●	27	
Technology Applications	Resource Efficiency	TA1 Provide examples of the resource efficiency of telecommunication products and services delivered.	●	26-27	
		TA2 Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	●	26	
		TA3 Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	●	26	
		TA4 Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	●	18-28	
		TA5 Description of practices relating to intellectual property rights and open source technologies.	●	63	Intellectual property rights to use the software was authorized

The UN Global Compact Recommends that Companies Should Follow the Following 10 Principles:

The Ten Principles	Corresponding section
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. The elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; and 9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies

Content	Corresponding section(s)
Chapter One - General Provisions	Stipulates this set of Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles" and thereby takes actions accordingly.
Chapter Two - Exercising Corporate Governance	Include corporate social responsibility into the operations and future developments of the company, set up an exclusive unit to take charge of the proposition and enforcement of corporate social responsibilities, respect the rights and interests of the stakeholders, construct an effective corporate governance framework, etc.
Chapter Three - Develop Sustainable Environment	Corporate environmental responsibility, promote sustainable production and consumption, environmental management systems and education
Chapter Four - Preserving Public Welfare	Labor conditions, human rights, consumer rights, community contributions, community involvement
Chapter Five - Enhancing the Disclosure of Information regarding Corporate Social Responsibilities	Strengthen information disclosure and CSR report
Chapter Six - Supplementary Provisions	Review Company's system of corporate social responsibilities and make improvements accordingly

ISO 26000

Core themes and issues	Corresponding Section(s)
Management Approach	Item 1 : Due diligence Item 2 : Human rights risk situations Item 3 : Avoidance of complicity
Human Rights	Item 4 : Resolving grievances Item 5 : Discrimination and vulnerable groups Item 6 : Civil and political rights Item 7 : Economic, Social and Cultural Rights Item 8 : Fundamental principles and rights at work
Labor Practices	Item 1 : Employment and employment relationships Item 2 : Conditions of work and social protection Item 3 : Social dialogue Item 4 : Health and safety at work Item 5 : Human development and training in the workplace
Environment	Item 1 : Prevention of pollution Item 2 : Sustainable resource use Item 3 : Climate change mitigation and action Item 4 : Protection of the environment & biodiversity, and restoration of natural habitats
Fair Operating Practices	Item 1 : Anti-Corruption Item 2 : Responsible political involvement Item 3 : Fair competition Item 4 : Promoting social responsibility in the value chain Item 5 : Respect for property rights
Consumer Issues	Item 1 : Fair marketing, factual and unbiased information and fair contractual practices Item 2 : Protecting consumers' health & safety Item 3 : Sustainable consumption Item 4 : Consumer service, support and complaint and dispute resolution Item 5 : Consumer data protection and privacy Item 6 : Access to essential services Item 7 : Education and awareness
Community involvement and development	Item 1 : Social involvement Item 2 : Education and culture Item 3 : Employment creation and skills development Item 4 : Technology development and access Item 5 : Wealth and income creation Item 6 : Health Item 7 : Social investment