



## 2016 Corporate Social Responsibility Report

## About this Report

We are delighted that you are reading the 9th Corporate Social Responsibility (CSR) report issued by Taiwan Mobile. We will continue to issue this report every year in both Chinese and English versions. To learn more about Taiwan Mobile's efforts and achievements in corporate social responsibility, please visit our dedicated CSR website.

### Reporting period

The period of information disclosure of this report is 2016 (January 1 to December 31, 2016), covering our sustainability vision and strategies, responses to material issues, and specific practices and performance data in the economic, environmental and social dimensions. In order to be consistent with the way various topics have changed over time and for the sake of completeness in information disclosure, certain portions of the performance information date back to periods before December 31, 2015.

### Report Boundary and Scope

The report boundaries were defined in consideration of the nature of operations, industry linkage and the right to control. The financial data is consistent with the figures in the consolidated financial statements reported in the company's annual report. All environmental and social figures are of the same coverage, which is 100% of the entities which we have over 50% ownership of. The report therefore covers TWM, the Taiwan Mobile Foundation, and important subsidiaries such as Taiwan Fixed Network Co., Ltd., Taiwan Mobile Digital Services Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., and TWM Broadband (including Taiwan Fixed Network Media Co., Ltd., its subsidiaries and Win TV Broadcasting Co., Ltd., Taiwan Kuro Times Co., Ltd., and other major subsidiaries (i.e. subsidiaries for which TWM owns 50% or more of their shares), All financial data has been verified by Deloitte Taiwan.

The scope of GHG Inventories is based on the boundaries published in the statement by the British Standards Institution (BSI), a third party verification institution. Operational performance, corporate governance, environmental protection, and social participation represent the main subjects of this report pursuant to current international practices in the field of disclosure of information on corporate operations. Discrepancies in the measurement of categories and quantitative data compared to the previous version are specifically indicated in their respective paragraph. The statistical data provided in the report are derived from Taiwan Mobile's own statistics and surveys and are presented with conventional data description techniques. (\* Note: As defined in IFRS IAS27, if a parent company owns more than half of the voting rights of an entity either directly or indirectly through its subsidiary, then the parent company is presumed to have the power to control the entity's financial and operating policies)

### Reporting Guidelines and Certification

This report was compiled in accordance with the integrated reporting framework of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) G4 Guidelines. A limited assurance of the report contents was performed by KPMG, an independent institution with public credibility in accordance with the Assurance Standard No. 1 of the Republic of China. It has been verified by KPMG that the disclosed contents of the report conform to the G4 comprehensive options. The independent assurance report issued by KPMG has also been incorporated into the CSR report.

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## Taiwan Mobile CO. ►

Taiwan Mobile Co., Ltd. (abbreviated to TWM) was established in February 1997 and was awarded a government-issued operating license for Type I telecommunication businesses in the same year.





## Chairman's Message

Dear Stakeholders :

As we celebrate our 20th anniversary, Taiwan Mobile is setting a new benchmark based on the motto "Excellence 20th, Leadership in Innovation", with a view to helping the world achieve sustainability while being firmly rooted in Taiwan. We have not only been concerned with how the UN's 17 Sustainable Development Goals (SDGs) correspond to needs of the world's citizens but have also identified 18 issues of major importance within our organization. TWM values corporate ethical governance, emphasizes enhanced environmental management due to climate change, and safeguards human rights by protecting personal information. By carrying out comprehensive risk management and control, TWM provides leadership with innovative energy to mobilize employees, customers and the industry chain to achieve the company's ultimate objective of becoming the undisputed leader in digital convergence. Taiwan Mobile aspires to be a sustainable enterprise that takes our responsibilities seriously. In addition to pursuing the growth of our company, we also seek to communicate with our eight major groups of stakeholders effectively and to the best of our abilities on the basis of corporate governance, environmental sustainability and social engagement, so that we will be able to fulfill the expectations of the society. Only with perfect hindsight are we able to look back at our current situations from the distant future to tell what steps we should take and how we should prepare for the advent of the 5G digital convergence, so that we can help our customers adapt to a brand new lifestyle of technologies and conduct our business operations with integrity at each step.

Over the years, we have devoted core enterprise resources to corporate social responsibility in a strategic and systematic manner, and we have developed the CSR Vision 2020 Project with a focus on the following areas: enhancing the company's overall environmental sustainability (E), social value (S) and corporate governance (G). Taiwan Mobile has been selected as a constituent stock of the Dow Jones Sustainability Emerging Markets Index for the fifth consecutive year. We have also been named a 2016 Industry Mover by investment advisory firm RobecoSAM, which indicates that TWM has made the most

progress in CSR in the Telecommunication Services category. At the same time, TWM's corporate sustainability performance has also enjoyed tremendous success domestically. In Global Views Monthly's CSR Annual Survey, we won first prize in the service industry category; we were selected one of the top ten enterprises in "Excellence in Corporate Social Responsibility" presented by CommonWealth Magazine; and we were recognized by Taiwan Corporate Sustainability Awards (TCSA) in six categories, the highest number awarded to a telecom operator in Taiwan.

With respect to environmental sustainability, we continue to implement mitigation and adaptation measures. We have been recognized by Carbon Disclosure Project (CDP) as a leader after receiving a score of A- in the international carbon disclosure questionnaire, making TWM the top performer among Taiwan's telecom operators. To learn from and exchange ideas with benchmark enterprises around the world, we have also joined the Global e-Sustainability Initiative (GeSI), making TWM the first and third enterprise member of the organization in Taiwan and Asia, respectively. We work with international information technology and communication corporations to come up with solutions for global sustainability issues. In terms of social value, TWM received the "Trusted Brand Gold Award" for the 13th consecutive year from Reader's Digest and was named a constituent stock in the TWSE "Taiwan Top 100 Salary Index" three years in a row. With respect to corporate governance, TWM was again selected one of the top 5% enterprises in the "2nd Annual Corporate Governance Evaluation" organized by Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX). We received the "Best investor relations", "Best corporate social responsibility" and "Best CFO" awards for 2016 from Corporate Governance Asia magazine, making TWM the only telecom carrier in Taiwan to have received such honors for the year.

Looking toward the future, we have repositioned ourselves as a new generation of Internet company by diversifying in TIME, the four major industries consisting of Telecom, Internet, Media & Entertainment, and E-Commerce. We have also expanded the original "5C" strategies in our core values to "6C": Coverage, Convergence, Content, Channel, Cloud and the new CSR (corporate social responsibility), making the "New 6C" the principal strategies of our business operations as well as building an enterprise with a full range of digital convergence services, with a view to becoming a sustainable digital convergence leader.

Therefore, we have integrated our core enterprise capabilities and resources to continue to practice social engagement, which includes cultivating talents for digital contents and enhancing the country's cultural creative soft power, as well as creating digital public welfare platforms, building up digital influence and developing cross-industry technology know-how to help social welfare organizations, and also other innovative projects. Over the years these pursuits have helped TWM to establish a brand image of technological innovations and caring for the society's underprivileged. We recognize opportunities arising from climate change and promote green energy integration projects accordingly, and we are committed to energy management, developing low-carbon products and services, and putting into practice our carbon reduction strategy. With "Think Sustainable, Act Responsible" as our foundation, Taiwan Mobile is fully committed to carrying out our corporate social responsibility through the following three dimensions: corporate governance, environmental sustainability and social value. We have also combined the six major categories of capital (financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital) with our 6C business operation cores to create seven crucial values (ethical governance, sustainable partnerships, excellent brand, digital innovation, environmental sustainability, happy workplace and social inclusion) for our eight major groups of stakeholders. Taiwan Mobile hopes to continue with this corporate philosophy as we begin our next 20 years!



Chairman



## President's Message

Dear Stakeholders :

In 2016 Taiwan Mobile achieved a successful year with the hard work and dedication of each and every one of our employees with respect to the expansion of the 4G mobile business. Not only did our consolidated revenue continue to reach a historic high, the company's EBITDA and earnings before interest and taxes (EBIT) and free cash flow attained the highest levels since Taiwan Mobile launched 4G services in 2014. These achievements can be attributable to our high-quality 4G network services, which are fully appreciated by our customers and have contributed to improved mobile services revenues, expanded 4G business operations and enhanced operating efficiency for the company. Moreover, Taiwan Mobile has benefited from our precise 4G business spectrum and network investment strategies, all of which demonstrate our long-term commitment to maximizing shareholders' equity. In addition to pursuing the steady growth of our core business operations, Taiwan Mobile is also actively involved in promoting a number of projects associated with environmental sustainability and social value enhancement. The overall performance and results of these projects are detailed below.

### 1. Corporate governance

TWM adheres to the basic philosophy of "integrity" when conducting business and is committed to fulfilling the spirit of corporate governance. We have adopted world-class standards to urge ourselves to improve constantly. We have achieved the following in 2016: Highest EPS in the telecom industry for the fifth consecutive year. The annual objectives of appointed managers have been incorporated into CSR-related mandatory and commonality indicators, which demonstrates TWM's commitment to CSR via a top-down approach.

### 2. Environmental sustainability

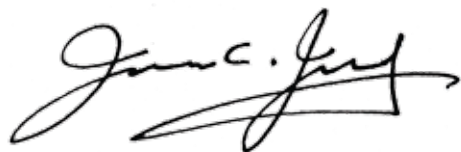
TWM introduced, for the first time, the ISO14001 environmental management system, and developed four major environmental and energy management policies based on life-cycle principles in order to ensure compliance with environmental regulations and to reduce pollution and the effective utilization of energy resources. In terms of carbon risk management, TWM has pioneered the use of Product Category Rules (PCR) in the industry for our Online Multimedia Services. We have also obtained the Carbon Footprint Label from the Environmental Protection Administration. Establishment of a carbon footprint query system for employee commuting and travels. Full implementation of a smart energy-saving system to effectively reduce electrical power consumption by 14.21 million kWh, which represents a 7,000 ton reduction in CO<sub>2</sub>e.

### 3. Social value

We adhere to the core principle of "Genuine concern for the customer" and our excellent customer services have won recognition from consumers: For the fifth consecutive year TWM myfone stores and customer care centers have had the distinct honors of being recertified for Qualicert by SGS. With respect to our employees, TWM adheres to the principles of "integrity as a way of life, pursuing goals with enthusiasm, innovative thinking, and simplification" as our core values. As for the society, TWM embraces the spirit of being rooted in Taiwanese culture and supporting the local community. Starting from the different needs and requirements of the society, we have been involved in promoting over 20 public welfare projects. In particular, TWM initiated the "Bravely Pursue Your Dream" project as a tailor-made program to help the winner of the myfone Mobile Composition Award to publish music digitally, the first project of its kind among major Taiwanese enterprises. For suppliers, we have created a sustainable supply chain management blueprint. Written self-assessments combined with on-site inspections are conducted to assess the sustainability performance of over 250 of our suppliers. TWM has thus gradually built up a sound governance structure to ensure the sustainable management of the supply chain.



In 2017, TWM will proceed at full steam with our "New 6C" business strategy! In terms of coverage, the 2CA (700/900) mobile network will cover as much as 90% of the entire country, making TWM the leader among all telecom carriers. This year we will be investing resources in the 2100 MHz band to facilitate 3CA network implementation in 2018. This year, the cable TV Hybrid Fiber Coaxial (HFC) cable will go fully digital, and next year we will be able to provide 1 Gbps high-speed Internet services. At the same time we will begin the implementations of the experimental 5G and NB-IOT networks and the testing of related applications of service platforms. With respect to Convergence, bundled value-added services will be provided for high-speed mobile and fixed-network access. High-speed Internet access and 4K OTT services will also be provided via high-speed HFC digital networks. For Content, apart from the existing "my" series of innovative services, such as myMusic, myVideo, myBook, and myPlay1, which will continue to be market leaders, TWM will begin the commercial operations of IoT and related innovative services. The goal is for TWM to be the pioneer and undisputed leader in digital media value-added services and IoT application services. As for Channel, we will continue to enhance our O2O channel strategy will continue to improve the synergy and scale of myfone's physical shopping outlets and virtual channel presence. In terms of our Cloud strategy, it is expected that the implementation of the Customer Experience Management (CEM) platform will be completed, and the scope of providing a full range of ICT and cloud-based services and comprehensive solutions to our enterprise customers will be expanded. The newly added 6th "C", which represents Corporate Social Responsibility (CSR), has long been integrated into TWM's corporate culture. In the new year, apart from continuing to invest in social welfare programs and the protection of the environment, we are also committed to fulfilling our carbon reduction objective in 2017 in absolute terms. In addition, we will actively respond to the United Nations' Sustainable Development Goals (SDGs) by carrying out relevant projects, which includes expanding the construction of renewable energy infrastructures and facilities and the effective management of sustainable supply chains. TWM not only aspires to be the leader in digital convergence with the most comprehensive solutions in Taiwan but aims to become an international benchmark enterprise in terms of the fulfillment of corporate social responsibility in the ICT industry!



President



\$1.2e

Social investment  
126,392,000Listed in Taiwan's Top 100  
Paid Indices for three  
consecutive yearsTOP 100  
SalaryAmount of time contributed  
by corporate volunteers:  
5,603 hours

5603hrs

The SROI value was 8.7, which is equivalent to  
a benefit of NT\$8.7 for every dollar of investment made.8.7  
SROITrue  
Value ↑  
\$81eThe true value of the  
enterprise has been  
increased around \$81eTOP  
5%We ranked among 5%  
in the Corporate  
Governance Assessment

EPS \$5.6

The top EPS performer in the telecom sector  
in 2016 for the fifth consecutive year.RobecoSam named TWM an  
Industry Mover in the global  
ICT categoryERMIPSM  
001Digital  
competitivenessThe 10th "Myfone Mobile Composition Award"  
is open for submissions.  
The grand prize is nearly NT\$5 million  
A "I Daa Ni" dream come true project: assisted the winner of the  
Myfone Mobile Composition Award to achieve her dreams of  
becoming a singer  
"iFinity" charity micro movie assisted NPO fund-raising reach  
over NT\$ 19.53 millionmySports online sports  
competition for employees  
burned around 10M Kcal消耗近  
10M KcalMyVideo, MyMusic, MyBook  
services has been awarded  
the "Product Carbon Footprint Label"Green procurement  
amounted increase  
of 56.97%BUY  
↑56.97%↓ CO2e  
7,748 tonFull implementation of a smart  
energy-saving system to  
effectively 7,748 ton reduction in CO2e.CDP  
DRIVING SUSTAINABLE ECONOMIES  
Leader ShipIn 2016 TWM's efforts were recognized  
and was rated A- (Leadership) in carbon  
risk management by CDP.Subscription to 1.4 million  
kWh of green power  
Green-energy construction: 52kW140萬  
52kWPerformance Highlight  
& Awards



FinanceAsia Magazine  
Three awards such as Best Company in Asia in 2016, etc



Corporate Governance Asia Magazine  
Three awards such as 2016 Asian Excellence Awards



Named as one of the constituents of the Dow Jones Sustainability Emerging Markets Index for five consecutive years



CDP international carbon disclosure questionnaire won A minus leadership rating



RobecoSAM 2017 Sustainable Almanac Most Improved Telecommunication Company Award

2016

MAR

APR

MAY

JUN

AUG

SEP

OCT

DEC

2017

FEB

Ranked among the top 5% in "Corporate Governance Assessment"

Top award in the service category at the annual survey by the Global Views Monthly CSR Awards

The first telecommunication service provider in Taiwan to pass the ISO 14001:2015 certification

"CommonWealth" Magazine Top 10 finish at the Excellence in Corporate Social Responsibility Award by CommonWealth Magazine

Six major awards including the Most Prestigious Sustainability Awards-Top Ten Domestic Corporate at the "Taiwan Corporate Sustainability Awards"







Members of the 2016 of Directors:  
Chairman Daniel M. Tsai (center left)  
and Vice Chairman Richard M. Tsai (center right) ;  
the remaining 7 directors and independent directors: (from left to right)Howard Lin, Tsung-Ming Chung, Jack J.T. Huang, James Jeng,Shan -Zheng Chang,Hsueh-Jen Sung,Guu-Chang Yang



Daniel M. Tsai  
Chairman of Taiwan Mobile CO. Ltd



Richard M. Tsai  
Vice Chairman of Taiwan Mobile CO. Ltd



Shan Cheng Chang  
Chairman of Taiwan Mobile Foundation





James Jeng  
President



Rosie Yu  
Chief Financial Officer and Executive Vice President



Jeff Ku  
Acting Chief Business Officer  
and Senior Vice President



C.H. Jih Senior  
Chief Technology Officer  
and Senior Vice President



Yo Qi Zhang  
Chief Information Officer  
and Vice President



Ariel Hwang  
Acting General Counsel  
and Vice President



## Company Overview

Taiwan Mobile Co., Ltd. (abbreviated to TWM) was established in February 1997 and was awarded a government-issued operating license for Type I telecommunication businesses in the same year. The company set up HQ (located at 12F., No.88, Yanchang Rd., Xinyi Dist., Taipei City), subsidiaries, and business locations in Taiwan. Our retail stores can be found across the country, including 447 direct sales outlets and 390 franchise outlets (as of December 2016). TWM became the first privately operated telecommunication business to be publicly traded on the Taiwan Stock Exchange. In 2002, TWM was included in the Taiwan 50 Index and selected as an investment index constituent stock of Morgan Stanley Capital International (MSCI) and has been chosen as a DJSI (Dow Jones Sustainability Index) constituent stock for emerging markets since 2012, for five consecutive years. TWM is listed as a DJSI constituent stock side by side with leading global telecommunication enterprises such as UK-based Vodafone UK and the US-based AT&T.

Between 2007 and 2008, the company acquired and merged with Taiwan Fixed Network, Taiwan Telecommunications, TransAsia Telecommunications, and Mobitai Telecommunications to enhance the scope of operations and gain the ability to provide integrated services. The corporate framework spans the fields of mobile communications, fixed networks, broadband Internet services, and cable TV. Users are provided with seamless, multi-screen cloud service digital convergence services through cross-platform integration capabilities. The company offers supreme product and service quality, innovative R&D capabilities, and world-class information security protection and creates optimized user experiences for its customers. TWM is the telecommunication and media service provider with the widest layout in the fields of T.I.M.E: telecommunication, internet, media and entertainment, and e-commerce. The official provision of 4G services in June 2014 marks a new milestone.

TWM's business operation is divided into the following four business groups: Consumer Business Group, Enterprise Business Group, Home Business Group and retail business. An overview of the services and revenue conditions of different business groups is provided below:

Consumer Business Group	Taiwan Mobile	Voice and data mobile services for consumers (monthly and prepaid plans, other value-added services); mobile to international direct dialing (IDD) services
Enterprise Business Group	TWM Business Solution	Voice and data mobile services for enterprises, fixed-line services (voice, data, Internet access), International simple resale (ISR) services, system integration, IDC and cloud (IaaS)
Home Business Group	TWM Broadband	Pay TV services, cable broadband services and others
Retail business	momo	E-Commerce, online shopping, TV home shopping, mail order

## Chapter

## 1

# Envisioning an Integrated Strategy

Operations and Management of Corporate Social Responsibilities

Sustainable Business Models

Measurement and Assessment of Social Value

Emerging Risks and Opportunities

Material Issues

— Stakeholder Engagement

— External costs and benefits of Company operations

— CSR Vision 2020 Project

— Market Positioning and Implementation Strategy

臺灣藍鵲(學名: *Urocissa caerulea*)

又叫臺灣暗藍鵲、長尾山娘  
長尾陣、山娘，為臺灣特有種

Photo by  
International professional photographer 黃正雄





# 1.1 Operations and Management of Corporate Social Responsibilities

## CSR Guiding Principles

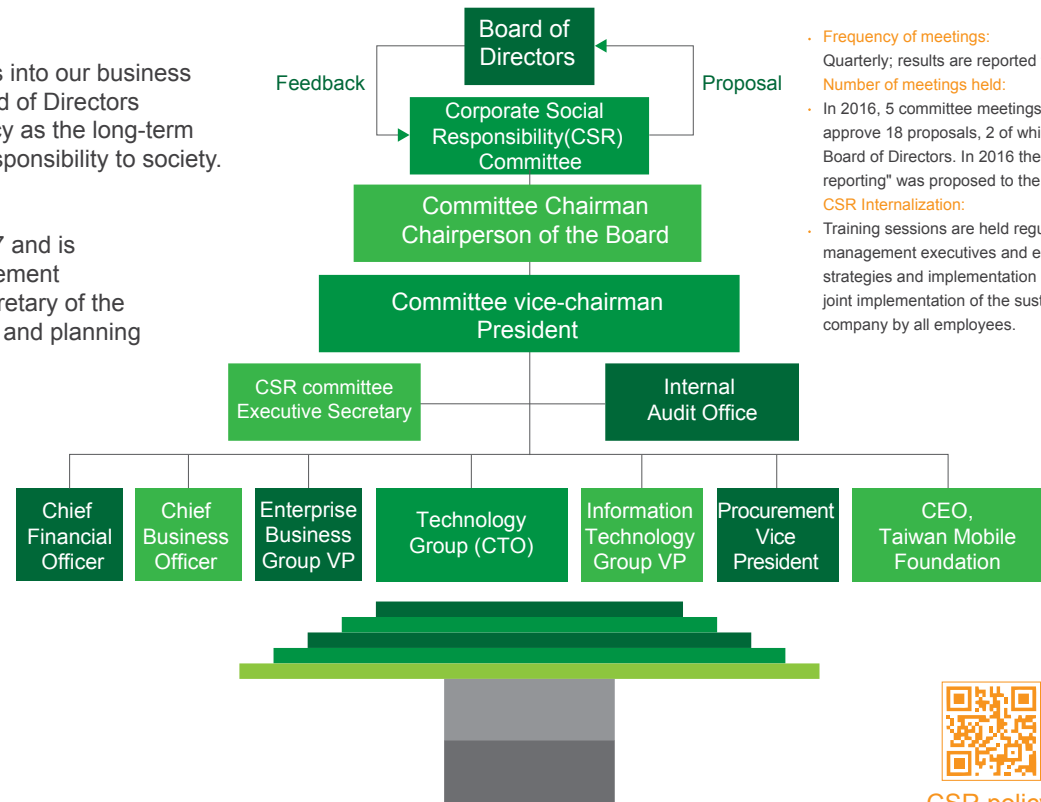
TWM has internalized corporate social responsibility principles into our business strategies and everyday operations. In January 2011 the Board of Directors approved the company's Corporate Social Responsibility Policy as the long-term guiding principles for advancing our ideals and fulfilling our responsibility to society.

## Dedicated CSR department

The Social Responsibility Department was established in 2007 and is directly subordinate to the Public Relations and Brand Management Division. Responsibilities include serving as the executive secretary of the CSR Committee, coordinating cross-departmental operations, and planning and implementing CSR strategies and related projects.

## CSR Committee

In 2014, the CSR Committee, under the direct oversight of the board, was officially established with the chairman of the board as the committee chairman and the president as the vice chairman. Top executives from all business groups serve as committee members and identify risks and opportunities for relevant issues in the dimensions of economy, environment, and society with the goal of formulating sustainability strategies through the full integration of operational and core resources. The goal is to ensure the accountability and participation of top executives in CSR related issues and to manifest elevated governance, which we are confident, will lead to a positive feedback cycle.



- **Frequency of meetings:**  
Quarterly; results are reported to the Board of Directors
- **Number of meetings held:**  
In 2016, 5 committee meetings were convened to approve 18 proposals, 2 of which were passed by the Board of Directors. In 2016 the "Issuance of integrated reporting" was proposed to the Board.
- **CSR Internalization:**  
Training sessions are held regularly each year for management executives and employees on major CSR strategies and implementation approaches to ensure the joint implementation of the sustainability vision of the company by all employees.



CSR policy

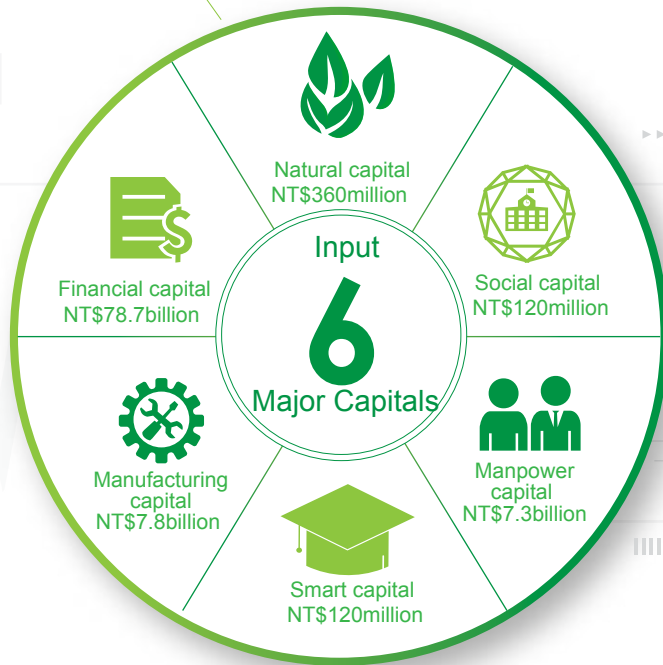
## The highly decision by CSR committee in 2016

- Reviews the management executives' compensation taking future operating risks, CSR performance into consideration.
- Integrated Report (IR) for the analysis of material issues.
- Emerging risk and opportunity identification.
- Greenhouse gas emission reduction target and strategy evaluation.
- Environmental Management Committee officially established. *Approval by Board of Directors*
- Environmental Management Committee officially established. *Approval by Board of Directors*
- Participation in two major committees of the Global e-Sustainability Initiative (GeSI). *Approval by Board of Directors*
- Planning of green energy initiatives and green power purchase strategy. *Approval by Board of Directors*
- Formulation of "Human rights policy" and "Management guidelines for charitable contributions and sponsorships", revision of the "Supplier CSR code of conduct". *Approval by Board of Directors*



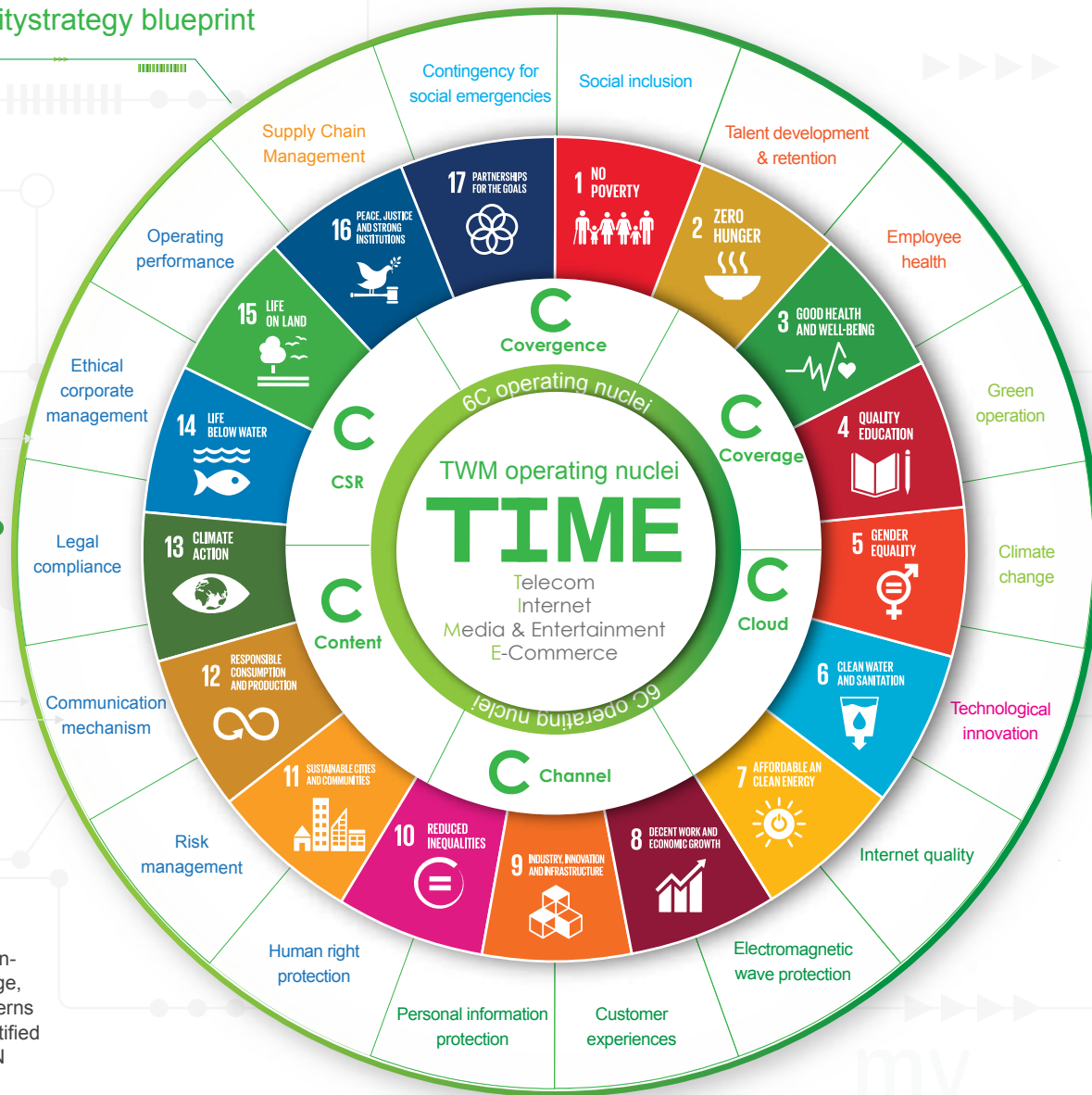
## Sustainability strategy blueprint

### Input 6 major capitals



## 1.2 Sustainable Strategies Map

Based on TWM's strategic objectives of T.I.M.E. (Telecom, Internet, Media & Entertainment and E-Commerce), our core operations have been founded on the 6C (Coverage, Convergence, Cloud, Content, Channel, and CSR). Moreover, to answer to the concerns of the eight primary stakeholders and to create seven primary values, TWM has identified 18 material topics in response to the 17 Sustainable Development Goals from the UN (SDGs) so that TWM can work toward our ultimate goal of becoming an outstanding, pioneering and sustainable digital trendsetter.



Create 7 major highlight values



For our eight major groups of stakeholders



- Total revenues set an all-time record
- EBITDA grew 5%
- Company market value increased 5%
- The Company ranked among the top 5% in "Corporate Governance Assessment".



- 4G coverage reaches 99%
- Information security/customer service ISO certification
- Named as one of the constituents of DJSI for five consecutive years
- CDP A- leadership corporation



- Reduced 7,748 tons of CO<sub>2</sub>e
- Created 52kW in green energy
- Green procurement reached NT\$336 million
- my series of carbon footprint certification



- Self-evaluation by 250 suppliers
- Training for 170 suppliers
- Auditing for 20 suppliers
- Green energy advocacy by 11 partners



- More than 20 kinds of innovative services
- Innovative Management Committee
- Cross-industry alliance of Internet of Vehicles
- Multi-layered DDoS defense



- Taiwan High Compensation 100 Index
- CSR included in performance audit and review
- CSR training for 5,439 persons
- Management of employee health risks



- Over 20 public welfare projects
- Fostered first amateur singer
- Helped NPOs raise NT\$19.83 million
- 8.7-fold return on social investment

## 1.3 Proactively respond to SDGs

Taking pride on being an industry benchmark on sustainability, TWM proactively responds to SDGs through seven primary values and 18 material topics. Please see the following table for details:ing table for details:

7 crucial values	18 Material issues	TWM's contributions to sustainable development goals		7 crucial values	18 Material issues	TWM's contributions to sustainable development goals		
Ethical governance	Corporate governance and operating performance Ethical corporate management Legitimacy/legal compliance Communication mechanism Risk management		<ul style="list-style-type: none"><li>Smart micro e-commerce (e.g. entrepreneurial guidance for young people, coaching new farmers, guidance on local cultural and creative endeavors, and innovative live broadcast and interactive applications)</li><li>Wali app partnering with local businesses</li><li>Percentage of employees with disabilities exceeding statutory requirements</li><li>Zero child or forced labor</li></ul>	Happy workplace	Employees' physical and mental health Respect for and protection of human rights Talent development and retention		<ul style="list-style-type: none"><li>Providing employees with medical check-ups that are more comprehensive than that required by law</li><li>Wide selection of health promotion and well-being programs</li><li>Employee health risk management mechanisms</li><li>mySports employee online sports competition</li></ul>	
Excellent Brand	Network quality and coverage Personal information security and privacy protection Customer experiences EM wave safety		<ul style="list-style-type: none"><li>4G network coverage achieving 99%</li><li>Base stations/equipment rooms are fitted with high weather resistance power supply equipment (SMR)</li><li>Mobile base stations provides communications support for disaster-stricken areas</li><li>Having developed over 20 innovative products or services</li></ul>					<ul style="list-style-type: none"><li>Equitable number of male and female employees and compensation</li><li>Avenues for sexual harassment complaints</li><li>Maternity leave with conditions preferable to those required by law</li><li>Creation of a maternal health protection plan</li></ul>
Digital Innovation	Innovative technological applications		<ul style="list-style-type: none"><li>Fleet Manager service improves efficiency in transportation</li><li>Implementing disaster alarm systems to issue advance and timely warning messages</li><li>Base stations/equipment rooms are fitted with high weather resistance power supply equipment (SMR)</li></ul>				<ul style="list-style-type: none"><li>5180 Mobile Donation and i-Infinity Digital Welfare facilitate fundraising for NPOs</li><li>We provide special cable TV rates for low-income households</li><li>Diverse special rate plans are also available to disadvantaged groups</li></ul>	
Environmental sustainability	Climate change mitigation and adaptation Green operations		<ul style="list-style-type: none"><li>The Cloud IDC and offices at the Taipei New Horizon and Tunnan Tower are equipped with rainwater harvesting systems.</li></ul>	Social inclusion	Social inclusion Contingency for social emergencies		<ul style="list-style-type: none"><li>Made public service micro-film "Temperature" to remind everyone to refrain from wasting food and to protect and conserve resources. The film has been viewed nearly 2 million times since</li></ul>	
			<ul style="list-style-type: none"><li>Construction of renewable energy infrastructures is growing at a rate of 10% annually; the total accumulated capacity will be at least 250kW by 2020</li></ul>				<ul style="list-style-type: none"><li>i-Infinity Digital Welfare App<ul style="list-style-type: none"><li>-Bubble Adventures App - tablet computer game to facilitate early recovery</li><li>-Wheelmap - valuable resources for millions of people with disabilities, senior citizens and families with baby strollers</li></ul></li><li>Mobile medical vehicles for remote mountainous areas</li></ul>	
			<ul style="list-style-type: none"><li>We have developed a "waste disposal and management plan" to expand the scope of waste reporting</li><li>Waste cables are recycled and disposed of by qualified vendors certified by the Environmental Protection Administration</li><li>Route planning for cable layout is optimized to reduce cable usage</li></ul>				<ul style="list-style-type: none"><li>Digital learning centers</li><li>Mobile Micro Movie Creation Camp for Teenagers</li><li>myfone Forum</li><li>Computer programming education for remote communities (to be carried out in 2017)</li></ul>	
			<ul style="list-style-type: none"><li>Developing short- and medium-term greenhouse gas reduction targets</li><li>Taking inventory of internal greenhouse gas emissions on an annual basis and proposing carbon reduction programs</li><li>Employee business travel and commuting carbon footprint inventory-taking</li><li>Expanding the construction of renewable energy infrastructures</li><li>Introduction of smart energy-conservation system, with total quantity of energy saved exceeding 19 million kWh</li><li>Developing online multimedia service PCR and obtaining the Carbon Footprint Label</li></ul>				<ul style="list-style-type: none"><li>i-Infinity Digital Welfare project</li><li>Broadband infrastructure construction for remote communities - achieving network coverage of 92% in terms of population</li><li>Digital learning centers</li><li>Mobile medical vehicles for remote mountainous areas</li></ul>	
			<ul style="list-style-type: none"><li>We jointly proposed the construction of the TSE1 submarine telecommunications cable system with other telecom operators. The system complies with Environmental Protection Administration regulations. The cable carries no electricity and is therefore free from electric leakage and overheating</li><li>We have called for corporate volunteers to participate in ocean and beach clean-up activities (to be carried out in 2017)</li></ul>				<ul style="list-style-type: none"><li>Establishing complaint channels for illegal assault in the office environment as well as to prevent violence in the workplace</li><li>Development of the Ethical Corporate Management Best Practice Principles and the Employee Rules of Moral Conduct to prevent corruption and briberies</li></ul>	
			<ul style="list-style-type: none"><li>We opt for toilet paper with forest-friendly FSC certification; we will also expand FSC certification to include office copier/printer paper and wooden building materials</li><li>We have called for corporate volunteers to participate in clean-up activities on hills and mountains (to be carried out in 2017)</li></ul>	Sustainable partners	Supplier management		<ul style="list-style-type: none"><li>Sustainable supply chain management practices</li><li>Leading 11 suppliers in the promotion of green energy initiatives</li></ul>	

Examples of business value being created after responding to SDGs in the table above:

## myfone Forum

Our stores offer free digital courses, reducing the digital divide between generations and benefiting a total of 47,648 people



## Smart micro e-commerce (Wali/myfone Shopping)

Assisting small-scale farmers in developing e-commerce, marketing and business operation capabilities; providing online shopping platforms to establish sales channels and improving the revenues of small-scale farmers with respect to local agricultural products, and helping them to earn reasonable profits. A total of 40 brands from small-scale farmers benefited from the arrangement

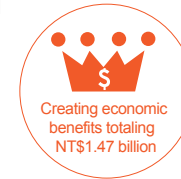


The Wali app integrates smartphones and public transit passes, allowing consumers to use mobile payment to pay for products and services. Our platform also works with local businesses to offer O2O coupons to attract customers, which helps the growth of the local economy. We also analyze users' behavior with big data analytics to improve our operational efficiency and to create even more business opportunities for local businesses. A total of 144,307 consumers and 8 shopping districts with over 11,500 stores have benefited



## Special discounts for disadvantaged groups

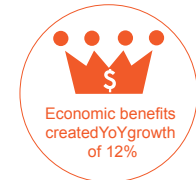
We offer special rates to certain economically disadvantaged groups, including senior citizens, students, residents living in remote areas and new immigrants, so that they can also enjoy the convenience of digital technology; a total of 253,000 users benefited



## My service

myMusic/myBook/myVideo

Providing digital convergence services on the cloud, which produces an environmental impact that is less than 1/7 times that of traditional modes of consumption



## Innovative Technology Applications

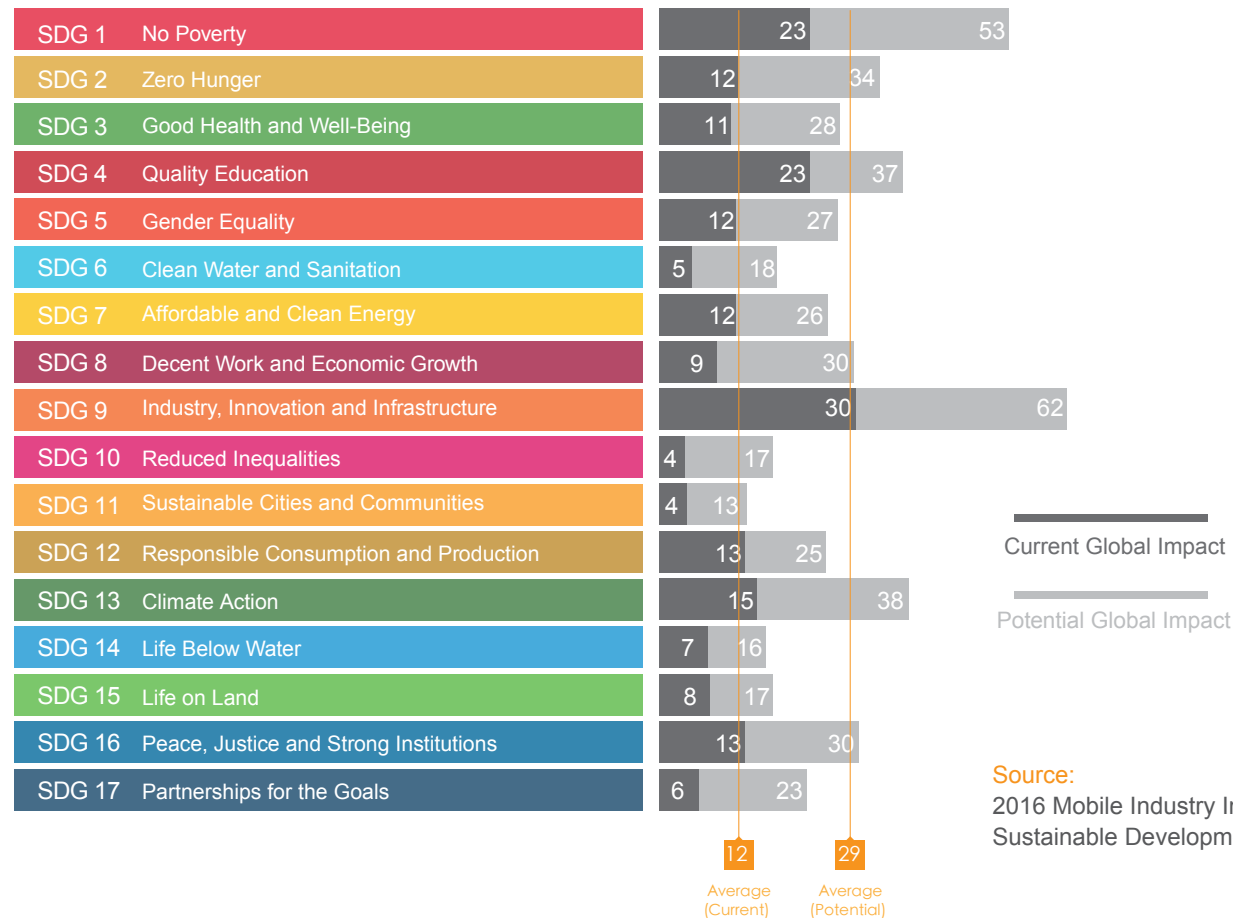
Launched various innovative products and services including 4G+ diversified payment package, myVideo customized audio and video recommendation, myfone shopping O2O, beacon online streaming, Wali pass, Tier III IDC, and more, creating new revenue sources.





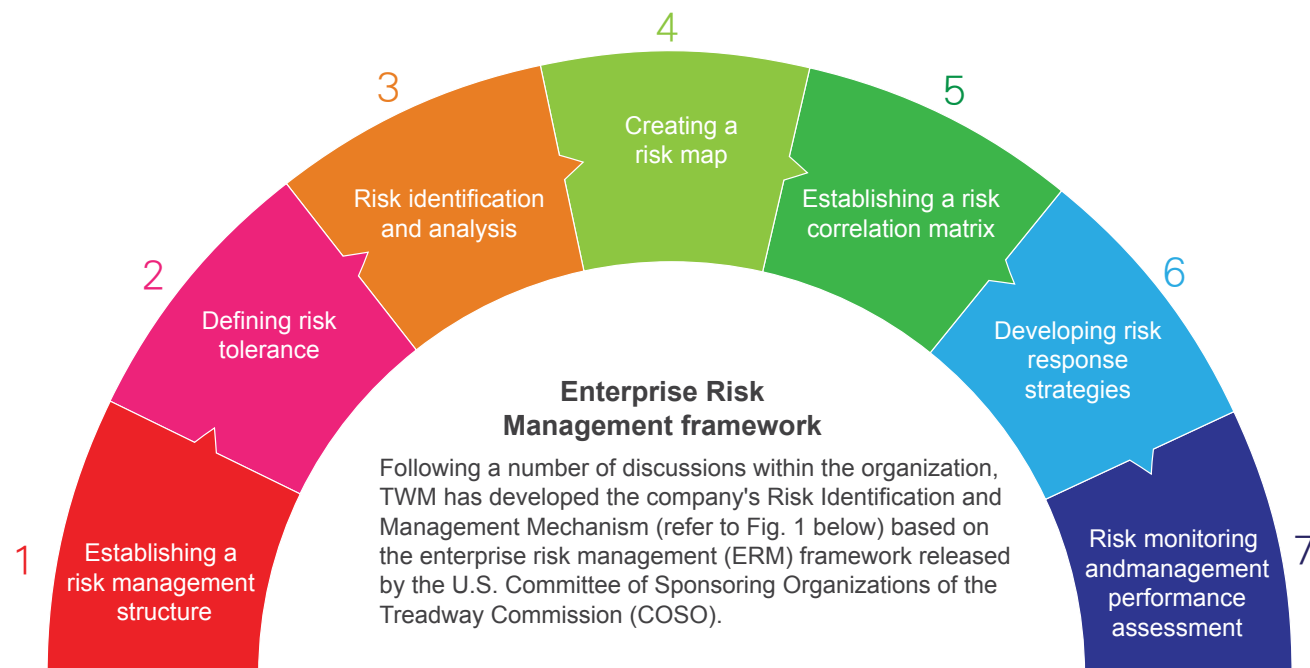
In reference to GSMA's impact analysis (see below) of the SDGs on the global telecom industry, besides promoting various practical actions to respond to the top three impacts (see Risk Map in Chapter 1.4 Emerging Risks and Opportunities) internally, and to contribute toward global

sustainable development and welfare, we have also joined in the global leading telecom companies to promote various projects. Industry Purpose initiative from GSMA in 2017 and collaborated with global leading telecom companies to promote various projects.



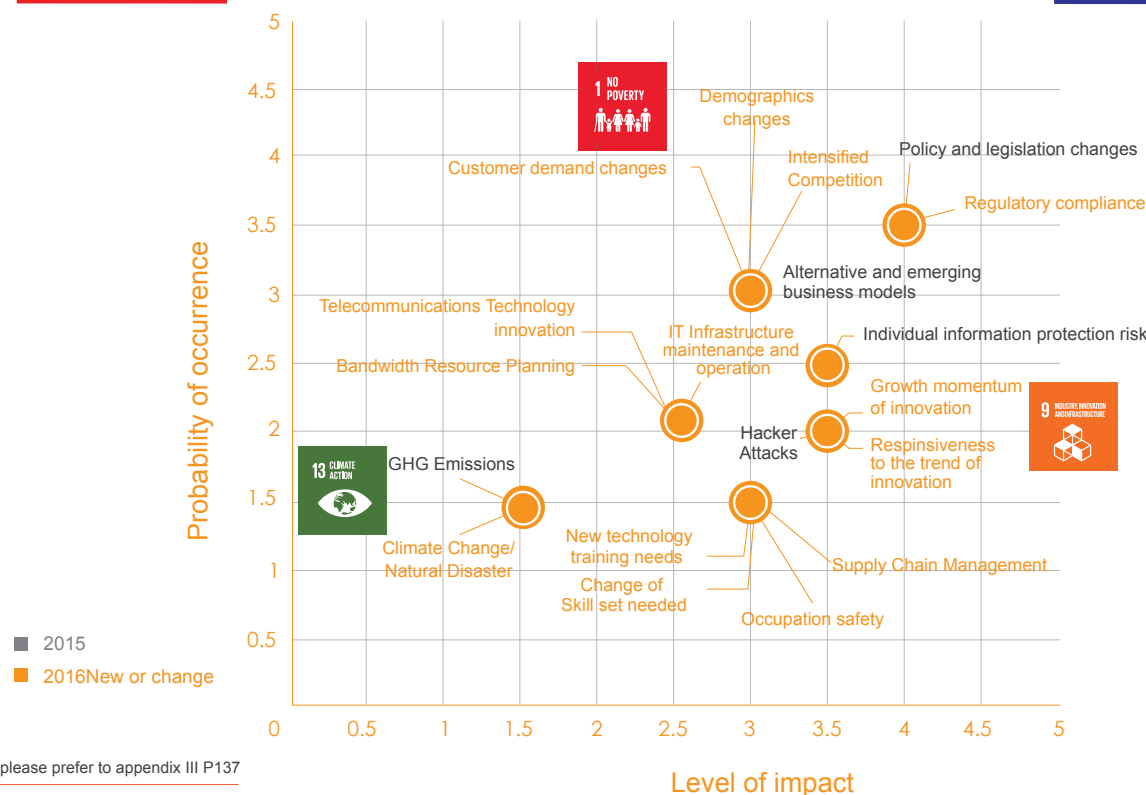
Source:   
2016 Mobile Industry Impact Report:   
Sustainable Development Goals, GSMA

## 1.4 Emerging Risks and Opportunities



### Risk map

The mechanism consists of the Board of Directors, the Risk Management Committee and dedicated risk management units. Based on international research reports, industry trend analyses, surveys internal and external to the organization, as well as corporate decisions and judgments, seven major risk categories have been identified: "regulations", "network bandwidth resources", "information security", "sales", "market", "talent cultivation" and "innovation management", from which a total of 19 risk factors have also been identified and a risk map has been created (refer to right Fig. below).

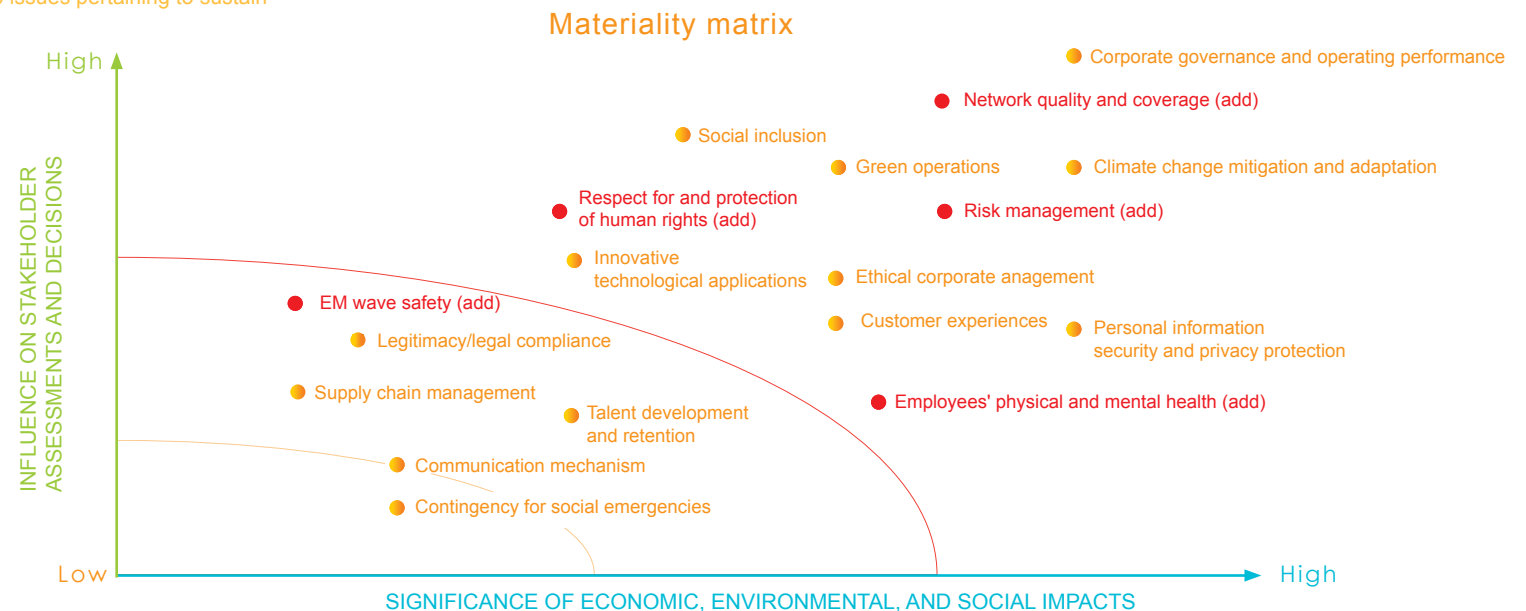


8 risk factors that belong to the significant and emerging risk categories please refer to appendix III P137

## 1.5 Material Issues

### 1.5.1 Material Issues and Strategies

TWM uses various channels to communicate with stakeholders so as to compile and organize issues of concern based on the principles of sustainability context, materiality, integrity, and stakeholder inclusiveness. Material issues are identified through the following procedures, which are reviewed for their appropriateness and adequacy on a regular basis.





## 1.5.1 Material Issues and Strategies

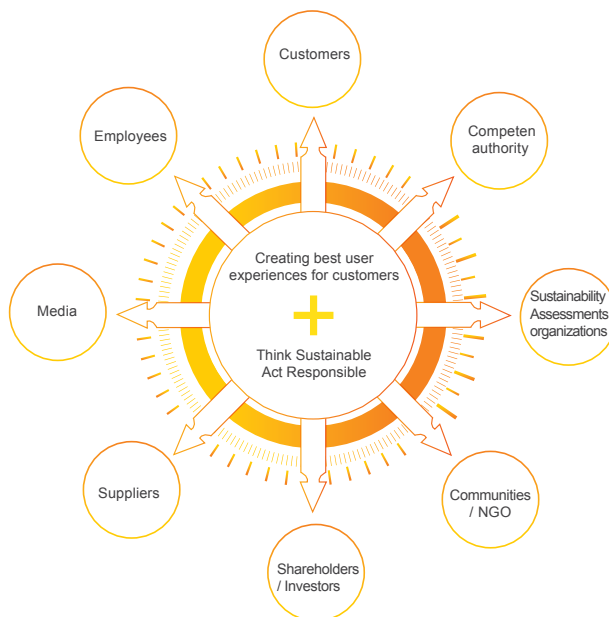
Based on the 18 materiality matrix items in 2016, we have selected five material issues of concern, including climate change mitigation and adaptation, network quality, privacy protection, innovative technological applications, and supply chain management. Impact analysis is conducted and response strategies are formulated.

Material Issues	Materiality ranking	Impact			7 Definitive Values	Significant impact on TWM	Relevant cases of implementation			
		Cost	Revenue	Risks			Item	Benefit	Target	Target year
Climate change mitigation and adaptation	High	●			Environmental Sustainability	1. Global warming has caused extreme weather conditions and resulted in increased windstorm and damage to external stations 2. The culprit of global warming is carbon dioxide emissions, and as citizens of Earth enterprises must go green and reduce consumption of resources	Energy conservation and carbon reduction	1.Regularly monitoring electricity consumption of equipment and giving priority to improving energy efficiency or upgrading old equipment 2.In 2016 we actively implemented energy-saving construction methods at equipment rooms and base stations (40% of which have completed the implementation); the amount of cumulative savings in energy will exceed 19 million kWh.	Carbon emissions returning to 2016 levels by 2025	2025
							Waste reduction	1.Environmentally friendly lithium batteries are purchased to reduce the usage of lead-acid batteries by 16,700 tons 2.The shortest and optimal routes are used to lay the cables, thus reducing the use of PE-filled cables by 5% 3.Sale of usable telecom equipment that has been replaced	Annual reduction of 2%	2020
							Water conservation	Rainwater harvesting system: treated water is used for watering landscaping plants or toilet flushing, thus achieving substantial savings in water consumption and reducing waste. Office water consumption is down by 5.6%.	Annual reduction of water usage by 1%	2020
Network quality	High	●			Outstanding Brand	When a problem occurs in the network, it is necessary to determine the cause of the malfunction at once by focusing on the messages from network element's monitoring device before the problem can be handled properly. The goal is to minimize customers' outage duration and scope.	Integrated Network Management System (NMS)	1.Each piece of equipment is integrated via the element management system (EMS). Alarms are correlated with network topology and time series analysis is carried out to shorten the time of determining the cause of malfunction, thus improving early warning capability before service outage strikes. 2.Over 50 EMS systems for network elements are integrated into the NMS with 3 sets of dispatch systems, thus optimizing the deployment of human resources. 3.The Network Operations Center (NOC) is responsible for providing prompt clarifications of the root causes of equipment malfunction, for dispatching maintenance staff to effect repairs. With the help of the NMS system 98% of the alarm messages can be filtered out and the core of the problem can be pinpointed accurately.	Incorporating maintenance and repair experience to speed up malfunction identification and removal	2019
Personal information and privacy protection	High	●			Digital Innovation	1.The telecommunication industry possesses a sizable database containing subscribers' personal and privacy information. If the data is leaked illegally, not only will customers suffer but the telecom operator's reputation will be damaged as well 2.Introduced the ISO 27001 Information Security Management System (ISMS) in 2004, which incorporates business processes and continuously improves the security mechanisms	Control of the number of unauthorized transfer of personal data files outside the organization	1.Increase in the risk of leaking confidential information from the transfer of personal data files. 2.The Information Security Committee continues to track cases of unauthorized data transfer by various departments (the system successfully blocked such transmission). The reasons for these occurrences have been assessed and improvement measures have been instituted 3.With the help of the system and administrative measures, in 2016 the number of monthly cases of unauthorized transfer of files was on a downward trend	The total number of unauthorized transfer of personal files for the year was reduced by 10%	2019
Innovative Technology Applications	High	●			Digital Innovation	Innovative technology brings new business opportunities or poses challenges to existing business. Hence, we have proactively blended innovative technologies with existing services or developed new services to maintain our market leadership position. Established Innovation Management Committee: headed by the Chairman, the Committee would coordinate and integrate innovative development strategies and establish control mechanism. Positioning to become an industry pioneer in convergence and adopts 6G strategies Laid out strategies for developing OTT, Mobile Service, iCloud, big data, and IoT.	Digital media products Mobile Commerce platform Cloud IDC project Customer Experience Management (CEM) Fleet Manager	Launched various innovative products and services including 4G+ diversified payment package, myVideo customized audio and video recommendation, myfone shopping O2O, beacon online streaming, Wall pass, Tier III IDC, and more, creating new revenue sources. Revenue from innovative products/services grew up 48%.	Our long term target is to achieve a 48% growth in innovative	2027
Supply Chain Management	Medium	●			Sustainability Partners	1.Human rights and labor rights management aimed at suppliers, environmental and other sustainability actions being closely linked to TWM's commitment to sustainability 2.Supply chain management has a significant impact on Taiwan Mobile's brand and business operations	Sustainable supply chain responsibility management project	Strengthening suppliers' sustainability management mechanisms; expectations of investors and other stakeholder groups toward Taiwan Mobile's supply chain management are taken into consideration when implementing the project, which is expected to achieve the following objectives: Every year TWM conducts reviews of documentation of over 250 of our major suppliers, and we also carry out on-site inspection of 20 of them. We also organize education and training sessions for the suppliers.	Results of the project's assessment will be incorporated, and sustainability-related practices will also become part of the requirements for receiving tender documents.	2018

## 1.6 Stakeholder Engagement

### 1.6.1 Identifying Stakeholders

TWM has identified eight categories of stakeholders based on AA1000 principles, internal identification procedures, externally administered questionnaires and the results of conferences held with stakeholders and after opinions within and outside of the organization have been compiled. We have also established dedicated communication channels for the different types of stakeholders to address and respond to their demands. We also organize regular engagement conferences to facilitate face-to-face communication with customers, NGOs, and suppliers in order to respond to their expectations. These discussions serve as a main reference for practices in the triple bottom line, i.e. economy, society, and environment, and they also lay the foundation for the sustainable development of TWM.



Stakeholders	Importance to TWM	Communication strategies	Frequency	Issues of concern/our responses
Employees	Talent is the key to maintaining an organization's sustainable competitiveness; we aim to create a comprehensive and stable working environment for our employees	Performance evaluation, interviews, multidimensional feedback mechanisms and career development discussions	Twice a year	2.1.2.2 Multidimensional Evaluation 2.6.1 Talent Development and Retention 2.2.4 Communication Mechanism
		Internal communication mechanism	Non-scheduled	
		Internal educational training	Non-scheduled	
		Employee opinion survey	Once every 2-3 years	
		Employee Welfare Committee/Committee	Non-scheduled	
		Internal and external websites	Non-scheduled	
		Labor-management meetings	Once per quarter	
Suppliers	Suppliers are an important part of enterprise sustainability, and only through the support of the value chain are we able to provide our customers with comprehensive products and services	President's mailbox, grievance mailbox	Non-scheduled	2.2 Sustainability Partners 2.2.4 Communication mechanism
		Manufacturer communication mechanisms	Non-scheduled	
		Meetings for education on norms	Non-scheduled	
		Mail	Monthly	
		Grievance hotline	Non-scheduled	
Competen authority	Responsible for improving the practices and systems of the telecommunications industry in Taiwan	Questionnaires/conferences	Non-scheduled	2.1.2.4 Legal compliance GRI tables
		Meetings, visits	Non-scheduled	
Communities / NGO	We have adopted the expression "The larger the business, the more responsibilities it has; Genuine care and concerns are the beginning of taking actions!" in the hopes of bringing positive influence to the society	Official documents	Non-scheduled	1.7 Stakeholder Engagement 2.3.4 EM wave safety 2.7 Social Inclusion
		Electromagnetic wave testing hotline	Non-scheduled	
		Public welfare events	Non-scheduled	
		Foundation website	24 hours	
Customers	The voice of the customer is the impetus for our growth. We are committed to providing "five hearts" class customer service and to create the best smart mobile experiences for our subscribers	Questionnaires/conferences	Non-scheduled	2.3.2 Network quality and customer experiences 2.4.2 Innovation in products and services 2.2.4 Communication mechanism
		Customer service hotline and mailbox	24 hours	
		Marketing activities	Non-scheduled	
		Customer satisfaction surveys	24 hours	
		Public information/Communication through text messages	Non-scheduled	
		Official website and customer service app	24 hours	
Shareholders / Investors	We are committed to maximizing the profitability of our shareholders through business performance	Questionnaires/conferences/ official documents	Non-scheduled	2.1.1 Operational Strategies and Performance 2.2.2 Ethical Governance and Legal Compliance
		General Shareholders' Meetings,investo conferences and meetings, road shows	18 in 2016	
		Special website section for investors	24 hours	
Media	The media is the most direct and effective avenue for conveying the company's brand image	Questionnaires	Non-scheduled	1.7 Stakeholder Engagement 2.3 Excellent Brand
		News release	5-8 per week on average	
Sustainability Assessments organizations	Appraisal organizations represent the standards against which our performance is evaluated	Press conferences	Non-scheduled	Key Performance and Awards
		Submissions for major national awards	Once every 2-3 years	
		Responses to international sustainability assessments - CDP & DJSI - CDP & DJSI	Annually	

► Material Issues, material aspects and boundaries please refer to appendix IV P138



2016 TWM ▶  
Major stakeholders Conference ▶▶▶▶

## 1.6.2 Responses to Material Issues

### Case : Network access interruption incident:

In 2016 there was one instance of network outage that impacted services to our customers:

On June 8 the software of 3G voice switches malfunctioned and caused some subscribers to experience anomalies in voice reception. On the other, data transmission was not affected. The problem was resolved in the morning of the same day. This abnormality was fixed within 2 hours.

### Rectification measures for voice service malfunctions:

- Though the downtime did not meet the standards for compensations listed in the business operation principles and service contracts; nevertheless, TWM still decreased the monthly payment plan of users affected by this incident by 5% for that particular month.
- Strengthening the skills of new hires by providing them with specialized training programs: We provided 9 new e-learning courses on network essentials to increase the total number of courses to 18. In late January 2017 we completed the training of 123 newly hired engineers.
- Implementing the Operation Guarding System (OGS): We have deployed the Operation Guarding System (OGS) to address problems faced by ten major categories of crucial communications equipment. In December 2016 the automated OGS system was completed. The system provides predictive double-sentry control, thus being able to prevent delays in solving critical problems due to incorrect diagnosis by first-line operators. In addition, system operations are recorded online so that supervisors can monitor operators' actions and block any unauthorized commands from being executed.
































## 1.7 External costs and benefits of Company operations

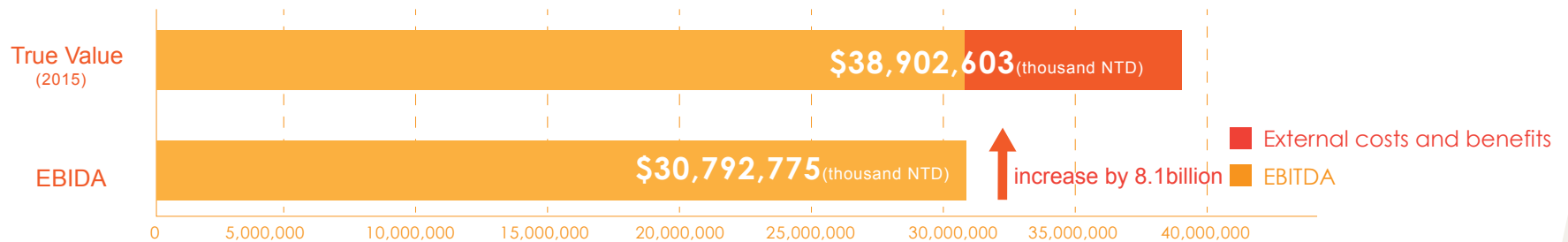
In order to measure the environmental and social externalities generated by business operations for the value chain, we proceeded to study the major impact factors created in the process of business operations and convert them into quantitative indicators. The data collected was confined mainly to the year of 2015, with external costs and benefits converted to dollar amounts. The "true value" of the Company or a given project is expressed in an integrated manner to gain intimate knowledge of more comprehensive investment interests and risks and to enhance the ability to deal with risks and identify business opportunities. In addition, natural capital and social capital are taken into consideration to arrive at investment decisions that will lead to benefits for both the enterprise and the society. Results of the calculations indicate that the environmental externalities caused by the process of business operation cannot be ignored, and therefore in 2016 we actively implemented a number of measures to respond to them, including the introduction of smart energy-saving systems, the development of a monitoring system for engineering vehicles, and the participation in the GeSI initiative. The true value of the enterprise has been increased by more than NT\$7.4 million as a result. As a next step, we will continue to plan actions to respond to the external costs with respect to the environmental and social dimensions. Starting with internal operations, we will expand the scope in the outward direction and internalize the quantitative indicators of the true value in our management processes.

### Identification Process and Results for Environmental/Social Externalities



## TWM's True Value Calculating indicators, External costs and benefits

	Calculating the indicators	External costs and benefits (\$'000)	2016 actions in response	Follow-up actions/objectives
 <b>Environmental externalities</b>	 Waste recycling	 \$2,180	<ul style="list-style-type: none"> <li>Construction of green energy-powered base stations</li> </ul>	<ul style="list-style-type: none"> <li>Growth in green energy usage by 10% annually</li> </ul>
	 Renewable energy usage	 \$986	<ul style="list-style-type: none"> <li>Joining GeSI to participate in smart energy conservation research</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative installed capacity of green energy reaches at least 250 kW by 2020</li> </ul>
	 Rainwater harvesting	 \$270	<ul style="list-style-type: none"> <li>Supporting green energy policy by purchasing one million kWh in green energy</li> </ul>	<ul style="list-style-type: none"> <li>Absolute reduction of greenhouse gas by 1%</li> </ul>
	 Greenhouse gas emissions	 \$448,275	<ul style="list-style-type: none"> <li>Replacing old equipment</li> </ul>	<ul style="list-style-type: none"> <li>Annual water savings by 1%</li> </ul>
	 Consumption of water resources	 \$82,843	<ul style="list-style-type: none"> <li>Expansion of smart energy conservation for base stations</li> </ul>	<ul style="list-style-type: none"> <li>Annual general business waste reduction by 2%</li> </ul>
	 Air pollution and emissions	 \$22,134	<ul style="list-style-type: none"> <li>Smart monitoring system for engineering vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of gasoline by engineering vehicles by 8%</li> </ul>
	 Waste disposal	 \$103		<ul style="list-style-type: none"> <li>Carbon emissions returning to 2016 levels by 2025</li> </ul>
 <b>Economic added values</b>	 Employee compensation and benefits	 \$5,832,447	<ul style="list-style-type: none"> <li>Free digital lessons at TWM stores around the country</li> </ul>	<ul style="list-style-type: none"> <li>Assistance provided to NPOs to raise at least NT\$10 million annually</li> </ul>
	 Public expenditures (National economic development and infrastructures)	 \$2,717,030	<ul style="list-style-type: none"> <li>Public service micro movies to help NPOs raise funds</li> </ul>	<ul style="list-style-type: none"> <li>Social engagement: at least 5 million participations per year</li> </ul>
 <b>Social externalities</b>	 Digital inclusion (myfone Forum/E-Learning centers)	 \$101,325	<ul style="list-style-type: none"> <li>Establishing employee health risk management mechanisms, including the prevention of neural and cardiovascular diseases triggered by excessive work, assessment of human-factor hazards, and maternal health protection</li> </ul>	<ul style="list-style-type: none"> <li>Promoting computer programming education for remote communities</li> </ul>
	 Mobile donation channel	 \$7,208		<ul style="list-style-type: none"> <li>Introducing the OHSAS 18001 Occupational Health and Safety Assessment system</li> </ul>
	 Micro movie fundraising	 \$6,887		<ul style="list-style-type: none"> <li>Expanded employee assistance programs</li> </ul>
	 Occupational injuries	 \$5,150		



## 1.8 CSR Vision 2020 Project

After TWM has evaluated Proposal of Sustainable Strategies and completed the research on our True Value, we have proactively and effectively controlled the externalities in the environmental aspect. Hence, in 2016, the Company has made significant adjustments to the '2020 CSR Vision,' in which 11 new strategic goals were added. Only 3 of these are relevant to the societal aspect, and all other goals are focused on environmental issues.

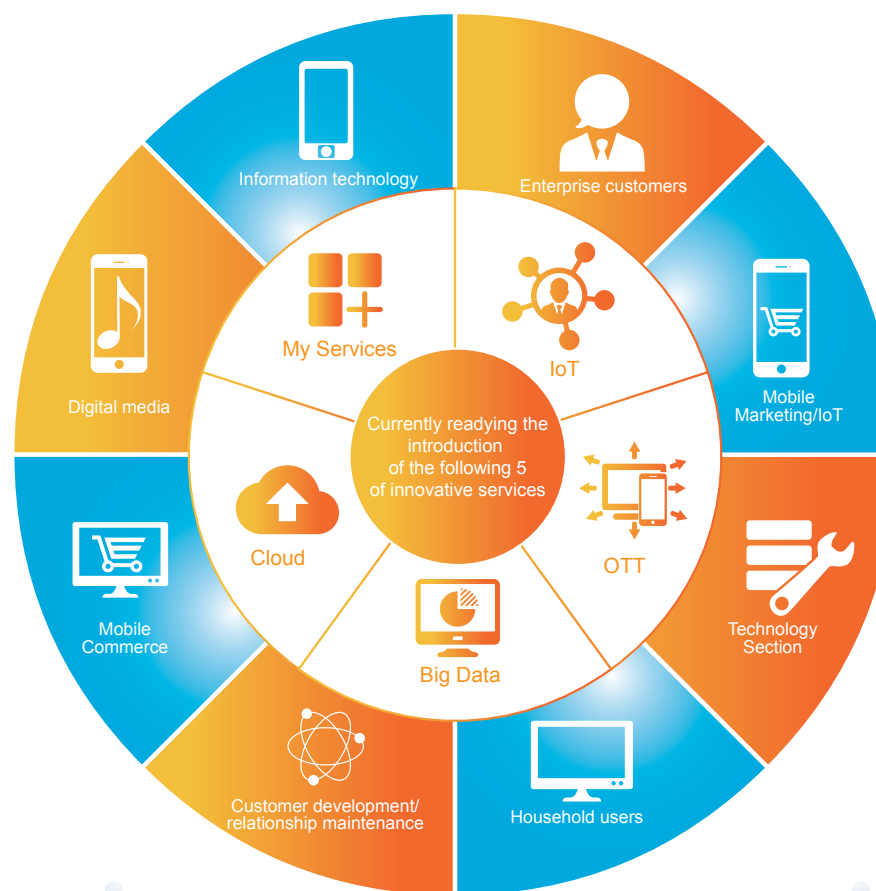




## 1.9 Market Positioning and Implementation Strategy

In response to the trends of increasing popularity of the Internet of Things (IoT), digital convergence and smart services in the market, Taiwan Mobile are currently readying the introduction of the following innovative services: "M Service", "IoT", "iCloud", "Big Data" and "OTT". Based on our analysis of trends and the backgrounds for innovative environments on business activities, we have been able to identify and clarify possible risks and opportunities, so that we can carry out specific planning of innovative strategies and projects to create maximum commercial value.

▶ Market Positioning and Implementation Strategy please refer to appendix V P140



Trends and analysis of  
environments for innovation

Opportunity and threat analysis

Innovation strategies





-  Operations with integrity
-  Sustainable partners
-  Outstanding brand
-  Digital innovation
-  Environmental Sustainability
-  Happy workplace
-  Social inclusion

## Chapter 2

# Creating Definitive Values

### 雲山水生態園區

雲山水自然生態農莊位於花蓮壽豐鄉，花東縱谷中央山脈及海岸山脈之間，占地約24公頃，其中夢幻湖面積大約4公頃。湛藍的夢幻湖水來自中央山脈，水質清澈，在陽光照射下產生動人景致，加上兩旁雲山水美景倒映在湖面上，如夢似幻的美景，讓它有「夢幻湖」之稱。

Photo by  
International professional photographer 黃正雄



## 2.1 Ethical governance

### Core concept

Providing comprehensive communication and digital convergence services based on the core philosophy of "creating the best user experience for our customers" and becoming a benchmark enterprise in the ICT industry. We adhere to the basic philosophy of "integrity" and fulfill our corporate social responsibility for the purposes of creating maximum value when for all stakeholders: our employees, suppliers, competent authorities, communities/NGOs, customers, shareholders/investors, media, and appraisal organizations.



### Commitment and Actions

We are committed to corporate governance based on international standards and to making transparency and integrity the foundation of our business operation. We strive to provide our customers with the highest quality communication and digital convergence services. We actively develop sustainability-based business strategies and employ digital resources to build new technologies for digital welfare. These specific practices represent our responsibility and commitment to all stakeholders.



### Achievements and performance

- In 2016 our total consolidated revenue reached a historic high of NT\$116.6 billion EBITDA was NT\$33.9 billion, a 5% increase over the previous year  
Net operating profit was NT\$20 billion, a 7% increase compared with the previous year  
Our EPS topped all other telecom carriers for the fifth consecutive year
- Green procurement amounted to NT\$336 million (an increase of 56.97%)
- We completed the sustainability appraisal of 250 suppliers and carried out on-site inspections of 20 of them
- We ranked among 5% in the Corporate Governance Assessment
- We were honored with the Transparency Award at the 2016 Corporate Sustainability Awards
- We received the "Best investor relations", "Best corporate social responsibility" and "Best CFO" awards for 2016 from Corporate Governance Asia magazine
- We were honored with "2016 Asia's Best Companies Poll", "Best managed public companies" in Taiwan, "Best corporate governance", and "Best investor relations" by the FinanceAsia magazine
- Financial capital input 78.7billion



### Vision and target

We will continue to enhance the efficiency of our telecom operations and improve the EBITDA. Making 4G rate plans and mobile phone subsidies more reasonable are two of the business focuses in 2017, so that we can raise the ROI of our 4G business and to create maximum benefits for our shareholders. In addition, we will continue to adhere to and implement the CSR guidelines in our overall business governance strategies. We also participate actively in international appraisals (such as DJSI and CDP) to evaluate the performance of our implementation and to provide incentive for fulfilling strategic goals in order to enhance our global competitiveness.

### Targets for 2017

- Total revenue increased by 2% over the previous year
- 4G penetration rate reached 72%



## 2.1.1 Operational Strategies and Performance

Business	Telecom business		Cable business	Retail business
	Mobile business	Fixed-line business		
Market position/share	Second-largest mobile operator in a five-player market, with a market share of around 29% in terms of mobile service revenue	Among the top three Internet Service Providers (ISP) in Taiwan	Fourth-largest multisystem operator (MSO), covering about 11% of households in Taiwan	B2C e-Commerce and TV shopping business is among the top two in Taiwan
2016 revenue (Note) (million-NTD)	81,850		6,533	28,081
2016 EBITDA (Note) (million-NTD)	28,568		3,504	1,371

Note: 1.Source: 2016 financial reports. The difference between the sum of each division and consolidated numbers was due to inter-division adjustments and eliminations.

2.Most of the 2016 revenue came from domestic sources. In which domestic revenue accounted for 98.86%, and overseas revenue accounted for 1.14%.

### Telecom business

The penetration rate of 4G monthly subscribers increased from 43% in late 2015 to 64% in year-end 2016. As the ARPU of 4G subscribers is higher than those of 2G and 3G subscribers, the increase in 4G subscribers drove the growth of ARPU for all monthly subscribers for 2016 by 2% compared with the previous year. As the economy of scale of our 4G business has expanded with improved operating efficiency, the EBITDA of the overall telecom business grew by 5% over the previous year.

### Cable business

In 2016, our revenue and profit for basic cable TV services were negatively impacted by recent entrants to the cable TV market in New Taipei City due to the reduced subscription fees offered by these new operators. However, with our continuing efforts to strengthen our product tying strategy, the proportion of cable subscribers who added our digital TV and broadband services has risen gradually. As revenue from channel agency services also increased, the total revenue for the Home Business Group was level compared with the previous year.

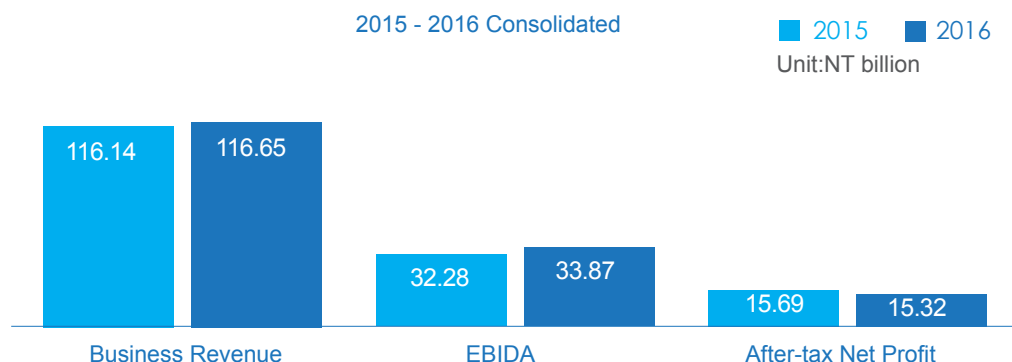
### Retail business

The momentum of our revenue growth in 2016 came mainly from the continual expansion of our B2C e-commerce business with a 10% growth in overall revenue over the previous year. Also with the modified business strategy of our TV shopping operations in mainland China, our loss was reduced, which contributed to a 15% annual growth in EBITDA for our retail business.

Overall, our total consolidated revenue for 2016 was NT\$116.6 billion, and the earnings before interest, taxes, depreciation, and EBITDA and net operating profit were NT\$33.9 billion and NT\$20 billion, respectively, which represent 5% and 7%, respectively, compared with the previous year. The after-tax net income was NT\$15.3 billion, or NT\$5.63 per share, which significantly exceeded the target financial forecast of 9% for the entire year. Our exceptional performance in profitability in 2016 stemmed from the better-than-expected operating performance in 4G services. Other invested businesses, such as e-commerce retail business also contributed momentum for profit growth, making TWM the top EPS performer in the telecom sector in 2016 for the fifth consecutive year.

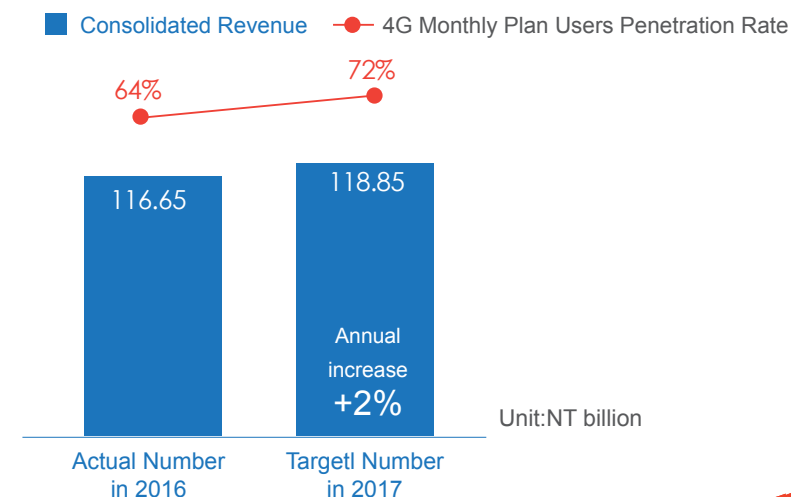


台灣大哥大「數位領航 卓越20」媒體春酒



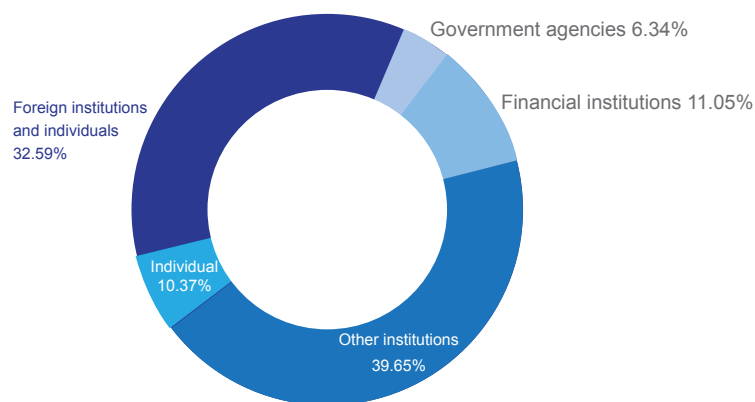
#### Operational Outlook for 2017

We expect that for 2017 our total revenue will grow by 2% to NT\$118.8 billion with a consolidated EBITDA of NT\$32.4 billion and EPS of NT\$5.28. With respect to the telecom business, our forecasts indicate that the 4G penetration rate will continue to rise, achieving 64% by year-end 2017 (cf. 64% for year-end 2016). The revenue for other value-added services will also grow by 13%, thus contributing to the overall increase of 8% in revenue in mobile services. Making 4G rate plans and mobile phone subsidies more reasonable are two of our business focuses in 2017. The goal is to raise the ROI of our 4G business. For non-telecom services (e.g. cable TV and momo), the combined EBITDA increased by 1% over the previous year, which also contributed to our profitability.



## Dividend policy and Shareholder rights

### TWM's Shareholders



Data date: July 6, 2016

We have adopted a dividend distribution policy whereby only surplus profits of TWM shall be distributed to shareholders, as well as a high cash dividend payout policy. Each year earnings are distributed pursuant to regulations set forth in our Articles of Incorporation and current laws. Distributions of dividends over the past three years:

Years	2013	2014	2015
EPS	5.6/share	5.6/share	5.6/share
Dividend	\$15,065	\$15,244	\$15,244

Unit: million NTD

In addition, since 2012 the board of directors has adopted the practice whereby votes are held on all relevant proposals and voting rights may be exercised by electronic ballot. The resolutions for the proposals are disclosed in the proceedings, company website and MOPS. These multiple voting options facilitate the exercise of shareholder rights for our shareholders. In 2016 the percentage of attendance weighted by voting rights and exercised via electronic ballot was 96.17%, which attested to the effectiveness of corporate governance.

## Tax Policy and Government Subsidies

We are committed to being an honest taxpayer and supporting the government's measures and tax reform efforts to promote enterprise innovation, research and development, and economic growth. For the purposes of pursuing sustainable development and fulfilling our social responsibility, TWM and subsidiaries have upheld the following tax policy:

- We comply with the tax laws and regulations of each nation when conducting business in that country; we file and pay the taxes due in an honest manner to fulfill our taxpayer's responsibility to the society
- We endeavor to provide financial reports that are transparent, and our tax disclosure has been handled in compliance with relevant regulations and guidelines
- We have established mutual trust and an sincere communicative relationship with the tax authorities, and we communicate with them on tax issues in a timely manner
- Tax risk and impact are taken in consideration when making important decisions and transactions
- We aim to improve the quality of our taxation professionals and employee training; when faced with rapidly changing tax regulations we will be able to assess the impact quickly and respond accordingly

Currently the actual tax rate applicable to us is comparable to the statutory tax rate of 17%; the difference stems mainly from our tax-exempt returns from investments in other domestic for-profit organizations in the forms of dividends or net surplus. Government-related expenditures and incomes for 2016 are as follows:

2016	Unit: 1,000 NTD
Income tax paid in cash	4,004,476
Government subsidies	288,863

Source: TWM's consolidated financial statements.

## 2.1.2 Ethical Governance and Legal Compliance

### Integrity and Code of Ethics

Integrity is one of the core values of TWM, and it is also the most important foundation for corporate sustainability. We have long adhered to the principles of corporate governance and complied with various laws and regulations, including the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, the Act on Recusal of Public Servants due to Conflicts of Interest, and rules relevant to TWSE/GTSM listed companies, and other laws and regulations related to business conduct. By implementing strict internal control, training, company-wide communication and the enforcement of employee code of ethics, we have internalized integrity in our corporate culture. Employees' ethical practices and behavior are an integral part of our employee performance evaluation procedure. We codified these principles in July 2010 as the Employee Rules of Moral Conduct, which includes The Principles of Honesty and Credibility, Prevention of Conflicts of Interest, No Self-Benefiting, Confidentiality, Fair Transactions, and the Proper Protection and Use of the Company's Assets. All employees are required to conduct business in a highly ethical manner and with integrity. In 2016 we updated the online course for "Employee Rules of Moral Conduct" by adding case studies and descriptions, the goal of which is to enhance employees' understanding of the provisions and to incorporate these ethical principles in their day-to-day work. The "Employee Rules of Moral Conduct" training course is required of all employees. All new employees who reported to work before year-end 2017 completed the training and passed the required examinations. In addition to the online course, we have also provided learning resources and documents to ensure that all employees understand the importance of complying with these ethical principles. Moreover, the following courses on related issues have also been offered: Legal responsibilities of managers, Information security, and Fair transactions. TWM has established an employee grievance system. The completely safe



Employee Rules of Moral Conduct

We also developed the Taiwan Mobile Ethical Corporate Management Best Practice Principles in January 2011. The scope of applicability spans subsidiaries, any foundation constituted as a juridical person to whom 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. The Company's ethical corporate management principles specifically spell out the prevention plans and procedures to handle the following prohibited activities: offering and accepting bribes; making illegal political donations; offering questionable charitable donations or sponsorships; and giving or receiving unreasonable gifts, hospitality or other illicit profits. Announcements and notices of relevant regulations are provided on a regular basis for staff members, managers, and board directors. As of January 1, 2014, all employees are required to sign an integrity statement to strengthen the concepts of integrity and self-discipline. In 2016, there were 9 incidents involving employees violating the Company's ethical corporate management principles (2 of which were related to corruption and bribery). Relevant actions have been taken to rectify these situations. For example: We have added a new administrative procedure whereby handsets are not handled directly by the business staff. Instead they are sent to the customers directly from the main warehouse. After a customer has completed the service application process with us, we will contact them by phone and the system will send an SMS message to confirm the transaction. We will continue our educational efforts in the future to give employees a better understanding of the importance and necessity of ethical conduct.



Ethical Corporate Management Best Practice Principles



## Multidimensional Evaluation

We conduct performance evaluations for all employees on a regular basis. At year-end, managers offer employees appropriate encouragement, feedback and assistance based on their performance at work. The "Multidimensional evaluation" system is also employed to help each individual understand their strengths and weaknesses through conventional appraisals by supervisors as well as evaluations of superiors by subordinates and evaluations by peers. The results will become the basis of their personal development. We also hope that this approach will help employees learn how to work with others in an efficient manner and to improve performance as a team.

After the grades of performance evaluation have been finalized, supervisors will officially notify their subordinates of the results. The degree of communicative effectiveness is also examined by conducting a survey of all employees to determine if supervisors have clearly communicated the results of the appraisals to the employees and explained the matters that require improvements.

Based on the development requirements of each employee, supervisors will discuss with them ideas about the next stage of their career planning, which will effectively help them with self-growth, provide tailor-made "optimal course packages" and establish their individual training plans, so that they can build up the skills and expertise required for the current position or in the next stage of their career in a methodical manner and with a clear objective. Employees given these options will understand their career goals better and we can help them to prepare for their future endeavors and to achieve the targeted level of performance and development objectives.

## Job rotation for procurement staff

To enhance internal control, in 2015 we began to perform inventories on all purchase requisitions and acceptance procedures. For purchase requisitions on a volume and ongoing basis and above a certain monetary amount, the acceptance and procurement positions are subject to monitoring and the staff will be rotated on a regular basis. In 2016 we continued to follow these standards to inspect and perform inventories on purchase requisitions, acceptance procedures and procurement duties, while new procurement positions were subject to monitoring. The Human Resources Division has compiled a list to monitor staff in the positions described above as well as their direct supervisors. Their lengths of service are examined on a regular basis to determine if they have been in a position for the maximum time allowed and if mandatory job rotation is required.

## Legal compliance

We adhere rigorously to the administrative directions of the competent authority and relevant regulations. In 2016, there were no disciplinary actions taken for the violation of environmental laws or regulations, nor were there any major violations of the law. With respect to products and services, there were a total of 25 incidents in which the supply or use of products or services resulted in violation of the law or regulation, and fines were imposed. This represents a reduction of 1 incident over 2015 (26 incidents). The total amount of fines was NT\$12.2 million, a decrease of NT\$2.55 million compared with that of 2015, which was NT\$14.75 million. The types of violations and rectification measures are detailed in the following table:

Type	Numbers	Fine	Rectification measures:
Base station	18	NT\$8.6million	We took great care in reviewing and rectifying errors that resulted in the imposition of fines, and we will continue to communicate with stakeholders in order to protect consumers' communication rights. We conducted reviews of our base station installation mechanism again, and we are working to secure the installation of base stations on public land so as to improve the service quality of our networks.
Network	2	NT\$1.8million	We have complied with the competent authority's regulations and rectified the situation.
Customer complaint	5	NT\$1.8million	Promoting retail outlet staff's awareness and providing additional training, as well as improving the operating procedures to comply with the competent authority's requirements.

### Political donations:

We abide strictly by the provisions of the government's Political Donations Act and the Company's own Ethical Corporate Management Best Practice Principles, and we prohibit making direct or indirect political donations to political parties and individuals or organizations participating in political activities. We have in fact never made any political donations.

## 2.1.3 Human rights

### Human rights policy

We believe that shaping an environment that adequately protects human rights is intimately connected to corporate sustainability. We recognize and support the “Universal Declaration of Human Rights”, “UN Global Compact”, “UN Guiding Principles on Business and Human Rights”, “ILO Declaration on Fundamental Principles and Rights at Work” and relevant local laws and regulations. We also require our suppliers, partners, and their vendors to do the same, to ensure that their business activities do not infringe upon the basic human rights of others, so that any member internal or external to the company will be treated fairly and with dignity. By conducting human rights assessments and due diligence, we can strengthen and improve the human rights awareness of our employees and stakeholders.

Taiwan Mobile's Human Rights Policy 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. The Policy consists of four principal categories:.



#### Support for international human rights conventions

We support and respect the principles of the Global Compact of the United Nations. In support of human rights, we do not violate human rights, and nor do we condone or collude with those who are human rights violators. With respect to labor, we comply with objectives established in the UN's “Universal Declaration of Human Rights” and International Labor Organization Conventions and prohibit all forms of discrimination, forced labor and child labor. Moreover, we do not interfere with our employees if they choose to exercise their freedom of association. In terms of the environment, we are committed to making the workplace more secure and healthier for our employees, and we comply with all laws and regulations to improve the environment's safety and sanitary conditions. We protect employees from occupational hazards. We also respond to the UN's International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). By raising human rights awareness, we ensure that all stakeholders are respected and are treated fairly.



#### Full implementation of information security

As a major provider of information and communications services, we respect human rights and privacy. We strive to protect our customers' personal data by adopting and complying fully with the policies laid down by the Information Security Management Committee. We have implemented ISO's international information security management system and ensure that every single aspect of the business processes involving the access of users' private information is compliant with the requirements of the professional information security management system. We continue to enhance our service personnel's awareness of information security and help them to internalize it in all operations and business activities in order to achieve maximum security and protection for our customers.



#### Respect for human rights in the

We comply with the provisions of the Labor Standards Act and the Act of Gender Equality in Employment, and we fulfill the requirements of diversity in the workplace. We do not permit our employees to be treated differently or allow any form of discrimination based on gender, sexual orientation, race, class, age, marital status, language, ideology, religion, party affiliation, and ethnic origin, place of birth, appearance, facial features, disability status, or labor union membership. We strive to create a work environment with dignity, safety, equality and freedom from harassment.



#### Responding to the needs of society with core resources

In the event of a natural disaster, by leveraging the resources available to us in the telecom industry, we are able to provide broadcast push messages for disaster response and mitigation in collaboration with the authorities to urge citizens to take precautionary measures. In the wake of a disaster, we shall endeavor to minimize the duration of service outage and restore communication as quickly as possible to help alleviate the loss of life and property. We promise to abide by the provisions of the ITU International Telecommunication Regulations (ITR) and we are committed to following the code of conduct advocated therein with substantive action.

## Human rights due diligence

The scope of Taiwan Mobile's human rights due diligence covers important subsidiaries such as Taiwan Fixed Network and Taiwan Teleservices & Technologies. The investigation procedure and results are as follows.



## 2.1.4 Communication mechanism

Taiwan Mobile has provided internal and external communication channels for employees and customers to protect their rights.

### Employee complaints

We have established the "Employee Complaint Procedures" and "Supplier Grievance Procedures" and have made the following grievance avenues available (the Internal Audit Office is responsible for handling complaints):

1. Complaints can be sent to the Internal Audit Office in written form or can be faxed to (02) 66361600.
2. Employees may also file complaints or report offenses via a dedicated company e-mail account.
3. In 2016 we received a total of 5 employee complaints, all of which have been processed and closed. All complaints that we received were investigated in accordance with the Company's guidelines and procedures.

### Complaints of illegal assaults while carrying out official duties

To protect all employees, while carrying out official duties, from bodily or emotional harm or developing ailments resulting from illegal assaults:

1. Developed "Preventive measures for unlawful assault while carrying out official duties and grievance guidelines" and released "Public announcement and statement against workplace violence"
2. Our orientation sessions for new employees include training on the identification of violent behavior in the workplace, how to seek help when confronted with violence, employee counseling, and various avenues for filing complaints.

All employees are responsible for helping to ensure a working environment that is free of violence. Anyone who witnesses or suffers from workplace violence should immediately notify the Occupational Safety and Health Office or file a complaint using an appropriate employee grievance channel. The Company will investigate the complaint in a confidential manner, and if the allegations are proven true, the perpetrator will receive disciplinary actions if he or she is an employee.

### Sexual harassment complaints

Formulating workplace sexual harassment prevention and control measures as well as grievance and disciplinary guidelines; complying with existing laws, including Labor Standards Act, Employment Service Act, and the Act of Gender Equality in Employment.

1. We have set up a sexual harassment complaints hotline and mailbox. We also provide a variety of avenues to educate our employees and their supervisors and remind them about the need of working together to safeguard gender equality and a friendly and non-discriminatory environment in the workplace: We have incorporated sexual harassment prevention, avenues for complaints, and the do's and don'ts into our orientation sessions for new employees to educate them on the proper behavior and language in the workplace. We have also made the required online sexual harassment prevention courses available.
2. Mobile learning via instant messaging software has been set up to share cases related to sexual harassment laws and regulations.
3. Awareness is raised via the intranet, computer's screen-on messages and the Company's official recruitment website.

Two cases of sexual harassment were reported in 2016. We have issued official reprimands, taken disciplinary actions and carried out remedial and preventive measures in accordance

### Customer complaints

No major complaints regarding environmental, social, or human rights related issues were received in 2016. Please refer to our "Customer service commitments/mechanisms" for related management practices. 』

#### \* Examples of properly handled customer complaints:

We have commissioned President Transnet Corp. as our designated vendor to provide delivery services for our merchandise. In the event of the loss or damage to products or customer information due to error on the part of delivery personnel, TWM will initiate redelivery of the affected merchandise immediately to rectify the situation. We meet with President Transnet Corp. to review our service procedures and incidents regularly for the purpose of improving the overall service quality. In 2016 there were a total of 5 reported incidents. All of these cases have been handled to our satisfaction.





Photo by  
International professional photographer 黃正雄



## 2.2 Sustainability Partners

### Core concept

Taiwan Mobile firmly believes that supply chain of corporate sustainability. Every year we procure mobile phone products as well as telecom, communication and networking equipment in the amount of NT\$40 billion to provide T.I.M.E., four major areas of integrated telecommunications and media services. Based on our five key objectives regarding supply chain management, which are "excellent quality, stable services, managing risks, green procurement, and achieving sustainability", Taiwan Mobile requires our suppliers to provide us with quality products and services to ensure that our customers will continue to be offered the best possible experiences. Furthermore, we also leverage our own influence to strengthen and enhance the performance of the overall supply chain with respect to the environment, society and governance. The reason is that we believe that only with the joint commitments of the suppliers will Taiwan Mobile be able to truly bring to fruition the corporate social responsibility of the entire supply chain.

### Commitment and Actions

To achieve the five key objectives of supply chain management, we promise to continue to collaborate with suppliers to facilitate and support the investment of resources in sustainability by the industry, as well as to reflect these goals in specific actions, including the supervision of suppliers for fulfilling sustainability and corporate governance, to strengthen information transparency, to implement supply chain risk management, and to support green procurement. In addition, we play the role of the educator in the supply chain and continue to update our suppliers on the required knowledge on sustainability so as to support the supply chain's growth and enhancement.



### Achievements and performance

- Green Procurement: The total procured amount grew by 56.97%.
- A total of 250 copies of the Supplier CSR self-assessment questionnaire were collected, which was an increase by 19%.
- We completed on-site inspections of 20 tier-one key suppliers with respect to corporate sustainability.
- We organized a supplier exchange seminar and two supplier training sessions to promote sustainability governance.



### Vision and target

We will continue to facilitate supplier transparency by conducting reviews of documentation and on-site inspections of our key vendors. Supply chain sustainability risks are controlled through annual supplier risk assessments.

### Targets for 2017

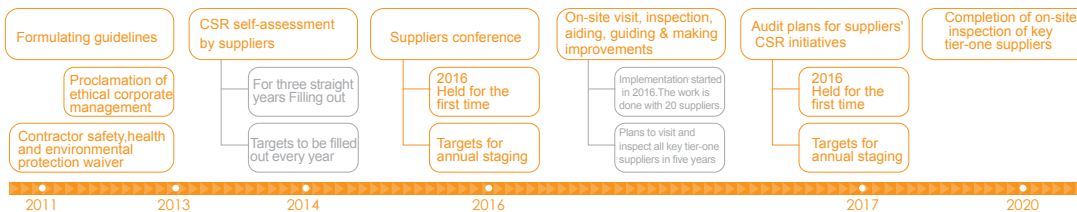
- Priority is given to the procurement of energy-saving products
- To complete the on-site inspections of 20 suppliers
- To complete the review of sustainability-related documentation from 250 suppliers
- To maintain the signing of the "Contractor safety, health and environmental protection statement" by 100% of our contractors
- To conduct risk assessments of the supply chain





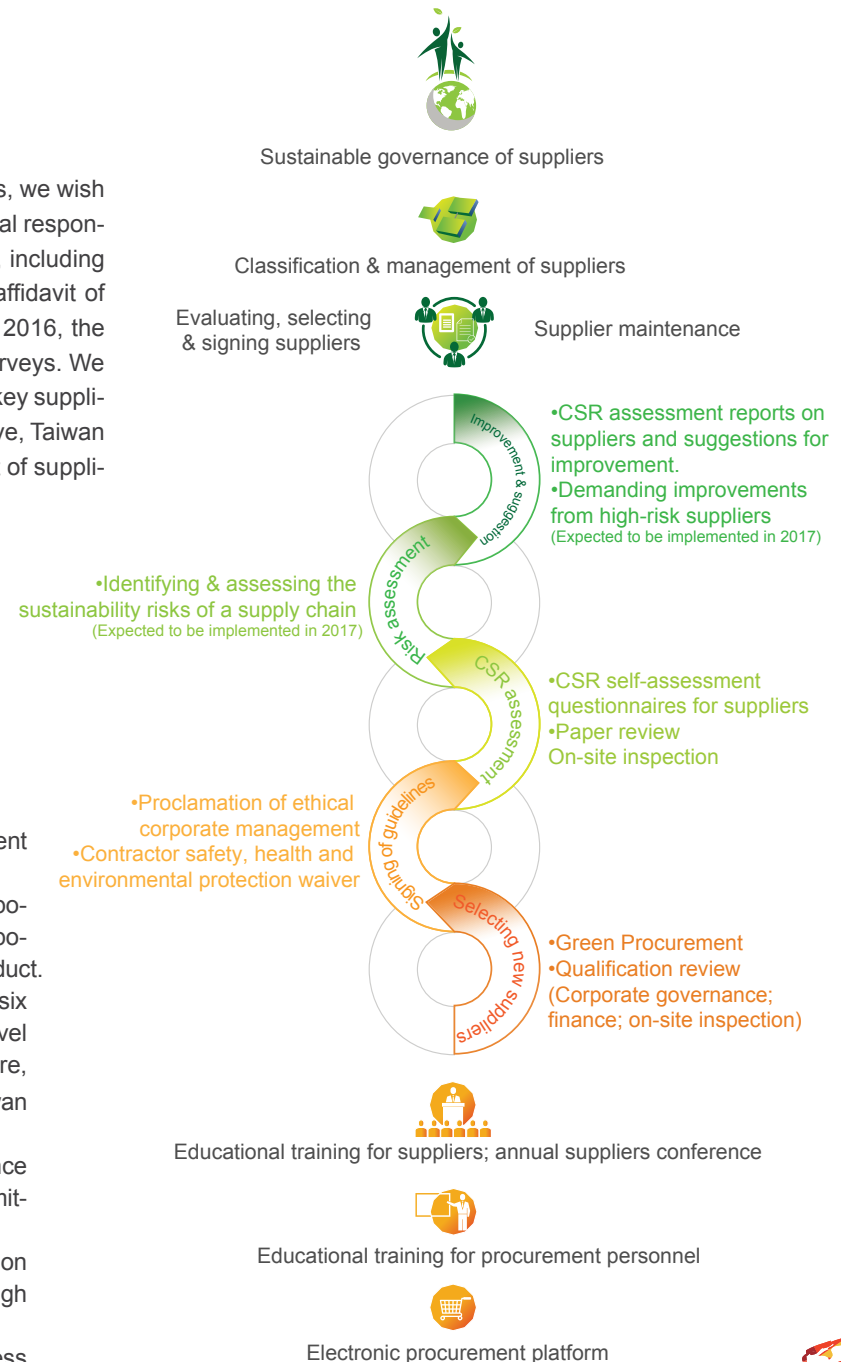
## 2.2.1 Supply Chain Management

Taiwan Mobile has always regarded suppliers as its most important partners. Together with our suppliers, we wish to grow, create value, and take on the responsibilities to employees/shareholders and our corporate social responsibility to give back to society. Since 2011, we have begun our supply chain sustainable management, including the establishment of a declaration of operation with integrity, the requirement to suppliers to sign an affidavit of safety, health and environmental protection, the implementation of supplier self-evaluation, and, since 2016, the first annual supplier conference, as well as document review of key suppliers and 20 on-site supplier surveys. We plan to list supplier CSR performance as a key task in 2018, complete the on-site survey for all level one key suppliers by 2020, and further request our suppliers' actions towards sustainability. In the spirit mentioned above, Taiwan Mobile will continue to improve its supply chain management, and ensure the sustainable management of suppliers through the figure below.



There are five key points in supply management on top of the framework of the Taiwan Mobile e-procurement platform:

- 1. Sustainable governance:** According to the sustainable governance policy based on Taiwan Mobile's corporate philosophy, besides internal procurement guidelines, suppliers should be strictly required to follow corporate sustainability regulations and guidelines as the suppliers' principle of executing related business conduct.
- 2. Categorized management:** tier 1 suppliers who offer direct service to Taiwan Mobile are divided into six categories based on the procurement type, value, and importance, etc. Each category is divided into level one key supplier, level two key suppliers, and regular suppliers for differentiation management. Furthermore, Taiwan Mobile also individual identifies and manages Non-tier 1 suppliers, who offer direct service to Taiwan Mobile and are irreplaceable.
- 3. Supplier selection:** New suppliers must pass the auditing processes such as the corporate governance review, credit and finance review, and on-site survey, etc., and sign relevant letters of principles and commitment.
- 4. Supplier maintenance:** The supplier's sustainable management is ensured through CSR self-evaluation questionnaires, regular document reviews, and on-site surveys, etc. High risk suppliers are identified through risk assessment, and improvements are demanded through difference comparison.
- 5. Supplier training and communication:** Regular internal staff and supplier trainings to ensure the awareness and familiarity of sustainable supply chain management



## 2.2.2 Supplier governance

Taiwan Mobile supply chain governance framework, not only includes the establishment of procurement management guidelines regarding internal procedures to ensure the product and services procured complies with Taiwan Mobile's requirements and maintain the transparency and fairness of the procurement process, it also includes five management targets, a focus on domestic procurement, the support for local suppliers, establishment of green procurement targets, encouragement to suppliers for involvement in green product development and sales. Furthermore, we request all suppliers to sign a declaration of operation with integrity, to abide by corporate responsibility principles, so that the suppliers have a guideline for relevant business conducts.

### Signing of the letter of commitment

Taiwan Mobile announced the "Taiwan Mobile Supplier Corporate Social Responsibility Principle" in 2011, which includes four main aspects: labor rights and human rights, health and safety, environment, ethics. The principle is also listed in the order regulations for the suppliers' execution of cases.

January, 2015, Taiwan Mobile updated the "Declaration of operation with integrity" to an online signature form, which requires annual supplier signatures, and the revised contents demand the suppliers of the following requirements:

(1) Never have direct or indirect conducts such as contracts, bribes, commissions, kickbacks, gifts, receptions (excluding normal social formalities which are not in violation of specific rights or obligations), or other inappropriate interests, etc. with members of Taiwan Mobile and affiliated companies. (2) Never conduct bid rigging (including but not limited to) by any method on any Taiwan Mobile and affiliated companies' any procurement case with anyone (including but not limited to the Contractor's affiliated companies, hereinafter referred to a "Contractor et. Al."). In the case of a violation of the committed items which is investigated to be true, then according to regulations, a suspension is imposed, all the contracts are canceled, and a penalty fine is imposed on the supplier. In 2016, nearly 1,100 suppliers have completed the signatures for the "Declaration for operation with integrity".

In order to ensure the construction contractors have prior understanding of relevant regulations in health, safety, and environmental protection, Taiwan Mobile always attach "Contractor health, safety, and environmental protection regulations" to the awarded orders; the regulations explain the requirements for health, safety, and environmental protection. The suppliers are required to read the regulation details and sign the "Contractor health, safety, and environmental protection affidavit". In 2016, 538 construction orders were issues, and the signing rate was 100%.







Operations  
with integrity



Sustainable  
partners



Outstanding  
brand



Digital  
innovation



Environmental  
Sustainability



Happy  
workplace



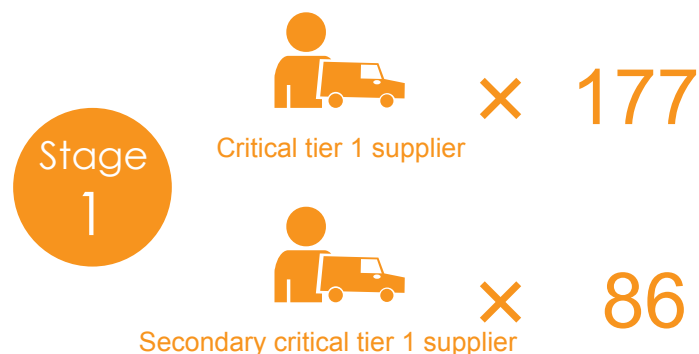
Social  
inclusion



## 2.2.3 Categorized management

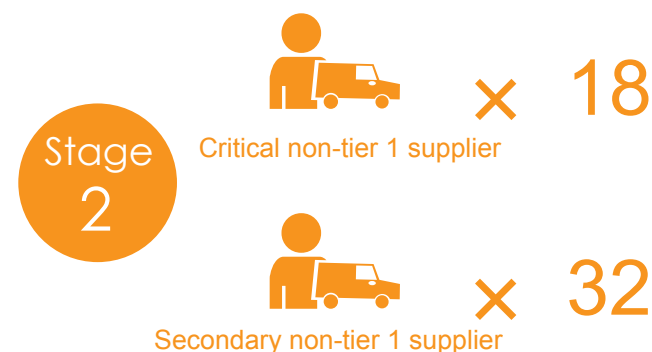
Every year, we continue to review Taiwan Mobile's supply chain system according to procurement type, value, and importance, etc. We divide tier 2 suppliers who provide Taiwan Mobile with direct service into six main categories: telecommunications equipment, information services and equipment, consumer electronic product, construction, marketing/query service and general affairs, and repairs. Each category is divided into level one key suppliers, level two key suppliers, and regular suppliers for differentiation management. Furthermore, in response to international trends and effective control of supply chain risk, for key items, Taiwan Mobile identifies Non-tier 1 suppliers who provide indirect services to Taiwan Mobile and are irreplaceable; to ensure the supplier categorized management fully captures the supply chain and key suppliers.

### Tier 1 supplier



Our standard for the recognition of key suppliers are based on procurement value and irreplaceable services or products. Irreplaceable suppliers refer to exclusive distributor assigned by the original manufacturer, suppliers with leading technologies on the market or suppliers with a market monopoly; the standards for the procurement value vary according to different supplier categories. In 2016, there were a total 177 level one key suppliers and 86 level two key suppliers; the level one suppliers mentioned previously occupy about 30% of Taiwan Mobiles suppliers, but occupy 99.56% of the expenses, which shows a highly concentrated procurement, and indicates the need of a close partnership with these suppliers, and the constant follow-up of risk and industry news, to ensure Taiwan Mobile's stable and continuous service.

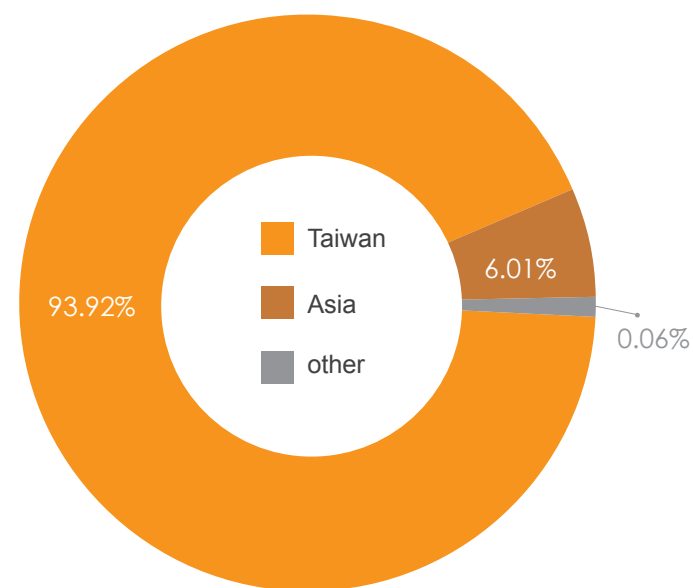
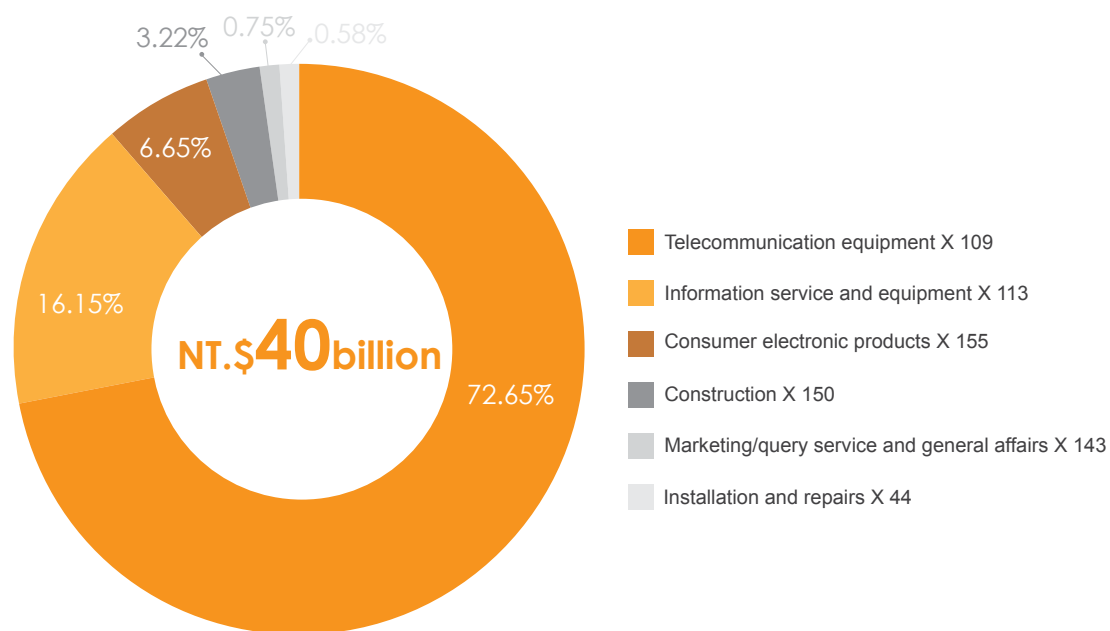
### Non-Tier 1 supplier



In order to implement comprehensive supply chain governance, Taiwan Mobile has requested tier 1 suppliers to confirm their partnering companies comply with the declarations of Taiwan Mobile's supply chain management policies. Furthermore, for better supply chain risk management, Taiwan Mobile identifies Non-tier 1 suppliers, who offer indirect services and are irreplaceable, such as main information system software, hardware original manufacturer, equipment-binding materials, etc. In 2016, a total of 50 Non-tier 1 suppliers were identified

## 2016 key supplier identification results

	Tier 1 supplier		Non-tier 1
	Level one key supplier	Level two key supplier	
Telecommunication equipment	15	10	4
Information service and equipment	33	34	8
Consumer electronic products	32	13	22
Construction	75	18	4
Marketing / query service and general affairs	12	6	12
Installation and repairs	10	5	0
Total	177	86	50



## 2.2.4 Supplier selection

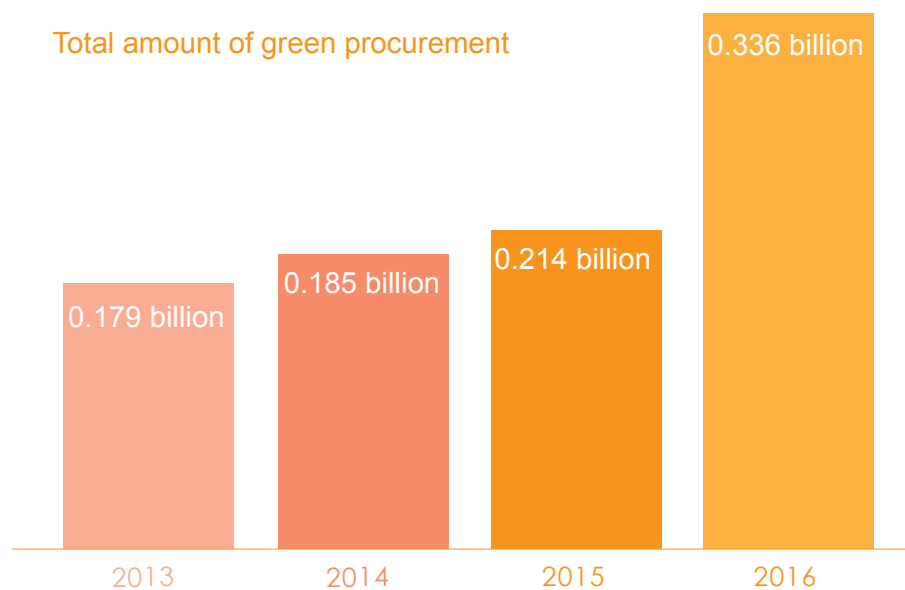


In 2016, nearly 200 new suppliers joined Taiwan Mobile; new suppliers are required to pass the supplier review procedures to qualify as Taiwan Mobile suppliers. The following explains this year's achievements in green procurement and local procurement.

### Green Procurement

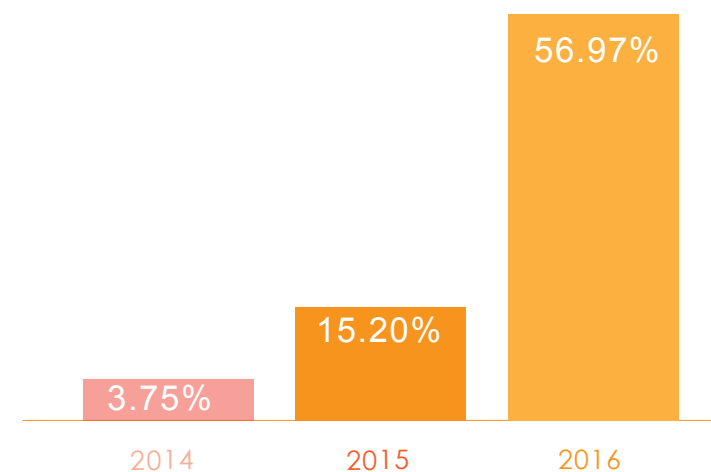
The reduction of environmental damage is a target which Taiwan Mobile considers a high priority. Since the establishment of the Environment Management Committee, we have set relevant green procurement targets with standards based on different procurement categories. The growth in the total value in green procurement from 2015 to 2016 is 56.97%.

Total amount of green procurement



(Note: The statistics from 2013-2016 only included Taiwan Mobile and Taiwan Fixed Network)












Growth rate of green procurement amounts



(Note: The statistics from 2013-2016 only included Taiwan Mobile and Taiwan Fixed Network.)



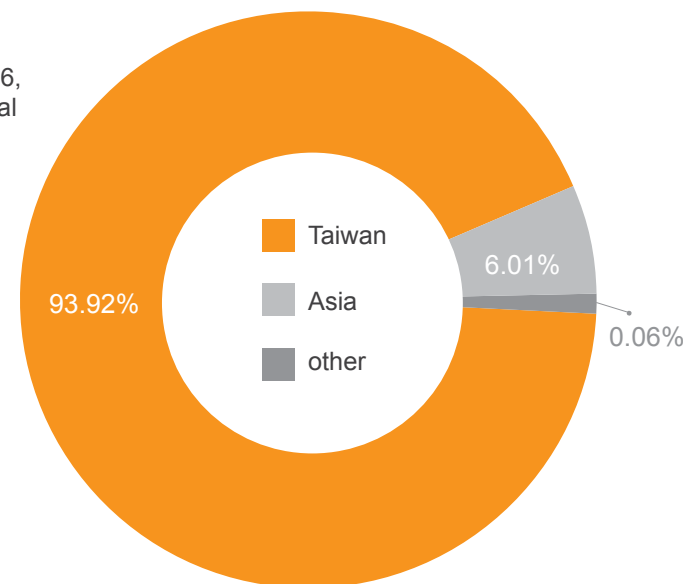
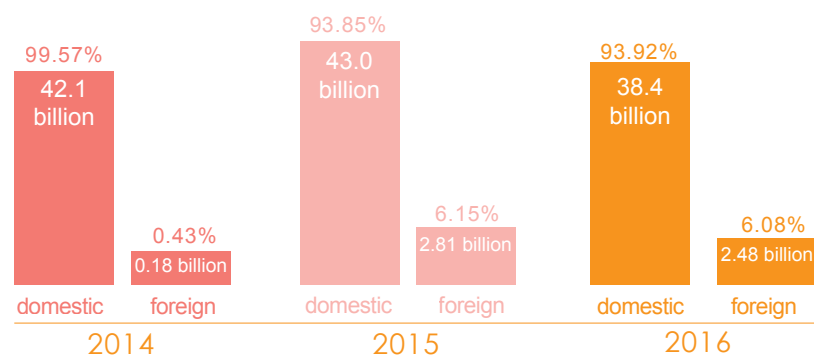
## Definition of Green Procurement

Type	Definition	Type of mark	Products applicable to Taiwan Mobile	Procurement amounts for 2016 (ten thousand NTD)
Type 1	Products with Green Mark certification from the Environmental Protection Administration		Air conditioners, photocopiers, toner cartridges	5,967.5
Type 2	Products that have been approved by the Environmental Protection Administration for its renewable materials, recyclability, low pollution, or energy saving, with relevant supporting documentation		Printed materials (environmentally friendly soybean ink)	7,650.7
Type 3	Products with the Energy Label, Water Label, and Green Building certifications	  		
Other	Products that have obtained other relevant certifications from home or abroad	  	Hybrid cars, computers, PID machine rooms and renewable public works, air conditioning and other machinery (including water chillers, solar power, and wind power generation), 40-inch LED televisions, green procurement for decorations and appliances at branches (LEDs and other appliances), printed materials	9,668.9
Clean energy	Green Power Procurement	  	Power procurement	106.0
Other	Other energy-saving measures		Smart ventilation and smart control at base stations, AMR replacement (including UPS), smart monitoring systems	10,212.17

## Local procurement

In order to strengthen the supply chain flexibility, reduce supply chain transportation cost and carbon emissions due to logistical traffic, and create domestic employment opportunities, in 2016, Taiwan Mobile's total domestic procurement value reached NT\$38.4 billion, 93.92% of the annual procurement value.

### Total amount of localized procurement/Percentage

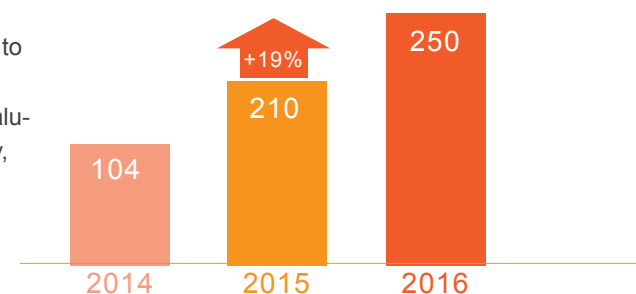


Local procurement percentage

## 2.2.5 Supplier maintenance

### Supplier sustainability evaluation results (document/on-site)

Since 2014, Taiwan Mobile begun to enforce supply chain CSR self-evaluation. In 2016, in response to international trends, the Company referenced international supply chain sustainable management standards for the first time, including: GRI G4, PAS7000, and CERES, for the design of CSR self-evaluation questionnaires. The topics cover 15 issues including the economy, the environment, the society, etc. The Company also held a two-day course of content explanation and key trainings for suppliers and Taiwan Mobile procurement staff. The questionnaires were mainly released to major suppliers; a total of 250 questionnaires were recovered, a 19% increase than the previous year.



Furthermore, in order to understand and improve supplier sustainable management abilities, we conduct document reviews according to the responses on the questionnaires and request further explanation and supplementary information from the suppliers. We also organize on-site survey plan, to understand the supplier's sustainable management first-hand and offer improvement suggestions. The plan is to survey all the level one key suppliers within five years; currently 20 on-site supplier surveys have been completed.

## Supplier sustainability risk analysis and evaluation

To further facilitate and improve the supplier's sustainable management ability, Taiwan Mobile plans to start and reference DJSI requirements and related sustainable supply chain management regulations in 2017. The Company will target level one key supplier to conduct supplier risk evaluations, and review current level one

key supplier's sustainability risks from aspects such as the economy, the environment, the society, the supplier's current sustainability maturity, and the importance to Taiwan Mobile, etc. Outstanding suppliers will be commemorated, and high risk suppliers will be offered improvement suggestions and assistance in the hope to grow and improve risks together with our suppliers.

## 2.2.6 Supplier training and communication

Supplier partnership and communication are very important to Taiwan Mobile's business operations. Since 2016, we have held annual supplier conferences, which offer an opportunity to communicate and discuss with our suppliers the different aspects of operations, such as: sales, quality control, legal compliance, environmental protection, and sustainability, etc. The conference fully achieves the goal of a two-way communication. In 2016, two supplier trainings were held; based on supplier levels and categories, a total of 170 different types of key suppliers,

were invited to attend. In addition to sharing the trend of the telecommunication industry's sustainable supply chain, the vision, blueprint, and sustainable evaluation items of Taiwan Mobile's sustainable supply chain were explained in detail. We hope to achieve corporate sustainability with our suppliers, and march towards the long-term goal of a fully sustainable supply chain. We will continue to publish related evaluation results on the supplier conference, and invite sustainable practice suppliers to share their experiences, so that all suppliers can march forward by working together.







## 2.3 Excellent Brand

### Core concept

Mobile technology not only makes our lives more convenient but also offers us a higher degree of mobility. At TWM we aim to realize our brand vision of creating the best user experience in mobile communication for our customers by embracing the concept of human nature and a customer-centric service philosophy, transforming technologies into simple, practical, comprehensive and user-friendly mobile services, and by adhering to the principles of "simplification, innovative thinking, pursuing goals with enthusiasm, and integrity as a way of life" of our four brand values.

### Commitment and Actions

Since the 4G network became operational, TWM has continued to expand our high-quality network infrastructure. As of December 2016, population coverage in the 700MHz band has reached 99%, while that of the 1800MHz band reached over 93%. Our 4G network coverage is essentially complete. With our integrated Network Management System (NMS), which we have developed in-house, we are able to shorten the amount of time for determining the causes of malfunctions and to improve our early warning capability before service outage strikes, thus providing users with excellent service coverage and stable Internet quality.



### Achievements and performance

- TWM has been selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) - Emerging Markets for the 5th consecutive year.
- Named an Industry Mover in the global ICT category by RobecoSam
- Presented with the "Corporate Citizenship Awards" by CommonWealth Magazine 9 times
- Won the "Corporate Social Responsibility Award from Global Views Monthly 10 times
- Honored with six awards, including the "Ten Most Sustainable Enterprises Awards" category, of the Taiwan Corporate Sustainability Awards, the highest number among all telecom carriers in Taiwan
- Received the "Trusted Brand Gold Award" for the 13th consecutive year from Reader's Digest
- Manufactured capital input: 7.8 billion



### Vision and target

In the face of a rapidly changing world, only by using technology may we become trendsetters and hold the keys to success. TWM understands public expectations for technology, and therefore we endeavor to employ technology to create a rich and convenient mobile lifestyle. We also enable our users to always maintain their mobility in a leading position with our unequalled network quality within the industry.



Taiwan Mobile's colorful, stereoscopic sphere is the embodiment of our spirit, "color your life"! The colors and shades of its surface give us an interpretation of a continuous spectrum emanating from all different angles and directions. Yet it conveys a pure, diverse, intertwined, amalgamated, elaborated, and elated brand motif, joy, and splendor that enrich the consumer's mobile life! Just like the joy brought by each contact and connection, we ingeniously manipulates the colors of the sphere to make every piece of printed page and advertisement image relate to the charm of various hues, thus communicating the joyful mood of our subscribers whenever they use our service and strengthening our brand impression.

## 2.3.1 Brand Strategy

Now entering our third decade as a corporation, we at TWM have learned to dispel the myth of advantages from short-term advertising and marketing campaigns. We have adopted the motto "Extraordinary 20, Leader in Innovation" to implement our brand strategy at full speed.

### Excellent Customer Service

TWM embraces the core concept of "Genuine concern for the customer". We continue to provide excellent customer service and as a result we have gained customers' recognition, and with our "five-heart" service philosophy, i.e., the five qualities from the heart: genuineness, sincerity, empathy, enthusiasm and innovation, we have had the distinct honors of being recertified for Qualicert by SGS for five consecutive years as well as receiving the "Trusted Brand Gold Award" for the 13th consecutive year from Reader's Digest.

### Promoting Environmental Sustainability

In 2015 we launched the green initiative "TWM Green Energy Promises a Brighter, More Sustainable Future", and for two consecutive years TWM led the efforts in conserving energy, reducing carbon and using green energy and renewable energy, along with our customers, suppliers and all our employees, thus putting into practice the ideal of "cherishing the earth wholeheartedly".

### Encouraging young people to chase their dreams

"Daring to dream and giving it one's best shot" is the greatest driving force behind our self-improvement endeavors. In 2016 TWM invested NT\$1 million on the rearrangement and digital release of the single "A I Daa Ni", written and sung by amateur singer Chang Yang-hwa. We have also created numerous large-scale performance venues, from the Sun Moon Lake Fireworks Concert with a 100-member symphony orchestra to the "Super Star" event at Taipei Arena. From the perspective of brand marketing, TWM helped the music video for this song to receive widespread exposure on television, radio stations and the Internet, which not only helped the newcomer to realize her dream but also enabled TWM to project an even more positive brand image, a win-win for both parties. Going forward TWM will continue to promote the "Bravely Pursue Your Dream" project to allow more young people who dare to dream to join us in pursuing our dreams.

### Technological approaches to supporting charities

As a leading enterprise in digital convergence, TWM has brought together core resources to build digital public welfare platforms. In 2012 we launched the i-Infinity Digital Welfare platform and became actively involved in helping charitable organizations to enhance their digital capabilities. For example, on the Internet-based fundraising platform "i-Infinity public welfare micro movies", the click-through rate of each film is converted into a TWM donation, which helps with the fundraising efforts of charitable organizations. In addition, as Taiwan's elderly population is expanding, we have worked with a number of social welfare groups to promote the adoption of NFC smart tracking wristbands. We have also developed the iSharing app, a cross-platform volunteering services matching platform, the first of its kind in Taiwan. Leveraging the influence of digital welfare to achieve maximum benefits!

### Corporate governance with integrity and responsibility

We provide our customers with communication and digital convergence services of the highest quality based on a business philosophy of transparency and integrity. We have adopted the spirit of world-class governance of benchmark enterprises to urge ourselves to improve constantly, and we have achieved the following: selection as a DJSI (Dow Jones Sustainability Index) constituent stock for emerging markets for the 5th consecutive year, and the most successful telecom carrier worldwide in terms of CSR performance in 2016.

### Innovative Technology Applications

From the 3G era's "Accompanying our Customers in Their Daily Lives" to the "Change 4 the Better" upon the launch of 4G services and the advent of the age of 4.5G IoT (Internet of Things), we have always emphasized services with innovative technology: Smart mobile payment Wali, online video entertainment, Connected Cars, Fleet Manager, multi-layer DDoS protection service, and other services have ushered TWM and our customers into the next 20 years of digital technology.

### Sponsorships to promote sports and exercising

In addition to providing sponsorships to major sporting events, such as SBL, LPGA, CPBL and Taipei International Marathon, TWM has also sponsored outstanding Taiwanese athletes to help them shine in international competitions. The goal is to promote sports and exercising in this country, and this represents one of the core beliefs when promoting our brand values. Since 2014 we have included the following athletes in our list of sponsored athletes: Yung-jan Chan and Hao-ching Chan (sisters), world-class tennis players; Yani Tseng, a professional golfer whom we have supported for years; and the young golfer Doris Chen. In 2015 we provided sponsorship to the professional "League of Legends" eSports club ahq for the first time, so that Taiwan's eSports power will have a chance to dazzle the world. We are charged with the task of sports marketing to help Taiwan become even more visible to the world!

Over the past two decades Taiwan Mobile has been transformed completely as a telecommunications operator. This year we are repositioning ourselves as an Internet company focusing on digital convergence. We pride ourselves as a sustainable enterprise and are actively bringing together core enterprise competences and resources to fulfill our commitments to various social engagement activities. We have successfully created a brand image for TWM that speaks to both the company's innovative technologies and concern for the underprivileged groups in society. At the same time we offer new experiences in the latest in digital technology to the customers, we are also engaging fully in corporate social responsibility with our core enterprise resources, with the goal of exerting a positive influence with the TWM brand. Taiwan Mobile vows to stay true to our brand philosophy and sail ahead with full steam in this era of digital convergence.





## Brand Sponsorships

TWM strives to provide consumers with a simple, pleasant and thoughtfully conceived mobile lifestyle. We also deliver our brand spirit, "Accompanying our Customers in Their Daily Lives", through various sports-focused marketing events. Since 2003 we have provided sponsorships to great sporting events in the country by investing over NT\$540 million, including national-level sporting events and competitions, such as Fubon LPGA Taiwan Championship, Taipei International Marathon and SBL Fubon Braves basketball team, and top athletes such as the golden sisters of ladies' doubles in tennis Yung-jan Chan and Hao-ching Chan, top golfers Yani Tseng and Doris Chen, and professional "League of Legends" eSports club ahq.

Our goal is to encourage more young people to pursue their dreams and to help raise Taiwan's profile through strategic teamwork and the spirit of great effort, so that Taiwan will be visible to the entire world! In addition, TWM has leveraged resources within the Group to provide long-term and extensive support to Taiwan's cultural events and original works. In 2016 we sponsored events such as Super Star, Hito Music Awards, and Baroque Camerata "The Longing" at the Kaohsiung Spring Arts Festival to enhance the company's brand image and to develop the popular culture market.



Taiwanese eSports club ahq



Yung-jan Chan and Hao-ching Chan, the golden sisters of ladies' doubles in tennis



Doris Chen, golfer



Tseng Yani, golfer

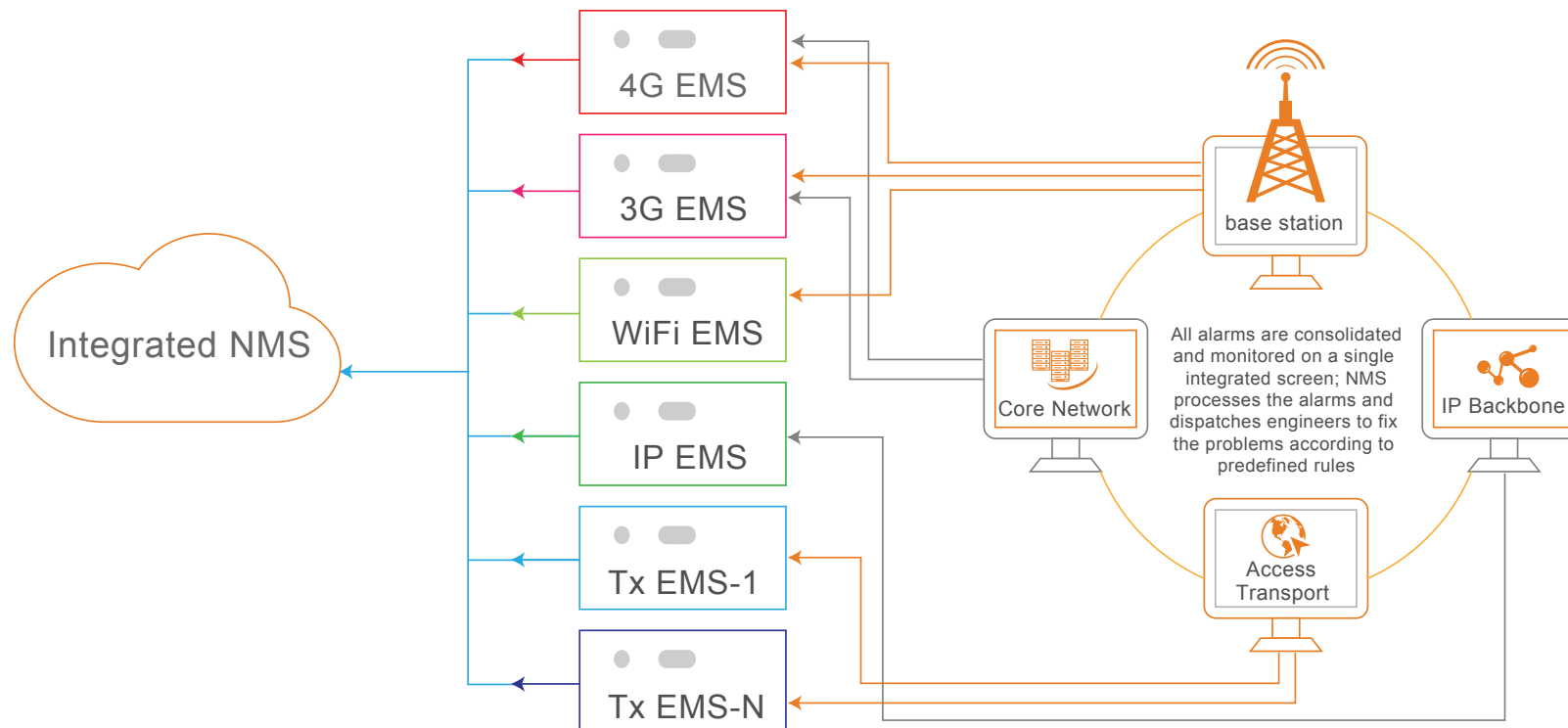
## 2.3.2 Network Quality and Customer Experiences

### Network quality and coverage

Since the 4G network became operational, TWM has continued to expand our high-quality network infrastructure. As of December 2016, population coverage in the 700MHz band reached 99%, while that of the 1800MHz band was over 93%. Our 4G network coverage is essentially complete. To provide users with even faster Internet access, TWM is also actively deploying the 2CA (700/1800) dual-band carrier aggregation mobile broadband network. As of December 2016, the proportion of the construction of 2CA dual-band carrier aggregation networks reached 80%, making TWM ahead of all other carriers. Taiwan Mobile has not only built a mobile broadband network to service metropolitan areas but is also working actively to overcome geographical limitations in providing telecom services in rural and offshore islands. We provide outlying islands Penghu, Kinmen, Matsu, Siao Liouciou, Green Island and Orchid Island

as well as Hehuanshan, Alishan, Kenting and other scenic or remote areas with mobile broadband Internet service network. Our population coverage for remote areas, as defined by the competent authority, has reached 92%.

With our integrated Network Management System (NMS), which we have developed in-house, data from the element management system (EMS) is correlated and analyzed, and each piece of equipment is integrated via the EMS. Alarms are correlated with network topology and time series analysis is carried out to shorten the time of determining the cause of malfunction, thus improving early warning capability before service outage strikes and providing users with excellent service coverage and stable Internet quality.





## Customer Behavior Analysis

For the purposes of providing better 4G user experiences for TWM customers, we began the implementation of the Customer Experience Management (CEM) platform in 2015. The CEM system collects the user's signal strength data provided by 4G network equipment, volume of Internet traffic generated, application programs utilized, and compiles user profile data from existing systems, engineering customer complaint records and other information, which can be used to analyze users' online behavior and preferences, mobile apps that they use, and their mobility characteristics with advanced big data

analytics technology. Using the interface of the geographical information system, we can compare various KPIs and locations where customer complaints have occurred and also the quantitative correlation analysis of base station constructions and equipment tuning as the basis for network quality optimization. In the past we could only receive information in a passive manner but now we proactively obtain and analyze user experience data in order to reduce the number of customer complaints and to achieve an optimized network. (Refer to Section 2.4.3 Internal Processes Innovation.)

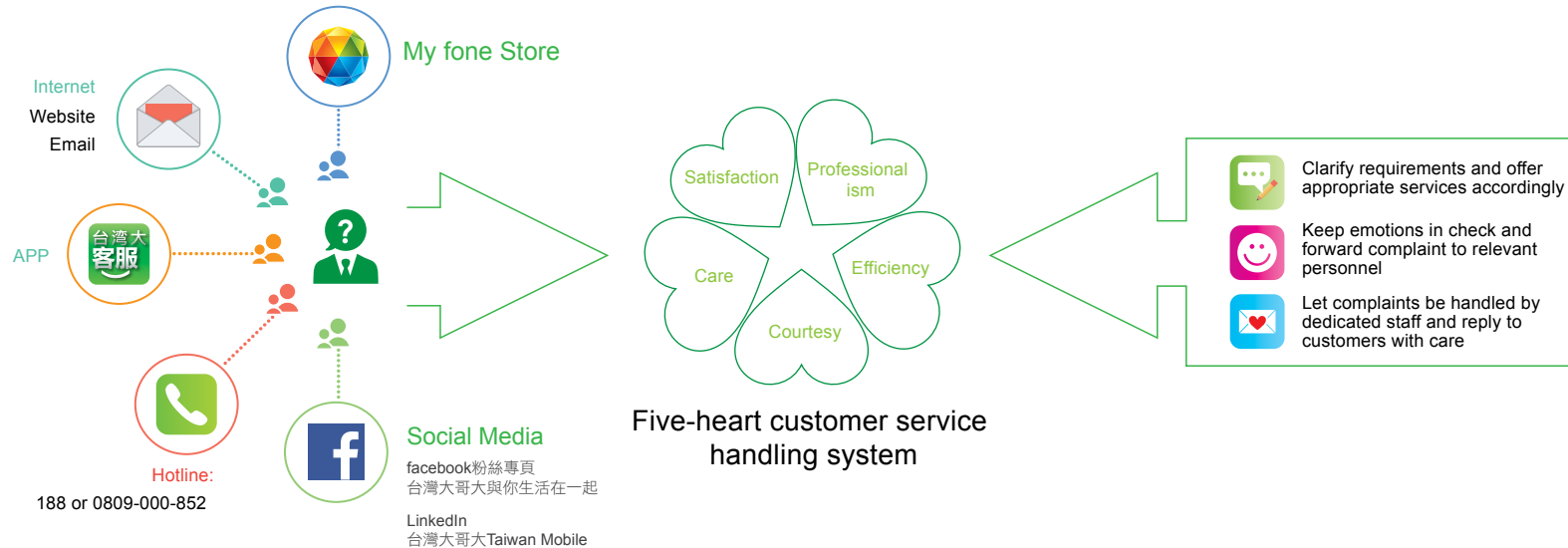
## Customer Service Commitments/Mechanisms

### Customer service commitments

We embrace the core values of "Integrity, Innovation, Passion, and Simplification" with the goal of creating the best customer experiences with a lifestyle based on mobility and intelligence. We continue to adhere to our five major commitments for providing a full range of services.



Adopting a "five-heart" service philosophy, we provide a variety of convenient service avenues and we have established an open, transparent and systematic service handling mechanism



### Service quality guarantee

We began to actively implement the Society Generale Surveillance (SGS) service quality certification system in 2012. Every year since the world's most recognized service certification agency has put its stamp of approval on our service records, which indicates that our service quality and standards are up to par and are in line with international practices.

	SGS Qualicert (Service Quality Certification)	SGS ISO 10002:2014 (Quality management-Customer satisfaction- Guidelines for complaints handling in organizations)
Acquired	2013/1/15	2013/8/5
Recertified	Recertified in 2015 Certificate valid from 2015/9/3 to 2018/9/3	Recertified in July 2016 Certificate valid from 2016/8/5 to 2019/8/5
Scope	Customer service hotline and handling procedures	Handling procedures for all service avenues



SGS Qualicert

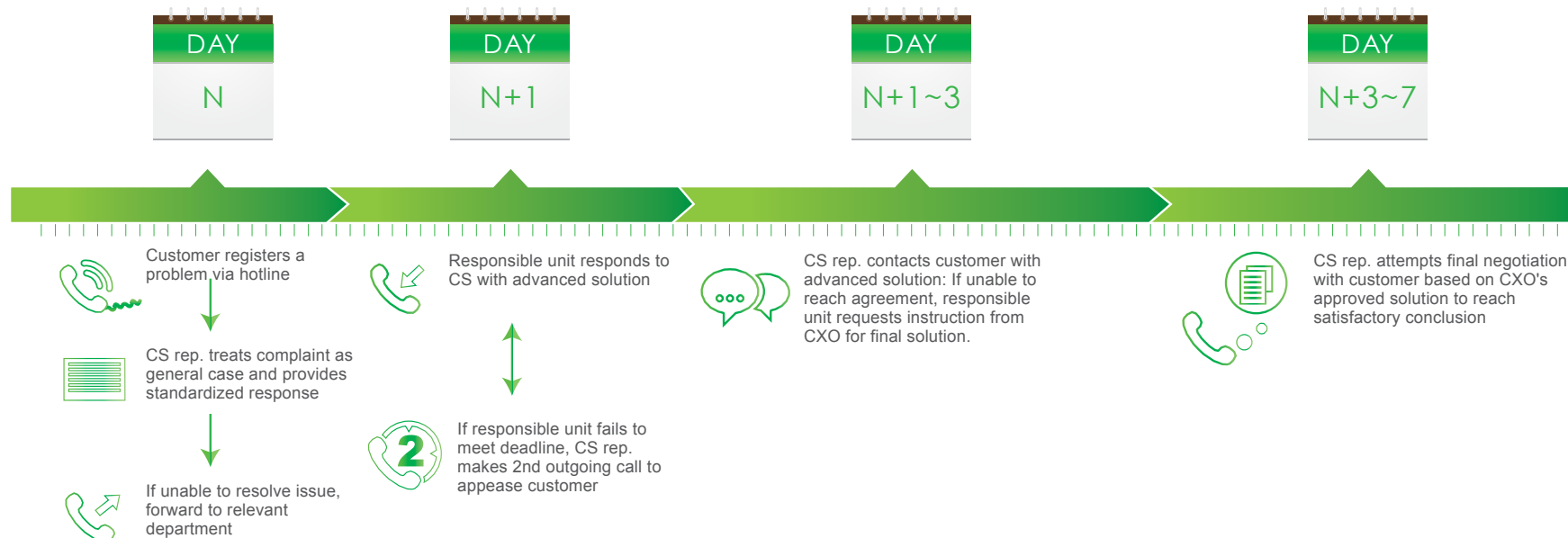


SGS ISO 10002:2014

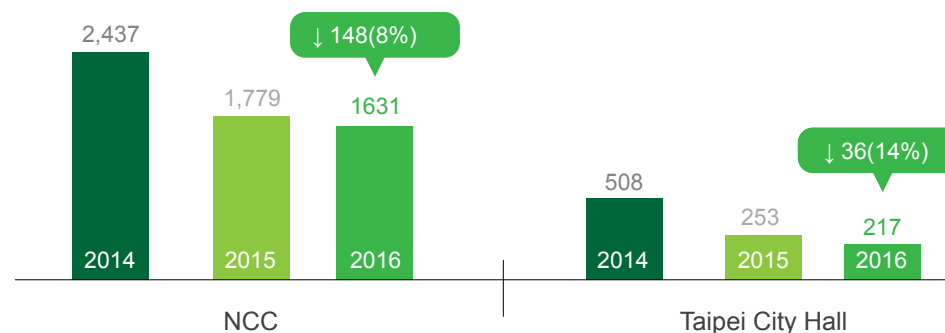


## Service handling and complaint notification

After a complaint is received, it will be handled and tracked by dedicated personnel based on its assigned category. Daily and weekly reports will be scrutinized and comprehensive performance reviews will be carried out, the purpose of which is to provide a prompt response and resolve the customer's complaint properly through coordination within the organization.



To enhance service quality persistently, major customer complaint cases and important cross-departmental service improvement issues are supervised personally by the President. Meetings are held on a regular basis to discuss and identify tasks associated with service quality improvement. TWM's performance in 2016 was exemplary in this area, as all statistical data compiled by the NCC, Taipei City Government and the Consumer Protection Committee (Executive Yuan) have indicated a downward trend in customer complaints against TWM.



### Service enhancement plans

We adjust and improve our service procedures based on a service-oriented philosophy of convenience, professionalism and thoughtfulness so that we can continue to provide customers with the best service experiences. In 2016 300 proposals for improvement were considered, with 88% of them being adopted and scheduled to be carried out, and 62% were completed as of December 31, 2016.

### Proposal mechanism for the reform and innovation of customer service procedures

To encourage our employees be innovative in thinking in their daily work and to break out of the status quo and to put forward proposals for improvement, we introduced the "Smart Worker" contest in 2008 with the goal of improving the level of convenience for customers who use our services and to raise productivity. Through the competitive learning process, our employees can develop innovative capabilities and creativity. We organize "Result Presentations" to encourage learning from one another and to build solidarity. This allows employees to receive recognition from the company and helps them achieve a sense of accomplishment in their work.





## Customer satisfaction

We continue to employ a variety of market survey tools (e.g. telephone interviews, Internet surveys, focus group discussions) to track and review the cases in order to improve customer satisfaction. Every year we plan various research projects in detail. The scope of our surveys spans across the entire market and also covers individual users. We endeavor to understand the needs of our customers and how they think on a regularly basis and, based on the results of surveys, we develop plans to improve our services or business strategy so as to improve user satisfaction. Through dedicated units within the company and externally engaged organizations, we conduct satisfaction surveys to measure the levels of satisfaction of customers in the entire telecom market toward carriers regarding their overall and specific service quality. In addition, we obtain information about our performance relative to other operators in the market. This information will serve as the impetus for our continued growth. Overall consumer satisfaction surveys regarding TWM are administered at least twice a year. This highlights the great importance we attach to consumer opinions and satisfaction levels.

TWM's overall satisfaction level in 2016 indicates an improvement over the previous year, with an average score of 3.8. Among all customers, 61% were satisfied. The highest satisfaction level, with a score of 4.3, was achieved in the category of customer services, where 83% of the customers were reported to be satisfied.

Customer satisfaction as an important indicator	2014		2015		2016	
	Average score	Satisfied (%)	Average score	Satisfied (%)	Average score	Satisfied (%)
Overall satisfaction	3.7	55%	3.7	58%	3.8	61%
Satisfaction with voice quality	3.7	60%	3.7	58%	3.8	61%
Satisfaction with customer services	4.3	80%	4.4	86%	4.3	83%
Satisfaction with store services	4.1	76%	4.2	81%	4.2	77%

Note 1: A five-point scale is employed to determine satisfaction scores. Very satisfied, Satisfied, Neutral, Dissatisfied, and Very dissatisfied are indicated with 5, 4, 3, 2 and 1, respectively.

Note 2: The satisfaction level (in %) in the above table refers to the percentage of respondents who have chosen a score of 4 or 5

## Service Outlets with Local Characteristics

In 2016 we launched the all-new premium Taiwan Mobile Vie Show flagship store to cater to young consumers' latest tastes in fashion and technology. The youthful and stylish design is refreshing. For building materials are mainly from domestic brands, which indicates that we support local suppliers and help contribute to our domestic economy. The flagship store is equipped with a special wearables and accessories section, which allows consumers to experience the latest and most popular digital gadgets and electronic products. We have been able to attract consumers of all age groups while at the same time revolutionizing telecom retail outlets.

Targets for 2017 Embracing our design focus on local characteristics, we plan to open additional stores in the central and southern parts of the country. Mid- and long-term plans, 2018 - 2020 Opening new stores with local characteristics in accordance with our business requirements and other criteria.





## Art Gallery without Walls

The cultural creative atmosphere at the TWM Digital Lifestyle store at Taipei New Horizon accompanies the showcase for digital technology. We have collaborated with local artists to display their works on the grand façade we have erected, which is over 10 meters in height, and also at the entrance and product display platforms all incorporate artworks created by domestic artists. These designs exemplify the core spirit of Art Gallery without Walls: allowing art to be manifested anywhere, anytime. In 2016 we organized three exhibitions, including those by artist Tzeng Yong-Ning, Brick Taiwan, and Tsai Chieh Hsin, allowing all citizens to can enjoy art at a very close distance.



In 2016 we invested NT\$900,000 in Art Gallery without Walls during the exhibition period, attracted a total of 22,000 visitors. In 2017 we plan to organize 2 exhibitions with a NT\$700,000 budget.

## LED Wall at Taipei New Horizon

The Songshan Cultural and Creative Park brings together a shopping mall, bookstores, exhibitions and forums, which attract a large number of visitors. The LED wall at the Taipei New Horizon building is the most effective and most high-profile digital media within the park. Therefore, TWM has provided this media for the display of charity ads free of charge, and we continue to disseminate correct information and bring awareness regarding social care, promotion of the arts and environmental protection to the general public.

A total of 7 slots were provided in 2016, the equivalent of NT\$4 million in sponsorships.

	Content	Duration of airing
1	Fubon Charity Foundation - 105 Donation	6 months
2	Fubon Foundation - Talent Awards for Persons with Disabilities	1 months
3	Fubon Art Foundation - Art Forum	2 months
4	Department of Cultural Affairs, Taipei City Government - promotion videos for International Design Exhibition	1 months
5	Estée Lauder - Breast cancer public service video	1 months
6	TWM Green Energy Promises a Brighter, More Sustainable Future	1 months and 2 weeks
7	Happy and Warm Little Hearts - Celebrity recruitment video	3 weeks



Free LED Wall at Taipei New Horizon



## 2.3.3 Protection of customer information and privacy protection are the most important of all directives.

In 2004 we established an Information Security Committee responsible for overseeing the implementation of information security procedures within the organization. Audits are conducted twice a year by an external third party in accordance with the requirements of the ISO/IEC 27001 International Information Security Management System to review the degree of information security implementation completed. Thus far we have passed all annual assessments of information security management practice by competent authorities as well as relevant administrative inspections, which will ensure the level of required information security management and that subscribers view the company as trustworthy and reliable. Its operations are as follows:

(1) Appointment of committee members The President appoints the committee chairman, and the most senior supervisor of each functional organization appoints a member to the committee.

(2) Meeting frequency: The committee normally meets once quarterly, but if a material issue arises a meeting can be convened upon approval by the committee chairman.

(3) Operations of each team under the committee:

Operations & Maintenance Team: Implementing and developing information security measures; meets at least once per quarter.

Internal Audit Team: The team consists of personnel certified with information security credentials; internal audit is carried out once every six months.

Emergency Response Team: The committee chairman assembles the team from relevant members based on the nature of the incident.



We built four security shields: protection against external hackers, protection against illegal disclosure from within the organization, incorporation of security assessments into system planning and implementation, and monitoring and prevention of security incidents in system maintenance and operations (refer to the diagram below). The goal is to safeguard users' personal data and protect our confidential and sensitive data, so that our customers can use our services with confidence and assurance.



In response to the threats to cloud security and to enhance information security in general, we continue to move forward with various projects to fulfill the needs of our organization. In 2016 we devised protective measures to address five security issues (refer to the following table). The progress and benefits of these measures are reported regularly to the Information Security Management Committee. For customer complaints related to Personal Information Protection Act, in 2016 there were a total of 594 cases involving alleged disclosure of personal data. All of these complaints have been investigated and concluded. We were not found liable for any of these complaints by the court.

For transmission of client sensitive information in 2016, our system has detected and successfully prevented 162 incidents that did not comply with the Company's security protection regulations, demonstrating 100% prevention rate. Nine incidents of which had reached punitive standards and punitive actions have already been taken for personnel involved.

In consideration of how internal procedures, personnel, system, and external events such as fraud or theft, or cyber-attack, could all lead to failure of normal operations, damage to the Company's reputation or penalties, the Company plans to introduce 'Data Protection Liability Insurance' in 2017 to provide more comprehensive risk protection for our clients, after deliberation and support from the senior management.

Security issues	Protection measures	Results
Improper disclosure of confidential and sensitive data	We have added new rules for masking confidential and sensitive data such as passports	We continue to educate our staff on the importance of protecting customers' private data and corporate confidential information, with the aim of reducing the risks of illegal disclosure of information from within the organization.
Improper use of reports containing customers' personal data	Performing thorough checks of unencrypted reports containing customers' personal information on a regular basis	Encrypt or deleting sensitive and confidential data as it is generated to reduce the risk of improper use of personal data
Cloud services attacked by external hackers	Arranging for external certification organizations to inspect and improve security on the cloud platform	Our "Cloud computing services" has been certified with the ISO/IEC 27018 public cloud personal data processing and protection, which offers our customers secure and reliable cloud services
External service websites or mobiles apps attacked by hackers	Performing penetration testing to simulate hacker behavior; testing and improve upon the vulnerabilities	1. Check the strength of security protection of websites and mobile apps 2. Services involving the flow of payments have been certified with PCI-DSS to safeguard cardholders' data and transaction security.
Continuing to monitor and make improvements	Implementing a number of quantitative indicators; tracking safety standards	Regular inspection of important KPIs reveals that all information security indicators have been improving gradually

Note: The scope of our information security management mechanism includes Taiwan Mobile, Taiwan Fixed Network, Taiwan Mobile Digital (TDC), Taiwan Teleservices & Technologies, and Taiwan Kuro Times Co., Ltd.

## 2.3.4 EM wave safety

Our base stations have been installed in accordance with each area's population density, quantity of customer complaints, coverage and other relevant factors, and only after we have negotiated with local residents, borough chiefs or the relevant building management committees. All base stations have been certified by the National Communications Commission (NCC) based on the rigorous measurement standards of the International Commission on Non-Ionizing Radiation Protection (ICNIRP). In order to allay the public's concerns about the electromagnetic waves on health, we have collaborated with other telecom carriers and the Taiwan Telecommunication Industry Development Association (TTIDA) and set up a special area at NCC. We have made available a toll-free number 0800-580010 for EM wave consultation and measurement service, whereby consumers can call to arrange to have an impartial third-party organization to measure EM for them on-site and provide professional comment. We hope this service will help to eliminate the public's worries about EM wave.

In 2016 we received a total of 98 measurement requests. The results indicated that we were compliant with NCC regulations regarding EM radiation. We continue to organize island-wide EM wave awareness training workshops. In 2016 there were 19 such workshops, where experts and scholars were invited to conduct hands-on measurements with professional instruments and to provide instructions on comparison of these measurements with accepted standards. We also offered awareness brochures at these events. In addition, we have established a permanent electromagnetic wave exhibition at the National Science & Technology Museum in Kaohsiung City, where visitors will also find technical support equipment such as micro-base stations. This allows citizens to experience EM wave measurement personally and have a better understanding of the nature of EM waves. We have also commissioned National Taipei University of Science and Technology to carry out a study on "The effects of green energy-based communication base stations on the human body", which encompasses the research of EM waves on humans and the simulation analysis of green energy technology. The results of these efforts will serve as the basis for future EM awareness programs for the public and for the implementation of our green energy communication mechanism. The study was expected to conclude by the end of March 2017.

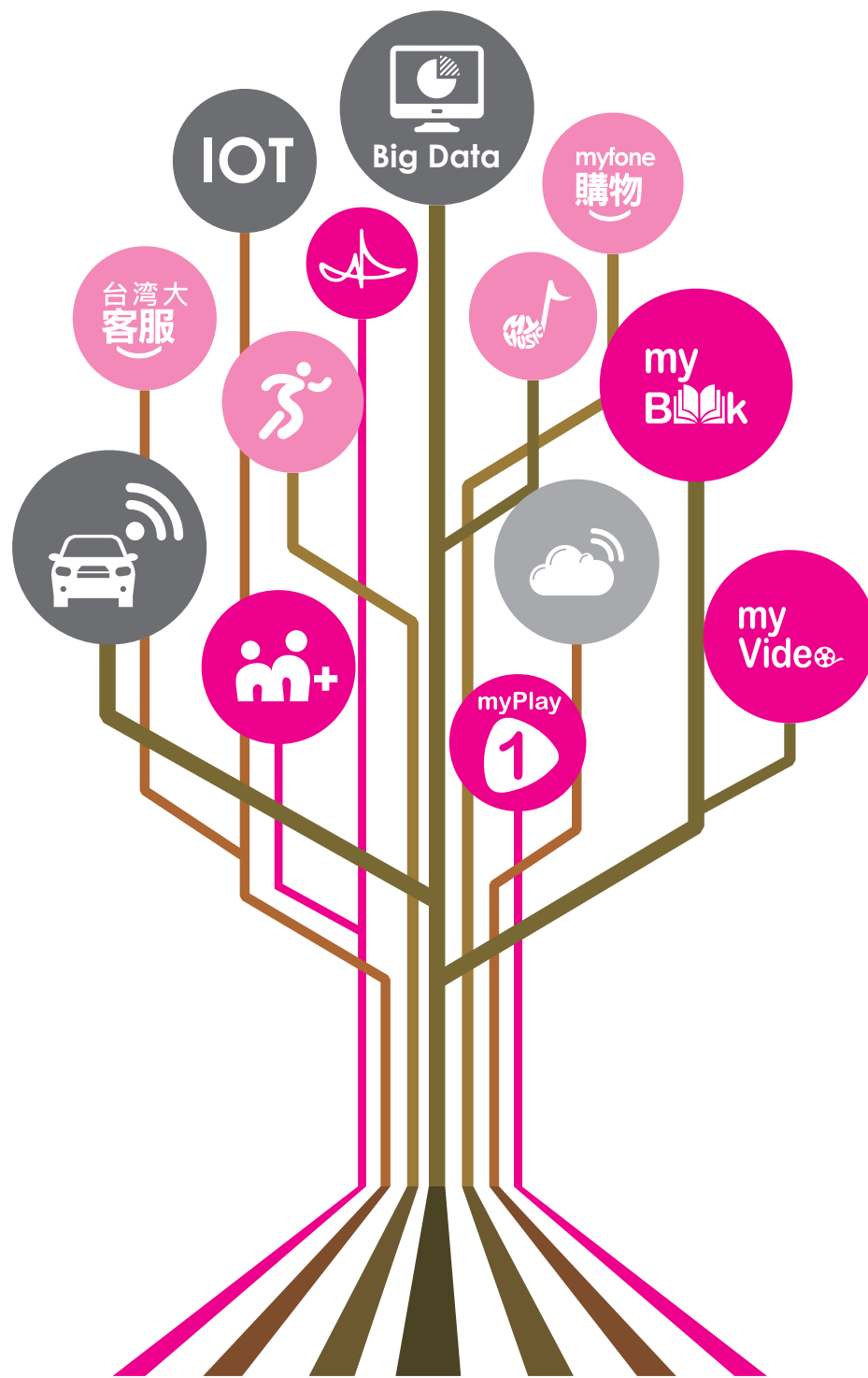
Since February 2017, myfone class will undertake advocacy and education for electromagnetic waves in the final 5-10 minutes of the class time, and as of April 2017, we have advocated such knowledge to 2,367 individuals (headcount).



EM wave safety







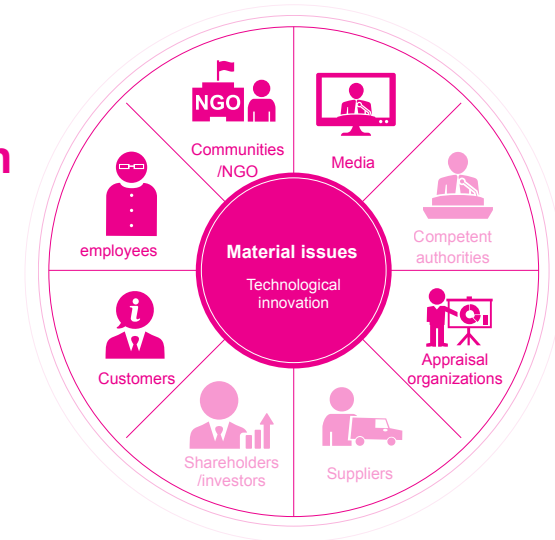
## 2.4 Digital Innovation

### Core concept

Technology will bring considerable changes to the lives of our next generation. To meet the needs of our customers in a comprehensive manner, we endeavor to bring together every single aspect of mobile communication and mobile Internet access to provide them with "easy, simple and thoughtfully conceived" mobile experiences via a combination of merchandise, prices, services, image, perception and events.

### Commitment and Actions

Mobility is at the very heart of innovation. In January 2017 we officially established the "Innovation Management Committee" upon approval by the Board of Directors. It is responsible for formulating our innovation and development strategies as well as mid- and long-term objectives. The committee is also charged with establishing a systematic management mechanism to effectively monitor the progress and accomplishments of various projects.



### Achievements and performance

- Over 20 innovative products and services
- In February 2016 we launched the "Wali" smart wallet service, which integrates the functionalities of both EasyCard and iPASS. Thus far over 400 different types of electronic tickets and coupons from 50 vendors have been made available on this platform.
- In September 2016 we launched the "Fleet Manager" connected cars service, which helps enterprises to keep track of the movements of their vehicles in real time, to establish performance evaluation standards, and to improve service quality and management efficiency.
- In November 2016 the "multi-level DDoS defense" service went online. It enables businesses to provide their customers with sustained and stable services in a more secure network environment.
- Honored with the "Growth through Innovation" award at the 2016 Corporate Sustainability Awards
- Intellectual capital input: 0.12 billion



### Vision and target

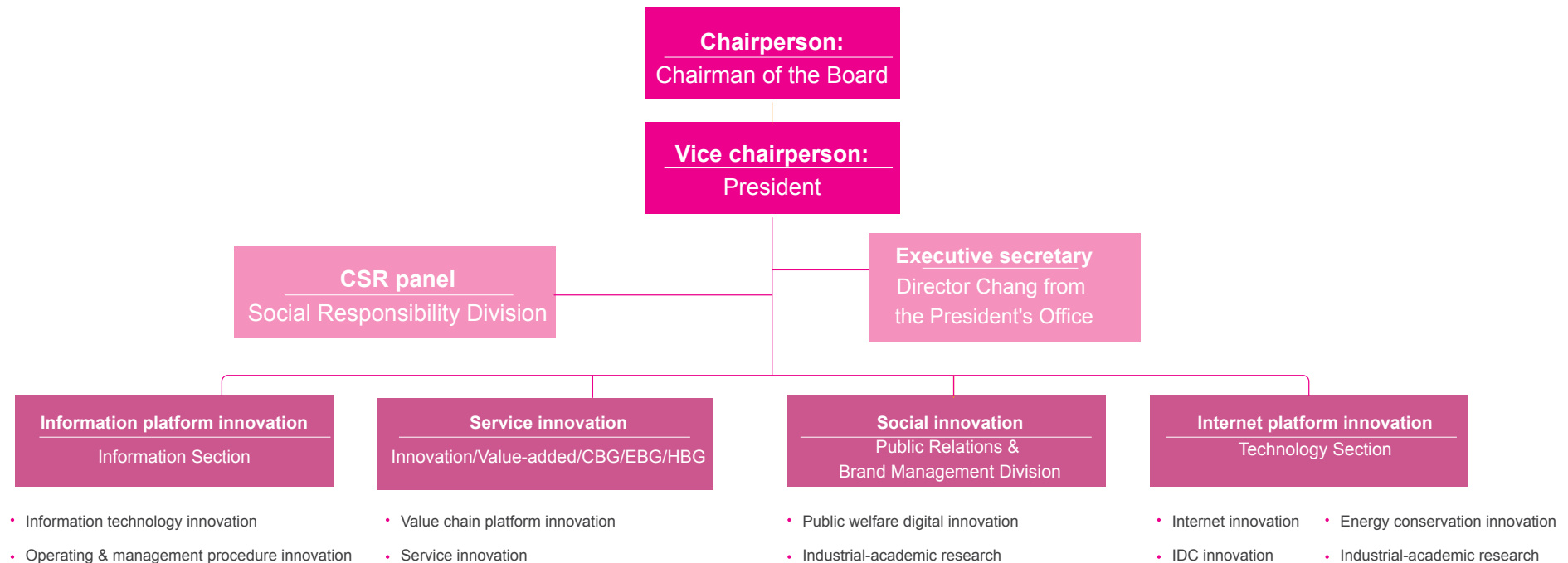
In 2017 we will continue to invest in solutions for IoT, information security, OTT, cloud computing services and mobility-enabled applications. In the future, all industries will be tied to the idea of mobility, and we will no longer be providing only telecom services to them. We will see, in particular, the union of the cloud and innovative services, which will allow the telecom core network to migrate toward the current trend of cloud-based infrastructure.

## 2.4.1 Innovation Management Strategies

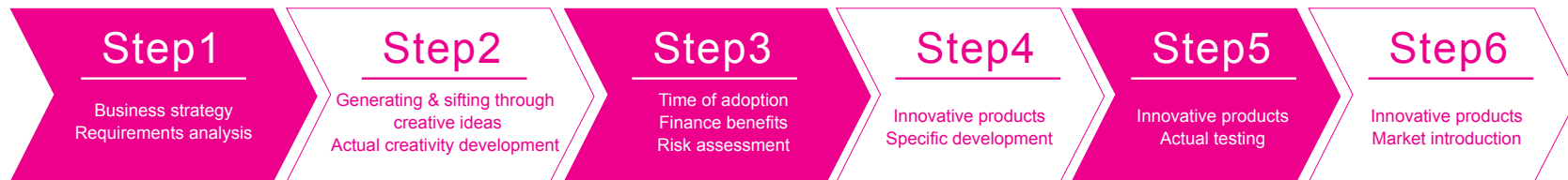
As a leader in digital convergence, we continue to investigate and analyze, from the perspectives of our subscribers, the opportunities that may be presented to the telecommunications industry due to changes in the general landscape. We will also actively invest resources in the development of value-added services that are more convenient and practical to our users, as well as endeavor to provide them with the best possible experiences. In January 2017, the "Innovation Management Commit

tee" was officially established by the Board of Directors. It is headed by the Chairman of the Board, with the President acting as the deputy. The Committee is responsible for overseeing the innovative development strategies and mid- to long-term objectives with respect to the company's products, services, technology and internal business processes. It is also responsible for establishing management mechanisms such as review/audit practices and performance tracking.

### Organizational framework of the Innovation Management Committee



## Innovation process and its management mechanism



### 1. Business strategy requirements analysis:

Innovation planning - market aspects			Innovation planning - R&D and manufacturing aspects			
	Existing markets	New markets		Incremental innovation	Radical innovation	Systemic innovation
Existing products Improvements/ Extensions	(Market position) Defensive innovation	(Market position) Expansive innovation	Existing technolog platforms	Functions Service upgrade	New functions New services Lower costs	New product combos
New products Acquisition/ Development	Cross-selling innovation	Breakthrough innovation				

◀ With respect to the strategic requirements of our business units, we seek to determine and clarify the specific purposes of innovation requirements based on the structure of analyses of the above market, R&D and production aspects, the goal of which is to guide the generation of creative ideas.

### 2. Generating & sifting through creative ideas and actual creativity development:

Differentiation	Market demand validation	Sources of technology and feasibility inspection	Resource adequacy inspection	Risk tolerance inspection
Content	Sufficient large potential markets Major requirements not yet met	Technology itself highly viable Manufactured in-home or outsourced	Equipped with technical capabilities to adopt the technological know-how Ability to facilitate creativity and resources	Financial risk Goodwill risk

◀ After sessions of brainstorming by each business unit, creative ideas that merit further investigation are selected according to the screening criteria above.

### 3. Assessments of the timing of adoption, financial benefits and risks:

The advantages and disadvantages of different points in time for idea adoption are clarified, the scenarios analyzed and the financial benefits estimated. Major risk factors and possible strategies to address them are also identified. °

### 4. Specific development of innovative products:

Products enter into actual development based on the specific specifications of the creative ideas.

### 5. Actual testing of innovative products:

erification of the technical/system functions and capacity are first carried out, followed by the testing of customers' principal usage scenarios.

### 6. Launch of innovative products in the market:

The innovative products first undergo trial operational tests before they are officially launched full-scale in the target markets.



## 2.4.2 Product and service innovations

### SIM management platform

#### IoT/Connected Cars

<http://www.taiwanmobile.com/app/its.html#.WK5a9jhJIHg>

As Taiwan's population growth has stagnated, the SIM card penetration rate is now near its saturation point. The impetus for the growth of the telecom industry most likely comes from Internet of Things (IoT) applications.

##### 2016 Results:

- Showcased eSIM/eUICC Mobile World Congress (MWC)
- Became the first telecom carrier in Taiwan to complete a eUICC demonstration
- We partnered first with Ericsson and then with Jasper; currently well-known international electric vehicle manufacturers have already used this service online
- Organized Internet of Things forums for our partners to express our ideas on how to promote IoT services on a global scale

##### Plans for 2017:

- Announcement at the 2017 MWC of our partnership with AT&T's connected cars project
- Starting to conduct NB-IoT tests and being on target to provide services on the market
- Continuing to work with other telecom operators and OEM vendors through the Bridge Alliance on a series of eUICC projects
- Continuing to push forward with plans to expand to other IoT applications, such as Wi-Fi sharing devices for travelers, security services and vending machines



2017 Mobile World Congress (MWC)

### Fleet Manager



#### IoT/Connected Cars

This service has integrated mobile communication network, vehicle on-board devices and GIS platform. Using the monitoring system on idling and speed management, the system allows businesses to track the movements of each of their vehicles. The user-friendly interface and the useful and convenient management reports are provided to help them accurately monitor the dynamic conditions of their vehicles, which can help them establish performance evaluation standards, improve service quality and management efficiency.

##### 2016 Results:

The system went online in Sept. 2016 and provides three major service features

1. Monitoring management 2. Performance management 3. Exception management

##### Plans for 2017:

Continuing to improve and optimize all functionalities

- Collection of driving behavioral patterns to enhance road safety
- UBI rating mechanism to provide precision claims management
- Updating user interface to improve precision

#### Big data applications

<http://www.tamedia.com.tw/index.html>

Using big data relevant to telecommunication as the core and bringing together the most extensive mobile platforms to help enterprises to provide the best mobile communication solutions.

##### 2016 Results:

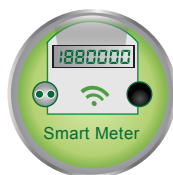
- We served over 200 businesses, including the top 100 enterprises: For example, Coca Cola, Uni-President, Procter & Gamble (PG) Cosmetics, financial services and automobile companies
- We have established a database with 3 million records in mobile behavior

##### Plans for 2017:

- We plan to create a core database and develop a diverse marketing strategy to effectively bring together information platforms from both enterprises and consumers, the purpose of which is to create sustainable modes of consumption and to benefit all parties involved.

TAMedia **TAMedia**  
精準直擊

## Smart water meters /electric meters



### Big data applications

To achieve energy conservation and carbon reduction as well as efficient utilization of energy, we introduced smart electric meters in April 2000 to provide network planning and transmission services, as well as big data analytic capabilities for enterprise users, real-time alarm service, online query interface and flexible door subscriber number management. This has allowed us to reduce loss during power transmission and distribution and to improve the stability of the power system.

#### 2016 Results:

In May 2016 we built an automated reading system for smart water meters, which is capable of effectively recording the amount of water usage at each point in time. This system facilitates efficient water management.

#### Plans for 2017:

Continue update the system and offer multiple managing service.

## Wali smart wallet



### Mobile Commerce

In February 2016 we introduced the first mobile app in Taiwan to combine the functions of EasyCard, iPASS (public transit passes), and electronic ticket storage. It also integrates electronic tickets for public transit and payment services based on security components and NFC sensor technology, thus providing our customers with electronic ticket storage functions and everyday applications.

#### 2016 Results:

- Promoting smartphone-based EasyCard/iPASS: A total of 140,000 users registered for this service, more than the combined number of all of our competitors in Taiwan
- Smart applications in shopping districts: We assisted local shopping districts in the metropolitan areas of Taipei, Tainan and Kaohsiung in implementing LBS-based guided tour services and to entice customers with O2O marketing
- Roadside parking fee payment service: Users can register the license plate numbers of their vehicles with us and pay for their roadside parking fees in Taipei and New Taipei City via monthly TWm telecom bills
- Over 400 different types of electronic tickets and coupons from more than 50 vendors have been made available through this service

#### Plans for 2017:

- Expanding and promoting the success of our smartphone-based EasyCard/iPASS service: Enabling "Auto Reload" function and helping local governments to promote smartphone-based citizen/civil cards and student ID cards.
- Smart shopping districts and regular customer shopping applications: Employing big data analytics to provide precision marketing and LBS technology, and developing shopping district, O2O marketing and regular customer management services. Matching merchants and consumers with approaches that require even lower costs and offer higher efficiency.
- Expanded everyday applications: Partnering with local governments to provide payment functions and billing and payment service for merchants.



## myfone Shopping



### Mobile Commerce

myfone shopping, a mobile shopping platform developed in-house by Taiwan Mobile, boasts a selection of over 200,000 products which consumers can choose from.

#### 2016 performance:

- We partnered with the Agriculture Bureau of Tainan City to provide agricultural e-commerce business courses via the Bureau's "Farmers' Forum", which attracted a total of 207 participants.
- We assisted in the marketing of the "Fresh Tainan" brand by producing publicity videos to promote major agricultural products from Tainan, which helped to promote the city's quality produce with the potential to succeed.

#### Plans for 2017

- Expand scale of outlet and introduce clearance sale and refurbished 3C home appliances to build the No. 1 online brand for refurbished goods.
- Introduce O2O mechanism by integrating myfone, and provide in-store testing for refurbished goods to lower sales return. In addition, we will enhance the sales volume at physical stores and the diversity of contractual packages through virtual inventory.



## Digital content

4G wireless broadband drives consumers' video viewing and reading behavior on their smartphones. We have employed big data analytics technology to develop a recommender mechanism to provide personalized viewing and listening recommendations to our users under a variety of scenarios, the purpose of which is to increase users' viewing/listening rate and customer loyalty so as to increase the revenue from our paying customers. The recommender technology analyzes the data from different aspects: "user's personal characteristics", "songs and preferences behavior", "song's musical characteristics", "film introduction/reviews" and External. Several hundreds of feature labels are produced in this process. Machine learning algorithms are then employed to produce a "Hybrid" video/music recommender system for the music's singers/radio stations/albums; it is also used on the personalized video display section for best personalized recommendations. In the month following the launch of the music radio station, the number of songs played by our users rose by 6.7%, which indicated that customer loyalty for the service improved. The recommender system proved to be successful as the number of users who dropping the service decreased by 38%.

## Smart video service platform and commercial ecosystem promotion plan

We continue to promote the "4G Smart City" project in order to be in a better position to enable our subscribers to access information and entertainment as well as conduct daily business with speed and convenience. We have introduced "Smart Video" and "Smart Micro e-Commerce" applications, and we have also employed the smart technology applications enabled by big data analytics to foster the industry chain's upgrade and to improve and create new value for mobile communications.

### 2016 performance:

To support the advancement of the 4G Smart City project, TWM collaborated with four major cities and counties to create a brand-new and exciting smart video experience for our users using our digital video content as the media and taking advantage of our high-speed 4G bandwidth. At the same time, we encourage and support the production of amateur videos with the country's first live-broadcast and interactive open video platform.

### Plans for 2017

We will continue to expand the contents of the local videos section and to engage professional training organizations to support amateur video production.

### myMusic online music



#### Digital content

We will continue to devote resources in the mobile music market. As of the end of 2016, our music library contained over 3.6 million songs, and the size of our membership reached 300,000. In 2017 we expect this number to exceed the 360,000 mark.

#### 2016 performance:

- Reemploying big data analysis with upgrade personalized recommender system: The "Personalize Wall" now offering precision recommendations; 4 months into the launch, over 60,000 users took advantage of this feature and played nearly 2 million songs
- Investing extensively in the music industry and shaping our brand image: We organized three concerts with live broadcasts, which were physically attended by 2,000 concertgoers and viewed by more than 10 million users online.

#### Plans for 2017

- myMusic is partnering with Korea's Naver in an exclusive deal to provide direct access to entertainment and news about Korean celebrities. Going forward the content will be expanded to include all types of entertainment to create unlimited business opportunities.



### myBook electronic bookstore



#### Digital content

Optimizing mobile reading, providing digital content such as e-books, e-magazines and learning with audio books. Readers will be able to use their mobile devices to experience the joy of reading anywhere, anytime and however they choose, thus helping the publishing industry to transform digitally.

#### 2016 performance:

- A total of 4,548 instances of digital reading were recorded
- In terms of the quantity of books that we carry, the reduction of printed books totaled 1.19 million per year
- In order to facilitate mobile reading, we have developed text extraction function to produce digests from books so that users can read them with only one hand while commuting. In 2016 this service feature was used more than 17,000 times per month

#### Plans for 2017

- We plan to sponsor/cosponsor e-book related seminars and competitions to accelerate the adoption of smart reading by the public



## myVideo online multimedia service



### Digital content

Committed to the promotion of digital content, we lead the industry in providing "unlimited views with purchased download" service. Since the service was launched four years ago, there have been nearly two million app downloads and 50,000 users use the myVideo service to watch videos every day.

#### 2016 performance:

- We organized a variety of online film festivals, such as the Queer Film Festival, which helped to reduce discrimination and conflicts and achieve gender equality; and the Peace Film Festival, which helped to promote peace and inclusiveness in the society.
- Since the system went online, there have been 34 million views, which eliminated the need to produce video discs and contributed to our corporate social responsibility of conserving energy and reducing carbon reduction as well as fulfilling the goals of global common development.
- We provided live broadcasts of Super Star, Hito Music Awards, and the "Taipei Tainan and Hualien New Year's Eve Concert", thus enhancing the visibility of the country's digital content and its cultural creative industry. These concerts also helped to foster public participation and to ensure fair and high-quality knowledge dissemination.

#### Plans for 2017

- We are committed to bringing high-quality video formats, such as FHD and 4K, to our users and also optimizing their user experiences



## myPlay1 vertically integrated value chain for smartphone video games



### Digital content

With the target device of game production shifted to mobile devices, this service guides users to enjoy entertainment on their smartphones, creating positive values of mobile games.

#### 2016 performance:

- The game agent collaborated with TV drama for the first time and successfully combined TV drama with mobile games.
- Fun App have accumulated over one million downloads and held 130,000 effective members.
- Thanks to the built-in payment and exchange system online, the number of sending and exchanges have exceeded 3 million times.

#### Plans for 2017

- This service continues to cultivate the existing members by introducing 50 popular games and supporting local developers to expand foreign markets.



## Telecom Bill Payment Flow



### Value-added Service

TWM leads the industry by launching an eco-friendlier mobile payment service. Users may easily purchase any service through sim card detection and OTP security verification with a single touch.

#### 2016 performance:

- More than one million users have chosen Google Play Telecom Bill Payment.
- The number of times in purchase and the frequency of consumption have shown stable growth per month, which indicates that more and more consumers have accepted this type of payment and recognized the convenience and security it has brought.

- This service was accredited with Google's Premier Market Partner

#### Plans for 2017

- TWM expands collaboration with partners and combines resources from retail sales to attract more players and thus build up the payment flow.





## mySports personal health manager



### Value-added Service

mySports focuses on the concept of personal health manager, providing users with the ability to record 23 exercise activities on their smartphones, including running, jogging, walking and cycling. The service also supports data transfer from multiple brands of GPS sports wearable devices, which enables the management of data and information with a centralized platform.

#### 2016 performance:

- The App traces the 18 bike routes of "Top Ten Bike Guide," Sports Administration. Users may receive agitator completing the verification process.
- Over one thousand workout routes and sports news have been published on the website and the App of mySports.
- The service has accumulated more than 330,000 registered members at the end of 2016 and nearly 4,150,000 uploaded workout records.

#### Plans for 2017

- TWM will continue to push for employee programs and support the long-term planning of Health Cloud.



## Mobile Customer Service App



### Value-added Service

To meet customers' needs and to increase convenience, TWM Customer Service continues to collect feedback, add new functions and optimize the process.

#### 2016 performance:

- 9 revisions have added various functions, such as simplifying the automatic login with users' phone number, reference minutes for outstanding phone charges, non-stop online entertainment via advance payment, etc.
- The service has accumulated over 480,000 users and 2,800,000 downloads per month.

#### 2016 performance:

- It is expected to reach 3,200,000 downloads and 600,000 users per month.



## mySports personal health manager



### Value-added Service

Enterprise Instant Messenger (EIM) is dedicated for workplace communication that delivers communication efficiency, a user-friendly interface, a stable quality with secure information, a true leading application at the local market.

#### 2016 performance:

- Two financial holding companies and dozens of enterprises in architecture and medical equipment have adopted this application.
- This software reduces the costs of infrastructure, including the operational costs of servers, software and network. Making good use of mobile devices helps cut down the expenses of office equipment, such as desktop computers.

#### 2016 performance:

- The number of customers is going to be doubled thanks to video conferences, collaborative tools and other functions launched in 2017.





Operations  
with integrity



Sustainable  
partners



Outstanding  
brand



Digital  
innovation



Environmental  
Sustainability



Happy  
workplace



Social  
inclusion

## Cloud Service

### Cloud IDC

This service lowers the risks of maintaining an old, unstable data center and reduces the high costs of operating a data center. Launched on December 1, 2013, it adopts modular equipment, hot/cold data separation and the Free Cooling method to produce the most suitable space and the best performance for cloud computing. Being both eco-friendly and cost-effective, it assists clients to cope with the rapid changing environment.

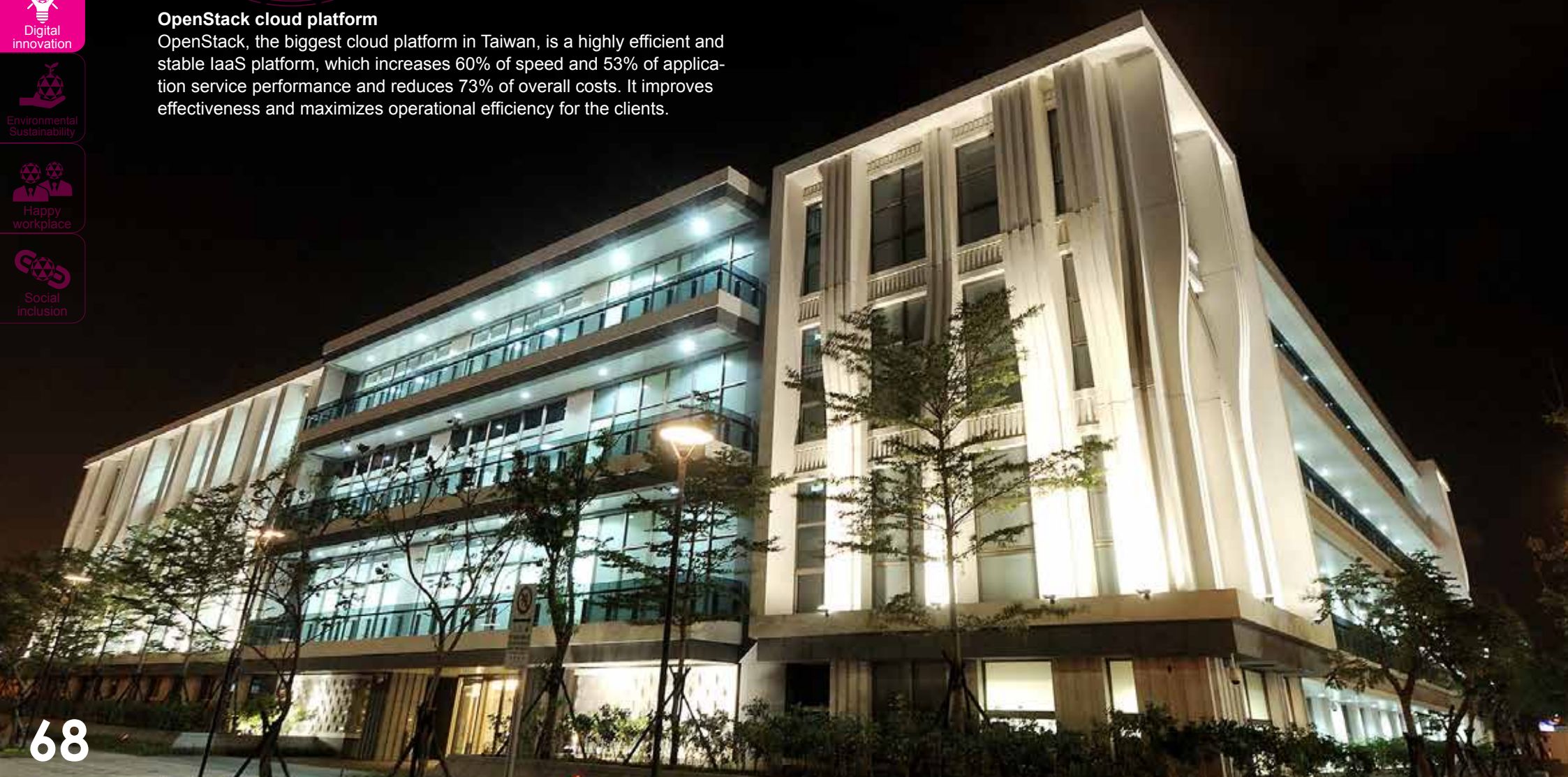
2016 performance:

TWM IDC was accredited with Uptime Tier III Gold Certification of Operational Sustainability, the only IDC in East Asia certified for Uptime Tier III (design, facility and operations).

Plans for 2017 : TWM IDC provides modular equipment and comprehensive services that keeps energy efficiency on PUE1.5

### OpenStack cloud platform

OpenStack, the biggest cloud platform in Taiwan, is a highly efficient and stable IaaS platform, which increases 60% of speed and 53% of application service performance and reduces 73% of overall costs. It improves effectiveness and maximizes operational efficiency for the clients.



## Multi-level DDoS Defense



### Information security

With the maturity of digital economy, online DDoS attacks have become more and more prevalent. We've constructed a multi-level defense system that provides flow obstruction defense, status exhaustion defense and application attack defense. To strengthen digital economy, this system allows enterprises to offer their clients continuous and stable services in a secure network.

#### 2016 performance:

- Since November 2016, this service has been adopted by 9 banks, insurance institutes and securities companies. It has successfully obstructed DDoS attacks for the clients.

#### Plans for 2017

- Pay-Per-Use program is dedicated to clients with low demands.
- Short-term Bandwidth Expansion improves the flexibility of defense.



## Home Security service



### Household users

Combining cloud services, TWM HomeSecurity centers on "smart family," providing comprehensive home surveillance and smart defense services. It also offers real-time split screen to enhance shop management and efficiency.

#### 2016 performance:

- his service has obtained 6,807 users since 2014.

#### Plans for 2017

- It is expected to reach 14,908 target users.



## Health Care service

### Household users

Owing to the coming advance of aging society, the increasing demands for long-term care and the shortage of manpower, TWM launched Health Care in collaboration with Taipei Medical University Hospital Telehealth Telecare Center. This service provides comprehensive health management telecare services at home for our seniors. Health Care service offers HD video surveillance, an active warning system and effective caption/transmission of monitored numbers. It gives instant medical advice and supports from professional nurses via telecare services, which enhances seniors' living quality, improves home carers' nursing abilities and relieves the demands for carers.

#### Plans for 2017

- This service will be launched in the 3rd quarter of 2017.



## 2.4.3 Internal Process Innovation

### Flexible special commission's project

The competitive telecom industry has introduced a variety of products (such as value-added services, mobile phone insurance, etc.). The calculations of commissions have also become more and more complicated. In addition to the basic commission structure for telecom services, special commission also helps employ resources and stimulates retail sales. It is inflexible to develop individual regulations for special commission, so TWM builds a flexible system of special commission that is executed in two phases.

### Management

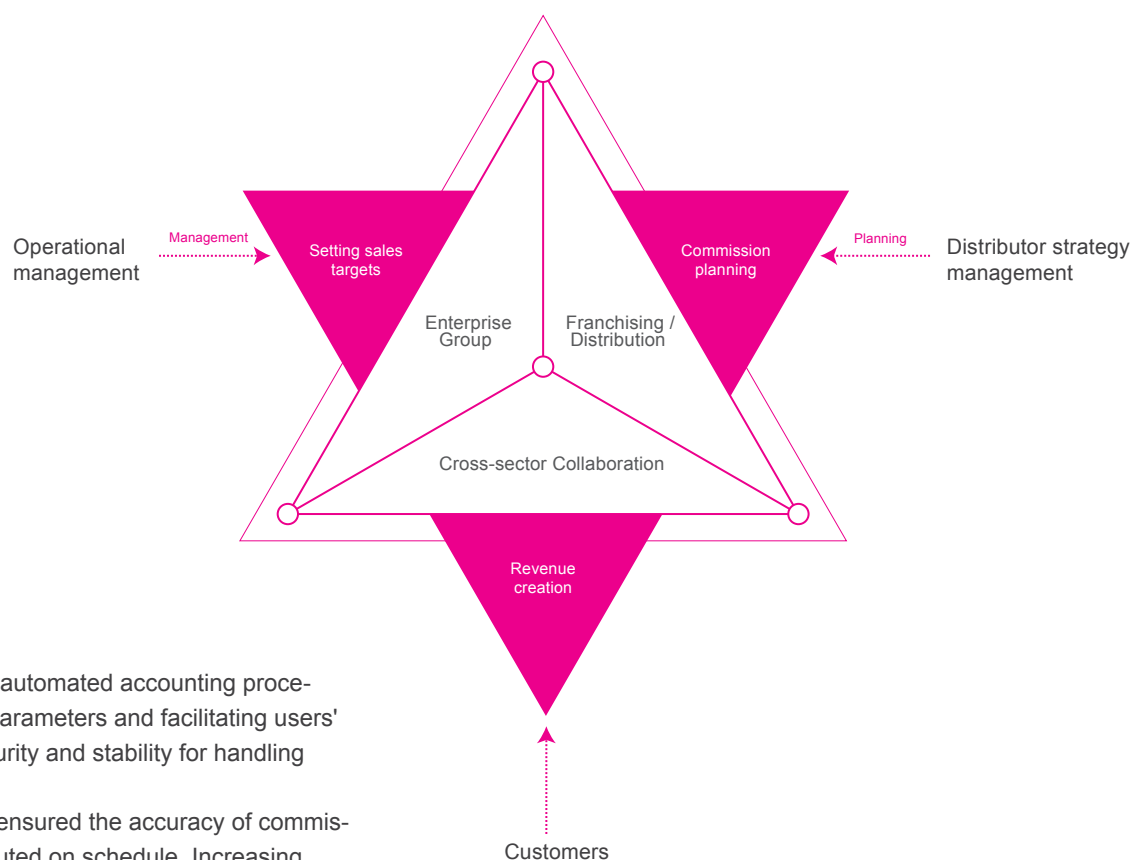
- 1.Comprehensive user interface design facilitates the setting of commission structures, auditing, verification and downloading of reports
- 2.Provides users with well-designed functions to conduct feasibility and benefit analyses

### Technical Dept.

- 1.Reduced monthly development costs for new requirements and modifications
- 2.Improved commission productivity and accuracy
- 3.Shared and integrated resources to enhance system performance

### Quantified Benefits

20% annual savings in system development costs



Manual operations are replaced with the new system's automated accounting procedures, thus providing transparency for setting system parameters and facilitating users' information search. It also offers an added layer of security and stability for handling commissions.

This case (Phase 2) was launched in 2016, which has ensured the accuracy of commission accounting and guaranteed commission be distributed on schedule. Increasing sales and growing revenue of TWM create a win-win scenario, saving up to 50% of the cost for system development.

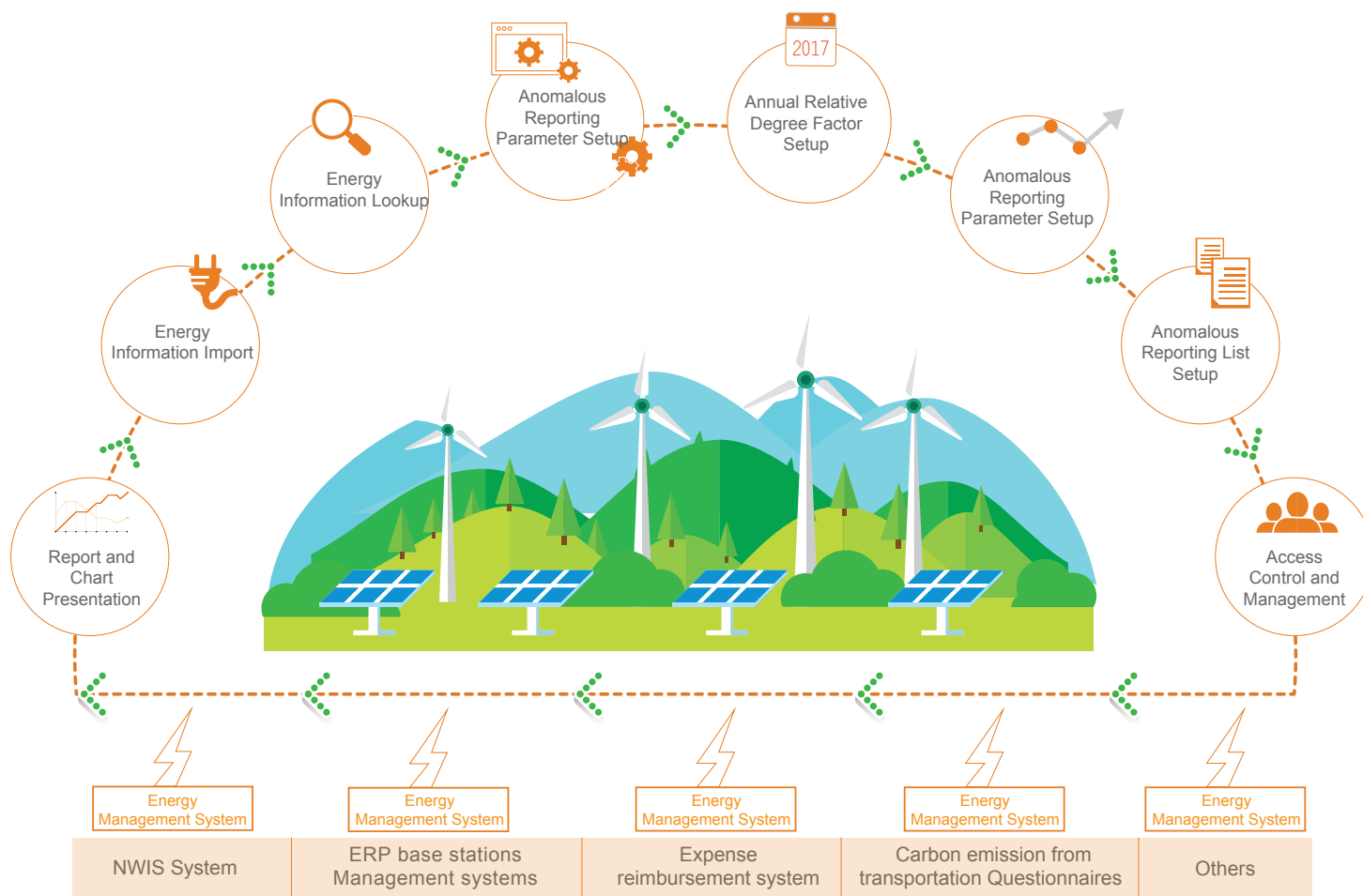


### Intelligent Energy-saving program

With the introduction of ISO50001、ISO14064、ISO14001, the system organizes data and information related to energy consumption and builds exception notifying monitoring mechanism. It optimizes energy usage and establishes a special zone for environmental management to promote environmental protection. This system also collects the carbon emission data of staff travel and staff commuting as reference to future policy making.

Intelligent Energy-saving program includes:

- 1.Adding real-time monitoring mechanism: exception notifying function, real-time monitoring, water and electricity exception standard and effective control of exception.
- 2.Collecting the data of staff travel and commuting: In 2016 TWM has completed collecting the questionnaires of staff travel and commuting with 100% completion rate. Staff commuting emitted 3,093 tons of CO<sub>2</sub>, and staff travel emitted 442 tons of CO<sub>2</sub>. =
- 3.Constructing a dedicated environmental zone: Download ISO50001 & ISO14001 regulations and materials



## 4G Customer Experience Management (CEM)

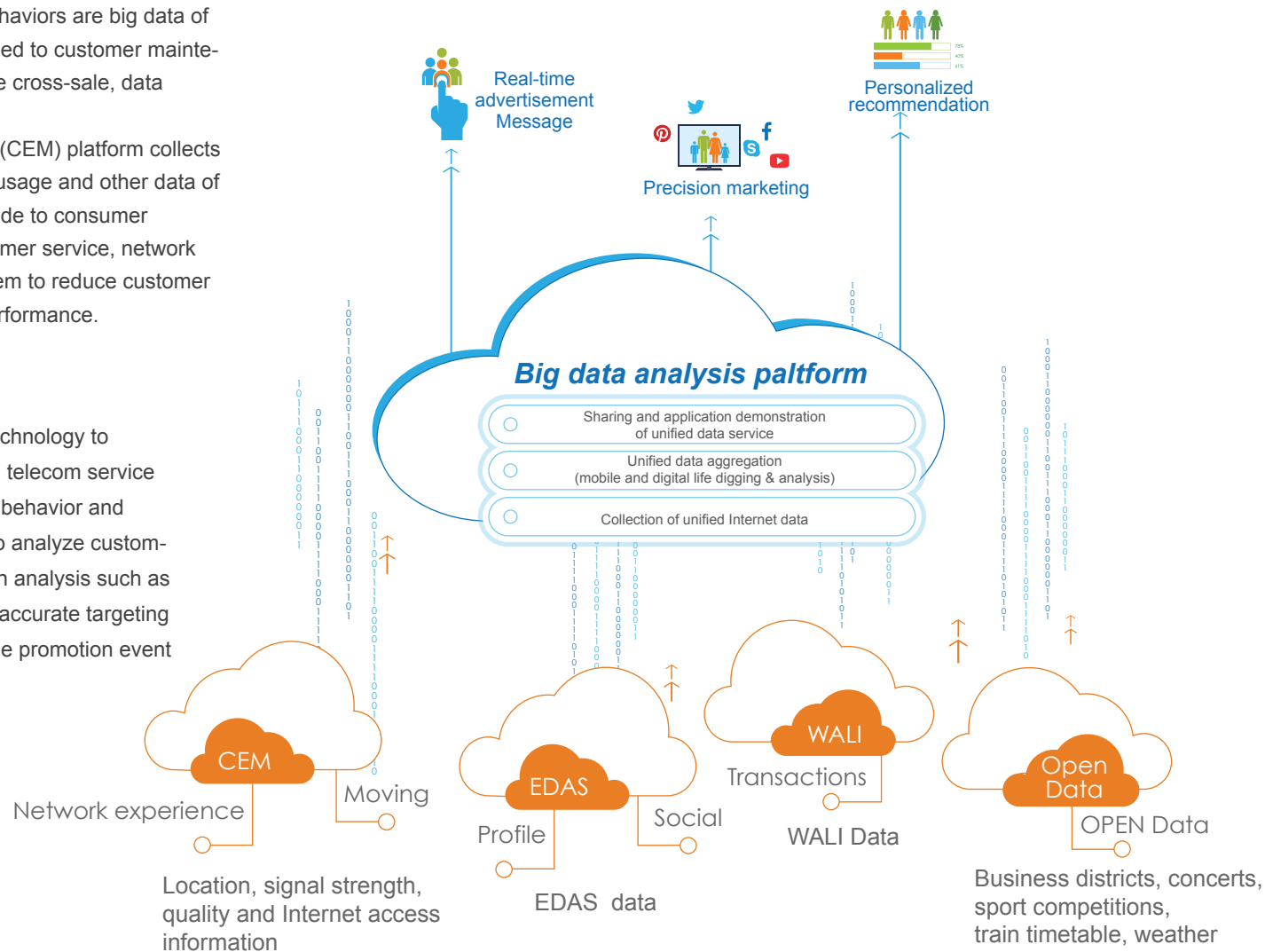
### User Internet CEM platform

Enhancing customer satisfaction is an important basis for the telecom industry. Online user behaviors are big data of customer insight, which can be applied to customer maintenance, product development, service cross-sale, data monetization and other areas.

Customer Experience Management (CEM) platform collects signal strength, network traffic, app usage and other data of 4G network user experience to provide to consumer customer service, engineering customer service, network and technology support, allowing them to reduce customer complaints and optimize network performance.

### Big data analysis

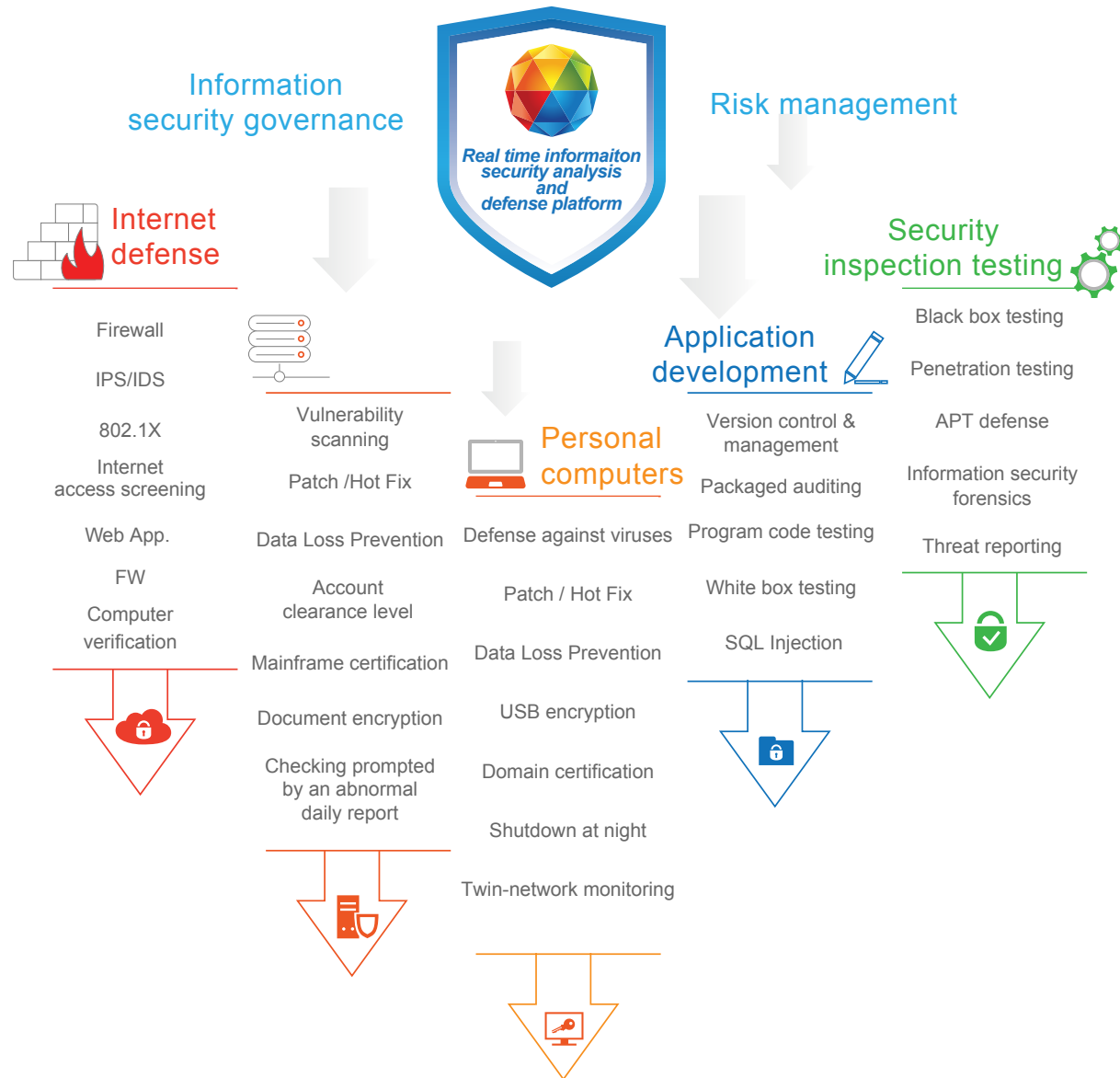
Using advanced big data analysis technology to analyze a combination of CEM data, telecom service user profiles, WALI APP transaction behavior and open data. The result can be used to analyze customer activity by time, as well as location analysis such as by region or by shop and to provide accurate targeting when combined with WALI's real-time promotion event notification.



## Protective operations against information security threats

We aim to ensure full implementation of our information security policies and to provide users with comprehensive and high-quality security protection. With the safeguarding of customer personal information and the protection of confidential and sensitive data at as our core strategy. We built four security shields: protection against external hackers, protection against illegal disclosure from within the organization, incorporation of security assessments into system planning and implementation, and monitoring and prevention of security incidents in system maintenance and operations (refer to the diagram below). Our goal is to provide the highest level of security for customer data with our systems and professional staff, enabling our customers to use our services with confidence and assurance.

Information security operations provide protection from all manners and channels of probing and attack. To provide a secure operating environment for computers, the network, information platform and personal pc usage behaviors will be collected. The systematic and centralized diagnostics can determine possible threats, allowing deeper looks into suspicious events and behavior to find and clear potential risks in a timely manner. A true comprehensive defense can ensure enterprise information systems operation and performance.







- Operations with integrity
- Sustainable partners
- Outstanding brand
- Digital innovation
- Environmental Sustainability
- Happy workplace
- Social inclusion



## 2.5 Environmental Sustainability

**Core concept**  
We are now facing tremendous challenges from global climate change. Leading by example, Taiwan Mobile is committed to reducing carbon emissions from operational activities, developing environmental strategies, and improving the efficiency in resource utilization. At the same time we also aim to fulfill our responsibility in protecting the environment by taking advantage of our core capabilities in the communications industry to provide green products and services.

**Commitment and Actions**  
The Environmental Management Committee develops environmental policies and objectives, pursues ISO certifications and develops smart energy conservation.

- Carbon risk management: We review the performance of our energy saving and carbon reduction efforts and track greenhouse gas inventories on a regular basis
- Resource conservation and waste recycling: We continue to improve the efficiency of resource utilization and dispose of general business waste properly.
- Renewable energy applications: We continue to support green energy initiatives and expand the construction of our green energy infrastructure

### Achievements and performance

- Achieving greenhouse gas reduction by 7,748 ton CO<sub>2</sub>e (the electricity emission coefficient used is based on that specified in ISO14064)
- Carbon footprint of employee commuting business travel: 3,535 ton CO<sub>2</sub>e
- Carbon footprint internal logistics: 44,140 ton CO<sub>2</sub>e
- The first telecom operator to have been certified in the new version of ISO140001
- Promotion of the green initiative "TWM Green Energy Promises a Brighter, More Sustainable Future"
- Subscription to 1.4 million kWh of green power
- Green-energy construction: 52kW
- We created the country's first "Product Category Rules (PCR) for the standardization of online multimedia services - video content, music and e-books"
- Each of the series of myVideo, myMusic and myBook services has been awarded the "Product Carbon Footprint Label"
- Engineering vehicles have employed the "Fleet Manager" app (smart fuel monitoring system)
- Savings of 720 ton CO<sub>2</sub>e per year in the management of the external logistics fleet
- Participated in 2016 Taipei City Energy Conservation Leadership Award hosted by the Taipei City Government, and received the 'Outstanding' award.
- Participated in the Global e-Sustainability Initiative (GeSI), and joined international key players in the telecom industry in promoting the sustainable development of ICT industry.
- Natural capital input :0.36 billion

### Vision and target

We have developed a set of environmental performance management objectives to fulfill environmental sustainability management

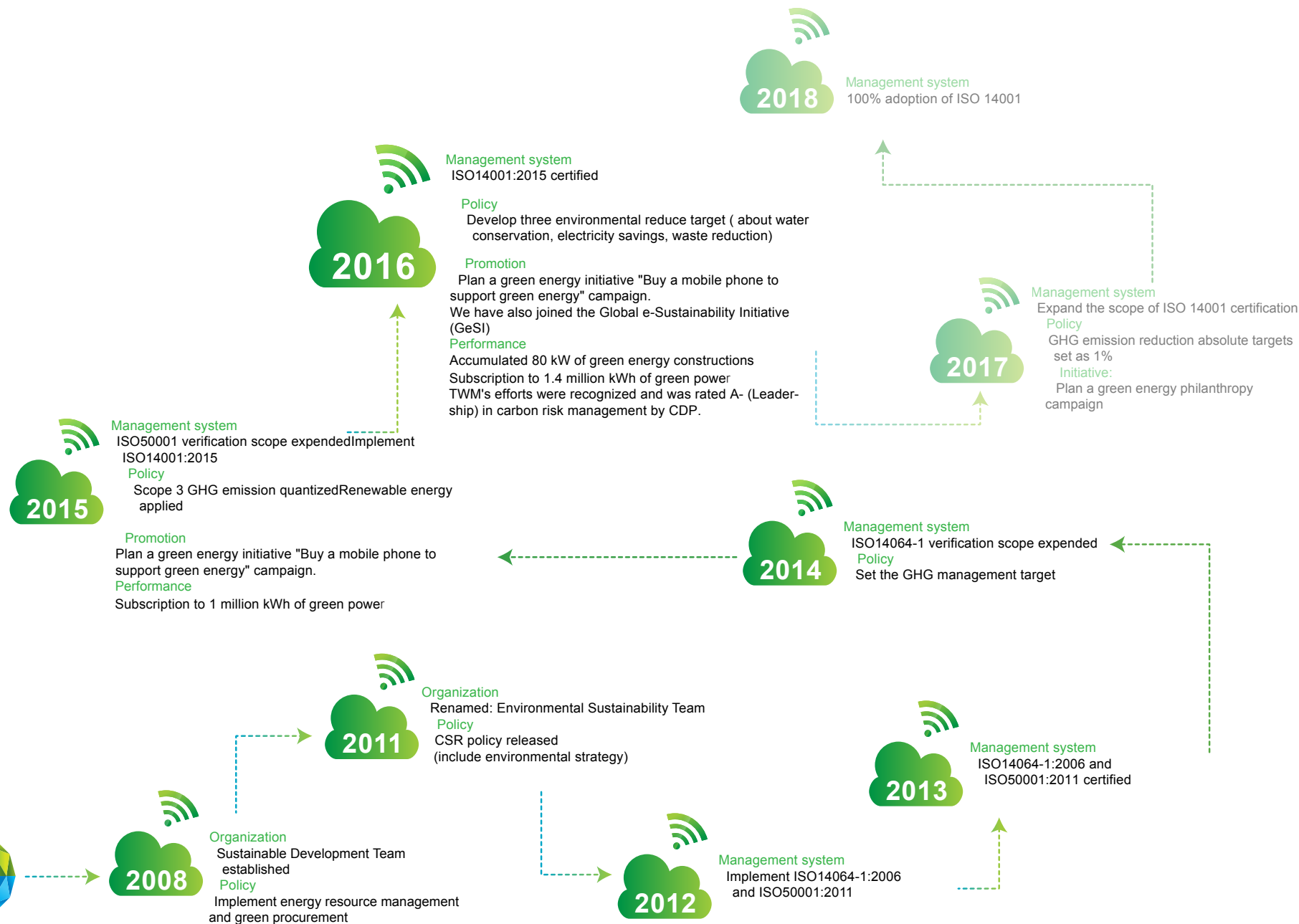
- Carbon reduction:** An absolute reduction of greenhouse gas emissions by 1% in 2017; 2025 GHG emission level is 9% below the 2016 level.
- Power saving:** 2025 power consumption level is 9% below the 2016 level.
- Water conservation:** Savings of 1% per year between 2017 and 2020
- Waste reduction:** Waste reduction: Reducing industrial waste by 2% per year between 2017 and 2020.
- Green energy:**
  - Achieving accumulated installed green energy capacity to at least 250 kW by to 2020 and growth of long-term green energy utilization of 10% per year
  - 2.25% of Cloud IDC's electricity consumption will come from renewable energy sources by 2020
- Fuel conservation:** The consumption of fuel by engineering vehicles reduced by 8% in 2017

Research: Developing Science Based Target (SBT) and Internal Carbon Price objectives





## History of Environmental Management



## 2.5.1 Environment and Energy Management Strategy

### Environment and Energy Policies

Taiwan Mobile stays close to its core value “Think Sustainable, Act Responsible”. The ISO14001 environment management system was introduced in 2015, and four major environmental sustainability policies were established (see Fig. 1), promising to establish regulations to efficiently manage and use energy resources. We actively set environmental management targets, improve performance metrics of the entire environment while thriving in the core business of information and communication, taking into account the risk and opportunities that may arise in every stage of the product and service life cycle.

Fig. 1: The Four Major Environmental Sustainability Policies



## Environmental Management Committee and Target

To improve performance and expand the promotion of smart energy conservation, we established an Environmental Management Committee under the Risk Management Committee in February of 2016.

- Organizational structure Led by the President, chaired by the Chief Technology Officer, with members consisting of high-level supervisors of relevant units and departments.
- Operations: This new committee operates under the supervision of the Risk Management Committee and is chaired by the Chief Technology Officer. Members consist of high-level supervisors of relevant units and departments who are tasked with the responsibilities of developing environmental policy and objectives, as well as fulfilling the following four major objectives: integrating the administration of ISO 14001 (environmental management), ISO 14064-1 (Green House Gase Inventories) and ISO 50001(energy management) as well as promoting smart energy conservation strategies. Various tasks are carried out by separate teams, and the implementation results are reported back to the Environmental Management Committee.

## Environmental Management Committee

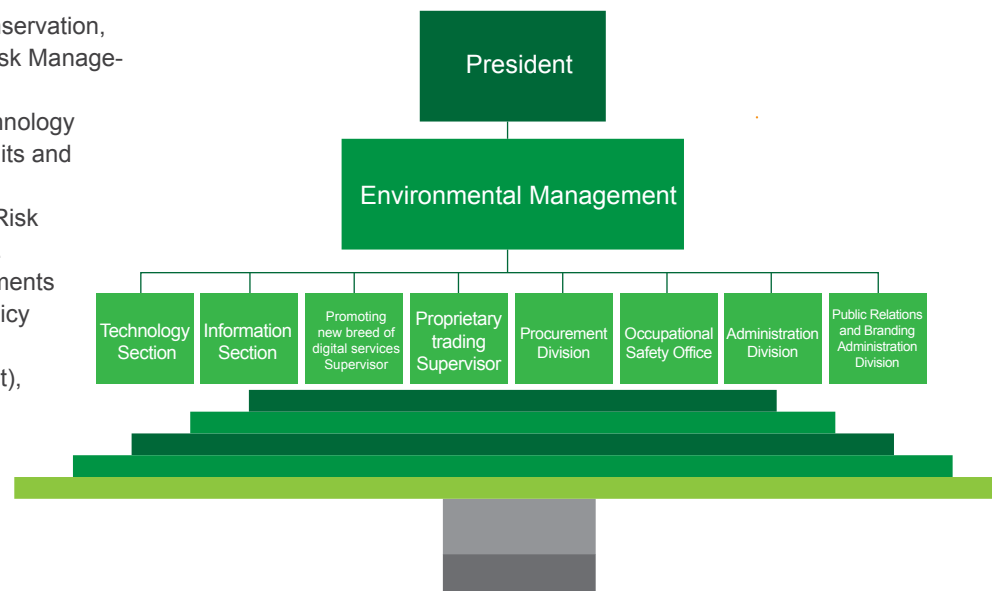


Table 1, Three major environmental management goals

Environmental management		2017 Plan	Implementation Strategies & Measures
Electricity savings	Power saving: Returning to 2016 power consumption level by 2025	2017 power consumption level below 2016 levels	1.Continuous monitoring of the energy consumption of equipment and implementing energy-conserving methods: Systematic management of the power consumption of the facilities room and installation of smart meters 2.Shutting down the 2G network in the second half of 2017. 3.Reward scheme: Holding competition between teams, with appropriate rewards according to reduction of power consumption 4.Participated in the Global e-Sustainability Initiative (GeSI), and joined international key players in the telecom industry in promoting the sustainable development of ICT industry.
Water conservation	Water conservation: Savings of 1% per year between 2017 and 2020	Implementation Strategies & Measures	1.Facilities room: Rainwater harvesting system (IDC cloud facilities room); using high efficiency water cooling system for the air conditioning system. 2.Office: Consider reducing water flow in the tea room sinks, washroom sinks and toilets. Promote water-conservation messages to colleagues.
Waste Reduction	1.Waste reduction: Reducing industrial waste by 2% per year between 2017 and 2020 2.Domestic waste don't expence between 2017 and 2020	1.In conformance to the ISO-14001 Environmental policy, the application for enterprise waste removal was submitted in October of 2016, and goals for waste reduction were set. 2.2016 established as a base year for the volume of daily waste materials, and the Company plans to maintain such volume in 2017~2020.	1.Buying environmentally friendly lithium batteries and reducing waste lead batteries. 2.The shortest and optimal routes are used to lay the cables, thus reducing the use of PE-filled cables by 5% 3.Sale of usable telecom equipment that has been replaced



#### Scope

Songshan Cultural Park HQ and Cloud IDC, including ITC, Internet, multimedia, entertainment and related services as well as office activities.

#### Targets and Goals for 2016

##### 1.Green Energy Procurement

Target: 0.235 billion NT; Actual: 0.336 billion NT; Completion Rate: 143%

##### 2.Energy-Saving of Facilities Room and Base Stations

Target Saving: 8 million kWh; Actual Saving: 13.56 million kWh; Completion Rate: 170%

##### 3.Paperless Bills

Carbon Reduction Target: 201 Tons; Actual Reduction: 201 Tons; Completion Rate: 100%

##### 4.Environmental protection education and training costs

2016 Target: 1273 Persons; Actual: 3124 Persons; Completion Rate: 245%

#### Planning

Short term – Increasing the scope of environmental certification for 2017 to include the Taipei Dunnan Building, Kaohsiung Boai Building, Ruiguang 480 Building and Kaohsiung Shinya (Facilities) and others.

Long term – According to the "Vision for 2020" project, completing the implementation of the ISO14001 environmental management system for all telecom and cable tv revenue by 2018.

2016: First Telecom Operator in Taiwan to Pass the new ISO14001:2015 Certification.

## International Certificates-ISO14001



#### Scope

Optoelectronics Tower, Cloud IDC, 1 direct store as demonstration site, 2 new stores in 2015

#### Energy resource management

For new locations in 2015: Using the first year of the baseline as the basis for power consumption, reduce EUI or PUE by 3% at every location over 3 years (2013 to 2015)

For Established Locations: To be managed according to the usual targets. Review and improve policy when the energy baseline does not faithfully reflect energy-saving performance.

Note: Power consumption (energy use intensity, EUI) - Data centers: Power Usage Effectiveness (PUE) Machine room

#### 2016 Results

Cloud IDC	Optoelectronics building				Direct stores		
	Office	Internal data center A	Internal data center B		Store A	Store B	Store C
PUE: 2.19	EUI: 30.93	PUE: 1.59	PUE: 1.69		EUI: 89.46	EUI: 70.8	EUI: 49.86
Performance:14.7%	Performance:-10.0%	Performance:-10.7%	Performance:-4.5%		Performance:14.7%	Performance:27.5%	Performance:4.9%
(2016 energy baseline: 1.91)	(2012 energy baseline: 34.35)	(2012 energy baseline: 1.78)	(2015 energy baseline: 1.77)		(2013 energy baseline: 78)	(2015 energy baseline:55.52)	((2015 energy baseline: 52.43)

## ISO50001Environmental management system



#### Scope

Taiwan Mobile Co., Ltd., Taiwan Digital Service Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan Fixed Network Co., Ltd., TFN Media Co., Ltd. and subsidiaries, Win Tv Broadcasting Co., Ltd.and MyMusic, TWM Holding Co., Ltd.

#### Inventory types

Office buildings, machine rooms, base stations, and stores

#### Greenhouse gas

Greenhouse gases include CO2, CH4, N2O, HFCs, PFCs, SF6

#### Results

Main source of emission: Purchased electricity (Scope 2 – Indirect Emissions); the scope covers telecommunications and media industry

Scope 3 Staff commute and travel; internal logistics separately added

(see 2.5.2.1Greenhouse Gas Management Strategies and Objectives for details)

## Continue to conduct the ISO14064-1 greenhouse gas inventory



## 2.5.2 Climate change mitigation and adaptation-Carbon risk management

### Greenhouse gas management framework

Introduced the ISO14064-1 Greenhouse Gas Inventory since 2012 and verified through third party verifying units to ensure data quality. Taiwan Mobile 'business covers telecommunications and media industries and operates mainly through electrical energy (Scope 2 – indirect emissions), which accounts for 97.67% of total emissions (see Figure 1 for electricity analysis); remaining emissions include those from refrigerants, fire extinguishers, septic tanks, and public works vehicles (Scope 1 – Direct Emissions), as shown in Tables 1 and 2. Considering the increasing annual greenhouse emissions due to ongoing growth of mobile communications and cloud service volumes, greenhouse gas management objectives have been laid out since 2014 (as shown in Table 3).

Figure 1. Electricity analysis

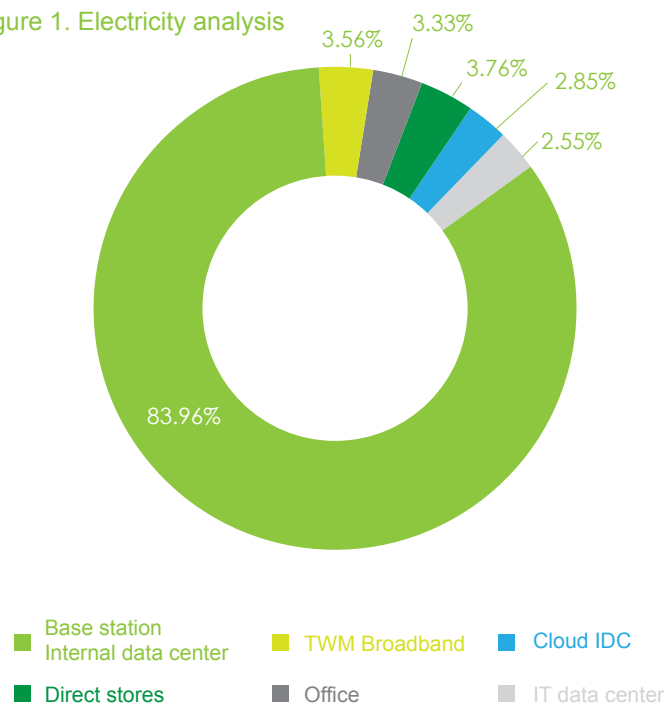


Table 1. Greenhouse Gas Inventory

Item	2014	2015	2016
Scope1(Direct Emissions)(ton-CO2e)	7,117.86	7,262.71	5,871.03
Scope2(Indirect Emissions)(ton-CO2e)	201,453.59	236,960.64	245,578.21
Total Carbon Emissions (Scopes 1 and 2)(ton-CO2e)	208,571.45	244,223.35	251,449.24
Emission intensity = total carbon emission/ consolidated revenue(ton-CO2e/ NTD million)	1.85	2.10	2.16

Table 2. Energy consumption

Item	Item	2014	2015	2016
Direct energy	Gasoline (l)	864,180.56	864,846.03	880,110.79
	Megajoules (MJ)	28,222,927.37	28,244,660.56	28,743,186.21
	Diesel (l)	33,445.50	58,368.78	39,635.50
	Megajoules (MJ)	1,232,319.57	2,150,632.72	1,460,393.73
Indirect energy consumption	Energy consumption (kWh)	385,926,420.85	454,818,894.69	465,110,240.83
	Megajoules (MJ)		1,637,348,020.88	1,674,396,866.99
Total energy consumption	Megajoules (MJ)	1,418,790,362.01	1,667,743,314.16	1,704,600,446.93
Energy density	Total energy consumption /consolidated revenue (ton-CO2e/ NTD million)	12,597.70	14,357.17	14,613.26

\*1,400 MWh of the power consumed is green power purchased from Taiwan Power Company. These green power are treated as normal grid electricity for GHG emission calculation according to ISO 14064-1.

Table 3. Greenhouse gas reduction target



### Scope 3 – Greenhouse Gas Inventory

Taiwan Mobile is committed to managing carbon emissions throughout the entire organization. Furthermore, it is the company's hope that green practices will become an integral part of our employees' everyday business activities. In 2015, therefore, we began to quantify the carbon footprint of our commuting employees and those who travel on business based on the Green House Gas Protocol Scope 3 of the World Business Council for Sustainable Development's (WBCSD) in setting the inventory boundary and calculating mileage.



Employee commute  
3,093 tonCO<sub>2</sub>e

**Scope of inventories:** Taiwan Mobile, Taiwan Fixed Network, Taiwan Kuro Times, Taiwan Teleservices & Technologies, Taiwan Mobile Digital Services, Win TV Broadcasting, Taiwan Fixed Network Media and its system broadcast platform affiliates, including permanent employees and contract workers  
**Inventory tools:** Online questionnaire census (100% response rate)  
**Means of transportation:** Metro, motorcycle/scooter and bus make up 97%; regular train, automobile, high-speed rail and taxi make up the rest



Employee travels  
442 tonCO<sub>2</sub>e

**Scope of inventories:** Taiwan Mobile, Taiwan Fixed Network, Taiwan Kuro Times, Taiwan Teleservices & Technologies, Taiwan Mobile Digital Services, Win TV Broadcasting, Taiwan Fixed Network Media and its system broadcast platform affiliates, including permanent employees and contract workers  
**Inventory tools:** Employee expense reimbursement system  
**Means of transportation:** Airplane, high speed rail, train, bus, coach, taxi, vehicle fuel subsidy



Internal logistics  
44,140 tonCO<sub>2</sub>e

**Scope of inventories:** Taiwan Mobile, Taiwan Fixed Network, Taiwan Kuro Times, Taiwan Teleservices & Technologies, Taiwan Mobile Digital Services, Win TV Broadcasting, Taiwan Fixed Network Media and its system broadcast platform affiliates, including permanent employees and contract workers  
**Inventory tools:** Logistic company vehicle fuel management system  
**Means of transportation:** Delivery vehicle

## Effectiveness of energy conservation at base stations and Internal data center

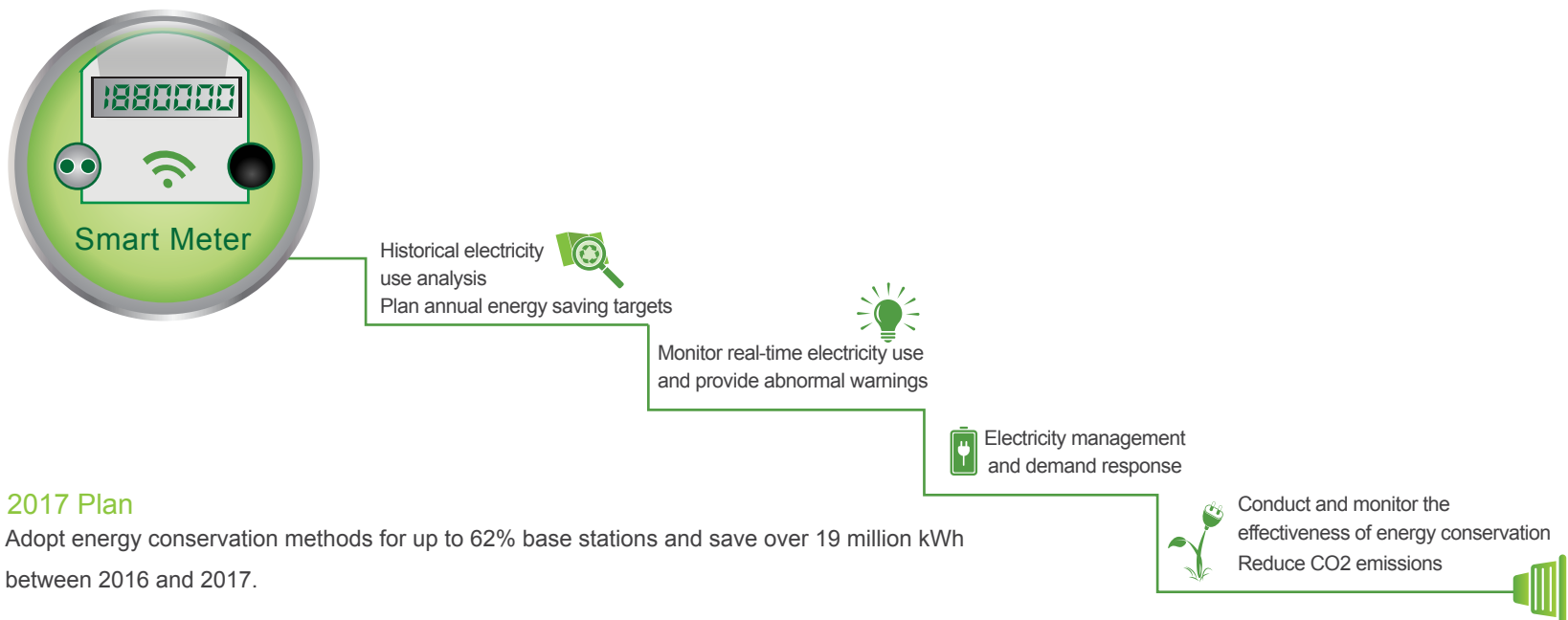
Taiwan Mobile uses 85% of the electricity at base stations and internal data center. We periodically monitor and analyze equipment electricity and, through analysis, prioritize improvements for potential high energy saving or aging equipment, and implement the 4 major smart energy saving strategies.

1. Smart electricity meter management system, as shown in the figure to the right (set up energy consumption baseline and annual power conservation targets)
2. Smart electricity conservation technical counseling (electricity use analysis and energy conservation diagnosis)
3. Set up smart energy conservation program (temperature control management and smart ventilation system; monitor equipment operation using environmental control system)
4. Energy efficiency assessment and reward (check energy efficiency using smart electric meter and devise reward system to promote energy efficiency)

### 2016 Results

Carbon reduction: 7,406 tonCO<sub>2</sub>e

1. Base stations: 44% of all company base stations have adopted multiple energy saving methods (including: Install suction exhaust fans, high efficiency ventilation systems, thermal collector air duct heat removal system, and smart ventilation system, isolate main heating equipment, and increase air conditioning temperature settings for indoor base stations), saving approximately 13.55 million kWh.
2. Internal data center: Implement smart cold channel isolation system, adopt smart air conditioning temperature, wind volume, and water capacity adjustment according to actual machine room requirements, and increase air conditioner efficiency in machine rooms to reduce power consumption, saving approximately 0.666 million kWh.



### 2017 Plan

Adopt energy conservation methods for up to 62% base stations and save over 19 million kWh between 2016 and 2017.



## Energy efficiency of Cloud IDC and other IT data center

Consider energy saving configurations when constructing Cloud IDC to reduce the risks of carbon emission for big data cloud service

- 1.Free cooling
- 2.Separation of hot and cold channels
- 3.Adopt high efficiency chillers and connect and support air conditioning chiller pipeline systems

### 2016 Results

After adjusting the load of data equipment and overall data center power consumption according to customers' actual needs, Cloud IDC saved 1.31 million kWh compared to typical data center



Taiwan Mobile six-star IDC



IT data center – evaporative chiller system

### IT data center energy saving measures

We monitor energy consumption of IT data center and prioritize equipment replacements according to service life, energy consumption, and maintenance risks to improve stability and energy efficiency. Inefficient water cooled chillers were replaced in 2016 to improve energy efficiency.

### 2016 Results

Since the activation of the evaporative chiller in 2016, the power efficiency of the air conditioning system drastically increased. Along with the elimination and replacement of aging data equipment, power consumption reduced by over 0.4 million kWh in 2016. Additionally, coolant recycling system was installed to recycle up to 7 tons of cooling water, comprising approximately 30% of daily water consumption.

Carbon reduction: 209 tonCO<sub>2</sub>e



## Energy efficiency of offices

### Three major office energy saving measures

#### Identify high power consumption facilities and propose specific energy saving

##### 2016 Results

- 1.Replaced 1,195 energy saving lighting equipment in Taiwan Mobile office area and saved approximately 0.22 million kWh.
- 2.TFN Media Co., Ltd. and subsidiary offices replaced 117 energy saving lighting equipment and saved approximately 0.0188 million kWh.

Carbon reduction: 124 tonCO<sub>2</sub>e

Save  
220,000 kWh  
18,800 kWh



#### Rent green building offices and construct green office environments

- 1.Taipei Tunnan Tower: Installed 8.6 kW solar and 9 kW wind power green energy generation facilities for electricity in public areas
- 2.Taipei New Horizon Building: Large area transparent glass for improved daylighting



Green  
Office



#### Implemented smart air conditioning and lighting configurations in Taipei New Horizon headquarter since September 2016

##### 2016 Results

0.04 million kWh was saved in fourth quarter, 2016 compared to that from the same period in the previous year. Electricity expenses also reduced.

Smart  
Air conditioning



## Energy-conservation achievements for service outlets

### Energy Conservation Plan

1. Air conditioning standard changed from fixed frequency air conditioners to variable refrigerant flow (VRF) air conditioners
2. Replacement of lighting equipment
3. Regulate sign light on-times
4. Specific measures, such as indoor temperature control (26°C)
5. Install air curtains, sunshades, or insulated papers in select stores to reduce power consumption of air conditioners and increase energy efficiency.
6. Saved 0.0175 million kWh in 2016.

Carbon reduction: 9 tonCO<sub>2</sub>e



Digital Lifestyle (Taipei New Horizon) store



7th generation my fone store-Tianmu store

### 7th generation myfone store

In response to the shifting digital trends and the changing digital service requirements of the public, TWM has designed this new outlet based on customer-oriented and sustainable concepts by proceeding in the direction of energy conservation, carbon reduction and environmental friendliness. This project was approved by the President, planned and designed by the Marketing Communications Division, and implemented by the Channel Strategy and Management Office, with assistance from the Procurement Division. The objective of this cross-departmental collaboration project is to create a store style that is young, vibrant and reflects the development of 4G applications, allowing the overall service quality to grow by leaps and bound and to provide the public with a more innovative, environmentally friendly and convenient service venue. Planned to facelift 67 myphone stores to 7th generation designs.

### Paperless stores

We continue to optimize the application process and system and added system check and ID options for underage (<15 years old) users who haven't applied for the national ID. Additionally, we are guiding our store staff through the installation of the paperless system to reduce the use of application papers.

4.117 million application papers were saved in 2016, equivalent to over 11.07 sheets of papers.

## Industry-academia collaboration in climate change research

We completed the industry-academia collaboration with National Taipei University of Technology in 2016 on the Study of Carbon Footprint Certification of Digital Multimedia Services and the Environmental Impact of the Telecommunication Industry and Improvement Opportunities and produced fruitful results.

### Acquired PCR

We created the country's first "Product Category Rules (PCR) for the standardization of online multimedia services - video content, music and e-books"



### Product Carbon Footprint

Our company's innovative multimedia cloud value-added services — MyVideo(video) , MyMusic(music) , MyBook(ebook)acquired the "Product Carbon Footprint Labels" of 0.566, 0.56, 0.822 gCO<sub>2</sub>e\*, respectively. This demonstrates customers the difference between traditional shopping modes and innovative cloud shopping on environmental impact. Carbon footprint was checked according to PCR Calculations and certifications are as follows.



碳標字第1716312003號  
Volume of data transmitted per MB by consumers (mobile network, music)



碳標字第1716312001號  
Volume of data transmitted per MB by consumers (mobile network, e-books)



碳標字第1716312002號  
Volume of data transmitted per MB by consumers (mobile network, audiovisual media)

Note: The carbon emissions correspond to standards declared by EPA's Guidelines for Carbon Footprint and education Labels. Therefore, the labeled numbers differ from the actual inspected numbers.

### Future plans:

We will continue to work with National Taipei University of Technology and expand the scope of studies to the management of carbon risks and carbon rights of the telecommunication business in response to climate change.

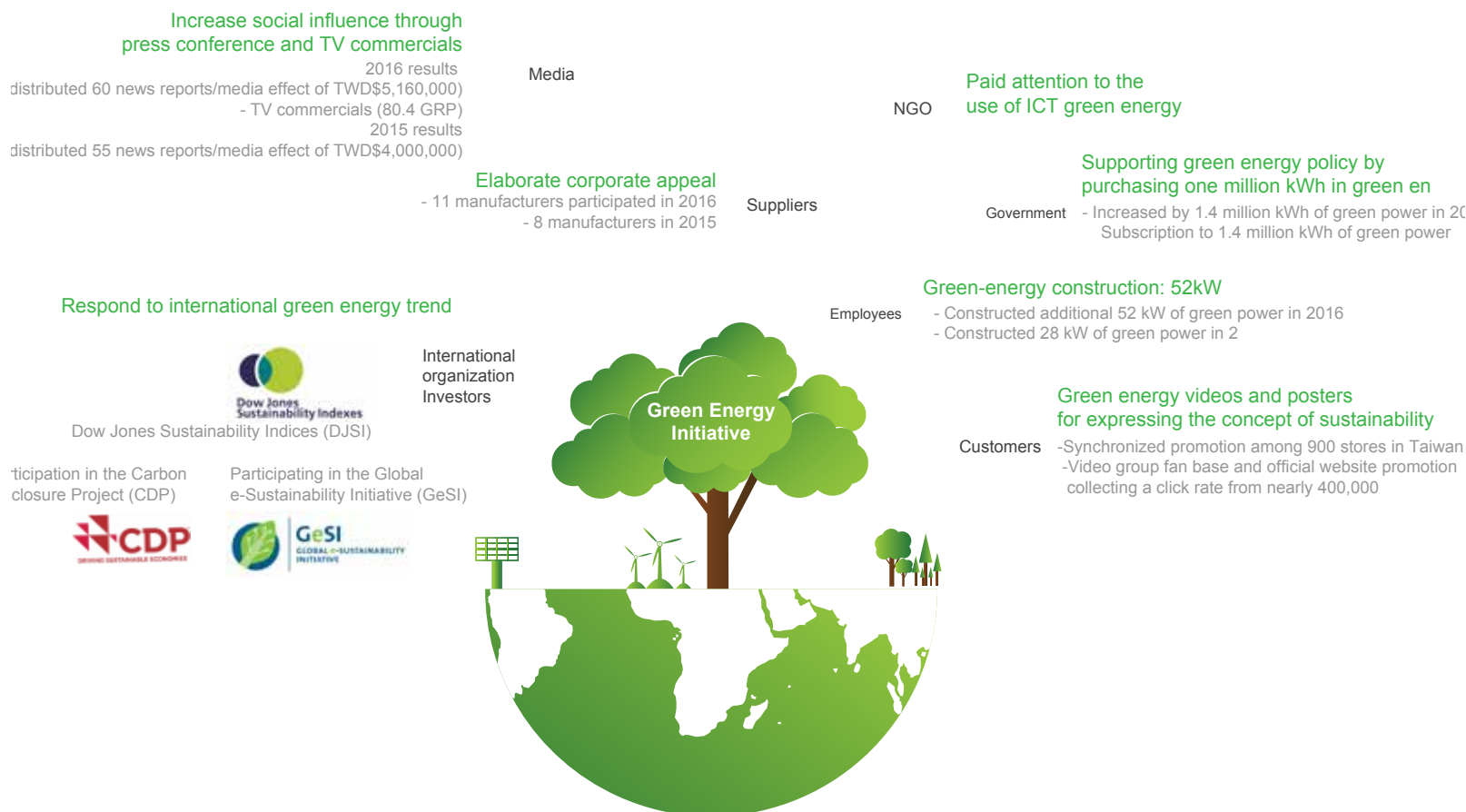
## 2.5.3 Climate change mitigation and adaptation-Green energy

The impact of climate change on corporate operations is receiving increasing global attention in the recent years. Taiwan Mobile considers sustainable environment as a corporate responsibility and voluntarily implements energy-saving and climate adjustments through promoting green concepts and constructing green energy facilities,

### Green energy initiative results and targets

We have been promoting the green energy initiative integration project since 2015, set the tone for the green energy initiative blueprint –TWM Green Energy Promises a Brighter, More Sustainable Future in 2016, and are planning initiative events each year. Interaction

- 1.The green initiative responds to the 8 major stakeholders through various dimensions regarding concerns on environmental, sustainability, and supplier CSR management topics.
- 2.Green energy initiative activities break the high-cost myth associated with green energy buildings, establish a low entry point to increase corporations' willingness to participate, thereby answering the call for green energy initiatives and becoming a green energy ambassador.
- 3.Achievements





## Green energy promotional videos and future plans



2015

2016

2017



NT\$1 donated by Taiwan Mobile for each mobile phone purchased by consumers  
Promoting green energy together



Taiwan's great green energy  
Great sustainable future

Green energy public welfare  
Plan of planting fortunate power  
(Under planning)



TWM President James Jeng (3rd from left in the front row), green energy advocacy ambassadors Yung-jan Chan (2nd from left in the front row) and Hao-ching Chan (3rd from right in the front row)

## Target and current status of green energy installations

Taiwan Mobile actively invested in the construction of green energy base stations between 2015 and 2016. Through the overall consideration of laws, regulations, and environmental factors, we expanded the number and scope of applications of the green energy buildings and added green energy construction targets:

**Short-term goals:** Expand green energy construction to base stations, Internal data center, and Cloud IDC: Construction of renewable energy infrastructures is growing at a rate of 10% annually; the total accumulated capacity will be at least 250 kW by 2020. 25% of Cloud IDC's electricity consumption will come from renewable energy sources by 2020.

**Long-term goals:** Growth in green energy usage by 10% annually

**Results of 2016 green energy constructions:** Invested in 52 kW of solar generation constructions for internal data center and accumulated 80 kW of green energy constructions between 2015 and 2016  
**2017 Plan** Planned to construct 50 kW of solar generation units for supplying electricity to internal data center equipment and internal data center offices.



Solar-cell based generation



## 2.5.4 Green operations

### Green logistics

#### Fuel management systems for engineering vehicles

TWM introduced the subsidiary brand, Fleet Manager, in 2016, providing green logistics for general corporations and being the first to be adopted by technical units, while including 366 engineering vehicles in the vehicle management system. As a result, substantial engineering vehicle fuel was saved. The vehicle management system can provide big data, including vehicle distribution locations, tracking, operating time, speed, idle time, service duration, and service cycles, and execute 3 major strategies according to statistical analysis:

Vehicle distribution locations and tracking data: Provides reference for flexible vehicle scheduling, calling nearby personnel/vehicles to the worksite to reduce mileage and fuel consumption.

Vehicle idle data: Analyzes the types and causes of idle vehicles and devises improvement methods to reduce idle time and fuel consumption.

Service duration and cycles: Collects the usage frequencies of engineering vehicles and reduces the dispatch rates for low usage vehicles and increases joint service with relevant units to cut company operating expenses.

**Future Plans: Fuel conservation:** The consumption of fuel by engineering vehicles reduced by 8% in 2017



Oil System

#### Management of outsourced logistic fleets

We adopt various management mechanisms for outsourced logistic fleets to reduce carbon emissions and saved 720 tons of emitted carbon in the most recent year. Details are described as follows:

Engine off when stopping for delivery: Drivers are strictly enforced to turn off the engine when arriving at TWM stores. This saved approximately 175 tons of carbon emissions each year.

Cancel scooter fleets: Scooter fleets are cancelled and merged to round trip logistic fleets for deliveries. This saved approximately 94 tons of carbon emissions each year.

Adjust the fleet configuration of vehicles of various tonnages: Adjust the vehicle configuration according to various tonnages without affecting operation.



commission logistics

Annual reduction: 720 tonCO<sub>2</sub>e

## Result and target of electronic waste reduction

### Waste cable processing

We commission EPA qualified contractors since 2000 to process all waste cable recycling to protect the environment while saving unnecessary costs.

#### 2016 Results

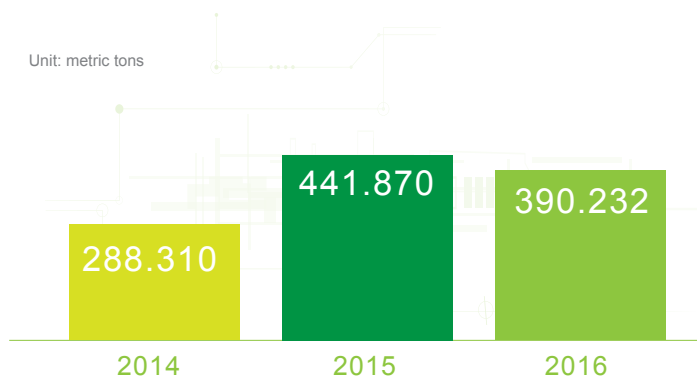
Recycled waste cable amounted to 390.232 metric tons; the accumulated quantity over the past 3 years 1,120.412 metric tons.

The waste cleanup proposal application has been approved in October 2016. This increases the scope for reporting waste materials, including base stations, switches, servers, batteries, and antennae, thereby promoting resource recycling.

#### 2017 Plan

Implement the Source Reduction strategy Promote internal voluntary waste reduction initiative, use the shortest and optimal cable paths during the construction phase in coordination with the government's broadband channels to layout cables within the conduits, thereby reducing cable loss and waste cables.

► Waste recycled, incinerated and landfilled please refer to Index VI P144



### Treatment of waste batteries

We periodically replace backup lead battery packs for machine rooms and base stations.

Considering the value of regeneration of waste lead storage batteries, we established the battery recycling standard in 2008 for recycling reusable batteries to meet environmental requirements and save cost.

#### 2016 Results

Processed approximately 832.035 tons of waste batteries and accumulated 1929.858 tons in the last 3 years.

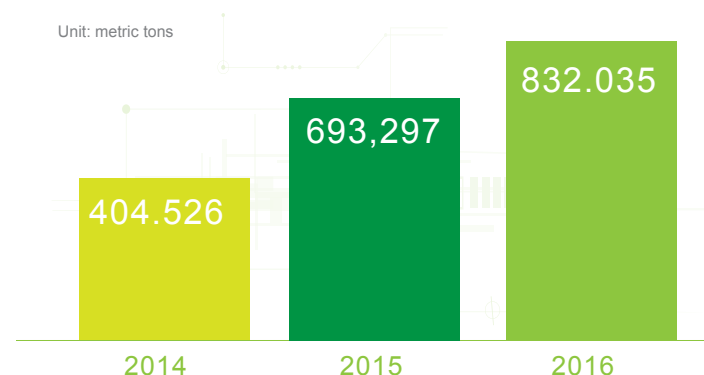
(subsidiary TWM Broadband did not produce any scrap battery in 2016)

TWM has purchased 220 lightweight environmental lithium ion batteries by 2016 for backup purposes. This also improves aging and solves the lack of power in rural areas.

#### 2017 Plan

We will continue to examine the distribution and number of base stations. We also purchased approximately 418 additional environmental lithium ion batteries. To also effectively reduce battery loss and achieve Source Reduction targets, we will assess the purchase of highly effective base station equipment to improve base station operation efficiencies.

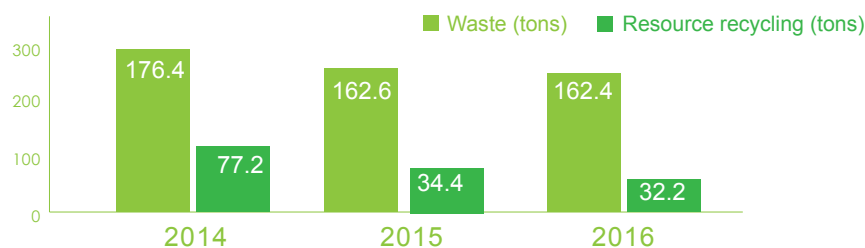
► Waste recycled, incinerated and landfilled please refer to Index VI P144



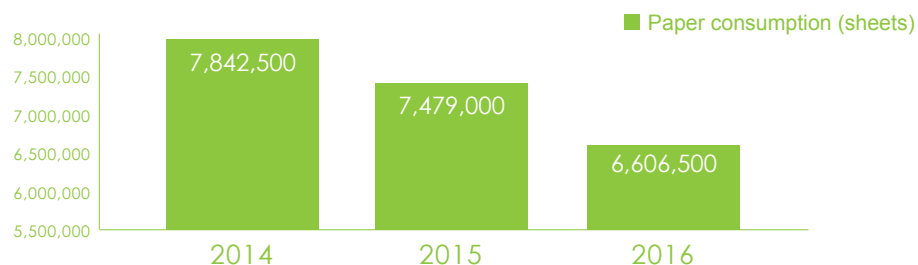
## Green office environments

### Office resources and waste management

We encourage waste sorting in all our offices to facilitate resource recycling. Recycled office resources can be divided into four categories: paper, plastic, PET bottles, and aluminum cans. After these resources have been sorted and collected by the cleaning personnel, they are recycled and treated by qualified waste disposal businesses. In addition, we encourage the use of electronic documents and promote double-sided printing and paper recycling in order to reduce the amount of waste paper. The quantities of office resources and waste produced in our offices over the past 3 years are:



► Waste recycled, incinerated and landfilled please refer to Index VI P144



### Result and goal of paperless bills

We promote reducing resource wastage and started promoting paperless billing since May 2008 to replace paper mails with email and text notifications to connect to the webpage for viewing billing and calling details. In 2014, we further introduced the convenient store payment service through cellphone barcodes. Over 90% of the access channels accept paperless billing payments, substantially improving the convenience for the customer.

### 2016 Results

Up to 38% of the customers responded to using paperless bills and the agreed combined billing method saved up to 60% in printed bills, equivalent to 9,564 sheets of A4 paper and 355 tons of carbon emission from printing and mailing bills.

### Long-term Goals

Continue to listen and provide innovative quality services, use company channels wisely to promote energy saving and carbon reduction goals, utilize e-gifts, periodically hold feedback events, and encourage users to continue using paperless and combined bills. Paper consumption is expected to drop in 2021 by an expected 120 million A4 papers and an equivalent 440 tons of carbon emission, thereby satisfying user demands and optimizing the benefits of the low-carbon target.

Item	Proportion of customers that use electronic billing	Reduction in the number of A4 pages printed (thousand pages)	Equivalent carbon reduction and carbon sequestration benefits (tons)
2014	27%	75,255	280
2015	32%	83,877	312
2016	38%	95,643	355
2017	42%	101,835	379
2018	44%	107,172	399
2019	46%	111,102	413
2020	48%	114,702	427
2021	50%	118,302	440

Note (1): Carbon reduction and carbon sequestration benefits are calculated as 6.32g per bill and 12g per tree per year, respectively

(2): Calculated based on the total reduction in paper and carbon emissions of electronic bills (and notifications) plus consolidated bills



### Promotion of videoconferencing systems

TWM is currently installed with 5 sets of large (mobile), 13 sets of small (stationary), and 440 sets of in-store systems (total of 458 sets). The company is fully promoting and applying videoconferencing systems across the country for approximately 7,651 uses in 2016.

### Water Resource Management

Taipei New Horizon, the building currently leased by TWM as corporate headquarters, and the Tunnan Tower, have been awarded the Gold and Diamond Green Building Label certification, respectively. Both building also conform to the green building water resource assessment indicator with restrooms that are equipped with toilets and sanitary equipment certified with water conservation labels. The buildings are also installed with rainwater harvesting systems, which turn the collected rainwater into irrigation water for landscaping plants after processing or for toilet flushing purposes. A significant amount of water has been saved with these systems.

### 2016 Results

	2014	2015	2016
Office	46,146	88,972	88,827
Internal data center Base station		69,371	71,132
Gross water consumption (meter reading)	46,146	158,343	159,959
Rainwater harvesting		2,444.10	810.60

Note:

- 1.Office water consumption: data recording for Taiwan Broad Band, myMusic, Sanchong Tomson Plaza and Kaohsiung Bo'ai commenced in 2015.
- 2.Internal data center and base stations: data recording commenced in 2015.
- 3.Volume of recycled rainwater: data recording commenced in 2015 (including Cloud IDC and Taipei New Horizon).

### Targets for 2017

Water consumption is mainly influenced by business growth in which, air conditioning water consumption is a major factor. We established the target for 2017–2020 to save water consumption by 1% each year





Operations with integrity

Sustainable partners

Outstanding brand

Digital innovation

Environmental Sustainability

Happy workplace

Social inclusion

Photo by  
International professional photographer 黃正雄

## 2.6 A Happy Workplace



### Core concept

Talents are the key to a competitive core. We view our employees as partners for sustainable growth and thus build a happy workplace and provide comprehensive career development and gender-equality focused opportunities, attractive salaries and benefits, open employer–employee communication, and diverse training, encourage employee's self-realization, to promote a sense of achievement, facilitate employee bonding and corporate identity, and initiate sustainable company development.

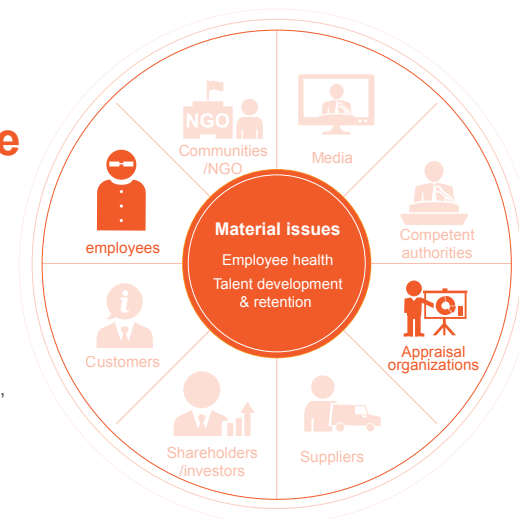
### Commitment and Actions

「With respect to our employees, TWM adheres to the principles of “integrity as a way of life, pursuing goals with enthusiasm, innovative thinking, and simplification” as our core values. We emphasize honesty and enthusiasm when hiring employees. Honestly is the cornerstone of interpersonal interactions. Moreover, enthusiasm for services and learning are key to an excellent customer experience.

- We firmly believe that innovation is the driving force for continued company growth and thus encourage employees to implement the concept of simplification and propose innovative or improvement solutions to help the company become the leader in digital convergence.

In response to industrial outlook and corporate development strategies, we formulated corresponding training programs and management and professional occupational development courses to improve employee's competency and career development opportunities.

- Based on performance and differentiated and competitive rewards, we implement performance-oriented promotion and salary policies.



### Achievements and performance

- Include corporate social responsibility in employee performance evaluation
- Average amount of training time received by each employee: 23.8 hours
- 5,439 employees participated in CSR related trainings
- Revenue generated due to professional certifications amounted to TWD\$203,150,000
- Listed in Taiwan's Top 100 Paid Indices for three consecutive years
- Human capital input: 7.3 billion



### Vision and target

Continue to promote diverse and equal occupation environment, hold various activities to support employee's self-realization goals, and plan various CSR online courses and educational promotions to encourage all employees to implement CSR and realize corporate sustainable development throughout the company.

#### Targets for 2017

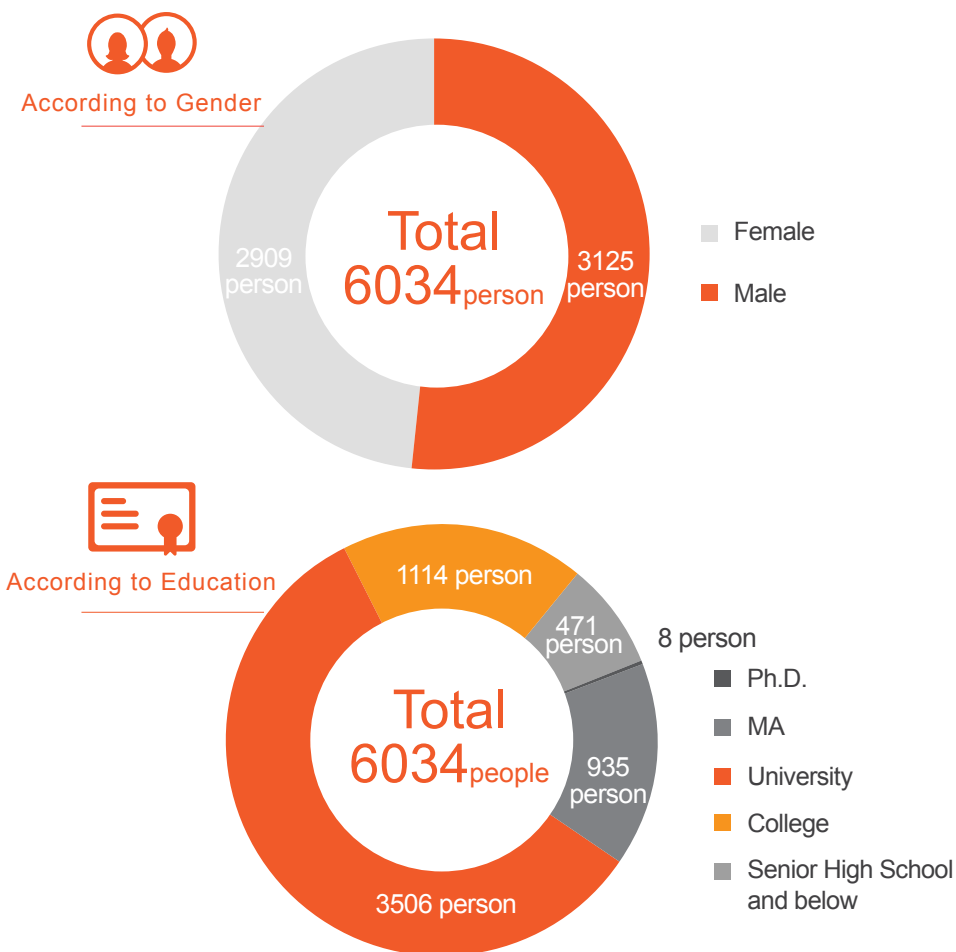
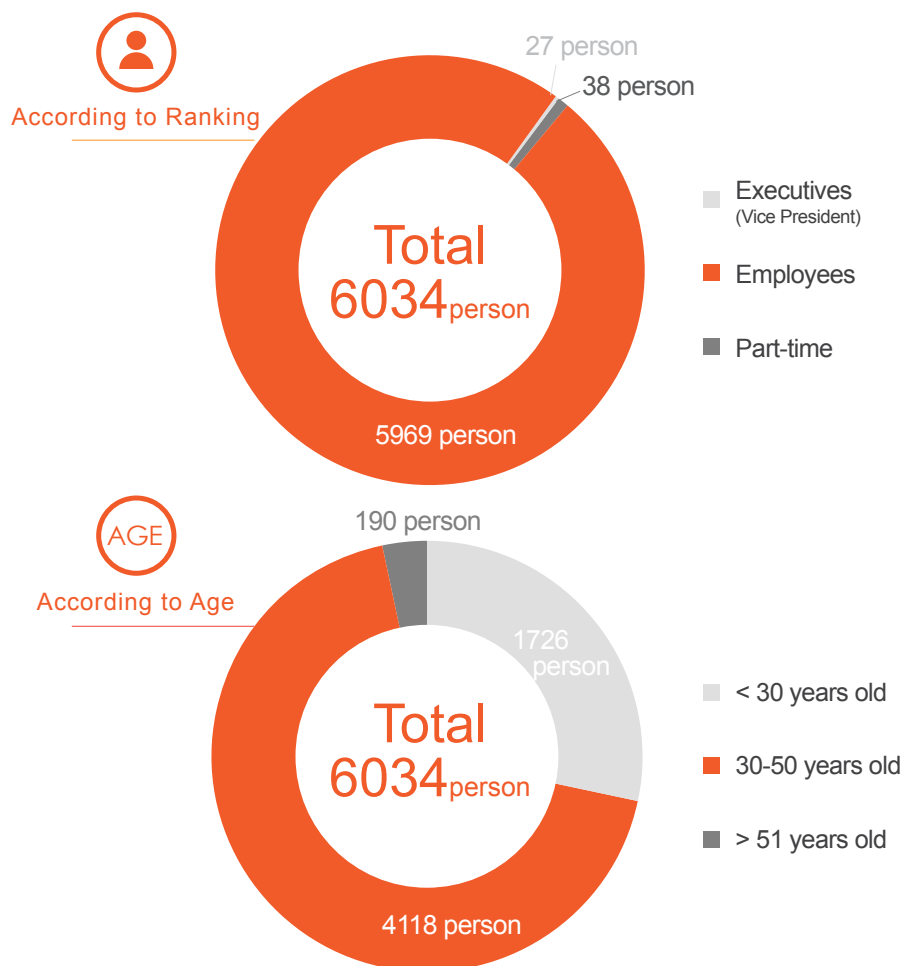
- Introducing the OHSAS 18001 Occupational Health and Safety Assessment system
- Add course satisfaction indices and improve tracking projects for courses failing to meet standards
- Expanded employee assistance programs
- As of 2020, each person will receive at least 50 hours of training (including personnel in directly-owned stores).

## 2.6.1 Talent development and retention

### Employee structure

We hire varying professionals and provide highly competitive salaries and benefits and learning opportunities. To provide comprehensive services, we also hire dispatch workers to assist carrying out business operations.

By the end of 2016, the male–female employee ratio was approximately 52 : 48; the majority of employees belong to the 31–50 age group. Besides 3 hired foreign workers, the majority of employees are local nationals in which 25 were aboriginals (14 female employees). Percentage of employees with disabilities exceeding statutory requirements The employee population, gender, and age are shown in the following table.

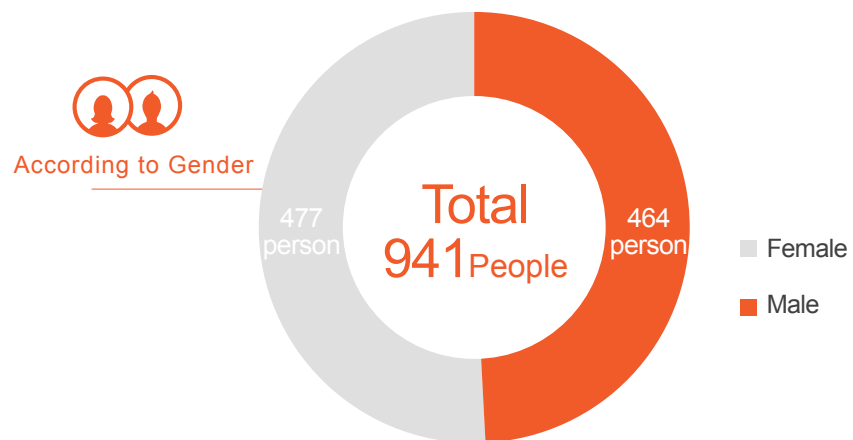
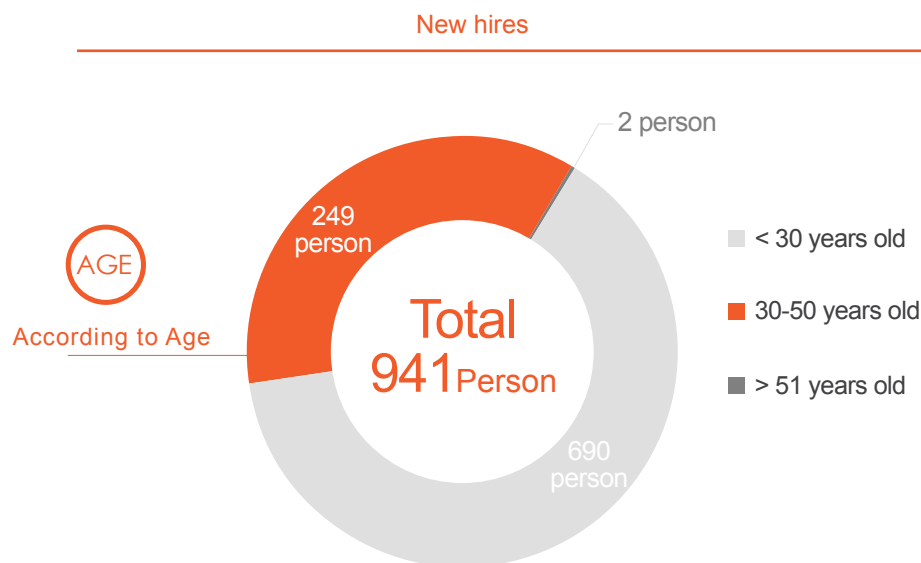


Note: All employees are based in Taiwan.

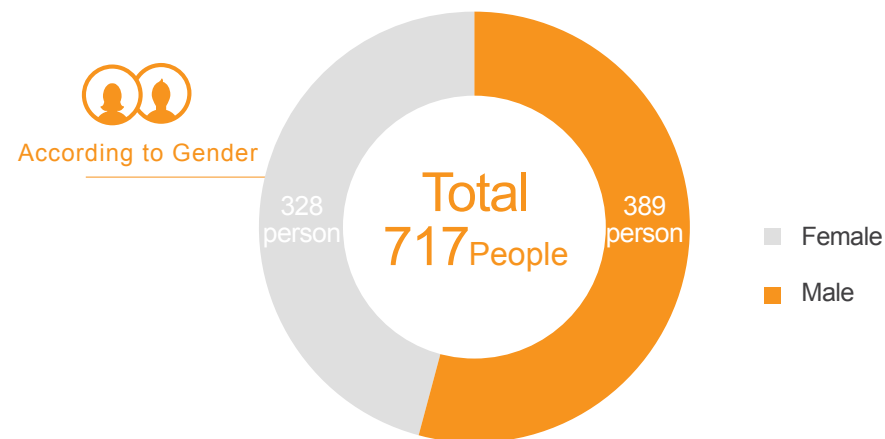
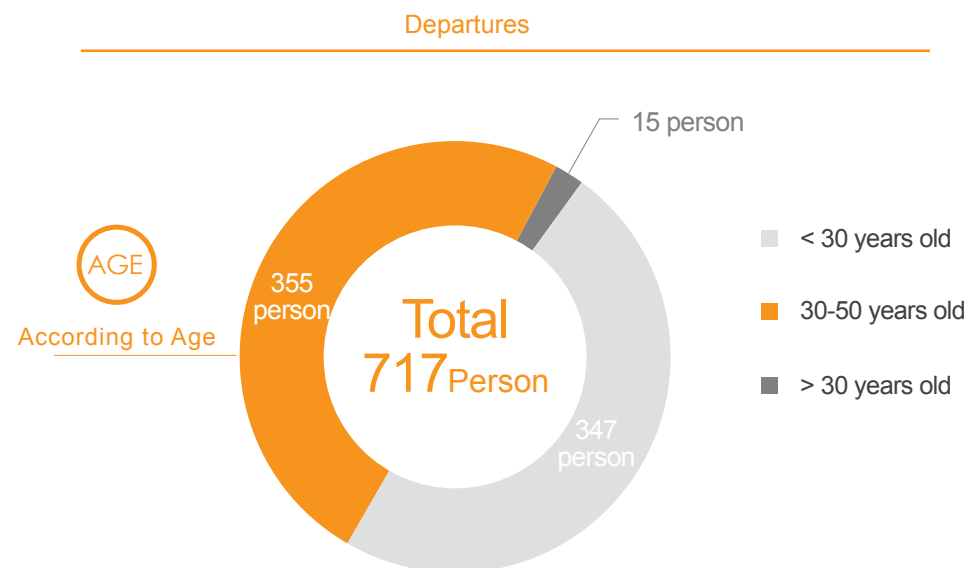
Note 2: Beginning in 2015, we are including employees of Taiwan Fixed Network, Taiwan Teleservices & Technologies, and TWM Broadband as part of our total workforce. Employees of Taiwan Mobile Digital (TDC) were also added in 2016.

► 2014-2016 Staff ranking, age, and gender please refer to Index VIII P145

In 2016 departing employees was outnumbered by new employees. Employee turnover as well as their gender and age distributions in 2016 is shown in the table below:



Note: All employees are based in Taiwan.  
 Note 2: Beginning in 2015, we are including employees of Taiwan Fixed Network, Taiwan Teleservices & Technologies, and TWM Broadband as part of our total workforce Employees of Taiwan Mobile Digital (TDC) were also added in 2016.



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► Employee turnover as well as their gender and age distributions in 2016 please refer to Index IX P146

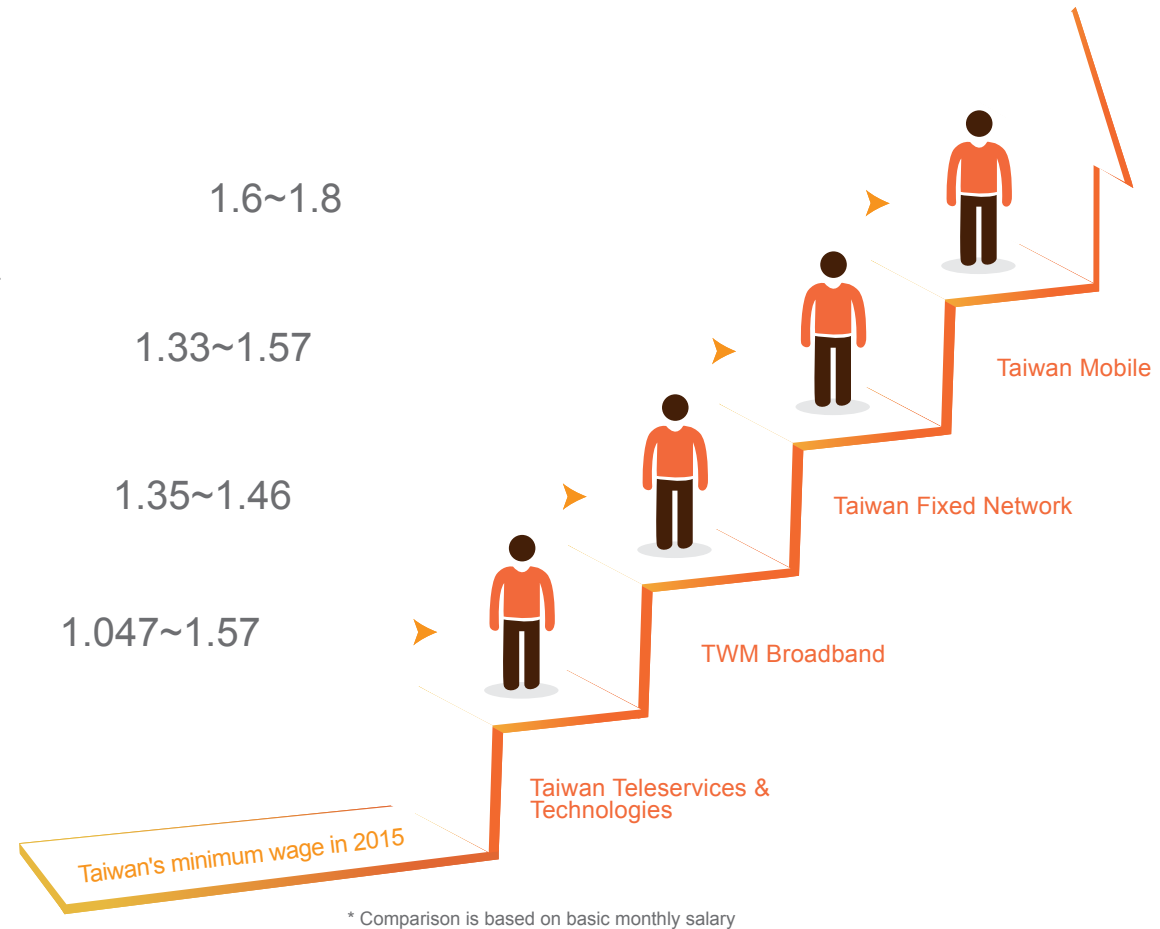


## Remuneration and Benefits

Our standard starting salary is higher than the basic wages prescribed by the Government and competitive to be ranked within the 2016 Taiwan HC 100 Index for three consecutive years. ◦ Realization of the performance-oriented remuneration policy by conducting periodic performance evaluations for all employees, the items of which include not only target achievement, occupational competency but also the following elements:

- Multidimensional evaluation and feedback system
- CSR: The employees are assigned CSR goals according to their jobs; the number of hours for CSR courses and volunteering leaves are decided by their superiors.
- Risk management: Violation of information security will affect performance evaluation; employees with good evaluation may be entitled to high bonus and pay rises.





In the recruitment, the basic specialists of the same class are equally paid, and employees with work experience are paid as per their education background, work experience and relevant certificates. Employees are not treated differently with respect to pay, benefits, promotion, salary adjustments, tenure, education and training, working conditions or employment rights based on their gender differences.



► TWM plastics group the salary ratio analysis please refer to Index X P146

Benefits and bonus are important measures to attract talent. The Employee Welfare Committee is responsible for planning and implementing various benefits which include not only the general benefits items but also free-charge group insurance for employees and their dependents, employee stock ownership trust, high subsidy for phone bills, preferential value-added service with family members, purchase discount for company products, good and comfortable working environments, emergency aids, and other measures. In 2016, employee salaries and consolidated expenses of the benefits totaled NT\$7.315128 billion. For detail, please visit our website. The final version of funding plan for labor pension is available on page 50 of 2016 Q4 consolidated financial statement.

### 2016 Statistics on Unpaid Parental Leave

	TWM + Taiwan Fixed Network + Taiwan Mobile Digital + Taiwan Teleservices & Technologies		TWM Broadband	
				
Number of people eligible to apply for unpaid parental leave	307	303	24	11
Number of people who applied for unpaid parental leave	16	92	0	4
Number of people expected to return from unpaid parental leave (A)	12	69	0	1
Number of people who returned from unpaid parental leave as expected (B)	8	47	0	1
Number of people who returned from unpaid parental leave in 2015 (C)	5	58	0	2
Continued to work for more than one year after returning from unpaid parental leave in 2015 (D)	2	44	0	2
Return rate (B/A)	66.67%	68.12%	0	100%
Retention rate (D/C)	40.00%	75.86%	0	100%



Male



Female

## Career Development

We have spared no efforts in continuing to create a sustainable and diversified environment for learning and development, and to cultivate employees with high commitment, so that we can solidify our foundation for corporate excellence. To be the leader in the digital convergence, we have continued our cultivation in the areas of technology, products, services, tendencies, and mindsets, so that we may achieve a win-win goal in employees' growth and self-realization, as well as corporate performance upgrade.

Diversified career development and learning channels in close association with corporate strategy

- We have planned the direction for the next year's training in association with strategic development, tendency analysis, training requirements, after-course feedback, and interviews with high-level officers.
- Based on the goal of each division, the superior has provided customized guidance and training to cater to individuals' goals, career development and multidimensional feedback.
- We have promoted sharing and passing down of professional technology and knowledge to shape the learning organization.
- For all employees from new ones to high-level one, we have set up complete and diversified training to cater to the varied development needed by employees in different stages.

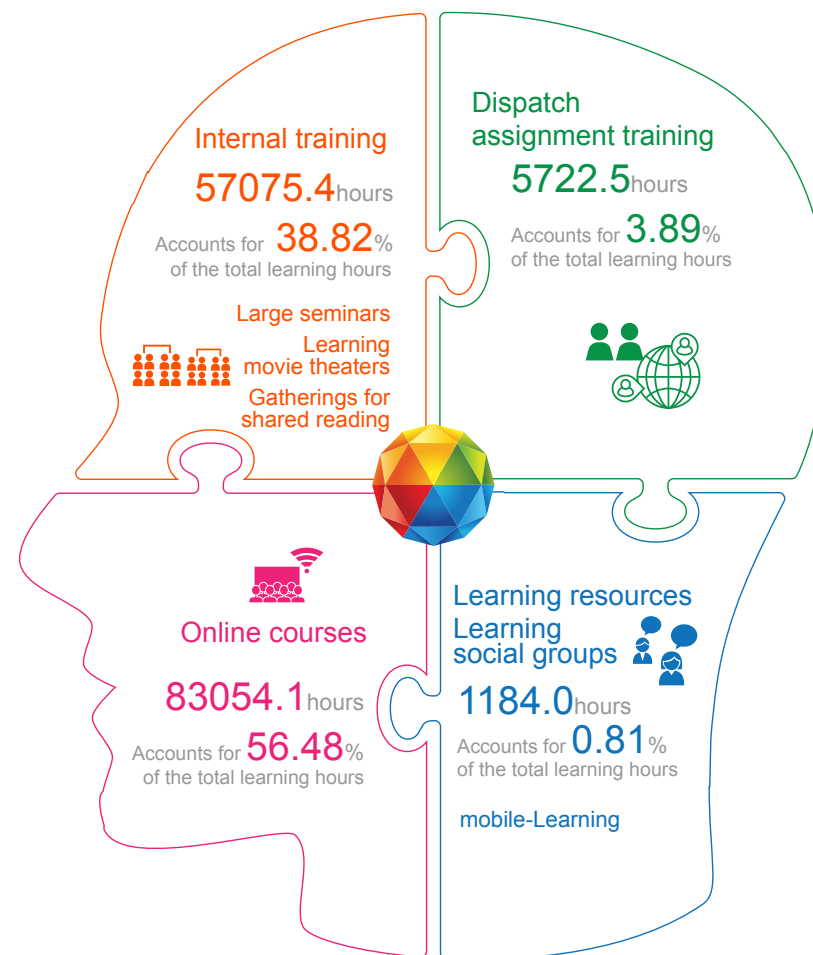
Please see the following figure for 2016 training results. The rate for employee's attendance to the training course was 100%.

The list of numbers of training hours for TWM employees in the past three years

項目	2014		2015		2016	
Deputy manager or higher	21.6	16.3	21.1	18.5	22.9	24.4
Below deputy manager	27.9	16.9	26.8	17.9	32.1	25.9
Average by gender	26.9	16.8	26.1	18.0	31	25.8
Average training hours per employee	23.5		22.6		28.8	

Note: Average training hours per employee in 2016: Taiwan Fixed Network: 21.9; Taiwan Teleservices & Technologies: 13.4; Taiwan Mobile Digital: 12.6 TWM Broadband: 8.3.

Learning development type and statistics for the numbers of training hours by category in 2016





## Training and development category and its results in 2016

### New recruit training

- 99.1% of attending cadets recommend the course of "New Employee Seminar".
- The rate of resignation by new employees who attended the "New Employee Seminar" was 31.5% lower than those who didn't, thereby reducing recruitment cost.



### Joint professional competency training

- Launched the mentor classification system for the first time, with different missions assigned to each level. A total of 73 mentors were presented with certificates.
- Attendance in learning sessions of CSR-related issues: 5439.
- Nearly 70% of the employees attending the B2B business training courses have seen advancement in performance rankings within two seasons after the training; return on investment was around 228.8.
- The total amount of persons/hours accumulated by senior executives who served as course lecturers was up 37% from the previous year.



### Stratified training for management personnel

- Executives who participated in the management tips required of executives series of courses recorded a graduation rate of 100%.
- According to a questionnaire, the level of recognition for the "promotion of work performance as a result of the training courses by senior as well as entry- and mid-level executives" were 100% and 98.9% respectively.



### Professional competency training

- Via a series of training courses on outstanding store managers, two store managers won the National Outstanding Store Managers Awards held by the Taiwan Chain Stores and Franchise Association.



### Self-growth and development

- A total of 463 course sessions were available on the digital learning platform.
- A total of 53 topics of mobile myLearning were pushed out.
- As of 2016, an aggregate of 27 employees have been awarded with learning scholarships for a total amount of more than NT\$ 12 million.
- A total of 9 employees applied for and were granted with subsidies for further studies.



### Internal career development

- The success rate of internal transfer reached 7.8%.





### Ensuring the training quality and actual learning

To ensure the effects and quality of training courses, we understood the needs and did the planning before the course, managed and monitored the process during the course, tracked the actual effects after the course. For 2017, we added the course satisfaction indicators, and set up plans to track the improvements on the sub-standard course.

To meet industrial requirements, the development of occupational competency in technology and professionalism has been the focus of our long-term attention, which included the regular inventory of employee's professional capabilities and related certificates.

- To meet the needs for talent and certificates required by new technology development, we have developed training as planned in order to enhance the operational advantage.
- In 2016, the professional certificates brought us the sales of about NT\$203.15 million.

### Developing and retaining talent to build up a positive cycle for the Company

- Talent management: We have taken the inventory of critical posts and the candidates for successors, developed training plans and tracked their actual results. In 2016, the IDP achieving rate for formulation was 100%, the implementation rate was 81.5%, and the number of actual successors of the critical posts totaled 13.
- Internal inheritance, transfer and interchange: We invited not only general employees but also high-level officers to be lecturers on such important issues as the trends, markets, proper attitudes in workplaces, etc.
- Plans to care for new employees: Through orientation, questionnaires, dedicated counselors, social media, manuals, seminars, etc., we have helped new employees adapt to the new environment and work faster.
- We have moved our focus from lagging indicators to leading ones: According to employee's survey results, we have formulated improvement measures and tracked their effects to increase employee's loyalty and retention rate. In 2017, we will investigate the area of improvements of priority and track the effects of executing such measures.



Training for high-level officers



Training on creativity and thinking



Training on communication and expression

### Campus talent development to apply theory in practice

We have continued our partnerships with institutions of higher education. In 2016, a total of 25 students participated in industry-university cooperative internship programs, who received comprehensive training in addition to salary. At the conclusion of the programs, both supervisors and academic institutions to which the students belong made joint assessment on the students' performance and also granted them the internship credits earned. Students whose performance was outstanding were given hiring priority. In 2017, we will, through internship, campus discussion and recruitment, high-level officers as lecturers on industry-university cooperative programs, and other means, continue to maintain the relationship with the campus and the early contact with potential talent, and further to help students with the study and practice.



TWM Talk Chair:  
President, Executive VP & Chief Financial Officer, and Chief Business Officer serving as lecturers on the Chair

## Child labor/Freedom of association/Forced labor/Grievance mechanism

Our recruitment for job openings has been openly conducted. Employees have not been treated differently with respect to pay, benefits, promotion, salary adjustments, tenure, education and training, working conditions or employment rights based on their gender differences. We have also stipulated in our work regulations that employees are not to be discriminated against based on their gender, sexual orientation, marital status or other grounds.

- We have encouraged our employees to get married and form families, creating a workplace that offers peace of mind and well-being. We provide them with a series of welfare measures from marriage, pregnancy to child birth.
- The shifts for employees who are pregnant or breast-feeding a baby may be readjusted so that they will not work on the night shifts.
- We have provided the maternity leave which is better than what is provided by law. Our regulations clearly stipulate that the performance evaluation shall be conducted for the actual duty period of the employees who have applied for maternity leaves or unpaid leaves, so that their evaluation results may not be adversely affected. We have respected the employees' rights as endowed by law, so we have never

blocked or impeded their freedom of association. We have never discriminated against employment of locals and indigenous people, hired child labor or conducted forced labor, and done anything to infringe on human rights and make discrimination.

Before employment, we send the labor contract to each employee for his/her perusal. Upon reporting to duty, he/she has to submit to the Company such contract after signing, so as to protect the labor/management rights and interests. In the event of change in the unit, workplace or post, we will communicate with the employee, and provide aid in moving or house renting if need be.

Any incidents of sexual harassment can be reported to the HR Division. This complaints channel is also announced during orientation sessions for new employees and on the internal website, start-up screen and our recruitment website. TWM believes that the labor-management consultation mechanism is very important. Labor representatives are elected directly by employees and regular labor-management meetings based on fifty-fifty representation are convened to ensure free and unobstructed communication.

## Employment opportunities for physically-disabled persons

We have provided diversified professional jobs, sound work environments, equal promotion channels, and generous remuneration and benefits, so as to enhance job opportunities for the persons with disabilities.

- By re-planning the posts, we have hired a higher quota of the physically-disabled persons than as prescribed by law.
- Employment of persons with disabilities in: severe visual impairment, loss of important organ, limb disability, epilepsy, hearing loss and facial injury; we have hired people with spinal injury on a long-term basis.
- Provision of diversified professional jobs in: optimization of networking technology, base construction, information system development/operation/maintenance, store/customer service sales, market survey, etc.
- As of 2016, the most senior employee had worked for 24 years; and there were two deputy managers.
- We will continue to openly recruit more persons with disabilities.





## 2.6.2 Employees physical and mental health

### A safe and healthy work environment

We have prioritized employees health, and regarded them as our sustainable partners in mutual growth; we have provided them with overall and diversified health services in the four areas of health care, psychological health, safe environment, and family care, so as to create for them the work/life balance, health in both body and mind, and workplaces with family care, so that we may reach the valuable goal of sustainable development in the future.

#### Safe and quality work environment:

1. We have assembled the first-grade superiors of relevant units to set up the Occupational Safety and Health Committee, of which the proportion of labor representatives is one third; the committee holds a regular meeting in every three months.
2. We have regularly conducted training and re-training courses for the workplace first-aid staff, and held fire-fighting training and anti-flooding drills in the equipment room, so that we may enhance employee's abilities to cope with disasters and emergencies and to reduce the severity of injuries.



Safe environment: Holding building evacuation drills, in order to help employees improve response capabilities to disasters.



Improving emergency rescue capabilities: Increased deployment of AEDs at Various office buildings; implementing CPR drills to improve emergency rescue capabilities and reduce the severity of casualties.

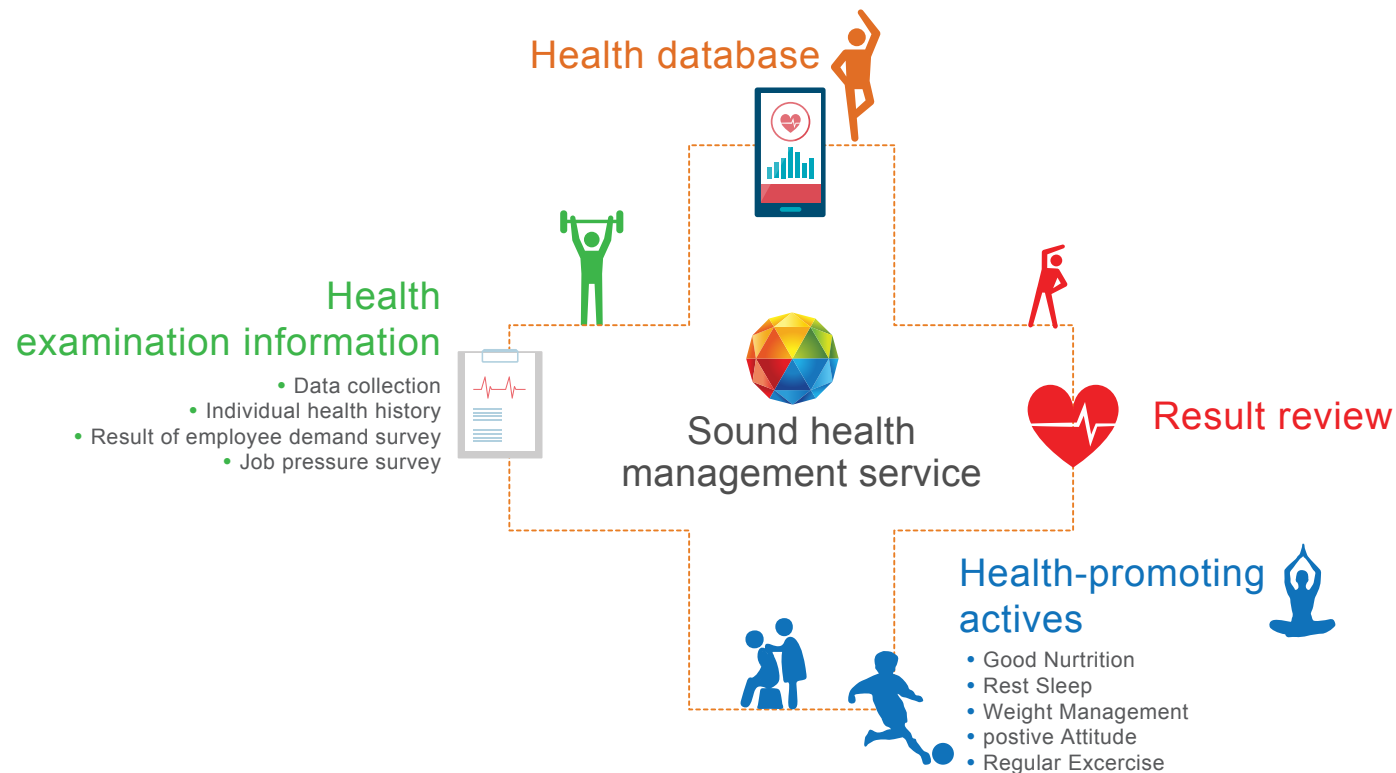


Hold a Online sports competition twice a year to care of our employee's health



## Sound health management services

1. We have provided healthcare which is better than as provided by law: We have provided the employees with health examination service in every two years, which is better than as provided by law. For employees aged 45 and above, we have specially added the check-up in brain and cardiovascular diseases and osteoporosis with multiple choices for the employees.
2. Complete health examination database: We have inputted the employee's health check-up information over the years into the exclusive health management system for health classification management. Then the full-time occupational health personnel will, according to health classification management, do the follow-up tracking, and will even provide one-on-one follow-up care or medical advice arrangement and treatment referral for severe, abnormal cases.
3. By dint of complete health management services, we may help the employees discover their health problems in an early stage for immediate medical treatment, and then implement a healthy lifestyle and promote personal health. In 2016, the percentage of employees participating in the annual employee health exam program was 100%, with satisfaction rates more than 90% over the years. This indicates that while working very hard, employees have not forgotten to pay attention to their own health as a result of the Company's initiative to create a healthy and safety workplace.



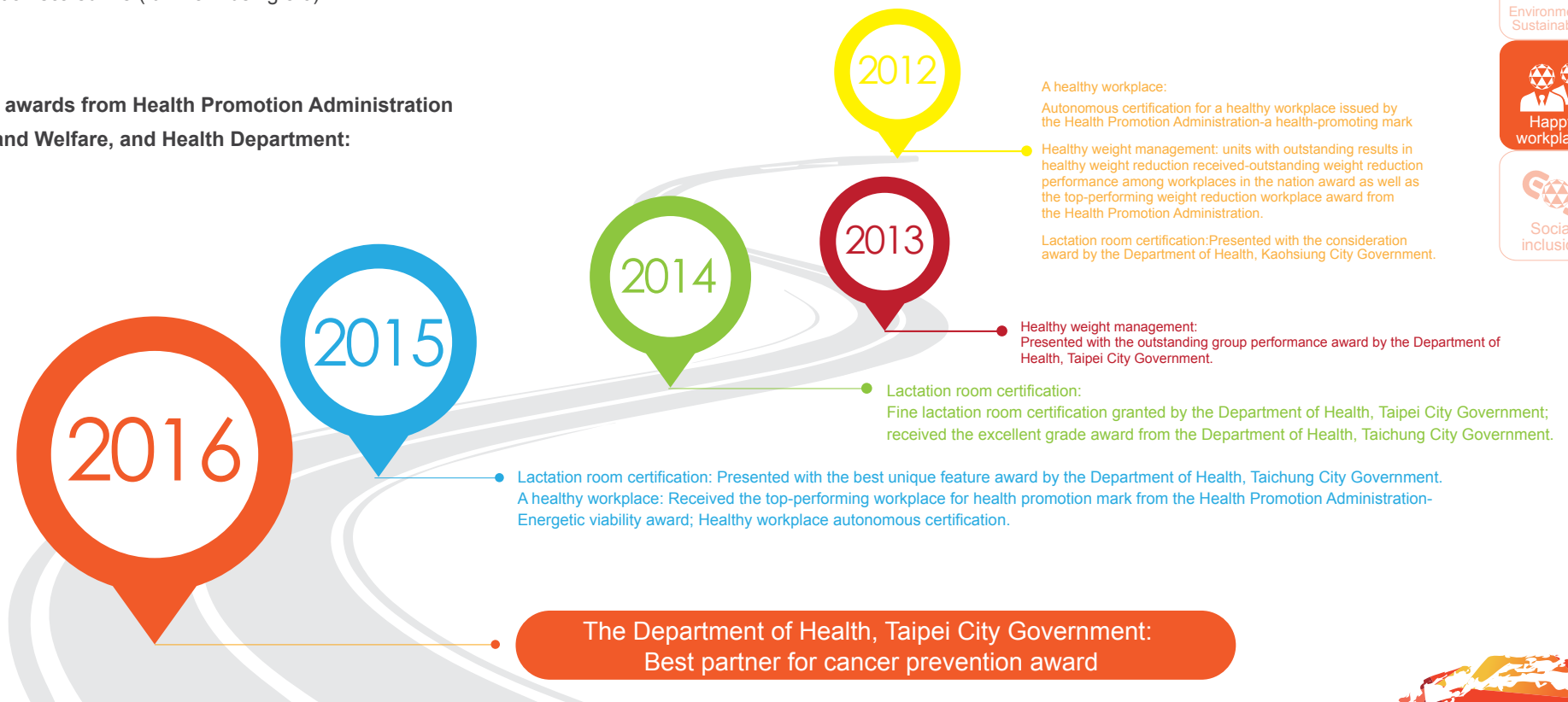


## Wide selection of health promotion and well-being programs

We analyze the results of each health exam and refer to employees opinion surveys, and plan health promotion activities that meet the needs of employees. We have organized such activities in various themes. The 2016 health promotion activities include:

1. All-round cancer prevention and treatment covering the screening of oral cancer, nasopharyngeal carcinoma, liver cancer, colorectal cancer, breast cancer, ovarian cancer and prostate cancer, with the screening rate of 100%. We have helped the employees with early screening for early medical treatment in order to reduce the mortality rate.
2. We have organized "Care for vocal cords & hearing" course specifically for customer service staff.
3. Specifically for staff on the night shifts, we have proceeded with the "Liver protection program" through which we can track their liver function changes and assess their physical and mental health inventory.
4. We have held a lecturing chair for "Pressure relief & sound sleep".
5. We have held bone density tests, and courses on the spine protection and pressure relief by aromatherapy, in order to help employees prevent musculoskeletal injuries.
6. We have set up "Massaging workshop for pressure relief" to provide services free of charges. The number of employee visitors has totaled 20,564 with a satisfaction rate of 99%.
7. We have invited psychological counseling specialists to arrange the "Mental Light Counseling Room" and "Book Reading Club, which have served a total of 426 employee visitors with satisfaction scaled 4.8 (full mark being 5.0).

## Continuously various awards from Health Promotion Administration of Ministry of Health and Welfare, and Health Department:



## mySports online sports competition for employees

To encourage employees to do exercises for health, in 2016, we held an online sports challenge, in which the employees competed each other for higher sports ranking with mySports App recording the movement trajectory, mileage, calorific consumption, etc., at any time. The challenge was divided into two stages. The first stage was designed for the individual challenge, and the second stage was meant for competition by department. We also offered the top prize of Apple Watch in a raffle, so as to encourage employees to develop sports habits.



The first stage:  
the individual challenge in the "TVM Employees Athletics Competition for the Spring Festival"  
(activity period: 2016/02/01--2016/03/06)

- A total of 23 different indoor and outdoor sports were included in the competition and they were ranked by the number of calories burned off. Persons who had burned off 500K were eligible to take part in the raffle; persons who had burned off over 3000K were eligible to take part in the raffle for the top prize.
- As the competition ended on March 6, there were 1,036 employees participating in the challenge, 20.5% of our 5,051 employees overall; total calories burned: approximately 6.3 million calories a total of 610 participants were eligible for the raffle with a target achieving rate of 58.9%.

The second stage:  
the departmental challenge in the "TWM All-round Mobilized Competition"  
(activity period: 2016/06/01--2016/07/15)

- A total of 23 different indoor and outdoor sports were included in the competition and they were ranked by the number of calories burned off, department by department.
- In the individual challenge, any person who had accumulated 2,000K consumption was eligible for the raffle with the top prize of myfone coupon NT\$10,000; in the departmental challenge, any team, that had reached average 1,000K consumption per member, was eligible for the raffle with the top prize of myfone coupon NT\$20,000, if more than 50% of the department staffers participated in the competition with each participant having burned off 500K at least.
- As the competition ended on July 15, there were 1,106 employees participating in the challenge, 20.8% of our 5,310 employees overall; total calories burned: approximately 3 million calories a total of 613 participants were eligible for the raffle with a target achieving rate of 55.4%.
- TWM has 76 departments in total, among which 10 teams were eligible for the raffle with a target achieving rate of 13.2%.



## Employees Health Risk Management

1. Management to prevent the outbreak of brain and cardiovascular diseases at workplace: By analyzing the annual health exam results together with the data of working hours, we have proceeded with the employee's abnormal workload inventory and the medical doctor's assessment. In case of need, the individual case management measures such as individual health guidance and job type adjustment will be taken to reduce the risk of the group to the low level. Totally, there were 455 employees who were screened. All of them were of groups with low risk of the brain and cardiovascular diseases, of which 184 persons were provided with health guidance (40.4%), and 29 persons requires medical guidance (6.4%).
2. Human Hazard Assessment and Management: For the prevention of repetitive operations leading to the musculoskeletal disease, in every two years at the time of the health exam, we have conducted a questionnaire survey on the pain of all employees body parts and the degree of impact of such pain on their work, so as to identify high-risk groups for whom we have adopted case management measures, and also proceeded with human risk identification to map out the improvement programs.
3. Maternal health protection and management: To set up a "Maternal health protection program", we, through the employees leave system, have actively screened female employees who are pregnant or within one year from childbirth, so that we may provide health education in the middle and late stages of pregnancy, and postnatal breastfeeding information, as well as identify and assess the environmental hazards at the workplace. We also, based on the recommendations of the special occupational physician after fitness assessment, have adopted such health protective measures as the classification management and on-site improvement to ensure maternal health for the female employees. In 2016, 140 pregnant employees have completed the evaluation; no harm was done to the mother, the fetus or the infant's health, as determined by the physician. It was classified as level one management.

Occupational hazard statistical data analysis does not include the numbers on traffic accidents outside of the workplace, according to the major disabling injuries indexes announced by the Ministry of Labor. 2016 Occupational hazard statistics:

	Taiwan Mobile		Taiwan Fixed Network		Taiwan Mobile Digital		Taiwan Teleservices & Technologies		TWM Broadband	
IR	0	0.0603	0	0	0	0	0	0.1522	0.861	0
ODR	0	0	0	0	0	0	0	0	0	0
LDR	0	0.0295	0	0	0	0	0	0.1522	35.02	0
AR	1,281.55	3,072.03	2,046.52	3,188.64	850.70	3,878.81	3,538.68	3,998.09	855.41	1248.08

**Injury Rate**= Total number of occupational injuries \* 200000 / Total number of work hours

**Lost Day Rate** = Total number of lost days \* 200000 / Total number of work hours

**Occupational Disease Rate**= Total number of occupational diseases \* 200000 / Total number of work hours

**Absentee Rate**=Total number of absentee days over the period \* 200000 / Total number of work hours



Male



Female

Note: In consideration of the fact that the field operations of TWM Broadband cable television field workers is high risk, we have provided higher accident and injury insurance coverage for the engineering staff, increasing the insured amount to NT\$6 million to provide them with added financial protection.

### 2017 Plan

1. Introduce OHSAS18001 Occupational Health & Safety System
2. Introduce the employee assistance plan to expand and diversify the employee assistance plan.
3. Hold weight control activities, and continue to promote mySports all-member sports.





Taiwan Mobile gathers hundreds of volunteers each year to accompany disadvantaged senior citizens in Hualien

## 2.7 Social inclusion

### Core concept

We insist on the philosophy "A corporation's responsibility is as large as itself, true caring is the beginning of action", hold to the spirit of "Base in Taiwan, caring for our land", care for society in terms of different needs, devote long-term manpower and resources to minority groups, provide care for physical and mental disabilities, participate in youth and children personality development, and prevent social issues, etc. We integrate core resources, promote digital inclusion, and improve the domestic soft power of digital cultural content.

### Commitment and Actions

We utilize four main core resources: voice service, Internet broadband, digital content, and startup service, to bring technology to charity, assist charity groups crossover to digital applications, develop audio and video talent, searching for charity group digital marketing talent, and caring for local culture through various cultural and arts events. Furthermore, we establish a comprehensive corporate volunteers system, help employees internalize the concept of corporate social responsibility, promote social responsibility from top to bottom, and implement social participation from bottom up. °



### Achievements and performance

- Over 20 charity project promotions, researched on social return on investment (SROI) related issues
- "A I Daa Ni" dream come true project: assisted the winner of the Myfone Mobile Composition Award to achieve her dreams of becoming a singer
- "iFinity" charity micro movie assisted NPO fund-raising reach over NT\$ 19.53 million
- myfone class has hosted over 5,749 free digital courses in TWM stores throughout Taiwan.
- Amount of time contributed by corporate volunteers: 5,603 hours
- Honored with the Social Inclusion Award at the 2016 Corporate Sustainability Awards
- Social and relationship capital input: 0.12 billion



### Vision and target

- Continue to utilize corporate core resources, focus on domestic digital content creator development, and search for digital talent to work with charity groups, promote technology in charity, and maximize benefits to the society.
- 2017 Target**
- Assistance provided to NPOs to raise at least NT\$10 million annually
  - Social engagement: at least 5 million participations per year
  - Promoting computer programming education for remote communities



### myfone Mobile Composition Award

- A cumulative total of **290,000** entries have been submitted
- Matched award winners with charitable organizations to produce videos on the latter's behalf

### Mobile Micro Movie Creation Camp for Teenagers

- A cumulative total of **185** short films have been produced.
- Trained **1,465** mobile creative artists

### Digital learning centers

- Provided assistance in the construction of **13** digital learning centers

### myfone Forum

- A cumulative total of nearly **5,749** training class sessions have been provided
- Served nearly **47,000** consumers

### Junior News Anchor camp

- Total of **15** sessions were held and participated
- **70%** of which were schools in rural areas

### i-Infinity Digital Welfare

- Provided assistance in raising a total of NT\$**15.5** million in funds
- NFC Smart Tracking Wristband
- iSharing Volunteer Platform

### 5180 Mobile Donation Hotline

- Helped **76** NPOs in establishing sources of donations
- A cumulative total of NT\$**73.4** million in funds raised



### Corporate Volunteers

- Provided **5,603** hours of volunteer services in 2015
- A total of 10 managers named Excellent/Outstand store managers

### Universal Services

- Broadband infrastructure for remote communities
- Provided special cable TV discounts to low-in families in the amount of NT\$**34.6** million

### Yanchang 88 app

- High-tech interactive AR experiences at Taipei New Horizon

### Outdoor concerts

- A cumulative total of over **580,000** attendances in **42** concerts
- Provided assistance to 16 NPOs in raising more than NT\$**2** million

### Service outlet charitable marketing

- Provided 6 showings of charity ads on LED Wall
- The Art Gallery without Walls attracted an attendance of **22,000**

### New Year Banquet for Senior Citizens Living Alone

- Provides one-on-one companionships to seniors living in remote communities each year

### Mobile Medical Services

- In 2016 over **5,000** instances of medical services were provided to patients

### Employment opportunities for persons with disabilities

- Percentage of employees with disabilities exceeds statutory requirements

### Special discount rate plans for specific groups

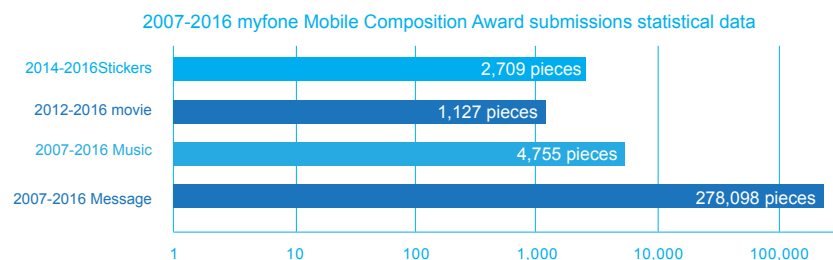
- Senior citizens, residents in remote communities and foreign workers are eligible for discount rate plans



## 2.7.1 Enhancing digital competitiveness

### myfone Mobile Composition Awards

In order to solve social issues such as our nation's language abilities, the shrinkage of the music market, etc., and promote the trend of digital creation to all, Taiwan Mobile Foundation has held the "Myfone Mobile Composition Award" since 2007; the award starts from daily tools used by the youth: "mobile phone" and "Internet", and has "mobile messages" and "original ring tone" competitions. In 2012, the "Micro Movie" category was created to encourage video documentation of life and expression of opinions. In 2014, due to the new popularity of IM communication software, the "Original Stickers" category was added. In 2016, the award calls for submissions on the theme "Ten years of perseverance and constant creation", which received 27.295 submissions, with the age of participants ranging from 6 to 90 years old, and overseas submissions from Mainland China, Hong Kong, Malaysia, and USA, etc.



With 10 years of history, "Myfone Mobile Composition Award" has accumulated nearly 290,000 submissions; winners come from various industries, their creations express the minds of ordinary citizens and are reflections and documentations of contemporary life and society. This project encourages creation by potential talent among the public, and offers contract opportunities in the entertainment business. It facilitates the winning teams to participate in charity film production, and integrate with the foundation's iFinity project, which resulted in an accumulative 23 micro movies by 2016. We hope to continue the friendly digital creation platform in the future, discover quality writers, image, audio-visual talent, then improve the nation's soft power, encourage digital content and cultural creation development, and create a positive cycle in the core operation direction.



The winner of the "Myfone Mobile Composition Award" grand prize

- ◀ The 10th "Myfone Mobile Composition Award" is open for submissions. The grand prize is nearly NT\$5 million, and Taiwan Mobile President (fifth from the left), and Taiwan Mobile Foundation CEO Li-Chou Yang (fourth from the left) and the judges Ping Lu (starting from the left), Zhi-Jian Hou, Li-Zhou Yang, Yu-Hui Liao, Duncan, FJU Monkey

## 'A I Daa Ni' dream come true project

The "Myfone Mobile Composition Award", as a cradle for Taiwanese culture and audio-visual talent, has had ten years of successful history. In order to help achieve an outstanding singers dream, Taiwan Mobile invested a million dollars into the creation of its first original "'A I Daa Ni" (words of longing in the language of Rukai Tribe) MV, which is Taiwan Mobile's first ever brand image song. This is an encouragement for artists to continue pursuing their dreams, and it is also Taiwan Mobile's first music production and digital release, which opens a new window for the telecommunications industry.

The operation followed an actual record market operation, and the product was released on all major entertainment digital platforms. Rukai singers Chang Yang-Haw and Du Shaw-In made their dreams come true and reached over a million hits in merely 4 months after the "'A I Daa Ni" MV was released online. Taiwan Mobile kept its promise and helped the two singers perform on the stage in Taipei Arena. We will continue the "Dream come true project", which not only encourages musicians to pursue their dreams, but is also the best witness to Taiwan Mobile's entrance into entertainment content and digital convergence; we hope this will drive the production of more quality content in Taiwan's entertainment industry.



Dream come true project



01

Supporting young musical talents with potentials

In the 10-year history of myfone Mobile Composition Awards, the first amateur singer to put out songs digitally.

02

Unprecedented involvement by a domestic company in the digital distribution of music.

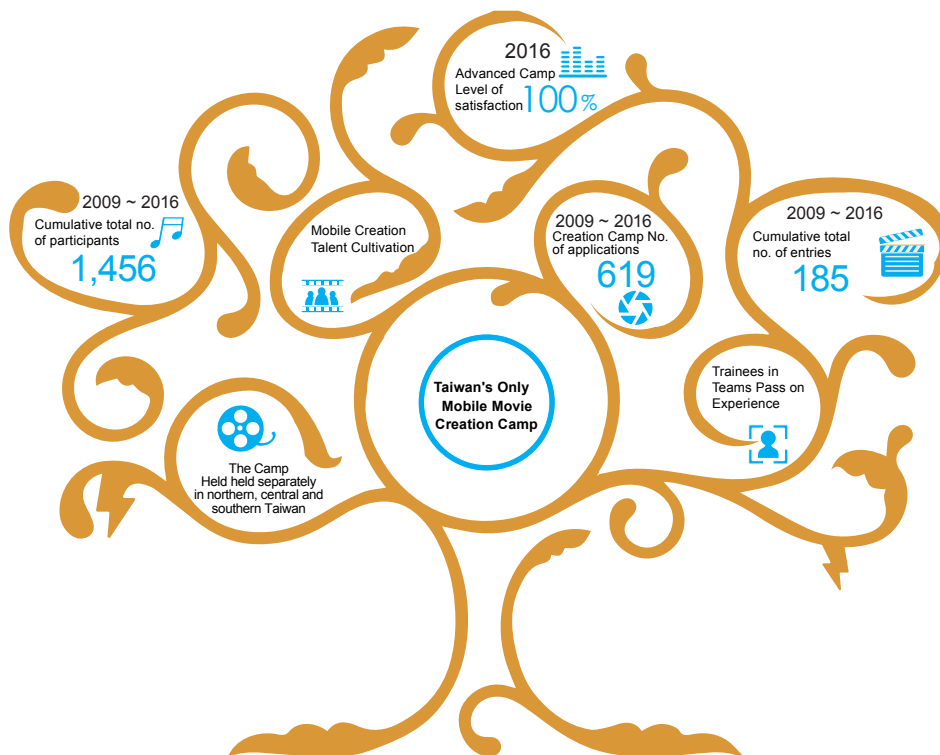
03

Combining corporate brand image to promote and integrate 4G technology project resources



## Mobile Micro Movie Creation Camp for Teenagers

Taiwan Mobile Foundation, with the basic concept of "Develop future media talent, improve digital competitiveness", has jointly held the "Youth Micro Movie Creation Camp" with Public Television Service since 2009. There is a different theme each year; and professional directors train the youth's mobile image skills. Since 2012, the advanced class was added to diversify the image learning goals, and allow the further improvement in the students' digital editing skills. In 2015, the advance course was expanded into four-day-three-nights camp, with newly added physical expression classes, and elective courses tailored to the students' skills and interests; it is a solid training in the knowledge and skills of various professional fields. During the eight years, the camp has had a total of 185 short films created, and 1,465 students. Many students continued their education afterwards. This is the only mobile device film creation camp in the country and is an important training ground for mobile creative talent training.



Digital technology has gradually become common, and the inclusion of programming into fundamental education is becoming an international trend. Given this trend and the need to integrate group resources, the mission of visual imagery education for adolescents will be realized by the Group's Fubon Education and Cultural Affairs Foundation, while Taiwan Mobile Foundation will combine the core information and communication technologies and devote these resources to education systems for rural schools so that economically disadvantaged children could learn how to adopt logical thinking and technological innovation to improve their digital competitiveness.





## Digital learning centers

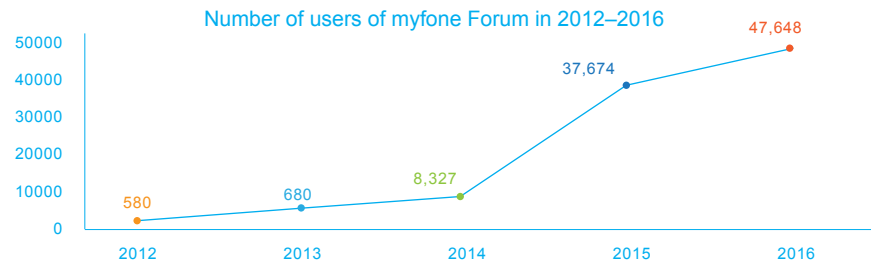
To promote digital inclusion in urban and rural areas, we employed core telecommunication technologies and integrated our mobile, fixed network, and cable TV resources to create digital opportunities and establish digital learning centers for the benefit of disadvantaged groups and individuals living in remote areas. In addition to providing broadband network and computer facilities, we also assisted local organizations to use e-learning resources, bestowing upon them the capability to engage in autonomous management and digital applications. Since 2007, a total of 13 digital learning centers have been established and are still operating.

With the prevalence of mobile communication, we will integrate corporate core resources and incorporate more mobile devices (e.g., tablet computers) according to need. The goal is to provide disadvantaged groups including impoverished children, foreign spouses and senior citizens as well as children and adults with multiple disabilities with the opportunity to share the benefits of a quality networked community and connect with the entire world through these mobile devices.



## myfone Forum

In 2016 myfone Forum conducted over 5,749 sessions of in-store digital skills courses at our service outlets around the country, serving over 47,000 customers. At myfone Forum, in addition to courses on general daily living applications (e.g., methods of using Android and IOS systems, how to operate social media software, and filming and photography skills), application teaching services are also offered, including advanced applications (e.g., entertainment, sports and leisure, and health management), digital lifestyle (my Video, my Music, my Book, and M+ Messenger), mobile office (cloud photo album, mobile journals), and other diverse range of applications. Upholding the corporate guiding principles of creating the best user experience for our customers, myfone Forum envisions to help consumers choose the smart mobile device that best suits them, and learn to use apps to make their lives more exciting and convenient. In future, myfone Forum will continue to enrich the service content, combine all mobile networks of Taiwan Mobile, and provide consumers with an all-bases-covered mobile digital experience.



## Junior News Anchor camp

To serve young students in its area of jurisdiction and help them gain a better understanding of how news is produced, Global View Cable TV, an affiliate of TWM Broadband, developed the Junior News Anchor camp - Global View Junior News Anchor News Report event. Global View news reporters were asked to instruct and help students film, produce, and broadcast news report. Through this activity, students improve their understanding of news production process, various filming equipment in the studio, and experience in person what it is like to be a TV news anchor. Whenever Junior News Anchor camp is launched, students have always signed up with enthusiasm, showing how much they loved this activity. In 2016, a total of 15 sessions were held and participated by 10 schools, 70% of which were schools in rural areas in order to provide students from rural areas with greater exposure to the media world.

## 2.7.2 Technological approaches to supporting charities

### i-Infinity Digital Welfare

Since 2012, we have assisted charity groups in developing mobile applications. As of today, we have helped five charity groups develop 4 apps and 1 NFC smart tracking wristband. Each project spanned approximately 2 years, helping NPOs walk the first mile of their journey toward a digital world, and 3 relatively more mature apps were donated to charity groups for operation. Furthermore, we also cooperated with Micro Movie group winners of the Myfone Mobile Composition Award to produce micro movies for charity groups and provide online marketing rewards. Within 3 months after a micro movie is uploaded onto YouTube, Taiwan Mobile Foundation donates NT\$1 for every click through rate (maximum of NT\$100,000). In 2016, the four micro movies that were launched had attracted over 100,000 views within 3 months, and the total click through rate surpassed 1 million in less than a month. A total reward of NT\$400,000 were distributed, and over NT\$4.35 million in donation were raised for four charity groups. As of December 2016, our program had helped 16 charity groups to solicit over NT\$19.83million in donation. In 2016, we continued to produce micro movies for 3 charity groups, which are expected to be launched in February 2017.



"Find love" Charitable film is aimed at promoting dementia prevention and the NFC smart tracking wristband

2016 無限



#### NFC Smart Tracking Wristband

Bjorgaas Social Welfare Foundation/Federation for the Welfare of the Elderly

Assisted with organizing "I Love Granny" charity drama performance for Taiwan Catholic Foundation of Alzheimer's Disease and Related Dementia to promote the prevention of dementia. The performance was attended by 2,410 people.



#### iSharing platform

Taiwan Mobile Foundation

1. Joined by 204 social welfare groups
2. Helped 323 economically disadvantaged senior citizens collect winter solstice gifts





## Micro Movies filmed in 2016 and launched in 2017

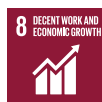


### Listening to the Songs of Yu Yu

Director: Wen-tang Lin  
Jieh Huey Social Welfare & Charity Foundation

Topics of Concern:  
Health care for economically disadvantaged indigenous senior citizens

Watch



8 DECENT WORK AND ECONOMIC GROWTH



### A Music Note Cruising Off Course on its Staff

Director: Chien-kai Hong  
JSino Shepherds Youth Care Association

Topics of Concern:  
Adolescent counseling

Watch



4 QUALITY EDUCATION



### My Martian Mother

Director: Ching-Ren Su  
I-Link Community Services Associations (Taiwan)

Topics of Concern:  
Cultural identity of foreign spouses and new children of Taiwan

Watch



5 GENDER EQUALITY



10 REDUCED INEQUALITIES



## i-Infinity Digital Welfare Social Return on Investment (SROI)

To shed light on the social impact of charity micro movie projects, Taiwan Mobile introduced the concept of social return on investment (SROI), converting the social influence of a project into monetary forms. For example, we assisted the Taiwan People's Food Bank in the production of a micro movie "Temperature" to deliver the message—no waste, no hunger. The micro movie was viewed on YouTube 1.56 million times during the project duration, which facilitated a three-fold increase in the amount of donations from NT\$500,000 to NT\$1.6 million or more.

According to an interview and questionnaire survey on Taiwan People's Food Bank, production crew, and YouTube viewers, the cost and social benefits of our project included encouraging viewers to reduce food waste, eliciting feelings of satisfaction toward social participation, enhancing the visibility, fundraising capabilities, and video marketing capabilities of charity groups, and attracting attention toward crew members and their works. Analysis of the aforementioned costs and benefits by using the SROI method indicated that the SROI of this i-infinity charity micro movie amounted to NT\$2,968 billion, and compared with the cost invested by various stakeholders, the SROI value was 8.7, which is equivalent to a benefit of NT\$8.7 for every dollar of investment made.



## Happy and Warm Little Hearts:Bringing Warmth to the Winters of Economically Disadvantaged Elderly Adults

Following the Christmas toy drive, entitled "Happy and Warm Little Hearts" in 2015, Taiwan Mobile Foundation partnered with Old Five Old Foundation and Chensenmei Social Welfare Foundation in 2016 to collect winter-warming gifts for 323 economically disadvantaged elderly adults. In 2016, the recipient of the Republic of China Presidential Innovation Award, Shen Hsin-Ling, was invited to partake in a short promotional film. Through the iSharing Volunteer Platform, a charity support platform, to solicit donations from the general public, in as short as 24 days, 323 sets of gifts were collected for economically disadvantaged senior citizens and families that are composed of elderly adults and children with intellectual disabilities.



Opening ceremony of the 2016 Happy and Warm Little Hearts event

## Civic Technology

In recent years, civic technology has become the key form through which citizens engage in social issues and demonstrate their capability in digital technologies. Given this background, Taiwan Mobile Foundation sponsored the Civic Tech Prototype Grant held by the Open Culture Foundation in 2017 in an effort to encourage active participation among outstanding talents in



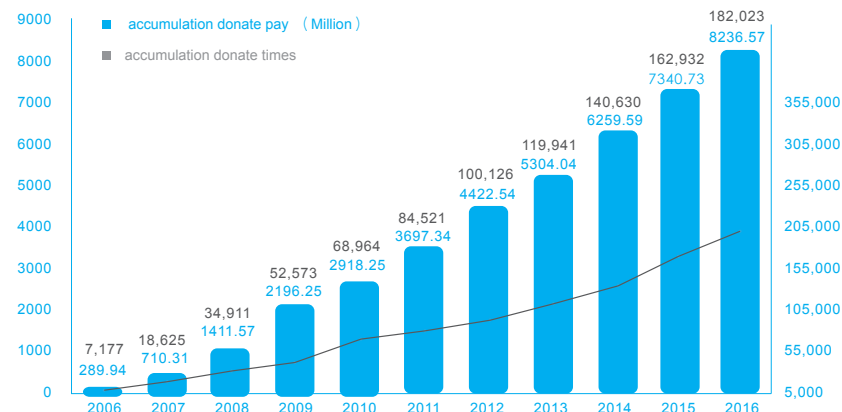
Chairman of the Taiwan Mobile Foundation, Shan-Cheng Chang, giving out donated jackets to elderly adult with intellectual disability

Taiwan Mobile's iSharing Volunteer Platform is Taiwan's first charity support platform integrating different websites and apps. As of 2016, a total of 468 volunteering activities involving 1,446 volunteers were supported. To encourage more young adults to join the iSharing Volunteer Platform and assist with collecting donations, Shen Hsin-Ling was invited to act as the ambassador of the iSharing platform. Lecture talks were held in 5 universities across Taiwan, attracting 6,200 attendees. The goal was to take concrete actions as a show of their love and support for the society. This year, corporate volunteers are incorporated to facilitate encouraging employees to participate in volunteer services and thereby enhance the efficiency of cooperation among social welfare institutions, corporations, and volunteers.

civic technology and to accelerate the hatching of successful results. The grant is provided to potential projects that benefit public interests and invest in prototype development or operation maintenance to drive technological integration in charity projects, thereby creating more possibilities for the society and charity.

## 5180 Mobile Donation

In December 2005, TWM introduced the "5180 Mobile Donation" platform which allows users to make small monetary contributions. The platform takes advantage of the convenience of the mobile phone and combines interactive voice response (IVR) of telecommunication operators, apps, and back-end services. TWM subscribers can make donations of NT\$100, 200, 300, 500, 1000, 1,500, 2,000, 3,000 to 6,000 when they pay for their phone bills, and they can also apply for a receipt online. The entire process is safe, fast, and convenient. Beginning in March 2016, we no longer charge third-party collection fees and provide 100% of the donor's contribution and love to social welfare organizations that have joined the 5180 Mobile Donation service. As of January 2017, 79 social welfare groups have joined the platform, accumulating a donation



## Yanchang 88

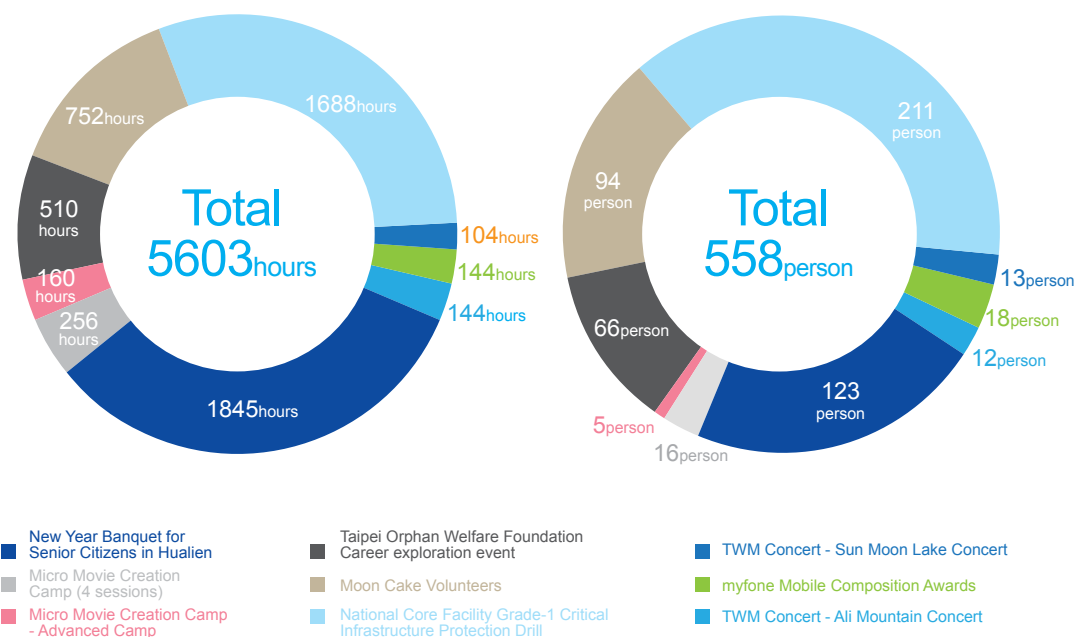


Taiwan Mobile Foundation is a longtime support the cultural and creative industry. We seamless bring together innovative technological applications with arts and culture. In 2015 we invested NT\$1 million in augmented reality (AR) and beacon technologies to create the first mobile app in the country that combines digital technology, cultural and creative content, and tour guide features: Yanchang 88. Visitors simply download the mobile app with their smartphones to trigger the interactive content at any time. They can take interactive, unique AR photos with the cute 2D animated figures mili egg and who cares, and also utilize the electronic guide's push notification function from the app to obtain first-hand information on the history of the Taipei New Horizon building, its architecture, design concepts, public arts, intelligence on neighboring art exhibitions, and the latest information of domestic cultural and creative artists.

## 2.7.3 Social Engagement and Caring for the Disadvantaged

### Corporate Volunteers

TWM began implementing the Corporate Volunteer Guidelines in 2007. We offer our employees two days of paid leave each year, with transportation allowances, to perform volunteer services. The company also provides a comprehensive volunteer training program. We also encourage employees' families to join them in their volunteer services by providing transportation allowances and insurance coverage for the families in the hope that more employees will be motivated to contribute their time and efforts for a good cause. We hope that employees' participation in these activities will enable them to better understand the significance and implications of public interest. We also take advantage of this opportunity to let employees put the company's CSR policies into practice, to build rapport and solidarity, and to make "giving back to the community" an essential part of our corporate culture. The number of volunteers was 558 in 2016, which resulted in 5,603 hours of volunteer services.



### New Year Banquet Volunteer Service for Senior Citizens in Hualien

Beginning in 2008, TWM dispatches over 100 corporate volunteers every year to organize a New Year banquet for senior citizens living alone in Hualien. To create memorable experiences for senior citizens, each senior citizen is allocated with one volunteer. While in service, volunteers can go shopping with their respective senior citizens with the NT\$1,000 voucher provided by TWM for each senior citizen, or accompany them at the New Year banquet and play with them in the challenge activities held after the dinner. At the dinner party, entertainment such as performances and volunteer dancing contests are provided to celebrate the special occasion with the senior citizens, and festive gifts are also awarded. In 2017, Lily Chou and actor Royce Wong were invited to perform a number of oldies for the senior citizens. Director Shan-Cheng Chang also joined the event during which he performed the PPAP single together with the volunteers and acted as the host of challenge activities to spend the most heartwarming day with the senior citizens.





# Taiwan Mobile Concert

TWM is currently the only corporation in the country to offer free large-scale outdoor concerts to the general public. We have changed the significance and nature of corporate promotion of arts and culture within the communities, transforming the traditional role of sponsors into creative initiators and leaders to demonstrate creativity in concept origination and professionalism in resource integration. By having creators, artists, public interest groups, non-profit organizations and the public working in tandem through music, the roots of culture will be firmly planted to further cultivate the software of all citizens.

- Operations with integrity
- Sustainable partners
- Outstanding brand
- Digital innovation
- Environmental Sustainability
- Happy workplace
- Social inclusion



TWM began holding large-scale outdoor performances in 2005, and in 2011, it combined its core technologies with 5180 donation platform, successfully helping charity organizations generate funds and receive much needed publicity, thus setting a new and remarkable example in the amalgamation of corporate-sponsored public welfare and cultural event. As of 2016, TWM has sponsored a total of 44 concerts with a combined attendance of 627,400, helping 17 social welfare organizations solicit a total sponsorship of NT\$ 2,251,994.



Conductor Paul Chiang leading the Philharmonia Moments Musicaux in the concert opening



Singer Ailing Tai



5 Singer chorus in the stage

- Operations with integrity
- Sustainable partners
- Enduring brand
- Digital innovation
- Environmental
- Happy workplace
- Social inclusion



2016 Sun Moon Lake Firework Concert

## Mobile Medical Vehicles

To provide medical care to Taitung residents living in remote communities, Taiwan Mobile Foundation has been supporting Taitung Christian Hospital over the years by wholly undertaking the costs associated with networking equipment of the Mobile Medical Vehicles. By dispatching mobile clinics to mountainous regions, mobile medical consultation services, instrument inspection, and medication treatment are provided. Public health experts are invited to promote health education in rural villages to facilitate immediate communication and transmission of emergency needs for providing necessary assistance to disadvantaged groups. In 2016, the Mobile Medical Vehicles serviced 4,419 residents, and 48,957 services were given in total.

Yanpin mobile	Yanpin mobile	Daren mobile	Home-care	Total
Total	1498	1638	1283	4419



## Diversified tariff scheme

Based on the protection of the economically disadvantaged students and the silver-haired group against the exclusion from the 4G mobile life in which they can enjoy audio and video entertainment, transportation, medical care, education and other mobile services, we have adopted preferential frequency upgrade to 4G for them, and set up the monthly goal of 15--20% for such customers to cover our new subscribers. In 2016, such benefited customers amounted to 110,000 persons. In addition, to protect the voice needs of users in remote areas, we have

launched a preferential program for intra-network free airtime and extra-network hotline, and as of the end of 2016, the number of such benefited customers had nearly reached 140,000. Besides, to the 610,000 foreign workers in Taiwan, we have also introduced a program of phoning back home by the prepaid card, in which such workers can enjoy 50--60% discount in the preferential period every day so that they may dispel their homesickness at a lower rate.



## Broadband Network Construction in Rural Areas

Since 2009, Taiwan Mobile has continued to implement the policies of providing broadband network services in rural villages and tribes. Considering the local environment, optical fiber cables and very-high-bit-rate digital subscriber line (VDSL) are adopted to complete approximately 15.5 km long optical fiber cables. After hardware establishment is completed, the Foundation will subsequently provide Internet allowances and discounted rates for local villagers to alleviate their financial burden. Furthermore, the broadband speed was improved in 2013 to shorten the digital gap between urban and rural regions. To increase the connection speed, optical fiber

cables and equipment were replaced, increasing the Internet speed to 100 Mbps. In 2016, the maintenance cost of the universal service totaled NT\$1,467,555 (amount will be provided on April 24 after inspection). To improve the mobile broadband services in rural areas, protect the rights of Internet users, and shorten the digital gap between urban and rural regions, Taiwan Mobile is committed to providing full support in the establishment of optical fiber networks. In 2016, TVM's network coverage in the remote townships in Taiwan reached over 92% by population, and maintained same coverage by remote township into 2017.



## Outstanding store managers' community services

In the "National Selection of Excellent and Outstanding Store Managers" organized by the Taiwan Chain Stores and Franchise Association (TCFA), the appraisal items include: diversified indicators such as store management, innovative operation, customer service, social welfare, etc. Since our participation in the 2014 selection, we have received recognition year by year. In 2016, two of our store managers won the title of "Outstanding Managers", and eleven of our store managers were awarded "Excellent Manager". In the process of the selection, the participating managers engaged in 30 public welfare events around Taiwan, providing social warmth for the disadvantaged.



At the same time, we mobilized over 700 persons to help various communities clean up the environment; totally, each person did the cleanup twice. We have carried into practice our "Five-hearted Service" which is composed of sincerity, integrity, empathy, enthusiasm, and innovation! The selection activities allowed the staff of our stores around Taiwan to understand that the customer service was not limited to the stores. Through the care for communities and commitment to public welfare activities, we have caused the consumers to experience our commitment to the local management and further feel the warmth of our mobile communication service.







## Concerts for foreign workers

In 2016, we specially allocated over NT\$2.5 million to fund two carnival concerts that allowed the foreign workers in Taiwan to attend the concerts free of charges to celebrate the festivals together in the hall. A total of over 17,000 foreign workers attended the two concerts with enthusiasm.

In the Mid-Autumn Festival, we held the Mid-Autumn Festival Reunion Concert in the EXPO Hall of Taipei Expo Park for Vietnamese workers in Taiwan to celebrate the festival with Vietnamese local pop singers whom we had invited to perform in Taiwan, so that the Vietnamese workers in Taiwan could dispel their homesickness.



Again in the EXPO Hall of Taipei Expo Park, we held the Indonesian Song Festival in 2016, inviting the Indonesian new star singer Karel and the popular rock band Geisha to perform in the festival. A number of singers sang together with such workers to celebrate the joyful festival.



**Effects in 2016:** There were a total of 7,000 visitors to the Vietnamese concert (with expenses at NT\$1.1 million).

There were a total of 10,000 visitors to the Indonesian concert (with expenses at NT\$1.46 million).

**The target for 2017 and the mid- and long-term planning in 2020:**

We have budgeted NT\$3-4 million to fund three concerts to add diversified foreign cultural zest to Taiwan as a gesture of our respect and inclusiveness.

## We provide special cable TV rates for low-income households

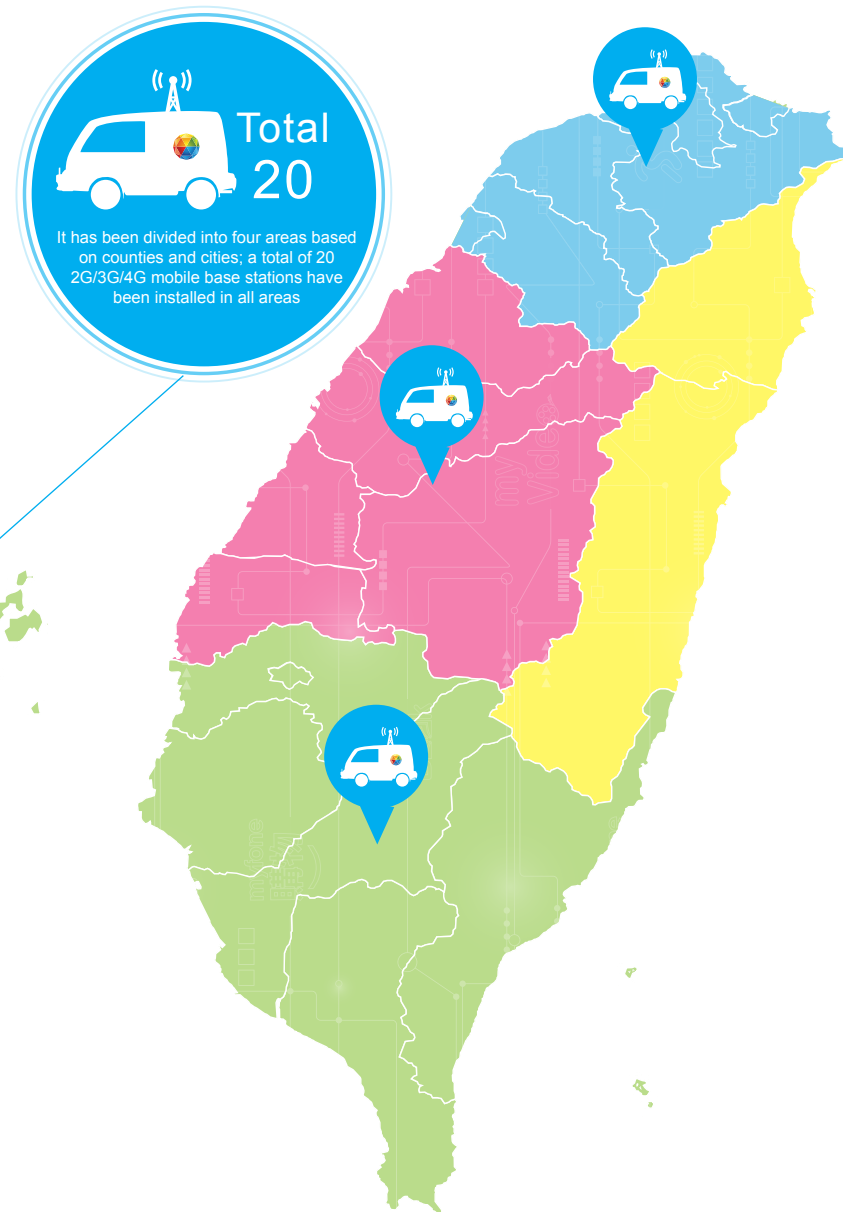
To support the government's policy to provide assistance to low-income families, TWM Broadband has for long offered special cable TV discounts to disadvantaged groups, such as senior centers, nursing homes, local community activity centers and other social welfare organizations. We have taken the initiative to contact low-income families every year to remind them to apply for special discounts for cable TV service by

submitting proof-of-status documentation. We have also sent letters to all township offices within our cable TV service coverage areas to request their assistance in publicizing the special offers. In 2016, the cable TV system platforms of the Home Business Group provided 5,559 households with free installation and basic channels cable service discounts amounting to NT\$32.98 million.

## 2.7.4 Social emergency responses

### Mobile base stations

aiwan is located in the multi-seismic fault zone and in the area typhoons frequent, hence being susceptible to such natural disasters as typhoons, floods, mudslides, slope land collapses, earthquakes, etc. Thus, we have erected mobile base stations to solve the service outage problems encountered by the fixed base station located in the disaster-affected area, so that we may meet our subscribers' needs for emergency contacts by phone with the outside world. As of March 2016, we had built up 20 2G/3G/4G mobile base stations, which would speedily enable the voice communication and mobile Internet access in the disaster-affected area. In the past few years, we have been able to support in several instances where areas affected by natural disasters lost their voice and data communication links with the outside world. We have endeavored to be an active part of various social welfare activities, and we do not shy away from social emergency relief efforts. In the future, we will continue to provide users with excellent network experiences and to safeguard the rights of our subscribers through the central and local governments' information integration, application and sharing.



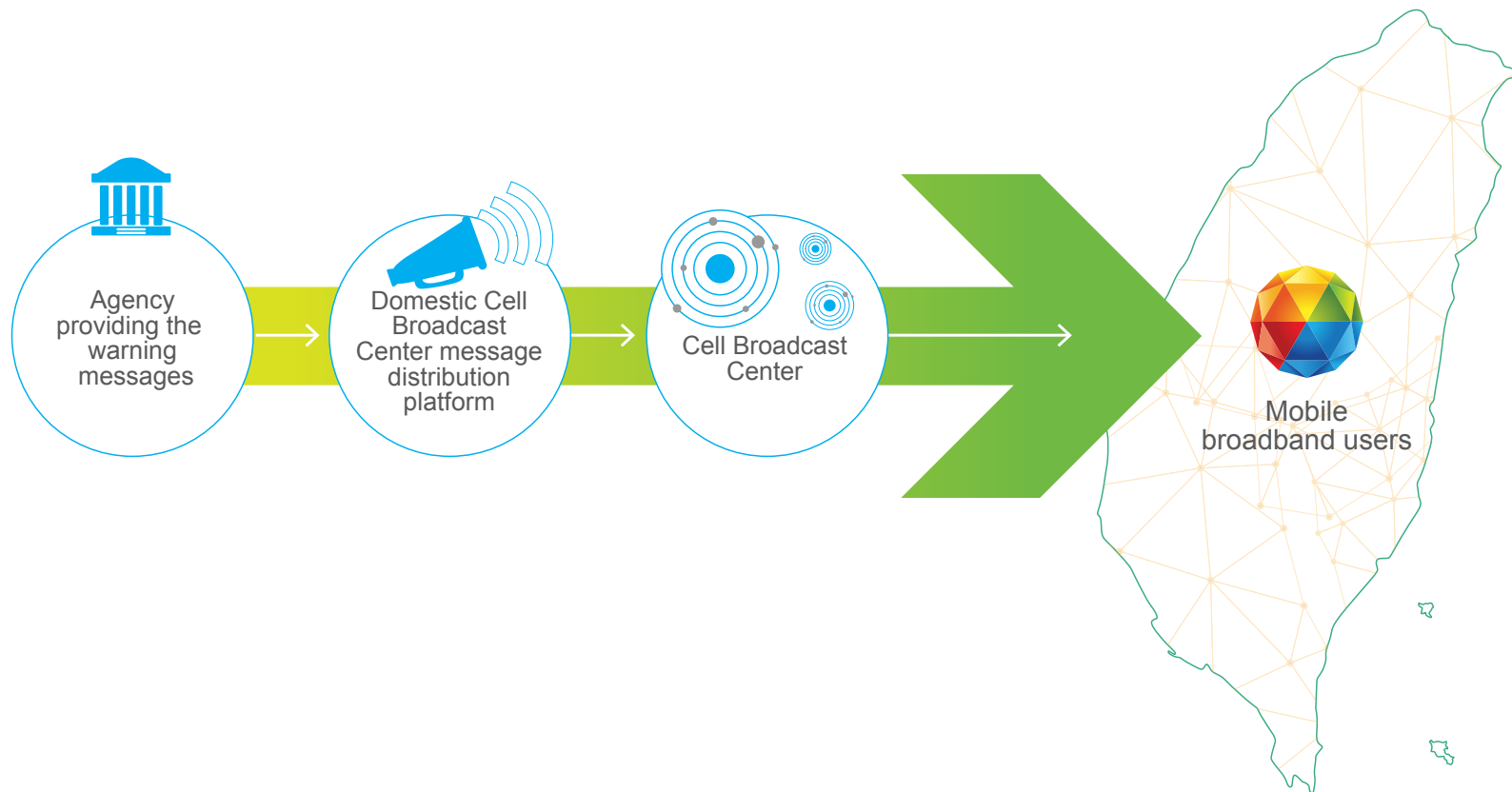
### 2014-2016 support event

2014	Kaohsiung gas explosion	Qianzhen District, Kaohsiung City	15 days
2015	Typhoon Soudelor	Wulai District, New Taipei City	26 days
		Fangyuan Township, Changhua County	17 days
		Taixi Township, Yunlin County	41 days
		Wulai District, New Taipei City	41 days
		Touwu Township, Miaoli County	16 days
2016	Weiguan Building collapse due to Meinong earthquake	Yongkang District, Tainan City	9 days
	Typhoon Nepartak	Poor reception in the neighborhood of Taitung Airport, Taitung City, Taitung County	4 months
	Typhoon Megi	anzhou Township, Pingtung County	5 days
		Rende District, Tainan City	8 days

## Disaster Prevention SMS

We have regarded the life and property safety of the people as an important issue. In 2015, according to the 3GPP world standard of Public Warning System (PWS), we built the Cell Broadcast Center (CBC) system, the function test of which was completed by the competent authority in February 2016. The system has allowed the national disaster prevention-related competent authority to send cell broadcast alarm messages to the user terminal devices in specific areas; such devices enabled by CBC system may receive the alarm message through the mobile broadband network

platform application, so that the earlier and timely warning can help achieve the effectiveness of disaster prevention and relief. In the future, we will continue to meet the government's needs as planned in its "Program of disaster prevention and relief by using technology" by expanding the application of disaster prevention and relief application platform, and devoting ourselves to providing users with good network experience and maintaining the user's maximum interests.





## Disaster prevention and drills in response

More effort in preparation, less damage by disasters. As an important provider of national communication facilities, we cooperated with the National Communications Commission and the Office of Homeland Security of the Executive Yuan to implement a National Critical Infrastructure Protection inspection exercise in 2016 in order to reduce disaster damage, protect communications facilities and ensure personal safety. This exercise mobilized more than 200 people to simulate how to start the protection mechanism and to establish a notification system when it comes to natural disasters, man-made damage and information security incidents, so as to achieve:

### I. Implementation of critical infrastructure risk management with the concept of overall protection during a disaster

Considering threats such as natural disasters, accidents and man-made attacks, we introduced risk management and uninterrupted operational theory into critical infrastructure protection.

### II. Inventory of critical infrastructure and development of protection plans

Taking into account all the internal and external factors, we conducted a comprehensive risk assessment before dealing with the risk. Through asset identification, we did an inventory of our critical infrastructure and developed protection plans.

### III. In combination with the government agencies to set up a protection mechanism

Establishing cooperation relationship, we conducted a simulation exercise through an emergency response plan, and maintained a smooth notification system, so as to enhance the effectiveness of overall protection.



This exercise was successfully completed on 2016/10/5. On the whole, it was well recognized by the judges, hence being rated "Excellent". Looking into the future, we will continue to improve our protection plans to ensure better security and protection of the national critical infrastructure.



2016於台灣大哥大光電大樓  
進行消防演練



# Chapter 3

## Corporate Governance

Governance framework

Monitoring Mechanism

### 花蓮溪日出

花蓮溪本流河長57.28公里，水系河長則為81公里，流域面積1,507.09平方公里，主要支流有木瓜溪、壽豐溪、萬里溪、馬太鞍溪、光復溪等。其水系沿著花東縱谷向東北方向流，在海岸山脈最北端的花蓮山出海，進入太平洋。

Photo by  
International professional photographer 黃正雄



### 3.1 Governance framework

The highest governing body in the Company is the board of directors led by the Chairman, who does not hold an administrative position in the Company to ensure an independent corporate operation. The main function of the board of directors is to supervise and direct the Company to be compliant with the law, to reveal important information immediately, and run a honest operation; secondly, the board should maintain a good communication channel and good interactions with the management team, and direct the Company's business executions and decisions of major policies, to ensure the Company's development and protect the shareholder's rights. The board members span across legal, accounting, finance and telecommunications industries, and have the required knowledge, skills, and experience required for the position. There are 4 seats for independent directors, higher than the legal requirement; the whole team of independent directors forms an audit committee and a salary and compensation committee, and establishes a series of operation guidelines and regulations, to reinforce the health of the system and its effective operations.

The Company has gradually established relevant regulations on corporate governance to ensure the implement of corporate governance. Among the regulations, the "Guidelines for the Board of Directors election" stipulates that the entire board is elected through nominations. The nominations, reviews, and announcements are conducted according to legal procedures. The elected directors shall sign consents to act as director and confidentiality agreements, act according to honest and credibility principals, purchase liability insurance to reduce the liability risks of the director's conduct of business affairs, and, according to the "Rules and Procedures of Board of Directors Meetings", withdraw from meetings if the director has a conflict of interests personally or with the legal persons which the director represents, as well as withdraw from voting on behalf of other directors. There were no conflict interest related cases in 2016.

(For relevant details, please refer to the Company's website for important internal regulations and the annual report's Corporate Governance Chapter starting from P.29)



For more information



## Board of Directors

Title	Name	Advanced training
Chairperson of the Board	Ming-Chung Tsai	The board actively participates in corporate governance and CSR issues courses. In 2016, the courses include "Corporate governance framework and board of directors operations" and "Insider trading and corporate social responsibility seminars", etc.
Vice Chairperson of the Board	Ming-Hsing Tsai	
Director	Shan-Zheng Chang	
Director	Fu-Xing Lin	
Director	James Cheng	
Independent Director	Ri-Can Huang	
Independent Director	Con-Ming Zhong	
Independent Director	Shuei-Ren Song	
Independent Director	Gu-Zhang Yang	

Note: The members are all male, for relevant details please refer to P15-18, and P.35 of the 2016 annual report

CSR-related proposals deliberated and resolutions passed by the Board of Directors from 2016 to Q1 of 2017 are summarized as follows:

Date of meeting	Board/Meeting	Topic	Resolution
2016/1/29	7-9	Proposals for improving CSR management	Received and understood
2016/4/28	7-10	Revised "Audit Committee Organization Regulations" and "Rules and Procedures of Board of Directors Meetings"	Approved as proposed
2016/7/27	7-11	Established "Human Rights Policy" and "Charity Donation and Sponsorship Management Guidelines", and revised "Supplier Corporate Social Responsibility Principles"	Received and understood
		Revised "Ethical Corporate Management Best Practice Principles"	Approved as proposed
2016/10/28	7-14	Board liability insurance continuance status report	Received and understood
		Revised "Board of Directors Performance Evaluation Guidelines"	Approved as proposed
2017/1/25	7-15	Proposal to establish the "Innovation Management Committee"	Received and understood
		2017 Green Energy Campaign activities proposal report	Received and understood

## 3.1.2 Executive Compensation

Compensation for the board directors and independent directors is based on the regulations set forth in the Articles of Incorporation and the Compensation Guidelines for Board Directors. In addition, the appropriateness of the remuneration for board directors, independent directors, presidents, and vice presidents (variable pay of Presidents and Vice Presidents makes up around 50% of personal annual salaries) is regularly reviewed by the salary and compensation committee which is composed of independent directors based on the degree of contribution to the company operations including future operating risks and level of involvement in CSR related matters. According to the decision by the CSR Committee, the performance and salary of the President and VP is linked to CSR, and the annual goal will include CSR indexes related to and have commonalities with the duties of the position, such as: customer satisfaction, customer complaint, power-saving carbon-reduction performance, employee turnover rate, company volunteers, etc. Furthermore, the President and VP's annual goal evaluation will include personal operation goals, CSR index achievement rate, and also risk management indexes such as audits, information security management errors, etc.

Compensation for Presidents and Vice Presidents for the respective year is paid and reported to the Remuneration Committee by the HR Division. The appropriateness of salaries and compensation is reviewed on a regular basis.

The salary structure of the Company's managers in 2016 are listed in the following table:

Title	Name	Salary/termination & retirement pension ratio	Bonus and extra compensation ratio	Employee salary ratio
President	James Cheng	44.8%	26.6%	28.6%
CEO and CFO	Rosie Yu	46.2%	25.6%	28.2%
Senior VP and CBO	Yuan-Hong Gu	46.9%	25.8%	27.3%
Senior VP and CTO	Zhao-Hua Jie	46.2%	27.0%	26.8%
VP and CIO	Yo-Qi Zhang	47.1%	27.9%	25.0%
VP and CLO	Ya-Hui Huang	48.8%	25.1%	26.1%
VP	Chang-Je Hong	50.3%	23.1%	26.6%
VP	Wang-Qi Chen	53.9%	26.0%	20.1%
VP	Jian Chen	54.7%	24.7%	20.6%
VP	Yu-Tai Guo	49.7%	23.9%	26.4%
VP	Zhen-Ping Zhou	49.3%	24.3%	26.4%
VP	Chuang-Hui Wu	51.4%	29.3%	19.3%
VP	Li-Hui Liou	46.9%	28.3%	24.8%
VP	Nan-Mei Li	49.9%	25.6%	24.5%
VP	Fan-Jun Li	53.9%	27.4%	18.7%
VP	De-Wei Lin	47.4%	29.6%	23.0%
VP	Shu-En Shie*	99.9%	0.1%	0.0%
VP	Wen-Xiang Huang*	99.9%	0.1%	0.0%

\* marks the executive who has left the position

Furthermore, the "Board of Directors Performance Evaluation Guidelines" is established, and the board operations, member participation and contribution, CSR participation, etc. will be included in the range of evaluation. The evaluation is conducted annually at the end of the year; after the Salary and Compensation Committee's summary and analysis, the evaluation report and practical correction proposals are submitted to the board. The board performance evaluations for 2016 were conducted on Jan 25, 2017 in the form of a self-appraisal by board members. The results of the evaluations were determined to be satisfactory. The annual report since 2015 disclosed the high-level manager's salary structure ratios.

## 3.2 Monitoring Mechanism

### 3.2.1 Internal Control Mechanism

The Company's audit room reports to the Board of Directors; the auditors are all full-time staff.

- The targets of auditing include the Company and its subsidiaries, and the range of the audit covers all the operation and management functions including finances, business, etc. The top ten cycles shall be audited according to the law.
- The audit method is mainly a regular audit according to the annual audit plan, and additional project audits if necessary, to make timely discoveries of possible deficiencies in the internal control system and propose suggestions for improvement.
- After the audit, an audit report is submitted to the Chairman of the Board, and the audit supervisor shall regularly report the status and results on the Audit Committee meetings and the Board meetings, to fully implement the spirit of corporate governance.
- Each of the Company's departments and subsidiaries are urged to conduct self-evaluations, establish the Company's self-monitoring mechanism, self-evaluate, of which the results are used by the Company's Board of Directors and the President as the basis of the Management's Reports on Internal Control.

### 3.2.2 Salary and Compensation Committee

The Committee consists of 4 Independent Directors, and operates under the "Salary and Compensation Committee Organization Regulations"; its main responsibility is to establish and regularly review the policies, system, standards, and structure of the performance evaluation and salaries of the Board and managers, as well as regularly review and determine the salaries of the Board and managers.

### 3.2.3 Audit Committee

The Audit Committee mainly assists in the quality and honesty of the Board of Directors in monitoring the Company's accounting, auditing, financial report procedures, and financial control. The duties include appropriate expression in the financial report, auditing, and effective internal control, affairs involving the Board's personal interests, trading of major assets or derivative products, major capital loans and endorsements or guarantees, collection or issuance of securities, the appointment of the financial accounting and internal auditing supervisor, company risk control, the appointment and termination or salary and performance evaluation of certified public accountants, and the fairness, reason, and legal compliance of merger plans, etc

According to the regulations, the Audit Committee consists of all the Independent Directors, who conduct each appropriate audit and investigation according to organization regulations, and have the right to hire independent lawyers, accountants, or other consultants to assist with duties, as well as have direct contact channels with auditing supervisors, accountants, and employees. The Audit Committee meeting is held at least once quarterly, and additional meetings are held whenever necessary. Each quarter, the auditing supervisor and accountant independently report the auditing affairs and financial sheet auditing results, etc.; the implementation status, results, and suggestions are all sufficiently communicated.

### 3.3 Risk management

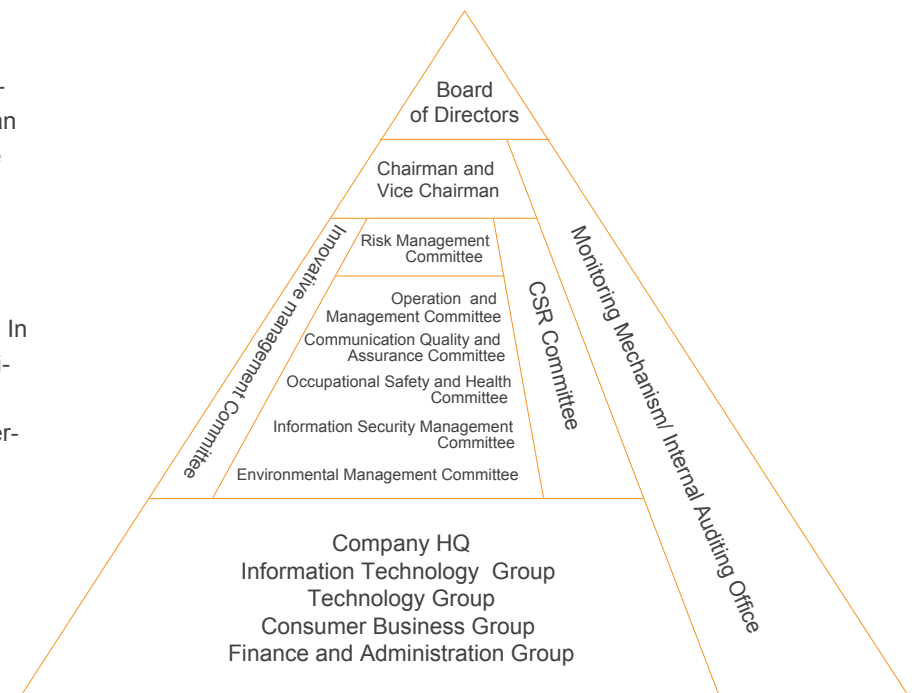
Taiwan Mobile actively plans risk management policies, the organizational structure, and risk management system; potential risk in company operations are dealt with beforehand for prevention. We have officially established the procedures of risk assessment in the risk management policy in 2011. In order to summarize the current risk management framework and control mechanism, we adjusted the risk management framework in 2015, and established the "Risk Management Committee" after approval by the Board of Directors. The Committee Chair is the Chairman of the Board, and the Deputy Chair is the President. The Committee reports to the Board of Directors to reinforce the organization's risk management mechanism.

The Audit room conducts annual year-end risk assessments, and rates the importance and possibility of each risk, then calculates the risk value according to the results of the rating. The risk value will become the basis of next year's audit plan. In 2016, the audit results do not have any internal control deficiencies and abnormalities, but the results proposed 20 items for improvement to the departments, which were evaluated and determined not to have major impact on the Company. Furthermore, there are 85 items of actual suggestions regarding operation procedures, which will become reference for the departments to improve management quality. We will continue to follow up and improve on the items for improvement and suggestions until corrections are complete.

#### 1. Risk management policies

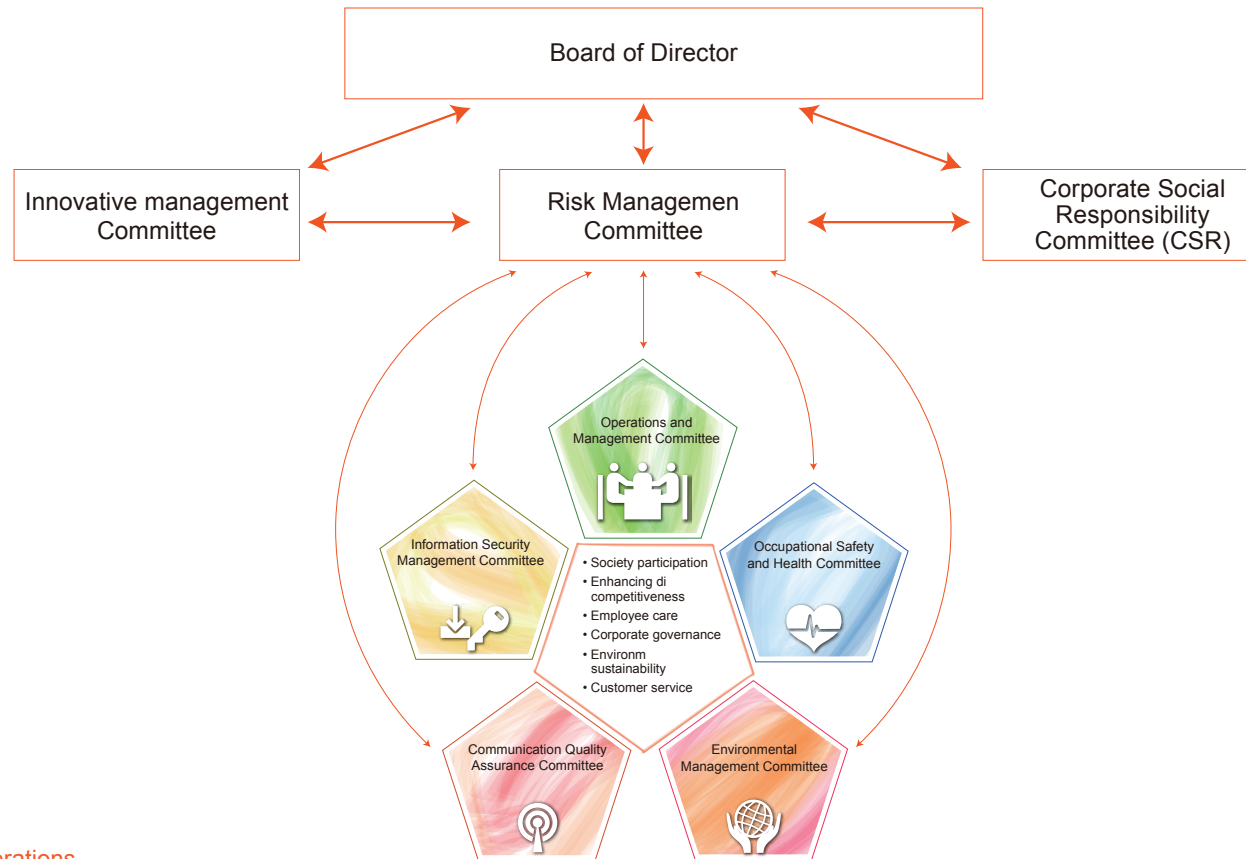
- Continue to promote the operation model with risk management as the direction.
- Establish a risk management mechanism with early identification, precise measurement, effective monitoring and strict control.
- Build a risk management system for the overall company, and control the risks within an acceptable level or a range of control.
- Introduce the latest risk management guidelines and improve continuously.

#### 2. Risk management framework Risk management structure



(For more information: refer to P32 of the 2016 annual report)





### Risk management operations

To implement the Company's risk management policies, relevant control mechanisms are compiled by the Risk Management Committee. The following describes its operation:

#### Appointment of committee members

- Committee chair: The Committee is chaired by the Chairman of the Board or a person designated by the Chairman
- Committee members: Members of the Committee are selected from the heads of departments responsible for the relevant risk management areas (or persons designated by them) and coordinated by the Committee Chairman.
- Executive secretary: Selected and appointed by the Committee chairman.

#### Frequency of meeting

- Regular: At least once every six months.
- Non-scheduled: When a risk management issue arises, a meeting is proposed by members of the Risk Management Committee and the Executive Secretary, and then the meeting is convened upon approval by the Committee chairman.

#### Communication mechanism with the CSR Committee:

- The Risk Management Committee reports any CSR-related issues to the CSR Committee: Optimize the procedures to manage quality/disorders of the core Internet equipment (of which the equipment disorders will impact the whole area's Internet service) to reduce Internet disorders and the risk of impact to the service quality
  - The CSR Committee reports issues associated with operating risks to the Risk Management Committee
- The CSR Committee approved the corporate risk identification procedures and 8 major potential organizational risks

#### The communication mechanism between the Innovation Committee:

- The Risk Management Committee reports issues associated with innovations and digital competitions to the Innovation Management Committee
- The Innovation Management Committee reports issues associated with operating risks to the Risk Management Committee

# Chapter 4

## Appendix

### 七星潭

七星潭，又稱月牙灣，位於臺灣花蓮縣新城鄉大漢村、花蓮市北郊、空軍花蓮基地東側。七星潭是花蓮縣唯一的縣級風景區，連接太魯閣國家公園、東海岸和花東縱谷國家風景區。

Photo by  
International professional photographer 黃正雄

## Independent Limited Assurance Report



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### Independent Limited Assurance Report

#### To Taiwan Mobile Co., Ltd.

We have been engaged by Taiwan Mobile Co., Ltd. ("TWM") to provide limited assurance on the Corporate Social Responsibility Report of TWM for the year ended December 31, 2016 ("the Report").

#### TWM's Responsibilities

TWM is responsible for the preparation and presentation of the Report, and for the information and assertions contained within it for determining TWM's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

In preparing the Report, TWM applied the Global Reporting Initiative's ("GRI") Sustainability Reporting Guidelines (G4) Comprehensive option as set forth in "About This Report" section of the Report.

#### Our Responsibilities

We conducted our engagement in accordance with Statements of Assurance Engagements Standards No. 1: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Accounting Research and Development Foundation, which requires that we comply with applicable ethical requirements and independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

Our engagement was designed to carry out a limited assurance engagement and to express a conclusion on whether the information in the Report is fairly stated in all material respects, based on GRI G4 Comprehensive option, excluding the Report's section on Greenhouse Gas Emissions (Scope 1, 2 and 3) and associated energy, electricity consumption related data, of which the disclosures will be verified (and modified if necessary) independently by BSI Pacific Ltd., Taiwan Branch. Consequently, this assurance engagement will not express a conclusion on the Greenhouse Gas Emissions (Scope 1, 2 and 3) and associated energy, electricity consumption related data.

Where the Report has included information or year-on-year comparisons of information not contained in previous reports, we have examined information for 2016, but have not examined the information for previous years.

#### Summary of Work Performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of TWM's processes for determining the material issues for TWM's key stakeholders;
- Interviews with management and relevant staff at TWM concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at TWM responsible for providing the information in the Report;



- Inquiries about the design and implementation of key systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report;
- A visit to a operation site, data center, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources on a sample basis, to determine whether the relevant information contained in such underlying sources has been included in the Report;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of TWM.

A limited assurance engagement is substantially less in scope, based on the extent of evidence-gathering, than a reasonable assurance engagement conducted in accordance with Statements of Assurance Engagements Standards or an audit conducted in accordance with Standards on Auditing, issued by the Accounting Research and Development Foundation. Therefore, the extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, thus a lower level of assurance is provided, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement.

#### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Report of TWM for the year ended December 31, 2016 is not presented fairly, in all material respects, in accordance with GRI G4 Comprehensive Option.

#### Restriction of Use of Our Report

Our limited assurance report is made solely to TWM in accordance with the terms of our engagement. Our work has been undertaken so that we might state to TWM those matters we have been engaged to state in this limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than TWM for our work, for this limited assurance report, or for the conclusions we have reached.

KPMG

Taipei, Taiwan

May 31, 2017

#### Notes to readers

The assurance report and the accompanying Corporate Responsibility Report are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language assurance report and Corporate Responsibility Report, the Chinese version shall prevail.



## ESG data statistic table

Economic dimension					Environmental dimension					Social dimension				
Item	2014	2015	2016	G4 indicators		2014	2015	2016	G4 indicators	Item	2014	2015	2016	G4 indicators
Consolidated revenue (NT\$'000)*1	112,623,879	116,144,205	116,647,498	G4-EC1	Electricity consumption (100 million kWh)	3.9	4.55	4.76	G4-EN3	Total staff *3	2,311	5,524	6,034	G4-10
Operating costs (NT\$'000)*1	75,097,542	79,785,135	78,790,518	G4-EC1	GHG emission (ton-CO2e)	208,571.45	244,223.35	251,449.24	G4-EN15-16	Average no. of hours of employee training *2	23.5	22.6	23.8	G4-LA9
Net income (NT\$'000)*1	15,554,014	16,168,029	15,928,443	G4-EC1	Scope 3 emissions	-	6162.28	47,675	G4-EN17	Injury rate (IR) *2	0	0.029	0.026	G4-LA6
EPS (NT\$) *1	5.56	5.76	5.63	G4-EC1	Water consumption (m <sup>3</sup> )	46,146	36,709	108,788	Voluntary disclosure	Occupational disease rate (ODR) *2	0	0	0	G4-LA6
Total assets (NT\$'000)*1	153,539,693	156,085,673	151,377,405	G4-9	Recycled resources (metric ton)	110.8	75.3	73.3	Voluntary disclosure	Lost day rate (LDR) *2 *2	0	2.38	0.12	G4-LA6
Total liabilities (NT\$'000)*1	87,039,361	90,793,949	85,190,870	G4-9	Office copy/printer paper consumed (no. of sheets)	7,842,500	7,479,000	6,606,500	Voluntary disclosure	Absentee rate (AR) *2	1864.2	2136.73	2067.18	G4-LA6
Total equity (NT\$'000)*1	66,500,332	65,291,724	66,186,535	G4-9	Recycled waste electric cables and wires (metric ton)	288.31	441.87	574.74	Voluntary disclosure	Social investment (NT\$'000)	125,198	152,289	126,392	G4-EC8
No. of 4G subscribers (10,000)	105.74	301.86	443.93	Voluntary disclosure	Electronic bills (no. of copies)	75,255	83,877	95,643	G4-EN7	Customer satisfaction surveys	3.7	3.7	3.8	G4-PR5
Local procurement (%)	99.57	93.85	93.92	G4-EC9	Green procurement (NT\$100 million)	1.85	2.14	3.36	G4-EN31	Corporate volunteer hours	4,515	3,379	5,603	G4-EC8
Supplier CSR performance assessment (no. of reports)	104	210	250	Voluntary disclosure						5180 donations (NT\$'000)	955	1,081	896	G4-EC8

Note \*1: Source of data: Consolidated financial statements of TWM and its subsidiaries

Note \*2: Data includes only that from TWM (the parent company); refer to page xx for data for TWM subsidiaries

Note \*3: Beginning in 2015, we are including employees of Taiwan Fixed Network, Taiwan Teleservices & Technologies, and TWM Broadband as part of our total workforce Employees of Taiwan Mobile Digital (TDC) and Taiwan Kuro Times were also added in 2016.

## 8 risk factors that belong to the significant and emerging risk categories

We focus on 8 risk factors that belong to the significant and emerging risk categories and conduct assessments of them, which include the degree of impact, risk response strategies and taking advantage of opportunities under the appropriate level of risk in order to facilitate enterprise development.

Category	Risk factor	Impact	Response	Opportunities
Regulatory	Policy & legislative changes	<ul style="list-style-type: none"> <li>In response to the development of digital convergence services, the government has amended relevant laws and regulations, which will impact the service models in the telecom market and the direction of development in digital convergence.</li> <li>NCC plans to conduct the third release of 4G licenses in 2017, which will affect the operating costs of spectra owned by existing carriers and the quality of network communications in the future.</li> </ul>	<ul style="list-style-type: none"> <li>TWM will pay close attention to the progress of legislative amendments and actively participate in public hearings for policies as well as maintain a productive communication channel with the executive and legislative branches of the government to express our views and to introduce new bills or legislative changes that are favorable to our industry.</li> <li>In addition to participating actively in the NCC's license auctions, TWM will continue to offer our recommendations to the government with regard to licensing policy and planning, and we also strive to optimize frequency usage and efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>The "Telecommunication Administration Bill" promises to liberalize the highly regulated telecommunications industry. Changes in consumers' behavioral patterns and the rise of new media have also contributed to the industry's innovation, and inter-sector cooperation has become inevitable in the age of digital convergence. TWM specializes in both telecommunications and video platforms, and compared with our competitors our operations are larger in scale and we enjoy more competitive advantages.</li> <li>TWM participates actively in NCC's license releases to acquire the necessary frequency spectrum, which is conducive to the company's plan to continue to provide high-speed mobile broadband services and to increase our competitiveness in the market.</li> </ul>
	Climate change/ natural disasters	<ul style="list-style-type: none"> <li>Due to prolonged high temperature, demand for air conditioning in equipment rooms has increased and therefore the costs in electrical power are up</li> <li>Due to high temperature and increased storm intensity, the rate of equipment damage is up</li> <li>Due to equipment damage caused by strong winds and severe storms, operating costs have increased.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of an energy management system allows classification of energy usage levels and the implementation of energy conservation measures</li> <li>Procurement of high temperature- and moisture-resistant equipment</li> <li>Enhancing the repair and recovery SOP for disasters and conducting regular drills for disaster prevention and control.</li> </ul>	<ul style="list-style-type: none"> <li>Providing special subsidies to customers in disaster-stricken areas who are unable to use the service so as to enhance their level of satisfaction</li> <li>Introducing energy-saving equipment to reduce carbon emissions, utilizing renewable energy, and combating climate anomalies.</li> <li>Creating corporate citizenship values focusing on sustainability and enhancing the enterprise's social image.</li> </ul>
Network bandwidth resources	Telecommunication technology innovation	<ul style="list-style-type: none"> <li>Internet of Things (IoT) and 5G technology development; their threat to existing 3G/4G services</li> <li>Digital platform convergence encroaching on profits</li> </ul>	<ul style="list-style-type: none"> <li>Being concerned with the latest development trends in telecommunication standards and technology (ITU, 3GPP) and introducing new technologies and equipment (NB-IOT, 5G) in a timely manner</li> <li>Taking the initiative to invest in the digital convergence industry</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating existing 4G technology to implement new technologies (NB-IOT, 5G) to provide IoT and 5G services</li> <li>TWM is already a leader in Taiwan's digital convergence</li> </ul>
	Personal information risk	<p>Providing customers with convenient telecom and value-added services, while at the same time increasing the risk of compromising personal data, which may lead to the following impact:</p> <ul style="list-style-type: none"> <li>Damage to the goodwill and increased consumer concerns</li> <li>Emerging services and increase in the scope of products lead to vulnerabilities in personal information security</li> </ul>	<ul style="list-style-type: none"> <li>Establishing system monitoring mechanisms to combat external hackers and unlawful disclosure within the organization</li> <li>Establishing the Information Security Committee to promote information security; ensuring the degree of fulfillment in accordance with the "ISO/IEC 27001 International Information Security Management System.</li> </ul>	<p>According to the analysis carried out by IIT's Market Intelligence &amp; Consulting Institute, whether consumers are willing to use mobile payment depends primarily upon the level of security. The key for TWM to emerge victorious among telecom operators is to provide outstanding personal information protection in both telecommunication and value-added services to the consumers.</p>
Information security	Hacker attacks	<ul style="list-style-type: none"> <li>Techniques employed by hackers are improving and becoming more damaging on a daily basis; tactics such as extortion attacks affect system operations, for example</li> <li>If customers have low confidence level toward the company, it will be difficult for the company to grow the business</li> </ul>	<ul style="list-style-type: none"> <li>Performing penetration testing to simulate hacker behavior; testing and improve upon the vulnerabilities</li> <li>Implementing a number of quantitative indicators; tracking safety standards</li> </ul>	<p>TWM provides secure services such as "multi-level DDoS defense". By actively promoting our services, not only can we enhance customers' network defense capabilities but we can also improve our revenues and image regarding information security, thus creating a win-win situation for both the society and the company.</p>
	Changing customer requirements	<p>With 4G services becoming more popular and all-you-can-eat Internet access representing the norm, users have gradually replaced traditional voice communication with VOIP, resulting in the decline in revenue for traditional voice service and rising Internet usage. Yet data revenue remains flat.</p>	<p>To boost the overall revenue TWM will develop additional value-added services, such as the "my" series of audiovisual products.</p>	<p>Built on top of TWM's high-quality network, we provide a variety of value-added services. Apart from offering video services, the "my" series also includes the mySport service, which provides users with a mobile lifestyle with richer imaginative power and also the opportunity for TWM to generate a higher revenue</p>
Market	Demographic changes	<p>Low birth rates and an aging population have a significant impact on the Taiwanese society. Although no conclusions have been made that indicate these factors have a significant effect on the size of the mobile communication market, it remains a very real problem for the industry in the future.</p>	<p>We will study senior citizens' future mobile needs and provide different packages to suit their requirements, as well as incorporating IoT technology into safety and elderly care in the future</p>	<p>We will be able to differentiate our services and gain more new users</p>
	Greenhouse gas emissions	<ul style="list-style-type: none"> <li>Carbon emission quota restrictions lead to increased costs</li> <li>Monitoring by private watchdog groups and their concerns may damage our goodwill</li> <li>Carbon disclosure requirements (such as the CDP)</li> <li>Increase in equipment room occupancy rate leads to increased electricity consumption</li> </ul>	<p>Both the Paris Agreement, which became effective on November 4, 2016, and the Greenhouse Gas Reduction and Management Act have stipulated long-term reduction targets. For the telecommunications industry, in order to accommodate a G) and to ensure service quality, it is necessary to expand and upgrade the infrastructure, which will lead to increased energy consumption and represents a significant challenge.</p>	<p>Taiwan is not a signatory to the Paris Agreement and the telecommunications industry is not yet subject to mandatory reduction regulations. However, TWM has voluntarily carried out a number of energy-saving and carbon reduction measures, including</p> <ul style="list-style-type: none"> <li>ISO 14064-1 carbon emission inventory review, ISO 50001 energy management system, ISO 14001 environmental management system</li> <li>We have launched the green initiative and pledged to purchase green power</li> <li>We have constructed green energy-powered base stations/equipment rooms and implemented smart energy saving systems</li> </ul>
Business operations				

## Material Issues, material aspects and boundaries

Seven Definitive Values	Material Issues	Importance to TWM	GRI G4 Material aspects	Internal	Internal						
					Suppliers	Customers	Shareholders/ investors	Communities/ Society	Competent authorities	Appraisal organizations	Media
Ethical governance	Corporate governance and operating performance	Operating performance reflects how best to maximize benefits for stakeholders	EC1-4 Economic performance	•			•			•	
	Risk management	We assess the significance of impact, develop risk response strategies and take advantage of opportunities under an appropriate level of risk in order to facilitate enterprise development.	EC1-4 Economic performance	•			•			•	•
	Ethical corporate management	Maintenance of corporate brand reputation	SO3-5 Anti-corruption	•	•		•			•	•
			SO7 Anti-competitive practices	•	•		•			•	•
	Legitimacy/ legal compliance	Maintenance of corporate brand reputation	EN29 Compliance with environmental regulations	•	•				•	•	
			PR9 Compliance with product liability regulations	•		•			•	•	
			SO6 Total amount of political donations by country and recipient/beneficiary	•			•		•	•	
			SO8 Legal compliance in social dimension	•	•			•	•	•	
	Respect for and protection of human rights	Emphasizing equality in the workplace and respecting the basic rights of employees are the foundation of the company's growth	LA12 Employee diversity and equal opportunities	•						•	
			HR3 Non-discrimination	•						•	
Sustainability Partners	Communication mechanism	Providing multiple grievance avenues and listening to the all voices to improve governance and to adapt to market trends	LA16 Grievance mechanism for labor practice issues	•						•	
			EN34 Grievance mechanism for environmental issues	•		•		•		•	
			HR12 Grievance mechanism for issues related to human rights	•		•		•		•	
			SO11 Grievance mechanism for issues related to social impacts	•		•		•		•	
	Supplier management	Effective supply chain CSR management helps to lay a solid foundation of CSR practices and to drive sustainable development of the value chain	EN32-33 Supplier environmental assessment	•	•					•	
			EC9 Procurement practices	•	•					•	
			LA14-15 Supplier assessment for labor practices	•	•					•	
			HR10-11 Supplier human rights assessment	•	•			•		•	
			SO9-10 Supplier social impact assessment	•	•			•		•	



Seven Definitive Values	Material Issues	Importance to TWM	GRI G4 Material aspects	Internal	Internal						
					Suppliers	Customers	Shareholders/ investors	Communities/ Society	Competent authorities	Appraisal organizations	Media
Environmental Sustainability	Climate change mitigation and adaptation	Climate change mitigation and adaptation	EN15-21	Discharges	●					●	●
			EN27-28	Products and Services	●	●				●	●
			EN3-7	Energy	●	●				●	●
	Green operations	The environmental management system helps to reduce the costs associated with internal operations and external environments	EN27-28	Products and Services	●	●				●	
Digital Innovation	Innovative technological applications	Able to improve the internal processes, reduce environmental impact and bring new market opportunities	EC7-8	Indirect economic impacts	●	●				●	
Excellent Brand	Network quality and coverage	Stable and dense network implementation is the foundation of our quality service	PR3-5	Product and service labeling	●	●				●	
	Personal information security and privacy protection	Putting personal information management in to practice to enhance customer loyalty and improve customer satisfaction	PR8	Customer privacy	●	●				●	
	Customer experiences	Supplying detailed information about our products and services to customers as a responsible service supplier	PR3-5	Product and service labeling	●	●				●	
	EM wave safety	Enhancing network coverage, while at the same time educating the public on the facts about EM waves and coexisting peacefully with the community	PR1-2	Customer health and safety	●	●		●		●	
			EN27-28	Products and Services	●	●		●		●	
A Happy Workplace	Employees' physical and mental health	Employees' physical and mental health is the company's wealth, and creating a healthy workplace helps improve productivity	LA5-8	Occupational health and safety	●					●	
			EC5-6	Market image	●					●	
	Talent development and retention	Providing our employees with comprehensive compensation, benefits and care, a large selection of educational and training programs, and career planning. We particularly value equality in the workplace and aim to lead our employees create value and a sustainable future.	LA1-3	Labor employment relations	●					●	
			LA4	Labor-management relations	●					●	
			LA9-11	Training and education	●					●	
			HR12	Employee diversity and equal opportunities	●					●	
			HR3	Non-discrimination	●					●	
			LA13	Equal remuneration for men and women	●					●	
			HR4	Freedom of association and collective bargaining	●					●	
			HR5	Child labor	●					●	
			HR6	Forced or compulsory labor	●					●	
Social inclusion	Social inclusion	We take the responsibilities of serving and giving back to the community very seriously, and we endeavor to bring positive influence to the society	EC7-8	Indirect economic impacts	●	●		●		●	●
	Contingency for social emergencies	We empathize with victims of natural and man-made disasters, and we actively provide corporate resources or financial assistance to those in the communities who are in need.	EC7-8	Indirect economic impacts	●	●		●		●	

## Market Positioning and Implementation Strategy

In response to the trends of increasing popularity of the Internet of Things (IoT), digital convergence and smart services in the market, Taiwan Mobile are currently readying the introduction of the following innovative services: "M Service", "IoT", "iCloud", "Big Data" and "OTT". Based on our analysis of trends and the backgrounds for innovative environments on business activities, we have been able to identify and clarify possible risks and opportunities, so that we can carry out specific planning of innovative strategies and projects to create maximum commercial value.

Commercial activities	Trends and analysis of environment for innovation	Opportunity and threat analysis	Innovation strategies	Major projects
Digital media	1.Devices with big screens and multiple simultaneous display screens	Audiovisual services will penetrate the family via personal devices and encourage extensive consumption	Support for more viewing devices/extensions of products	1. Set-top boxes (STB) (STB) partnership projects
	2. Personalization and information referral services	Precision recommendation contents increase customer loyalty	Applying customer data to enhance customized recommendation mechanism	1. Personalized recommendation project 2. Customer Experience Management (CEM)
	3. Rich and diverse content integration requirements	Able to enrich and control content via content integration	Integration of upstream content production and entertainment brokers	1. Extensive cooperation with record companies 2. Extensive cooperation video content licensing companies
Mobile Marketing/IoT	1. Advances in hardware capabilities can now tackle algorithms and computations that were infeasible in the past. Meanwhile, data generation nodes are rapidly increasing in number.	Mastering the data acquisition process and interpretive capability is the latest key to competitiveness	1. Interaction via simultaneous broadcast can be leveraged to learn about users' behavior patterns 2. Integrating with physical data to gain insight into customer differentiation	1. Optimization of the precision targeting mechanism for mobile network simultaneous broadcast 2. Creation of the demand side platform (DSP) 3. Creation of the data management platform (DMP) 4. Construction of the physical beacon simultaneous broadcast network
	2. For the domestic population, the SIM card penetration rate has reached the saturation point; telecom carriers must pursue a new engine for revenue growth	Having gained control of SIM cards, telecom carriers have the advantages in long-distance IoT services	Expanding market share and forming international alliances to gain access to global customers	1. Implementing Cisco Jasper's IoT platform 2. Solidifying global IoT partnerships via the Bridge Alliance
Mobile Commerce	1. Mobile payment and digital finance have become an integral part of the new financial industry	Opportunities for third-party billing and payment are becoming more abundant	Creating new application scenarios for mobile third-party payment	Wali now works with iPASS and parking fees will appear on monthly phone bills
	2. E-Commerce purchases continues to grow	Bringing together telecom big data and digital wallet to entice customers with O2O marketing	Extending our brand advantage to create excellent online/offline shopping experiences	myfone shopping O2O optimization project
	3. Environmental awareness and sustainable consumption concepts	myfone is the country's largest sales platform for mobile phone floor/display models or cosmetically refurbished units	Extending platform's premier brand advantage as an outlet for mobile phones and tablets	Introducing of digital and home appliance floor/display units as an outlet for mobile phones and tablets
Customer development relationship maintenance	1. Design of rate plans has become more diverse with 4.5G technology upgrade 2. Citizens now travel to other countries much more often due to the availability of low-cost airlines. As a result roaming is now receiving much more attention.	1. Opportunities: high-quality services offered by 4.5G mobile technology will attract more even more subscribers with a wide selection of rate plans. A higher frequency of traveling abroad drives the demand for roaming services 2. Risks: a strategy of providing a wide selection of rate plans may cause subscribers with high contribution to switch to rate plans with reduced revenues.	Launching the "limited high-speed 21M NT\$499 subscriber number special", "4G add-on single-day flat fee special", and "Roam like home" special	"Limited high-speed 21M NT\$499 all-you-can-eat subscription special"

Commercial activities	Trends and analysis of environment for innovation	Opportunity and threat analysis	Innovation strategies	Major projects
Information technology	2. Personalization and information referral services	1. Customer churn 2. OTT payment	1. Big data 2. Precision recommendations	1. 4G Customer Experience Management (CEM) 2. Smart Video
	2. Personalization and information referral services	TWM Group's rich fields of application in daily life	Combining precision marketing with NFC simple payment service	Smart wallet Wali
	2. Personalization and information referral services	Protecting infrastructures and safeguarding information security	Computer-based compilation and analysis of behavior	Protective operations against information security threats
	2. Personalization and information referral services	Increasing system development costs	1. Applying flexible designs 2. Reducing operating costs	Flexible special commissions project
	2. Personalization and information referral services	Expanding production capacity and energy consumption will lead to environmental problems	1. Creating a green energy environment 2. Demonstrating strength in energy conservation	Improving IT systems for energy management
Enterprise customers	1. New market opportunities for Internet of Things (IoT)	1. Integrating the upstream/downstream service chain to create greater value 2. Telecom carrier's role, value and positioning	1. Strategic alliances; integrating terminal, transmission and applications; providing customers with comprehensive solutions 2. Cross-sector cooperation - partnering with property/casualty insurers to offer UBI (Usage Based Insurance) services	1. Fleet Manager 2. Smart meter and water meter projects
	2. Cloud services to drive demand for IDCs	1. Enterprises require IDCs that are more energy-efficient with higher security grades 2. The construction costs of new equipment rooms are high; high prices challenge customers' acceptance	1. Equipment room is certified with Uptime Tier III (design, construction and maintenance), the only in the country to have received three levels of certification 2. PUE 1.5 green energy and energy-saving equipment room 3. High security-grade operations and maintenance certifications (ISO27018, CSA, ECSA)	Cloud IDC project
	Increased enterprise demand for information security	Outsourcing enterprise information security management is a growing trend Expertise of existing talent and business transformation to compete in the market No cases of success have been known in the telecommunications industry worldwide	Telecom-grade B (Denial-of Service attack (DDoS) No system implementation for customers; no need to alter existing network architecture; rapid deployment Monthly fee	DDoS defense service cases
Household users	1. Full digitization of cable television (CATV) by the end of 2017. 2. Rapidly aging demographics means that there is demand for telehomecare. The government has therefore begun to promote long-term care plan 2.0 Note 1	Opportunities: Household last mile is already available; STB is a smart family platform  Risks: Related service departments are at the initial deployment stage; equipment costs and management resources invested are considerable	1. With smart family as the core, high-bandwidth networks can be provided to develop IoT applications. 2. Healthcare services can be provided via the two-way set-top box's network. Home health management and telehomecare services can be delivered in partnership with third-party medical institutions. Risks: Related service departments are at the initial deployment stage; equipment costs and management resources invested are considerable	1. Home Security service 2. Health Care service
Technology Section	<b>Technological aspects:</b> Current technological developments are moving in the direction of ultra-high bandwidth, networking density, mobility and delay Apps are driving the popularity of mobile devices IoT big data analytics tools Innovative contents of social media <b>Regulatory aspects:</b> Greenhouse Gas Reduction and Management Act/Energy Act. <b>Commercial aspects:</b> Demand for wireless Internet access applications is growing Reduced expenditures in electricity/gasoline/-vehicles <b>Environmental/social aspects:</b> Reduced carbon emissions Earth citizen's responsibilities	Opportunities: Growth in the number of mobile subscribers/opportunities of increased usage Foray into the IoT industry from a telecom perspective Comprehensive benefits for IDC power consumption  Risks: Carbon credit limits electricity usage As different industries have very different characteristics and required expertise, it will require investments in considerable human and resources to overcome the obstacles Competition from IoT players from other industries Instant messaging/flat-fee Internet access eating into revenues	Partnering with equipment vendors to conduct 5G network pilot tests Deploying 4G + carrier aggregation and high-end MIMO technology	1.Nokia has signed the 5G memorandum of understanding 2.Establishment of the NB-IoT/5G laboratory 3.Smart IoT virtualization integration platform for mobile commerce 4.2CA (700+1800MHz) 5.MIMO 4x2, MIMO 4x4 6.Cloud IDC Phases 1/2/3 implementation projects 7.Base station multifunction smart meter Phases 1/2 implementation project, covering a total of 1,870 base stations 8.Service vehicle management system * 366 service vehicles 9.Wireless access network/network management system upgrade

Note 1: "Ten-Year Long-term Care Plan 2.0 (2017-2026)" - the Ministry of Health and Welfare has established this program for the purposes of establishing a high quality, affordable and universal long-term care service system in response to an aging society. The goal is to achieve aging in place and to improve the country's long-term care service system.



## Taiwan Mobile Due Diligence Report

Value Chain	Type	Key Group	Topics Identified	Mitigation actions	Target setting	Disclosure
Upstream	Equipment suppliers Logistics suppliers Service suppliers Engineering suppliers Product suppliers	Outsourced workers Foreign workers Children	No child labor Non-discrimination Wage equality No forced labor Overtime Pay Labor consultation	<ul style="list-style-type: none"><li>Taiwan Mobile CSR Guidelines for suppliers</li><li>Suppliers completes the CSR self-assessment questionnaire every year</li><li>Regular visits or audits of suppliers based on risk identification results</li><li>Requiring high-risk workplace suppliers to sign "TWM Contractors Health and Safety Commitment"</li><li>Providing training to high-risk suppliers</li><li>Holding supplier CSR exchanges every year, inviting front-runners to share their practices</li></ul>	For critical suppliers, conduct more than 250 documentary review and 20 on-site visits	<ul style="list-style-type: none"><li>Taiwan Mobile CSR Guidelines for suppliers</li><li>TWM Contractors Health and Safety Commitment</li><li>E-procurement system</li><li>Guidelines for vendor appeals</li></ul>
			Information security issue : see the "General" field at the end of this document.			
Midstream	Back office employee Store staff Operation engineer	child labor	no employment of children	<ul style="list-style-type: none"><li>Candidates are required to fill in their date of birth on application forms and sign to certify that all information stated in the resume is true before the interview.</li><li>During onboarding, new employees must provide valid identification documents to certify the information.</li></ul>	Abolish child labor	Website 「Employee Structure」🔗
		Employees People with disabilities	Employment of People with disabilities	<ul style="list-style-type: none"><li>Jobs were redesigned to provide the employment opportunities of people with disabilities.</li><li>Collaborate with external disability organizations that assist people with disabilities with their employment search, and offer job opportunities.</li><li>Create a disability-friendly and barrier free working environment concerning both software and hardware.</li><li>Reserve specific and safe parking spaces for disabled employees.</li></ul>	<ul style="list-style-type: none"><li>Hire disabled employees to meet the quota required by Taiwan law.</li><li>No harm</li></ul>	
		Employees Aborigines Foreign labor People with disabilities	No Discrimination No harassment	<ul style="list-style-type: none"><li>Our job vacancies are filled through a public recruiting process. Employee remuneration, benefits, promotions, raises, terms, education and training, working conditions or employment rights aren't affected by gender, race or disability.</li><li>There is to be no discrimination against employees on the basis of gender, sexual preference, marital status, race or disability, and the aforementioned principle is defined in the work rules.</li><li>In compliance with the laws, we define workplace sexual harassment prevention measures, complaints and disciplinary rules. A sexual harassment hotline and mailbox have been set up as well. All employees have been informed and aware. And these resources have been included in the training materials for new employees and posted on the internal website to improve awareness.</li></ul>	<ul style="list-style-type: none"><li>We evaluate candidates compensation based on their expertise, education, and career experiences. Under no circumstances will compensation be determined based on gender differences.</li><li>Provide two training programs for no discrimination or sexual harassment prevention every year.</li></ul>	<ul style="list-style-type: none"><li>Website 「Job Opportunities」🔗</li><li>Sexual harassment complaints mailbox for each company: Taiwan Mobile HR@taiwanmobile.com Taiwan Fixed Network EBG@taiwanmobile.com Taiwan Mobile Digital (TDC) Myfonehr@taiwanmobile.com Taiwan Teleservices &amp; Technologies TTNT850@tnt.com.tw</li></ul>
		Employees	Physical and mental safety Safety at Work	<ul style="list-style-type: none"><li>Safe and Health working environment : regular implementation of the operating environment testing, and fire escape drill.</li><li>To set up a network maintenance manual for network maintenance operations, specify the relevant standard operating procedures and provide appropriate personal protection for employees to ensure safe operation</li><li>Apply a series of stress management measures : provide sleep therapy sessions and aromatherapy seminars.</li><li>TWM have in place a wide range of measures to relieve stress for its employees. These include mental health consultations and massage services.</li><li>Promote Employee Assistance Programs(EAPs).</li><li>Announcement prohibit workplace unlawful infringement Statement</li><li>The identification and risk assessment and monitoring of the implementation of the workplace unlawful infringement prevention</li><li>Set up workplace unlawful infringement handling and investigation procedures</li></ul>	<ul style="list-style-type: none"><li>Workplace unlawful infringement of zero incidence</li><li>The Occupational Safety&amp; Health Office conduct a risk assessment and monitoring every three years for high-risk department (eg:Direct Store Div,Customer Service and Network Operations &amp;Maintenance Div).</li></ul>	<ul style="list-style-type: none"><li>Website 「A Safe and Healthy Working Environment」🔗</li><li>Company's workplace violence consultation and grievance channel: Grievance hotline: 02-66363180 Grievance mailbox:TWMHS@taiwanmobile.com</li></ul>

Value Chain	Type	Key Group	Topics Identified	Mitigation actions	Target setting	Disclosure
Midstream	Back office employee	Employees	<ul style="list-style-type: none"><li>Identification of female employees' workplace hazards</li></ul>	<ul style="list-style-type: none"><li>Set a maternal health protection plan</li></ul>	<ul style="list-style-type: none"><li>Risk assessment results are classified as level 1: physician assessment of harmless maternal, fetal or infant health</li></ul>	<ul style="list-style-type: none"><li>Website 「A Safe and Healthy Working Environment」</li></ul>
	Store staff	Pregnant Employees	<ul style="list-style-type: none"><li>Women's Workplace Hazard Assessment in Pregnancy and Less than One Year after Childbirth</li></ul>	<ul style="list-style-type: none"><li>Provide pregnancy and postpartum health education</li><li>According to the risk assessment results to distinguish the risk level, the classification management measures</li><li>Employees in the leave of the system to apply for production leave, the Occupational Safety&amp; Health Office is initiative care and assessment, pregnancy and after delivery of female employees</li></ul>		
	Operation engineer		Information security issue : see the "General" field at the end of this document.			
Downstream	Enterprise customers		<ul style="list-style-type: none"><li>Network Quality improve</li></ul>	<ul style="list-style-type: none"><li>Technical department will propose base station construction progress report, Weekly.</li><li>Reporting low throughput rate and poor signal areas and requiring improvement, bi-weekly.</li></ul>	<ul style="list-style-type: none"><li>Number of construction required annually to complete annual plan</li><li>NCC announces that the data throughput rate ranking needs to be a leader.</li></ul>	<ul style="list-style-type: none"><li>Website 「Network Quality」</li><li>TWM CS APP</li><li>Complain phone : 188</li></ul>
	Personal customers					
	Family customers	Children Teens	<ul style="list-style-type: none"><li>Improper messages filtering</li><li>The specific segments under attack by improper contents mentally and physically</li><li>The safety of internet surfing (e.g. Phishing letters on net targeting children and teens)</li></ul>	<ul style="list-style-type: none"><li>Provide the filtering service from erotic contents to protect children and teens</li><li>Reduce further damages by the phishing or virus attacks</li></ul>	<ul style="list-style-type: none"><li>The application system will alert our staffs if the applicant under age 18, and our staffs need to introduce the filtering service and inquire if the applicant is willing to subscribe.</li></ul>	<ul style="list-style-type: none"><li>Website 「Safeguarding teenagers from cyber pornography」</li></ul>
		Children Elders	<ul style="list-style-type: none"><li>Improper promotion and communication (improper content targeting children or complicated contract terms)</li></ul>	<ul style="list-style-type: none"><li>Applicants under age 18 need the agreement of legal agents to subscribe any mobile services</li><li>Our telemarketing team will rule out customers under 18 and elders over 60 when they promote re-contract services in order to avoid miscommunication</li><li>The contract agreement signed by applicants will indicate critical information such as tariff, service and offerings to protect customers' rights in accordance with NCC's rules.</li></ul>	<ul style="list-style-type: none"><li>Applicants under 18 need the written agreement of legal agents</li></ul>	<ul style="list-style-type: none"><li>Website 「Article 8 of the Service Contract」</li></ul>
		Elders	<ul style="list-style-type: none"><li>Non-discrimination against customers' gender, appearance, age, and sexual orientation</li></ul>	<ul style="list-style-type: none"><li>People who could provide legal identification are eligible for mobile subscription, no matter what the age, gender, nationality, appearance, or sexual orientation are.</li></ul>	<ul style="list-style-type: none"><li>Customers are free to subscribe any TWM services without the limitation of age or social status.</li></ul>	<ul style="list-style-type: none"><li>Website 「Exclusive offers for physical disabilities users」</li></ul>
		Foreign workers		Information security issue : see the "General" field at the end of this document.		
	Disabled people					
Others	Common people	neighbourhood	Follow the environmental protection regulations	<ul style="list-style-type: none"><li>Generator smoke and noise interference : Fixed generator to be installed silencer equipment and black smoke purifier, in order to avoid Telecommunications room power failure, start the generator, causing the neighbor's troubled and the protest</li></ul>	<ul style="list-style-type: none"><li>Fixed generator, 100% must be installed silencer equipment and black smoke purifier</li></ul>	<ul style="list-style-type: none"><li>Website 「Environmental Policy」</li></ul>
			Electromagnetic concerns	<ul style="list-style-type: none"><li>TWM received the public outcry, NCC/Telecommunications Association transfer letter or request, will appoint a foreign dispatch to the NCC certification through the Vendors, Factory Chamber of Commerce Collaborative Engineers to the on-site electromagnetic measurement</li></ul>	<ul style="list-style-type: none"><li>100% of the user's complaint should be handled properly.</li><li>In near 3 years, TWM provide Electromagnetic measurement service are about 248 cases. (Statistics in 2016 a total of 98 cases, after the test are in line with regulations)</li></ul>	<ul style="list-style-type: none"><li>Website 「Electro Magnetic Fields」</li><li>Electromagnetic measurement service:0800-873888</li></ul>
General			<ul style="list-style-type: none"><li>Information security</li><li>Personal data leakage</li><li>Information misused</li><li>Customer privacy</li></ul>	<ul style="list-style-type: none"><li>ISO / IEC 27001/27011/27018, PCIDSS Certification</li><li>Hold information security committee meeting, review and promote security protection</li><li>Perform internal, external audit, and report audit findings to Information Security Management Committee</li><li>Information security annual training (all employees)</li><li>Supplier management of SCMS platform includes login account, password and Token mandatory procedure.</li><li>Confidentiality obligations of Supplier contracts</li><li>Periodically report NCC about information security management implementation</li><li>Set up the personal data security maintenance plan</li></ul>	<ul style="list-style-type: none"><li>Four times a year, continue to pass certification</li><li>Twice a year of internal and external audit</li></ul>	<ul style="list-style-type: none"><li>Website 「Complaint Channels」</li><li>「Communication Consumption Complaints Supervision Report」</li><li>「National Communications Commission」</li></ul>

## Waste recycled, incinerated and landfilled

Waste material	Recycled	Incinerated <sup>5</sup>	Landfill <sup>4</sup>	Total
Business-specific waste- Aged optical wire <sup>1</sup>	50.95	198.61	5.18	254.73
Business-specific waste- Aged copper wire <sup>2</sup>	67.75	66.03	1.72	135.50
Business-specific waste- Aged VRLA batteries <sup>3</sup>	832.04	-	-	832.04
Common business waste - daily commodities	32.2	158.28	4.12	194.6
Total	982.93	422.91	11.02	1416.87

Note:

1. Ratio of recyclable material from aged optical wire is 20%

2. Ratio of recyclable material from aged copper wire is 50%

3. Ratio of aged VRLA batteries is 100%

4. According to environmental data from the Environmental Protection Administration (<http://stat91.epa.gov.tw/WEBSTATIS/webindex.htm>), excluding recyclable refuse and other waste materials requiring special processing, the ratio of waste-to-energy and burial of urban refuse in 2016 were 97.46% and 2.54% respectively.

5. According to EPA's Solid Waste Incinerator Management System, all 24 large-scaled waste incinerators in Taiwan are equipped with energy recovery system and supply electricity to the national grid.

## 2014-2016 Staff ranking, age, and gender

Category		TWM + Taiwan Fixed Network + Taiwan Mobile Digital + Taiwan Teleservices & Technologies <sup>Note2</sup>									TWM Broadband									Taiwan Kuro Times Co., Ltd.								
		2014			2015			2016			2014			2015			2016			2014			2015			2016		
		Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio	Number of employees		Ratio
		Male	Female		Male	Female		Male	Female		Male	Female		Male	Female		Male	Female		Male	Female		Male	Female		Male	Female	
Executives (Vice President)	< 30 years old	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
	31-50 years old	1	3	0.2	0	2	0.1	1	2	0.1	4	0	0.7	3	0	0.5	3	0	0.5	0	0	0.0	0	0	0.0	0	0	0.0
	> 51 years old	13	1	0.8	16	4	0.9	14	4	0.9	1	1	0.3	2	1	0.5	2	1	0.5	0	0	0.0	0	0	0.0	0	0	0.0
	Total	14	4	1.0	16	6	1.0	15	6	1.0	5	1	1.0	5	1	1.0	5	1	1.0	0	0	0.0	0	0	0.0	0	0	0.0
Employees	< 30 years old	203	142	0.2	620	723	0.3	788	880	0.3	31	26	0.1	27	24	0.1	20	27	0.1	5	9	0.3	4	10	0.3	5	6	0.3
	31-50 years old	1,271	615	0.8	1767	1695	0.7	1,853	1,738	0.7	289	193	0.8	297	193	0.8	295	194	0.8	17	14	0.7	18	16	0.7	15	17	0.7
	> 51 years old	52	10	0.0	87	18	0.0	92	21	0.0	25	15	0.1	27	18	0.1	37	19	0.1	0	1	0.0	0	0	0.0	0	0	0.0
	Total	1,526	767	1.0	2474	2436	1.0	2,733	2,639	1.0	345	234	1.0	351	235	1.0	352	240	1.0	22	24	1.0	22	26	1.0	20	23	1.0
Total number of employees		2,311			4,932			5,393			585			592			598			46			48			43		
Employment status	Full-time	2,301			4,908			5,369			580			587			593			34			36			34		
	Part-time	10			24			24			5			5			5			12			12			9		
Average Seniority		8.19			7.0			7			11.1			11.6			12.0			1.6			2			2.8		
Educational background	Ph.D.	0.26%			0.12%			0.12%			0.00%			0.00%			0.16%			2.17%			2.08%			0.00%		
	MA	31.59%			17.26%			15.99%			7.35%			8.78%			9.87%			19.57%			22.92%			32.56%		
	University	52.57%			58.05%			60.38%			35.21%			35.47%			37.29%			71.74%			70.83%			62.79%		
	College	14.71%			18.67%			17.45%			31.45%			30.41%			28.60%			4.35%			4.17%			4.65%		
	Senior High School and below	0.87%			5.90%			6.06%			25.98%			25.34%			24.08%			2.17%			0.00%			0.00%		

Note: All employees are based in Taiwan.

Note 2: Beginning in 2015, we are including employees of Taiwan Fixed Network, Taiwan Teleservices & Technologies, and TWM Broadband as part of our total workforce Employees of Taiwan Mobile Digital (TDC) were also added in 2016.



In 2016 departing employees was outnumbered by new employees. Employee turnover as well as their gender and age distributions in 2016 is shown in the table below:

2016																								
Scope	TWM + Taiwan Fixed Network + Taiwan Mobile Digital + Taiwan Teleservices & Technologies								TWM Broadband								Taiwan Kuro Times Co., Ltd.							
Category	New hires				Resigner				New hires				Resigner				New hires				Resigner			
	Number of employees		Ratio*		Number of employees		Ratio*		Number of employees		Ratio*		Number of employees		Ratio*		Number of employees		Ratio*		Number of employees		Ratio*	
Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
< 30 years old	319	347	5.91%	6.43%	168	154	3.12%	2.86%	7	11	1.17%	1.84%	8	4	1.34%	0.67%	3	3	6.98%	6.98%	3	10	6.98%	23.26%
31-50 years old	115	99	2.14%	1.84%	176	143	3.26%	2.65%	16	12	2.68%	2.01%	17	10	2.84%	1.67%	3	4	6.98%	9.30%	6	3	13.95%	6.98%
> 51 years old	1	1	0.02%	0.02%	8	1	0.15%	0.02%	0	0	0.00%	0.00%	3	3	0.50%	0.50%	0	0	0.00%	0.00%	0	0	0.00%	0.00%
Total	435	447	8.07%	8.29%	352	298	6.53%	5.53%	23	23	3.85%	3.85%	28	17	4.68%	2.84%	6	7	13.96%	16.28%	9	13	20.93%	30.24%

2015																								
< 30 years old	229	237	4.64%	4.81%	147	159	2.98%	3.23%	9	6	1.52%	1.01%	11	4	1.86%	0.68%	14	15	29.17%	31.25%	4	6	8.33%	12.50%
31-50 years old	126	130	2.56%	2.64%	176	155	3.57%	3.14%	25	10	4.22%	1.69%	17	15	2.87%	2.53%	9	10	18.75%	20.83%	4	5	8.33%	10.42%
> 51 years old	2	0	0.04%	0.00%	4	0	0.08%	0.00%	0	0	0.00%	0.00%	3	0	0.51%	0.00%	0	0	0.00%	0.00%	0	1	0.00%	2.08%
Total	357	367	7.24%	7.45%	327	314	6.63%	6.37%	34	16	5.74%	2.70%	31	19	5.24%	3.21%	23	25	47.92%	52.08%	8	12	16.66%	25.00%

2014																								
< 30 years old	77	49	3.33%	2.12%	50	39	2.17%	1.68%	11	6	1.88%	1.03%	10	4	1.71%	0.68%	4	6	8.70%	13.04%	2	17	4.35%	36.96%
31-50 years old	106	62	4.59%	2.68%	196	107	8.48%	4.63%	10	4	1.71%	0.68%	16	12	2.74%	2.05%	8	6	17.39%	13.04%	10	9	21.74%	19.57%
> 51 years old	2	0	0.09%	0.00%	7	2	0.30%	0.09%	0	0	0.00%	0.00%	1	0	0.17%	0.00%	0	0	0.00%	0.00%	0	0	0.00%	0.00%
Total	185	111	8.01%	4.80%	253	148	10.95%	6.40%	21	10	3.59%	1.71%	27	16	4.62%	2.74%	12	12	26.09%	26.09%	12	26	26.09%	56.53%

## TWM plastics group salary ratio analysis

	Taiwan Mobile	Taiwan Fixed Network	Taiwan Teleservices & Technologies	Taiwan Mobile Digital (TDC)	TWM Broadband
Basic salary ratio based on the ratio of the gender (women being 1)	Deputy manager or higher	1.12	1.05	0.95	1.01
	Below deputy manager	1.14	0.97	0.96	1.08
Ratio of men's average annual salary (including performance incentives) to women (women being 1) in 2016	Deputy manager or higher	1.00	1.02	0.95	1.01
	Below deputy manager	1.17	0.97	1.00	1.06
Ratio of TWM's standard starting salary to Taiwan's minimum wage in 2016	1.6~1.8	1.33~1.57	1.047~1.57	1.3~1.4	1.35~1.46
In 2016, the ratio of the highest individual annual income to the median individual income of other employees was	27.78:1				
In 2016, the ratio of percentage increase of the highest individual annual income to the percentage increase of other employees' individual income was	1.52:1				

\* Comparison is based on basic monthly salary only

## GRI(Global Reporting Initiative) G4 Index

Profile disclosure	Description	Description	BSI External Assurance Assurance KPMG Limited Validation ●/◎	Reasons for Non-disclosures
General Standard Disclosures				
Strategy and analysis				
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Letter to Stakeholders	●	
G4-2	Description of key impacts, risks, and opportunities.	1.4 Emerging Risk and Opportunities	●	
Organizational profile				
G4-3	Name of the organization.	2.1.1 Ethical Governance and Legal Compliance	●	
G4-4	Primary brands, products and services.	2.1.1 Ethical Governance and Legal Compliance	●	
G4-5	Location of organization's headquarters.	2.1.1 Ethical Governance and Legal Compliance	●	
G4-6	Number of countries where the organization operates and names of countries.	2.1.1 Ethical Governance and Legal Compliance	●	
G4-7	Nature of ownership and legal form.	2.1.1 Ethical Governance and Legal Compliance	●	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	2.1.1 Ethical Governance and Legal Compliance	●	
G4-9	Scale of the reporting organization.	Key Performance and Awards 2.1.1 Ethical Governance and Legal Compliance 2.6.1 Talent development and retention/Employee structure	●	
G4-10	Total workforce by employment type, gender, employment contract and region.	2.6.1 Talent development and retention/Employee structure	●	
G4-11	Percentage of employees covered by collective bargaining agreements.			No labor union
G4-12	Describe the organization's supply chain.	1.2 Proposal of Sustainable Strategies 2.2.3 Categorized management	●	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.			No significant change

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Profile disclosure	Description	Description	BSI External Assurance Assurance KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	1.4 Emerging Risks and Opportunities 3.3 Risk management	●	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1.5.2 Material Issues and Strategies 2.5.4 Climate change mitigation and adaptation/Green energy initiative results and targets	●	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	Preper to appendix XII	●	
Identified material aspects and boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents; b. Report whether any entity included in the organization's consolidated financial statements or equivalent	a. Please refer to the Annual Report 2015 b. This report covers only this Company and the Taiwan Mobile Foundation, while other subsidiaries are not included in C. prfer to About this reportthis report.	●	
G4-18	a. Process for defining report content and the Aspect Boundaries b. Explain how the Reporting Principles has been implemented the Reporting Principles for Defining Report Content.	1.5.1 Process for identifying material issues	●	
G4-19	List all the material Aspects identified in the process for defining report content.	1.5.1 Process for identifying material issues	●	
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1.5.1 Process for identifying material issues	●	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1.5.1 Process for identifying material issues	●	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.			N/A
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this report	●	
Stakeholder engagement				
G4-24	List of stakeholder groups engaged by the organization.	1.7 External costs and benefits of company operations	●	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	1.7 External costs and benefits of company operations	●	
G4-26	Approaches to stakeholder engagement.	1.7 External costs and benefits of company operations	●	

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Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	1.5.2 Material Issues and Strategies	●	
Report profile				
G4-28	Reporting period for information provided.	About this report	●	
G4-29	Date of most recent previous report.	About this report	●	2015/1/1 to 12/31
G4-30	Reporting cycle.	About this report	●	
G4-31	Contact point for questions regarding the report or its contents.	About this report	●	
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. Policy and current practice with regard to seeking external assurance for the report. Reporting period for information provided.	About this report	●	
G4-33	Date of most recent previous report.	About this report	●	
Governance				
G4-34	Governance structure of the organization.		●	prefer to annual report
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	1.1 Corporate Sustainable Operating Mechanism	●	
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	1.1 Corporate Sustainable Operating Mechanism	●	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	1.1 Corporate Sustainable Operating Mechanism	●	
G4-38	The composition of the highest governance body and its committees.	3.1.1 Highest governing body -The board of directors /3.2 Monitoring Mechanism /3.3 Risk management	●	

Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	3.1.1 Highest governing body -The board of directors	●	
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body members.	3.1.1 Highest governing body -The board of directors	●	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	3.1 Governance framework /3.2 Monitoring Mechanism	●	
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	1.1 Corporate Sustainable Operating Mechanism 3.1.1 Highest governing body -The board of directors	●	
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	3.1 Governance framework	●	
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	1.1 Corporate Sustainable Operating Mechanism 3.1 Governance framework	●	
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Explain whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	1.1 Corporate Sustainable Operating Mechanism 1.4 Emerging Risks and Opportunities 1.6 Stakeholder Engagement 3.3 Risk management	●	
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	1.1 Corporate Sustainable Operating Mechanism 1.4 Emerging Risks and Opportunities 1.6 Stakeholder Engagement 3.3 Risk management	●	
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	1.1 Corporate Sustainable Operating Mechanism 1.4 Emerging Risks and Opportunities 1.6 Stakeholder Engagement 3.3 Risk management	●	
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	This CSR report has been approved by the chairman of this company.	●	
G4-49	The process for communicating critical concerns to the highest governance body.	1.1 Corporate Sustainable Operating Mechanism	●	
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	1.1 Corporate Sustainable Operating Mechanism	●	

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Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-51	The remuneration policies for the highest governance body and senior executives. And how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	3.1.2 Executive Compensation	◎	
G4-52	The process for determining remuneration; Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	3.1.2 Executive Compensation	●	
G4-53	Explain how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	3.1.2 Executive Compensation	●	
G4-54	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.6.1 Talent development and retention /Remuneration and Benefits	●	
G4-55	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.6.1 Talent development and retention /Remuneration and Benefits	●	
Ethics and integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	2.1.2.Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	2.1.4 Communication mechanism	●	
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	2.1.4 Communication mechanism	●	
Economic				
Economic performance				
DMA		2.1 Operations with integrity	●	

Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-EC1	Direct economic value generated and distributed	Key Performance and Awards 2.1.1 Ethical Governance and Legal Compliance	●	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	1.4 Emerging Risks and Opportunities	●	
G4-EC3	Coverage of the organization's defined-benefit plan obligations	2.6.1 Talent development and retention /Remuneration and Benefits	●	
G4-EC4	Financial assistance received from government	2.1.1 Ethical Governance and Legal Compliance/Tax Policy and Government Subsidies	●	
Market presence				
DMA		2.6.1 Talent development and retention	●	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	2.6.1 Talent development and retention /Remuneration and Benefits	●	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	2.6.1 Talent development and retention /Employee structure	●	
Indirect economic impacts				
DMA		2.4 Digital Innovation/ 2.7 Social inclusion	●	
G4-EC7	Development and impact of infrastructure investments and services supported	2.7.3.Social Engagement and Caring for the Disadvantaged/Broadband Network Construction in Rural Areas	◎	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	2.4 Digital Innovation/ 2.7 Social inclusion 2.7.4 Social emergency responses	●	
Procurement practices				
DMA		2.2.4.Supplier selection/ Local procurement	●	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	2.2.4.Supplier selection/ Local procurement	●	



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Profile disclosure	Description	Description	BSI External Assurance Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
Environment				
Energy				
DMA		2.5.1 Environment and Energy Management Strategy / 2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN3	Direct economic value generated and distributed	2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN4	Energy consumption outside of the organization	2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN5	Energy intensity	2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN6	Reduction of energy consumption	2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN7	Reductions in energy requirements of products and services	2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
Emissions				
DMA		2.5.1 Environment and Energy Management Strategy / 2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	2.5.2.Climate change mitigation and adaptation-Carbon emission risk management/ Greenhouse gas management framework	■	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	2.5.2.Climate change mitigation and adaptation-Carbon emission risk management/ Greenhouse gas management framework	■	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	2.5.2.Climate change mitigation and adaptation-Carbon emission risk management/ Greenhouse gas management framework	■	
G4-EN18	Greenhouse gas (GHG) emissions intensity	2.5.2.Climate change mitigation and adaptation-Carbon emission risk management/ Greenhouse gas management framework	●	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	2.5.2.Climate change mitigation and adaptation-Carbon emission risk management/ Greenhouse gas management framework	●	
G4-EN20	Emissions of ozone-depleting substances (ODS)			We are not in the manufacturing industry and this aspect is thus inapplicable.
G4-EN21	NOx, SOx, and other significant air emissions			We are not in the manufacturing industry and this aspect is thus inapplicable.

Profile disclosure	Description	Description	BSI External Assurance Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
Products and Services				
DMA		2.5.1 Environment and Energy Management Strategy / 2.5.2 Climate change mitigation and adaptation- Carbon emission risk management	●	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	2.4 Digital Innovation / 2.5.3 Climate change mitigation and adaptation	●	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category			Virtual services such as telecommunications and online multimedia are the characteristics of the industry in which this company operates. As we do involve in any manufacturing activities, this aspect is thus inapplicable
Compliance				
DMA		2.1.2.Ethical Governance and Legal Compliance/Legal compliance	●	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		●	
Supplier environmental assessment				
DMA		2.2.1 Supply Chain Management / 2.2.3 Categorized management	●	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	2.2.5.Supplier maintenance/ 2.2.5.1 Supplier maintenance/Supplier sustainability evaluation results (document/on-site)	◎	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	2.2.1 Supply Chain Management	●	
Environmental grievance mechanisms				
DMA		2.1.4 Communication mechanism	●	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	2.1.4 Communication mechanism	●	

Profile disclosure	Description	Description	BSI External Assurance KPMG Limited Validation ●/◎	Reasons for Non-disclosures
Labor practices and decent work				
Employment				
DMA		2.6.1 Talent development and retention	●	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	2.6.1 Talent development and retention /Employee structure	●	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	2.6.1 Talent development and retention /Remuneration and Benefits	●	
G4-LA3	Return to work and retention rates after parental leave, by gender	2.6.1 Talent development and retention /Remuneration and Benefits	●	
Labor/Management relations				
DMA		2.1.4 Communication mechanism	●	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	2.1.4 Communication mechanism		We do not have a labor union. If this happens, we will handle it with reference to applicable laws and regulations.
Occupational health and safety				
DMA		2.6.2 Employees physical and mental health	●	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	2.6.2 Employees physical and mental health /A safe and healthy work environment	●	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	2.6.2 Employees physical and mental health /Employees Health Risk Management	●	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	2.6.2 Employees physical and mental health /Employees Health Risk Management	●	
G4-LA8	Health and safety topics covered in formal agreements with trade unions			No labor union
Training and education				

Profile disclosure	Description	Description	BSI External Assurance KPMG Limited Validation ●/◎	Reasons for Non-disclosures
DMA		2.6.1 Talent development and retention	●	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	2.6.1 Talent development and retention /Career Development	●	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	2.6.1 Talent development and retention /Career Development	●	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	2.6.1 Talent development and retention /Remuneration and Benefits	●	
Diversity and equal opportunity				
DMA		2.6.1 Talent development and retention 3.1.1 Highest governing body - The board of directors	●	
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	2.6.1 Talent development and retention 3.1.1 Highest governing body - The board of directors	●	
Equal remuneration for women and men				
DMA		2.6.1 Talent development and retention /Remuneration and Benefits	●	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	2.6.1 Talent development and retention /Remuneration and Benefits	●	
Supplier assessment for labor practices				
DMA		2.2.1 Supply Chain Management/ 2.2.3 Categorized management	●	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	2.2.4 Supplier selection	◎	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	2.2.1 Supply Chain Management/ 2.2.5 Supplier maintenance	●	
Labor practices grievance mechanisms				
DMA		2.3.2 Network Quality and Customer Experiences	●	

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Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	2.3.2 Network Quality and Customer Experiences	●	
Human rights				
Non-discrimination				
DMA		2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism	●	
G4-HR3	Total number of incidents of discrimination and actions taken	2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism		N/A
Freedom of association and collective bargaining				
DMA			●	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism		N/A
Child Labor				
DMA		2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism	●	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism		N/A
Forced or compulsory labor				
DMA		2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism	●	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	2.6.1 Talent development and retention/ Child labor/Freedom of association/ Forced labor/Grievance mechanism		N/A
Supplier human rights assessment				
DMA		2.2.1 Supply Chain Management	●	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	2.2.4 Supplier selection	◎	

Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	2.2.1 Supply Chain Management	●	
Human rights grievance mechanisms				
DMA		2.1.4 Communication mechanism	●	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	2.1.4 Communication mechanism	●	
Society				
Anti-corruption				
DMA		2.1.2. Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified			N/A
G4-SO4	Communication and training on anti-corruption policies and procedures	2.1.2. Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
G4-SO5	Confirmed incidents of corruption and actions taken	2.1.2. Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
Anti-competitive Behavior				
DMA		2.1.2. Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	2.1.2. Ethical Governance and Legal Compliance/Integrity and Code of Ethics	●	
Compliance				
DMA		2.1.2. Ethical Governance and Legal Compliance/	●	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2.1.2. Ethical Governance and Legal Compliance/		N/A
Compliance				
DMA		2.1.2. Ethical Governance and Legal Compliance/Legal compliance	●	

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Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2.1.2. Ethical Governance and Legal Compliance/Legal compliance	●	
Supplier assessment for impacts on society				
DMA		2.2.1 Supply Chain Management	●	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	2.2.4 Supplier selection	◎	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	2.2.1 Supply Chain Management	●	
Grievance mechanisms for impacts on society				
DMA		2.1.4 Communication mechanism	●	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	2.1.4 Communication mechanism	●	
Product responsibility				
Customer health and safety				
DMA		2.3.4 EM wave safety	●	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	2.3.4 EM wave safety	●	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	2.3.4 EM wave safety		N/A
Product and service labeling				
DMA		2.3 Excellent Brand	●	

Profile disclosure	Description	Description	BSI External Assurance ■ KPMG Limited Validation ●/◎	Reasons for Non-disclosures
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements			All of our major services Compliant with 「 Administrative Regulation Governing Tariffs of Type I Telecommunications Enterprises- Article 12 」
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	2.3.2 Network Quality and Customer Experiences/Customer satisfaction		N/A
G4-PR5	Results of surveys measuring customer satisfaction	2.3.2 Network Quality and Customer Experiences/Customer satisfaction	●	
Customer privacy				
DMA		2.3.3 Protection of customer information and privacy protection are the most important of all directives.	●	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	2.3.3 Protection of customer information and privacy protection are the most important of all directives.	●	
Compliance				
DMA		2.1.2. Ethical Governance and Legal Compliance/Legal compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	2.1.2. Ethical Governance and Legal Compliance/Legal compliance		



## Participation of Taiwan Mobile in Various Associations and Societies

Bridge Mobile Pte Ltd	Cross-Strait CEO Summit
Global e-Sustainability Initiative, (GeSI)	Taiwan Corporate Governance Association
GSM MoU Association	Chinese National Association of Industry and Commerce
Chinese Public Companies Stock Affairs Association	The Institute of Internal Auditors, Taiwan
Chinese Non-Store Retailer Association	The Business Council for Sustainable Development of Taiwan
Chinese Computer Audit Association	Chinese International Economic Cooperation Association
Taipei Computer Association	Turnaround Management Association, Taiwan
Taiwan Telematics Industry Association	Taiwan Chain Stores and Franchise Association
Taiwan Mergers & Acquisition and Private Equity Council	Taiwan Association of Information and Communication Standards
Communication Engineering Industry Association	Chinese Professional Management Association
Taiwan Electrical and Electronic Manufacturers' Association	Audit Bureau of Circulations
Taiwan Communications Society	Taiwan Network Information Center
Taiwan Telecommunication Industry Development Association	Digital Marketing Association
Taiwan Internet and E-Commerce Association	Cloud Computing & IoT Association in Taiwan
Taiwan Digital Publishing Forum	Taiwan Contact Center Development Association
	Cable Broadband Institute in Taiwan



**Taiwan Mobile**