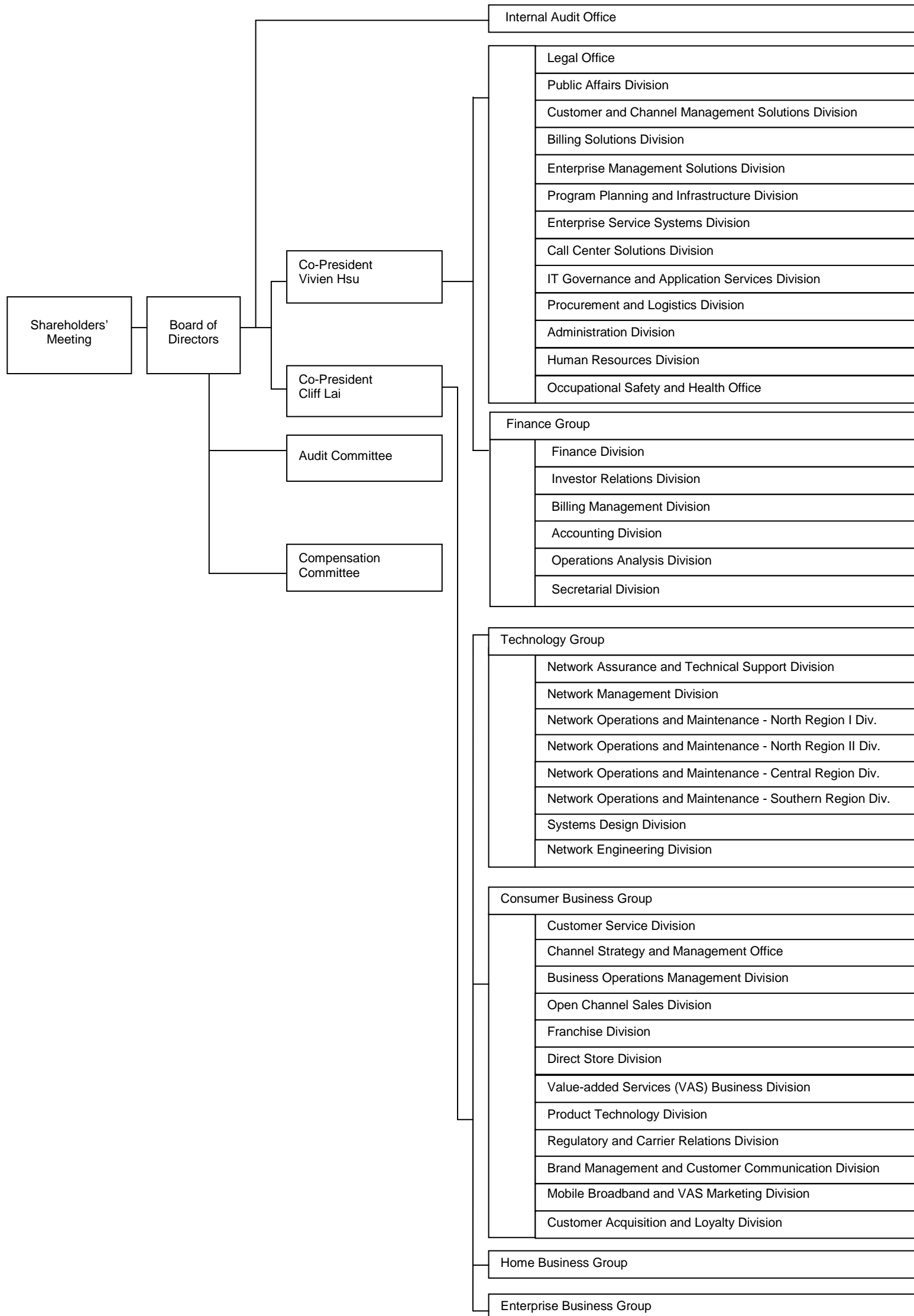


# Chapter 2 Organization and Corporate Governance

## Organization

### Organization Chart

As of March 15, 2013



## Divisional Scope of Responsibilities

Division	Scope of responsibilities
Internal Audit Office	Audit of the Company and its subsidiaries Monitoring and examining the effectiveness and efficiency of the Company's internal control system Developing, managing and overseeing information security management in support of business strategy
Legal Office	Legal counsel, company litigation and legal document review
Public Affairs Division	Corporate image promotion and management Media communication, news agenda, press release and crisis management Corporate social responsibility strategies and programs Maintenance of the Company's and TWM Foundation's internal and official websites
Customer and Channel Management Solutions Division	Customer management and sales and orders management system solutions Channel services, commission and performance solutions Enterprise management information systems TWM member center solutions, e-commerce payment system solutions and innovative service app solutions
Billing Solutions Division	Billing systems operation and development
Enterprise Management Solutions Division	Data warehouse and customer relations management solutions Integration of enterprise information system Network management solutions
Program Planning and Infrastructure Division	Data center, systems and network infrastructure construction and operations management Implementation of information security policy
Enterprise Service Systems Division	TWM's customer care application systems Enterprise resource planning (ERP) and human resources solutions Front-end customer management, sales management, and order and provision solutions for the fixed-line business
Call Center Solutions Division	Call center infrastructure and operations management solutions Fixed network operations management
IT Governance and Application Services Division	Corporate website and e-commerce systems Service-oriented architecture and enterprise service bus (SOA/ESB) Fixed network application systems IT governance, enterprise architecture, software development process and basic architecture software/tools development and management
Procurement and Logistics Division	Procurement policy and system planning Handling of procurement-related activities Suppliers evaluation and management Contract negotiations and signing
Administration Division	Office machinery and equipment management General and administrative affairs coordination Base station administration and related expense payments
Human Resources Division	Staffing, compensation, training and employee relations coordination
Occupational Safety and Health Office	Occupational safety and health management Site area safety management Environmental protection management Workplace health promotion

Division		Scope of responsibilities
Finance Group	Finance Division	Treasury management Monitoring of investments and subsidiaries' business activities Finance-related project evaluation, planning and execution
	Investor Relations Division	Timely disclosure of the Company's operating and financial status, management strategy, future business plans and developments to investors Communication between the Company and investors
	Billing Management Division	Billing, receivables collection and settlement Credit check and risk management
	Accounting Division	Accounting information management Tax planning and execution Financial reports
	Operations Analysis Division	Divisional operating performance analysis, financial forecasting and annual budget review
	Secretarial Division	Board meeting facilitation and corporate share registrar management Company seal custodian Receipt/transmission of corporate documents Corporate registration affairs
Technology Group	Network Assurance and Technical Support Division	Mobile network technical support Fixed network technical support IP-based network technical support Network quality assurance
	Network Management Division	24-hour supervision of mobile and fixed system network operations and maintenance Technical support for network operations and customer issues Management of network quality and critical events
	Network Operations and Maintenance -- North I, North II, Central and Southern Regions	2G/3G network construction, expansion, operation, maintenance and optimization, including core, transmission and radio networks Fixed network construction, expansion, operation, maintenance and optimization
	Systems Design Division	Planning and design of core, radio, IP and transmission network systems for mobile and fixed networks Development of new technologies and verification testing of network elements
	Network Engineering Division	Mobile telecom and fixed network business infrastructure budget, control and management Supervision of outsourced engineering and construction projects Management of cables and conduits related affairs in government agencies Fixed network service management, project evaluation and coordination
Home Business Group	CATV/DTV, broadband internet access (cable modem/FTTx), and connected TV services Implementation of integrated technology solutions for the development of new products and VAS to increase video and broadband internet access penetration rates and overall revenue Expansion of two-way optical network to broaden coverage and ensure better internet access quality and stable cable signals	
Enterprise Business Group	Strategy development and business analysis Channel development, sales and customer loyalty management Enterprise ICT integration and bundled products, marketing campaign, operation and execution Enterprise customer service and billing IDC and cloud services business development Inter-carrier relations and international business (including international roaming) planning and implementation	

Division		Scope of responsibilities
Consumer Business Group	Customer Service Division	Customer service and call center management Telemarketing sales and customer retention
	Channel Strategy and Management Office	Channel positioning and deployment, sales targets setting, performance evaluation and devising incentive schemes Planning and managing retail store layouts and displays, sales materials and special campaigns Setting up training programs Products and services promotions, sales skill certifications and sales support
	Business Operations Management Division	Front-end sales/service operation process planning and implementation Back-end resource management and channel performance awards management Sales channel logistics and service fulfillment Maintenance of mobile phone and tablet products
	Open Channel Sales Division	Open channel development and business execution Channel development, sales and management of prepaid products
	Franchise Division	Supervision of franchisees' product promotion, distribution and customer service
	Direct Store Division	Product sales and customer service at company stores
	Value-added Services (VAS) Business Division	Overall VAS business management and product quality assurance Business strategy setting, product planning, development and management Platform integration and device customization
	Product Technology Division	Technical consultation and solution analysis for VAS products and CPE technologies Solutions design, systems development and delivery for VAS products and marketing promotions
	Regulatory and Carrier Relations Division	Regulatory matters, government relations and inter-carrier relations
	Brand Management and Customer Communication Division	Management of brand identity, strategic development, integrated marketing communication, and implementation of ad campaigns Execution of store signage/interior design and customer retention plans Integration of marketing resources and cost control Integration and operation of Company website, including e-marketing implementation, online sales and customer services
	Mobile Broadband and VAS Marketing Division	Planning and implementation of marketing strategies for mobile broadband and mobile internet customers, as well as value-added service products
Customer Acquisition and Loyalty Division	Development and execution of strategies to acquire new customers, increase customer loyalty and lower churn rates Strategy development for prepaid business	

## Board of Directors and Executive Management

### Board of Directors

The board of directors, acting on behalf of the Company's shareholders, is charged with the task of supervising the management team. The board, elected and approved during the AGM on June 15, 2011, includes four independent directors, which more than fulfill current regulations requiring public companies to have at least two independent directors. The Audit Committee, composed entirely of independent directors, replaced board supervisors. Information on the Company's Sixth Board of Directors is detailed below:

As of March 15, 2013

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *90,127,938	0.168 *2.635	5,986,496	0.175	MBA, Stern School, New York University Chairman, Fubon Securities Co., Ltd. Chairman, Fubon Life Insurance Co, Ltd.	Vice Chairman, Fubon Financial Holding Co., Ltd. Vice Chairman, Taipei Fubon Commercial Bank Co., Ltd. Chairman, Taiwan Fixed Network Co., Ltd.	Vice Chairman	Daniel Tsai	Brother
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *91,979,990	0.168 *2.689	4,580,070	0.134	LL.B., National Taiwan University LL.M., Georgetown University Chairman, Fubon Insurance Co., Ltd. Chairman, Fubon Land Development Co., Ltd.	Chairman, Fubon Financial Holding Co., Ltd. Chairman, Taipei Fubon Commercial Bank Co., Ltd.	Chairman	Richard Tsai	Brother
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *2,349	5.861 *0.000	9,000	0.000	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of the Consumer Business Group, Taiwan Mobile Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director, Taipei New Horizon Co., Ltd. Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *None	5.861 *None	-	-	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holding Co., Ltd Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Consultant & Acting President, Taiwan Fixed Network Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director and President, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Director	Fu-Chi Venture Corp. Representative: Victor Kung	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *None	0.168 *None	-	-	MA in Economics and MBA in Finance, New York University Executive Vice President, Walden International Investment Group Executive Director, Citicorp Capital Asia Ltd. Director of Direct Investments, AIG Investment Corp.	Director and President, Fubon Financial Holding Co., Ltd. Director, Fubon Insurance Co., Ltd. Director, Taipei Fubon Commercial Bank Co., Ltd. Director, Fubon Asset Management Co., Ltd. Director, Fubon Bank (HK) Ltd. Supervisor, Fubon Financial Holding Venture Capital Co., Ltd. Chairman, World Vision Taiwan Director, Commerce Development Research Institute Director, China Evangelical Seminary Director, Taiwan After-Care Association	-	-	-
Independent Director	Jack J.T. Huang	2011.06.15	2014.06.14	-	-	-	-	-	-	LL.B., National Taiwan University LL.M., Northwestern University S.J.D., Harvard University	Partner-in-charge, Jones Day Taipei Independent Director, World Peace Holding Independent Director, Systex Corp. Director, Yulon Motor Co., Ltd. Director, Yue Yuen Development Co., Ltd. Director, Yu Shin Investment Corp. Director, Jing Yu Investment Corp. Director, Sun Shining Investment Corp. Supervisor, Tai Yuen Venture Capital Investment Corp.	-	-	-
Independent Director	Tsung-Ming Chung	2011.06.15	2014.06.14	-	-	-	-	-	-	BBA, National Taiwan University MBA, National Chengchi University CPA, ROC CPA, Connecticut, USA Partner, T.N. Soong & Co., CPAs Lecturer, Department of Accounting, National Chengchi University Lecturer, Department of Accounting, National Taiwan University	Chairman, Dynapack Technology Corp. Independent Director, Chroma ATE Inc. Director, Far Eastern International Commercial Bank Director, Unity Opto Technology Co., Ltd. Supervisor, Chien Kuo Construction Co., Ltd.	-	-	-

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	Wen-Li Yeh	2011.06.15	2014.06.14	-	-	-	-	-	-	Department of Architecture, Chung Yuan Christian University MA and Ph.D. candidate, University of Paris EMBA studies, University of California, Berkeley Planner, Department of Housing and Urban Development under the Cabinet's Council for Economic Planning and Development Managing Director, United Pacific International Inc. President, United Communications Managing Director and Vice Chairman, United Advertising Co., Ltd. Chairman, Carat-United Media Services (Taiwan) Ltd. Chairman, Aegis Media Taiwan	Chairman, Aegis Media Greater China Supervisor, Cheng Sheng Broadcasting Corp.	-	-	-
Independent Director	J. Carl Hsu	2011.06.15	2014.06.14	-	-	-	-	-	-	BSEE, National Taiwan University Ph.D. and MS in Computer Science, University of California, Los Angeles Senior Executive, AT&T, Bell Labs and Lucent Technologies Communications Software Group Professor, National Tsing Hua University in Taiwan, Peking University and others	Professor, Peking University and other universities Board member of Rogers Corp., USA	-	-	-

\* Personal shareholding

## 1. Major shareholders of TWM's institutional investors

As of March 15, 2013

Institutional investor	Major shareholders
Fu-Chi Venture Corp.	Richard Tsai (50.20%), Mei-Hui Ueng Tsai (49.75%), Cheng Ru Tsai (0.05%)
TCC Investment Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)

## 2. Major shareholders of companies mentioned on the right hand side of the table above

As of March 15, 2013

Company	Major shareholders
Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd. (100%)

## 3. Qualifications and independence of directors

As of March 15, 2013

Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Notes)										No. of public companies in which he or she also serves as an independent director
		1	2	3	4	5	6	7	8	9	10	
Richard Tsai	V						V	V		V		0
Daniel Tsai	V						V	V		V		0
Cliff Lai	V			V	V	V	V	V	V	V		0
Vivien Hsu	V			V	V		V	V	V	V		0
Victor Kung	V	V		V	V		V	V	V	V		0
Jack J.T. Huang	V	V	V	V	V	V	V	V	V	V	V	2
Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	V	V	1
Wen-Li Yeh	V	V	V	V	V	V	V	V	V	V	V	0
J. Carl Hsu	V	V	V	V	V	V	V	V	V	V	V	0

"V" denotes meeting the conditions specified above

Criterion 1: Not an employee of the Company or its affiliated companies

Criterion 2: Not a director or supervisor of the Company's affiliated companies (Unless the person is an independent director of the Company, the Company's parent company or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares)

Criterion 3: Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders

Criterion 4: Not a spouse or a relative within second degree by affinity, or within five degrees by consanguinity to any person specified in criteria 1 to 3

Criterion 5: Neither a director, supervisor, or employee of an entity that directly and/or indirectly holds more than 5% of the Company's shares, nor one of the Company's top five shareholders

Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company

Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides commercial, legal, financial and accounting services or consultation to the Company or its affiliates. However, members of the Compensation Committee are not covered by this restriction per Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

Criterion 8: Not a spouse or relative within second degree by affinity to other directors

Criterion 9: Not in contravention of Article 30 of the Company Act

Criterion 10: Not an institutional shareholder or its representative pursuant to Article 27 of the Company Act



## Management Team

As of March 15, 2013

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President / President's Office	Cliff Lai	2011.01.01	2,349/0.000	9,000/0.000	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of the Consumer Business Group, Taiwan Mobile Co., Ltd.	Director, Taipei New Horizon Co., Ltd. Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President / President's Office	Vivien Hsu	2011.01.01	-	-	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holding Co., Ltd Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Consultant & Acting President, Taiwan Fixed Network Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd.	Director and President, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Vice President / Legal Office	Ariel Hwang	2004.03.01	-	-	EMBA, National Taiwan University LL.M., National Taipei University LL.B., National Taiwan University Judge, Taiwan Taoyuan District Court Judge, Taiwan New Taipei District Court Judge, Taiwan Taipei District Court Judge, Taiwan High Court	Supervisor, Taipei New Horizon Co., Ltd. Supervisor, Wealth Media Technology Co., Ltd. Supervisor, Globalview Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Legal Consultant, Fubon Financial Holding Co., Ltd. Legal Consultant, Taiwan Fixed Network Co., Ltd.	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Procurement & Logistics Division and Administration Division	Jay Hong	2004.05.06	5,000/0.000	-	EMBA, National Sun Yat-sen University Engineering Supervisor, Engineering Division, Nan Ya Plastics Corp. Director, Procurement Division, TransAsia Telecommunications Inc. Vice President, Customer Service Division, TransAsia Telecommunications Inc. Vice President, Direct Store Division, Taiwan Mobile Co., Ltd. President, Taiwan Teleservices & Technologies Co., Ltd. Vice President, President's Office, Taiwan Mobile Co., Ltd.	Supervisor, Globalview Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd.	-	-	-
Vice President / Information	James Chang	2004.09.17	163,084/0.005	-	MS in Computer Science, University of Illinois at Chicago District Manager, AT&T Laboratories Senior Delivery Manager, IBM Global Services Senior Director, TBCommerce Network Corp. Director, AT&T Laboratories	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Senior Vice President and Chief Financial Officer / Finance Group	Rosie Yu	2011.01.01	-	-	BA, National Taiwan University Executive Vice President, China Securities Co., Ltd. General Manager, Citicorp International Securities Ltd., Taipei Branch General Manager, Credit Lyonnais Securities (Asia) Ltd., Taipei Branch President, Global Investment Holdings Co., Ltd. Chairman, Global Investment Advisory (HK) Ltd.	Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Kuro Times Co., Ltd. Supervisor, Taiwan Cellular Co., Ltd. Supervisor, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, TWM Communications (Beijing) Co., Ltd. Supervisor, TCC Investment Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Vice President and Acting Chief Technology Officer / Technology Group	HS Wang	2011.01.01	216/0.000	631/0.000	Ph.D. in Electrical and Computer Engineering, Rutgers, State University of New Jersey Lecturer/Assistant Professor, Information Engineering Department, Chinese University of Hong Kong Vice President, Mediatec Corp. Vice President, First International Telecom	Director, Taiwan Cellular Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, Taiwan Super Basketball Co., Ltd.	-	-	-
Vice President / Technology Group	Egon Chen	2004.02.16	75,158/0.002	-	BS in Electrical Engineering, Tamkang University Director, Suretone Telecom Inc. Senior Director, Taiwan Fixed Network Co., Ltd Vice President, Howin Technologies	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Technology Group	Chien Chen	2004.02.16	-	-	EMBA, National Taiwan University Manager, Siemens Telecommunication Systems Ltd. Director, Suretone Telecom Inc. Vice President, Taiwan Fixed Network Co., Ltd. Vice President, Howin Technologies Corp.	None	-	-	-
Vice President / Technology Group	Tom Koh	2011.10.17	-	-	Ph.D. in Electrical and Computer Engineering, Johns Hopkins University Member of Tech. Staff, Bellcore Senior Technologist, Motorola Senior Sales Engineer, Ensemble Communications Senior Technical Marketing Engineer, Cisco-Linksys Senior Director, Qualcomm	None	-	-	-
Vice President and Deputy Chief Operating Officer / Consumer Business Group	Jeff Ku	2005.06.06	4,243/0.000	-	EMBA, National Taiwan University MBA, University of Wollongong, Australia Director, Far EasTone Telecommunications Co., Ltd. Vice President, Taiwan High Speed Rail Corp.	Director, Taiwan Kuro Times Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd.	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Consumer Business Group	Sean Hsieh	2003.12.08	151,396/0.004	-	BS in Business Administration and Sociology, Fu Jen Catholic University University of Texas, Austin Account Supervisor, Bozell CCAA Group Account Director, Series DMB&B Communications Marketing and Sales Manager, PUMA North Asia Ltd., Taiwan Branch Marketing Director, TransAsia Telecommunications Inc. Vice President, TransAsia Telecommunications Inc. Vice President, Enterprise Solution and Channel Sales, Taiwan Mobile Co., Ltd.	None	-	-	-
Vice President / Consumer Business Group	Paul Huang	2008.01.21	199,338/0.006	-	MS in Computer Science, Bradley University, USA Supervisor, Siemens Telecommunication Systems Ltd. Account and Project Manager, Nortel, Taiwan Branch Vice President, Business Development, Hong Kong Telecom, Taiwan Branch Vice President, Sales and Services, Far Eastone Telecommunications Co., Ltd. Vice President, Business and Operations, Far Eastern Electronic Toll Collection Co., Ltd.	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Consumer Business Group	Steve Chou	2011.04.25	-	-	MBA, Southern Methodist University, USA Assistant Vice President, Credit Card, Citibank, N.A., Taiwan Vice President, Customer Service, TransAsia Telecommunications Inc. Vice President, Customer Service, Sparq Telecom General Manager, Secured Lending, Standard Chartered Bank, Taiwan Senior Vice President, Customer Service, HSBC Bank Taiwan	Director and President, Taiwan Teleservices & Technologies Co., Ltd. Chairman, Xiamen Taifu Teleservices & Technologies Ltd.	-	-	-
Vice President / Consumer Business Group	Joseph Yang	2007.11.09	13,720/0.000	-	BS in Transportation Management, National Chiao Tung University Advisory Systems Engineer, Systems Engineer, IBM Taiwan Technical Manager, Central and South Branch, IBM Taiwan Solutions Director, Finance Industry, IBM Taiwan Sales Director, Finance Industry, IBM Taiwan Vice President for Sales, Eastern Broadband Telecom Chief Operating Officer, Eastern Broadband Telecom Senior Vice President, Asia Pacific Telecom Group Chief Marketing Officer, Asia Pacific Telecom Group Product Director, Asia Region, High Tech Computer	None	-	-	-

## Compensation to directors and management executives

### 1. Compensation to directors

Unit: NT\$

Title		Chairman	Vice Chairman	Director	Director	Director	
Name		Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	Fu-Chi Venture Corp.	
Representative		Richard Tsai	Daniel Tsai	Cliff Lai	Vivien Hsu	Victor Kung	
Director's compensation	Cash compensation (A)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Pension (B)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Earnings paid as compensation to directors (C)	Stand-alone	6,346,771	4,760,080	3,173,387	3,173,387	3,173,387
		Consolidated	6,346,771	4,760,080	3,173,387	3,173,387	3,173,387
	Professional fee (D)	Stand-alone	150,000	100,000	100,000	100,000	100,000
		Consolidated	255,000	214,000	478,000	559,000	100,000
A+B+C+D as a % of net profit		Stand-alone	0.0442%	0.0331%	0.0223%	0.0223%	
		Consolidated	0.0443%	0.0333%	0.0245%	0.0250%	
Employee profit sharing	Performance-based salary (E)	Stand-alone					
		Consolidated					
	Retirement pay of employees (F)	Stand-alone					
		Consolidated					
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus				
			Stock bonus				
		Consolidated	Cash bonus				
			Stock bonus				
	Employee stock option granted (H)	Stand-alone					
		Consolidated					
New restricted employee shares (I)	Stand-alone						
	Consolidated						
A+B+C+D+E+F+G as a % of net profit		Stand-alone					
		Consolidated					
Compensation from investees other than subsidiaries		-	-	9,000	9,000	-	
Other allowances		Stand-alone					
		Consolidated					



Unit: NT\$

Title		Independent Director	Independent Director	Independent Director	Independent Director	Total		
Name		Jack J.T. Huang	Tsung-Ming Chung	Wen-Li Yeh	J. Carl Hsu			
Representative								
Director's compensation	Cash compensation (A)	Stand-alone	-	-	-	-		
		Consolidated	-	-	-	-		
	Pension (B)	Stand-alone	-	-	-	-		
		Consolidated	-	-	-	-		
	Earnings paid as compensation to directors (C)	Stand-alone	4,760,080	4,760,080	4,760,080	4,760,080	39,667,332	
		Consolidated	4,760,080	4,760,080	4,760,080	4,760,080	39,667,332	
Professional fee (D)	Stand-alone	210,000	320,000	260,000	200,000	1,540,000		
	Consolidated	210,000	320,000	260,000	200,000	2,596,000		
A+B+C+D as a % of net profit		Stand-alone	0.0338%	0.0346%	0.0342%	0.0338%	0.2805%	
		Consolidated	0.0333%	0.0341%	0.0337%	0.0333%	0.2805%	
Employee profit sharing	Performance-based salary (E)	Stand-alone					71,234,453	
		Consolidated					71,234,453	
	Retirement pay of employees (F)	Stand-alone					216,000	
		Consolidated					216,000	
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus					11,241,607
			Stock bonus					-
		Consolidated	Cash bonus					11,241,607
			Stock bonus					-
	Employee stock option granted (H)	Stand-alone					-	
		Consolidated					-	
New restricted employee shares (I)	Stand-alone					-		
	Consolidated					-		
A+B+C+D+E+F+G as a % of net profit		Stand-alone					0.8433%	
		Consolidated					0.8377%	
Compensation from investees other than subsidiaries		-	-	-	-	18,000		
Other allowances		Stand-alone					1,793,673	
		Consolidated					1,793,673	

## 2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + employee profit sharing	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	Richard Tsai, Daniel Tsai, Victor Kung, Cliff Lai, Vivien Hsu	Richard Tsai, Daniel Tsai, Victor Kung, Cliff Lai, Vivien Hsu	Victor Kung	Victor Kung
NT\$2,000,000~NT\$4,999,999	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu
NT\$5,000,000~NT\$9,999,999	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.
NT\$10,000,000~NT\$14,999,999	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.
NT\$15,000,000~NT\$29,999,999	-	-	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-	-	-
NT\$50,000,000~NT\$99,999,999	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	11	11	11	11

### 3. Compensation to management executives

Unit: NT\$

Title and name		Total	
Co-President, Cliff Lai; Co-President, Vivien Hsu; Chief Financial Officer, Rosie Yu; Acting Chief Technology Officer, H.S. Wang; Vice President, Ariel Hwang; Vice President, Jay Hong; Vice President, James Chang; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tom Koh; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Vice President, Sean Hsieh; Vice President, Paul Huang; Vice President, Steve Chou; Vice President, Joseph Yang <u>Resigned managers:</u> Vice President, Ruth Liaw; Vice President, C.A. Chuang; Vice President, Techi Juan; Vice President, Simon Wang			
Salary (A)	Stand-alone	94,149,824	
	Consolidated	94,149,824	
Pension (B) (Note 1)	Stand-alone	2,025,000	
	Consolidated	2,025,000	
Performance-based salary (C)	Stand-alone	49,537,799	
	Consolidated	49,641,399	
Employee profit sharing (D)	Stand-alone	Cash	33,947,590
		Stock	—
	Consolidated	Cash	33,947,590
		Stock	—
A+B+C+D as a % of net profit	Stand-alone	1.2229%	
	Consolidated	1.2052%	
Employee stock options	Stand-alone	—	
	Consolidated	—	
New restricted employee shares	Stand-alone	—	
	Consolidated	—	
Compensation from investees other than subsidiaries		27,000	
Transportation allowance	Stand-alone	2,494,734	
	Consolidated	2,494,734	

Note 1: The Company's contribution to employee's pension account, not actual amount paid.

### 4. Range of compensation to management executives

Range of compensation to executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	-	-
NT\$2,000,000~NT\$4,999,999	-	-
NT\$5,000,000~NT\$9,999,999	H.S. Wang, Ariel Hwang, Jay Hong, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw, C.A. Chuang, Techi Juan, Simon Wang	H.S. Wang, Ariel Hwang, Jay Hong, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw, C.A. Chuang, Techi Juan, Simon Wang
NT\$10,000,000~NT\$14,999,999	Rosie Yu, James Chang	Rosie Yu, James Chang
NT\$15,000,000~NT\$29,999,999	Cliff Lai, Vivien Hsu	Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-
NT\$100,000,000 and above	-	-
Total	19	19

Note: Compensation paid to managers in the above table was based on tenure. Compensation paid to managers who also served as directors is detailed in the "Compensation to directors" table.

## 5. The names of managers and their employee bonuses

Unit: NT\$  
As of March 15, 2013

Title and name of managers	Stock bonus	Cash bonus	Total	As a % of net profit
Co-President, Cliff Lai Co-President, Vivien Hsu Chief Financial Officer, Rosie Yu Acting Chief Technology Officer, H.S. Wang Vice President, Ariel Hwang Vice President, Jay Hong Vice President, James Chang Vice President, Egon Chen Vice President, Chien Chen Vice President, Tom Koh Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku Vice President, Sean Hsieh Vice President, Paul Huang Vice President, Steve Chou Vice President, Joseph Yang Chief Accounting Officer, Darren Shih	-	34,232,558	34,232,558	0.2330%

## Compensation to directors and management executives as a percentage of net income over the past two years and guiding principles

### 1. Compensation to directors

Unit: NT\$

Type	Year	Compensation to directors	As a % of net profit	Net profit
On a stand-alone basis	2011	118,035,228	0.8764%	13,468,763,392
	2012	123,899,392	0.8433%	14,691,604,514
On a consolidated basis	2011	119,083,228	0.8739%	13,626,179,950
	2012	124,955,392	0.8377%	14,916,282,008

### Guiding principles for compensation to directors

Remuneration policies, standards and package

- (1) The board is authorized to decide the remuneration for the chairman and vice chairman, but it should not be higher than the remuneration payable to the president of the Company.
- (2) Directors are paid according to the resolution on earnings distribution approved at the annual general shareholders' meeting. Remuneration or other equivalent allowance for directors is based on their involvement in the Company's operations and contribution to the Company, the "Rules for Setting Director's Remuneration" and industry norms.
- (3) Transportation allowances are paid quarterly based on attendance in board meetings and for services rendered as the chairman or a member of the Audit Committee and Compensation Committee.

#### Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation to directors shall not exceed 0.3% of the Company's annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves, and setting aside or reversal of special reserves.
- (2) Transportation allowances are determined in accordance with the "Rules for Setting Director's Remuneration."

#### Performance factor

Compensation to each director is assessed based on his/her contribution to the operations of the Company and the board. The Compensation Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.

## 2. Compensation to management executives

Unit: NT\$

Type	Year	Compensation to management executives	As a % of net profit	Net profit
On a stand-alone basis	2011	192,431,994	1.4287%	13,468,763,392
	2012	179,660,213	1.2229%	14,691,604,514
On a consolidated basis	2011	192,791,594	1.4149%	13,626,179,950
	2012	179,763,813	1.2052%	14,916,282,008

### Guiding principles for compensation to management executives

#### Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises of a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses are proposed by the Compensation Committee for approval at the board meeting.

#### Procedure for setting performance bonus

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing paid to the president and vice presidents comes from the pool of 1% to 3% of the Company's annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves, and setting aside or reversal of special reserves.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

#### Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation, and corporate social responsibility into consideration.
- (2) The Human Resources Department is tasked with preparing the annual compensation for the president and vice presidents and submitting a report to the Compensation Committee.

## Corporate Governance

### Board of Directors attendance

#### 1. The Board of Directors convened five times in 2012

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	5	0	100%	None
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	5	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	5	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	5	0	100%	None
Director	Fu-Chi Venture Corp. Representative: Victor Kung	5	0	100%	None
Independent Director	Jack J.T. Huang	4	1	80%	None
Independent Director	Tsung-Ming Chung	5	0	100%	None
Independent Director	Wen-Li Yeh	5	0	100%	None
Independent Director	J. Carl Hsu	4	0	80%	None

#### 2. Any objections or issues raised by independent directors against resolutions passed by the Board of Directors pursuant to Article 14-3 of the Securities and Exchange Act: None

#### 3. Any conflict of interests among directors: None

#### 4. Other BOD objectives:

- (1) Performance evaluation and enhancement: The board approved the "Rules and Procedures Governing Board of Directors' Meetings," which were modeled after the "Regulations Governing Procedures for Meetings of Listed Companies' Board of Directors." It also passed the "Rules and Procedures on Evaluating the Board of Directors' Performance" to enhance efficiency, under which the Compensation Committee would evaluate the board's performance and submit a report on proposed improvements to the board. All members participated in a self-evaluation of individual performances for 2012 during the 10th meeting of the sixth board of directors on January 31, 2013.
- (2) Training programs for directors: Since 2008, the Company has conducted regular in-house seminars to facilitate interaction between the lecturer and directors and to meet the required training hours.
- (3) Information transparency: Committed to upholding transparency in operations and protecting shareholders' interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investors' conferences on a quarterly basis.
- (4) Liability insurance: The Company purchases annual liability insurance for its directors and managers to cover risks as they carry out their duties.

### Audit Committee attendance

The Audit Committee was set up in June 2008 to replace board supervisors, pursuant to provisions in the Securities and Exchange Act. The committee's operation is bound by the "Audit Committee Charter" and its main responsibility is to assist the board in overseeing the following:

- (1) Integrity of the Company's financial statements
- (2) Independent auditors' appointment (termination) and integrity/performance
- (3) Internal risk controls
- (4) Company's compliance with legal and regulatory requirements
- (5) Company's existing and potential risks

**1. The Audit Committee convened six times in 2012**

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	6	0	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	5	1	83%	
Independent Director	Wen-Li Yeh	6	0	100%	
Independent Director	J. Carl Hsu	5	1	83%	

**2. Any objections or issues raised by the Audit Committee against resolutions, pursuant to Article 14-5 of the Securities and Exchange Act, that were approved by over two-thirds of the directors: None**

**3. Any conflict of interests among the independent directors: None**

**4. Communication between independent directors and the Internal Audit Chief Officer and CPAs:**

- (1) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer met with the independent directors directly at the quarterly Audit Committee meetings, bringing communication into full play.
- (2) The CPAs presented audit reports and findings to the independent directors during the committee's quarterly meetings.
- (3) The Internal Audit Chief Officer and CPAs also communicated directly with the independent directors when needed.

## Corporate governance practices

Item		Current practice
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The spokesperson or Secretarial Division handles all non-legal issues; the legal division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division submits a monthly report listing the shareholdings of directors, managers and major shareholders (over 10% shareholding) to the authorities.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company's internal control system has established "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" and "Rules and Procedures on Monitoring Subsidiaries" as risk control mechanisms.
Board of directors and its responsibilities	Independent directors	The Company's board includes four independent directors.
	Periodic review of CPA's independence	The Audit Committee conducts quarterly reviews on CPA's independence.
Communication channels with shareholders		The spokesperson and the mailboxes of the spokesperson

Item		Current practice
		and the Audit Committee serve as the main communication channels between the Company and shareholders.
Information disclosure	Disclosure of information on financial status, operations and corporate governance	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	Aside from having a spokesperson, the Company has a dedicated department, the Investor Relations Division, to handle information disclosure. It also has an English website and a team working on gathering and releasing relevant Company information.
Functional committees		An Audit Committee and a Compensation Committee were set up under the board of directors. Their operations are detailed in Chapter 2.
<p>Has the Company established principles based on the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"? If yes, detail progress of implementation and any deviations:</p> <p>Although the Company has not established said principles, its operations fully comply with the requirements set forth in the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies." The Company also has a "CG6006 Advanced Corporate Governance System Evaluation" certification from the Taiwan Corporate Governance Association, issued on November 4, 2011 and valid through November 3, 2013.</p>		

## Additional information

### 1. Employee rights

The Company's human resource policies not only comply with, but offer even better provisions than those prescribed under the law, such as the Labor Standards Act, in safeguarding employee rights.

### 2. Employee care

The Company provides different communication channels to facilitate communication within the Company. These include holding regular employee and managerial meetings to accommodate suggestions for improvement and conducting surveys to collect employees' views and opinions.

### 3. Investor relations

The Company posts financial, operational and material information on the Company website and the market observation post system (MOPS) in a timely manner to keep investors abreast of Company developments and strategies and, thus, maximize shareholders' interests.

### 4. Supplier relations

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

### 5. Stakeholders' rights

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



## 6. Corporate governance related training program for management in 2012

Training program	Organizer	Date	Hours	Participants
Case studies for management: Strategies for innovation	TWM HR Div.	2012/03/16	7	Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Ruth Liaw*, C.A. Chuang*, Simon Wang*
Information security: Basic course	TWM Internal Audit Office	2012/03/28	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Ruth Liaw*, C.A. Chuang*, Tech Juan*, Simon Wang*
Leadership: Making decisions and judgments	TWM HR Div.	2012/04/27	3	H.S. Wang, Jay Hong, James Chang, Egon Chen, Tom Koh, Jeff Ku, C.A. Chuang*, Tech Juan*
Information security: Advanced course	TWM Internal Audit Office	2012/05/23	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw*, Tech Juan*, Simon Wang*
Accountability: Application of ARCI (Accountable, Responsible, Consulted, Informed)	TWM HR Div.	2012/07/03	4	Jay Hong, Steve Chou
Case studies for management: Talent cultivation	TWM HR Div.	2012/07/10	7	Cliff Lai, Vivien Hsu, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, C.A. Chuang*
Personal Information Protection Act and I	TWM Internal Audit Office	2012/07/23	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw*, C.A. Chuang*, Tech Juan*, Simon Wang*
Strategies for transforming and expanding enterprises	TWM HR Div.	2012/08/24	3	Ariel Hwang, James Chang, Tom Koh, Paul Huang, Joseph Yang, C.A. Chuang*, Tech Juan*
<i>CommonWealth</i> magazine's International Masters Forum: author Gary Hamel on "What Matters Now?"	<i>CommonWealth</i> Magazine	2012/09/04	2	James Chang, Tom Koh, Jeff Ku, C.A. Chuang*, Simon Wang*
Case studies for management: Management change	TWM HR Div.	2012/09/18	7	Cliff Lai, Vivien Hsu, Chien Chen, Tom Koh, Steve Chou, Joseph Yang, C.A. Chuang*, Simon Wang*
The Fifth Chief Audit Executives Forum	The Institute of Internal Auditors, R.O.C.	2012/09/21	9	Jay Hong
Internal audit to investigate and prevent fraud and insider trading	Computer Audit Association	2012/09/25	6	Jay Hong
Audit for personal information protection	The Institute of Internal Auditors, R.O.C.	2012/11/13	6	Jay Hong
Data analysis to prevent fraud and malfeasance	Taiwan Corporate Governance Association	2012/11/30	3	Rosie Yu, Ariel Hwang, Jay Hong, Steve Chou, Joseph Yang, C.A. Chuang*, Tech Juan*

\* Resigned manager

## 7. Training program for directors in 2012

Title	Name	Date of training		Organization	Training program	Hours (Note1)
		From	To			
Representative of institutional investor	Richard Tsai	2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Representative of institutional investor	Daniel Tsai	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Representative of institutional investor	Cliff Lai	2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Representative of institutional investor	Vivien Hsu	2012/02/22	2012/02/22	Corporate Governance Association	The effect on AGM of amendments to the Company Act and securities-related laws	1
		2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/07	2012/09/07	Corporate Governance Association	Institutional investors' participation in a corporate's compensation policy: Learning from Hermes Equity Ownership Services Ltd.'s example	1
		2012/11/30	2012/11/30	Corporate Governance Association	Data analysis to prevent fraud and malfeasance	3
Representative of institutional investor	Victor Kung	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Independent Director	Jack J.T. Huang	2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Independent Director	Tsong-Ming Chung	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/12/20	2012/12/20	Taiwan Academy of Banking and Finance	Board meeting practices and corporate governance	3
Independent Director	Wen-Li Yeh	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Independent Director	J. Carl Hsu	2012/11/30	2012/11/30	Corporate Governance Association	Data analysis to prevent fraud and malfeasance	3

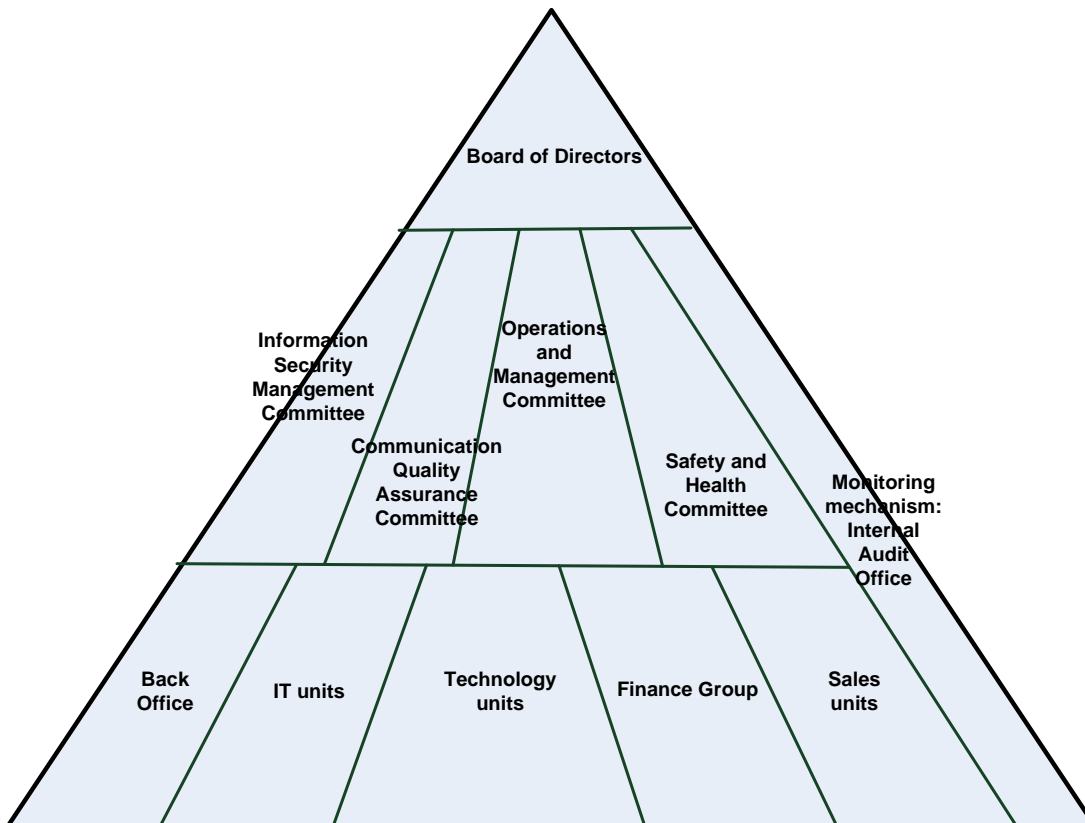
Note 1: The training requirements listed above have been fulfilled.

## 8. Risk management

### Risk management policies

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

### Risk management structure



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

- (1) Ground: Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.
- (2) Middle: Operations and Management Committee, Safety and Health Committee, Information Security Management Committee, and Communication Quality Assurance Committee assume responsibility. Co-Presidents and committee heads convene a task force composed of unit chief officers and supervisory vice presidents of concerned departments.
- (3) Top: Board of Directors
- (4) Monitoring mechanism: Internal Audit Office

### Risk management operation mechanism

- (1) Ground: Each unit shall ensure, on a daily basis, that risks are kept under acceptable levels. Should there be any changes in condition or other factors, the responsible unit shall report these to the Company for the appropriate course of action.
- (2) Middle: Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or the other three committees to examine the risks and undertake any necessary

measures. The functions of the four committees are as follows:

- Operations and Management Committee: Conduct periodic review of each business group's operating target and performance to meet the Company's guidance and budget.
  - Safety and Health Committee: Tasked with supervising and reducing potential risks to workers' safety and health.
  - Information Security Management Committee: Supervise important information assets for confidentiality, integrity, availability, and regulatory compliance in order to control and reduce operational risks to an effective and reasonable level.
  - Communication Quality Assurance Committee: Ensure and manage communication quality of networks.
- (3) Top: The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.
- (4) Monitoring mechanism:
- The Internal Audit Office regularly monitors and assesses potential and varying levels of risks that the Company may face and uses this information as a reference for drafting its annual audit plan.
  - The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

### Risk factors and management structure

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision	
1	Operating risk	Technology units / IT units	Operations and Management Committee	The highest decision-making body: Board of Directors	
2	Risks related to information security	Internal Audit Office - Information Security Management Department	Information Security Management Committee		
3	Technology and maintenance risk	President's Office - Communication Quality Assurance Department	Communication Quality Assurance Committee		
4	Market risk A. Competition B. New products C. Channel management	A. Marketing units B. Marketing units C. Business Operations Management Division	Operations and Management Committee		
5	Government policies and regulatory compliance	Regulatory and Carrier Relations Division			
6	Corporate image	Public Affairs Division			
7	M&A and investments	President's Office			
8	Employee safety	Occupational Safety and Health Office and Administration Division	Safety and Health Committee		Monitoring mechanism: Internal Audit Office
9	Employee behavior, code and ethics	Human Resources Division	Operations and Management Committee		
10	Volatility of interest rates, exchange rates and financial risks	Finance Division			
11	Financing and endorsement/guarantee provided to others, derivatives transaction and working capital management	Finance Division			
12	Financial report disclosure	Accounting Division			
13	Litigious and non-litigious matters	Legal Office			
14	Changes in shareholding of directors and major shareholders	Secretarial Division			
15	Board meeting facilitation	Secretarial Division			

## **9. Implementation of customer policy**

With the mission of "creating the best user experience," the Company is continuously striving to improve its products, services and operations to win customers' trust and raise the quality of customer care.

## **10. The Company has purchased liability insurance for its directors.**

## 11. Employee certifications relating to financial transparency

- (1) Certified Internal Auditor (CIA): eight employees in the Internal Audit Office; one in the Finance Division; one in the Accounting Division
- (2) First-level examiner of internal controls (Securities and Futures Institute): three employees in the Secretarial Division
- (3) Qualified Internal Auditor (QIA): nine employees in the Internal Audit Office; one in the CFO Office; one in the Finance Division; one in the Accounting Division
- (4) Certified Public Accountant (CPA): one employee in the Internal Audit Office; one in the CFO Office; one in the Finance Division; two in the Accounting Division; four in the Operations Analysis Division; one in the Secretarial Division

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

Taiwan Mobile received a "CG6006 Advanced Corporate Governance System Evaluation" certification, valid through November 3, 2013, from the Taiwan Corporate Governance Association in 2011. The results of the evaluation and its major recommendations, as well as improvements made by the Company, are listed below:

- (1) Overall strengths
  - A. Expansion of board functions: The Company's initiative in setting up an audit committee and compensation committee is worthy of recommendation.
  - B. Continued pursuit of international standards in corporate governance: The Company has received numerous awards for corporate governance, financial disclosure and investor relations from domestic and foreign independent ratings institutions, and serves as a role model for Taiwan's listed companies.
  - C. Commendable performance by the Audit Committee: The Company's four independent directors all possess the professional expertise and knowledge to carry out their duties.
- (2) Recommendations and subsequent improvements made by the Company
  - A. Set up a board-approved risk management policy and related regulations to cover all aspects of risks and standard procedures for reporting material events:

The board passed the Risk Management Policy on October 27, 2011.
  - B. Draw up quality assurance and improvement plans verified by independent institutions for internal audit:

The quality assurance and improvement plans have been incorporated into the internal audit system and approved by the board on January 19, 2012.
  - C. Promote participation by Audit Committee members in the appointment and evaluation of the Chief Internal Audit Officer:

The Audit Committee will participate in the interview of the Chief Internal Audit Officer should there be a reshuffle. Evaluation of the Chief Internal Audit Officer's performance will be conducted by the Compensation Committee.

## Compensation Committee operations

The Compensation Committee, composed entirely of independent board directors, is bound by the "Compensation Committee Charter." The committee is responsible for evaluation of the following matters:

- (1) Establish a policy, system, standard and structure for directors and managers' compensation and review them periodically.
- (2) Decide compensation for directors and managers and carry out periodic evaluations.

## Qualifications and independence of members of the Compensation Committee

Identity (Note 1)	Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Note 2)								No. of public companies in which he or she also serves as a member of the Compensation Committee
			1	2	3	4	5	6	7	8	
Independent Director	Jack J.T. Huang	V	V	V	V	V	V	V	V	V	1
Independent Director	Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	1
Independent Director	Wen-Li Yeh	V	V	V	V	V	V	V	V	V	0
Independent Director	J. Carl Hsu	V	V	V	V	V	V	V	V	V	0

Note 1: The identities of the members of the Compensation Committee all meet the requirements stipulated in Item 5, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter."

Note 2: "V" denotes meeting the conditions specified above

Criterion 1: Not an employee of the Company or its affiliated companies

Criterion 2: Not a director or supervisor of the Company's affiliated companies (Unless the person is an independent director of the Company, the Company's parent company or of any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares.)

Criterion 3: Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders

Criterion 4: Not a spouse or a relative within second degree by affinity, or within five degrees by consanguinity to any person specified in criteria 1 to 3

Criterion 5: Neither a director, supervisor, or employee of an entity that directly and/or indirectly holds more than 5% of the Company's shares, nor one of the Company's top five shareholders

Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company

Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides commercial, legal, financial and accounting services or consultation to the Company or its affiliates. However, members of the Compensation Committee are not covered by this restriction per Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

Criterion 8: Not in contravention of Article 30 of the Company Act

## Compensation Committee attendance

(1) The Compensation Committee consists of four members.

(2) Tenure: July 28, 2011 to June 14, 2014. The Compensation Committee convened twice in 2012:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Jack J.T. Huang	1	1	50%	Appointed committee chairman
Independent Director	Tsung-Ming Chung	2	0	100%	
Independent Director	Wen-Li Yeh	2	0	100%	
Independent Director	J. Carl Hsu	1	0	50%	

1. Any suggestion made by the Compensation Committee that was not accepted or revised by the Board of Directors: None

2. Any written objections or issues raised by a member of the Compensation Committee against resolutions passed by the committee: None

## Corporate social responsibility (CSR)

Item	Current Practices												
<p><b>Corporate governance</b></p> <ol style="list-style-type: none"> <li>1. Establishing a CSR policy or system and review mechanism</li> <li>2. Setting up a unit to carry out this policy or system</li> <li>3. Holding regular training programs on business ethics for directors and employees and establishing a reward-and-punishment system</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company set up the "Taiwan Mobile CSR Policy" to ensure effective execution of corporate social responsibility in January 2011.</li> <li>2. In 2007, TWM established a Social Responsibility Department under the Public Relations Division to draft and carry out CSR initiatives. With designated personnel and a separate budget, the department provides planning, execution and coordination across different divisions.</li> <li>3. In addition to regular training programs on business ethics, the Company has formulated a Code of Ethics that all directors, managers and employees are expected to follow and support. Since August 2010, employees can access the Code of Ethics through TWM's e-learning website. An intranet hotline has been set up for employees to report any violation of the Code. Violators will be punished in accordance with Company regulations.</li> </ol>												
<p><b>Environmental sustainability</b></p> <ol style="list-style-type: none"> <li>1. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment</li> <li>2. Establishing an environmental management system in line with the nature of the Company's business operations</li> <li>3. Setting up a framework and allocating staff to promote environmental conservation</li> <li>4. Adopting measures to reduce greenhouse gas emissions and minimize their impact on the environment</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has continuously worked to improve the efficient use of resources, including paper, water and electricity, as well as to promote recycling of cables and battery modules.</li> <li>2. TWM has established an internal Sustainable Development Committee. It is responsible for monitoring environment-related indexes and efforts to reduce carbon emissions, as well as planning, promoting and integrating all of the company's environmental protection-related activities.</li> <li>3. The Company has designated personnel in the Administration Division and Public Affairs Division to promote its environmental protection program.</li> <li>4. TWM has made use of its operating management practices and communications technology to reduce energy consumption and greenhouse gas emissions. These measures include: <ul style="list-style-type: none"> <li>● Data center energy-saving program</li> <li>● Base station equipment upgrading</li> <li>● Energy management program for TWM's office buildings and direct stores</li> <li>● Telepresence service</li> <li>● Green value-added service</li> <li>● e-service and mobile service</li> </ul> </li> </ol> <p style="text-align: right;">Unit: tCO<sub>2</sub>e</p> <table border="1" data-bbox="647 1429 1398 1727"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Direct emissions (Scope 1)</td> <td>2,608</td> <td>2,617</td> </tr> <tr> <td>Indirect emissions (Scope 2)</td> <td>171,854</td> <td>160,201</td> </tr> <tr> <td>Total GHG Emissions</td> <td>174,462</td> <td>162,818</td> </tr> </tbody> </table>		2011	2012	Direct emissions (Scope 1)	2,608	2,617	Indirect emissions (Scope 2)	171,854	160,201	Total GHG Emissions	174,462	162,818
	2011	2012											
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Indirect emissions (Scope 2)	171,854	160,201											
Total GHG Emissions	174,462	162,818											

Item	Current Practices
<b>Commitment to corporate social responsibility</b>	
1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy and establishing appropriate management practices, procedures and execution	1. Pursuant to related national regulations, including the Labor Standards Act, Employment Services Act and Gender Equality in Employment Act, the Company has never employed child workers, discriminated against any employee or ethnic group and forced its employees to work. In addition, TWM's Code of Ethics serves as a guideline for employees. The company has also established a performance-based reward system to motivate employees.
2. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education	2. The Company aims to provide a safe and healthy working environment for employees and has implemented related measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet.
3. Building a regular communication mechanism and notifying employees about potential operating changes that may have a significant impact on them	3. The Company has set up multiple channels to communicate with employees on a regular basis about the company's operational decisions.  (1) Dialogue between employees and management: Managerial meetings are held every three months to deliver the company's vision and recent critical developments to all employees. (2) A President's Mailbox has been set up for employees to submit recommendations to the company. (3) Information disclosure: All information is posted on the company's intranet, where employees can view the company's press releases, product information and management measures.
4. Drawing up a policy on protecting consumers' rights and providing a transparent and effective mechanism for filing and processing complaints about products and services	4. To protect consumers' rights, the Company provides various services and information, such as outdoor coverage for wireless broadband; free trial service for mobile internet; customers' prior agreement needed to activate mobile internet; measures to protect minors; and voluntarily notifying customers about the collection, processing and use of their personal information. All these are written in the customer service contracts and posted on the company website and on posters in Company stores. The Company aims to provide customers with the most diversified and convenient service channels by integrating its call center service, store service, website service and smartphone app service into an integrated customer-centric service network. In August 2012, the Company adopted measures from the world-renowned SGS Qualicert certification to standardize operating procedures, execute customer-driven process reengineering and periodically reexamine various service indicators to ensure the highest customer satisfaction and the most pleasant customer experience.
5. Working with vendors to promote corporate social responsibility.	5. TWM believes that ethic serves as the moral foundation of a well-managed enterprise. To promote a fair and just system, the Company set up an open procurement system to select suppliers and required that all suppliers comply with "TWM's Environmental and Occupational Health and Safety Policy" and "Guidelines on Corporate Social Responsibility for Suppliers." Furthermore, TWM provides first bargaining rights to green-product and conflict-free product suppliers to encourage others to likewise produce environmentally friendly products.  (1) TWM does not use any product from conflict material/product suppliers. (2) TWM requests its suppliers investigate their supply chains to ensure that no products are from conflict areas.
6. Promoting community development projects and philanthropic work through commercial activities, donations, volunteer work or other services	6. TWM has made significant progress in fulfilling its corporate social responsibility systematically and strategically. The Company leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society.  (1) The potential benefit of carbon emissions reduction throughout the ICT industry is far greater than what TWM can achieve on its own. As such, the Company has actively helped consumers and other organizations meet energy-saving and carbon-reduction goals through handset recycling, e-billing and video conferencing among others.  (2) In addition to the 5180 Mobile Donation Hotline and 909 Mobile Phone Audio Guide, TWM holds the annual myfone Mobile Awards to encourage creativity and innovation in order to enrich digital content and applications

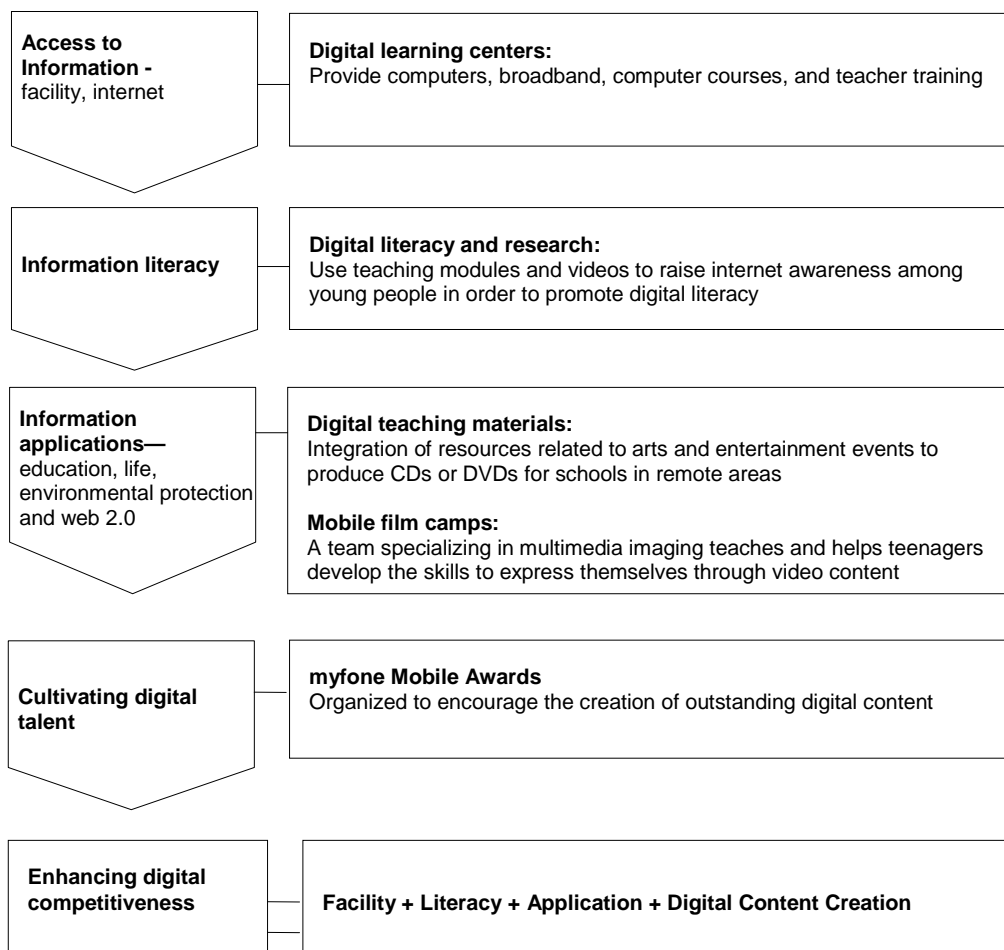


	<p>for its telecom business.</p> <p>(3) TWM provides discount rates for people with disabilities, and has also contributed hardware equipment and applications to promote information literacy to expand digital opportunities for remote and underprivileged communities to enhance the nation's digital competitiveness.</p> <p>(4) Since 2007, TWM has implemented its "Corporate Volunteer Guidelines" to encourage employees to take an active role in fulfilling their social responsibilities. Volunteers can take two paid days off a year to participate in community service activities. Transportation allowances and insurance, as well as comprehensive training, are provided. To date, 1,358 participants have joined these activities.</p>
<p><b>Information disclosure</b></p> <p>1. Disclosing relevant and reliable information on corporate social responsibility</p> <p>2. Process for preparing and disclosing CSR information</p>	<p>1. CSR-related information is updated on the websites of the Company and the Taiwan Mobile Foundation in a timely manner. All information and data contained in the CSR reports are compiled internally and verified by an external party to ensure their reliability and accuracy. All information (subject and content) are deemed to be materially important and designed to meet stakeholders' expectations.</p> <p>2. TWM released its first CSR report in 2007. A second report, released in 2009, complies with the GRI G3 and the AA1000 assurance standards on CSR disclosure practices. In addition, information disclosed in the 2012 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.</p>
<p><b>The Company's CSR policy and practices fully comply with the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies."</b></p> <p>The concept of corporate social responsibility has been embedded in the strategic decisions and daily operations of all departments. TWM went a step further, with the Board of Directors passing the "Taiwan Mobile CSR Policy" to serve as a long-term guideline for promoting CSR and fulfilling the company's commitment to society in January 2011.</p> <p>The policy contains six articles, with the Company's underlying corporate philosophy and core values serving as the foundation, emphasizing corporate governance, stakeholder's interests and full disclosure, and leveraging off the Company's core competence and services to promote environmental conservation and public welfare.</p>	

**Additional information on CSR-related matters:**

TWM leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society.

**1. Enhancing digital competitiveness**



- TWM continued to set up broadband services in remote areas in 2012. TWM has also collaborated with local nonprofit organizations (NPOs) to operate 8 digital learning centers as of the end of 2012.
- TWM has published 18 sets of digital teaching materials on music, the environment and network safety, as well as conducted online researches with NPOs to better understand teenage behavior.
- TWM hosted the “Mobile Film Creation Camp for Teenagers” to promote imaging education and applications, teaching teenagers how to express their ideas through creation of video content and to cultivate future multimedia talent.
- TWM launched the “myfone Mobile Awards” to encourage creation of new types of literature and music. The contest attracted a record nearly 50,000 entries. Awards were handed out for the best “SMS literature” and “original musical ringtones.”

**2. Environmental protection**

Aside from compliance and reducing pollution, TWM has also taken the initiative to help build an intelligent low-carbon society by leveraging its key resources in the ICT service industry. The Company helps other businesses reduce their carbon emissions through its mobile and e-services and promotes environmental protection through its extensive interaction with subscribers and consumers. Because of these efforts, the Company was the first in the service sector to receive the “R.O.C. Enterprises Environmental Protection Award” from the Environmental Protection Administration

of the Executive Yuan. Having won this award for three consecutive years, the Company has earned lifetime recognition for its achievements.

### 3. **Community participation and social care**

- TWM introduced the “5180 Mobile Donation Hotline,” a micro-donation platform, to provide a long-term fundraising channel for 63 NPOs.
- TWM sponsors tutorial sessions after school for about 140 children from underprivileged families every year.
- TWM works with the Canlove Social Services Association to provide professional counseling services to people suffering from depression and to promote suicide prevention awareness. More than 36,000 participants took part in these activities in 2012.
- TWM sponsors an NGO that provides classes on “EQ Management” and “Suicide Prevention” to junior high school students. A total of over 184,000 students have been involved in this program.

### 4. **Consumers’ interests:**

TWM introduced a global standard information security management system to ensure that customers’ personal information is strictly protected every step of the way – from form application to activation, information changes, billing, settlement and customer services.

### 5. **Human rights:**

TWM has never employed child workers. Pursuant to the Gender Equality in Employment Act and Employment Services Act, the Company has never discriminated against any employee and ethnic group or forced labor on its employees. Employees are free to form associations.

### 6. **Safety and health:**

To build a vital, happy and healthy workplace, TWM has designed various activities for its employees with a focus on promoting a safe environment, disease prevention, health and spiritual relaxation. From 2007 to 2012, the Company received the following awards: “LOHAS (Lifestyles of Health and Sustainability),” “Community Health,” “Leader in Health” and “Best Weight Loss Office” from the Cabinet-level Department of Health. It also received top certifications from Taipei City’s Health Department for its breastfeeding rooms.

### 7. **Cultural promotions:**

- TWM introduced the “909 Mobile Phone Audio Guide,” which employs mobile communications technology and cloud database to promote art and culture.
- To promote cultural literacy, TWM has since 2005 held 33 large outdoor concerts throughout the country, with more than 460,000 people attending these events.

### **Has the Company issued CSR reports that have been verified by an independent third-party assurance organization?**

Since 2009, TWM’s CSR report has been verified by an independent third-party organization, the British Standards Institute, in accordance with its AA1000 assurance standards and GRI guidelines. In addition, information disclosed in the 2012 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.

## Ethical corporate management

Item	Current Practice
<p>1. Establishing a policy on ethical corporate management:</p> <ul style="list-style-type: none"> <li>(1) Specifying the Company's policy on ethical corporate management in its official charter and material documents, including the board and management's commitment to its implementation</li> <li>(2) Setting up a system to prevent dishonest behavior, including its operation, guidelines and training</li> <li>(3) Adopting measures to prevent high-risk dishonest behavior, such as offering or accepting bribes, giving illegal political donations</li> </ul>	<ul style="list-style-type: none"> <li>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles and disseminates them on an annual basis to ensure that employees, management and the board comply with the principles. Moreover, the principles have been incorporated into the Company's internal control system.</li> <li>(2) The Company's Ethical Corporate Management Best Practice Principles has clearly established preventive measures against the following: <ul style="list-style-type: none"> <li>a. offering and accepting bribes</li> <li>b. illegal political donations</li> <li>c. improper charitable donations or sponsorship</li> <li>d. offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits</li> </ul> The aforementioned principles and related regulations are announced and disseminated to employees, managers and board directors to enhance integrity and self-discipline. </li> <li>(3) The Company has set up an accounting system and internal control system for business activities that are at higher risk to dishonest behavior. The Company has no under-the-table accounts or secret accounts. The aforementioned systems are reviewed periodically to ensure that they are working and measures are implemented.</li> </ul>
<p>2. Implementation of ethical corporate management</p> <ul style="list-style-type: none"> <li>(1) Avoiding transactions with parties that have a record of dishonest behavior; stipulating in all contracts what constitute unacceptable behavior</li> <li>(2) Establishing a full-time or part-time unit to promote the Ethical Corporate Management Best Practice Principles and supervision by the board of directors</li> <li>(3) Setting up policies to prevent conflict of interests and providing channels to report such conflict.</li> <li>(4) Building an effective accounting system and internal control system to carry out ethical corporate management, with internal auditors auditing the process</li> </ul>	<ul style="list-style-type: none"> <li>(1) The Company's Guidelines on Corporate Social Responsibility for Suppliers, promulgated in 2011, states that all suppliers should not engage in bribery.</li> <li>(2) The Internal Audit Office is responsible for promulgating and overseeing policies and programs relating to ethical corporate management and tasked with reporting to the board of directors.</li> <li>(3) The Company has promulgated policies to prevent conflict of interests. Any violation should be reported to the Audit Committee, the managers or the chief internal audit officer.</li> <li>(4) The Company has established an effective accounting system and internal control system. In addition, internal auditors schedule regular audits according the level of risks. No violation has ever been found.</li> </ul>
<p>3. Providing reporting channels and a system for appeal and punishment in cases of ethics violation</p>	<p>The reporting channels include mailboxes for employee or vendor complaints. If any violation is found, the internal audit office will conduct an investigation and report the results, with punishment being meted in accordance with the severity of the offense. The Company has incorporated the Ethical Corporate Management Best Practice Principles into its employee performance assessment and human resource policies to create an effective reward/punishment mechanism.</p>
<p>4. Strengthening information disclosure</p> <ul style="list-style-type: none"> <li>(1) Disclosing related information on ethical corporate management on the Company's website</li> <li>(2) Other ways of disclosure (e.g. setting up an English website or designating dedicated personnel to collect and disclose related information on the Company's website)</li> </ul>	<ul style="list-style-type: none"> <li>(1) The Company's Ethical Corporate Management Best Practice Principles have already been posted on the Company's website and are duly updated.</li> <li>(2) The Company has set up an English website and designated dedicated personnel to collect and disclose related information on the website.</li> </ul>
<p>5. Should the company promulgate its own ethical corporate management principles in accordance with the "Ethical Corporate Management for TWSE/GTSM-listed Companies", describe differences between real practices and the principles established: No difference</p>	

6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices, such as the Company publishing its ethical corporate management practices and inviting vendors to participate in the Company's training on and amendment of the principles:

The Company has promulgated Guidelines on Corporate Social Responsibility for Suppliers as a guideline for doing business with vendors. In addition, the Company issued a CSR report in 2012, which was verified by an independent third-party organization, in accordance with its AA1000 (2008) assurance standards. The information disclosed in the aforementioned report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization. This is another evidence of the Company's commitment to carrying out ethical corporate management.

## **Corporate governance rules and procedures**

The Company has implemented a number of rules and procedures to enhance its corporate governance practices. It has revised the Audit Committee Charter, the Compensation Committee Charter, the Rules and Procedures Governing Board of Directors' Meetings, the Rules and Procedures Governing Shareholders' Meetings, the Regulations Governing Internal Material Information, the Code of Ethics, the Ethical Corporate Management Best Practice Principles, and Corporate Social Responsibility Policy, and the Rules and Procedures on Conducting Transactions between Group Companies and Related Parties. With these changes, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, but it also adheres to the highest international standards.

## **Additional information on corporate governance operations:**

### **Corporate governance principles**

- Timely disclosure of material information
- Checks and balances between the board and management
- Fair representation of independent board members
- Audit Committee ensures fair and independent financial oversight
- Compensation Committee ensures sound corporate governance practices and compensation systems for directors and managers are in place
- Adoption of a cash dividend policy based on a high earnings payout ratio
- Vote for each proposal at AGM and allow shareholders to exercise their rights through electronic voting system
- Comply with the Code of Ethics and Ethical Corporate Management Best Practice Principles and implement internal audit mechanism

To ensure that employees, managers and directors promote information transparency and timely disclosure, the Company disseminates "Regulations Governing Internal Material Information" (approved by the Board on January 22, 2009) on an annual basis and has incorporated them into its internal control system to avoid risks of insider trading.

## Internal control system

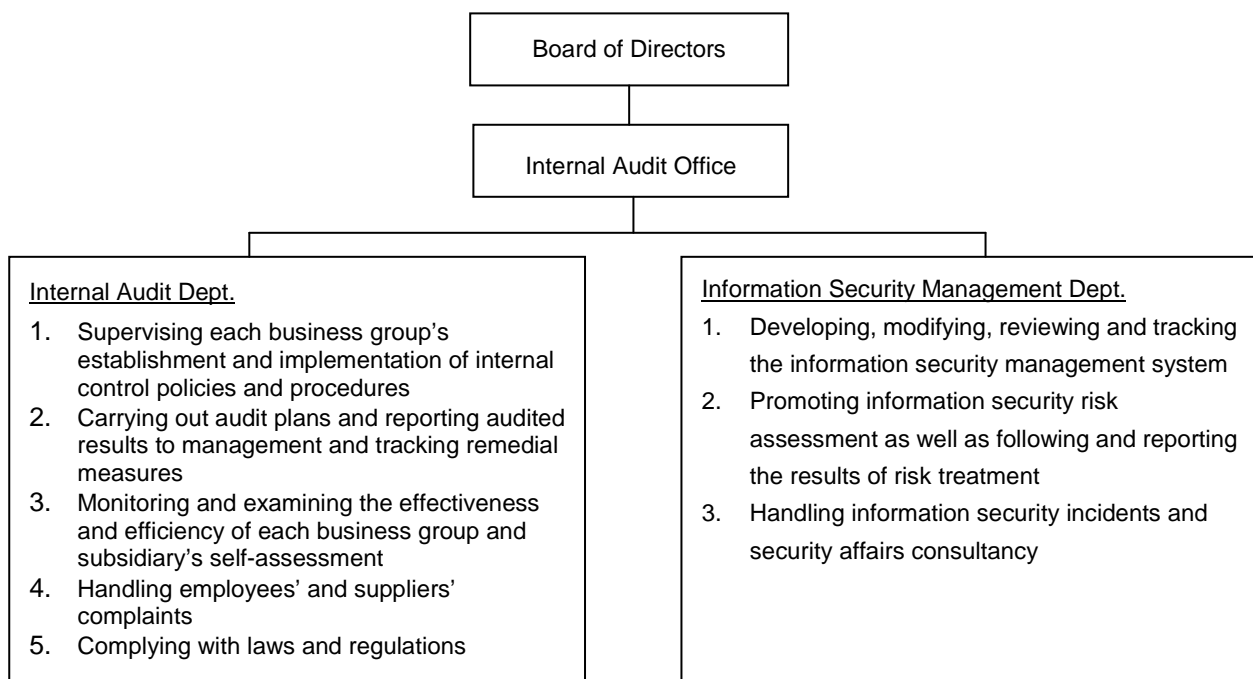
### 1. Internal control mechanism

The Company's Internal Audit Office is made up of two departments: internal audit and information security management. The internal audit department carries out audits, while the information security management department sets information security affairs into action.

The Company's Internal Audit Office with designated personnel is an independent unit that reports directly to the Board of Directors. It is responsible for the examination and assessment of the internal controls of the Company's financial, sales, operations and management departments. All departments, including those of the subsidiaries, are subject to its audit.

Regular internal audits are executed according to the annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements. In accordance with corporate governance, audit reports are regularly submitted to and reviewed by the Chairman, as well as presented to the Audit Committee and the Board of Directors by the Chief Internal Auditor. The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the Presidents and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.

There are 13 dedicated internal audit staff, including one supervisor in charge of the Internal Audit Office, whose responsibilities are detailed below:



## 2. Internal control statement

Taiwan Mobile Co., Ltd.

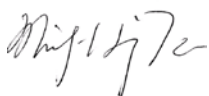
Internal Control Statement

Date: January 31, 2013

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2012:

1. TWM is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission, and the Executive Yuan (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment and response, 3. Control activities, 4. Information and communications, 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of Dec. 31, 2012, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 31, 2013, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Richard Tsai  
Chairman



Cliff Lai  
Co-President



Vivien Hsu  
Co-President

**Violation of regulations and internal policies:** None

## **Major resolutions at the shareholders' meeting and board meetings**

### **1. Major resolutions at the 2012 shareholders' meeting**

Issues approved and subsequent execution:

- (1) 2011 business report and financial statements
- (2) 2011 earnings distribution proposal

Execution: set record date of ex-dividend on July 15, 2012, cash payment on July 27, 2012.

- (3) Amendments to the Company's "Articles of Incorporation"
- (4) Amendments to the Company's " Rules and Procedures on the Acquisition or Disposal of Assets"

### **2. Major resolutions by the board (from 2012 up to the publication date in 2013)**

1. 5th meeting of the sixth BOD on January 19, 2012
  - (1) Approved 2011 business report and financial statements
  - (2) Approved 2012 stand-alone and consolidated financial forecasts
  - (3) Approved 2012 capital expenditure plans
  - (4) Approved the holding of the 2012 general shareholders' meeting
2. 7th meeting of the sixth BOD on April 26, 2012
  - (1) Approved 2011 earnings distribution proposal
  - (2) Approved adoption of IFRS and its subsequent impact on financial reports
3. 8th meeting of the sixth BOD on July 26, 2012
  - (1) Approved 1H12 financial statements
  - (2) Approved upward revision of the contract value with NSN and additional capital expenditure plans for 2012
4. 9th meeting of the sixth BOD on October 25, 2012
  - (1) Approved the change of chief accounting officer
  - (2) Approved the issuance of unsecured straight corporate bonds of no more than NT\$16bn
  - (3) Approved a loan to TFN Media Co., Ltd.
5. 10th meeting of the sixth BOD on January 31, 2013
  - (1) Approved 2012 business report and financial statements
  - (2) Approved the change of chief internal audit officer
  - (3) Approved the adoption of an accounting policy change on bundled sales starting January 1, 2013.
  - (4) Approved 2013 consolidated financial forecasts
  - (5) Approved 2013 capital expenditure plans
  - (6) Approved the consignment of the Company's direct store related operations to Taiwan Digital Service Co., Ltd., the newly set-up 100%-owned subsidiary of the Company
  - (7) Approved the holding of the 2013 general shareholders' meeting

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



**Major dissenting comments among directors over board meeting resolutions from 2012 up to the publication date in 2013:** None

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

As of March 15, 2013

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Chief Accounting Officer	Ruth Liaw	2006.08.15	2012.09.12	Resignation
Chief Internal Audit Officer	Jay Hong	2008.01.17	2012.12.11	Position Adjustment

## Certified Public Accountant (CPA) Information

### 1. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA		Audit fee	Non-audit fee			Period covered by CPA's audit	Remarks
				Company registration	Other	Total		
KPMG	Simon Chen	Janice Lai	8,250	-	685	685	Year 2012	Fees for other non-audit services were mainly for tax-related consultation

Range of CPA service fee	Audit fee	Non-audit fee	Total
NT\$0~NT\$1,999,999	-	✓	-
NT\$2,000,000~NT\$3,999,999	-	-	-
NT\$4,000,000~NT\$5,999,999	-	-	-
NT\$6,000,000~NT\$7,999,999	-	-	-
NT\$8,000,000~NT\$9,999,999	✓	-	✓
NT\$10,000,000 and above	-	-	-

### 2. Other information

- (1) If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services: Not applicable

(2) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: Not applicable

(3) If audit fees dropped by more than 15%, specify the amount and percentage of decline and reasons: Not applicable

**3. Information on CPA changes:** None

**4. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past one year:** None

## Direct and indirect investments in affiliated companies

As of December 31, 2012

Unit: shares, %

Long-term investments under equity method	Investment by TWM		Direct and indirect investment by TWM directors and management		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
Taiwan Cellular Co., Ltd.	370,895,800	100.00%	–	–	370,895,800	100.00%
Wealth Media Technology Co., Ltd.	39,065,000	100.00%	–	–	39,065,000	100.00%
Taipei New Horizon Co., Ltd.	92,315,000	49.90%	–	–	92,315,000	49.90%

## Changes in shareholdings of directors, managers and major shareholders

### 1. Insignificant changes in shareholder structure

Unit: shares

Title	Name	2012		2013 (as of March 15)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding <sup>1</sup>	Net change in shares pledged
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai				
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	0	0	0	0
Director	Fu-Chi Venture Corp. Representative: Victor Kung				
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	0	0	0	0
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu				
Independent Director	Jack J.T. Huang	0	0	0	0

Title	Name	2012		2013 (as of March 15)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding <sup>1</sup>	Net change in shares pledged
Independent Director	Tsung-Ming Chung	0	0	0	0
Independent Director	Wen-Li Yeh	0	0	0	0
Independent Director	J. Carl Hsu	0	0	0	0
Major Shareholder (shareholding of more than 10%)	TFN Union Investment Co., Ltd.	0	0	0	0
Co-President	Cliff Lai	0	0	0	0
Co-President	Vivien Hsu	0	0	0	0
SVP and Chief Financial Officer	Rosie Yu	0	0	0	0
Vice President and Acting Chief Technology Officer	HS Wang	0	0	0	0
Vice President	Ariel Hwang	0	0	0	0
Vice President	Jay Hong	(25,000)	0	0	0
Vice President	James Chang	0	0	0	0
Vice President	Egon Chen	(9,000)	0	0	0
Vice President	Chien Chen	0	0	0	0
Vice President	Tom Koh	0	0	0	0
Vice President and Deputy COO	Jeff Ku	(8,000)	0	0	0
Vice President	Sean Hsieh	(95,000)	0	0	0
Vice President	Paul Huang	0	0	0	0
Vice President	Steve Chou	0	0	0	0
Vice President	Joseph Yang	(48,000)	0	0	0
Chief Accounting Officer	Darren Shih (took office on Sept. 12, 2012)	0	0	0	
Vice President	Ruth Liaw (resigned on Sep. 30, 2012)	0	0	NA	NA
Vice President	C.A. Chuang (resigned on Dec. 31, 2012)	0	0	NA	NA
Vice President	Techi Juan (resigned on Dec. 31, 2012)	0	0	NA	NA
Vice President	Simon Wang (resigned on Dec. 31, 2012)	0	0	NA	NA

2. Shareholding transferred with related party: None

3. Stock pledged with related party: None

### Relationship between TWM's top 10 shareholders

As of July 15, 2012

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
TFN Union Investment Co., Ltd.	410,665,284	12.00%	-	-	TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
TCC Investment Co., Ltd.	200,496,761	5.86%	-	-	TFN Union Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd.	A is B's chairman A is B's chairman

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Ming Dong Co., Ltd.	184,736,452	5.40%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman Related party B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees
Fubon Life Insurance Co., Ltd.	123,791,400	3.62%	--	--	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	Related party Related party Related party Related party Related party Related party Related party B is a director at A
Chairman: Oliver Cheng	-	-	-	-	None	None
TCCI Investment & Development Co., Ltd.	119,563,804	3.50%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd.	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Dao Ying Co., Ltd.	104,954,742	3.07%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman Related party B's chairman is a relative within two degrees of A's chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees
Cathay Life Insurance Co., Ltd.	102,933,900	3.01%	-	-	None	None
Chairman: Hong-Tu Tsai	-	-	-	-	None	None
Daniel Tsai	91,979,990	2.69%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd.	A is a director at B A is a director at B A is a director at B Related party

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Richard Tsai	A is a director at B A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Richard Tsai	90,127,938	2.64%	5,986,496	0.18%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
JP Morgan Chase Bank N.A. Taipei Branch, custodian for Saudi Arabian Monetary Agency	83,373,826	2.44%	–	–	None	None