

Chap. 7 Our Values |

Best Service Quality

Committed to creating the best customer experience, Taiwan Mobile is continually expanding its premium communications platform, offering a wide range of products and services, including data cards, smartphones and handset accessories, netbooks, internet broadband and cable TV services, to provide customers with the ease of one-stop shopping. The Company has more than 106 myfone direct stores for customers to test and experience the latest in digital wireless technology and value-added services through free tutorials or small group workshops provided by the Company.

TWM won two prizes in Next Magazine “2008 Top Service Awards” – placing second in the mobile/fixed-line category and the 3C store channels category. TWM was the only double winner and the first telecommunications company to win in the 3C store channels category. The Company’s myfone e-store also won an “e-21 Golden Website Award” in the large enterprise sector from the Ministry of Economic Affairs. These awards and recognitions serve as an inspiration for the Company to continue striving to meet customer demands by providing the best experience.

Excellent Brand Image

People lie at the heart of everything we do. TWM works on the principle of “Customer First” to give customers the satisfaction of enjoying worry-free communications based on the following four key values: simplicity, innovation, passion and integrity. By adopting the customers’ perspective as its own, Taiwan Mobile strives to create the best communications experience that allows

users to freely pursue their lifestyle and reckon that “Taiwan Mobile” is indeed “My Mobile.”

Acknowledging the trend toward digital convergence, the Company teamed up with TWM Group affiliates to launch three brands: “Taiwan Mobile” to serve the individual mobile communication needs of the consumer market, including VAS and wireless broadband; “TWM Broadband” to deliver cyberhome and digital services for the household market; and “TWM Solution” to provide enterprise customers with tailor-made integrated ICT services.

Looking ahead, TWM aims not only to become “My Mobile,” but also the benchmark for digital integration for the new generation, enabling customers to embrace their lives with ease and confidence.

Innovative Research and Development

1. Research and Development Spending

Investment in research and development for mobile business and its ratio as a percentage of total mobile revenue are shown in the table below. For 2009, the Company plans to spend NT\$795 million on research and development for more advanced technologies designed to increase customer satisfaction, which in turn should boost revenue and overall operations growth.

Year	2008	As of Mar. 5, 2009
R&D expense (NT\$'000)	488,744	84,589
As a % of total revenue	0.90%	0.90%

2. Major Research and Development Achievements

Project name	Details
Parlay X gateway and IMS application service integration	Development of open service access (OSA) parlay X compliant gateway to expand TWM's range of telecom services. This, together with its IP multimedia subsystem (IMS) platform, would facilitate the development of next generation network and digital convergent services. Proof of concept (PoC) application services, including call notification, call handling, third party call, and instant messaging and presence service (IMPS), are being developed.
SOA-based IMS service fulfillment platform	Development of service-oriented architecture (SOA) based order gateway for processing complex service fulfillment/provision flows. With the proposed system architecture, TWM can better manage its operations flow, raise service efficiency and lower opex. In 2008, the Company successfully carried out testing of the system's IMS service, verifying its feasibility.
IPTV service platform prototyping	Development of a Web browser-based IPTV service platform prototype covering different media convergence technologies, such as media multicast streaming, video service control, set-top box and an interactive electronic program guide. The Company also made an IPTV blending service PoC (call notification on TV) that integrated the proposed Parlay X and IMS framework.
Data center performance enhancement	Adopted the latest environment-friendly technology and equipment to build the first "green" data center on energy-saving and reducing carbon emissions. Statistics run by this data center can be used as a benchmark for future base station design and construction.
Supporting system integration for triple play services	Integration of sales management system, customer service system, and data base to support rising demand and expanding needs as the subscriber number of "TWM Family," our triple play service, increases.
Intelligent location platform	Development of intelligent location platform (iLP) to meet users' demand for location-based services (LBS). iLP provides standard application interface (API) for service and content providers to create and deliver various, innovative LBS services.

Future Research and Development Plans

1. Strategic plans:

Project name	Objective	Status	Completion date
Optical packet metro (OPM) network management technology development	Build an OPM test-bed network and develop OPM network management proof of concept (PoC) system.	Working on system planning	Sep. 2009
Customer contact history system (CCHS)	Build an integrated customer contact history platform to support all business lines. The objective is to provide customer centric and integrated customer contact history data for triple/quad play. It will provide a scalable and extendable infrastructure to fulfill future business needs.	Working on solution evaluation and vendor selection.	Dec. 2009
New customer network management (NEW-CNM) alert platform	Build a web-based monitoring and alert platform to provide enterprise customers with instant problem shooting solutions from TWM's data services.	Working on phase I: Including service type IPVPN, International IPVPN & Metro Ethernet, system can provide circuit alarm, traffic diagrams and assign engineers to solve problems.	Feb. 2009
Enterprise performance management (EPM)	Beginning 2009, TWM will disclose information on management performance by business unit rather than by legal entity. More precise performance numbers and better analytical functions can be automatically generated through the EPM system.	Work in progress. Partial functions were ready and official numbers for disclosure have been generated from the EPM system since Jan. 2009.	June 2009

2. Systems development:

Project name	Objective	Status	Completion date
Performance improvement schemes for WiMAX/HSPA	Conduct research on improving WiMAX/HSPA wireless access technology and software platform development for cell planning.	Already completed the WiMAX/HSPA platform development; others still in progress.	June 2009
Study on channel prediction for HSDPA systems	Use non-data aided (NDA) algorithm for channel prediction to enhance spectral efficiency and optimize transmission quality.	Work in progress.	Aug. 2010

2. Systems development:

Project name	Objective	Status	Completion date
Instant messaging and presence service (IMPS)	Based on the IMS core platform, users are able, through various kinds of mobile devices, to transmit unified communication messages, including instant messages, pictures, video and present status of users. This enhances the variety of value-added services and could enhance customer loyalty and stickiness.	Planning and designing system specifications	Jun. 2009
Digital TV (DTV) trial run	Use digital TV technology to provide cable TV viewers with more programs and channels, and develop interactive applications on DTV.	Implementing and testing system	June 2009
Near field communication(NFC) mobile wallet	Form partnerships with banks and merchants to provide Mobile Wallet service using NFC technology to develop universal SIM cards that incorporate the functions of a credit card, transportation ticket, membership card, coupons, vouchers, etc. into a single card.	Deploying system and interconnecting with the banks. Cooperate with handset makers to mass produce NFC handsets.	Oct. 2009
On-device portal (ODP)	Develop an ODP service for high-end and standardized handset platforms such as Symbian S60, Windows Mobile and Android. Users can receive and cache content pushed by TWIM for off-line browsing. This makes for a better customer experience as users don't have to click and wait to pull WAP pages.	Product specification confirmed; working on planning	Nov. 2009

Corporate Social Responsibility

Corporate social responsibility is not only a key measurement of a company's competitiveness, but also a demonstration of a company's core value. Taiwan Mobile formed a foundation in 1999 as a way of giving back to society and has received numerous recognitions for its efforts. These include the "Best Social Responsibility Award – Corporate Category" from China Times, "Excellence in Corporate Social Responsibility" from CommonWealth magazine, and "Corporate Social Responsibility Award - Service Sector Category" from Global Views Monthly in recent years.

The Company allocates around NT\$60 million annually to its corporate social responsibility division to undertake various social welfare activities. In 2008, the Taiwan Mobile Foundation devoted 56% of its budget to social welfare, 25% to telecom research, and 15% to emergency rescue. The major beneficiaries and targets were minorities and the disadvantaged, environmental protection and education, bridging the digital gap, and arts and culture promotion.

Green Company

In response to global warming, TWM has implemented concrete measures to raise energy efficiency, reduce waste and create a sustainable environment. These include campaigns such as handset and battery recycling, promoting a paperless work environment and electronic billing, tree planting, and teaching environmental protection at schools. The Company hopes to contribute to the reduction of carbon dioxide emissions to comply with international and domestic regulations on environmental protection.

Corporate Volunteers

TWM set up a corporate volunteer program in 2007. The Company offers volunteer staff two-day paid leave each year to serve local communities. Hundreds of corporate volunteers took part in the projects organized by the TWM Foundation, including caring for the elderly who live alone in Hualien, after-school education for underprivileged children, and preserving the wetlands around Guandu Nature Park. This program has successfully served as a platform for employees to contribute to society.

Social Care

TWM introduced the "5180 Mobile Donation Hotline" in 2005 to make it easier for people to donate to charities or public causes by simply dialing 5180 anytime, anywhere, the first such platform in Taiwan. With this convenient service, despite the macroeconomic slowdown in 2008, donations made through the 5180 hotline still increased by 67% over 2007. The Company also offered special discount rate plans for the disabled and non-profit organizations (NPO). Additionally, the Company hired a number of spinal cord injury

sufferers, training them to become professional customer service agents and helping them to embrace a new life.

Bridging the Digital Gap

TWM set up broadband services in remote areas such as Alishan's Shanmei Village, Shizi Village and Chashan Village in 2007 and 2008. In addition, a community library with internet access was built as part of its vision of providing "Broadband for Every Village" in the Alishan area. These efforts won commendations from the National Communications Commission in Feb, 2009.

Art and Culture Promotions

TWM held its first "Myfone Mobile Composition Award" competition in 2007 to encourage participants to create quality SMS and ringtones for the new mobile platform. The Company also set up a "909 Mobile Phone Audio Guide" system for museums in Taiwan in 2004 that allows visitors to use their handsets to listen to the audio guide to several grand exhibitions, such as "Camille Pissarro, Family and Friends" at the National Palace Museum and the "Millet Art Exhibition" at the National Museum of History in 2008. Furthermore, it has sponsored many free concerts in Taitung, Taoyuan, Kaohsiung, Nantou and Tainan as part of its efforts to promote and popularize classical music.

Consumers' Rights and Interests

In accordance with the rules set forth by the NCC to protect consumers' rights and interests, the Company submits all service and rate plans for approval by the Commission, followed by a public announcement seven days prior to their implementation. All contracts with customers are drawn on the basis of fair and equal treatment and fulfill all the requirements stipulated in the Consumer Protection Law. The Company also provides clear and detailed billing information to customers.

Mindful of the importance of customer information security, TWM obtained an ISO 27001 Information Security Management System certification in 2006 and passed the global system's three-year overall review in 2008.

TWM's dedication has won positive responses from customers, with Company surveys over the past two years showing respondents giving high marks to improvements in network quality, SMS rates, retail services, call center services and billing information. A survey conducted by the Consumers' Foundation in 2008 also showed TWM topping the poll on customer satisfaction among Taiwan's major telecommunication operators.

Employee Benefits and Employee Rights Protection

The Company has set up an employee conduct/ethical standards policy to serve as guidelines for employee behavior and development. To motivate employees, the Company has launched various compensation and benefits programs that are performance-based. Overall, the Company's human resources policies surpass basic labor law requirements, such as the Labor Standards Law. These policies are detailed as follows:

1. Employee Behavior/Ethical Standards

The Company has established policies and rules as a guide for employees' conduct, rights, responsibilities, and ethical standards. They are as follows:

- (1) Delegation of Authority
 - a. Authorization guidelines and limitations
Aimed at streamlining business processes, strengthening distribution of responsibility, as well as detailing management authority at each job level.
 - b. Empowerment and delegation rules
Designed to ensure smooth and normal business operations.
 - c. Job ranking, title and organizational structure policy
Formulated to correspond to employees' career plan.
- (2) Work Regulations
The Company's work regulations clearly define the rules and responsibility of both management and labor. The Company's modern management approach has effectively promoted cooperation among employees and benefited the Company.
- (3) Divisional Responsibilities
The Company's major divisions are separated by functions. Each division is tasked with specific job responsibilities, and this separation of functions has strengthened the core competency of the Company.
- (4) Reward and Punishment Policies
The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in Article 14 and Article 47 to Article 58 in the Company's "Work Regulations."
- (5) Employee Assessment Policy
Supervisors provide feedback, assistance and map out individual development plans based on employee performance.
- (6) Attendance and Leave Policy
Enforcement of this policy – designed to serve as a guideline for employees – helps enhance work quality.

- (7) Business Confidentiality Policy
To safeguard the Company's competitive advantages, employees are required to sign a "Confidentiality and Intellectual Property Rights Statement" and "Employment Contract" in order to protect the Company against potential damage from the disclosure of trade secrets. The Company provides employees with the required information and training courses to strengthen their understanding of information security.
- (8) Sexual Harassment Prevention and Handling Procedures
The Company's "Work Regulations" include rules designed to prevent sexual harassment in the workplace and promote gender equality. The Company disseminates information on laws and procedures for filing complaints on sexual harassment on the intranet to serve as a guideline for employees.

2. Benefits Programs

- (1) All employees are entitled to labor insurance, national health insurance, and group insurance coverage starting from the first day of work.
- (2) The Company has an employee treasury stock subscription plan, an annual bonus plan, and an employee profit-sharing plan.
- (3) An Employees' Welfare Committee was established in July 1998 to handle and implement employee benefits programs. The committee is in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions such as weddings, festivals and funerals.

3. Employee Stock Ownership Plan

Designed to boost employee retention, the Employee Stock Ownership Plan was implemented in January 2006. Under the plan, employees are encouraged to invest a certain amount of their monthly pay – with the Company contributing a similar percentage – to purchase company shares.

4. Employee Training and Education Program

- (1) To help employees develop their expertise in telecommunication technologies and business administration, the Company has a scholarship program designed to provide employees with the opportunity to study at home or abroad. The Company is also committed to the continuous training and development of its employees in order to create a win-win situation for both the Company and its employees.
- (2) The Company sends large numbers of employees to local and international telecommunication conferences, management forums, consulting

seminars, and vendor training programs every year. These activities have a profound effect on upgrading the Company's technologies, developing new products, introducing innovative new ideas, and improving managerial skills.

- (3) The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.
- (4) Orientation for new employees includes an introduction of corporate culture, company organization, telecommunications market, IT and network system, labor safety, as well as information security training.
- (5) Core competency development: Focus on basic competencies, including problem solving, decision-making, communication, project management, basic legal knowledge of the telecommunications market, team building and service skills.
- (6) Management training and development: Separate training programs for entry-level management, middle management and senior management. Training courses include performance management, leadership, motivation skills, strategy management, project management, team dynamics skills and organizational development skills.
- (7) Employees whose jobs are related to the release of the Company's financial information are encouraged to obtain certifications in related fields. Certification details are as follows:
 - a. Certified Internal Auditor (CIA): One employee in Operation Analysis Division; seven in Internal Audit Office.
 - b. Basic examination of internal controls conducted by the Securities and Futures Institute: Three in Secretarial Division.
 - c. Qualified Internal Auditor (QIA): One employee in Operation Analysis Division; seven in Internal Audit Office; one in Accounting Division.
 - d. Certified Public Accountants (CPA): One employee in CFO Office; two in Operation Analysis Division; one in Accounting Division; one in Finance Division.

5. Retirement Plan and Implementation

- (1) The Company has specific Employee Retirement Guidelines.
- (2) The Company has set up a Labor Pension Supervisory Committee, which was approved by the Taipei City Government in February 1998. Since May 1988, the Company has been allocating on a monthly basis, a retirement pension equivalent to 2% of the employee's monthly salary.
- (3) The Company has implemented the New Labor Pension System since July 2005.
- (4) In accordance with Issue No. 18 of the Financial

Accounting Standards of the ROC, the Company shall retain the services of an actuary to assess and calculate the labor pension reserve and provide a detailed report.

6. Employee Safety and Sanitary Policy

To fulfill the Company's social responsibility in providing its employees with a safe, healthy and comfortable working environment, the Company endeavors to:

- (1) Abide by and comply with regulations on environmental protection, safety and sanitation.
- (2) Be on constant lookout for potential hazards in the work environment to minimize accidents.
- (3) Promote health education, conduct physical examinations, and implement health management programs.
- (4) Promote and instill energy-saving consciousness to help reduce waste of resources.

The Company's employee safety and sanitary policy is posted on its internal website and summarized as follows:

- (1) A unit dedicated to conducting environmental inspections and carrying out employee sanitary training courses was established in accordance with regulations.
- (2) A Health and Safety Committee was set up to draft a plan to prevent job injuries; ensure compliance and review related rules on employee health and sanitary improving solutions through periodical meetings.
- (3) Full-time professional nursing personnel were employed to conduct health examinations for employees, track the progress of staff who failed to pass their health examination, and hold talks on how to promote health. Staffers who are able to administer first aid treatment were placed at each work area.
- (4) Fire/flood protection exercises were performed periodically to reduce risks of employee injury and property loss from natural disasters.
- (5) Entrance guards and security systems were placed at all main base stations and work offices to secure staff, property and information security.
- (6) Energy-saving policies were set to reduce carbon emissions.

7. Management/Labor Relations

The Company, working under the management and labor as one concept and belief that a win-win situation can be achieved when the two sides work together, has followed relevant labor laws and regulations, held quarterly management/labor forums to facilitate communication, and promoted employee benefits to build a harmonious and satisfactory management/labor relationship. The Company has therefore not experienced any losses due to management/labor disputes and does not foresee any such situation in the future.