

行動



Taiwan Mobile

CSR REPORT

企業社會責任報告

2009-2010

TAIWAN MOBILE

The larger a corporation, the greater its social responsibility



About This Report

This report is drafted according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and the Corporate Social Responsibility Policies of Taiwan Mobile to describe the company’s practices, performance and planning related to business operations, corporate governance, environmental protection and social participation during the two-year period of 2009-2010. Certain topics include data recorded before 2008 to show changes over time.

While the report mainly covers the practices of Taiwan Mobile Co., Ltd, some areas involving affiliated enterprises are also addressed. There have not been significant changes from the previous reporting period (December 2009) in the scope or measurement methods applied in the report. Any differences in the report’s scope or measurement methods are specified in related sections.

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

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

For questions, comments or further information, please contact us by any of the following methods:

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Message from the Chairman

During the past two years, the global economy has begun to recover from the depths of the 2008-2009 financial crisis, and domestic consumer spending has also experienced modest growth. Controls imposed by the government on mobile phone rates and the saturation of the mobile voice market, however, have tested local telecom operators' commitment to sustainable operations.

In response to these changes and challenges, Taiwan Mobile has put a priority on integrity and implemented corporate governance policies. Guided by visionary business strategies and corporate social responsibility principles, Taiwan Mobile continues to steadily pursue the goal of providing world-class telecom services by actively responding to the needs of our stakeholders, including shareholders, consumers, employees, the environment, suppliers and local communities.

Embracing the digital convergence trend, Taiwan Mobile's business focuses on TIME (Telecom, Internet, Media and Entertainment) services. Our sound financial base enables us to pursue mergers and acquisitions that can maximize shareholder value. We have also been recognized by Euromoney for Best Corporate Governance among Taiwanese companies and by IR Global Rankings (IRGR) as the top company in Asia-Pacific for financial disclosure.

Meanwhile, we have made significant progress in fulfilling our corporate social responsibility systematically and strategically. Using our core competency -- telecom technology and expertise -- we have helped meet a variety of social needs. The 5180 Mobile Donation Hotline, the 909 Mobile Audio Guides and the myfone Mobile Award are some examples of how we create core telecom sector values and enrich digital content and applications. We also contribute equipment, information literacy and information applications to help remote and underprivileged communities enhance their digital competitiveness. These efforts have been recognized through a number of CSR honors -- for "Excellence in Corporate Social Responsibility" from CommonWealth Magazine and a "Corporate Social Responsibility Award" from GlobalViews Monthly.

In terms of environmental protection, the potential benefit of carbon emissions reduction in the ICT industry is far greater than Taiwan Mobile's own carbon emissions. As a result, we have actively helped external organizations meet energy-saving and carbon-reduction goals, creating "green value" we can share with our subscribers. For its contributions in the field, Taiwan Mobile received the Environmental Protection Administration's "R.O.C. Enterprises Environmental Protection Award" twice in a row, the only enterprise in the service sector to accomplish the feat.

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

Chairman

 Ming-Hsin Tsai

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Company Overview

- 2011-07 Received an "A+" ranking in "Transparency and Information Disclosure" from Taiwan's Securities and Futures Institute for the 6th consecutive year.
- 2011-06 Received a "Corporate Governance Asia Recognition Award" for the Asia—Pacific region from Corporate Governance Asia for the fourth year in a row.
- 2011-01 Ranked No.1 in the "Best Corporate Governance in Taiwan" survey by Euromoney and it is the fourth time TWM received Euromoney's recognition in corporate governance practice.
- 2010-05 Richard Tsai, the Chairman of TWM, was ranked No. 4 in the "Best Chairman Top 50 Survey," the sole honoree from the service industry, while Harvey Chang, the former president and CEO of TMM, was ranked ahead of telecom peers in the "Best President Top 100 Survey" conducted by Global Views Monthly.
- 2010-03 Cited for "Best Financial Disclosure in Asia-Pacific," "Best Financial Disclosure in Greater China," "Best Investor Relations Website in Taiwan," "Best Investor Relations Program in Taiwan" and "Best Investor Relations Officer in Taiwan" by IR Global Rankings (IRGR). TWM broke the record for most awards received by a Taiwanese enterprise in its first year in the survey.
- 2010-02 Ranked No. 3 by Euromoney for "Best Corporate Governance" and "Most Convincing and Coherent Strategy" in Taiwan
- 2009-06 Ranked 6th in the "Info Tech 100 Taiwan" by Business Next Magazine, ahead of telecom peers.

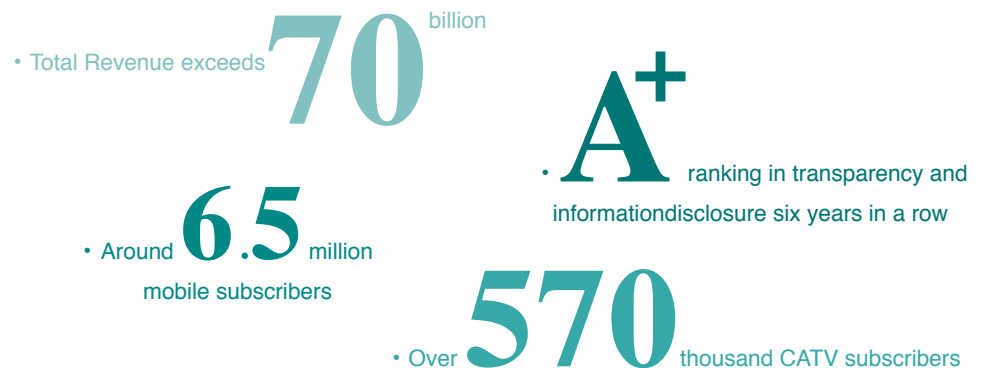
1.1 Company Introduction

1.1.1 Status quo and Development

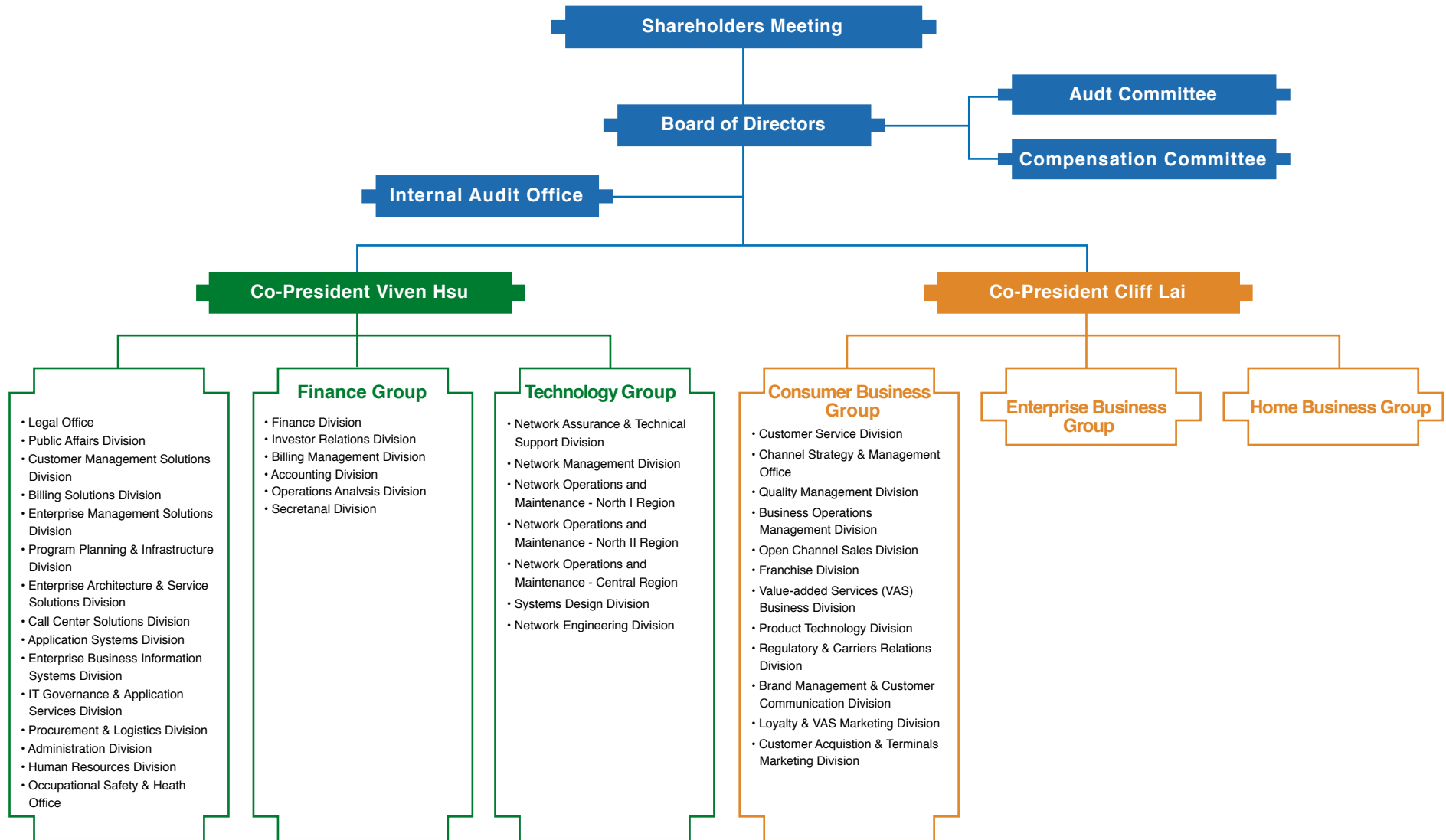
Taiwan Mobile Co. Ltd. was founded in February 1997. It was the first private telecom company in Taiwan to be listed on the Taiwan Stock Exchange and was included in both the Taiwan 50 Index and Morgan Stanley Composite Index (MSCI) in 2002.

To expand our operations, Taiwan Mobile acquired Taiwan Fixed Network (TFN), Taiwan Telecommunications Network Service (TTN), TransAsia Telecommunications and Mobitai Communications in 2007 and 2008, allowing us to offer a "4-in-1" platform that covers mobile, fixed-line, broadband and cable TV. In 2008, we introduced three major new brands: "Taiwan Mobile," "Taiwan Broadband" and "TWM Solution" to provide integrated services for individual consumers, households and enterprises.

Looking ahead, we will remain committed to our brand values of "integrity, innovation, passion and simplicity" as we strengthen our competitiveness and build the most reliable telecom and media service model to become Taiwan's leader in digital convergence services.



Organization Chart



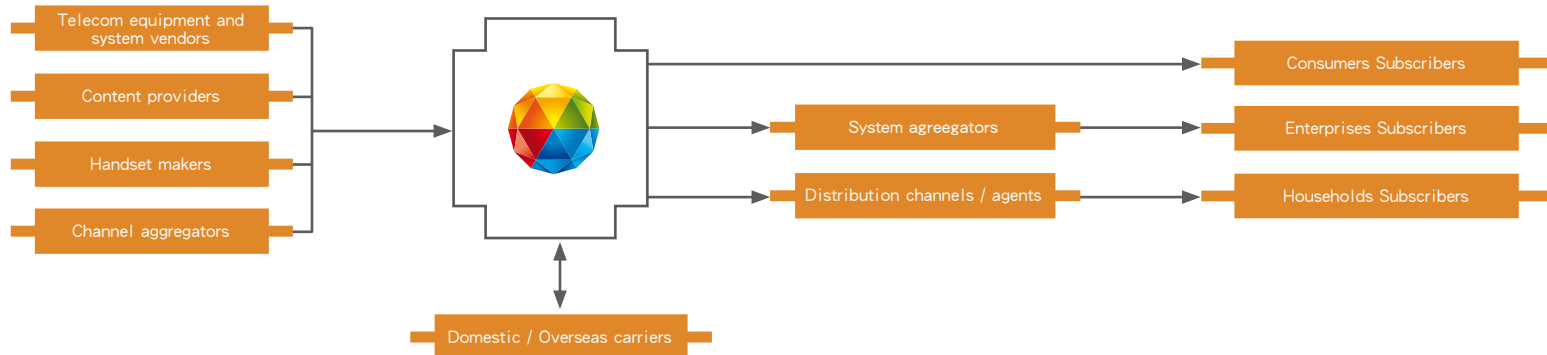
1.1.2 Business Environment Overview

With the recovery of the economy, the prevalence of smart handheld devices and the rising demand for mobile network services from users, it is widely expected that applications related to mobile commerce, audio/video services, gaming, shopping and social networks will create new business and lifestyle revolutions. Telecom operators will play a critical role in the revolution because of their huge subscriber bases, extensive distribution channels and steady cash flow. On top of those advantages, Taiwan Mobile has the added competitive edges of digital convergence and a comprehensive product portfolio, enabling us to enjoy steady growth amid fierce competition among the three major players in Taiwan's telecom industry.

In recent years, Taiwan Mobile has introduced a digital TV service called "New TV" and self-branded netbooks, handsets and tablets. We also feature the most comprehensive line of smartphones and have launched value-added services such as smartphone portal-match, software app store-match market, the "mofun" mobile audio/video channel, e-book (myBook) and handset bodyguard. All these services allow our subscribers to enjoy digital lives in a relaxing way.

In 2010, we led the industry in implementing a platform for digital convergence. We leveraged cloud technology and online TV services to introduce "Four Screen, One Cloud" digital convergence services, incorporating mobile phones, computers, tablets and TV. Our subscribers can log on with a single account number on four different platforms and have access to digital content such as photos, videos and music anytime, anywhere to enjoy a seamless convergence experience.

Industry Structure



The Main Business Scope and Scale of the Three Business Groups

Business Type	Consumer Business Group	Home Business Group	Enterprise Business Group
Brand Name	TWM	TFN	TTN
Main Services	Mobile telecom services for individual subscribers including monthly subscriptions, pre-paid and value-added services.	Household CATV / DTV and Cable Modem / FTTx, or integrated digital convergence services.	ICT services for business subscribers including fixed-network (voice/digital/Internet), enterprise mobile services and system integration.
Subscriber Size	Over 6.5 million mobile subscribers	Over 570,000 cable TV subscribers; over 130,000 broadband subscribers.	Around 170,000 ADSL/FTTx subscribers

1.1.3 Operating Performance

Consolidated revenues grew 2% in 2010 (YoY) because of revenue growth in all three major business groups and lower network operating and management costs. Strategic increases in carrier subsidies for smartphones, however, caused EBITDA to fall by 6% (YoY), but net after-tax profit stayed flat because of a decrease in corporate income tax rates.

2009-2010 Revenue and EBITA of the Three Business Groups

Business Group \$ (millions)	Consumer Business Group		Home Business Group		Enterprise Business Group	
	2009	2010	2009	2010	2009	2010
Revenue	53,931	55,025	5,336	5,699	9,282	9,495
EBITDA	24,646	22,289	2,487	2,795	2,061	2,332

In 2010, Consumer Business Group revenues grew 2% thanks to strong sales of smartphones and 26% annual revenue growth in value-added services driven by mobile online business.

The Home Business Group saw revenues grow 7% through an increase in its subscriber base, additional revenue from digital TV, an increase in the channel leasing business and a higher ratio of large-bandwidth subscribers.

Enterprise Business Group revenues also grew 2% thanks to a revenue increase from mobile services and rebounds in the fixed-line network, hotline and Internet businesses.

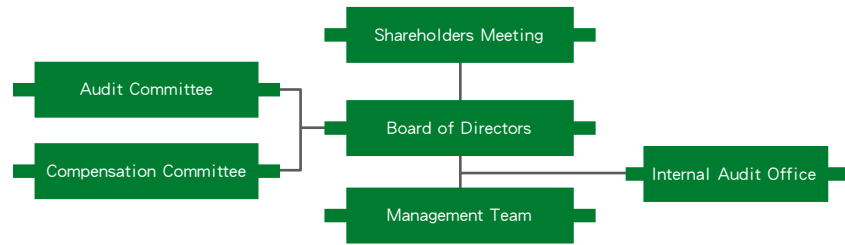
1.2 Corporate Governance

Our commitment to our investors, employees and business partners is to implement world-class corporate governance, and we continue to fulfill our corporate social responsibility on the basis of honest and transparent governance practices. TWM has been recognized for these efforts for many years by numerous awards at home and abroad. They include: “Best Corporate Governance in Asia” and “Best Corporate Governance in Taiwan” from Euromoney; “Best Financial Disclosure in Asia-Pacific” and “Best Investor Relations Program in Taiwan” from IR Global Ratings (IRGR); and an “A+” rating from Corporate Governance Asia and Taiwan’s Securities and Futures Institute 4 years and 5 years in a row respectively.

1.2.1 Corporate Governance Structure and Principles

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

Corporate Governance Framework



1.2.2 Governance and Top Executive Compensation

Compensation for directors, independent directors, the president and vice presidents is guided by regulations such as the “Corporate Charter” and “Guidelines for Director Compensation” and is periodically reviewed by the Corporate Governance Committee formed by TWM’s independent directors.

1.2.3 Internal Control and Auditing Mechanism

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

1.2.4 Financial Information Disclosure System

To ensure that shareholders receive the most updated and accurate information to formulate their investment decisions, Taiwan Mobile respects the principles of accurate information and fair disclosure in providing information on the company’s strategies, business operations, business philosophy, and finances and major resolutions of the Board of Directors. The level of information disclosure exceeds that required by local regulatory agencies. Consolidated financial statements and operating results are provided on a monthly and quarterly basis, and institutional investor meetings are held every quarter. We also actively attend major investor forums at home and abroad.

1.2.5 Employee Ethical Code of Conduct

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

Ethical Code of Conduct

Officially resolved by the Board of Directors on 27 July 2010

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

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

Article 2 (Persons Subject to Code of Ethics)

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

Article 3 (The Principle of Honesty and Credibility)

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

Article 4 (Prevention of Conflict of Interest)

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

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

Article 5 (No Self-Benefiting)

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

The Personnel shall not:

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

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Clause 6 (Confidentiality)

1. The Personnel shall, unless otherwise authorized or required to disclose by law, keep the company information and the information of suppliers / customers in strict confidence. The confidential information includes all non-public information that may cause damage to the Company or the customers if such information is disclosed or used by a competitor.
2. The Personnel shall keep the confidential, technical, personal or any other non-public information or trade secrets in connection with the Company, the affiliates of the Company, the customers of the Company or its affiliates, or any other third party, whether in writing or orally, marked "confidential" or not, in strict confidence ("Confidential Information"), and should not inquire, search and use such Confidential Information without justifiable cause. The Personnel shall not deliver, transfer, copy, duplicate, publish or in any other way disclose any of the Confidential Information without the Company's prior written consent.

Clause 7 (Fair Transactions)

1. The Personnel shall treat the Company's suppliers, customers, competitors and competitors' employees on a fair basis, and shall not manipulate, conceal or abuse the information acquired due to their position. The Personnel shall not make false statements on important issues or gain any improper advantage by unfair transactions.
2. In the event of performing their normal duties, the Personnel shall comply with the ethical standard and fair-trade principal stipulated by the Company. With respect to the acceptance of a gift or hospitality from suppliers or contractors, the Personnel:
 - (1) shall not request or arrange to receive any gift, rebate, bribery or any other improper benefits by virtue of their positions;
 - (2) shall be strictly prohibited from receiving any cash or securities. If the Personnel find that any gift or hospitality from suppliers or contractors is not conforming to social custom, the Personnel shall refuse such gift or hospitality immediately;
 - (3) shall report to the supervisors of their own department and the head officer of the audit department if the Personnel found that, after receiving the gift or hospitality from suppliers or contractors, the gift or hospitality is not conforming to social custom due to force majeure.

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

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

Clause 9 (Compliance of Laws and Regulations)

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

Clause 10 (Reporting a violation of Code of Ethics)

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

Clause 11 (Penalty and Appeal)

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

Clause 12 (Method of Disclosure)

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

Clause 13 (Enforcement)

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

1.2.6 Ethical Corporate Management Best Practice Principles

Integrity is our core value and the most important foundation of the sustainable operation of the company. We try to internalize the concept of integrity in our business culture through an internal control system, training & education, internal

communications and daily business activities. We have also drafted Taiwan Mobile Ethical Corporate Management Best Practice Principles, which also apply to our subsidiaries, legal entities of which our direct or indirect contributions exceed 50% of their total funding, and other institutions or juridical persons within our control.

Ethical Corporate Management Best Practice Principles

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

Article 1 (Purpose of enactment and applicable scope)

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

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

Article 2 (Prohibition of Unethical Conduct)

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

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

Article 3 (The types of Benefits)

The "Benefits" mentioned in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal compliance)

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

Article 5 (Policy)

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

Article 6 (The promises and executions)

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

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

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

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical Conduct, if any, and avoid having any dealings with persons who have any record of Unethical Conduct.

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

Article 8 (Prohibition of offering and accepting bribes)

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

Article 9 (Prohibition of offering illegal political donations)

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

Article 10 (Prohibition of improper charitable donations or sponsorship)

When making or offering donations and sponsorship, the Company and its directors, managers, employees and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

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

The Company and its directors, managers, employees and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality

or other improper Benefits to establish business relationship or influence commercial transactions.

Article 12 (Organization and responsibility)

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

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

Article 13 (Legal compliance for business operation)

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

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

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

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

The Company's directors and managers shall not take advantage of their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

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Article 15 (Accounting and internal control)

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

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

Article 16 (Operational procedures and guidelines)

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

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

Article 17 (Education training and reviews)

The Company shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.

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

Article 18 (Report and discipline)

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

Article 19 (Disclosure of Information)

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

Article 20 (Review and Amendment to the Principles)

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

Article 21 (Enforcement)

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

1.3 Risk Management

1.3.1 Four major risk management policies

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

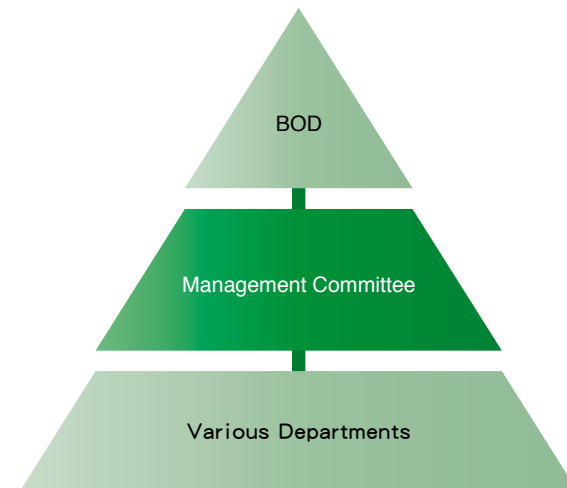
1.3.2 Risk management structure

The president of TWM acts as the convener of risk management committees. The risk management structure is comprised of three committees, of which the functions are described as follows:

- (1) Operation and Management Committee: Conducts periodic reviews of company operating targets, telecom business management and future development planning, budget execution and capital management.
- (2) Safety and Health Committee: Tasked with supervising and reducing potential risks to worker health and safety.
- (3) Information Security Management Committee: Supervises critical IT assets for confidentiality, integrity, availability, and regulation compliance in order to control and reduce operational risks to an effective and reasonable level.

1.3.3 Risk management operating mechanism

The mechanism can be divided into three levels. Level 1 involves the responsible divisions concerned, which have to report any changes or emergence of risk during daily operations. Level 2 involves a management committee consisting of top executives of different departments and divisions that reviews significant risks and takes necessary measures. Level 3 involves the board of directors (BOD), which is responsible for major risk item assessment or control measures. It is also responsible for following up on execution and results. Apart from the board, the Internal Audit Office bears responsibility for supervising and confirming the proper management of risk-related matters. Any problems identified are to be immediately reported to the executive concerned to facilitate a prompt response.



Risk Management Operating Mechanism

1.3.4 Social and environmental risk assessment and response

Currently, all major elements of social and environmental risk are included in the daily operation of the risk management system and various departments concerned (Please refer to the 2010 Annual Report). These risks are monitored and controlled via our internal mechanism and we take preventive measures to minimize the potential loss caused by risks such as climate change and the potential impact of environmental regulations prompted by efforts to control greenhouse gas emissions.

Corporate Social Responsibility Framework

2011-08 *Awarded for "Excellence in Corporate Social Responsibility" by Commonwealth Magazine for the fifth year in a row and was ranked highest for corporate governance and community involvement.*

2011-05 *Granted the first prize of "Corporate Social Responsibility Award" in education category by Global Views Monthly.*

2010-03 *Given "Corporate Social Responsibility Award" by Global Views Monthly, becoming the benchmark enterprise in CSR by leveraging our core competency.*

2009-12 *Became the first Taiwanese telecom company to issue a CSR report (2008-2008) verified by both AA1000 and GRI G3 assurance standards.*

榮耀

2.1 CSR Policy and Organization

2.1.1 CSR Policy

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

Although the concept of CSR has been embedded in the strategic decisions and daily operations of all departments, TWM went a step further and had the "Taiwan Mobile CSR Policy" passed by the Corporate Governance Committee and the Board of Directors as the long-term guideline for promoting CSR and fulfilling the company's commitment to society.

• 2007-2011

or "Excellence in Corporate Social Responsibility"
by Commonwealth Magazine 5 years in a row

• Granted the **FIRST** prize of "Corporate Social Responsibility Award" in education category by Global Views Monthly.

• Formulates **6** CSR policies

Taiwan Mobile Co., Ltd. Corporate Social Responsibility Policy

Officially resolved by the Board of Directors on 27 Jan 2011

Article 1

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

Article 2

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

Article 3

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

Article 4

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

Article 5

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

Article 6

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

2.1.2 CSR Organization

Taiwan Mobile set up a dedicated Social Responsibility Department in 2007 under the Public Affairs Division to oversee the corporate social responsibility program and implement a variety of charity initiatives by incorporating the resources of the Taiwan Mobile Foundation. The SR Department can pull together resources within the group to maximize benefits by analyzing global CSR trends and defining and implementing strategies. The department also acts as an important communications bridge with stakeholders and provides feedback to top management and other departments concerned.

The SR Department is also responsible for submitting recommendations to government authorities such as the Financial Supervisory Commission (FSC) and Environmental Protection Agency (EPA) in promoting CSR development in Taiwan.

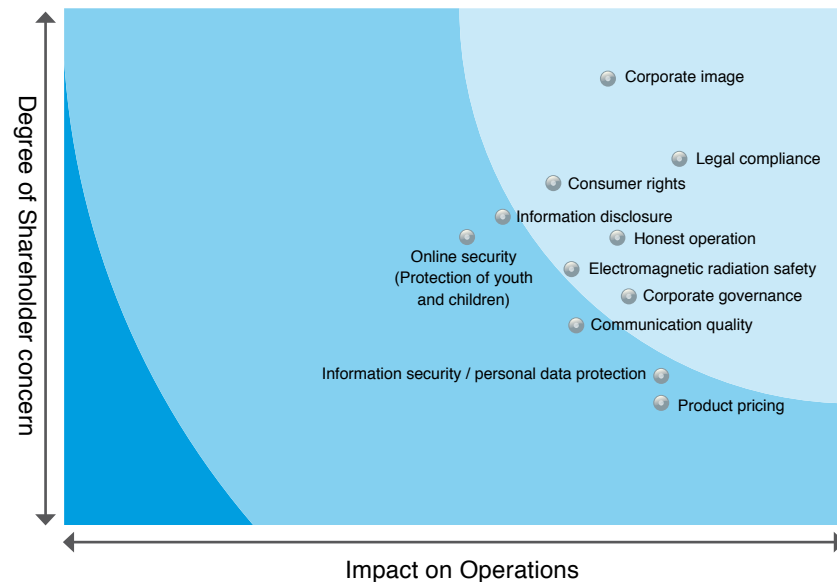
Other issues related to CSR, such as customer information security and environmental protection are handled by related divisions or task forces internally. Taiwan Mobile will continue to review the effectiveness of this operational mechanism and changes in the external environment to make any necessary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

2.2 CSR Trends and Key Issues

Key issue assessment focuses on identifying key issues, such as industrial evolution, social trends and environmental change, and offering CSR solutions, including developing digital cultural and creative industries, highlighting video education and promoting environmental education.

Key issue assessment is conducted by the CSR Department after collecting relevant internal and external information. We gauge major issues based on factors such as “degree of stakeholder concern” and “impact on operations.” Key CSR issues include “Corporate Image,” “Legal Compliance,” “Sound Operating Practices,” “Corporate Governance,” “Information Disclosure,” “Consumer Rights,” “Electromagnetic Radiation Safety,” “Information Security (Personal Data Protection),” “Product Pricing,” “Online Security (Child Protection),” and “Communication Quality.”

Key Issue Assessment



2.3 Communicating with Stakeholders

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

Stakeholder	Communication Method
Employees	<ol style="list-style-type: none"> (1) Dialog between employees and the management: <ul style="list-style-type: none"> • Managerial meetings held every three months, in addition to employee meetings in various professional capacities, to communicate the company’s visions to all employees. • A president’s Mailbox for employees to submit recommendations to the company. (2) Information announcement system: All information is posted on the company’s intranet, where employees can quickly see the company’s press releases, product information and management measures. (3) Employee opinion surveys: An external professional organization is commissioned to conduct an employee survey every two years on employee satisfaction and their views on management measures. Questionnaires are also used to get employee feedback at year-end parties or health examinations, etc. (4) Internal publication: Taiwan Mobile E-Bulletin is published from time to time. (5) Employee benefit committee (6) Direct communication: the president shares his ideas with all employees by e-mail from time to time.

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Stakeholder		Communication Method
Customers		<ul style="list-style-type: none"> (1) 24/7 Toll-Free Number for product inquiries, service consulting and customer complaints. (2) Online customer service mailbox to meet customers' needs at the click of a mouse. (3) Customer satisfaction survey: various surveys are conducted to identify user needs and facilitate efforts to improve customer satisfaction. (4) Subscribers can provide feedback directly to retail outlets. (5) Company uses its website and e-bulletins to communicate with subscribers.
Investor	Individual shareholders	<ul style="list-style-type: none"> (1) Annual shareholder meeting and financial statements compiled in accordance with applicable regulations. (2) A dedicated shareholders section on the company website providing information on operations, finances and debt, and a shareholders column disclosing dividends, stock prices and other relevant information. (3) Online investor newsletters. (4) Regular shareholder contact window.
	Institutional shareholders	<ul style="list-style-type: none"> (1) Monthly publication of information on the company's business status. (2) Quarterly institutional investor meeting; face-to-face and one-on-one investor meetings as required. (3) Participation in investment forums at home and abroad. (4) Regular contact window and spokesperson for institutional shareholders. (5) Responses to surveys of international CSR ratings, such as the Dow Jones Sustainability Index.

Stakeholder		Communication Method
Suppliers		<ul style="list-style-type: none"> (1) Online procurement/bidding system to ensure information transparency. (2) Designated personnel to communicate constantly with suppliers concerning the status of purchases. (3) Supplier meetings with management to discuss suppliers' difficulties and exchange views. (4) Designated committee set up to review supplier complaints of unfair or detrimental procurement practices. (5) Supplier assessment mechanism to rate suppliers on quality, service, etc.
Local Community		<ul style="list-style-type: none"> (1) Visits to community management committees and residents to discuss issues such as electromagnetic radiation and base station deployment; participation in community holiday activities to better understand residents' needs and opinions. (2) Toll-free hotline for electromagnetic radiation testing in conjunction with the Taiwan Telecommunication Industry Development Association, and publication of base station electromagnetic radiation awareness information for the community and neighborhoods. (3) CATV operators cover community activities to promote community participation. (4) CATV operators invite residents and students to visit TV stations. (5) Sponsoring art and cultural community activities.

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Stakeholder	Communication Method
Government agencies	<ul style="list-style-type: none"> (1) Maintenance of good interaction with the National Communications Commission (NCC), and participating actively in NCC hearings concerning telecommunications laws and regulations. (2) Cooperation with NCC's supervision of telecommunications industry, which includes administrative audits and administrative guidance. (3) Cooperation with NCC's measures on fee assessment and network construction. (4) Promotion of environmental protection by joining energy-saving and used handset recycling initiatives organized by the Bureau of Energy and Environmental Protection Administration.
Industry	<p>Participation in local and international industry associations and organizations; establishment of coordination platform for better cooperation and a fair competitive environment. Relevant platforms include:</p> <ul style="list-style-type: none"> (1) Taiwan Telecommunication Industry Development Association (2) Taipei Computer Association (3) Taiwan Network Information Center (4) Taiwan Internet Association (5) Cable Broadband Institute in Taiwan (CBIT) (6) Bridge Mobile Alliance (7) GSM Association(GSMA)

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

Core Technologies and the Response to Social Needs

• myfone Mobile Award received a record-breaking

39,921
entries in 2010.

• A total of **49** charity organizations have joined the 5180 Mobile Donation hotline by the end of 2010, accumulating more than **7** 0,000 entries of donation.

• **16,424** students participating in the Internet Safety Promotional Campaign

• Sending **8,500** sets of digital teaching material to remote elementary and middle schools

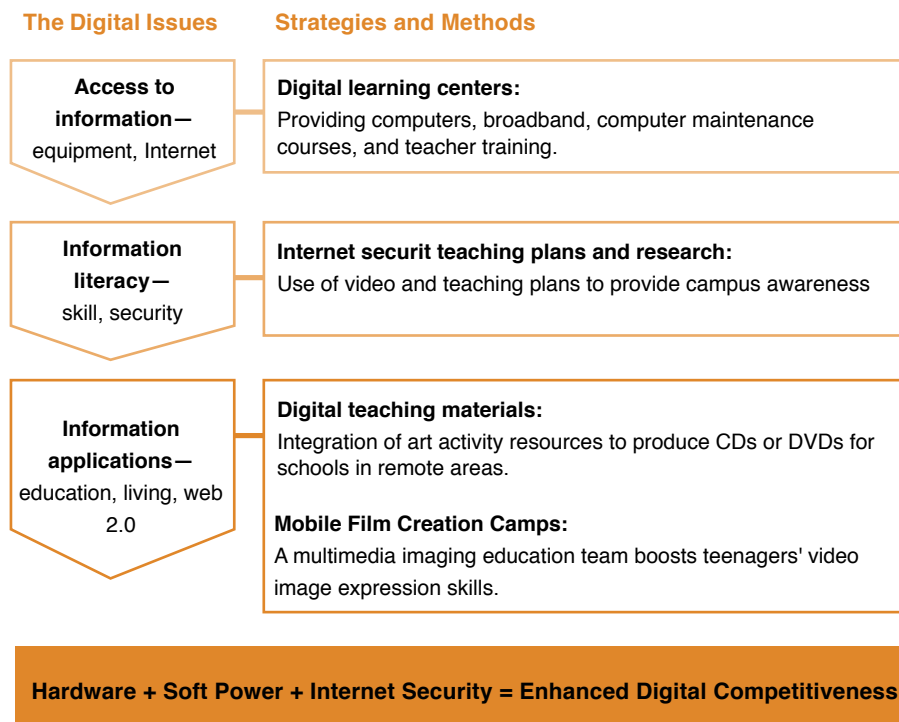
The penetration rate of mobile phones has exceeded 100% in Taiwan and the number of mobile Internet service subscribers has also experienced significant growth. People's daily lives have become inseparable from mobile communications as smartphones and other mobile devices have been widely adopted by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

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

3.1 Enhancing digital competitiveness

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

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



3.1.1 Information access

(1) Service penetration

In 2009 and 2010, our subsidiary TFN and the TWM Foundation followed the NCC's policy directive of providing broadband service to every village in the country by providing broadband service to Jinying Village of Ren AI Township in Nantou County and Yixing Village of Jianshi Township in Hsinchu County. The program's goal was to enable remote communities to connect to the rest of the world via the Internet and gain access to first-hand information and e-commerce. In consideration of the challenging weather and geographic conditions, a 3.3-kilometer optic-fiber and VDSL network was built to ensure stable transmission quality

and improve the outward communications environment and the reach of a broadband network. After the physical infrastructure was completed, the Foundation further subsidized the network subscription fee for village residents to reduce their financial burden.

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

(2) Digital learning centers

According to the latest report on the digital divide published by the Research, Development and Evaluation Commission (RDEC) of the Executive Yuan (2010), the difference in the computer usage rate between residents in remote areas and non-remote areas is as high as 14.6 percentage points. And the computer usage rate for mentally and physically challenged people is 50 percentage points lower than for the rest of Taiwan's population. To improve the situation, we have mobilized core telecom technology and integrated mobile, fixed-line network and cable TV resources to establish digital learning centers underprivileged people in remote areas.

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

The digital divide issue is not limited to the lack of equipment but also to a shortage of proper trainers. The phenomenon of young people migrating away from their remote homes also prevents some remote areas from cultivating their own trainers. To resolve the problem, we have helped local communities apply e-learning resources to train women who work at home and junior and senior high school students to become trainers so that those who are helped can also help more people. In addition, we have facilitated communication with local communities by applying IP-cameras to provide timely assistance and allow the many digital learning centers to share precious experiences with each other.

A total of 11 digital learning centers have been established since we opened the first digital learning center on Alishan in Chiayi County in 2007. In 2009 and 2010, two Taiwan Mobile subsidiaries – Union CATV in Yilan and Phoenix CATV in Kaohsiung – sponsored the establishment of three digital learning centers with a total of 136 openings at a TFCF orphanage in Yilan County, the Fongshan branch of the Good Shepherd Social Welfare Services, and the Linyuan Township Magic House Hometown-Loving Association. The curriculum is targeted at underprivileged children and new immigrants and includes fundamental computer skills and multimedia programs such as graphics and poster production. We also extended our customer service training program for the Taoyuan Development Center for the Spinal Cord Injured by adding a new digital center that offers Internet resources.

3.1.2 Information literacy

The average age of Internet users continues to fall, but due to the lack of proper information literacy, we have seen a growing prevalence of Internet addiction, bullying and online crime among youth and children.

It is our mission to provide our subscribers as well as youth and children with safe content and a clean digital environment. In addition to excluding nudity in our value-added services, we also joined with the White Ribbon Caring Association (Digital Culture Action Lab of NCCU) to research young people’s online behavior and problems (online prostitution, pornography websites, Internet addiction and online bullying, etc.). We produced an Internet safety promotion video with the association to educate children on digital safety and self-protection issues, such as Internet copyrights, personal data protection and legal issues related to spreading rumors online. We have also mobilized TWN corporate volunteers, parents of students and teachers to hold education sessions with interesting teaching materials and videos to help break paradoxical myths about the Internet for young people and children. During 2009 and 2010, around 16,000 students from more than 100 schools participated in the program.

Number of schools and students participating in the Internet Safety Promotional Campaign in 2009 and 2010

Year	No. of Schools	No. of Students
2009	41	7,249
2010	66	9,175

3.1.3 Information applications

(1) Producing quality digital teaching materials

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

Taiwan Mobile hosts multiple classical music concerts every year and sponsors major environmental and humanities education programs to extend the reach of its resources to remote areas and enable schoolchildren there to enjoy diversified educational and cultural experiences. We convinced our partners and musicians to grant video copyrights to charity so that these education sessions and performances and films could be distributed to local libraries and more than 1,000 high schools and elementary schools in rural areas to be used as digital teaching materials.

We hired a professional team to conduct multi-track recording and post production so that children everywhere can enjoy outstanding performances through digital teaching materials. To help teachers make the best use of the materials, we also recruited experts to help explain the materials in simple terms so that the students can explore the topics in proper sequence.

By the end of 2010, 10 sets of teaching materials had been published, covering TWM live outdoor concerts, Internet safety education, mobile phone image creation, environmental education and the humanities. A total of 8,500 copies have been distributed, and they have received a very positive response. In the future, we will delve deeper into environmental education and expand the program into the area of literature and the arts. We will also increase the number of teaching plans or learning modules to meet the needs of teachers and students.

Digital Teaching Material Published in 2009-2010

No.	Title
001	Taiwan Connection Music Festival Classical Music CD
002	Nu Wa Patch Up the Sky-Environmental theater for children DVD
003	Hot Classical Concert Live DVD
004	Lee Tai-Hsiang and Moment Musical Concert Live DVD
005	Double Tenth Day Live Concert DVD
006	Lin Cho-Liang & NTSO Live Concert DVD
007	Star Hunter-Internet Safety for Youth and Children DVD
008	SHOW Taiwan with My Mobile-Digital Artwork Creation DVD
009	La Diva Live Concert DVD
010	Glory of New Taiwan 100-Humanity Care DVD



(2) Imaging education and applications

Blogs, micro blogs and online videos have gradually become part of our daily lives. With easy access to recording equipment and publishing platforms, the threshold for video production has been lowered significantly. That has also contributed, however, to the accumulation of information garbage. Because mobile phones will soon become the most important medium for image recording and mobile media, Taiwan Mobile wants to enrich people's lives with a more diversified and meaningful content base in the era of digital convergence. The TWN Foundation therefore joined with Public Television Service to host a "Mobile Film Creation Camp" for teenagers to cultivate future multimedia talent. We have hosted seven two-day camps in different parts of Taiwan over two years based on the themes "Show Taiwan with a Mobile Phone" and "My Street Talk Dictionary" to teach teenagers to express their ideas through video images.

Handsets with advanced recording functions were provided to the students, and famous directors were invited to teach them basic imaging concepts, filming techniques and storyboard and script concepts. Award-winning directors, including Ah-Meow Lin, Huang Chia-Chun and Henri Lin, all attended the camp to help the students produce a 2 to 3 minute short-film with mobile handsets. The students were able to practice shooting skills and techniques but also learned about the legal concept of intellectual property. More than 200 teenagers, along with their teachers and parents, attended the camp and produced a total of 35 short video clips. The film "New Trip to Tamsui" produced by the Huilin Tutoring Session for Underprivileged Children and guided by director Huang Chia-Chun was one of the nominees for "Best Taiwanese Children Creative Work" at the 4th Taiwan International Children's Film Festival. The productions created by these students were able to be introduced to the world to show the creativity of teenagers in Taiwan.

In addition to promoting imaging education, media literacy courses will also be included in the future. The students will not only learn about how to create images, but also develop their media literacy and become creators who can share images with social value.



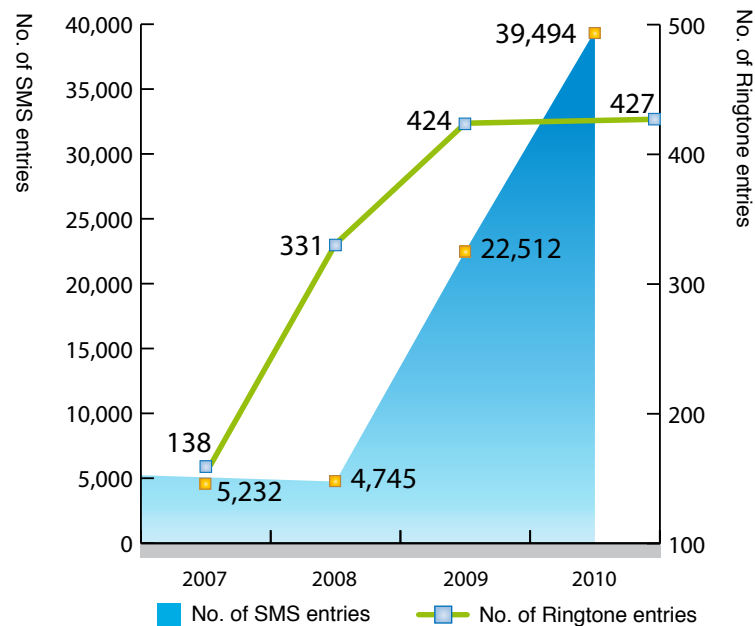
3.2 Creating social value with digital applications

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

3.2.1 myfone Mobile Award

In response to the challenges of the decline in Chinese literacy, the shrinkage of the music market and the shortage of creative talent, the Taiwan Mobile Foundation established the myfone Mobile Award in 2007 to promote digital composition, encouraging people to use

The Growth of myfone Mobile Award Contributions



their mobile handset -- the mobile device they are most familiar with -- to compose anytime, anywhere. The numbers of contributions, lecture attendees, online voting participants and Google links have all increased steadily over the past four years, breaking new records for literary contributions in Taiwan. The popularity of the campaign shows that the myfone Mobile Award has built a certain level of visibility in a short period of time and successfully promoted interest in mobile composition.

The age of the winners of the 4th annual myfone Mobile Awards ranged from 17 to 68, and the age distribution of all participants was even broader, making it an event for the entire population. Of the participants, 26.71% were aged 16 to 20, making it the largest age bracket in the contest. The percentage of participants under 30 was 61.51%, an indication that the award was particularly favored by the younger generation.

As more works of higher quality have been submitted over time, the myfone Mobile Award has gone beyond a simple composition award for music or literature and moved into the realm of documenting modern life and society. Starting from the third year of the awards, we began to see social observations on people marrying at a later age or not marrying at all, or on NEETs (not in education, employment or training) who totally rely on their parents for financial support. In the 4th year of the competition, we also saw submissions on modern issues such as communications in a single-parent family or between homosexuals and their parents.

The concept of the award has been recognized by numerous heavyweights in artistic and cultural circles. For the categories of SMS literature and original ringtones, we have had the honor to invite maestros such as Yu Kuang-Chung, Chang Show-Foong, Chiang Hsun, Tom Wang, Jerry Huang, Chris Hou, Kevin Lin, and Cincin Lee as judges. The judges have noted that the quality of the contributions has consistently improved and reflects a sense of contemporary life and this era. Chiang Hsun, a master of aesthetics, said: "SMS can express vast insights and observations concerning our society." Writer Chang Show-Foong described the competition's submissions as the "New Account of Tales of the World," of the modern era, referring to the Chinese classic that documented interesting quotes of people of the fifth and sixth centuries.

The myfone Mobile Award contest uses handsets as the tools responding to changes in technology and the times. We led the trend by treating SMS and ringtones as a new literary and musical form and hosted a contest to encourage mobile composition. The award has not only stimulated the interesting chemistry between technology and literature/music, but also encouraged people to see mobile content in a different light. The award has helped identify artists with great potential and fostered the creation of more

literary and musical content, which, in turn, has led to the cultivation of even more digital content and talent, creating a virtuous cycle for our core operations. This really echoes the government's policy of developing cultural and creative industries. We hope that by continuing to provide artists with new creative platforms and identifying outstanding literary and music content, we will be able to promote the soft power of Taiwan and facilitate the development of digital content and cultural and creative industries.



3.2.2 909 Mobile Audio Guide

Telecom service can be more than simply transmitting electronic signals. It can also be used to promote the concept of aesthetics to users. In 2004, we first introduced the 909 Mobile Audio Guides service with our core technology to assist in the promotion of art and cultural activities. We have turned mobile handsets into personal tour guides to help users learn more about museums' exhibitions wherever they are. We not only have helped museums build a comprehensive digital database of their collections but have also added the dimension of audio guides to traditional art and cultural exhibitions.

The Mobile Audio Guides service is very easy for people to use. It doesn't require any rental deposit, has no learning threshold, and the event organizer does not have to worry about the cost of audio guide equipment installation, maintenance and rental service, or the shortage of personnel. People attending exhibitions can simply dial a number and listen to a description of the items displayed, a function that significantly improves the effectiveness of cultural and art promotion.

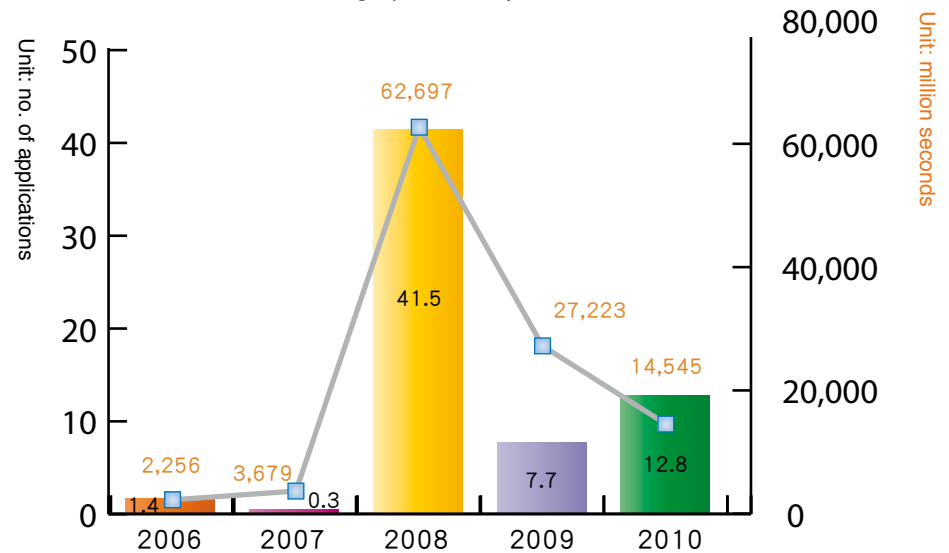
We have collaborated with several museums around the country to provide different audio guides on a wide range of subjects, from art and history to science, historic sites, and biology. Between 2007 to 2010, we worked with the the Juming Museum, the National Museum of Marine Biology and Aquarium in Pingtung, the Yingge Ceramics Museum, and the Taipei Zoo on a regular basis and extended the service to other important art and cultural exhibitions, such as the "Andy Warhol World Tour Exhibition" in 2009 and "Treasures from the British Museum: The Body Beautiful in Ancient Greece" held at the National Palace Museum in 2010. To create our audio guides for these special and permanent exhibitions, we invited some of the finest experts in these areas, such as Chiang Shun, Yu Kuang-Chung, and Juming, to write scripts recorded by professionals, enabling museum visitors to be able to learn about "intangible" attributes of the collection being viewed.

The 909 Mobile Audio Guides service has received very positive feedback from users. For the "Treasures from the British Museum: The Body Beautiful in Ancient Greece" exhibition in 2010, total audio guide usage exceeded 5,000 hours. In contrast with conventional audio guide devices, which require a fixed payment for use and involve specialized equipment, our mobile phone audio guides provide the public with a convenient and economical option. A user can choose to get information on only one or two key paintings or to hear repeated accounts of all the works. They can choose to pay by the second or pay a fixed fee of NT\$100 for unlimited one-day use. People no longer have to forgo the opportunity to soak up artistic knowledge because of the lack of audio guide equipment at a museum or its excessively high price.

In the future, we will leverage the advantage of telecom technology development and the mobile audio guide's universal availability to strategically explore opportunities to provide audio guide services for outdoor public art installations, local historic sites, ecological tours and general tourism information. We will also collaborate with other partners via telecom positioning technology to develop more advanced mobile audio guide services through cloud computing.

Since its launch in 2004, the 909 Mobile Audio Guide service has served more than 110,000 users with an accumulated usage time of 63,423,589 seconds, equal to more than 17,000 hours.

909 Mobile Audio Guide Service Usage (2006-2010)



3.2.3 5180 Mobile Donation Hotline

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

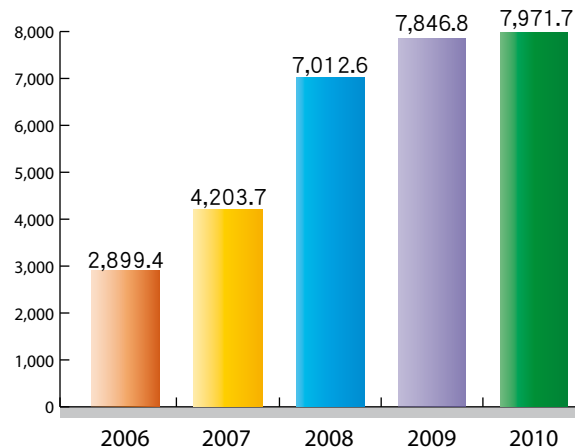
The service fully integrates core IVR (Interactive Voice Response) technology and back-office services. There are plenty of donation options -- NT\$100, NT\$500, NT\$1,000, NT\$1,500, NT\$2,000 and NT\$3,000 -- for subscribers to choose from. By incorporating back-end cash-flow and information-flow systems,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

We have also devoted considerable corporate resources to help NPOs enhance their visibility and fund-raising efficiency with a variety of corporate events and media. We periodically host educational lectures in response to NPO requests on topics such as

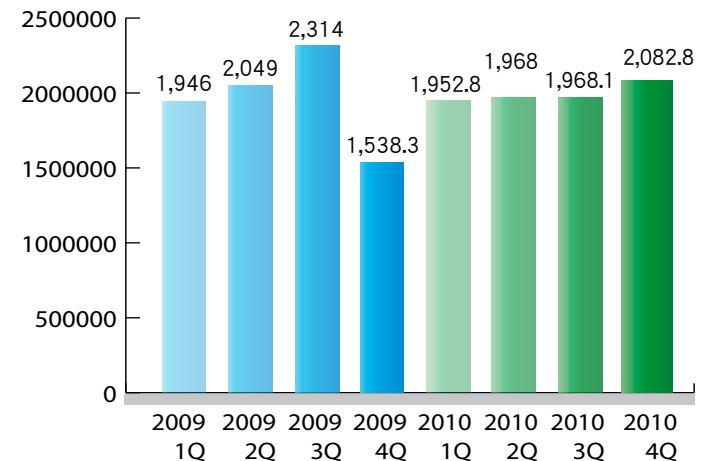
“How to raise more funds during a recession,” and “Online marketing: the survival tool for NPOs in a challenging environment,” to provide a platform for NPOs to communicate and exchange ideas with each other. To ensure the stable operation of the system, we also encourage our employees to support NPOs sponsored by the 5180 Mobile Donation Hotline. We host several volunteer sessions every year to introduce the NPOs to our employees to help them identify with the groups' causes.

From the beginning, we have tried to select charity organizations that are of good quality, efficient and financially transparent to work with. The organizations we sponsor have to be rated higher than Class A by the authority concerned or are qualified for subsidization by the United Way of Taiwan. In terms of their financial credibility, they have to be members of the NPO Alliance or have their annual financial statements certified by an accountant. By the end of 2010, a total of 49 NPOs were raising funds on this platform and by the end of January 2011, a total of NT\$30 million had been raised. The rate of repeat donations has approached 60% with more than 70,000 individual donations. The numbers truly demonstrate the positive force of Taiwan's civil society. During the Sichuan earthquake in 2008 and Typhoon Morakot in 2009, donations were significantly higher than on average, which shows that mobile donations have become a preferred option in times of major catastrophes.

Annual Charity Donations (in NT thousand dollar terms)



Quarterly Donations during 2009-2010 (in NT thousand dollar terms)



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

3.2.4 Mobile healthcare service

We sponsor mobile communications service and equipment for ambulances in the "Kaohsiung City/Pingtung County mobile first aid medical network," the "Taipei Bureau of Social Affairs Emergency Care Program for Seniors Living Alone," and the "Touring medical service in remote mountain areas from Taitung Christian Hospital." We make use of our telecom technology to facilitate emergency communications and provide necessary assistance for underprivileged people in need.

3.3 Promoting a digital and low-carbon society

According to a survey conducted by technology research firm Gartner, the greenhouse gas emissions of the global ICT industry accounts for 2-3% of global emissions, and the telecom industry accounts for one-fourth of that. A study conducted by the Global Sustainability Initiative (GeSI) and McKinsey & Company noted that by 2020, the volume of emissions prevented by the ICT industry could be five times the volume of emissions the industry emits. That's why the ICT industry can contribute significantly to the ideal of a low-carbon society and create more value for society as well as investors.

Assisting in building a smart and low-carbon society, developing key functions of the telecom industry, and reducing carbon emissions in other industries and departments through a variety of mobile services and e-services are among the goals we set in our CSR policy. E-billing, paperless services and video conferencing are some of the positive results derived from our digital and low-carbon emission practices.

3.3.1 Smart carbon reduction: Video conferencing

A study published by the Carbon Disclosure Project in 2010 shows that virtualization services may effectively reduce CO2 emissions and generate considerable financial benefits. The study estimates that if the U.K. and the U.S. can deploy "10,000 telepresence units," it would cut nearly 5.5 million tons of CO2 emissions by 2020 and achieve US\$19 billion in financial benefits. In view of the study, we have been heavily promoting the idea of video conferencing both for our own internal meetings as well as via our service portfolios. Starting from the end of 2009, meetings between our head office and overseas subsidiaries in Beijing and Xiamen have mostly been conducted in the form of video conferencing. It not only brings economic benefits but also indirectly reduces carbon emissions. In terms of external promotion, our subsidiary TFN introduced video conferencing services in September 2010. In the future, we will continue to promote this product and quantify carbon reduction results as evidence to support such services.

3.3.2 Expanding green value-added services

We also recognize that many mobile phone apps can help subscribers to reduce energy consumption and carbon emissions. For example, real-time mass transportation information helps increase subscriber interest in using mass transportation in a more convenient way. We also offer myBook e-book service so that subscribers can read thousands of books and magazines that are stored in the cloud online, directly reducing paper usage and the carbon emissions generated when those books are transported. In 2011, we have set up an "environmental protection section" in the match Market app store to offer environmental protection related smartphone apps, including environmental protection information, energy-saving tools and theme games so that subscribers can understand the concept and information in an easy and direct way.

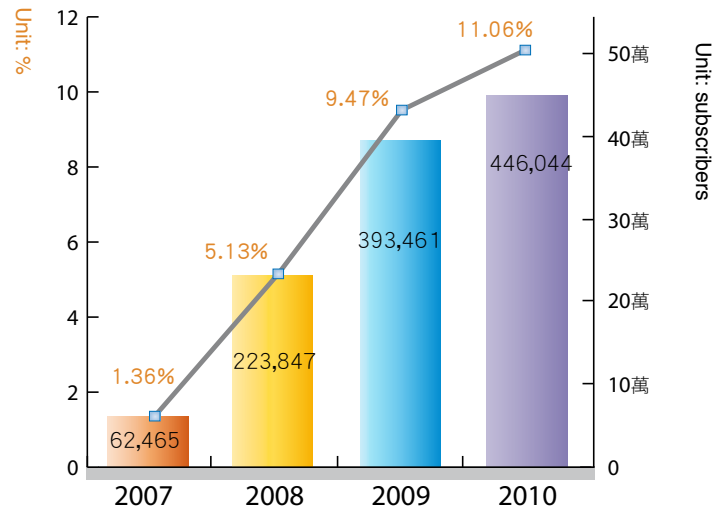
3.3.3 Growth of e-billing ratio

We started the promotion of e-billing in May 2008. By replacing hard copies with e-mails, we are able to reduce the usage of 2.4 pieces of A4-sized paper per subscriber, which

includes 1 envelope and an average of 1.4 sheets. From May 2008 to the end of 2010, a total of 10.3 million paper bills were saved, which helped conserve 24.72 million sheets of A4-sized paper. By the end of 2010, more than 440,000 subscribers had opted for e-billing, equal to 11.06% of the total. The number of new e-billing subscribers has increased every year since the option was first introduced.

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

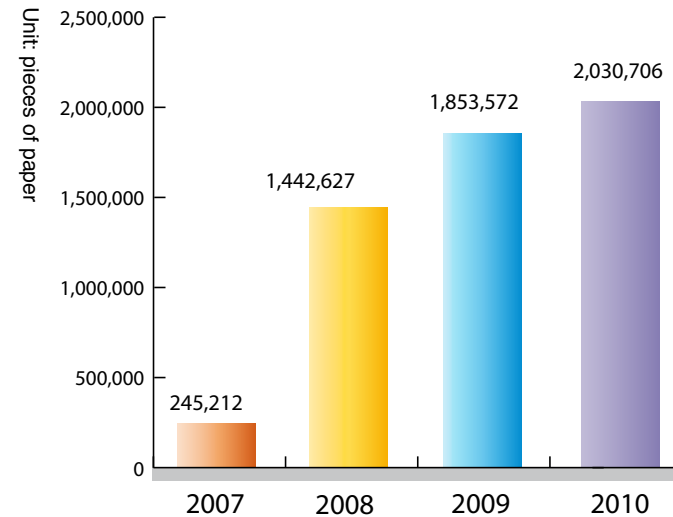
2009-2010 Growth in e-billing percentage



3.3.4 Paperless operation results

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

Paperless operations can not only save printing costs but also the cost of physically transporting, scanning, storing and destroying the documents. By the end of 2010, a total of 4 million sheets of paper had been saved by the paperless policy, as detailed in the chart below.



Environmental Protection

2011-10

Granted the "R.O.C. Enterprises Environmental Protection Award" by the Environmental Protection Administration of the Executive Yuan. TWM was the only enterprise in the service sector that was awarded this prize for three years in a row

2010-11

Received the "Taiwan CSR Award" from the Taiwan Institute for Sustainable Energy.

• TWM was the **1**st enterprise in the service sector that was awarded "R.O.C. Enterprises Environmental Protection Award" for three years in a row

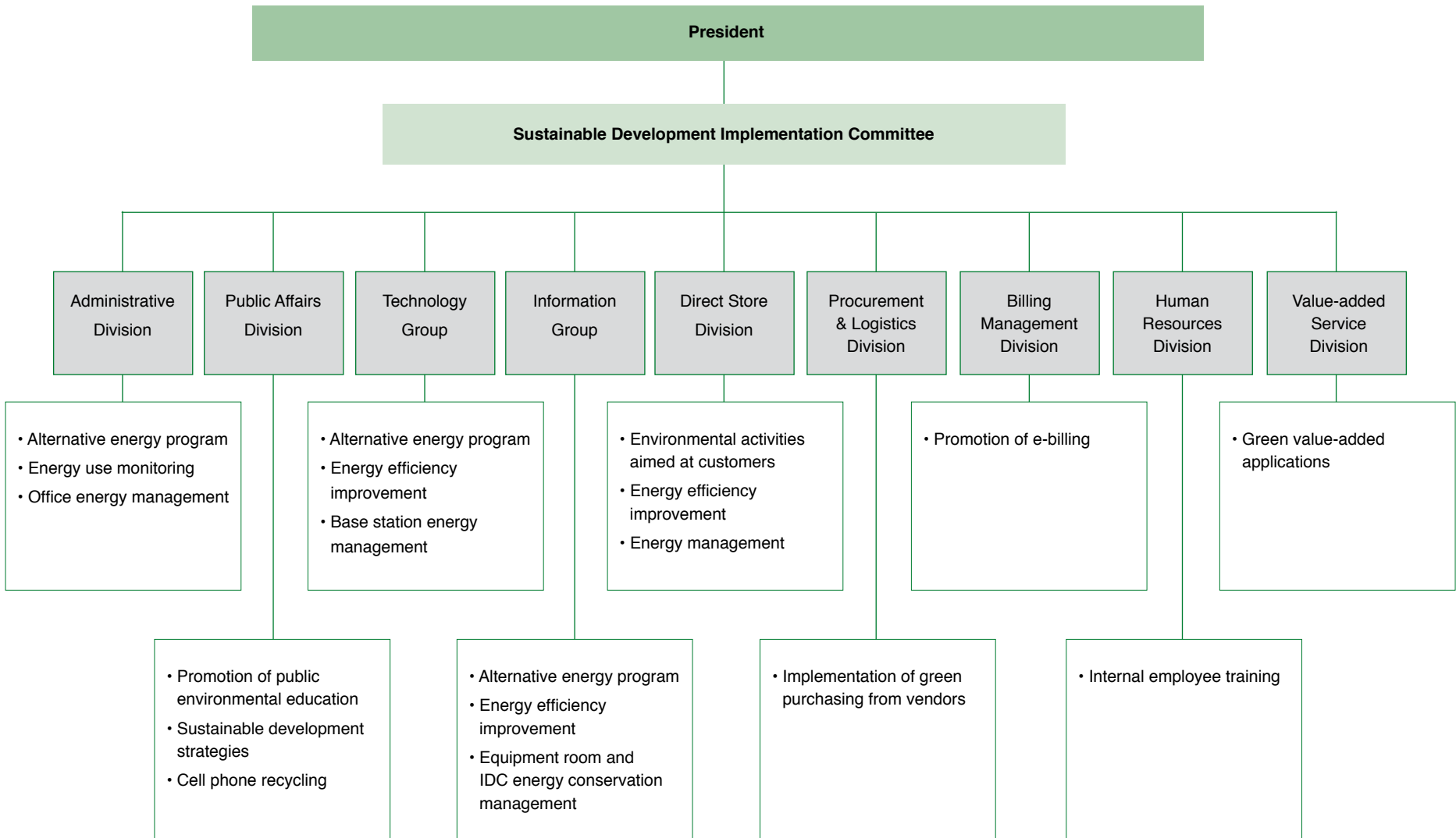
When it comes to environmental protection, Taiwan Mobile not only focuses on compliance and the reduction of pollution but also takes the initiative to help build an intelligent low-carbon society by leveraging key resources of the ICT service industry.

We help other businesses reduce their carbon emissions with our mobile and e-services and also promote the concept of environmental protection through our extensive interaction with subscribers and consumers. Our long-term goal is to be an "initiator" of environmental protection efforts.

4.1 Environmental Management Organization and Policy

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

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



4.1.1 Promoting the strategy in stages to demonstrate environmental value

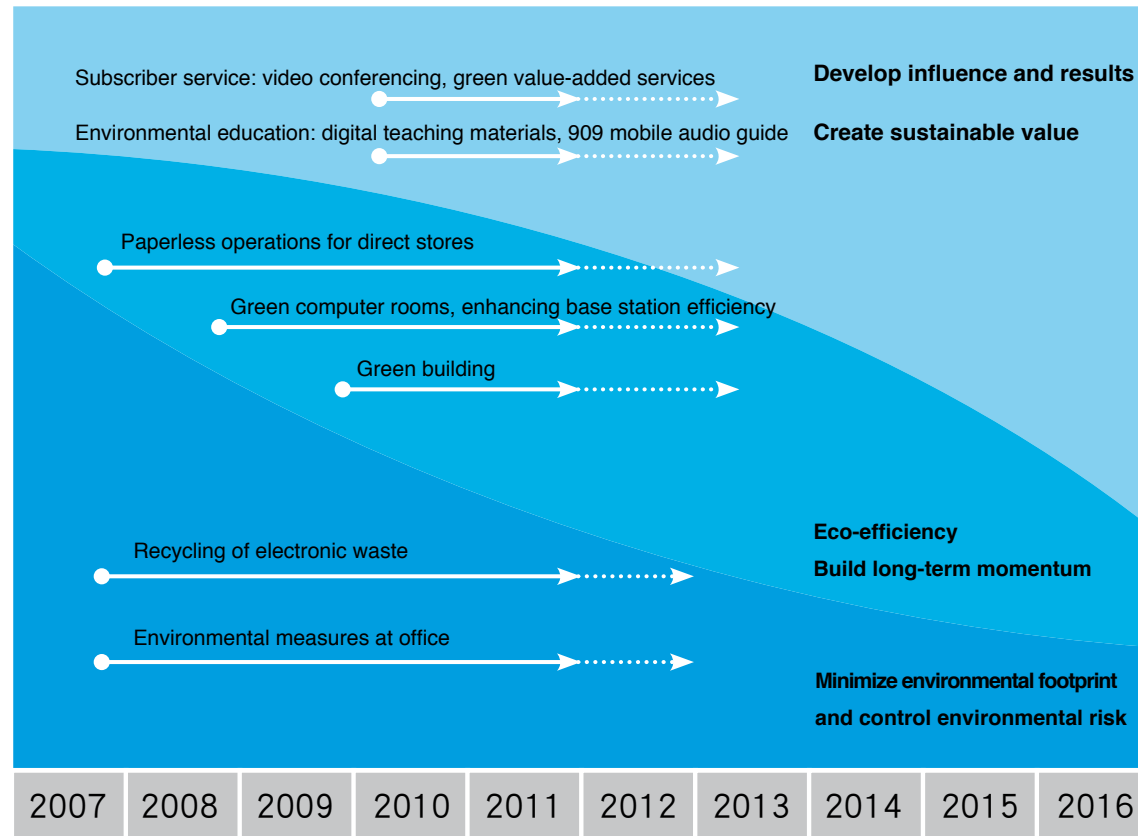
We divide our environmental strategies into short, medium and long-term time frames based on the initiative's relevance to our business operations.

Short-term strategies focus on reducing our environmental footprint and environmental risk to our operations, such as recycling used base-station battery modules, cables and handsets.

Medium-term strategies concentrate on enhancing the ecological efficiency of energy resources, including measures such as replacing physical account statements with e-bills to reduce paper usage.

Long-term strategies make use of core telecom services such as video conferencing to help other entities reduce their energy consumption and carbon emissions. They are also devised to promote the concept of environmental protection via handsets, the Internet and TV to enhance environmental literacy and promote environmentally friendly conduct.

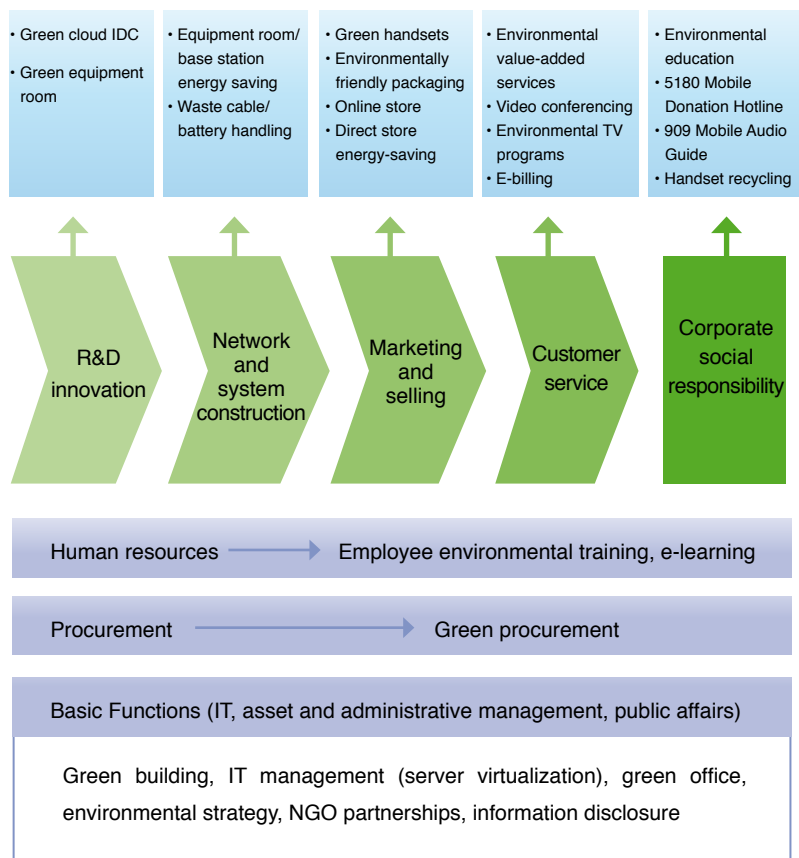
Promoting key issues for the short, middle and the long term



4.1.2 Implementing the environmental program from a value chain perspective

We identify opportunities to promote environmental initiatives in every part of the value chain and every division within the company.

Environmental program in TWM's value chain



its greenhouse gas emissions are Scope II emissions (those produced indirectly from the consumption of purchased electricity). We started our planning and preliminary assessment in 2010 based on "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition" and evaluated energy consumption data from 2009 and 2010. The assessment covers Scope 1 and Scope 2 and the six greenhouse gases specified in the Kyoto Protocol. The calculation is based on public government information and actual operating data, such as power co-efficiency, kwh and petrol/diesel consumption. The preliminary results are as follows:

Energy Consumption

		2009	2010
Direct Energy Consumption (liter)	Petrol	609,666	579,827
	Diesel	14,066	14,826
Indirect Energy Consumption (KWH)		361,750,249	381,367,733

Greenhouse Gas Emissions

Unit: Tonnes CO₂-e

Emission Category	2009	2010
Scope 1 (Direct Greenhouse Gas Emissions)	2,808.8	2,743.1
Scope 2 (Indirect Greenhouse Gas Emissions)	222,838.2	233,397.1
Total	225,647.0	236,140.2

The emissions generated from power consumption – mostly electricity used by base stations and equipment rooms -- are more than 98% of the company's total. We have taken a number of measures, listed below, to improve energy efficiency and reduce greenhouse gas emissions. In 2011, we will form a carbon review task force consisting of relevant departments to establish an internal review system in preparation for external audits in the future.

4.2 Enhancing Energy Efficiency and Responding to Climate Risk

4.2.1 Carbon management and inventory

The telecom industry mainly consumes energy through the use of electricity. Most of

4.2.2 Building energy-saving base stations

(1) Increasing the ratio of base station co-stationing and co-construction

Since the NCC revised management regulations in 2003, we have increased co-stationing and co-construction throughout the 2G network. For instance, we have established co-constructed base stations at the site of many new infrastructure projects, including Taipei and Kaohsiung MRT tunnels, National Freeway No.1 and National Freeway No. 3 tunnels, the Hsuehshan Tunnel, Taoyuan International Airport Terminals 1 and 2, and Taiwan Railways Administration and Taiwan High Speed Rail Corp. tunnels. Just over three-quarters (75.40%) of our 2G base stations are co-stationed at present and 22.80% are co-constructed. This far exceeds the NCC's minimum requirement of 20% and 10% for co-stationing and co-construction respectively.

(2) Reducing base stations and antennas through co-stationing

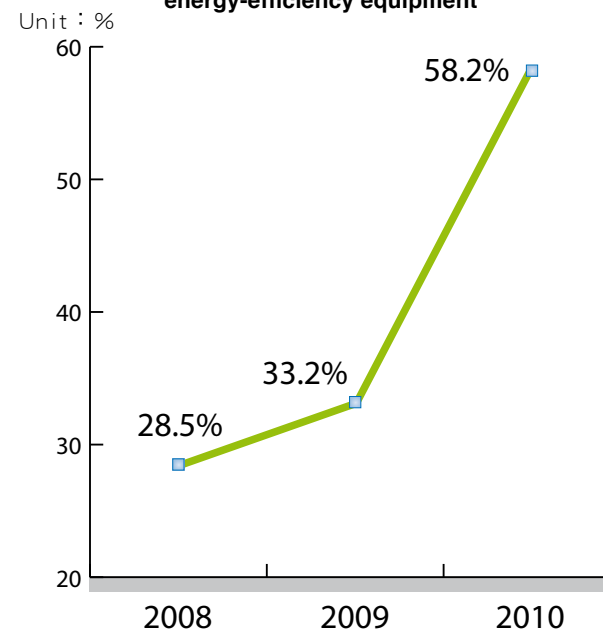
Nearly 90% (86.02%) of our new 3G base stations have been installed on existing 2G base stations (co-stationing), reducing the need for new sites. Our base stations also employ 2G/3G multi-band antennas, so no extra antennas have been needed when new 3G stations have been built on existing 2G base stations. Another 14.83% of 3G base stations share construction and antennas with other 3G operators' stations, which does even more to reduce the number of antennas.

(3) Energy-saving equipment at base stations

In addition to adjusting A/C equipment and temperature settings to enhance energy efficiency, we have also installed the most energy efficient equipment possible. New equipment purchased for 3G base stations in 2010, bought from a vendor with ISO14001 certification, is 50% more energy efficient than previously used equipment, and 95% of its components can be recycled after replacement. This energy-saving equipment has been installed at 58.2% of our 3G base stations, and we have also enhanced energy efficiency by adopting inverter-aided air conditioning equipment and temperature controls.

Project	Benefit	Base Station Adoption Ratio (2008)	Base Station Adoption Ratio (2009)	Base Station Adoption Ratio (2010)
Use of variable-frequency air conditioning equipment (starting 2007)	Saves approximately 40% of power	12.5%	15.2%	18.5%
Setting A/C temperature at 28°C (starting 2007)	Saves 6% of power consumption compared with 26°C	28.0%	28.0%	28.0%

Growth in ratio of 3G base stations adopting high energy-efficiency equipment



We plan to introduce highly efficient inverter modules to reduce heat dissipation during operations to further improve base-station energy efficiency.

4.2.3 Building highly energy-efficient equipment rooms

At the end of 2008, we devised green equipment room energy-conservation measures for new telecommunications and IDC equipment rooms. Our equipment rooms are designed to employ temperature and humidity controls and separate hot and cold air conditioning ducts for better air conditioning efficiency. We also continue to carry out various projects to enhance energy efficiency step by step, including installing T5 fluorescent tubes and new efficient UPS systems and air conditioners.

Equipment Room Energy Saving Results

Energy Saving Measure	Estimated KWH Saved (KWH/Year)	Efficiency Compared with Previous System
Installed energy-saving UPS system in 2010	600,000 KWH	+ 15%
Separated hot and cold air conditioning ducts	75,814 KWH	+ 30%
Small-tonnage evaporative air-conditioning system used in winter instead of conventional water-cooled air-conditioning	53,070 KWH	+ 40%
Used environmentally friendly transformers	64,386 KWH	+ 57%
Installed T5 tubes and infrared sensors	14,567 KWH	+ 46%
Note: Energy efficiency is calculated based on the power consumed before and after the equipment in question was replaced.		

To further save energy resources, we have integrated multiple services into one server through system planning and centralized management. In 2010, for example, a total of 1.5 million kwh of power will be saved. A new energy-efficient chiller, which will be installed in 2011, is expected to reduce power consumption by at least 40,000 kwh every month and is 10% more efficient than the previous system.

4.2.4 Enhancing energy efficiency at office buildings and company-operated stores

At our office building and company-operated stores, we conducted a power consumption survey and took various energy-saving initiatives to reduce the power consumption of our lighting, air-conditioning and office equipment to enhance power efficiency. We took detailed power-use inventories of high-energy consumption areas and formulated specific energy conservation improvement programs, while also adjusting our contracted power capacity to a more reasonable level. In addition to installing power-saving T-5 lights and more efficient reflectors, we also reduced unnecessary lighting use through the seasonal

adjustment of lighting times for signs on high-rise buildings and other locations and the use of zonal control switches to adjust workplace lighting to reasonable levels based on need. Taiwan Mobile also adjusted elevator operating formats by reducing the number of floors at which each elevator stopped to reduce power consumption.

4.2.5 Improving the response to climate risk

(1) Compliance Risk

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

(2) Physical Risk

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

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

4.2.6 Constructing disaster-proof base stations

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

4.3 Electronic Waste Recycling

4.3.1 Effectively recycling old power cables

There are many old power cables that need to be phased out during telecom infrastructure construction or maintenance. If the owner of these cables does not handle them properly, they may hurt the environment. To prevent that from happening, we commissioned an EPA-approved waste cable processing plant to replace copper cables with fiber-optic cables starting in 2000. In 2009 and 2010, around 998,758 kilograms of copper cables were removed and recycled.

Waste Cable Recycling Results

Unit: kg

Year	2009	2010	Total
Copper Cable	199,498	61,190	260,688
Fiber-optic Cable	401,070	337,000	738,070
Total	600,568	398,190	998,758

4.3.2 Waste battery recycling

Our computer facilities and base stations employ batteries for emergency backup power. These batteries are consumables and must be regularly tested and replaced. To avoid the unnecessary waste of usable resources, a battery recycling standard and classification scheme was drafted to use reusable batteries and to commission the disposal of consumable batteries to meet environmental requirements and save costs. A total of 560,295 kilograms of waste batteries was recycled in 2009 and 2010, therefore preventing a potentially significant amount of pollution from battery acids.

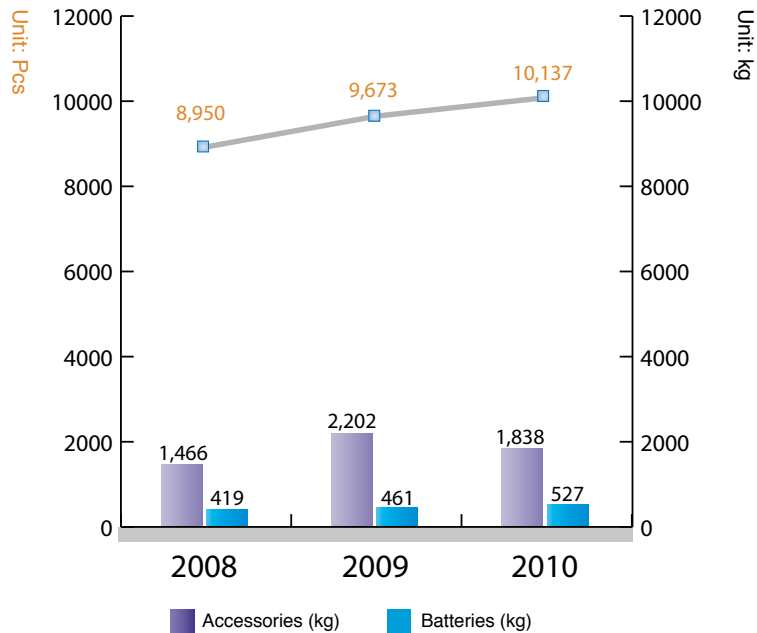
4.3.3 Continuing to promote handset recycling

Taiwan Mobile introduced Taiwan's first waste handset recycling plan -- the "Love the World Recycling Campaign" -- in April 2008. This campaign allowed consumers to recycle batteries, handsets, and components such as charging bases, travel chargers, headphones, and transmission wires. By reducing the amount of heavy metals such as lead, cadmium and cobalt entering the environment, and recovering materials such as gold, copper and plastic, this campaign reduces pollution, resource use and waste. The handset recycle bin is made of acrylic to avoid secondary pollution caused by battery acid leakage.

By the end of 2010, nearly 30,000 handsets had been retrieved through the program, with the number of handsets recycled growing every year. Taiwan Mobile's initiative encouraged competitors, mobile phone manufacturers, electronic chain stores and domestic retail chains to follow suit, eventually helping make Taiwan the country with the highest concentration of handset recycling kiosks. In 2009 and 2010, we recycled 10,137 handsets, 1837.84 kilograms of components and 527.27 kilograms of waste batteries. About 5% more handsets were collected for recycling in 2010 than in 2009.

Summary of Recycled Handsets, Accessories and Batteries

	No. of handsets recycled	Accessories(kg)	Batteries(kg)
2008	8,950	1,465.95	418.58
2009	9,673	2,202.3	461.05
2010	10,137	1,837.84	527.27
Total	28,760	5,506.09	1,406.9



4.4 Green Office

We continue to enhance the eco-efficiency of energy resources with the goal of building a “green” office building. In terms of water resources, we regularly inspect the water supply and drainage facilities and reduce the volume of water output in toilets and kitchens at offices and business locations. We also recycle the wastewater produced by reverse osmosis drinking fountains for use in toilets and carwashes. Approximately 2-3 tons of water can be conserved every day. Taiwan Mobile consumed 5.86% less water in 2010 than in 2009, and we will continue to implement various water-conservation measures in the future. We plan to reduce water consumption by another 1% in 2011.

Water Consumption

Unit: Cubic Meter

Office area	2009	2010	Annual variance	
	Water Used	Water Used	Water Used	Growth rate (%)
Subtotal	46,205	44,555	-1,650	-3.57%
Water Use per Person	8.80	8.28	-0.52	-5.86%

In terms of recycling, we also established recycling facilities on each office floor for the purpose of resource classification and recycling. In 2010, we recycled a total of 91.917 kilograms of resources, 16.6% more than the 78,731 kilograms in 2009, and 14% more on a per employee basis.

After implementing these measures, all of our environmental performance targets for 2010 were met. Compared with 2009, office power consumption, water consumption and paper consumption were reduced 2%, 1% and 1% respectively. We will continue to improve energy and resource efficiency in the future. Our goal for 2011 is to further reduce power consumption, water consumption and paper consumption by another 2%, 1% and 1%, respectively.

4.5 Free electromagnetic radiation measurement services

To ease public concerns about the effect of base station electromagnetic radiation on human health, we have set up a free base station radiation measurement application hotline (0800-580010) that takes requests for free household electromagnetic radiation measurements and telecom service inquiries or complaints. We also arrange for impartial third-party organizations to perform on-site measurements and provide professional explanations.

We conducted more than 500 measurements during 2009 and 2010 and teamed up with other members of the Taiwan Telecommunication Industry Development Association during that time to host electromagnetic radiation measurement tours, where third-party organizations took measurements in northern, central, southern and eastern Taiwan to collect data for future educational purposes and the production of promotional material. We have also assisted National Taiwan University's Telecom Research Center to host seminars where scholars and experts from Taiwan and abroad discuss electromagnetic radiation research, safety standards and current regulations to provide a reference to the government in making and carrying out policies related to the issue.

We will continue to promote the concept of electromagnetic radiation in conjunction with relevant agencies and groups in all cities and join forces with other telecom operators to commission Taiwan Telecommunication Industry Development Association to produce a set of electromagnetic radiation awareness materials.

Electromagnetic Radiation and Public Health

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

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

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

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

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

4.6 Environmental Communication and Education

After the Environmental Education Law was passed in June 2010, we began incorporating the concept of environmental protection in our education and training system. We've also leveraged our corporate resources to promote the idea of environmental protection to the general public. Our practices fall under three general categories:

4.6.1 Promoting environmental education both internally and externally

We plan different courses and lectures on environmental protection for both internal and external audiences. For example, in July 2010, we invited professor Ju Bo-Young from Chiao Tung University to speak to senior and mid-level executives on the impact of global warming and the economic environment on the development of the telecom industry. We also invited professor Wang Jun-Shiu from National Tsing Hua University, who is also the president of the Taiwan Environmental Protection Union, and LOHAS writer Shiro Chu, to analyze the latest environmental trends for our employees, the general public, and college students majoring in related subjects. Recognizing the importance of bio-diversity to the stability of the global ecological and economic system, TWM worked with Taipei City Zoo on Family Day in 2010 to promote the idea of ecological conservation by planning educational activities and guided tours to educate employees and their families on conserving bio-diversity.

4.6.2 Encouraging the production of local environmental education teaching materials

CommonWealth Magazine spent 15 years to produce a documentary film on the Kaoping River called "Watching the River." It chronicles the river's hydrological and cultural evolution. To promote environmental education, we collaborated with CommonWealth Magazine in hosting a national environmental education teaching material contest and teacher workshops. We also selected outstanding teaching materials to be converted into digital formats and distributed them to more than 4,000 high schools and elementary schools around the nation. In addition, we encouraged teachers to identify issues related to their communities and school surroundings and turn them into localized teaching materials to help their students become modern citizens with good environmental literacy.

4.6.3 Producing local environmental TV programs

TFN station CATV has produced multiple environmental cable TV programs such as "Community Development that Touches the Heart" and the public forum "Building a Low-Carbon Community" to report on local volunteer participation and successful examples of energy-saving or carbon reduction efforts by communities. It is hoped that the programs can help local communities better understand low-carbon societies by including local environmental issues in news reports.



Customer Service

- 2011-05 Received the "Trusted Brand Gold Award" by Reader's Digest for the 8th consecutive year
- 2011-05 Received the First Prize of "2011 Service On Award" in the ICT Group in the Digital Service Power Survey by Business Next Magazine
- 2010-12 TWM match mobile life center received "Outstanding IT Applications/Product Award" in the 2010 ICT Month
- 2010-10 Awarded two Gold Prizes by Next Magazine in its 7th annual "Top Service Awards" in mobile & fixed-line communications and 3C store channels. TWM was the only entrant to win two top prizes
- 2010-03 TWM won 2nd place in MVPN service in the ICT Best Choice Survey organized by the Institute for Information Industry
- 2009-10 TWM won 2nd place in the category of mobile/fixed-line communication and 3rd place for 3C store channels in Next Magazine's 6th annual "Top Service Awards." It was the only telecom service provider to enter the 3C store channel category, and the only entrant to be awarded in both categories
- 2009-09 TWM Solution received the highest rating in a corporate online satisfaction survey conducted by the Institute for Information Industry
- 2009-03 TWM and TWM Communications received three awards at the ITeS Best Choice hosted by III: 2nd for mobile value-added service push mail, 3rd for MVPN mobile extension, and 2nd for MPLS VPN installation and service

Taiwan Mobile fulfills the needs of mobile service subscribers with a variety of rate plans and value-added services. We have also introduced discounted rate plans for specific market segments. Our team can recommend discounted rate plans to subscribers when they go online to give them access to premium services at lower rates.

5.1 Customer Service Mechanism

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

- Providing the best service experience during the first **30** seconds.
- Encompassing over **200** processes in more than **80** systems for the information security

5.1.1 Introducing new measures to enhance service quality

(1) Smart Service Platform Enhances Service Efficiency

Taiwan Mobile introduced a smart service platform in 2009 to analyze customer behavior and the user experience. The system can predict potential short-term events that could cause customer issues and remind the staff through the company's internal platform. The smart service platform can enhance overall service efficiency and resolve customer issues quickly.

(2) Mobile expert and smart user guide

To help subscribers enjoy a premium and convenient mobile life, Taiwan Mobile deploys Mobile Experts in myfone stores to explain mobile phone operational procedures to customers face-to-face. A mobile network task force also provides service around the clock through our customer service hotline. At the same time, a variety of smartphone user guides are posted on the official website for subscribers to access relevant information via a self-help service interface.

(3) Establishing a transparent complaint procedure

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

as a whole to specific users. We strive to understand customers' needs and thinking, and draft improvement plans and business strategies geared to enhancing user satisfaction. We conduct two surveys on general customer satisfaction every year, an indication of how big a priority we put on consumer opinion and satisfaction.

We conduct satisfaction surveys through our own departments and third-party survey companies. Survey topics generally cover consumer satisfaction in seven areas: call quality, rates, billing, store service, call centers, value-added services and the website. Apart from shedding light on users' views concerning various telecom operators in the market as a whole, these surveys also enable us to gauge our performance compared with other carriers, facilitating our internal assessment efforts and promoting our continued growth momentum. TSM's customer satisfaction average score in 2010 was 3.7, slightly higher than the 3.6 of 2009.

2009-2010 Customer Satisfaction Survey Results

	2009	2010
Key indicators of customer satisfaction	3.6	3.7
Call quality satisfaction	3.7	3.7
Call center satisfaction	4.2	4.3
Store service satisfaction	4.0	4.1

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

5.2 Customer Satisfaction

We employ all kinds of market survey tools (including telephone interviews, online surveys, and focus groups) to track and improve customer satisfaction. We plan and implement a variety of surveys every year that focus on groups ranging from the market

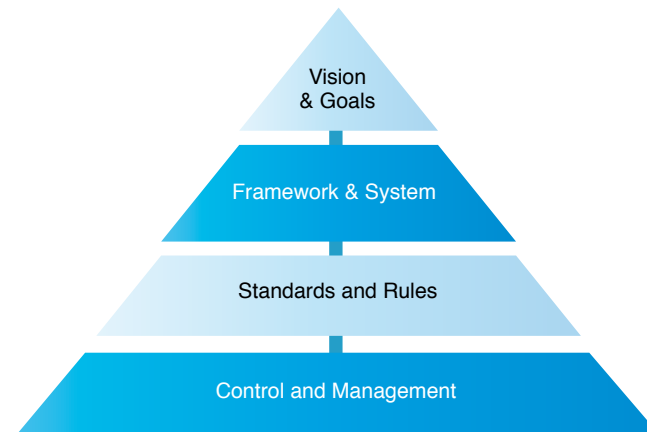
5.3 Information Security

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

We are mindful of the importance of customer information security. We implemented an information security management system in 2004, obtained the world's first ISO 27001 Information Security Management System Certificate in 2006, and passed the global system's three-year overall review in 2008. We also received Taiwan's first "Information Security Contribution Award" in 2007, and we are still the only telecom firm to have been accorded this honor.

To protect users' rights and interests, and to strengthen the protection of users' personal information, we have broadened the scope of our information security certification from our Information technology (IT) units to all customer information service processes. We ensure that personal information is protected in all access number applications, activations, changes, account processing, fraud prevention, and customer service tasks – encompassing over 200 processes in more than 80 systems. We will continue to expand the scope of IT security as necessary in the future.

In setting the scope of the information security management system, we adopted a bottom-up approach as illustrated below to ensure that the scope of information security management is in line with our vision and commitment to customers.



Information Security System Scope Evaluation Strategy

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

In addition, an internal audit based on an independent and objective review process is conducted every six months to ensure the proper implementation of information security policy. To maintain the effectiveness of information security control points and in response to the latest information security trends, internal audits rely on new methods and areas of concentration every time they are applied. Auditors are recruited from different professional backgrounds to make internal audits more comprehensive.

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

5.4 Preferred rate plans for underprivileged population segments

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

We have also offered rate plans with a 50% discount on monthly subscription fees for the elderly since 2008 as well as mobile phones exclusively designed for the elderly that have extra-large keypads, extra-loud ringtones, extra-large font sizes, and extra-long stand-by battery life. It also includes safety features for elderly subscribers such as a flashlight on top of the handset to prevent them from accidentally falling down. By pressing the SOS emergency button in the back of the handset for three seconds, the subscriber can instantly get in touch with his or her family members. Taiwan is gradually becoming an aging society, and we intend to use our core competency and services to provide a more friendly communications environment for the elderly population.

5.5 Full Disclosure of Information

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

5.6 Innovative services

Taiwan Mobile continues to develop a variety of services for mainstream smartphones and other handheld devices, including match Market, the app store that incorporates multiple smartphone OS systems, and the MoFun channel, which offers a wide range of audio and video entertainment content. There is also the popular myBook, which offers features such as an online library, group functions, exclusive audio books and e-book bonuses, as well as applications such as Handset Bodyguard, which helps retrieve lost handsets and backs up data, and Incoming Call Butler, which helps the user manage calls.

In terms of digital convergence and cloud service, we have introduced products such as Internet TV service, myPhoto album, and ezPeer. With one single account,

subscribers can log on from the screens of their mobile handset, PC, tablet and TV to access photos, videos and music whenever they want. This is the first cloud service targeted at home applications in Taiwan and differs from the corporate applications generally offered by other telecom service providers.

Our corporate offerings are outstanding. We provide a range of IT management services, such as global IT security warning, real-time surveillance and vulnerability scanning, that are integrated into the client's information security framework. These services help companies build a comprehensive IT security network and an active network administration system that monitors the system and automatically signals when maintenance is needed.

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

5.7 Eliminating adult-only information to protect children and teenagers

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

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

Our smartphone service also follows the same rules. No adult content can be accessed from our match Portal or match Market to prevent young people from being negatively affected by inappropriate content.

Human Development and Employee Relations

2009-12

TWM awarded for "Health Leadership" and "Health Excellence" by the Bureau of Health Promotion of Department of Health and Taipei City government for the 5th year in a row.

• Total of **1,968** hours
of digital learning platform usage with more
than **8,000** user/times

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

6.1 Employee Recruitment

We recruit employees who match with the career opportunity offered by Taiwan Mobile based on the characteristics of different types of expertise. We also offer extremely competitive compensation, benefits and training opportunities for employees to grow along with the company. We have never employed child workers, and, in accordance with the Gender Equality in Employment Act and Employment Services Act, we do not discriminate against any ethnic group and have never violated the human rights of our employees. We send job offer agreements to job candidates for them to review before they are officially hired, and they must submit the signed agreement before coming on board to protect their rights and benefits. Any transfer of department, location or position can only take place after getting the approval of the employee at least three days before the transfer. Any transfer to a new location across geographical regions must be communicated with the employee at least two weeks ahead of time to allow enough time to the employee to prepare for the move. The company will also offer any necessary assistance related to the move, including renting a house.

Taiwan Mobile employed 2,548 people as of the end of 2010. Please see the following table for basic information concerning the distribution of employees based on position, gender and age. The male:female ratio is 58:42 and average seniority is over 7 years. Males aged between 31-50 constitute the majority of our employees.



Employee Attributes

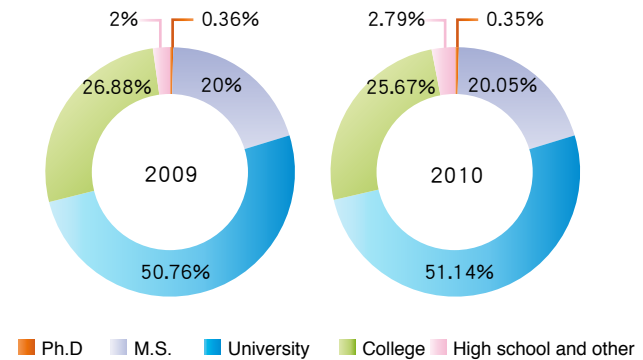
Category	Year	2009		2010	
		Number		Number	
	Age	Male	Female	Male	Female
Top executive	under 30	0	0	0	0
	31~50	8	2	6	3
	over 51	10	2	11	2
	total	18	4	17	5
Staff employee	under 30	73	194	100	229
	31~50	1,342	832	1,334	825
	over 51	25	8	30	8
	total	1,440	1,034	1,464	1,062
Total		2,496		2,548	
Employment Status	Full-time	2,493		2,544	
	Part-time	3		4	
Average years of service		6.8		7	

In terms of turnover rate, the number of new employees exceeded the number of people who left the company in 2010, and the percentages of women in those two categories were both higher than males. The gender and age distribution of employees who joined and left TWM in 2009 and 2010 are shown as follows:

Year	2009				2010			
	Newly hired		Left		Newly hired		Left	
Age	Male	Female	Male	Female	Male	Female	Male	Female
under 30	32	58	10	39	81	152	18	57
31~50	39	34	80	82	62	59	93	116
over 51	1	0	3	1	0	0	5	2
total	72	92	93	122	143	211	116	175

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

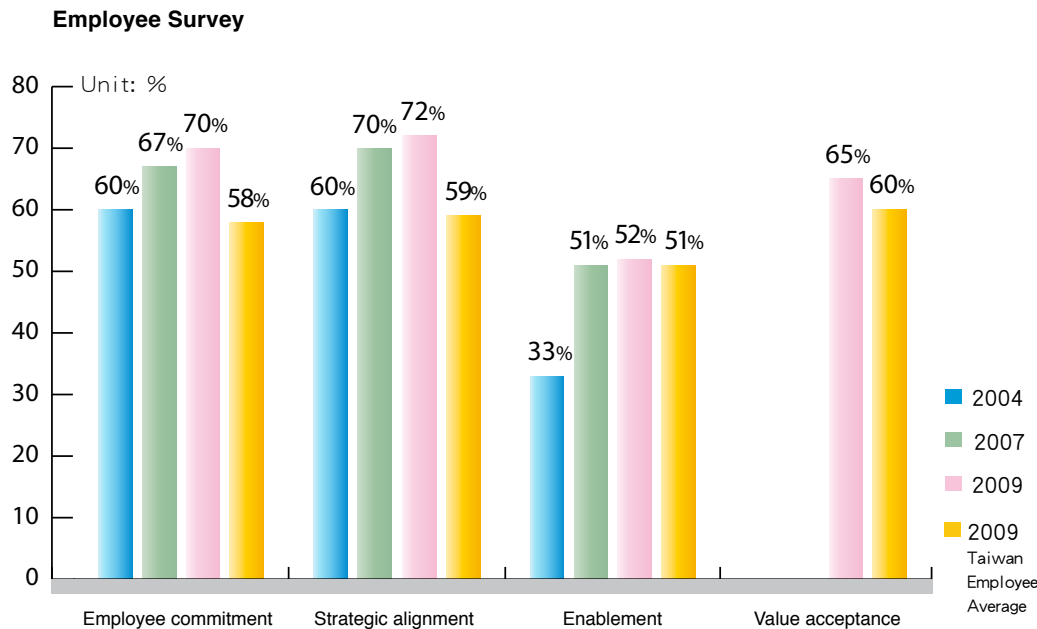
▼ Employee Educational Background Pie Chart



6.2 Employee communication and employer-employee relations

To create a win-win situation for both the employer and the employees, we adhere to the Labor Standards Act and other relevant regulations, pay close attention to employee benefits and compensation, and build harmonious labor-management relations based on the principles of mutual participation and full communications. We host a quarterly meeting where the company's president sits down with employees to facilitate communication between them.

We also hold irregularly scheduled employee opinion surveys in order to find out what our people think about work and management issues, which helps guide subsequent improvement initiatives. We also participated in a survey on employee engagement conducted by professional market survey agency Towers Watson in 2004, 2007 and 2009. The surveys showed that employees had increasingly positive views across four key indicators: employee commitment, strategic alignment, enablement, and value acceptance. The satisfaction levels for the four indicators in 2009 were above average.



Based on the survey's results, we have continued to improve employee communication, on-the-job training, and career development, as well as reviewed how key performance indicators are set. These actions have helped enhance employee satisfaction and team spirit.

Item of Improvement	Key Action
Improve employee communication	<ul style="list-style-type: none"> Improve middle-level executives' communication skills, especially in explaining the company's system and issues including compensation principles, performance reviews, and career development to assist the company in communicating important policies and information.
	<ul style="list-style-type: none"> Listen to employee voices. Encourage interaction between executives and employees to communicate company policy or understand customer needs.
Improve education/training and career development efficiency	<ul style="list-style-type: none"> Review the training effectiveness of new employees; understand employee opinions and the knowledge and skill set they need to enhance their expertise. Executives communicate with employees about their career development to review their capabilities and recommend necessary training and education programs. Review the mechanisms and channels for career development to cultivate more specialized talent.
Review the setting of KPIs	<ul style="list-style-type: none"> Examine whether the method for setting KPIs is too complicated, or the KPIs aim too high. Communicate with employees on the principles behind setting KPIs and their progress in attaining KPI goals. Employees need to know the reasons if there are any changes being made. Provide more guidance for employees who are performing below par.

6.3 Training and Education

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

6.3.1 Corporate training and functional training

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

Professional education and on-the-job training programs catering to specific skill sets are developed by specific groups or divisions/departments respectively. The training system is structured as follows:

(1) Orientation for new employees

Helps new employees learn about the working environment and employee rights faster than they would otherwise and shows them an appropriate level of attentiveness, which builds cohesiveness and a happy working environment. During the process, we also put great emphasis on workplace equality, and have instituted an internal complaint mechanism.

(2) Core competency development

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

(3) Management training and development

Separate training for entry-level management, middle management, and upper management. Courses include performance management, leadership, motivation skills, management forums, strategy management forums, project management, team dynamics skills and organizational development skills and a Masters forum. We have established an objective set of assessment indicators on the basis of functional assessment results for middle level managers. These indicators are used in conjunction with training classes to boost management skills and provide a basis for the training and development of individual managers.

(4) Improving professional knowledge

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

A statistical look at our training program shows that the average training hours per person in 2009 and 2010 were 22.75 and 24.33 respectively. Male employees logged longer training hours on average than their female colleagues. The details are as follows:

Personnel Training Hours

Unit: Hour

Year	2009		2010	
	Male	Female	Male	Female
Assistant Manager and above	29.94	28.3	21.93	19.89
Personnel under Assistant Manager	21.68	13.7	22.81	16.55
Average by Gender	23.45	15.17	22.63	16.88
Average Hours Per Employee	22.75		24.33	

Taiwan Mobile started to plan for the establishment of an e-learning platform in 2008. The platform was opened to employees by stages in 2009, and a total of 1,968 hours had been logged on the platform as of the end of 2010.

6.3.2 Encouraging continuing education and lifelong learning

(1) Scholarship program

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

(2) Subsidies for continuing education

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

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

6.4 Employee benefits system

"Employee benefits and incentives" are important to boost employee morale and attract talent. The Taiwan Mobile Joint Employee Welfare Committee is responsible for planning

and implementing benefits programs and integrating employee benefits at all subsidiaries. These benefits include:

- (1) Labor Insurance, National Health Insurance, labor pension contributions and group insurance coverage from the first day of work.
- (2) An employee treasury stock subscription plan, annual bonus plan and employee profit-sharing system; TWM also leads the industry in introducing employee stock ownership trusts in which the company will match the amount put in by the employee.
- (3) Subsidies for weddings, child births, funerals, hospitalization, children's education, and club activities, on a case-by-case basis.
- (4) Regular health check-ups every two years and health management in accordance with checkup results; follow-up examinations and health education.
- (5) Taiwan Mobile also offers better vacation benefits than required by law. For example, employees are eligible to take annual leaves as soon as they join the company. The length of the vacation will be calculated in proportion to the number of days worked that year. We also put greater emphasis on benefits such as parental leave. During 2009 and 2010, nearly 60 employees applied for parental leave and more than 70% of these employees returned to their position afterwards.

Year		2009	2010
Number of employees entitled to apply for parental leave	Male	285	244
	Female	179	150
	Total	464	394
Number of employees applying for parental leave without pay	Male	0	4
	Female	22	33
	Total	22	37
Number of employees who should have resumed their position after taking parental leave(A)	Male	0	1
	Female	9	26
	Total	9	27

Year		2009	2010
Number of employees who should have resumed their position after taking parental leave and in fact did (B)	Male	0	1
	Female	7	19
	Total	7	20
Number of employees who resumed their position after taking parental leave (C)	Male	0	1
	Female	7	20
	Total	7	21
Number of employee who resumed their position after taking parental leave and worked for more than one year (D)	Male	0	1
	Female	3	11
	Total	3	12*
Return rate (B/A)	Male	-	100.00%
	Female	77.78%	73.08%
Retention rate (D/C)	Male	-	100.00%
	Female	42.86%	55.00%

Note*: Those who resume their position in 2010 and remained on board until the end of July 2011.

6.5 Employee health and workplace safety

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

We have drafted a network maintenance operating handbook that details relevant

standard operating procedures for our network maintenance personnel. We also provide protective gear for the use of appropriate personnel. In addition, we have drafted health, safety, and environmental protection regulations that must be followed by contractors performing network maintenance work, and we supervise contractors' maintenance work to ensure safety. We also hold fire and first-aid drills for employees to improve their disaster response and relief skills.

We have designed a variety of health activities for employees in line with the four themes of "maintaining a safe environment, preventing disease, promoting health, and relieving mental stress." We also host health lectures for employees as well as residents of certain communities. Those efforts were recognized by the country's Department of Health (DOH). From 2007 to 2010, we were awarded the "Healthy LOHAS Award," "Coordination Health Award" and "Health Navigator Award" by the DOH's Bureau of Health Promotion. Our nursing room was also certified by the Taipei municipal government's Department of Health as an outstanding nursing room.

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

Year	2009	2010
No. of Disabling Incidents	1	1
Disabling Frequency Rate(FR) ¹	0.34	0.19
Disabling Severity Rate(SR) ²	2	4

1. Disabling Frequency Rate (FR) = No. of Disabling Incidents x 10⁶/Total Working Hours

2. Disabling Severity Rate (SR) = Total lost days x 10⁶/Total Working Hours

Supplier Management and Procurement

2010-12

Awarded "Outstanding Green Procurement Enterprise" by the Department of Environmental Protection of the Taipei City Government.

• Total amount of green procurement reached nearly

540 million
during 2009-2010.

7.1 Strengthening Supplier Management

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

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

7.2 Open and Transparent Procurement Mechanism

We strive to maintain aboveboard business practices. Our dealings with suppliers do not depend on personal relationships, and we do not permit any under-the-table exchanges. Our transparent bid request purchasing system requires the clear, transparent public announcement of all

purchasing and bid request information. We also provide adequate appeal and complaint channels for suppliers or employees. Supplier appeal regulations may be downloaded from the procurement section on our official website (<https://twmepmall.taiwanmobile.com/esp/>).

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

7.3 Green Procurement

Green procurement measures can not only help promote the green consumption market but also meet our goal of creating green benefits in our value chain. We therefore give preference to products that are EPA certified, can be recycled, generate little pollution and are energy-efficient, and that can bring social benefits or reduce social costs without compromising functionality. We purchase environmentally friendly products in the hope it will promote green consumerism. Furthermore, we regularly provide green purchasing training to purchasing personnel and compile relevant information into green product purchasing guides.

Green Procurement Items and Amount (in NT thousand dollar terms)

Product Type	Item	Amount (2009)	Amount (2010)	Total
Office equipment	Recyclable printer cartridge	506.2	229.7	735.9
	Copying machine (leasing)	6,870	5,859.6	12,729.6
	Computer equipment (leasing)	10,194.2	13,518	23,712.3
	Air conditioner	3,600	17,420	21,020
	Drinking fountain	0	553	553
	Lamp	0	164.3	164.3
	Printed material	76,950.5	81,844.4	158,794.8
Environmental protection products	Handset	0	321,481	321,481
Total Amount of Green Procurement		98,120.9	441,070	539,190.9

TWN was cited as an "Excellent Green Procurement Enterprise" by the Taipei municipal government's Department of Environmental Protection in December 2010. We will continue to follow the direction and principles of green procurement in creating the equipment room and other facilities of our cloud computing program to enhance sustainable benefits.

In 2010, we have introduced a variety of "green handsets" that cost NT\$320 million to procure. We encourage consumers to choose these handsets because most of them are low in power consumption and contain no toxic materials.

Handset model	Product feature
SonyEricsson Elm J10	<ul style="list-style-type: none"> • Adopts recycled plastic for the case • Built-in e-user manual • Environmental calculator • Contains no toxic material
SonyEricsson Naite J105	<ul style="list-style-type: none"> • Adopts recycled plastic for the case. • Built-in e-user manual • Low-power charger
LG GD510 POP	<ul style="list-style-type: none"> • Solar panel-equipped back cover • 2:15 of calling time or 180 minutes of stand-by time with more than 10 minutes of charging. • Recycled materials are used for the handset and the product's packaging

Community Participation and Social Care

- 2010-08 *TWM and TWM Foundation both won the "Arts & Business Awards-Golden Prize" awarded by the Council for Cultural Affairs, Executive Yuan*
- 2010-02 *Received recognition from the National Communications Commission for providing relief aid during Typhoon Morakot, including offering telecommunications assistance and aiding those in need.*
- 2009-12 *Awarded a "Sports Promotion Award" Gold Prize by the Sports Affairs Council, Executive Yuan*
- 2009-02 *Won seven commendations from the National Communications Commission, the most among its telecom peers, for its efforts in bridging the digital gap in remote areas.*

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

8.1 Typhoon Morakot Reconstruction and Caring Ambassador

8.1.1 Typhoon rescue and reconstruction

When Typhoon Morakot caused severe damage in southern Taiwan in August 2009, we immediately organized a task force and directed our full energies toward repairing equipment rooms and base stations.

The disaster not only damaged the environment, but also affected victims' livelihoods. Feeling empathy, we gave all subscribers in the affected area a discount of NT\$300 per month on their phone bills. We also offered them free SIM card loss reporting and other convenient services. For Alishan subscribers of broadband service, we also waived the ADSL subscription fee for a whole year.

- Nearly **600** employees accumulated more than **2,000** hours of voluntary work.
- **25** outdoor concerts, touching the hearts of more than **300,000** people.
- The heart-warming **880** hotline helped more than **90,000** people confront Depression.



At the same time, we encouraged our employees to donate a day's pay to relief efforts, which, including a matching donation by the company, raised more than NT\$10 million. Taiwan Mobile also encouraged employees to volunteer for disaster relief activities by offering them volunteer leave and transportation subsidies to help the typhoon's victims rebuild their homeland.

After getting a deeper understanding of the impact of the typhoon, we found that residents living in remote rural areas were severely obstructed due to bridge damage. In Alishan Village, a total of 23 bridges were damaged, including the San-Mei Bridge, the most important link between San Mei, Hsin Mei and Cha-San villages. Tourism was totally disrupted and agricultural products could not be shipped to urban markets, severely challenging residents' livelihoods.

Therefore Taiwan Mobile decided to respond to the need by contracting Chia-Yi Do Good Group, a charity organization that specializes in building bridges, to help rebuild Alishan's San-Mei Bridge. The new San-Mei Bridge will be a concrete bridge 86 meters long and 8 meters wide. Despite the challenging construction environment, the new bridge is scheduled to be completed by the end of the third quarter in 2011. The project demonstrates a new charity model that generates the highest work efficiency and social benefit. It has avoided lengthy administrative procedures involving on-site inspections, budgeting, tender invitation, contracting and payment, and has shortened construction time.

8.1.2 Disaster relief ambassador

Taiwan Mobile continued with the Taiwan Mobile Music Ambassador program by promoting art and cultural activities in hospitals, schools in remote areas and teenager rehabilitation facilities. We also joined with the National Symphony Orchestra (NSO) in 2010 to host a disaster relief ambassador program by performing at 10 junior high schools and elementary schools in Typhoon Morakot-affected areas in Chiayi, Pingtung and Taitung counties. A total of more than 1,100 students, teachers and local citizens attended the concerts and were cheered up and revitalized by the comfort of music.

8.2 Caring for the Underprivileged

8.2.1 Care for seniors living alone

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

During the past four years, we have transcended geographical and age boundaries to connect seniors and volunteers. The seniors in Hualien have enjoyed the warmth of heart while the volunteers have gained an unforgettable service experience of a lifetime. The volunteers have truly embodied the spirit of the saying "treat all elderly persons as one's own family."



8.2.2 Care for depression patients

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

In addition to consultation, caring and listening is also very important for the prevention of depression. Telecom service therefore can act as the medium for communication. Starting in 2006, we have been working with Canlove Social Service Association to provide an 880 hotline service for depression consultation and prevention. A total of 90,000 people benefited from the service during 2009 and 2010. In view of the high prevalence of depression in Taiwan, and the low rate of people seeking treatment for it, we have also hosted a “Top 10 Depression Doctors” voting campaign since 2009 to encourage positive doctor-patient communication and the right mentality to handle the disease.

8.2.3 Tutor program for underprivileged children

A society can only move forward when underprivileged children start to see hope. With this idea in mind, we have been sponsoring tutor programs since 2005, when we began to support the Chinese Christian Relief Association’s “After-school Tutor Program for Children from Underprivileged Families” in 2005. Children attending these sessions come from all sorts of backgrounds, but thanks to the long-term schoolwork assistance

and character education they receive, their school performance improves, they show greater confidence and self-esteem, and they are less likely to get into trouble.

In 2009-2010, Taiwan Mobile continued to sponsor 10 tutorial sessions covering 410 children from underprivileged families. These sessions are located in Wujie Township of Yilan County, Xinzhuang District of New Taipei City, Dajia District of Taichung City, Donggang Township of Pingtung County and Penghu County.

8.2.4 Teenager EQ management and life education

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

Taiwan Mobile has sponsored the Champions Education Association since 2004 by offering a 10-week educational program that includes “problem handling,” “emotions management,” “relationships,” and “suicide prevention” for 7th grade students in hundreds of high schools nationwide.

A total of 140,000 students have taken part in 3,962 classes in 471 schools all around Taiwan and its outlying islands in the “problem handling” and “emotions management” programs.

In order to better understand teenager happiness and provide a reference for parents, teachers and the authorities concerned, we have conducted a large-sample quantitative analysis on the topic. Samples were randomly collected among the 10,000 junior high school students who have attended the “Champions Program” in 24 counties and cities nationwide. A total of 9,073 questionnaires were collected with a response rate of more than 90%. The survey found that teenagers who forgave others tended to have a higher level of happiness. As a result, we have promoted the idea of exercising forgiveness as part of educational programs to increase the sense of happiness and reduce bullying incidents on campus.

8.3 Cultural Literacy Promotion and Sports Sponsorship

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

8.3.1 Outdoor concerts

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



Taiwan Mobile is the only local enterprise to promote classical music by hosting large-scale free outdoor concerts. We have redefined corporate sponsorship in art and cultural events by connecting the enterprise, performing groups and the general public with music. Taiwan Mobile also transformed the role of the enterprise from conventional sponsor to event creator and organizer. From the selection of locations and the invitation of performing groups to the planning, promotion and execution of these concerts, Taiwan Mobile brings its expertise in business operations, resource integration and brand awareness into full play to act as the bridge between local communities and performing groups. We have not only helped people develop cultural literacy and the cultural and creative industry develop soft power, but have also increased the fan base for local musicians and performing groups. The interaction with local communities in different areas can also inspire them to even greater creativity.

A total of 13 live concerts were hosted in 2009 and 2010. Additional elements of mime and animation were also included in the performances to offer audiences a surprising mixture of art forms. Taiwan Mobile has held a total of 25 large outdoor concerts throughout Taiwan, attracting more than 300,000 people in all. Many of the sessions have been broadcast live on TV, and DVDs of the live concerts have been turned into digital teaching materials and presented to more than 1,000 high schools and elementary schools to benefit schoolchildren and residents in remote areas.

2009-2010 Taiwan Mobile Concerts

Time	Title
2011.1.1	2011 Alishan Sunrise Impression
2010.12.4	Songs of the Brave
2010.11.13	Starry Night in Taipei-Russian Romance
2010.10.9.	Sun Moon Lake Firework Concert Tribute to Puccini
2010.4.4	The 72 Variations of Classical Music
2010.1.24	Banquet of Lika Mengmei Concert
2009.12.26	Fairy Tale, Movie and Symphony
2009.11.28	Nai-Yuan Hu & TC Chamber Orchestra
2009.10.10	Sun Moon Lake Firework Concert Songs of the Diva
2009.10.3	Sun Moon Lake Firework Concert Tribute to John Williams
2009.9.9	Sun Moon Lake Firework Concert-Chiao-Liang Lin and NSO
2009.4.11	Taoyuan Outdoor Concert Lee Tai-Hsiang and Philharmonia Moments Musicaux
2009.2.22	Banquet of Lika Mengmei Concert



Acclaimed Violin Virtuoso Nai-Yuan Hu

Taiwan Mobile has always been the most genuine partner for the Taiwan Connection Music Festival. We've been through a global financial tsunami and dramatic climate change in Taiwan, and we have wondered what musicians can do for society. Taiwan Mobile provides us with the best platform and the most outstanding staff to enable us to comfort the soul of every person attending our outdoor concerts. Taiwan Mobile chooses to host free outdoor concerts in different townships and counties. The company sets no restrictions on the age of audience members, shows full respect to the artists and cares very much for the audience. I believe the concerts have significantly closed the cultural gap between urban and rural areas. I see a lot of kids coming backstage with their families with their eyes brimming with enthusiasm and excitement. It is then that I realize that what we bring to them is not only music, but a collective memory that will last for a lifetime.

Nai-Yuan Hu 

8.3.2 Elite Lectures

Living in a society where information changes with each passing day, trying to digest all the information at once to improve our thinking and capabilities is a challenge we are all facing. The Taiwan Mobile Foundation has been hosting free informative lectures for years, inviting NGOs and experts in a wide range of disciplines, from the humanities and digital content to environmental protection and music to share their professional knowledge and observations of trends with local residents. A total of 21 lectures were held in 2009 and 2010 and were attended by nearly 5,000 people.

2009-2010 Lectures

Category	Topic	Lecturer
Telecom/Digital	The Evolution of Search Engine-Sherlock Holmes & Search Engine	Jan Hung-Tze
	Click another Life-The Ego and Community in the Internet World	
	Power of the Online Community: The evolution and responding action against online users	
	Cloud Computing-Identify Cloud Business Opportunity and Embrace the new Goldmine of Technology	Chiueh Tzi-Cker
	The Development Trend of Mobile TV	Chen Ching-Ho
Humanities	Aboriginal Dream-Tips to Spark Off Kid's Confidence	Peter Ma
	Against All Odds—Taiwanese who do not yield to fate	Wu Pao-Chun
	How to let your kids fall in love with reading and learn happily.	Lee Chia-Tung
Listen to Art	Nai-Yuan Hu on Music-It all starts with sticking to your dreams	Nai-Yuan Hu
	Nai-Yuan Hu on the Interpretation of Mozart	
	Chiang Hsun takes you to the Silk Road	Chiang Hsun
	Paradigm of Human Aesthetics-The Exhibition on British Museum's Ancient Greek Human Body Art Collection	
Creative communication	Design will change the world!	Qing-Yang Xiao
	Crack the Creative DNA Code-Find Your Talent	Huang Jie-Wen
	Live a Creative Life	Ho Kuwan-Tsai
NPO management	Fly Against the Headwind-Leverage Internet Tools to Expand Online Impact	Rebecca Chang
Environmental Protection	Ecology is a Good Business	Wang Chin-Shou
	Save Energy, Reduce Carbon Emission, Be an Earthman	Shiro Chu

8.3.3 Promoting sports

The spirit of our brand is “living with you,” and to enable people to experience the beauty and vitality of life, we have sponsored many major sports events and activities. We’ve been involved in sports with the broadest range of participant ages, the greatest number of fans and the greatest number of participants, such as golf, baseball and basketball, and we had spent more than NT\$160 million in sponsoring sports as of the end of 2010. Our chairman, Richard Tsai, was presented a “Sports Promotion Award” Gold Prize by the Sports Affairs Council in 2009.

(1) Investing in basketball and cultivating emerging stars

The Taiwan Mobile basketball team joined Taiwan’s professional Super Basketball League in 2007 and injected energy and vitality into the highest level of basketball in Taiwan. In 2010, Taiwan Mobile further sponsored the High School Basketball League (HBL) in Taiwan to provide a better environment for more young basketball players.

(2) Supporting the country’s national pastime by sponsoring international baseball tournaments

Baseball has always been Taiwan’s national pastime. Taiwan Mobile sponsored the 2006 and 2010 IBAF Intercontinental Cups, as well as the 2007 Baseball World Cup, all of which were held in Taiwan, hoping that our players could shine in the international arena.

Beyond continuing to sponsor sports events in the future, Taiwan Mobile will also devote more time and effort to help the average person achieve a healthier and more energetic life. We also hope to bring more attention to the sports community by example and encourage local athletes to push themselves to higher levels and become prides of Taiwan.

8.4 Corporate Volunteering

Starting in 2007, we drafted and began implementing our “Corporate Volunteer Guidelines,” which encourage our employees to take part in social service and set good examples by actively fulfilling their social responsibilities. The Guidelines specify that volunteers can enjoy two paid volunteer service vacation days a year. Transportation allowances and insurance, as well as comprehensive training are provided. People who complete the volunteer service vacations receive certificates and can share their insights and experiences on our volunteer website. In

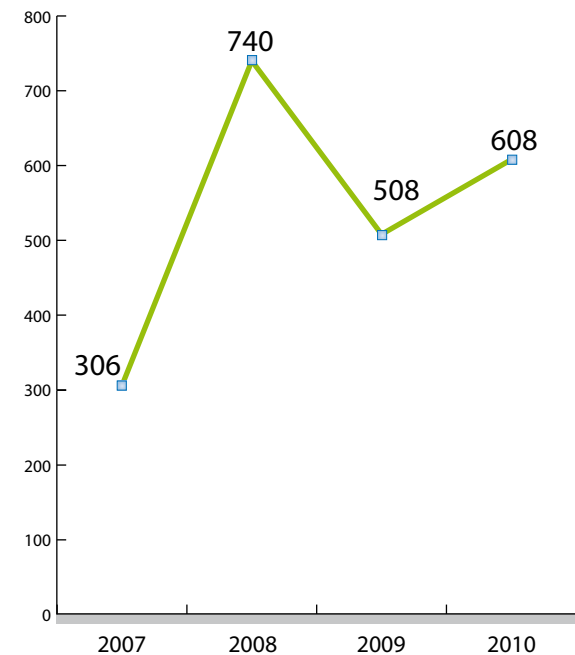
view of the service needs of different public interest groups, we offer our corporate volunteers a generous range of social service opportunities.

A total of more than 2,000 volunteer hours were accumulated under the program from 2007 to the end of 2010, and, as a result, many employees have changed their attitude towards social participation and improved their identification with the corporate culture.



Total Hours of Volunteer Service

Unit: Person/Time



2009-2010 Corporate Volunteer Projects

Date	Days	Activity Name	Description	No. of Volunteers
2009/1/9	1	Cherish National Treasures in Eastern Taiwan-Care for elderly who live alone.	The global financial crisis and the strongest cold current in four years didn't stop the enthusiasm of TWM employees. After having more than 100 employees go to Hualien for the charity campaign "Eddy of Love-Giving Warmth at Year's End" in 2008, we again had more than 100 employees go to Hualien to join with the Kernel of Wheat Foundation of Taitung Christian Hospital to provide companionship for seniors who live alone. We donated coats, blankets and cooking pots, as well as taking photos and helping them with make-up so that the seniors could celebrate the Chinese New Year earlier in the cold winter.	105
2009/7/31	8	"Showing Taiwan with Handset" digital summer camp advisors.	Activity held to reduce the digital divide, enabling children from remote areas and underprivileged families to experience the power of digital technology and handset creations to enhance their digital competitiveness. Taiwan Mobile joined with PTS to host the "Showing Taiwan with Mobile Film Creation Camp" camp to bring youth and children out of their own communities to observe different cities and shoot the diversified features of Taiwan. The three sessions held in Taipei, Taichung and Kaohsiung helped the participants learn about fundamental image creation skills. Award-winning directors were also invited to help the youth shoot 1-3 minute short films with handsets in groups.	17
2009/9/10	1	"Give Life a Pivot" –The Relativism of Love" Concert volunteer	Taiwan Mobile joined with the Eden Social Welfare Foundation in inviting Taiwanese visually impaired pianist Winner Hsu and Korean four-fingered pianist Lee Hee-Ah to host four "Give Life a Pivot-the Relativism of Love" concerts all over the nation to show concern for the physically challenged. The corporate volunteers acted as ushers at the concert to ensure the smooth proceeding of the event.	5
2010/2/5	1	"Year-End Banquet for Seniors Living Alone-Can't Do Without You" volunteering event	Despite an economic recession and inflation pressures, Taiwan Mobile continued to join with the Kernel of Wheat Foundation of Taitung Christian Hospital to care for seniors living alone. We mobilized more than 100 volunteers for the third year to head to Hualien County to provide companionship for the elderly. We brought with us more than 1,000 cartons of daily supplies and offered haircut, makeup and photography service as well as fun games to enjoy with the elderly and celebrate the Chinese New Year in advance.	101
2010/4/23	1	Volunteers building the San-Mei Bridge on Alishan	The enterprise donates money to build the bridge while the employees actually work on building the bridge. After sponsoring the reconstruction of San Mei Bridge on Alishan, TWM called upon nearly 70 volunteers to rebuild the San Mei Bridge, which had never been seen before in the corporate volunteering community. It was the first time for Chia-Yi Do Good Foundation to join with a corporate volunteering event in its 40-year history. The enterprise's support has helped enhance the impact of volunteering efforts from the private sector.	68
2010/9/1~2010/10/31	3	White Ribbon Caring Association "2010 Network Safety Promotion" volunteers	Help teenagers and children surf the net in a smart way. The White Ribbon Caring Foundation has focused on teenager online activities and problems, including prostitution, porn websites, web addiction, and online bullying. The foundation also produces videos promoting online safety to promote the concept on campuses. The TWM Foundation has joined forces with White Ribbon since 2009 by mobilizing corporate volunteers to promote online safety education to help the children learn and grow happily in the Internet world.	13
2011/1/14	1	"Year-End Banquet for Seniors Living Alone-Can't Do Without You" volunteer event	125 TWM volunteers went to Fenglin Township in Hualien County to join 104 seniors who live alone for a year-end banquet at Chao Fong Farm before the Chinese New Year. The volunteers offered considerate one-on-one time to bring the elderly a warm and unforgettable Chinese New Year.	113

INDEPENDENT ASSURANCE OPINION STATEMENT

2009-2010 Taiwan Mobile Corporate Social Responsibility Report

The British Standards Institution is independent to Taiwan Mobile Co., Ltd (hereafter referred to as Taiwan Mobile in this statement) and has no financial interest in the operation of Taiwan Mobile other than for the assessment and verification of the sustainability statements contained in this report.

This Independent assurance opinion statement has been prepared for the stakeholders of Taiwan Mobile only for the purposes of verifying its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the Independent assurance opinion statement may be read.

This Independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Taiwan Mobile. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this Independent assurance opinion statement or matters relating to it should be addressed to Taiwan Mobile only.

Scope

The scope of engagement agreed upon with Taiwan Mobile includes the followings:

1. The assurance covers the whole report and focuses on systems and activities during the 2009-2010 calendar year on the Taiwan Mobile headquarter and relevant operations.
2. The evaluation of the nature and extent of the Taiwan Mobile's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2009-2010 Taiwan Mobile Corporate Social Responsibility Report Review provides a fair view of the Taiwan Mobile programmes and performances during 2009-2010. We believe that the 2009-2010 economic, social and environment performance indicators are correctly represented.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Taiwan Mobile's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to Taiwan Mobile's policies to provide a check on the appropriateness of statements made in the report
- interview with managers and staff on Taiwan Mobile's approach to stakeholder engagement, however, we had no direct contact with external stakeholders
- interviews with 26 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and

sustainability performance information as well as the GRI G3.1 guidelines are set out below:

Inclusivity

In this report, it reflects that Taiwan Mobile has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Taiwan Mobile's inclusivity, however, the future report could be further enhanced by the following areas:

- Continuously update the latest social and industry needs for telecommunication supports in mitigating climate change to combine with corporate core strategy as the correspondence to decline climate impact in carbon reduction and energy saving with society and other enterprises.

Materiality

The Taiwan Mobile publishes sustainability information completely with materiality analysis that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the Taiwan Mobile's material issues, however, the future report could be further enhanced by the following areas:

- Enhancing greenhouse gas emission and relative performance as well as the information regarding for service or product life cycle greenhouse gas emissions / carbon footprint disclosures in long term prospect as to respond to international initiative for ICT-based solutions in reducing GHG emissions.

Responsiveness

Taiwan Mobile has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the Taiwan Mobile Co., Ltd is developed and continually provides the opportunity to further enhance the Taiwan Mobile's responsiveness to stakeholder concerns. In our professional opinion the report covers the Taiwan Mobile's responsiveness issues, however, the future report could be further enhanced by the following areas:

- Continually develop and update the responsive strategy for stakeholders such as adding CSR requirements for supply chain review.
- In order to enhance the comparability and timeliness of future CSR performance in information given to stakeholders, it is encouraging to enhance the reporting frequency to annual basis.

GRI-reporting

Taiwan Mobile provided us with their self declaration of compliance within GRI G3.1 Guidelines and the classification to align with application level B+, moreover, Taiwan Mobile has made the efforts to disclose GRI telecommunication sector-specific supplement indicators in this report. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the Taiwan Mobile's social and sustainability issues.

- Encouraging to align current CSR data with GRI G3.1 performance indicator to enable future data collection in more efficient way.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the Taiwan Mobile's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
19 August, 2011



GRI G3.1 Content Index

● Full disclosure △ Partial disclosure ○ None disclosure

	Description	Status	Page	Note
1.	Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization	●	3	
1.2	Description of key impacts, risks, and opportunities	●	16	
2.	Organizational Profile			
2.1	Name of the organization	●	7	
2.2	Primary brands, products, and/or services.	●	6	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	2	
2.4	Location of organization's headquarters	●	2	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	5	
2.6	Nature of ownership and legal form.	●	5	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	5	
2.8	Scale of the reporting organization.	●	5	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	5	No major organizational changes during the past two years.
2.10	Awards received in the reporting period	●	5,14,29,38,42,48,50	
3.	Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	2	
3.2	Date of most recent previous report (if any).	●	2	

	Description	Status	Page	Note												
3.3	Reporting cycle (annual, biennial, etc.)	●	2	The company issued a CSR report every two years during 2007 to 2010.												
3.4	Contact point for questions regarding the report or its contents.	●	2													
3.5	Process for defining report content including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	●	2													
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	2													
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	2													
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	5													
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	2													
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	●	60	As the comparison for different points of time												
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	2													
3.12	Table identifying the location of the Standard Disclosures in the report.	●	60-67													
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	59													
4.	Governance, Commitments, and Engagement															
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	8,61	<table border="1"> <thead> <tr> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>under 30</td> <td>0</td> <td>0</td> </tr> <tr> <td>31~50</td> <td>0</td> <td>0</td> </tr> <tr> <td>over 51</td> <td>8</td> <td>1</td> </tr> </tbody> </table>	Age	Male	Female	under 30	0	0	31~50	0	0	over 51	8	1
Age	Male	Female														
under 30	0	0														
31~50	0	0														
over 51	8	1														
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	61	The Chairman does not assume the position of President or CEO at the same time.												
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	8													

	Description	Status	Page	Note
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	16	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	9	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	12	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	9	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	9-12	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	14-15	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	9	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	13	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	61	Follow the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-listed Companies"
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	17	
4.14	List of stakeholder groups engaged by the organization.	●	16-17	
4.15	Basis for identification and selection of stakeholders with whom to engage	●	16	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	16	

	Description	Status	Page	Note
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	16	
Economic Performance Indicators				
Disclosure on management approach		●	7-9	
EC1	Direct economic value	△	8	
EC2	Financial implications due to climate change	△	27,33	
EC3	Benefit plan	●	46	
EC4	Financial government assistance	●	62	No financial support during the report year.
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	62	The company's starting salary is higher than the basic wage announced by the government.
EC6	Local suppliers	△	48	
EC7	Local recruitment	△	42-43	By the end of 2010, except for two foreign employees, the company mostly hires local employees.
EC8	Infrastructure investment and services for public benefit		19-20	
EC9	Indirect economic impacts	○	N.A.	
Environmental Performance Indicators				
Disclosure on management approach		△	29-31	
EN1	Volume of materials used	△	35	
EN2	Recycled materials		34-35	
EN3	Direct primary energy consumption	●	31	
EN4	Indirect primary energy consumption	△	31	
EN5	Energy conservation		32-33	
EN6	Initiatives for energy-efficiency and renewable energy	△	32-33	
EN7	Initiatives for reducing indirect energy	●	32-33	
EN8	Water Withdrawal	△	35	

	Description	Status	Page	Note
EN9	Effect of Water Withdrawal	△	35	
EN10	Water recycled	△	35	
EN11	Land assets in sensitive areas	●	63	No relevant information.
EN12	Impacts on biodiversity	●	63	No relevant information.
EN13	Habitats protected or restored	●	63	No relevant information.
EN14	Strategies for biodiversity	●	63	No relevant information.
EN15	Endangered species	●	63	No relevant information.
EN16	Greenhouse gas emissions	●	31	
EN17	Other greenhouse gas emissions	○	N.A.	
EN18	Initiatives to reduce greenhouse gases	●	32-33	
EN19	OZone-depleting substance emissions	●	63	It is not of manufacturing industry and carries no significant implications.
EN20	NOX, SOX and other air emissions	●	63	It is not of manufacturing industry and carries no significant implications.
EN21	Water discharge	●	63	It is not of manufacturing industry and carries no significant implications.
EN22	Waste by disposal method	●	63	General wastes are disposed through local public facilities. Industrial wastes are disposed according to government regulations.
EN23	Significant spills	●	63	No relevant information.
EN24	Movements of hazardous Waste	●	63	No relevant information.
EN25	Habitats affected by discharge and runoff	●	63	No relevant information.
EN26	Environmental impact mitigation	●	29-35	
EN27	Packaging materials	○	N.A.	
EN28	Non-compliance sanctions	●	63	No relevant information.
EN29	Environmental impact of transport	○	N.A.	
EN30	Environmental protection expenditure	△	49	

	Description	Status	Page	Note
Social Performance Indicators Labor				
	Disclosure on management approach	●	42	
LA1	Total workforce by employment type, employment contract, and region broken down by gender	●	42	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	43	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	46-47	
LA4	Employees with collective bargaining agreements	●	42	
LA5	Minimum notice periods	△	42	The company follows the standard procedure in notifying employees of important job rotation.
LA6	Workforce in joint health committee	△	47	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	47	No job-related occupational disease has been recorded. One occupational injury has been recorded in 2009 and 2010 respectively. Both incidents happened on male employees.
LA8	Training on serious diseases	△	47	
LA9	Trade union agreements on health	○	N.A.	
LA10	Average hours of training per year per employee by gender and by employee category.	●	45	
LA11	Programs for lifelong learning	●	45-46	
LA12	Percentage of employees receiving regular performance and career development reviews by gender	●	64	2009:100%, 2010:100%
LA13	Composition of governance bodies	●	42-43	

	Description	Status	Page	Note									
LA14	Gender pay disparity	●	64	<p>Basic salary levels for male and female employees are equal.</p> <p>The average annual salary (bonus included) for female employees is set at one. Following is the table for male employees.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Deputy Manager and above</td> <td>0.97</td> <td>0.95</td> </tr> <tr> <td>Positions under Deputy Manager</td> <td>1.13</td> <td>1.14</td> </tr> </tbody> </table>	Year	2009	2010	Deputy Manager and above	0.97	0.95	Positions under Deputy Manager	1.13	1.14
Year	2009	2010											
Deputy Manager and above	0.97	0.95											
Positions under Deputy Manager	1.13	1.14											
LA15	Return to work and retention rates after parental leave, by gender.	●	46-47										
Social Performance Indicators : Human rights													
Disclosure on management approach		●	42										
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	○	N.A.										
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	△	48										
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	65	<p>1. Regulations on employee manual and gender equality are included in new employee orientation, with a total of 1,518hours.</p> <p>2. Employees of Information Security Task Force will be arranged to receive education on personal and client data security/confidentiality at new employee orientation. Advanced training programs will be planned on a regular basis to improve the awareness of personal information security, with a total of 1,163 hours.</p> <p>3. Relevant training takes around 2.3% of total training hours in 2009-2010.</p>									

	Description	Status	Page	Note
HR4	Total number of incidents of discrimination and corrective actions taken.	●	42	No incident of discrimination occurred.
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	△	65	The company respects employee's legal rights and has never interfered with their freedom of association.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	42	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.	●	65	No relevant information.
HR8	Training for security personnel	○	N.A.	
HR9	Violations of rights of indigenous peoples	●	65	No relevant information.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	○	N.A.	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	○	N.A.	
Social Performance Indicators : Society				
Disclosure on management approach		●	9-12	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	△	18,50-58	
SO2	Corruption risks	△	11-12	
SO3	Anti-corruption training	●	11-12	
SO4	Actions against corruption	△	66	The company takes out fidelity insurance policies to protect itself against possible corruption of employees of certain high-risk positions.
SO5	Lobbying	●	66	No relevant information.
SO6	Political donations	●	66	No relevant information.
SO7	Anti-competitive behavior	●	66	No relevant information.
SO8	Regulatory non-compliance sanctions	●	66	No relevant information.
SO9	Operations with significant potential or actual negative impacts on local communities.	○	N.A.	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	○	N.A.	

	Description	Status	Page	Note	
Social Performance Indicators : Product Responsibility					
Disclosure on management approach		●	38-39		
PR1	Health and safety impacts along product life cycle	○	N.A.		
PR2	Non-compliance with health and safety standards	●	66	No relevant information.	
PR3	Product information	△	41		
PR4	Non-compliance with product information standards	●	66	No relevant information.	
PR5	Customer satisfaction	●	39		
PR6	Communication programs	△	41		
PR7	Non-compliance in marketing practices	●	66	No relevant information.	
PR8	Complaints regarding customer privacy	●	66	No relevant information.	
PR9	Product ono-compliance	●	66	No relevant information.	
Telecommunication Sector Specific Indicators				Page	Note
Internal Operations	Investment	IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	N.A.	
		IO2	Net costs fro service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	18-19	
	Health and Safety	IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency (RF) emissions from handsets.	47	
		IO4	Compliance with ICNIRP standards on exposure to radiofrequency(RF) emissions from handsets	36	
		IO5	Compliance with ICNIRP standards on exposure to radiofrequency(RF) emissions from base stations.	36	
		IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of headsets.	36	
	Infrastructure	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts Describe approach to evaluate consultations and quantify where possible.	36	
		IO8	Number and percentage of stand-aloee sites, shared sites, and sites on existing structures.	32	

		Telecommunication Sector Specific Indicators		Page	Note
Providing Access	Bridging the Digital Divide	PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include and explanation of business models applies.	18	
		PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applies.	40	
		PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	39	
		PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	7	
		PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected.. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	40	
		PA6	* Interaction with governments on security issues for surveillance purposes * Interaction with national and local authorities and own initiatives to restrict criminal or potentially unethical content. * Protecting vulnerable groups such as children. Explain how such policies and practices are adapted and applied in different countries.	50	
	Access to Content	PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. For example: * Participation industry initiatives or individual initiatives related to Freedom of Expression * Legislation in different markets on registration, censorship, limiting access,	40-41	
	Customer Relations	PA8	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	36	
		PA9	Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organization.	68	Approximately NT\$7 million in 2010.
		PA10	Initiatives to ensure clarity of charges and tariffs.	41	
		PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	39	

		Telecommunication Sector Specific Indicators		Page	Note
Technology Applications	Resource Efficiency	TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	27-28	
		TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)	27-28	
		TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	27-28	
		TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	23-28	
		TA5	Description of practices relating to intellectual property rights and open source technologies.		