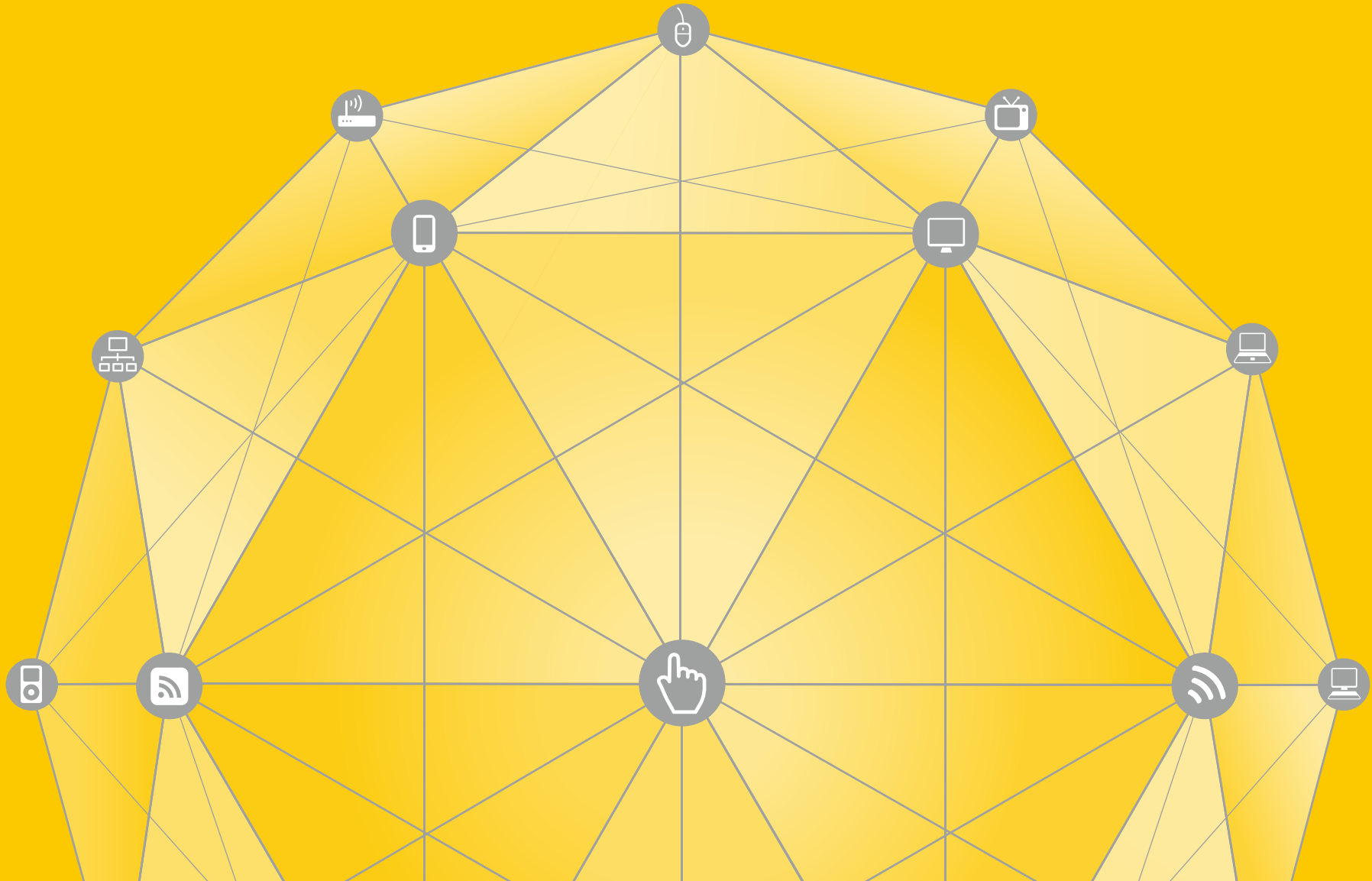


2012



# 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 Co., Ltd. to describe the company’s practices, performance and planning related to business operations, corporate governance, environmental protection and social engagement from Jan. 1, 2012 to Dec. 31, 2012. Certain topics include data from before 2010 to show changes over time.

While the report mainly covers the practices of Taiwan Mobile, the sections on business operations and greenhouse gas inventories also address the practices of Taiwan Mobile affiliates. There have not been significant changes from the previous reporting period (August 2012) 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 engagement. All information and data in this report have been verified by an international certification organization in accordance with the AA1000 (2008) assurance standard. Information disclosed in the report complies with the GRI G3.1 application level of A+, as audited by an independent third-party organization in compliance with AA1000. The assurance statements are also included in the report.

## Contact Info.

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

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# Message from the Chairman

Telecom operators faced a challenging economic environment in 2012 because of a slowdown in global economic growth and the virtual saturation of the mobile voice market. Yet despite those pressures, Taiwan Mobile (“TWM” or “The Company”) stayed true to its emphasis on integrity and corporate governance and not only posted record high earnings but also became one of the first domestic telecom companies to be selected to the Dow Jones Sustainability Index, an indication that our telecom services TWM has attained world-class standards.

We continue to place tremendous importance on the environment. To deal with the global warming issue, we have established an internal carbon inventory system to monitor our carbon reduction performance. Cloud computing services have also been implemented to help consumers, businesses, governments, non-profit organizations and other business units reach the goal of even greater energy savings and carbon reduction. We remain continuously proactive in promoting the benefits of an energy-efficient “green” environment and sharing these values with our subscribers. After more than two years of effort following the establishment of an internal greenhouse gas inventory group in 2010, we received ISO 14064-1 certification in June 2013 from a global third-party certification body.

In the meantime, through our expertise and core competency in telecom technology, we continue to strive to not just fulfill our corporate social responsibility, but to go beyond it by addressing a variety of social needs. The 5180 Mobile Donation Hotline, the 909 Mobile Audio Guides and the myfone Mobile Composition Award are some examples of how we leverage core telecom values to enrich digital content and applications. We also embarked in 2012 on an initiative called “i-Infinity” to help social welfare groups operate more effectively and improve their fundraising abilities through the use of digital tools, further


expanding our assistance to the underprivileged.

These efforts were recognized through a number of honors at home and abroad. Euromoney honored Taiwan Mobile for “Best Corporate Governance” in Taiwan while CommonWealth Magazine named it the top “Corporate Citizen” and “Most Admired Company” among domestic telecom companies. We also earned a “Corporate Social Responsibility Award” from GlobalViews Monthly for the sixth time, a silver award in the 2012 Corporate Sustainability Report Awards, and a Recognition Award for corporate governance from Corporate Governance Asia for the seventh year in a row.

With the arrival of the 4G era, digital convergence has been positioned as a core strategy. Taiwan Mobile has continued to aggressively roll out new and upgraded communication platforms, enriched its content and expanded traditional/virtual channels. Additional steps have been taken to enhance digital content through the addition of myMusic, myVideo, myBook, and myfone online shopping apps, M+ instant messaging apps, and a TV shopping channel. All these have strengthened and advanced Taiwan Mobile’s thrust into the T.I.M.E. – Telecommunications, Internet, Media and Entertainment – fields.

This is the fifth time we are presenting our CSR policies and achievements, with integrity and transparency as always. We welcome your comments and suggestions and hope we can all work together to improve our society and environment.



Chairman 

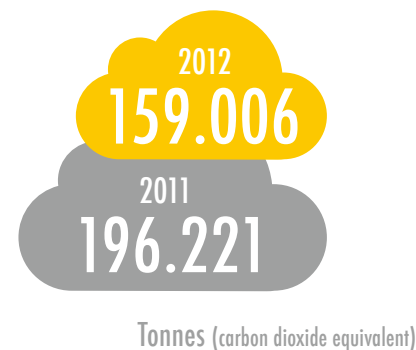
# 2012 Operating Results



## EBITDA



## Indirect GHG emissions



## Volunteer participation



Categories		2011	2012	Unit
Financials	Revenue	813.69	981.41	NT\$100 million
	EBITDA	270.87	279.3	NT\$100 million
	Net Income	134.69	146.92	NT\$100 million
	R&D spending (as % of revenue)	0.91	0.81	%
Environmental Responsibility	Direct Energy Consumption	17,484,274	601,413 <sup>1</sup>	Joule
	Indirect Energy Consumption	308,875,082	298,883,095	kWh
	Direct GHG emissions	2,608	2,617	Tonnes (carbon dioxide equivalent)
	Indirect GHG emissions	196,221	159,006	Tonnes (carbon dioxide equivalent)
	Office recycling	28.93	29.25	Kg/person
	Water consumption	15	13	Cubic meters/person
	E-billing (Cumulative number of users)	46	51	10,000
Value of green purchases	398.64	235.60	NT\$1 million	
Social	Customer satisfaction <sup>2</sup>	3.8	3.8	
Responsibility	Average number of employee training hours	20.72	15.7	Hours
	Volunteer participation	196	305	No. of individuals participating

Note 1: The bulk of direct energy consumption was gasoline used by leased company cars, which are excluded from Scope 3 emissions in greenhouse gas emissions inventory calculations. Taiwan Mobile began leasing hybrid vehicles in 2012, and fuel consumption fell accordingly.

Note 2: Assessment based on a 1-5 scale, with 1 representing very dissatisfied and 5 representing very satisfied.

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# 1 Company Introduction



## 1.1 Status Quo and Development

Taiwan Mobile 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. In 2013, it was selected to the Dow Jones Sustainability Index alongside such global telecom giants as Vodafone and AT&T.

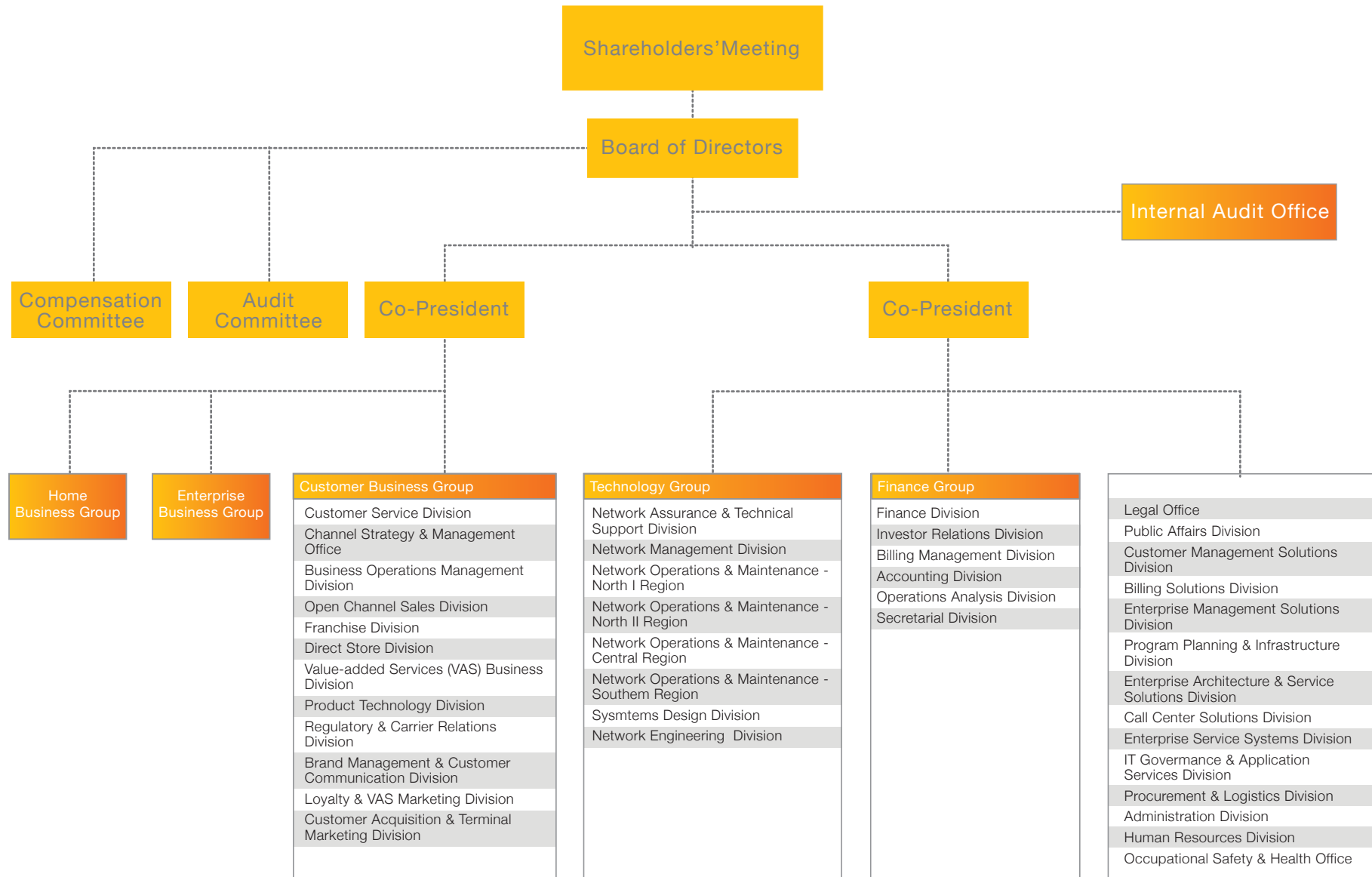
To expand our operations, Taiwan Mobile acquired Taiwan Fixed Network (TFN), Taiwan Telecommunications Network Service (TTN), TransAsia Telecommunications and Mobitai Communications in 2007 and 2008, allowing us to offer a “4-in-1” platform that covers mobile, fixed-line, broadband and cable TV. In 2008,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

been added since.

In March 2013, Taiwan Mobile’s myfone stores and Customer Service Center received SGS Qualicert certification, a process that has led to more uniform service standards throughout the company and a higher quality of service at TWM’s retail outlets. The Qualicert program has also accentuated the “soft power” of TWM’s services by steadily enhancing customer satisfaction and encouraging the creation of services that are truly differentiated.

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

# Company Organization Chart



## 1.2 Business Environment Overview

Consumer spending on telecommunications and related services is invariably tied to the strength of the overall economy. In 2012, rising prices, a flat stock market and policy uncertainties hurt consumer confidence, leading to a slowdown in private consumption growth to 1.49% for the year, down from 3.13% in 2011, according to Taiwan’s Directorate-General of Budget, Accounting, and Statistics.

The National Communications Commission’s (NCC) ongoing regulatory tariff cuts also affected mobile voice revenue in 2012. But because Taiwan Mobile aggressively developed mobile data, broadband and other businesses with high growth potential, consolidated revenues grew 21% in 2012 from the previous year.

Taiwan Mobile has sustained its emphasis on digital convergence through innovative “Four Screen, One Cloud” services that integrate mobile phones, computers,

tablets and television. Several new products, distribution channels and services have been introduced to enhance the customer experience, broaden TWM’s market and promote growth. The new products include cloud video store myVideo, cloud bookstore myBook, online music outlet myMusic, mobile phone game shop myPlay1 and the first locally developed mobile instant messaging app M+. The new shopping channel – myfone – features 3C services content and mobile phones and also offers repair services around Taiwan. New services include a mobile customer service app that connects Taiwan Mobile’s online, telephone and in-store customer service centers.

The Company consists of three major business groups – the Consumer Business Group (CBG), Home Business Group (HBG) and Enterprise Business Group (EBG). Their main products and services are as follows:

### 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.
Market Share/Rank	27% of total mobile revenues among five main mobile carriers, ranking third	Fourth biggest MSO <sup>3</sup> in Taiwan, covering 11% of households in the market	2% ADSL/FTTx <sup>4</sup> market share; if Taiwan’s 170,000 broadband Internet users are included, market share rises to 6%, making TTN the second biggest ISP in the country
Subscribers	Over 7 million mobile subscribers	Over 580,000 cable TV subscribers; over 170,000 broadband subscribers	Around 100,000 ADSL/FTTx subscribers

<sup>3</sup> MSO: multi-system operator (refers to operators with more than 1 cable TV system)

<sup>4</sup> FTTx : fiber to the x (x refers to home, premises, building or other terminal points; FTTx refers to optical fiber reaching those terminal points)



### 1.3 Operating Performance

Sales and EBITDA for Taiwan Mobile's three business groups in 2012 are shown in the chart below.

Business Type	CBG	HBG	EBG
Sales	62,903	6,122	10,391
EBITDA	20,477	3,238	3,393

Unit: NT\$1 million

#### Consumer Business Group

Mandatory tariff cuts imposed by the NCC weighed on mobile voice revenue in 2012. The negative impact was offset, however, by the aggressive bundling of smartphones and attractive Internet access rates. Mobile data revenue accounted for 33% of total mobile service revenue in 2012, an increase of 39% from a year earlier, and helped push total mobile revenue 5% higher year-on-year. That, together with handset sales, lifted the CBG's total revenue by 8% from a year earlier.

#### Home Business Group

The group's revenue rose 4% in 2012 from the previous year on revenue growth from its cable TV (including analog and digital channels) and broadband businesses, driven mainly by the group's expanding subscriber base, rising digital penetration rate, growing channel leasing business and an increase in high-speed users of broadband services. Because economies of scale were attained, the group's EBITDA rose 7% from a year earlier.

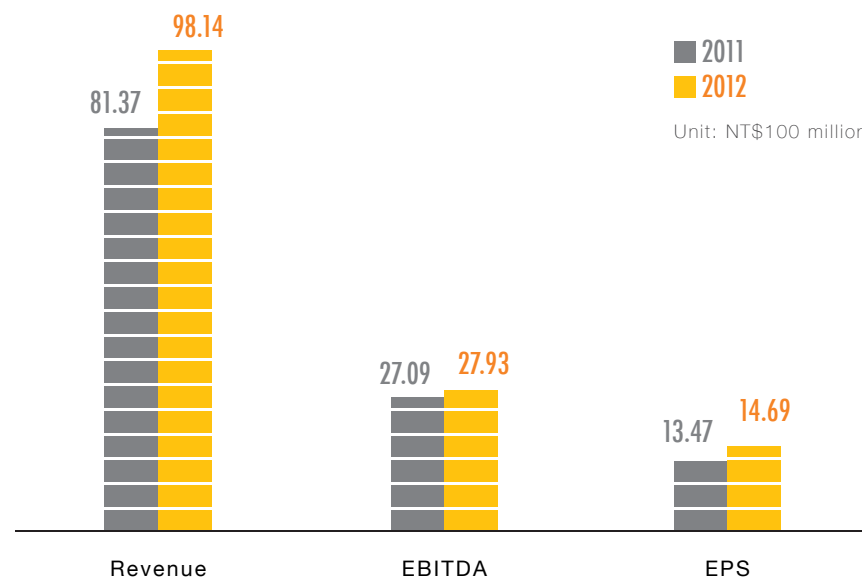
#### Enterprise Business Group

The group's revenue grew 5% in 2012 from a year earlier, largely because of an an-

nual 11% increase in mobile telecommunications revenue that resulted from an expansion of mobile users in the enterprise category. This revenue growth, combined with tight control of costs and expenses, led to 22% growth in the EGB's EBITDA.

Overall, despite the adverse impact of the NCC's mandatory tariff cuts on mobile operators' voice service revenue, the Company's consolidated revenue still rose 21% on the year, helped by a strong push into mobile data, broadband and other promising businesses. In terms of profitability, despite increased handset subsidies to boost smartphone penetration, Taiwan Mobile's net income rose 9% in 2012 from the previous year on rising telecom and cable TV revenue and steady earnings and a higher profit contribution from Fubon Multimedia Technology Co. (which only contributed 5.5 months of profits in 2011 after being merged into TWM on July 13, 2011).

#### Taiwan Mobile Consolidated Results in 2011-2012



## 1.4 Honors and Recognition

2013-06 Honored for “Best CSR Asia” in Corporate Governance Asia’s 3rd Asian Excellence Recognition Awards

2013-05 Received the “Trusted Brand Gold Award” from Reader’s Digest for the 10th consecutive year.

2013-05 Received the top prize for Corporate Social Responsibility from Global Views Monthly in the “Education Promotion” category

2013-04 Taiwan Mobile became the first domestic telecom company to be included in the Dow Jones Sustainability Index

2013-03 Taiwan Mobile’s myfone stores and the Customer Service Center received SGS Qualicert certification

2012-11 Won a silver award in the Taiwan Institute for Sustainable Energy’s “Taiwan CSR Awards”

2012-11 Took second place in “Mobile and Fixed-line Communications” in Next Magazine’s “9th Annual Top Service Awards”

2012-10 Named the “Most Admired Company” in Taiwan’s telecom sector in 2012 by Commonwealth Magazine

2012-08 Ranked as one of Taiwan’s top Corporate Citizens by Commonwealth Magazine for the sixth consecutive year

2012-07 Received an “A++” ranking and ranked as one of the top 10 listed companies in “Transparency and Information Disclosure” by Taiwan’s Securities and Futures Institute.

2012-07 Rosie Yu, the CFO of TWM, was ranked No. 3 in “Best CFO” category in Institutional Investor’s “2012 All-Asia (ex-Japan) Executive Team,” the sole awardee in the telecom service industry.

2012-06 Received a “Recognition Award” for corporate governance from Corporate Governance Asia for the 6th year in a row

2012-06 Ranked first in Business Next magazine’s “Info Tech 100 Taiwan” and 8th in the “Info Tech 100 Asia.”

2012-05 Won distinctions for “Best Managed Company,” “Best Corporate Governance,” “Best Corporate Investor Relations” and “Best Commitment to Strong Dividend” in FinanceAsia’s Asia’s Best Companies Poll 2012

2012-05 Received the “Trusted Brand Gold Award” from Reader’s Digest for the 9th consecutive year.

2012-05 Received awards for Corporate Social Responsibility from Global Views Monthly in the “Social Engagement” and “Overall Performance” categories.

2012-03 Honored for “Best CSR Asia” and “Best Investor Relations” in Corporate Governance Asia’s 2nd Asian Excellence Recognition Awards



# Corporate Commitment

## Awards

2013-05	Received the top prize for Corporate Social Responsibility from Global Views Monthly in the "Education Promotion" category
2012-11	Won a silver award in the Taiwan Institute For Sustainable Energy's "Taiwan CSR Awards."
2012-08	Received a "Corporate Citizenship Award" from CommonWealth Magazine for the sixth straight year
2012-05	Received awards for Corporate Social Responsibility from Global Views Monthly in the "Social Engagement" and "Overall Performance" categories and was the only telecom company to be honored

## 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 and creating a world-class enterprise. The Public Affairs Division has identified the Company's main stakeholders as employees, clients, shareholders, suppliers, local communities, government agencies, industry peers and NPOs, based on opinions gathered and other criteria.

Although the concept of CSR has been incorporated into the strategy development and daily operations of various departments, TWM went a step further and drafted the "Taiwan Mobile CSR Policy," which was later 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.

The policy statement, which has a total of six articles, is based on the Company's core spirit and values and stresses good governance, the importance of valuing stakeholders and the disclosure of information in detail. It also calls for orienting policy based on Taiwan Mobile's core technology and services and making tangible efforts to protect the environment and care for underprivileged groups.

### Social Responsibility Policy

#### Article 1

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

#### Article 2

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

#### Article 3

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

#### Article 4

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

#### Article 5

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

#### Article 6

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

Officially resolved by the Board of Directors on 27 Jan 2011

### 2.1.2 CSR Organization

In 2007, Taiwan Mobile set up a dedicated Social Responsibility Department under the Public Affairs Division to oversee the corporate social responsibility program and implement a variety of charity initiatives through the resources of the Taiwan Mobile Foundation. The SR Department fully mobilizes resources within the group and maximizes their impact while also 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 Communicating with Stakeholders

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

Stakeholder	Communication Methods
Employees	<ol style="list-style-type: none"> <li>Dialogue between employees and the management: <ul style="list-style-type: none"> <li>Managerial meetings held every three months, in addition to employee meetings in various professional capacities, to communicate the company's visions to all employees.</li> <li>A president's mailbox for employees to submit recommendations to the company.</li> </ul> </li> <li>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.</li> <li>Employee opinion surveys: An external professional organization is commissioned to conduct an employee survey every two years on employee satisfaction and employee views on management measures. Questionnaires are also used to get employee feedback at year-end parties or health examinations, etc.</li> <li>Internal publication: Taiwan Mobile E-Bulletin is published from time to time.</li> <li>Employee benefit committee</li> </ol>

Customers	<ol style="list-style-type: none"> <li>24/7 Toll-Free number for product inquiries, service consulting and customer complaints.</li> <li>Online customer service mailbox to meet customers' needs at the click of a mouse.</li> <li>Customer satisfaction survey: various surveys are conducted to identify user needs and facilitate efforts to improve customer satisfaction.</li> <li>Subscribers can provide feedback directly to retail outlets.</li> <li>Company uses its website and e-bulletins to communicate with subscribers.</li> <li>Mobile Customer Service: APP</li> </ol>				
Investor	<table border="1"> <tbody> <tr> <td>Individual shareholders</td> <td> <ol style="list-style-type: none"> <li>Annual shareholder meeting and financial statements compiled in accordance with applicable regulations.</li> <li>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.</li> <li>Online investor newsletters.</li> <li>Regular shareholder contact window.</li> </ol> </td> </tr> <tr> <td>Institutional shareholders</td> <td> <ol style="list-style-type: none"> <li>Monthly publication of information on the company's business status.</li> <li>Quarterly institutional investor meeting; face-to-face and one-on-one investor meetings as required.</li> <li>Participation in investment forums at home and abroad.</li> <li>Regular contact window and spokesperson for institutional shareholders.</li> <li>Responses to surveys of international CSR ratings, such as the Dow Jones Sustainability Index.</li> </ol> </td> </tr> </tbody> </table>	Individual shareholders	<ol style="list-style-type: none"> <li>Annual shareholder meeting and financial statements compiled in accordance with applicable regulations.</li> <li>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.</li> <li>Online investor newsletters.</li> <li>Regular shareholder contact window.</li> </ol>	Institutional shareholders	<ol style="list-style-type: none"> <li>Monthly publication of information on the company's business status.</li> <li>Quarterly institutional investor meeting; face-to-face and one-on-one investor meetings as required.</li> <li>Participation in investment forums at home and abroad.</li> <li>Regular contact window and spokesperson for institutional shareholders.</li> <li>Responses to surveys of international CSR ratings, such as the Dow Jones Sustainability Index.</li> </ol>
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Suppliers	<ol style="list-style-type: none"> <li>Online procurement/bidding system - ensures information transparency.</li> <li>Designated personnel - communicate regularly with suppliers on the status of purchases.</li> <li>Supplier meetings with management to discuss suppliers' difficulties and exchange views.</li> <li>Designated committee set up to review supplier complaints of unfair or detrimental procurement practices.</li> <li>Supplier assessment mechanism to rate suppliers on quality, service, etc.</li> </ol>				
Local Community	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>CATV operators cover community activities to promote community participation.</li> <li>CATV operators invite residents and students to visit TV stations.</li> <li>Sponsoring art and cultural community activities.</li> </ol>				
Government agencies	<ol style="list-style-type: none"> <li>Maintaining a healthy interaction with the National Communications Commission (NCC), and participating actively in NCC hearings concerning telecommunications laws and regulations.</li> <li>Cooperation with NCC's supervision of the telecommunications industry, which includes administrative audits and administrative guidance.</li> <li>Cooperation with NCC's measures on fee assessment and network construction.</li> <li>Promotion of environmental protection by joining energy-saving and used handset recycling initiatives organized by the Bureau of Energy and Environmental Protection Administration.</li> </ol>				

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> <ol style="list-style-type: none"> <li>1. Taiwan Telecommunication Industry Development Association</li> <li>2. Taipei Computer Association</li> <li>3. Taiwan Network Information Center</li> <li>4. Taiwan Internet Association</li> <li>5. Cable Broadband Institute in Taiwan (CBIT)</li> <li>6. Bridge Mobile Alliance</li> <li>7. GSM Association(GSMA)</li> </ol>
Non-Profit Organization	<p>Communication with non-profit organizations through government, industry and academic seminars and the 5180 Mobile Donation Hotline.</p>
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> <ol style="list-style-type: none"> <li>1. Asia-Pacific General Chamber of Commerce and Industry</li> <li>2. Taiwan Business Council for Sustainable Development</li> <li>3. Taiwan Digital Publishing Forum</li> <li>4. Taiwan IT Manager Association</li> <li>5. Taiwan CIO Association</li> <li>6. Monte Jade Science and Technology Association</li> <li>7. Foundation for Public Relations</li> <li>8. Turnaround Management Association</li> <li>9. Taiwan Internet Content Rating Promotion Foundation</li> </ol>

### 2.3 CSR Trends and Key Issues

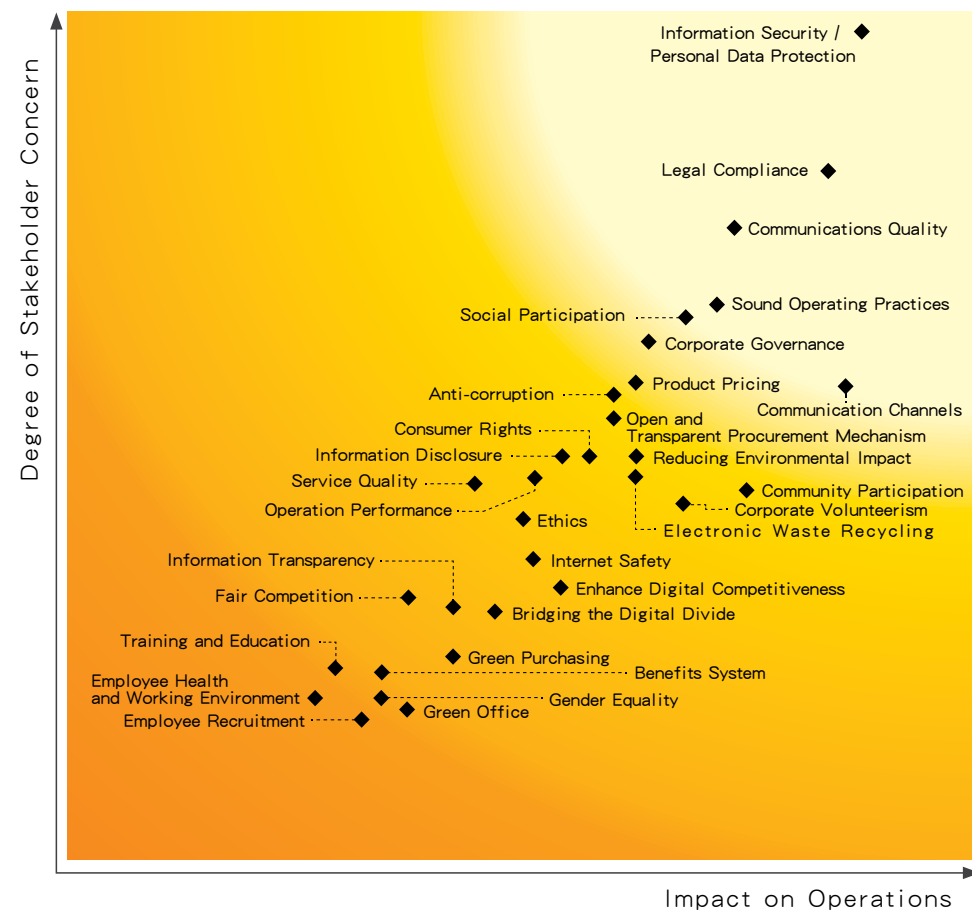
As high-speed transmission technology has matured and smart mobile devices have become more common, mobile Internet has become a staple in people's everyday lives. Those trends combined with the government's push to digitize television have led to steady growth in demand for broadband Internet and its high resolution content, stable signal quality and seamless transition from individuals to households. Companies have also scrambled to develop more cloud services. This growing convergence of the information, telecommunications and media sectors means that telecom operators are playing an increasingly important role in providing multimedia digital content and services.

In terms of the environment, losses to basic infrastructure from massive natural disasters triggered by climate change have focused continued attention around the globe on local stakeholders, prompting telecom operators to reflect on how to effectively reduce carbon emissions and help industries lower the impact of greenhouse gases. The key social issue facing Taiwan is its rapidly changing population structure from two key trends: declining rates of birth and rapid aging. We are closely monitoring these challenges and will respond with appropriate services.

Key issue assessment is conducted by the Social Responsibility Department. The Company's stakeholders and the key CSR issues concerning them are listed and then refined based on feedback from internal divisions and the opinions of stakeholders themselves.

Major issues are determined based primarily on "degree of stakeholder concern" and "impact on operations." Key CSR issues include "Information Security (Personal Data Protection)," "Legal Compliance," "Communications Quality," "Sound Operating Practices," and "Corporate Governance." These and other key issues are plotted out in the chart below, and the Company's approaches to those issues are outlined in individual sections of this report.

#### Key Issues Assessment



# 3 Corporate Governance

Our commitment to our investors, employees and business partners is to implement world-class corporate governance, and we continue to fulfill our corporate social responsibility on the basis of honest and transparent governance practices. TWM has been recognized for these efforts for many years by numerous awards domestically and abroad. In 2012, the Company was honored with two Asian Excellence Recognition Awards from Corporate Governance Asia: “Best CSR in Asia” and “Best Investor Relations” in Taiwan.



## 3.1 Organization and Operations

### 3.1.1 Corporate Governance Structure and Principles

TWM has nine board members – eight men and one woman – whose average age is 59. Respecting 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 Audit and Remuneration committees, which are both comprised solely of the board’s independent directors, set a series of policies and regulations to ensure the system’s effectiveness and efficiency. In terms of TWM’s dividend policy, the Company distributes a high ratio of its earnings as cash dividends. Employee bonuses are distributed in the form of cash to protect shareholder rights. Shareholders’ interests are further protected by putting major issues to a vote at shareholder meetings, and an electronic voting system has been put in place.

According to Article 15 of the board’s rules and procedures on preventing conflicts of interest, conflicts of interest by board directors or their legal representatives must be disclosed to the board. If the company’s interests have been harmed, the board must discuss the issue and vote on it. In 2012, no conflict of interest cases were put on the board’s agenda. For more detailed information on the subject, please see the Corporate Governance section in Taiwan Mobile’s annual report.

### 3.1.2 Governance and 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, which is comprised of TWM’s independent directors.

### 3.1.3 Control and Audit 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 potential flaws in the internal control system and provide timely recommendations for further improvement. Audit reports are regularly submitted to the Audit Committee for review.

### 3.1.4 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, finances, and major resolu-

tions 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.

### 3.1.5 Ethical Code of Conduct

As part of TWM's strict corporate governance, ethical conduct has become an im-

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

## Code of Ethics

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

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

### Article 2 (Persons Subject to Code of Ethics)

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

### Article 3 (The Principle of Honesty and Credibility)

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

### Article 4 (Prevention of Conflict of Interest)

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

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

### Article 5 (No Self-Benefiting)

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

The Personnel shall not:

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

### Clause 6 (Confidentiality)

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

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

### Clause 7 (Fair Transactions)

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

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

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

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

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

### Clause 9 (Compliance of Laws and Regulations)

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

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

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

### Clause 11 (Penalty and Appeal)

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

### Clause 12 (Method of Disclosure)

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

### Clause 13 (Enforcement)

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

Officially resolved by the Board of Directors on 27 July 2010

### 3.1.6 Code of Ethics

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

#### Article 1 (Purpose of enactment and applicable scope)

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

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

#### Article 2 (Prohibition of Unethical Conduct)

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

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

#### Article 3 (The types of Benefits)

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

#### Article 4 (Legal compliance)

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

#### Article 5 (Policy)

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

#### Article 6 (The promises and executions)

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

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

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

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

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

#### Article 8 (Prohibition of offering and accepting bribes)

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

#### Article 9 (Prohibition of offering illegal political donations)

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

#### Article 10 (Prohibition of improper charitable donations or sponsorship)

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

#### Article 15 (Accounting and internal control)

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

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

#### Article 16 (Operational procedures and guidelines)

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

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.



4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

#### Article 17 (Education training and reviews)

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

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

#### Article 18 (Report and discipline)

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

#### Article 19 (Disclosure of Information)

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

#### Article 20 (Review and Amendment to the Principles)

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

#### Article 21 (Enforcement)

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

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

Revised on October 27th

## 3.2 Risk Management

Taiwan Mobile has an organizational structure, a management system and sound policies in place to anticipate and prevent potential risks that the Company's operations may face.

### 3.2.1 Four Major Risk Management Policy Principles

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

### 3.2.2. Risk Management Structure

The Company's risk management structure consists of three levels of operational and supervisory mechanisms, as explained below.

- (1) Level 1 Control Mechanism: Individual divisions are responsible for managing all types of risk in daily operations to recognize risk as it emerges and control it within acceptable levels in a timely manner. The divisions must also report any changes in risk or new risks so that the Company respond with appropriate measures.

- (2) Level 2 Control Mechanism: An executive risk management committee or other key management committees review major risk issues, including those reported by individual divisions, and adopt the necessary measures.

The executive risk committee consists of the TWM president, executives appointed by three committees – the Management Committee, the Worker Health and Safety Committee and the Information Security Committee – and top executives from different divisions.

The functions of the committees are detailed below:

- Management Committee: Regularly reviews the Company's operational goals, sales management and future development plans, the budget's execution and financial controls.
- Worker Health and Safety Committee: Responsible for controlling and managing risks to worker health and safety on the job
- Information Security Committee: Responsible for managing risks related to the confidentiality, integrity and availability of information assets and related legal violations, and help reduce the Company's operational risk effectively and rationally

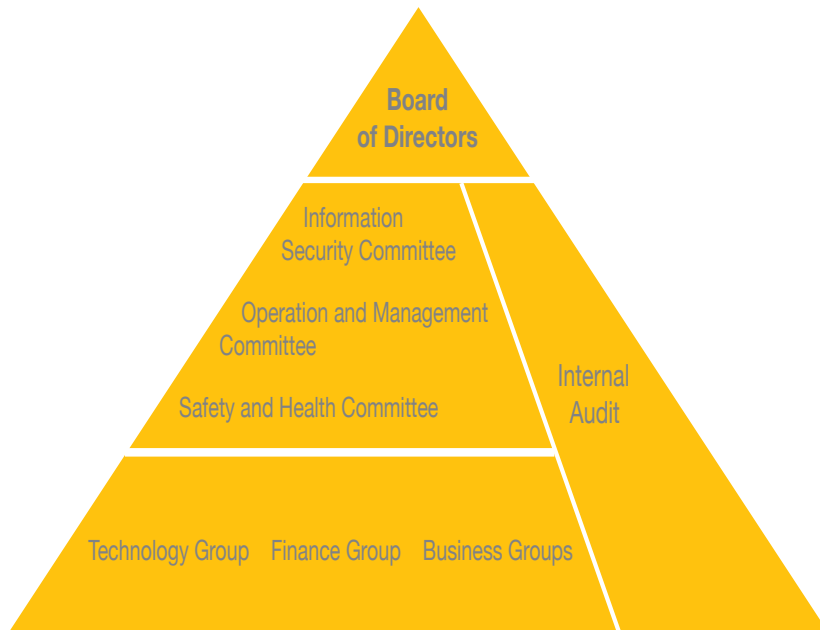
- (3) Level 3 Control Mechanism: The Company's highest risk management decision-

making body is the board of directors. It is responsible for major risk assessment and control measures and for following up on execution and results. The board must approve all risk management policies based on TWM's operating strategies and business environment and continuously supervise the operations of risk management mechanisms.

- (4) Supervisory Body: The Internal Audit Office also bears responsibility for supervising the management of risk-related issues on a daily basis and verifying that risk is being appropriately controlled. Any problems identified are to be immediately reported to the executive concerned to facilitate a prompt response and then follow-up to ensure that measures taken are being carried out.

The office also assesses potential risks that could be faced in different divisions and uses that as a basis for its annual risk auditing plan.

**Risk Management Operating Mechanism**



**3.2.3 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, 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 the management of risk-related issues and verifying that risk is being appropriately controlled. Any problems identified are to be immediately reported to the executive concerned to facilitate a prompt response.

**3.2.4 Social and Environmental Risk Assessment and Response**

In 2011, the Company formally established a risk management policy to cover such issues as risk management procedures, and it was approved by the Board of Directors on October 27. The Audit committee conducts a risk evaluation at the end of each year that assesses the significance and probability of various risks. The resulting scores are used to calculate risk value, which is then used as a basis in preparing the following year's audit plan. The 2012 audit did not discover any flaws or abnormalities in internal controls, but auditors did recommend improvements in 28 areas that did not pose major risks to the Company's operations. They also made 72 specific suggestions on how to improve operational procedures to help internal departments enhance the quality of their management. Taiwan Mobile has followed up on the 28 areas where improvement was recommended on a quarterly basis and will continue to do so until the issues are resolved.

Currently, all major elements of social and environmental risk are included in the daily operation of the risk management system and the various departments concerned (please refer to the section in the Company's 2012 Annual Report regarding risk management). These risks are monitored and controlled via internal mechanisms, and we take preventive measures to minimize the risk of losses caused by climate change and guard against the potential impact of environmental regulations enacted to control greenhouse gas emissions.

# 4 Environmental Protection

## Honors

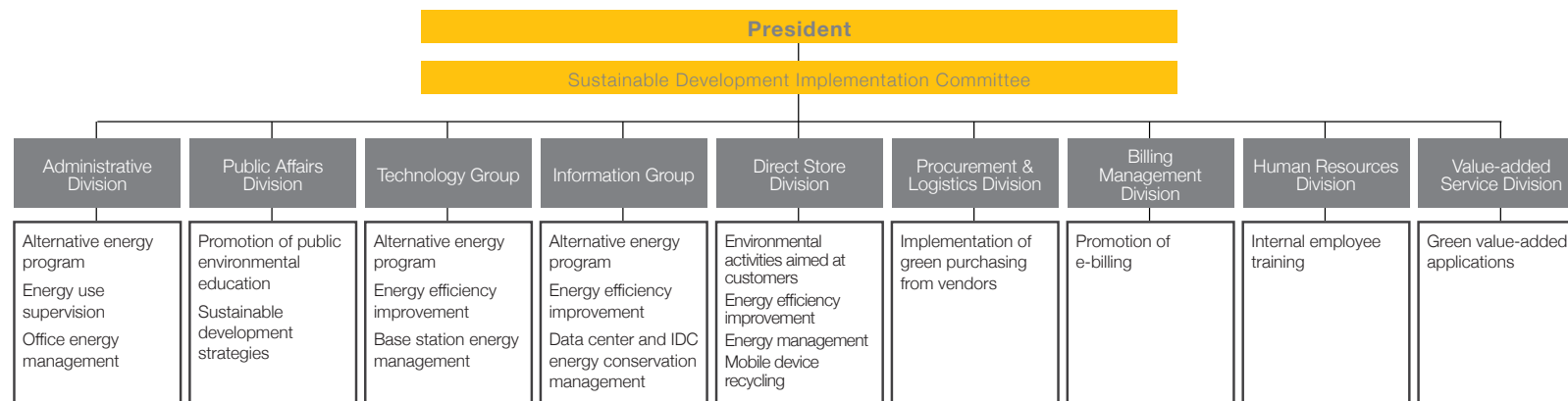
- 2013-06 Developed GHG inventory, received ISO 14064-1 certification from independent certification organization
- 2011-10 Received the EPA's Enterprises Environmental Protection Award for the third consecutive year and was the first service company to earn the life-time honor

### 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.

Taiwan Mobile takes environmental protection very seriously and has taken the initiative to help build an intelligent low-carbon society by leveraging its key role in the ICT services industry. We have helped other businesses lower their carbon emissions with a broad range of mobile and online services and also promoted the concept of environmental protection through our extensive interaction with subscribers and consumers. Our long-term goal is to be a "catalyst" of environmental protection efforts.

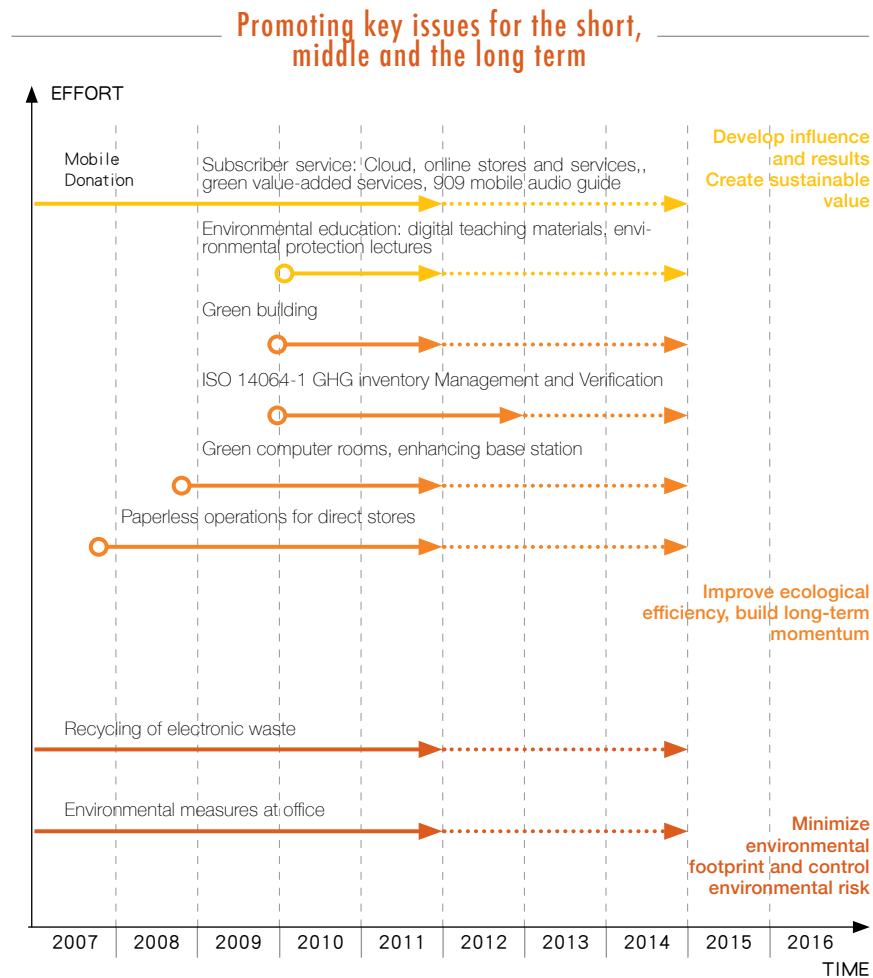
In October 2011, Taiwan Mobile became the only company in the service sector to garner the Environmental Protection Administration's Enterprises Environmental Protection Award in the three years since the award was first extended to service sector businesses in 2009. That earned the Company a "lifetime" honor as an environmental protection benchmark in non-manufacturing sectors. In 2012, we put in place the ISO 14064-1 GHG inventory management and verification system and set a carbon footprint baseline against which emission reductions can be measured. These and other core capabilities are also intended to help other stakeholders.



### 4.1.1 Environmental Protection Strategy

Since 2007, we have divided our environmental strategies into short-term (3-5 years), medium-term (5-7 years) and long-term (7-10 years) stages based on the initiative's relevance to our business operations.

Short-term strategies focus on reducing our ecological footprint and environmental risk and encouraging recycling of items such as base-station battery modules, cables, mobile phones and waste materials generated in offices.

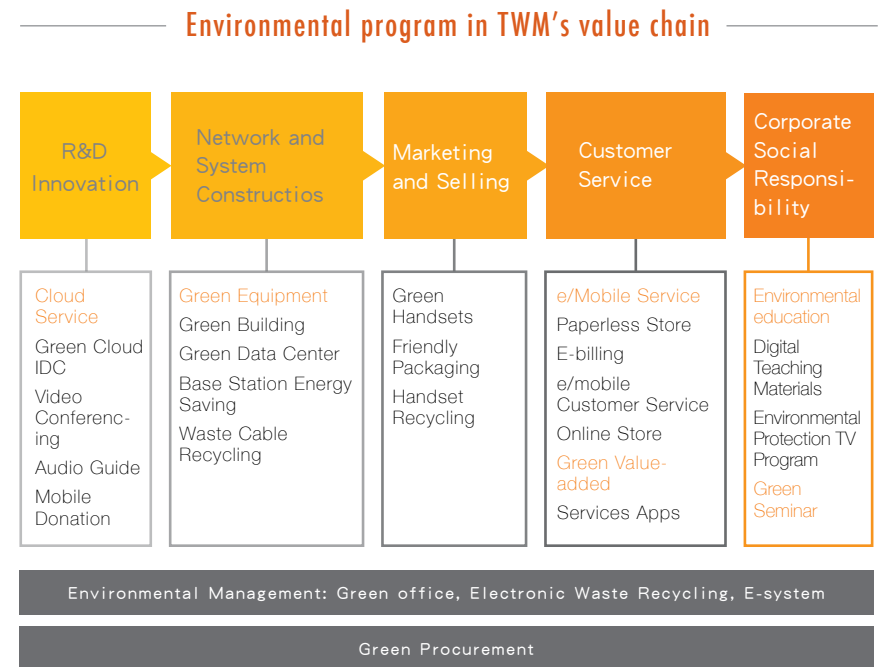


Medium-term strategies concentrate on enhancing the ecological efficiency of energy resources, including measures such as replacing physical account statements with e-bills to reduce paper usage.

Long-term strategies are directed at putting environment sustainability at the center of the Company's facilities and services. They focus on building energy-efficient base stations and green cloud computing data centers and applying core telecom services such as video conferencing and cloud functions to help other entities reduce their energy consumption and carbon emissions. Taiwan Mobile also actively promotes environmental protection via handsets, the Internet and TV to enhance environmental awareness and encourage environmentally friendly practices.

### 4.1.2 Implementing Environmental Protection Projects in the Value Chain

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



## 4.2 Improving Energy Efficiency to Cope with Climate Risk

### 4.2.1 ISO14064-1 Quantifying/Reporting GHG Emissions

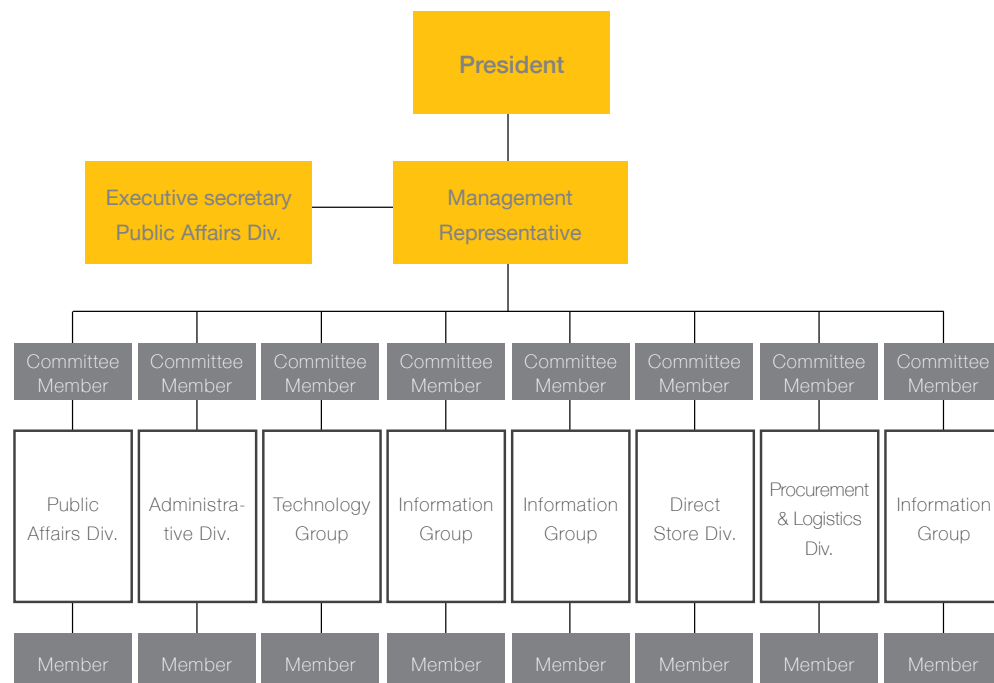
Taiwan Mobile began work on developing a GHG inventory system in 2010 in line with global trends. Two years later, we built, installed and operated a GHG information management system based on the international standard ISO/CNS 14064-1, making it possible to accurately measure greenhouse gas emissions. After final verification in 2013, the British Standards Institution issued a certificate confirming that Taiwan Mobile complied with the ISO14064-1 standard.

The “Energy Management Team” under TWM’s Environmental Sustainability Committee is responsible for GHG information management operations. The committee is chaired by TWM’s president. Other members are designated by internal

departments, and the Public Affairs Division serves as the committee’s executive secretary.

The Company takes GHG inventory throughout the organization and in some of its subsidiaries in offices, machine rooms, base stations and directly operated retail outlets.

Most of the energy used by the telecom sector is electricity, and it mainly generates Scope II emissions (indirect emissions from generation of electricity or other energy). Taiwan Mobile and its affiliates generated a total of 161,623 metric tons of carbon emissions in 2012. The chart below shows more detailed GHG emission numbers, which have been verified by the British Standards Institution.



Scope	Scope 1	Scope 2	Total Emissions	Carbon Dioxide Emissions from Biofuels
Types of Emissions	Direct GHG Emissions	Indirect Emissions From Energy Use		
GHG Emissions	2,617	159,006	161,623	0.8148
% of Total Emissions	1.62%	98.38%	100%	0.0005%

Unit: Carbon Equivalent Tonnes

### 2012 Energy Consumption

Direct Energy Consumption				Indirect Energy Consumption	
Gasoline (liters)	Joules	Diesel Fuel (liters)	Joules	Electricity (kWh)	
176	5,722	16,965	595,691	298,883,095	

Note: Emission factors used for heat values and electricity based on factors issued by the Bureau of Energy.

Electricity consumption accounts for 98% of the greenhouse gases generated by Taiwan Mobile. Because Scope 3 emissions (covering other indirectly generated emissions from sources other than electricity) are not easily measured, the sources of Scope 3 emissions generated by Taiwan Mobile were identified but no emission values were calculated. The sources included the incineration of daily waste from daily activities and air conditioning refrigerants emitted from vehicles used by employees on business trips or customer visits or from leased company cars.

Our main strategy for saving energy and reducing carbon emissions in 2013 is to use electricity even more efficiently. We will also set concrete carbon reduction goals based on our baseline and track progress through our energy management IT platform, and make adjustments to policies and projects related to energy conservation as necessary.

#### BSI ISO14064-1 Opinion Statement

bsi. Opinion Statement		Verification Information	
<b>Greenhouse Gases Emissions</b> Verification Opinion Statement		Statement No: GHGEV 749 Location: Taiwan Mobile Co., Ltd. No. 172-1, Sec. 2, Ji-Lung Rd. Taipei City Taiwan 台灣大哥大股份有限公司 台北市 信義區—段 172 之 1 號	
This is to verify that: Taiwan Mobile Co., Ltd. No. 172-1, Sec. 2, Ji-Lung Rd. Taipei City Taiwan 台灣大哥大股份有限公司 台北市 信義區—段 172 之 1 號		The Greenhouse Gas Emissions with the Taiwan Mobile Co., Ltd. for the period from 01/01/2012 to 31/12/2012 is 181,623 tonnes of CO <sub>2</sub> equivalent, including scope 1 emissions 2,617 tCO <sub>2</sub> e, equivalent and scope 2 emissions 159,006 tCO <sub>2</sub> e, equivalent.	
Hold Statement No: GHGEV 749			
<b>Verification opinion statement</b> As a result of carrying out verification procedures, it is the opinion of BSI with reasonable assurance that:			
<ul style="list-style-type: none"> <li>The Greenhouse Gas Emissions with the Taiwan Mobile Co., Ltd. for the period from 01/01/2012 to 31/12/2012 is 181,623 tonnes of CO<sub>2</sub> equivalent, including scope 1 emissions 2,617 tCO<sub>2</sub>e, equivalent and scope 2 emissions 159,006 tCO<sub>2</sub>e, equivalent.</li> <li>No material misstatements for the year 2012 Greenhouse Gas Emissions calculation were revealed.</li> <li>Data quality was considered acceptable in meeting the principles as set out in ISO/CD 14064-1:2006.</li> </ul>			
For and on behalf of BSI: Originally Issued: 27/06/2013 Latest Issue: 27/06/2013		Managing Director BSI Taiwan, Peter Fu Latest Issue: 27/06/2013	
 Page: 1 of 2 making excellence a habit		Page: 2 of 2	

## 4.2.2 Building Energy-saving Base Stations

### (1) Increasing Co-stationing and Co-construction

Since the NCC revised management regulations in 2003, we have increased co-stationing and co-construction throughout the 2G network. We have established co-constructed (site sharing) base stations, for example, at the site of many new infrastructure projects, including Taipei and the Kaohsiung MRT tunnels, National Freeway No.1 and 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 (79.9%) of our 2G base stations are co-stationed at present and 30.8% are co-constructed. This far exceeds the NCC's minimum requirement of 20% and 10% for co-stationing and co-construction respectively.

### (2) Reducing the Need for New Stations

Approximately 97% of our 3G base stations have been installed on existing 2G base stations (co-stationing), reducing the need for new sites. Our base stations also employ 2G/3G multi-band antennas, so no extra antennas have been needed when new 3G stations have been built on existing 2G base station sites. Another 22.8% of 3G base stations build and share antennas with other 3G operators, which does even more to reduce the number of antennas.

### (3) Enhancing Energy Efficiency

In addition to adjusting A/C equipment and temperature settings to improve energy efficiency, we have also installed the most energy efficient equipment possible. New equipment purchased for 3G base stations in 2011 from a vendor with ISO14001 certification is 50% more energy efficient than previously used equipment, and 95% of its parts can be recycled after replacement. Energy-saving equipment has been installed at 88.2% of our 3G base stations, and we have also enhanced energy efficiency by adopting inverter-based air conditioning technology and temperature controls.

### (4) Building Stations that Fit in with Their Surroundings

Though people increasingly depend upon cellular communications, they are opposed to towers spoiling the natural beauty of their surroundings. Through careful design and strict construction standards, we strive to not only minimize the adverse visual effects of telecommunications facilities and towers, but to also beautify the local landscape surrounding the base stations and to reduce concerns regarding electromagnetic waves by building base stations in remote areas when possible.

## Energy-efficient Measures Used in TWM Base Stations

Project	Benefit	2009	2010	2011	2012
Settling A/C temperature at 28°C (starting in 2007)	Saves 6% in power use compared with 26°C setting	28.0%	28.0%	28.0%	28.0%
Change to use of inverter air conditioning (starting in 2007)	Power savings of 40%	15.2%	18.5%	26.4%	58.8%
Use of high efficiency, energy-saving base station equipment	Saves 50% in power use compared with traditional base stations	33.2% of 3G base stations	58.2% of 3G base stations	67.4% of 3G base stations	88.2% of 3G base stations

### 4.2.3 Building Energy-efficient Data Centers

At the end of 2008, we devised energy-conservation measures for new telecommunications and IDC data centers. Our data centers are designed with 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 improve energy efficiency in stages, including installing LED fluorescent tubes and new, more efficient UPS systems and air conditioners.

The Company is also fully committed to building data centers and facilities in line with the spirit and principles of green procurement. TWM began to build a green cloud data center at the end of 2011. The data center is the first one in Taiwan to receive an internationally-recognized Tier III certification from the Uptime Institute and is expected to be opened for operations in the first quarter of 2013. The facility will follow the design guidelines recommended by the Green Grid in order to operate more energy-efficiently. Among its features: a cold aisle/hot aisle layout, which can promote effective flow, the separation of cold and warm air streams, direct cooling to data center hot spots, and energy-efficient power equipment and motion sensor lighting. These guidelines should help the facility attain energy efficiency of a PUE rating of 1.5 or less, and once the facility opens, the goal will be to obtain certification under the energy management standard ISO 50001. The data center's energy management system will reduce carbon emissions by an estimated 17,444 metric tons once the facility is up and operating in the third quarter of 2013, equal to the volume of carbon emissions about 47 Daan Forest Parks in Taipei can absorb.

### 4.2.4 Enhancing Energy Efficiency in Offices and Stores

At our office buildings and company-operated stores, we conducted a power consumption survey and implemented various energy-saving initiatives to reduce the

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

The Taiwan Mobile Group used 1,003.6 kilograms of R22 coolant in water-cooled chillers split-system air conditioners found in office buildings and machine rooms in 2012. R22 will be gradually be phased out in the near future, however, in line with Taiwan and international environmental regulations, and be replaced by R134a and R410a, both more environmentally friendly coolants.

### 4.2.5 Responding to Climate Risk

#### (1) Compliance Risk

We closely monitor developments related to legislation involving the reduction of greenhouse gases or the imposition of 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 a potential 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.



A new green cloud data center is the first one in Taiwan to receive an Uptime Institute Tier III certification.

At the same time, energy conservation is one of our main operating goals, which is why we have participated in a Bureau of Energy initiative launched in 2010 that encouraged telecom operators and 3C retailers to commit to cutting electricity consumption by 5% within 3 years. Taiwan Mobile met the target by the end of 2012.

((2) Physical Risk

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

- Data center construction must comply with architectural strength design criteria for withstanding the impact of certain levels of wind speed and earthquake intensity.
- The location of ground-level base stations needs to comply with the Soil and Water Conservation Act. Proper water and soil conservation measures also need to be taken.

- The proper power system and power backup system must be evaluated to minimize damage from disasters.
- The proper power delivery framework and stable backup routes must also be assessed to minimize damage from disasters.

#### 4.2.6 Constructing Disaster-Proof Stations

After Typhoon Morakot hit Taiwan in August 2009, we responded to an initiative by the then Kaohsiung County government to establish disaster-relief base stations in remote townships and villages beginning in October of the same year. When the power and telecom infrastructure is damaged by floods or typhoons, these special base stations must remain in operation for disaster-relief purposes. In 2011, we activated five base stations in Taoyuan, Liouguei, Maolin, Shanlin and Fongshan that had strong anti-disaster capabilities, including backup power generators and microwave and satellite router services with enhanced transmission capacity.

In August 2012, three mobile base stations installed on vehicles and fortified against disasters were put into service, further ensuring stable telecom services during natural disasters and in emergencies.





## 4.3 Electronic Waste Recycling

### 4.3.1 Recycling Old Cables

To expand the scope and quality of our services, Taiwan Mobile regularly undertakes projects to extend or maintain the Company's cable network. A total of 3,663,205 kilograms of copper and fiber optic cable were laid between 2010 and 2012. In 2012 alone, 62,400 kilos of copper cable and 1,246,690 kilograms of fiber optic cable were used in new projects or as part of regular maintenance.

#### Cable Used in New/Maintenance Projects

Year	2010	2011	2012
Copper Cable	146,480	47,115	62,400
Fiber Optic Cable	1,183,240	977,290	1,246,680
Total	1,329,720	1,024,405	1,309,080

Unit: kg

There are many old power cables that need to be phased out when the above projects are undertaken. If these cables are not handled properly, they can be harmful to the environment. To prevent that from happening, we have commissioned an EPA-approved waste cable processing plant since 2000 to replace copper cables with fiber-optic cables with both the environment and cost savings in mind. In 2012, about 397,720 kilograms of copper cables were removed and recycled, bringing the total from 2010 to 2012 to 1,145,140 kilograms.

#### Waste Cable Recycling Results

Year	2010	2011	2012	Total
Copper Cable	61,190	43,310	98,220	202,720
Fiber Optic Cable	337,000	305,920	299,500	942,420
Total	398,190	349,230	397,720	1,145,140

Unit: kg

### 4.3.2 Recycling and Reusing Batteries

Our facilities and base stations employ batteries for emergency backup power. These batteries are consumables and must be regularly tested and replaced. To

avoid the unnecessary waste of usable resources, a battery recycling standard and classification scheme was drafted to use reusable batteries and to commission the disposal of consumable batteries to meet environmental requirements and save costs. Waste batteries are given to a professional processor and handled in one of two ways. Batteries with a useful life of seven years or more that have reached their limit are directly recycled. Batteries with a useful life of under seven years are sent to a battery reconditioning company. Those that have 80% or more of their original capacity after being reconditioned are put back in use.

In 2012, 11,027 batteries were directly recycled and 967 batteries were sent to be reconditioned, of which 371 were able to be used again. These waste batteries weighed a total of 496,215 kilograms, bringing the total weight of waste batteries recycled from 2008-2012 to 1,662,435 kilograms. Recycling the batteries rather than disposing of them as solid waste has prevented contamination of the environment.

#### Weight of Recycled Base Station and Machine Room Batteries

Year	2008	2009	2010	2011	2012	Total
Batteries	267,435	319,005	241,290	338,490	496,215	1,662,435

Unit: kg

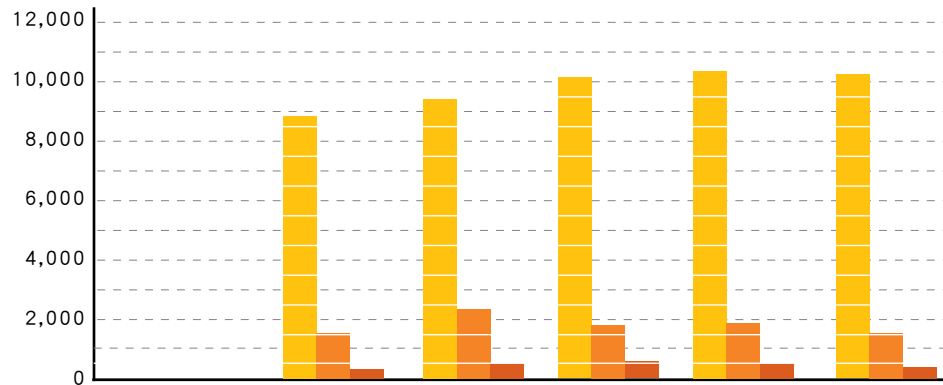
### 4.3.3 Recycling Handsets

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, the campaign reduces pollution, resource use and waste. The handset recycle bin is made of acrylic to prevent secondary pollution caused by battery acid leakage.

We also have participated in a separate initiative launched by the Environmental Protection Administration in 2008 to recycle mobile communications devices. As of the end of 2012, more than 50,000 mobile phones had been recycled under the program, with the number increasing yearly. Taiwan Mobile has also encouraged and helped competitors, mobile phone producers, 3C retailers and domestic retail chains to join in the cause and try to make Taiwan the country with the highest

concentration of recycling stations in the world. In 2012, Taiwan Mobile collected 11,479 mobile phones, 1,466 kilograms of accessories, and 470 kilograms of handset batteries to be recycled.

### Recycling of Waste Handsets, Accessories and Handset Batteries



category	year	2008	2009	2010	2011	2012
Handsets (No.)		8,950	9,673	10,137	11,449	11,479
Accessories (kg)		1,466	2,202	1,837	1,909	1,466
Batteries (kg)		419	461	527	499	470

#### 4.4 'Green' Offices

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 have reduced the settings for the amount of water used by toilets and kitchens at office and business locations. The Company's main source of water is Taiwan Water Corporation.

We also recycle the wastewater produced by reverse osmosis drinking fountains for use in toilets and car washes. Approximately 2-3 cubic meters of water can be conserved every day. In 2012, about 500<sup>6</sup> cubic meters of water were recycled, roughly 2.1% of total water consumption, and used to water plants, clean offices and wash vehicles. Water conservation efforts in office buildings have hit previously set targets, with water consumption per person down 5.55% from 2011. Similar efforts will continue into the future.

### Water Consumption in Offices

	2011	2012	Differency	Rate of Change (%)
Water Consumption (Cubic Meters)	36,748	34,707	-2,041	-5.55
Cubic Meters/person	15	13	-2	-13.33

Unit: kg

Taiwan Mobile has also pushed to reduce the amount of garbage generated in Company offices and taken measures to recycle materials and kitchen waste, asking employees, for example, to use their own utensils and continue to sort waste to make recycling more convenient. In 2012, a total of 86.54 metric tons of waste was recycled, up 12.83% from the previous year.

Overall, we met all of our environmental performance goals in 2012, including reducing power consumption by 3.37%, water consumption by 5.55% and paper usage by 1.04%. We will remain committed in the future to continue finding ways to use energy and resources more efficiently, and our goal for 2013 is to further reduce electricity use, water consumption and paper usage by 1% from 2012 levels.

Note 6: Reverse osmosis drinking fountains have the capacity to accumulate up to 172 liters of water (in 2 containers) per day, with actual daily accumulation of 135-175 liters. With one machine on each of Taiwan Mobile's 15 floors used 250 days a year, total water recycled is  $135 \times 15 \times 250 = 506.25$  cubic meters per year.

At the end of 2012, more than 50,000 handsets had been recycled.



## 4.5 Promoting a Digital and Low-carbon Society

The main thrust of Taiwan Mobile's CSR policy is to reduce the carbon emissions of other businesses and departments and build a smart and low-carbon society through a variety of mobile and electronic services based on our core ICT competencies. We have aggressively promoted the use of e-billing, paperless services and video conferencing to meet customers' needs, and more recently introduced mobile apps and online stores connected by a "smart" services platform to further promote low-carbon practices.

### 4.5.1 Smart Carbon Reduction: Video Conferencing

A 2010 study by the Carbon Disclosure Project found that virtualization services can effectively reduce CO<sub>2</sub> emissions and generate considerable financial benefits. The study estimated that if the U.K. and the U.S. could deploy "10,000 telepresence units," it would cut nearly 5.5 million tons of CO<sub>2</sub> emissions by 2020 and generate US\$19 billion in economic benefits. The study confirmed our active advocacy of video conferencing both for our own internal meetings and for our service portfolios. Starting from the end of 2009, meetings between our head of office and overseas subsidiaries in Beijing and Xiamen have mostly been conducted through video conferencing, not only creating economic savings but also indirectly reducing carbon emissions. In September 2010, our subsidiary TFN introduced video conferencing services to consumers and businesses. These services have not only given corporate customers low-carbon options but have also been applied to special projects for non-profit organizations to help them reduce travel and carbon emissions and enhance the efficiency of volunteer training. In 2012, we helped eight social welfare groups install video conferencing equipment in their offices, saving them the expense and hassle of traveling to meetings, etc. As of May NT\$650,000 in travel expenses, while also keeping 13,772 kilograms of carbon emissions from being released and enabling two to three times more people to receive training<sup>7</sup>.

We estimate that by the end of 2013, the video conferencing services will have prevented 41,316 kilograms of carbon emissions, about one-tenth the amount absorbed yearly by Daan Forest Park in Taipei. But beyond reducing the non-profits'



myBook e-book reduce paper usage.

carbon footprint, the services will also help them upgrade their operations through several advantages, such as the Chinese-language interface that makes operating the equipment a breeze, and the ability to provide feeds simultaneously to up to 16 different locations and broadcast various forms of media in real time.

### 4.5.2 Expanding Green Value-added Services

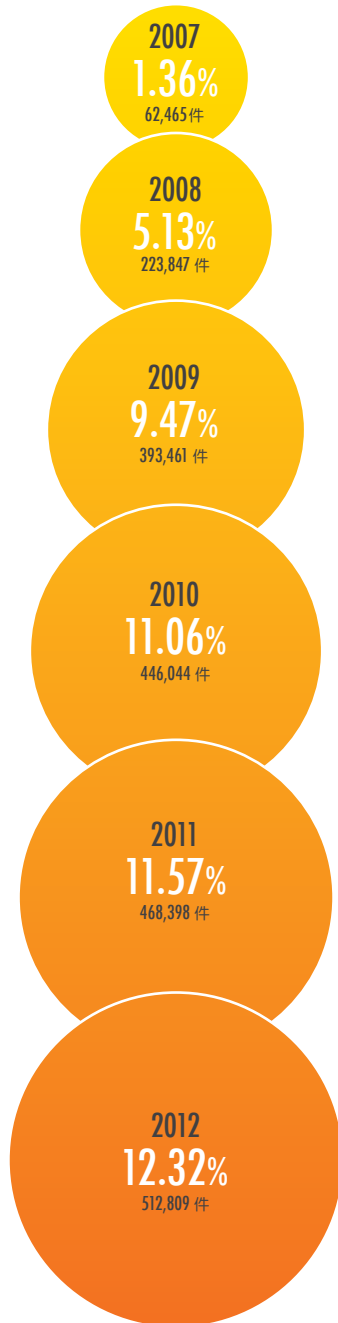
Taiwan Mobile recognizes that many mobile phone apps can help subscribers reduce energy consumption and carbon emissions. For example, real-time mass transportation information makes it more convenient to use public transportation. And our myBook e-book service allows subscribers to read thousands of books and magazines that are stored online, directly reducing paper usage and the carbon emissions generated when those books are otherwise shipped.

### 4.5.3 Making Greater Use of e-billing

We began promoting e-billing in May 2008, and the initiative saved the use of 21.6 million paper bills from May 2008 to the end of 2012, helping conserve 51.8 million sheets of A4-sized paper. In 2012, more than 510,000 e-bills were issued, representing 12.32% of all bills sent. The number of subscribers opting for e-billing has

<sup>7</sup> Reference: [http://ecolife.epa.gov.tw/Cooler/check/Co2\\_Countup.aspx](http://ecolife.epa.gov.tw/Cooler/check/Co2_Countup.aspx)

2007-2012 Growth in e-billing by No. of Bills and Subscriber Use



risen to 440,000 as of the end of 2012 and the number is still growing. In the future, we will continue to provide various incentives such as promotional giveaways and discounts to increase our e-billing ratio. In addition to the use of e-mail, we will also offer e-billing via SMS and provide details of each customer's mobile Internet activity on the website (the results of the initiative will be disclosed in the 2013 CSR Report) to save energy and reduce emissions.

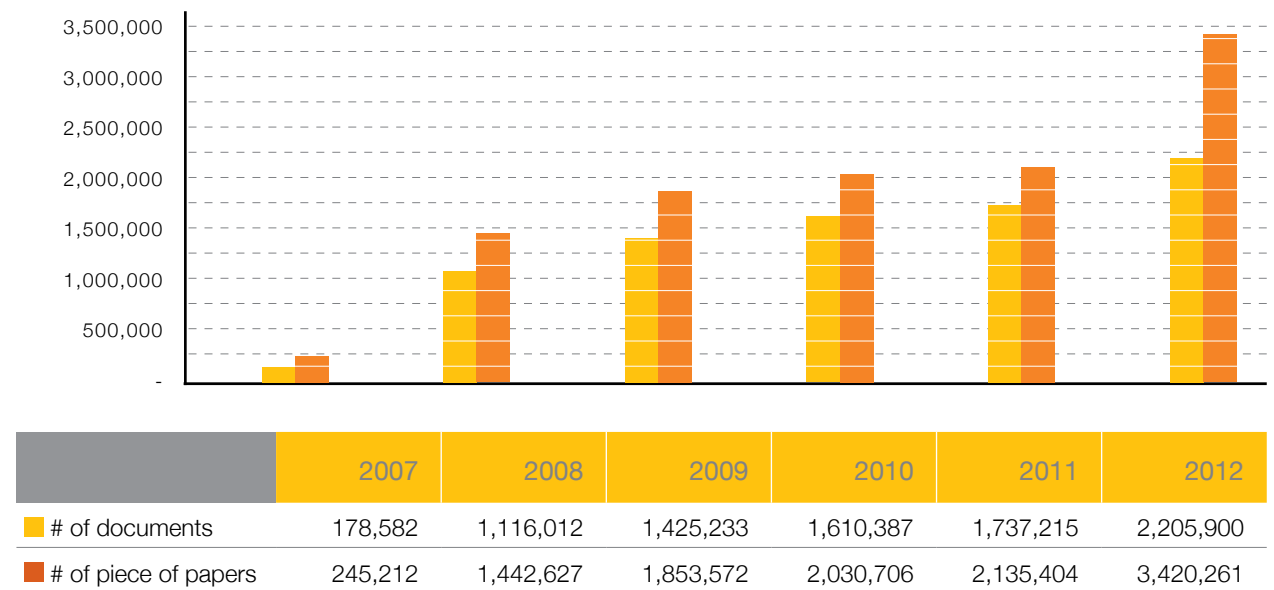
#### 4.5.4 Paperless Operation Results

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 prac-

tices in the value chain. In the past, subscribers have had to complete multiple paper forms as part of the application process. To promote paperless operations, we have invested in both hardware and software so that subscribers now can directly apply online. Copies of personal IDs are not required and paper receipts have been replaced by SMS, which also helps reduce concerns over personal data leakage due to the disposal of physical receipts.

Paperless operations can not only save printing costs, but also the cost of physically shipping, scanning, storing and destroying documents. A total of 2.2 million sheets of paper were saved by the paperless policy in 2012, and a total of 11 million sheets of paper have been saved since the initiative began.

#### Paperless Operation Performance



## 5

# Talent Development and Employee Relations

## Honors

2012-12	Received a "Workplace Weight-loss Excellence Award" from the Bureau of Health Promotion
2012-09	Company's lactation rooms certified by Taipei's Department of Health as "excellent lactation rooms"

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 to emphasize cultivating the value of integrity among our employees. Only on a foundation of integrity can we build a dependable and sustainable business.

## 5.1 Employee Recruitment

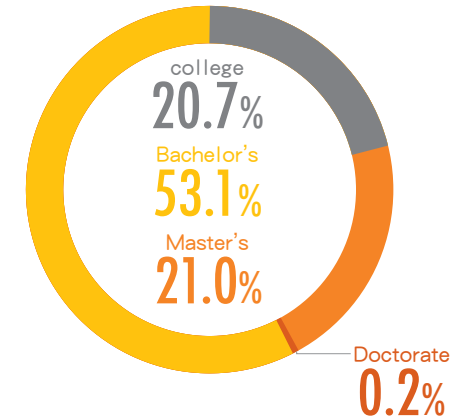
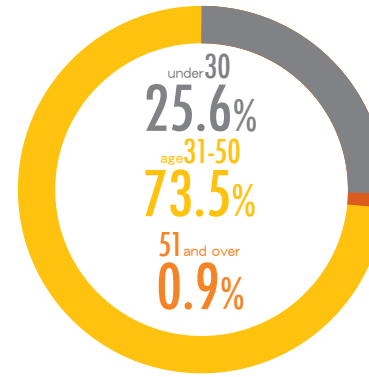
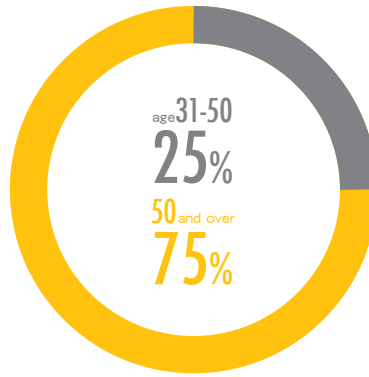
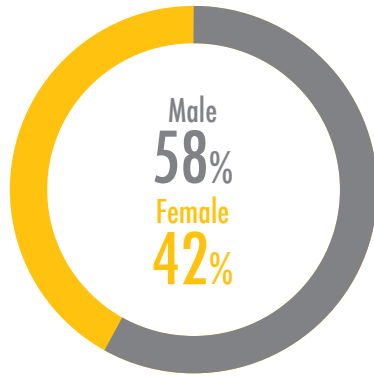
### 5.1.1 Employee Attributes

We recruit employees who are suitable for career opportunities offered by Taiwan Mobile based on their 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 so that their rights and benefits are protected. 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 2,959 people as of the end of 2012. The workforce was 58% male and 42% female, and the average length of employment was about 7 years. Well over two-thirds of the Company's employees were between 31 and 50 years old. The basic demographics of Taiwan Mobile's workforce are shown below.

Position, Age and Gender Distribution of TWM's Workforce at End of 2012



Top executive

Staff

Category	Age	Number		%
		Male	Female	
Top executive (VP and above)	Under 30	0	0	0.00%
	31-50	4	1	25.00%
	51 and over	13	2	75.00%
	Total	17	3	100.00%
Staff	Under 30	334	419	25.62%
	31-50	1,343	816	73.46%
	51 and over	22	5	0.92%
	Total	1,699	1,240	100.00%
Total Employees				2,959
Employment Status	Full Time			2,957
	Part Time			2
Average Years of Employment				6.78
Educational Background	Doctorate			0.24%
	Master's			20.71%
	Bachelor's			53.09%
	College Equivalent			20.99%
	High School			4.97%

Note: All employees are based in Taiwan

In terms of employee turnover, the number of new employees exceeded the number of people who left the company in 2012. The gender and age distribution of employees who joined and left TWM in 2012 are shown as follows:

Category	Newly Hired				Left the Company			
	Number		%		Number		%	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	199	196	6.73%	6.62%	50	65	1.69%	2.20%
31~50	135	87	4.56%	2.94%	132	95	4.46%	3.21%
51 and over			0.00%	0.00%	12	6	0.41%	0.20%
Total	334	283	11.29%	9.56%	194	166	6.56%	5.61%

Note: All employees are based in Taiwan (not including employees transferred to affiliated companies)

## 5.2 Training and Education

To cultivate human capital and improve our competitiveness, we conduct training courses that coincide with our development strategies and annual training needs. The annual training budget is set based on internal training management rules.

### 5.2.1 Corporate and Functional Training

Training can be divided into two categories: corporate training and functional training. Corporate training involves multilevel training courses and common training courses that cover 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.

Functional training programs cater to specific professional groups or divisions/departments and focus on professional development courses and on-the-job training. The training system is structured as follows:

#### (1) Orientation for New Employees

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

#### (2) Core Competency Development

This training focuses on common competencies and seeks to boost work efficiency

by providing the knowledge and skills needed to accomplish everyday tasks. It also ensures that employees comply with government regulations and information security certification regulations. Courses cover problem solving, communications, project management, basic legal knowledge related to telecommunications, and service skills.

#### (3) Management Training and Development

There is separate training for entry-level management, middle management, and upper management. The courses primarily cover performance management, leadership, motivation skills, project management, team dynamics skills and organizational development skills, and include management forums, strategy management forums, 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) Enhancing professional knowledge

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

In 2012, employees spent an average of 15.7 hours during the year in training. To strengthen our employees' ability to provide the highest quality data network and voice calls, close to 1/4 of the courses offered in the past year were technical courses, which were attended mostly by male employees. Overall, male employees logged longer training hours on average than their female colleagues. At the management level, male and female executives devoted a similar amount of time to training.



The company provides various training programs to employees

### Personnel Training Hours in 2012

Category	Male	Female
Assistant Manager and above	18.9	17.4
Staff below Assistant Manager level	19.4	10.2
Average by gender	19.3	10.8
Average hours per employee	15.7	

In 2008, Taiwan Mobile began developing an e-learning program that was gradually made available to employees in 2009. In 2012, employees spent a total of 4,927.8 hours on online courses. Various online study groups have been established since 2011, including groups for new hires, project management, telecom technology, work skills, and sales, and book clubs. Every group is led by an expert in the related field, and employees can share what they've learned on the job and conveniently look for professional advice in other fields. Taiwan Mobile's new Mobile Learning system was completed at the end of 2012, enabling employees to learn at their convenience on their smartphones and strengthen their competitiveness. Every week, employees are given practical learning materials in such areas as the Company itself, business English, regulations and performance improvement.

### 5.2.2 Encouraging Lifelong Learning

#### (1) Scholarship program

We implemented Rules and Regulations on Scholarship Applications in 2006. The initiative offers full scholarships (including tuition and miscellaneous fees for 2-3 years) for study in graduate programs in business management or telecommunications engineering at designated domestic and foreign universities. The program helps employees flexibly obtain professional degrees in accordance with their individual career plans and the company's mid-/long-term human resource needs. A total of 26 employees have received scholarships since they were first introduced, including one employee in 2012.

#### (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. A total of 56 employees applied for continuing education subsidies in 2012.

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

## 5.3 Benefits System

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

- (1) Labor insurance, national health insurance, labor pension contributions and group insurance coverage starting from the first day of work.
- (2) An employee treasury stock subscription plan, year-end bonuses and an employee profit-sharing system; TWM was also the first company in the telecom sector to introduce employee stock ownership trusts in which the company matches the amount invested by the employee.
- (3) Subsidies for weddings, child births, funerals, hospitalization, children's education, and club activities, on a case-by-case basis.
- (4) A regular physical every two years and follow-up examinations and health education based on the physical's results
- (5) We also offer 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 (with their position retained but without pay). In 2012, 41 employees applied for parental leave and more than 70% of the female employees who took leave returned to their position afterwards.

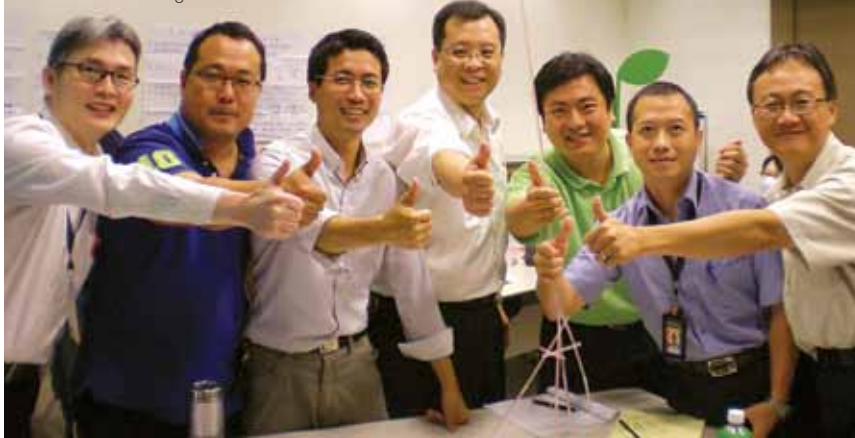
### Parental Leave Statistics in 2012

Category	Male	Female
Number of employees entitled to apply for parental leave	207	188
Number of employees applying for parental leave without pay	2	39
Number of employees who should have resumed their position after taking parental leave (A)	2	27
Number of employees eligible to resume their position after taking parental leave who in fact did (B)	0	21
Number of employees who resumed their position after taking parental leave (C)	0	22
Number of employees who resumed their position after taking parental leave and worked for more than one year (D)	0	16*
Return rate (B/A)	0.00%	77.78%
Retention rate (D/C)	0.00%	72.73%

Note\*: Those who resumed their position in 2012 and were still with Taiwan Mobile as of June 7, 2013.



Middle managers learn decision making and risk assessment through team work



## 5.4 Employee Health and Working Environment

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

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

First-aid personnel are posted in Taiwan Mobile offices, and full-time nurses are on duty. The Company also takes a number of steps to help employees manage their health, from arranging full physicals on a regular basis that employee dependents can also undergo at the same preferential fee to providing health consultations and seminars that strengthen health education. These measures help employees gain a better grip on their health and encourage them to take preventive steps to avoid

getting sick. The health management system also helps patients whose tests show abnormal readings follow up on and track their conditions.

Other health-related activities are organized for employees that emphasize "a safe environment, disease prevention, health promotion and stress relief." In some cases, community residents as well as employees can attend. In 2012, those efforts were recognized by the Bureau of Health Promotion under the country's Department of Health, which honored Taiwan Mobile with a "Workplace Weight-loss Excellence Award." In addition, the Company's lactation rooms were certified by the Taipei City government's Department of Health as an "excellent lactation room."

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





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

## Honors

- |         |   |
|---------|---|
| 2013-03 | Taiwan Mobile's myfone stores and the Customer Service Center received SGS Qualicert certification  |
| 2013-05 | Received the "Trusted Brand Gold Award" for telephone services (fixed or mobile) from Reader's Digest for the 10th consecutive year   |
| 2011-11 | Ranked No. 2 in Next Magazine's "Top Service Awards" in mobile & fixed-line communications  |
| 2011-05 | Received the "Trusted Brand Gold Award" from Reader's Digest for the 8th consecutive year.  |
| 2011-05 | Placed first in the telecom sector as one of Business Next magazine's "2011 Digital Services Benchmark Companies" in the ICT sector based on the magazine's first-ever national survey on digital service strength. |

## 6.1 Customer Service Mechanism

"Genuine concern for customers" 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.

### 6.1.1 Introducing New Measures to Enhance Service Quality

Taiwan Mobile consistently introduces new measures to strengthen the quality of our customer service and satisfy growing demand for a convenient and upscale mobile lifestyle.

- (1) Responding to market trends, we launched an innovative "Customer Service App" to better serve our customers and provide an even more rewarding mobile experience.
- (2) To solve customer issues more quickly and enhance overall service efficiency, we employ a smart service platform that can immediately predict potential short-term problems that could lead to customer complaints.

### 6.1.2 Establishing a Transparent Complaint Procedure

Customer service agents provide specialized services based on a complete and standardized process for handling customer complaints that was developed through the integration of our stores, service hotline and online services. Their feedback serves as a basis for adjusting products and service procedures. To further enhance customer satisfaction, Taiwan Mobile began working toward SGS Qualicert certification in August 2012 and formally received certification in January 2013. The SGS Qualicert system ensures that high standards of service will be maintained.

## 6.2 Customer Satisfaction

We employ all kinds of market survey tools (including telephone interviews, online surveys, and focus groups) to track and improve customer satisfaction. We plan and implement a variety of surveys every year whose focus ranges from the market as a whole to specific users. We strive to

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

We conduct satisfaction surveys through our own departments and third-party survey companies. In addition to shedding light on users' views concerning various telecom operators in the market as a whole, these surveys also enable us to gauge our performance compared with other carriers, facilitating our internal assessment efforts and promoting our continued growth momentum. Taiwan Mobile's customer satisfaction remained steady in 2012 at 3.8 (on a scale of 1-5 with 5 the highest), with 59% of users giving a score of 4 or higher (indicating "satisfied" or "very satisfied"). Another 39% of users rated Taiwan Mobile's service a 3, and only a tiny minority gave us a negative rating. Among different service areas, call center customer service had the highest satisfaction rating of 4.5 out of 5.

### Customer Satisfaction Survey Results 2010-2012

	2010	2011	2012
Overall Customer Satisfaction	3.7	3.7	3.8
Call Quality Satisfaction	3.7	3.6	3.7
Call Center Satisfaction	4.3	4.3	4.5
Store Service Satisfaction	4.1	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 for that specific year.

## 6.3 Information Security

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

Mindful of the importance of customer information security, we implemented an information security management system in 2004 and obtained the world's first ISO 27001 Information Security Management System certification in 2006. We

also received Taiwan's first "Information Security Contribution Award" in 2007, and we remain the only telecom firm to have been awarded this honor. In 2008 and 2011, we passed the ISO27001 standard's three-year overall review, and in 2011, Taiwan Mobile received certification for meeting the ISO/IEC 27001 international information security management system standard and for additional criteria listed in the NCC ISO/IEC 27011 standard. These accomplishments further validated TWB's information security management system as the most secure system in Taiwan, ensuring that our users continue to receive world-class information security protection.

To protect users' rights and interests and strengthen the protection of users' personal information, we have extended the scope of our information security certification to two main areas. The first is all key customer information service processes, such as access number applications, activations and changes, billing management, fraud prevention and customer service. Also certified are related IT services, including base station equipment, operating systems, applications systems and the security management of other assets. The second major area comprises sup-

SGS Qualicert Certification



port systems, including the operations and maintenance of telecom switch rooms and Internet controls as well as the development, operations and maintenance of related IT support systems.

Certifying all of these processes ensures that personal information and related equipment is fully protected, and Taiwan Mobile continues to expand the scope of protection measures as information security needs change.

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 respond 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 the evaluations more comprehensive.

To ensure that information security operations can be assessed by standardized indicators, we have drafted internal key performance indicators (KPIs) for information security and use them to 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.

Beyond our internal audits and continuous upgrades of our systems, Taiwan's Mobile's information security processes must be evaluated and approved by government regulators on a yearly basis and are also subject to administrative checks. Evaluations by external auditors from certification companies are conducted twice a year to determine if information security measures have taken hold. These outside audits ensure that we keep up with trends and strengthen our information security management standards to international levels, helping us stand out as a telecom company users can truly trust.

## 6.4 Full Disclosure of Rates

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 clearly convey all of our programs to consumers in a detailed and accurate manner. Existing voice service rates are adjusted yearly (usually lower) based on NCC recommendations, benefiting many of our customers.

In addition, when customers apply for services, representatives at our myfone stores explain potential options in detail and recommend appropriate fee plans according to customers' 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.

## 6.5 Preferential Rate Plans for the Underprivileged

Taiwan Mobile offers special rate plans for specific user populations, such as people with disabilities and senior citizens, that cater to their specific needs. Since 2008, we have offered seniors (aged 60 and above) several rate plans with a 50% discount on monthly subscription fees. Three years later, in March 2011, in conjunction with the preferential rates, we introduced mobile phones exclusively designed for the elderly featuring extra-large keypads, extra-loud ringtones, extra-large font sizes, and extra-long stand-by battery life. They also include elderly-specific safety features such as a flashlight on top of the handset as well as an SOS emergency button on the back of the handset that, when pressed for three



seconds, gets the user in touch with his or her family members. Because Taiwan's population is rapidly aging, we will continue to use our core technologies and services to provide a more user-friendly communications environment for seniors.

We have also frequently launched different promotions to address a wide range of user types and communications needs. For students, for example, we offered 50% discounts on their monthly voice rates and a "Family Hotline" that includes such features as free on-net calls to the family for a low monthly fee, so that family members can always remain in touch.

## 6.6 Innovative Services

"Innovation" is one of Taiwan Mobile's core values, and we have developed several new innovative services for smartphones and tablet computers as they have entered the mainstream to satisfy users' varied needs.

Among them: "match apps," the app store that offers software for multiple smartphone operation systems; "myBook," which offers features such as an online library, places to make notes, group functions, exclusive audio books and e-book bonuses; the "Handset Bodyguard" app, which helps retrieve lost handsets; the "Incoming Call Butler," which helps the user manage calls; and a data backup app called "Telephone Directory Backup." In 2012, with the introduction of the Taiwan-developed instant messaging software "Messenger +," we offered innovative complementary apps for hidden chat rooms, reservation information and other activities. Also hitting the market was "myVideo," a mobile streaming video service that can be seamlessly accessed by through several platforms (including smartphones, tablets and smart TVs).

Hoping to emerge as the leader in the digital telecom field in the future, Taiwan Mobile will continue to develop a variety of digital convergence, cloud, and Internet TV services that bring a seamless user experience to household and individual users and lead them closer to a "digitally intelligent" lifestyle.

## 6.7 Filtering Adult-only Information to Protect Teenagers

At a key time in their lives for character development, children and teenagers are growing increasingly dependent on mobile communications and the Internet, which now play major roles in the younger generation's interpersonal relationships and how they get information. Consequently, strengthening measures to protect youngsters from being harmed by adult-only information and maintaining mobile Internet security remains a pressing social responsibility of the telecom sector, one that



To satisfy customers' needs, we provide innovative service for smart phones and tablet computers

Taiwan Mobile takes very seriously.

In addition to the ongoing partnership with the White Ribbon Caring Association to promote information literacy and internet safety education for young people, Taiwan Mobile in 2004 became 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 and require that all services and content be reviewed and inspected before being released online. Content providers who violate the guidelines are asked to revise their content immediately, and partnerships with them may be terminated should there be serious violations.

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

Taiwan Mobile follows similar strict rules for all of its services, from mobile and broadband Internet to texting and value-added services, to create a healthy communications environment for the younger generation and offer customers mobile services that bring them peace of mind.

## 6.8 Free Electromagnetic Radiation Measurement Services

To ease public concerns about the effect of base station electromagnetic radiation on human health, we have set up a free base station radiation measurement hotline (0800-580010) that takes requests for free household electromagnetic radiation measurements and telecom service inquiries or complaints. The service arranges for third-party test companies to take the necessary measurements and provide a professional assessment of the situation. In 2012, Taiwan Mobile arranged for 242 radiation measurement tests by third-party services, and all of the results were within NCC standards for electromagnetic radiation<sup>8</sup>. A total of 631 radiation measurements were arranged by Taiwan Mobile from 2010 to 2012.

We also teamed up with other members of the Taiwan Telecommunication Industry Development Association in 2012 to invite third-party organizations to take measurement samples in northern, central, southern and eastern Taiwan and collect data for educational purposes and the production of promotional materials. We

have also assisted the National Taiwan University Telecom Research Center in hosting seminars where educators and industry experts from Taiwan and abroad discuss electromagnetic radiation research, safety standards and current regulations as a reference for the government in developing and implementing policies related to the issue.

We will continue to push scientifically based electromagnetic radiation concepts with city and county agencies and civic groups and join forces with other telecom operators to commission the Taiwan Telecommunication Industry Development Association to provide materials raising electromagnetic radiation awareness.

<sup>8</sup> Maximum electromagnetic field exposure is 0.9 mW/cm<sup>2</sup> for 2G (GSM 1800MHz) and 1.0 mW/cm<sup>2</sup> for 3G (GSM 2100MHz).



Received awards for Corporate Social Responsibility from Global Views Monthly in the "Social Engagement" and "Overall Performance" categories.

### Electromagnetic Radiation and Public Health


Since 1996, major international organizations and research institutions, including the World Health Organization, 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 issued the following reports and statements:

IEEE: In a 2000 report, the IEEE stated, "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 aged people, pregnant women and children."

ICNIRP: Issued a statement in July 2009 saying that a review of studies to date had found "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): "A large number of studies have been performed over the last two decades to assess whether mobile phones pose a potential health risk. To date, no adverse health effects have been established as being caused by mobile phone use."

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.



# 7 Supplier Management and Procurement

## 7.1 Strengthening Supplier Management

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

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

practices in the manufacturing process of handsets and peripheral products. This includes limiting the use of toxic materials, monitoring the specific absorption rate (SAR) of electromagnetic radiation and protecting the human rights of workers. The telecom services sector does not directly manufacture handsets and other electronic devices, but it is the closest link to consumers in the value chain and any positive or negative CSR events concerning any of our suppliers will have an impact our reputation. We drafted a Supplier CSR Statement in 2011 to invite our suppliers to join us in practicing corporate social responsibility in four major areas: workers’ interests and rights, health and occupational safety, the environment and ethical standards. We not only intend to play the role of a catalyst and messenger but also expect to truly contribute to CSR practices of the industry as a whole.

## 7.2 Open and Transparent Procurement Mechanism

We strive to maintain aboveboard business practices. Our dealings with suppliers do not depend on personal relationships and we do not permit any under-the-table exchanges. We have developed a transparent tender and purchasing system in which any tender is clearly announced publicly. If suppliers or employees have any problems, there are adequate appeal and complaint channels. Supplier grievance regulations may be downloaded from the procurement section on our official website (<https://twmepmall.taiwanmobile.com/esp/>).

Beyond posting information about public tenders, the purchasing system gives suppliers the chance to register to participate in tenders and provide quotes. The information is fully transparent. In all tenders, bids are opened and suppliers selected in accordance with the system's scoring standards. The clear and rigorous process exists to evaluate supplier bids in an impartial manner. Quotes for non-tender contracts are also reviewed through a process that ensures fair competition.



## 7.3 Green Purchasing

Taiwan Mobile continues to embrace green purchasing to help the green consumption market grow and create green benefits in our value chain. We therefore give preference to products that are EPA certified, can be recycled, generate little pol-

lution and are energy-efficient, and that can bring social benefits or reduce social costs without compromising functionality. We purchase environmentally friendly products in the hopes that it will promote green consumerism. In 2012, we spent NT\$240 million on green purchases.

	Description	2012
	Recyclable printer cartridge	57,035
	Copying machine (leased)	8,709,871
	Computer equipment	9,089,100
Office equipment	Computer equipment (leased)	19,918,652
	Air conditioning system (for base station)	124,083,300
	Printed materials	72,360,335
Company cars	Hybrid vehicle (leased)	1,380,000
<b>Total</b>		<b>235,598,293</b>



## 8

# Community Participation and Social Engagement

## Honors

- 2013-05 Received the top prize for Corporate Social Responsibility from Global Views Monthly in the “Education Promotion” category

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- 2012-08 Ranked as one of Taiwan’s top Corporate Citizens by CommonWealth Magazine for the sixth consecutive year

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- 2012-05 Received awards for Corporate Social Responsibility from Global Views Monthly in the “Social Engagement” and “Overall Performance” categories.



## 8.1 Incorporate Core Resources to Fulfill Social Needs

The penetration rate of mobile phones has exceeded 100% in Taiwan, and the number of mobile Internet service subscribers has also experienced significant growth. Daily life and mobile communications have become inseparable, especially as smartphones and other mobile devices gain widespread acceptance among consumers and become indispensable parts of their lives. In this environment, Taiwan Mobile acts as a catalyst by leveraging core telecom sector resources and technologies to enable a more productive society.

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

### 8.1.1 Information Access

#### (1) Universal Service

In 2009 and 2010, Taiwan Mobile subsidiary TFN and the TWM Foundation responded to the NCC’s policy directive of bringing broadband service to every village in the country by providing broadband service to two mountainous villages in Nantou and Hsinchu counties. The program’s goal was to enable remote communities to connect to the rest of the world via the Internet and gain first-hand access to information and e-commerce.

A 3.3-kilometer optic-fiber and VDSL network was built to ensure stable transmission quality and improve the outward communication environment and the reach of the broadband network. Once the network was completed, the Foundation subsidized Internet access and network subscription services so that they were free for village residents in the first year of use

and half-price in the second year, reducing the financial burden of going online. Following the building of other networks, the Foundation spent NT\$4,307,832 in 2012 on expanding and maintaining services in villages in Chiayi, Nantou and Hsinchu counties.

(2) Digital Learning Centers

According to the latest report on the digital divide published by the central government's Research, Development and Evaluation Commission (RDEC) in 2012, more than 80% of residents in Taiwan's main cities use computers and 76% use the Internet, much higher rates than in townships and villages (which tend to be aging and more rural), where fewer than 70% of residents use information devices. For persons with disabilities, 54.5% use computers and 49.1% access the Internet, far lower rates than seen among Taiwan's general population, whose computer usage rate tops 70%. To improve the situation, we have established digital learning centers catering to remote areas and underprivileged groups by mobilizing core telecom technology and pulling together mobile, fixed-line network and cable TV resources.

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

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

In 2012, the Foundation sponsored four social welfare groups – the House of Dreams Youth Development Association, the Syn Lu Social Welfare Foundation's support center for the elderly in Taipei, the Kaohsiung center of Good Shepherd Social Welfare Services, and the Linyuan Township Magic House Hometown-loving Association – to set up digital learning centers. The centers are equipped with a

No.	Learning Center	Groups Served	No. of Work Stations
01	Alishan / Nantou County	Community residents	20
02	Chushan /Nantou County	Underprivileged children/teenagers, community residents	15
03	Tachia /Taichung	Underprivileged children/teenagers, community residents	15
04	Niaosong /Kaohsiung County	Underprivileged children/teenagers, community residents	12
05	Wanrung /Hualian County	Underprivileged children/teenagers, community residents	15
06	Donggang /Pingtung County	Underprivileged children/teenagers, community residents	15
07	Minhsiung /Chiayi County	Underprivileged children/teenagers, community residents	15
08	Taiwan Fund for Children and Families in Yilan County	Students at the Taiwan Fund for Children and Families	16
09	Fengshan/Kaohsiung County	New inhabitant	5
10	Linyuan /Kaohsiung County	New inhabitant	12
11	Jhong li/Taoyuan County	People with injury of spinal cord	--*
12	The Carpenter's House Caring Center in Taoyuan County	New inhabitant	14
13	The First Social Welfare Foundation in Taipei City	Students with disabilities,including intellectual disabilities, autism, Down syndrome, and cerebral palsy	21
14	Taipei House of Dreams	Underprivileged children/teenagers, community residents	11
15	Syin Lu Social Welfare Foundation's support center for the elderly in Taipei	Persons with disabilities,including intellectual disabilities, autism, Down syndrome, and cerebral palsy	5

combined 33 work stations featuring both leased computers and broadband Internet access, enhancing local learning opportunities and the quality of information technology available.

From 2007-2012, non-profit organizations backed by the Foundation opened 15 digital learning centers with a total of 191 work stations in towns in Nantou County, Taichung, Pingtung County, Chiayi County, Yilan County, Kaohsiung, Taoyuan County and Taipei. Each center provides a curriculum that is specifically tailored to children from poor families, new immigrants, children with multiple disabilities, or adults with disabilities to give them the opportunity to improve their skills and to better understand the world through the use of computers and the Internet.

### 8.1.2 Information Literacy

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

It is our mission to provide our subscribers, both young and old, with safe content and a clean digital environment. In addition to excluding nudity in our value-added services, we also joined with the White Ribbon Caring Association (Digital Culture Action Lab of NCCU) beginning in 2009 to research young people's online behavior and issues (such as online prostitution, pornography websites, Internet addiction and online bullying, etc.). We produced an Internet safety promotion video with the association to educate children on digital safety and protection issues, such as Internet copyrights, personal data protection and legal issues related to spreading rumors online.

We have also mobilized TWM corporate volunteers, parents of students and teachers to hold educational sessions with engaging teaching materials and videos to help break paradoxical myths about the Internet for young people and children. From 2009 to 2012, 31,011 students from 225 schools participated in the program.

**Number of schools/students participating in the Information Literacy Campaign (2010-2012)**

Year	2010	2011	2012
Schools	66	72	87
Volunteers	123	135	197
Students	10,295	7,943	12,772

Source: White Ribbon Caring Association



We produced an information literacy promotion video with the association to educate children on internet safety and protection issues, such as Internet copyrights, personal data protection and legal issues related to spreading rumors online.

### 8.1.3 Information Applications

#### (1) Producing Quality Digital Teaching Materials

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

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

We also hired a professional team to handle 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 2012, 18 sets of teaching materials had been released. They covered TWM's live outdoor concerts, information literacy education, mobile phone image creation, environmental education and the humanities. A total of 19,668 sets of the materials have been distributed. In the future, we will delve deeper into environmental education and expand the program into the areas of literature and the arts. We will also increase the number of teaching plans or learning modules to meet the needs of teachers and students.



### Digital Teaching Materials Released in 2012



**The Basketball Captain**

Drama Video and lesson plan



**Taiwan Mobile Sun Moon Lake Fireworks Concert**

Live concert video



**Taiwan Mobile Happy Birthday to NSO concert**

Live concert video



A new advanced courses for previous participants in the camp in 2012.

content base in the era of digital convergence.

The TWM Foundation therefore joined with Public Television Service to host a "handset art creation camp" for teenagers to cultivate future multimedia talent. We have hosted two-day camps around Taiwan over the past five years based on the themes "Show Taiwan with a Mobile Phone," "My Street Talk Dictionary," "Mobile Reporter," "Life after Class," and "Happiness in Life" to teach teenagers to express their ideas through video images.

Handsets with advanced recording functions are provided to the students, and famous directors are invited to teach them basic imaging concepts, filming techniques and storyboard and script concepts. The students are able to practice shooting skills and techniques, but also learn about the legal concept of intellectual property. These two-day camps go beyond teaching the art of image creation and production. More importantly, they demonstrate the value of media literacy in a way that enables every student to share images that carry social value.

In 2012, the 4th annual Mobile Phone Digital Short Film Camp was held in several cities around Taiwan, with new advanced courses for previous participants in the camp. A total of 193 junior and senior high school students took part in the 2012 camps and completed 23 films. From 2009 to 2012, a total of 544 students from 187 schools participated in the program and made 78 films of two to three minutes in length.

Participating students have not only produced stunning work at the camps, they

#### (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 unwanted material. Because mobile phones will soon become the most important medium for image recording and mobile media, Taiwan Mobile wants to enrich people's lives with a more diversified and meaningful

have also carried forward the creative and collaborative spirit and manifested it in a variety of ways. A group of students from Taipei Beitou Elementary School, for example, continued and finished a film started at the camp called "Tree No. 73" that has recently garnered attention on the International Film Festival circuit. Students from Kang Chiao Bilingual School produced a video in honor of the victims and survivors of the March 11, 2001 earthquake in Japan called "Infinite Love, Courage, Hope." The video, which was viewed over 10,000 times on YouTube and raised over NT\$4 million, provided a clear example of the positive and powerful influence of digital images.

## 8.2 Creating Social Value with Digital Applications

Digital applications can do more than make our daily lives easier and help us be more efficient at work. They can also be used to promote areas of major social significance, such as the arts, charity, health care and environmental protection. For many years, we have explored new opportunities to create more social value

and reduce the social divide through digital applications through our core competencies and resources.

### 8.2.1 myfone Mobile Composition Awards

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 Composition Awards in 2007 to promote digital composition by encouraging people to use 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 in the six years the awards have been held, breaking new records for literary contributions in Taiwan. The popularity of the campaign shows that the myfone Mobile Composition Awards have built a certain level of visibility in a short period of time and successfully promoted interest in mobile composition. The rapid development of video platforms in recent years has led to greater diver-



sity in mobile video composition, resulting in new immersive experiences and renewed interest in movies. To reflect these trends, the myfone Mobile Composition Awards added a new "Microfilm" category in 2012 that challenged participants to tell the story of something in their lives that "touched" them through microfilms in the form of documentaries, dramas, action movies or even commercials. Student participation was encouraged by guaranteeing spots in the competition to student entries, with dramatic effect. The category drew 201 submissions, double the number expected, spawning a new generation of creative talent.

The 2012 myfone Mobile Composition Awards were truly an event for everyone, with award winners representing many different fields and ranging in age from 14 to 70. The age distribution of all participants was even broader, though young adults were clearly in the majority. The 16-20 age bracket was the best represented, accounting for 31.12% of all participants, and 68.04% of participants were under 30 years of age, an indication of the younger generation's enthusiasm for the contest. The winning works expressed the thoughtful voices of ordinary people and offered a glimpse into Taiwanese society.



The impact of the myfone competition has grown exponentially with the explosion of the Internet. Every year, the public is asked to cast votes online for their favorite works, and the 2012 contest drew a record 159,399 votes in an eight-week period. A list and description in Chinese of all award winners, past and present, can be found at [www.myfone.org.tw](http://www.myfone.org.tw).

The competition also drew many prominent individuals to serve as jurors, who felt the quality of the submissions in 2012 was consistently high. The SMS messages were seen as sharp and timely, and the ringtones were not only of better quality but also showed many distinct styles and incorporated the languages of four countries.

The sixth myfone Mobile Composition Awards added a new "Microfilm" category in 2012.



The microfilms were also highly acclaimed for their ability to tell moving stories about family, love, homeless people or stray animals within five minutes, highlighting the far-reaching influence of digital composition.

A "Talking Creativity Face-to-Face" event introduced for the first time at the awards in 2012 turned the competition into a creative exchange platform that enabled the participants to discuss their works with the jurors and get constructive feedback.

### myfone Mobile Composition Award Participation

Entries Category	Year					
	2007	2008	2009	2010	2011	2012
SMS literature	5,232	4,745	22,512	39,494	48,279	44,497
Original ringtones	138	331	424	427	660	470
Microfilms	-	-	-	-	-	201
Total entries	5,370	5,076	22,936	39,921	48,939	45,168
Votes received from the public	-	-	49,674	54,370	65,260	159,399

### 2012 myfone Mobile Composition Lectures

Date	Topic	Lecturer	Venue	Attendance
4/24	Massive Power	Yang Li-chou	Chaoyang University of Technology	80
5/1	Jump! You, Me, He and the Director Lin	Lin Yu-hsien	Shih Hsin University	150
5/26	How to Do Things to Get the Best Results	Chen Fei-wu	Taiwan Mobile B2/ Training Room 1	71
5/30	Literary Elements in Images	Hsiao Yeh	Dali Senior High School	700
6/15	Five Ways of Being Creative	Tom Wang	Songshan Senior High School	850
6/28	Living Creatively Within a Frame	Vincent Fang	National Tainan Girls' Senior High School	1,500
				Total 3,351



"i-Infinity" help social welfare groups develop the ability to harness the power of digital applications.

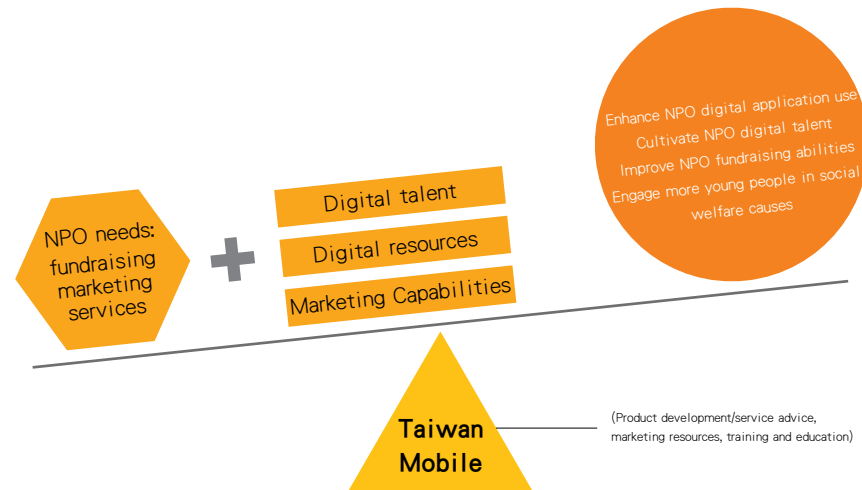
With more works of higher quality being submitted over time, the myfone Mobile Composition Award has gone beyond a simple composition award for music or literature and moved into the realm of documenting modern life and society. Since the 2009 competition, Taiwan Mobile has summarized the observations on society incorporated in the works and found that the entries in 2012 particularly showcased Taiwan's contemporary state of consciousness, touching on such social issues as an aging population, the adverse effect of social media on personal relationships and the many sides of love.

The myfone Mobile Composition Awards' adoption of mobile phones as its primary creative tool reflects changes in technology and the times. The competition has pioneered the idea of treating short messages and ringtones as new literary and musical genres and introduced microfilms in response to demand for mobile videos, with positive results. Not only has the collision of technology, literature, music and video set off new creative sparks that have renewed interest in the arts, it has encouraged the public to see mobile content in a new light, inspired artists with potential to pursue their craft, and fostered the creation of outstanding literary, musical and visual content.

This, in turn, has further nurtured digital content and creative talent, creating a virtuous circle that supports the direction of our core operations. The process is also consistent with government efforts to develop cultural and creative industries, and we hope that by continuing to provide artists with new creative opportunities and identifying top-notch literary, musical and video content, we can enhance Taiwan's soft power and advance the development of digital content and cultural and creative sectors.

### 8.2.2 Digital Social Welfare: 'i-Infinity'

Taking advantage of its core capabilities and resources, Taiwan Mobile helped social welfare groups develop the ability to harness the power of digital applications in 2012. The initiative empowered NPOs to strengthen their internal operations and improve their fundraising abilities, making it easier for them to help socially disadvantaged groups who have fallen through the cracks and get more people in society to engage in charitable causes.



The Taiwan Mobile Foundation conducted a survey of NPOs in 2012 to understand how they use digital applications and the bottlenecks they faced and discovered that more than 75% of respondents lacked the ability to put digital applications into practice. As a result, we proposed five mobile application programs catering to NPOs' digital marketing and training needs, and 11 social welfare groups attended 19 seminars under the programs. During the year, the Foundation mobilized private sector research teams to help two NPOs develop mobile applications – one to help people with disabilities get around unimpeded and the other to identify flowers seen in photographs. It also assisted six NPOs in developing e-books and supplied eight NPOs video conferencing equipment and training, which helped them reduce their operating expenses by 30%. In addition, three microfilms were produced that opened new fundraising doors for NPOs through the power of Internet marketing. A total of 27 NPOs applied for help on 68 projects for 2013, setting a new record.

### 'Wheelmap (Taiwan)' app – Making Getting Around Easier



The 'Wheelmap' app enables users to search for attractions, hotels, restaurants and shopping centers in Taiwan that have barrier-free facilities and for bus routes served by low-floor buses. The app's database has more than 300 pieces of information, concentrated mostly on accessible venues in Taiwan's five major cities – Taipei, New Taipei, Taichung and Tainan. Travelers are also encouraged to report barrier-free facilities they come across through the app's "friendly space feedback" system – information that can help 4 million people in Taiwan with limited mobility, such as the elderly, persons with disabilities, and babies in strollers, get around more easily.

### Flora App – Taiwan's First Mobile Flower Library



Taiwan's first mobile flower library – the "Flora App" – was developed through a collaboration of the Society of Wilderness, National Taiwan University, and National Cheng Chi University's Department of Computer Science. The app makes learning about flowers a breeze. All users have to do is download the app, then use it to send pictures of flowers to the cloud for identification. What they get back is a full description of the flower, including its name, origin, toxicity, special characteristics and even a story about it. The Flora app also functions as an eco-tour guide to parks in three major Taiwanese cities – Daan Forest Park in Taipei, Metropolitan Park in Taichung and Barclay Memorial Park in Tainan – further spreading knowledge about ecological conservation. Many people have shared the app through Facebook, expanding the following of this unique mobile flower library.

The "Wheelmap" APP can help 4 million people in Taiwan with limited mobility.



### Video Conferencing Services

The introduction of video conferencing services at eight NPOs around Taiwan has saved their employees the hassle of travelling around the country, reduced carbon emissions, and enhanced training. As of May 2013, the services had been used by more than 1,200 people and enabled two to three times more people to receive training. Because of these and many other advantages offered by the system, the social welfare groups have been able to run their operations more efficiently.

For the Noordhoff Craniofacial Foundation, for example, video conferencing has delivered huge benefits since it was first installed. The organization had suffered from a shortage of supervisors to conduct training sessions around the country, limiting the frequency of such sessions to once per year. But the use of video conferencing solved the problem by enabling supervisors to train volunteers across different regions simultaneously, making it possible to increase the frequency of training sessions to once a month. It has also had the benefit of enhancing efficiency and stabilizing the group's workforce, which suffered from a high turnover rate because of heavy workloads and the limited staff size, and made it easier for workers from different parts of the country to share their experiences and discuss projects together.

Ultimately, video conferencing has been a boon for all of the NPOs' stakeholders. The groups themselves have seen substantial savings in travel expenses, and their top executives have spent less time travelling, leaving them more time to work on their projects at hand. For the groups' branches, the communication process has been simplified and the quality of communications enhanced, and for employees, the chance to talk regularly with colleagues in other regions has strengthened personal bonds and helped them draw on the experiences of others, no longer leaving each branch to operate on its own without the benefit of input from others.

### mybook Public Welfare e-books

In 2012, Taiwan Mobile built an e-book platform to help charities digitize their handouts and publications, resulting in 30% or more reductions in their operating costs (from savings on printing costs and postage). Building on the success of 2012, the Company expects to provide digital e-book services to another 23 social welfare organizations in 2013 and give them and their causes exposure to mybook's 500,000 users, helping them not only save money but also raise funds.





Winners of myfone Mobile Composition Awards filmed 3 microfilms to help NPOs raise funds.

### Microfilms: Breaking Through Traditional Fundraising Barriers

To help charities go beyond traditional marketing techniques, Taiwan Mobile called on the winners of the microfilm category in the myfone Mobile Composition Awards to help three groups – the Can Love Social Service Association, the Chinese Christian Relief Association and the Champions Education Association – produce promotional videos. “The Secret of Eleven” described how a mother suffering from depression conquers her inner demons for the sake of her child; “Grandma Prays to Jesus” uses a humorous approach to highlight the importance of after-school tutoring for children raised by grandparents; and “Label Girl” relies on a sci-fi twist to strengthen the Champions Education Association’s character education for teenagers. The three microfilms helped the groups raise more than NT\$8 million combined in the three months after they were posted online, about NT\$6.6 million more than was raised over the same period a year earlier in 2011. This novel approach smashed the fundraising bottleneck faced by the charities and helped them expand the scope of their services.

At the same time, the young filmmakers who produced the three microfilms had the opportunity not only to raise awareness of different social causes among Taiwanese youth but also to gain further exposure for their creative talent.

The Secret of Eleven



Grandma Prays to Jesus



Label Girl



### 8.2.3 909 Mobile Audio Guides

Another example of Taiwan Mobile leveraging its core telecom technologies came in 2004, when it launched the 909 Mobile Audio Guides to promote art and cultural activities. Through the development of the mobile audio guide system, we helped museums build a comprehensive digital database of their collections and turned mobile phones into personal audio tour guides, enabling users to learn more about exhibits without space or time constraints.

Since 2004, we have collaborated with several museums around the country to provide audio guides on a wide range of subjects, from art and history to science, historic sites, and biology. We have worked with the Juming Museum, the National Museum of Marine Biology and Aquarium in Pingtung, and the Yingge Ceramics Museum and also provided the service to other important art and cultural exhibitions. The audio guide for the Salvador Dali: Mind of Genius exhibition that toured Taiwan in the second half of 2012, for instance, was downloaded 10,949 times. In all, audio guides have been developed for 37 exhibitions at 18 venues. The audio tours are generally written and narrated by the artists themselves or aesthetic masters, such as Chiang Hsun and Ju Ming, giving the listener an expert perspective that brings them closer to the works they are appreciating.

In our first collaboration with government and academic organizations, we launched the mobile audio guide in the Beitou Hot Springs Park area in December 2012 after two years of preparation with the help of the Taipei Department of Information and Tourism and the Beitou Association. It was the first outdoor area in Taipei for which

909 Mobile Audio Guides in Beitou Hot Springs Park is our first collaboration with government and academia organizations.

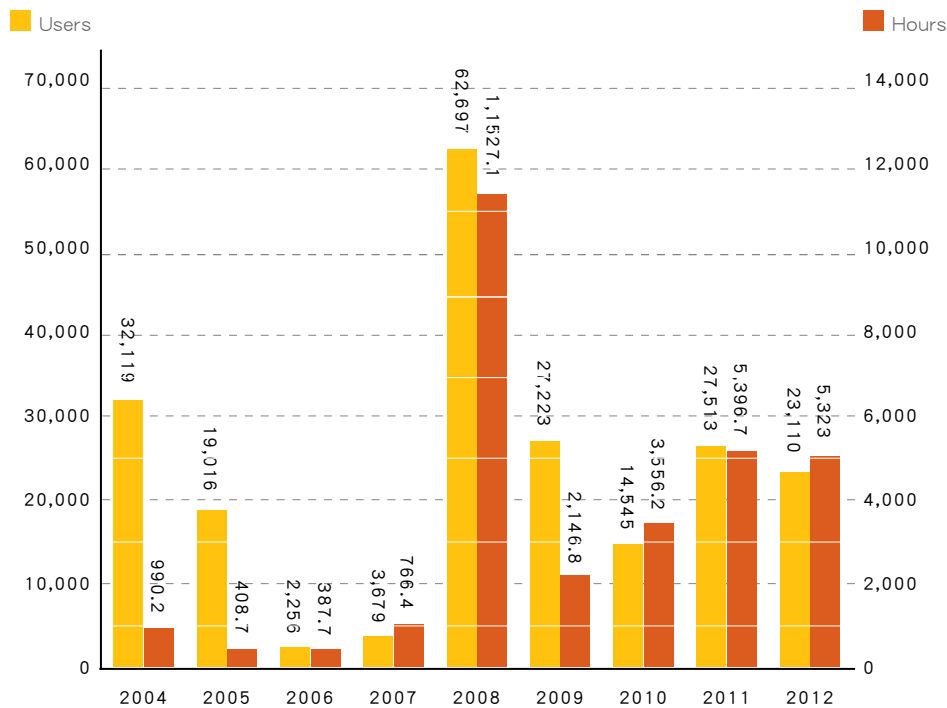


an audio guide was developed. Combining tourism and cultural history, the service covered 101 points of interests at 12 venues in the area, including Beitou Park, the Ketagalan Culture Center, the Beitou Hot Spring Museum, Hell Valley, the Beitou Library and the Grass Mountain Chateau. The tour highlights the area's special history, ecology, architecture, natural environment and tourist attractions.

Taiwan Mobile recruited the father and daughter team of artist Lei Hsiang and award winning songwriter and composer Summer Lei, both residents of Beitou for more than 30 years, to help drum up interest in the new service. To date, more than 1,000 people have used the service. Because of Beitou's popularity as a tourist destination, audio guides for the area in English and Japanese are expected to be introduced in the third quarter of 2013.

As of the end of 2012, Taiwan Mobile's audio services had been used by nearly 210,000 people for more than 30,000 hours since being first introduced in 2004.

909 Mobile Audio Guide Usage 2004-2012



### 8.2.4 5180 Mobile Donation Hotline

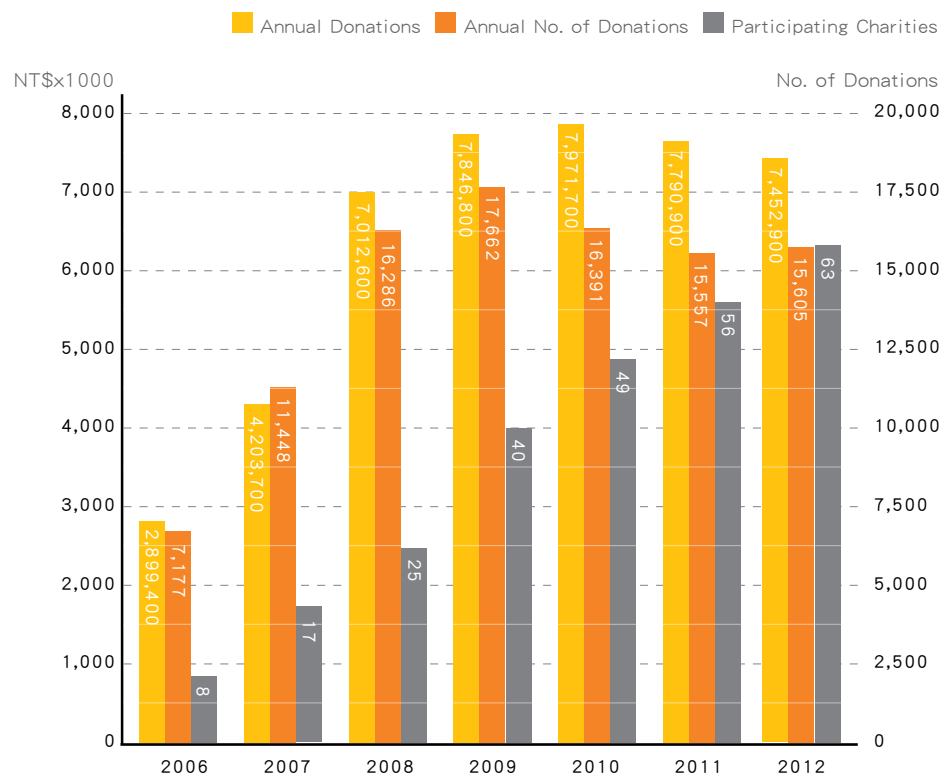
With the prevalence of smartphones and the increasing number of mobile Internet service users, our decision to launch a mobile donation hotline service in December 2005 has proved to be forward-looking. The 5180 Mobile Donation Hotline fully leverages the advantage of convenience. By freeing busy people 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. Donors can pay for their donations as part of their monthly phone bills with the support of back-end cash-flow and information-flow systems. When online, donors can choose to request a receipt as soon as they make their donation. The system is secure and convenient.

We select charity groups that are sound and have a high level of financial transparency to work with. The organizations we sponsor have to be rated Class A or higher by local authorities or be eligible to receive subsidies from the United Way of Taiwan. In terms of their financial accountability, they have to be members of the NPO Alliance or have their annual financial statements certified by an accountant. From 2005 to the end of 2012, 63 NPOs raised a total of NT\$44 million in funds on the platform through more than 100,000 individual donations, reflecting the sustained positive influence of Taiwan's civil society.

We have also devoted considerable corporate resources to help NPOs enhance their visibility and fundraising ability through a variety of corporate events and media. In response to requests from NPOs, we periodically host training sessions on such topics as "Digital Charity 3.0 – Using Mobile Technology @NPO." The sessions not only provide a platform for NPOs to communicate and exchange ideas with each other, they also help groups strengthen their management as they cope with the onset of the knowledge economy. In terms of our manpower commitment, we have a team that ensures the stable operation of the system, and we also encourage our employees to support NPOs through the 5180 Mobile Donation Hotline. We host several volunteer events every year that familiarize our employees with the NPOs and help them identify with the groups' causes, increasing employees' willingness to make donations. In 2012, six volunteer events were held, to which volunteers contributed 2,440 hours of their time.

## Funds Raised through the 5180 Mobile Donation Hotline



In the future, Taiwan Mobile will continue to optimize the system and expand the scope of NPOs and users served. We will also periodically work with NPOs in providing assistance and helping them broaden their fundraising effectiveness, hoping that mobile donations become a major funding source for NPOs in the future.

### 8.2.5 Mobile Care for the Elderly

For many years, the Taiwan Mobile Foundation has supported the Taipei Department of Social Welfare's "Emergency Care Program for Seniors Living Alone" and the Taitung Christian Hospital's mobile medical service in remote areas by funding Internet use and LAN equipment. We utilize our telecom technology to facilitate emergency communications and provide necessary assistance for underprivileged people in need.



Famous singer Lin came with hundreds of corporate volunteers to visit seniors living alone in Hualien.

## 8.3 Caring for the Disadvantaged

### 8.3.1 Caring for Seniors Living Alone

As Taiwan's society ages and more people move to cities, the problems associated with the elderly have become particularly acute in the remote areas of eastern Taiwan. Many seniors that belong to indigenous tribes in these areas live alone without anyone to support or look after them. Since 2008, Taiwan Mobile has led more than 100 volunteers every year to Hualien to care for these seniors living alone. These volunteers bring with them more than just daily supplies, they bring something the elderly want more than anything else, the warmth of companionship.

During the past five years, we have overcome distance and age gaps to connect seniors with our volunteers. The seniors enjoy the warmth of companionship and push themselves to stay healthy in anticipation of future encounters, while the volunteers develop a greater appreciation for the hardship of aging and an understanding of how important their help is. Our volunteers have truly embodied the spirit of the saying "treat all elderly persons as one's own family."

In February 2013, nearly 100 corporate volunteers visited senior citizens who live alone and celebrated Chinese Lunar New Year with them for the sixth year in a row. They also organized an activity on "reliving childhood memories" in which veteran celebrities were invited to sing and laugh with the seniors on hand. Making the event even more special was the participation of five very young volunteers, helping the spirit of volunteer service take root in the next generation.

### 8.3.2 Caring for People with Depression

Taiwan Mobile began working with the Can Love Association in 2006 to provide fixed line and mobile services and help the group develop a sound communications network through which it could offer counselling and support to people suffering from depression. 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. The campaign has been aimed at encouraging positive doctor-patient communication, raising awareness of the need for treatment among depression sufferers, and increasing the rate of treatment. In 2012, Taiwan Mobile helped the Can Love Association assist nearly 42,000 people, and the fourth annual “Top 10 Depression Doctors” vote drew 38,000 votes online.

### 8.3.3 Tutorial Program for Underprivileged Children

A society can only move forward when underprivileged children start to see hope. With this in mind, Taiwan Mobile has helped sponsor the Chinese Christian Relief Association’s “After-school Tutorial Program for Children from Underprivileged Families” since 2005. By helping children with their schoolwork, building their character and providing life education, the program enhances the children’s ability to learn, strengthens their confidence and self-esteem, and makes them value life more.

During the 2011/2012 school year, Taiwan Mobile sponsored 11 tutorial groups for 140 children from underprivileged families in Yilan, Pingtung and Penghu counties and New Taipei and Taichung cities.

### 8.3.4 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 diverse and often conflicting values. They need support from their school, family and society as a whole during their adolescent years more than at any other time in their lives. The “Champions Program,” organized by the Champions Education Association, serves as a firewall to prevent social problems and help students get through life’s most trying times. Since 1993, the program has guided 1.7 million students, with more than 85% of them giving it the thumbs up and saying they liked the courses.

Taiwan Mobile has sponsored the association since 2004 by offering seventh-graders 10-week courses on such topics as “problem resolution”, “anger management”, “relationships”, “suicide prevention”, and “Internet dating and crisis manage-

ment.” In 2012, a total of 180,000 students took part in 5,739 classes on “problem resolution” and “anger management” taught in 1,135 schools covering all 22 of the country’s cities and counties, including the outlying Kinmen, Penghu and Lienchiang counties.

“The Champions Program,” which is designed to reduce troubled teen behavior and get them more motivated to learn, helps students develop a positive attitude toward problem-solving that they can lean on when they face behavioral issues to deal with the problem. A survey on the program’s impact found that it had a positive influence, both academically and personally, on those who took part in it. Students indicated a greater ability to adapt to their environment, and exhibited more positive character traits and less of an inclination toward disruptive behavior. The program has been especially helpful to students in facing various issues and challenges by equipping them to solve problems, maintain a proper outlook on life and values, and develop strong interpersonal relationships.

## 8.4 Cultural Literacy Promotion and Sports Sponsorship

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

### 8.4.1 Outdoor Concerts

The performing arts have always been the best vehicle to highlight cultural value and creativity, and classical music is a sophisticated performing art that has powerful appeal. The government’s sustained support for cultural and creative industries has led to the rise of several outstanding orchestras in Taiwan, but they generally only perform in big cities because of the tendency for cultural and economic resources to be concentrated in urban areas and stereotypes that make it hard for people to get into classical music. Because of these trends, popularizing classical music has been a major challenge.

To give more people, regardless of age or economic status, the chance to appreciate classical music in a relaxed atmosphere, Taiwan Mobile began in 2005 to invite world-class performing music ensembles from home and abroad to perform free outdoor concerts around the country. We have brought outstanding musicians and orchestras and exquisite classical music to all corners of Taiwan, from villages and townships to scenic areas and big cities, helping people develop an appreciation

for music and the arts.

Taiwan Mobile is the only local enterprise to promote classical music by hosting large-scale free outdoor concerts, and we have 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 business and integration expertise into full play and connects businesses, performing groups and the general public through music.

We began in 2011 to explore ways to extend the value of promoting the arts and decided to introduce social welfare elements to the events. Aside from inviting social groups to the concerts, we designed tasteful introductions of the charities based on the concerts' themes and presented them before and after the concerts

and during intermissions to give audience members the opportunity to make donations through the 5180 Mobile Donation Hotline. The approach has successfully diversified the concerts' benefit to society, raising NT\$1,315,417 for 10 NPOs as of the end of 2012.

In 2012, we organized five concerts covering different themes, including a Sound of Music retrospective, the Les Miserables Sun Moon Lake Fireworks Concert, and a performance of the zany classical musicians Aleksey Igudesman and Hyung-ki Joo with the National Symphony Orchestra. There was also a concert by celebrated violinist Nai-Yuan Hu and chamber orchestra Taiwan Connection, and a Christmas party with international jazz stars the Klazz Brothers. These incredibly diverse programs brought audiences fresh musical experiences and perspectives. A total 33 outdoor concerts were held between 2005 and the end of 2012, drawing more than 470,000 spectators.



## Taiwan Mobile Outdoor Concerts in 2012

Date	Concert name	Venue	Performers	Featured Charity
2012 04/14	Taiwan Mobile Concert – Sound of Music Retrospective	Taichung Fulfillment Amphitheater	Philharmonia Moments Musicaux Conductor: Paul Chiang Soprano: Gigi Chan	Can Love Social Service Association
2012 10/13	Taiwan Mobile Weiuying Concert Classical Music Hackers Night	Kaohsiung Wei-Wu-Ying Center for the Arts	National Symphony Orchestra Conductor: Yin-Fang Chang Aleksy Igudesman, Hyung-ki Joo	Children Are Us Foundation
2012 10/20	Taiwan Mobile Sun Moon Lake Concert Les Miserables – Reborn Through Adversity	Sun Moon Lake Shuishe Zhongxing Parking Lot	Philharmonia Moments Musicaux Conductor: Paul Chiang Tenor: Fernando Wang Soprano: Shuan-Wen Huang NTU Chorus	Champions Education Association
2012 12/01	Taiwan Mobile Outdoor Concert Who Killed Egmont?	Changhua County Stadium	Taiwan Connection Chamber Orchestra	Hondao Senior Citizen's Welfare Foundation
2012 12/15	Taiwan Mobile Outdoor Concert Klazz Brothers Christmas Party	Tainan West Side Square	Klazz Brothers and Cuba Percussion	Eden Social Welfare Foundation

### 8.4.2 Elite Lectures

In a society where information changes with each passing day, trying to digest all the information at once to improve our knowledge and capabilities is a challenge we all face. The Taiwan Mobile Foundation has been hosting free informative lectures for years, inviting NGOs and experts in a wide range of fields, from the humanities to digital content to environmental protection and music, to share their expert knowledge and observations of trends with local residents. In 2012, eight lectures were held with 941 people attending.

### 8.4.3 Promoting Sports

The spirit of our brand is “living with you,” and in order to enable people to experience the beauty and vitality of life, we have sponsored many major sporting events

and activities. We have been involved in sports with the broadest age range of participants (golf), the biggest fan base (baseball) and the greatest number of participants (basketball) in Taiwan and invested more than NT\$300 million in sports sponsorships from 2003 to the end of 2012. Taiwan Mobile Chairman Richard Tsai was presented a “Sports Promotion Award” Gold Prize by the Sports Affairs Council in 2009.

The Taiwan Mobile basketball team joined Taiwan's professional Super Basketball League in 2007 and injected energy and vitality into the highest level of basketball in Taiwan. In 2010, Taiwan Mobile furthered its commitment to basketball at the grassroots level by sponsoring the High School Basketball League (HBL) in Taiwan to provide a better environment for the development of local basketball talent. In 2012, we continued our sponsorship of the HBL and the Taiwan Mobile Clouded Leopards in the SBL, investing NT\$36 million.

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

## 8.5 Corporate Volunteerism

In 2007, we drafted and began implementing our “Corporate Volunteer Guidelines,” which encourage our employees to take part in community service and set a good example by actively fulfilling their social responsibilities. The Guidelines specify that volunteers can enjoy two paid volunteer service vacation days a year. Transportation allowances and insurance as well as comprehensive training are provided.



People who complete the volunteer service vacations receive certificates and can share their insights and experiences on our volunteer website. In view of the service needs of different public interest groups, we offer our corporate volunteers a generous range of social service opportunities.

From 2006 to early 2013, Taiwan Mobile volunteers have put in 10,586 volunteer hours under the program. In 2012 alone, six volunteer events were held, to which volunteers contributed 2,440 hours of their time. Participation in these activities has changed the attitudes of many employees toward social engagement and strengthened their identification with the Company's corporate culture.

Volunteers build and maintain hiking trails.



Date	No. of Days	Activity	Description	Participants
2010/2/5	1	"Year-End Banquet for Seniors Living Alone - Can't Do Without You"	In event co-organized by Taiwan Mobile, Taitung Christian Hospital and the Kernal of Wheat Foundation to help seniors living alone, 100 corporate volunteers were recruited for the third year in a row to go to Hualien to join a group of seniors for a year-end dinner. They also distributed more than 1,000 basic items donated by Taiwan Mobile employees and arranged for those present to have their hair done, get made up, do a salon photo shoot and play games, bringing Lunar New Year joy to senior citizens who live on their own.	101
2010/4/23	1	Building the San-Mei Bridge on Mt. Ali	Beyond contributing to the rebuilding of the San-Mei Bridge on Mt. Ali after it was destroyed by Typhoon Morakot, Taiwan Mobile mobilized nearly 70 employees to serve as volunteers to help rebuild it. It was the first time in the Chiayi Do Good Group's 40-year history that a company had mobilized volunteers to take part in one of its public works projects.	66
2010/9/1-2010/10/31	3 Events	White Ribbon Caring Association "2010 Network Safety Promotion"	The Taiwan Mobile Foundation joined with the White Ribbon Caring Association to explore teenagers' online behavior and problems. They produced an information literacy promotion video and used it to promote good Internet behavior at schools. Corporate volunteers were active in this education drive, working to make the Internet a world in which children can learn and grow.	13
2011/1/14	1	"Year-End Banquet for Seniors Living Alone-Can't Do Without You"	113 volunteers arrived in Fenglin Township in Hualien County before the Lunar New Year to accompany 104 seniors who live alone at a year-end dinner. The volunteers' one-on-one interaction with the guests brought some unforgettable pre-holiday warmth to the seniors.	113
2011/8/29-2011/9/7	1	Moon Cake Volunteers	The Eden Social Welfare Foundation, the First Social Welfare Foundation and 83 Taiwan Mobile volunteers joined together to give youngsters with disabilities in a sheltered workshop a helping hand in making moon cakes.	83
2012/1/6	1	Year-end Dinner in Hualien for Seniors Living Alone	Nearly 100 volunteers joined with Taitung Christian Hospital join seniors who live alone for a year-end dinner for the fifth year in a row. One of the activities held was to have volunteers experience life as a senior citizen through props that affected their vision and movement, giving them a greater appreciation for the hardships of aging and drawing them closer to seniors and their own parents.	98
2012/4/1	1	Earth Day	Responded to the "Mobilize the Earth" campaign on Earth Day organized by the Taiwan Environmental Information Center by urging people to recycle their old mobile phones and protect the environment.	20
2012/7/13 2012/9/14 2012/11/16	3	Building Trails (3 times)	Joined with the Society of Wilderness to organize the 2012 version of the "Trail-building Volunteers" campaign, which has volunteers carve out hiking trails. The activity planted the seeds of volunteering to protect the environment and maintain the country's hiking trails.	75
2012/9/10-2011/9/26	1	Moon Cake Volunteers	Volunteers divided into 13 groups to visit the First Social Welfare Foundation and help youngsters in a sheltered workshop make moon cakes.	112
2013/2/1	1	Year-end Dinner in Hualien for Seniors Living Alone	For the sixth year in a row, about 100 volunteers went to Hualien County, this time to the Guangfu Sugar Factory, to share a year-end dinner with low-income senior citizens who live alone. Three veteran celebrities were invited to the festivities for the first time to entertain the guests.	103

Description	Status	Page	Note
<b>1. Strategy and Analysis</b>			
1.1 Statement from the most senior decision-maker of the organization	●	3	
1.2 Description of key impacts, risks, and opportunities	●	13, 17-18	
<b>2. Organizational Profile</b>			
2.1 Name of the organization	●	2	
2.2 Primary brands, products, and/or services.	●	6-9	
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	7	
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	●	6	
2.6 Nature of ownership and legal form	●	6	
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	8-9	
2.8 Scale of the reporting organization	●	6, 8-9	
2.9 Significant changes during the reporting period regarding size, structure, or ownership	●	6-7	No significant changes
2.10 Awards received in the reporting period	●	10-11, 19, 29, 34, 41	
<b>3. Report Parameters</b>			
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	●	2	
3.2 Date of most recent previous report (if any)	●	2	
3.3 Reporting cycle (annual, biennial, etc.)	●	2	Starting in 2011, a new report is issued every year and 2012 CSR report is the second one.
3.4 Contact point for questions regarding the report or its contents.	●	2	
3.5 Process for defining report content including: Determining materiality; Prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.	●	2	
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	2	
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	2	
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	56	No instances to report
3.9 Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	2	
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	●	2	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.	●	Appendix	
3.13 Policy and current practice with regard to seeking external assurance for the report.	●	60	

Description	Status	Page	Note												
<b>4. Governance, Commitments, and Engagement</b>															
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.	●	7													
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	●	56	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.	●	14													
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	12													
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).	●	14													
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	14-15													
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.	●	14													
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.	●	15-17													
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.	●	14-18													
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	14-18													
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	14-18													
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	22, Appendix													
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.	●	13, 22													
4.14 List of stakeholder groups engaged by the organization.	●	12-13													
4.15 Basis for identification and selection of stakeholders with whom to engage	●	13													
4.16 Approaches to stakeholder engagement including frequency of engagement by type and by stakeholder group.	●	12-13													
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.	●	12-13													
<b>Economic Performance Indicators</b>															
Disclosure on management approach	●	8-9													
EC1 Direct economic value	●	9, 23	For additional information, please refer to the Company Annual Report												
EC2 Financial implications due to climate change	●	13, 7-18													
EC3 Benefit plan	●	32													
EC4 Financial government assistance	●	56	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">2012</th> <th>Unit: \$ / NT</th> </tr> </thead> <tbody> <tr> <td colspan="2">Income Tax payment</td> <td style="text-align: right;">2,980,093</td> </tr> <tr> <td>Tax Incentives</td> <td>Investment tax credits</td> <td style="text-align: right;">4,437</td> </tr> <tr> <td colspan="2">Total carry forward</td> <td style="text-align: right;">11,226</td> </tr> </tbody> </table> <small>Source: Taiwan Mobile consolidated financial statements</small>	2012		Unit: \$ / NT	Income Tax payment		2,980,093	Tax Incentives	Investment tax credits	4,437	Total carry forward		11,226
2012		Unit: \$ / NT													
Income Tax payment		2,980,093													
Tax Incentives	Investment tax credits	4,437													
Total carry forward		11,226													



Description	Status	Page	Note
EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	56	The company's basic wage is higher than the wage announced by the government.
EC6 Local suppliers	◎	39-40	
EC7 Local recruitment	●	29	
EC8 Infrastructure investment and services for public benefit	●	41-43	
EC9 Indirect economic impacts	●	13	
<b>Economic Performance Indicators</b>			
Disclosure on management approach	●	19-28	
EN1 Volume of materials used	●	24	It is not of the manufacturing industry and carries no significant implications.
EN2 Recycled materials	●	24	It is not of the manufacturing industry and carries no significant implications.
EN3 Direct primary energy consumption	●	21	
EN4 Indirect primary energy consumption	●	21	
EN5 Energy conservation	◎	22-28	
EN6 Initiatives for energy-efficiency and renewable energy	●	21-28	
EN7 Initiatives for reducing indirect energy	●	21-28	
EN8 Water Withdrawal	●	26	
EN9 Effect of Water Withdrawal	●	26	All procedures were done according to regulations. There was no effect on the quality of any related water resource.
EN10 Water recycled	●	26	
EN11 Land assets in sensitive areas	●	57	No relevant information.
EN12 Impacts on biodiversity	●	57	No relevant information.
EN13 Habitats protected or restored	●	57	No relevant information.
EN14 Strategies for biodiversity	●	57	No relevant information.
EN15 Endangered species	●	57	No relevant information.
EN16 Greenhouse gas emissions	●	21	
EN17 Other greenhouse gas emissions	●	21	
EN18 Initiatives to reduce greenhouse gases	●	20-28	
EN19 Ozone-depleting substance emissions	●	23	
EN20 NOx, SOx and other air emissions	●	57	No relevant information.
EN21 Water discharge	●	57	Wastewater is disposed through Wastewater Sewer System based on regulations.
EN22 Waste by disposal method	●	57	General wastes are disposed through local public facilities. Industrial wastes are disposed according to government regulations.
EN23 Significant spills	●	57	No relevant information.
EN24 Movements of hazardous Waste	●	57	No relevant information.
EN25 Habitats affected by discharge and runoff	●	57	No relevant information.
EN26 Environmental impact mitigation	●		
EN27 Packaging materials	●	57	Not applicable.
EN28 Non-compliance sanctions	●	57	No relevant information.
EN29 Environmental impact of transport	●	57	The transport of company products and employee travel does have a significant impact on the environment.
EN30 Environmental protection expenditure	●	22-24, 27-28, 40	
<b>Social Performance Indicators : Labor</b>			
Disclosure on management approach	●	29	
LA1 Total workforce by employment type, employment contract, and region breakdown by gender	●	29	

Description	Status	Page	Note						
LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	29-30							
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	32							
LA4 Percentage of employees covered by collective bargaining agreements.	●	29, 57	100%						
LA5 Minimum notice periods	●	29							
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	33							
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	33							
LA8 Training with regards to serious diseases	●	33							
LA9 Health and safety topics covered in formal agreements with trade unions.	●	57	Issues related to labor health and safety are listed in the employee handbook. All employees are covered within the group insurance plan from the first day of work. To further improve employee health and safety, the company has built a health center with licensed nurse and professionals.						
LA10 Average hours of training per year per employee by gender and by employee category.	●	31-32							
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	32							
LA12 Percentage of employees receiving regular performance and career development reviews by gender	●	31	Female:100% Male:100%						
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	30							
LA14 Ratio of basic salary of men to women by employee category.	●	57	<table border="1"> <thead> <tr> <th>Year</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Deputy Manager and above</td> <td>0.95</td> </tr> <tr> <td>Positions under Deputy Manager</td> <td>1.13</td> </tr> </tbody> </table> <p>Basic salary levels for male and female employees are equal. The average annual salary (bonus included) for female employees is set at one. Following is the table for male employees.</p>	Year	2012	Deputy Manager and above	0.95	Positions under Deputy Manager	1.13
Year	2012								
Deputy Manager and above	0.95								
Positions under Deputy Manager	1.13								
LA15 Return to work and retention rates after parental leave, by gender.	●	32							
<b>Social Performance Indicators (2)</b>									
Disclosure on management approach	●	29							
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.	●	58	No significant investment during this year.						
HR2 Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	◎	40	All suppliers are to review and sign a labor contract. If any human right violation occurs, the company is within its rights to terminate its partnership with the supplier.						
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	◎	58	<ol style="list-style-type: none"> <li>Regulations on employee manual and gender equality are included in the new employee orientation. Total number of employee training hours was 512.</li> <li>Employees of the Information Security Task Force have been arranged to receive education on personal and client data security/confidentiality at the new employee orientation. Advanced training programs will be planned on a regular basis to improve the awareness of personal information security. Total number of employee training hours was 4,558.2.</li> <li>Relevant training takes around 11% of total training hours in 2012.</li> </ol>						
HR4 Total number of incidents of discrimination and corrective actions taken.	●	29	No incident of discrimination occurred.						

●Full disclosure ◎Partial disclosure ○None disclosure

Description	Status	Page	Note
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	●	58	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.	●	39-40	
HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	39-40	No relevant information.
HR8 Training for security personnel	○	N.A.	
HR9 Violations of rights of indigenous peoples	●	29	
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	●	58	100%; the Company operates in accordance with the Labor Standards Act and related regulations.
HR11 Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	●	58	1.The audit office issued a labor and supplier compliance policy. Employees and suppliers can file their complaint via email or FAX. 2.None were filed in 2012.
Social Performance Indicators : Society			
Social Performance Indicators : Society	●	11	
SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	◎	12-13	
SO2 Percentage and total number of business units analyzed for risks related to corruption.	◎	14-15, 58	The company takes out fidelity insurance policies to protect itself against possible corruption of employees of certain high-risk positions.
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	●	14-15	
SO4 Actions taken in response to incidents of corruption.	●	58	No relevant information.
SO5 Public policy positions and participation in public policy development and lobbying.	●	58	We fully abide by government regulations.
SO6 Political donations	●	58	No relevant information.
SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	58	No relevant information.
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	58	No major issues were occurred in 2012.
SO9 Operations with significant potential or actual negative impacts on local communities.	●	58	Our base stations are established in accordance with relevant laws and regulations.
SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	18, 38	
Social Performance Indicators : Product Responsibility			
Disclosure on management approach	●	11, 34	
PR1 Health and safety impacts along product life cycle	●	38	
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●	58	No relevant information.
PR3 Product information	●	36-37, 51	
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	58	No relevant information.
PR5 Customer satisfaction	●	35	
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	34-36	

Description	Status	Page	Note
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	58	No relevant information.
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	58	No relevant information.
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	58	No relevant information.

Telecommunication Sector Specific Indicators		Status	Pages	Note	
Investment	IO1 Capital investment in telecommunication network infrastructure broken down by country/region.	◎	41-43		
	IO2 Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	●	41-43		
	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.	●	33	
		IO4 Compliance with ICNIRP standards on exposure to radiofrequency (RF) emissions from handsets	●	33, 38	
		IO5 Compliance with ICNIRP standards on exposure to radio frequency (RF) emissions from base stations.	●	33, 38	
	IO6 Policies and practices with respect to Specific Absorption Rate (SAR) of headsets.	●	33, 38		
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.	●	22		
	IO8 Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	●	22		
Bridging the Digital Divide	PA1 Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applies.	●	41-43		
	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.	●	37, 41-43		
	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.	◎	34-35		
Providing Access	PA4 Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	◎	8		
	PA5 Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	●	37, 41-43		
	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.	●	34-35		

● Full disclosure ◎ Partial disclosure ○ None disclosure

Telecommunication Sector Specific Indicators		Status	Pages	Note
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.	●	37, 41-43	
	PA8 Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	●	38	
Providing Access	PA9 Total amount invested in programs and activities in electromagnetic field research. Include description of programs currently contributed to and funded by the reporting organization.	●	59	Approximately NTS7 million in 2011.
	PA10 Initiatives to ensure clarity of charges and tariffs.	●	36	
	PA11 Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	●	27-28, 48	
Resource Efficiency	TA1 Provide examples of the resource efficiency of telecommunication products and services delivered.	●	27-28, 48	
	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, 48	
	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, 48	
	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.	●	27-28, 41-52	
	TA5 Description of practices relating to intellectual property rights and open source technologies.	●	59	Intellectual property rights to use the software was authorized

● Full disclosure ◎ Partial disclosure ○ None disclosure

### The UN Global Compact recommends that companies should follow the following 10 principles

The Ten Principles	Corresponding section	
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	5.1 \ 7.1
	2. Make sure that they are not complicit in human rights abuses.	GRI G3.1 matching supplementary table
Labor	3. Businesses should uphold the freedom of association and the effective recognition of right to collective bargaining;	5.1 \ GRI G3.1 matching supplementary table
	4. the elimination of all forms of forced and compulsory labor;	
	5. the effective abolition of child labor; and	
Environment	6. The elimination of discrimination in respect of employment and occupation.	2.3 \ 4.1-4.5
	7. Businesses should support a precautionary approach to environmental challenges;	
	8. Undertake initiatives to promote greater environmental responsibility; and	
Anti-Corruption	9. Encourage the development and diffusion of environmentally friendly technologies.	1.2 \ 1.3
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	

## ISO 26000

Core themes and issues	Corresponding Section(s)
Management Approach	Item 1: Due diligence 6.1 \ 7.1
	Item 2: Human rights risk situations 3.2.3
	Item 3: Avoidance of complicity 3.1-3.2
Human Rights	Item 4: Resolving grievances GRI G3.1 matching supplementary table (HR11)
	Item 5: Discrimination and vulnerable groups 6.5 \ 6.7 \ 8.1
	Item 6: Civil and political rights 5.1
	Item 7: Economic, Social and Cultural Rights 5.1-5.4
	Item 8: Fundamental principles and rights at work 5.1-5.4
	Item 1: Employment and employment relationships 5.1
	Item 2: Conditions of work and social protection 5.1
	Item 3: Social dialogue 2.2 \ 6.1
Labor Practices	Item 4: Health and safety at work 5.4
	Item 5: Human development and training in the workplace 5.2
	Item 1: Prevention of pollution 4.2 \ 4.3 \ 4.4
	Item 2: Sustainable resource use 4.2 \ 4.3 \ 4.4
	Item 3: Climate change mitigation and action 4.2
Environment	Item 4: Protection of the environment & biodiversity, and restoration of natural habitats Chapter 4
	Item 1: Anti-Corruption 3.1 \ 3.2
	Item 2: Responsible political involvement 2.2
	Item 3: Fair competition 2.2
Fair Operating Practices	Item 4: Promoting social responsibility in the value chain 7.1
	Item 5: Respect for property rights Telecommunications industry supplementary indicators TA5
	Item 1: Fair marketing, factual and unbiased information and fair contractual practices 6.4
	Item 2: Protecting consumers' health & safety 6.8
	Item 3: Sustainable consumption 4.5
Consumer Issues	Item 4: Consumer service, support and complaint and dispute resolution 6.1
	Item 5: Consumer data protection and privacy 6.3
	Item 6: Access to essential services 6.4
	Item 7: Education and awareness 6.4-6.6
	Item 1: Social involvement Chapters 4 & 8
	Item 2: Education and culture 8.1 \ 8.2
	Item 3: Employment creation and skills development 4.5
Community involvement and development	Item 4: Technology development and access 4.2,6
	Item 5: Wealth and income creation 1.3
	Item 6: Health 6.8
	Item 7: Social investment Chapters 4 & 8

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

Content	Corresponding section(s)
Chapter One – General Provisions	Stipulates this set of Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles" and thereby takes actions accordingly. Chapter 2
Chapter Two – Exercising Corporate Governance	Include corporate social responsibility into the operations and future developments of the company, set up an exclusive unit to take charge of the proposition and enforcement of corporate social responsibilities, respect the rights and interests of the stakeholders, construct an effective corporate governance framework, etc. Chapter 2 & 3
Chapter Three – Develop Sustainable Environment	Corporate environmental responsibility, promote sustainable production and consumption, environmental management systems and education Chapter 4 & 7
Chapter Four – Preserving Public Welfare	Labor conditions, human rights, consumer rights, community contributions, community involvement Chapters 5, 6, 8
Chapter Five – Enhancing the Disclosure of Information regarding Corporate Social Responsibilities	Strengthen information disclosure and CSR report About the report Appendix
Chapter Six – Supplementary Provisions	Review Company's system of corporate social responsibilities and make improvements accordingly Chapter 2

## 獨立保證意見聲明書

### 2012 年台灣大哥大股份有限公司企業社會責任報告

英國標準協會與台灣大哥大股份有限公司(簡稱台灣大哥大公司)為相互獨立的公司。英國標準協會除了針對台灣大哥大公司 2012 年企業社會責任報告進行評估和查證外，與台灣大哥大公司並無任何財務上的關係。

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

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

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，請交由台灣大哥大公司處理。

#### 查證範圍

台灣大哥大公司與英國標準協會協議的查證範圍包括：

1. 整份報告內容及 2012 年台灣大哥大公司總部及其在臺灣之相關營運系統與活動。
2. 依照 AA1000 保證標準(2008)的第 2 應用類型評估台灣大哥大公司遵循 AA1000 查證性原則標準的本質和程度，以及特定永續性績效資訊的可信程度。

本聲明書以英文作成並已翻譯為中文以供參考。

#### 意見聲明

我們閱讀台灣大哥大公司企業社會責任報告內容，對於台灣大哥大公司的相關運作與績效則提供了一個公平的觀點。我們相信有關台灣大哥大公司於 2012 年的經濟、社會及環境等績效指標是誠實且無誤地呈現。

我們的工作是由一組具有依據 AA1000 保證標準(2008)查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要的訊息資料及說明。我們認為就台灣大哥大公司所提供的足夠證據，表明其依據 AA1000 保證標準(2008)的報告方法和他們的自我聲明符合全球永續性報告 3.1 版指南所屬公允的。

#### 查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於台灣大哥大公司政策進行高階管理層的訪談，以確認本報告中聲明書的合適性。
- 與台灣大哥大公司管理者討論有關利害關係人參與的方式，我們並訪談 2 個外部利害關係人。
- 訪談 30 位與永續性管理、報告編製及資訊提供有關的員工。
- 審查有關組織的關鍵性發展。
- 審查財務與非財務報告相關的會計系統之深度與成熟度。
- 審查內部稽核的發現。
- 藉由與負責收集資料管理者的會議，查證報告的績效數據與宣告。
- 審查資料收集的流程與確保數據的準確性。數據追溯至最初來源並進行深度核實。
- 比對財務數據與經會計稽核的財務報告數據之一致性。
- 審查報告中所作之支持性證據。
- 針對公司報告及其相關 AA1000 保證標準(2008)中所述有關包容性、重大性及回應性原則的流程管理進行審查。

#### 結論

針對包容性、重大性及回應性之 AA1000 查證性原則與「全球永續性報告 3.1 版指南(GRI 3.1)」之核心指標的詳細審查結果如下：

#### 包容性

2012 年報告反映出台灣大哥大公司落實對於利害關係人之承諾及已制定組織層級之社會責任政策，展現出台灣大哥大公司實踐利害關係人參與的努力，以發展及達成對企業社會責任具有責任且策略性的回應。此系統三機良好地發展以產生必要的資訊，報告中已公正地報告與揭露經濟、社會和環境的訊息，足以支持適當的計畫與目標設定，以

我們的專業意見而言，這份報告涵蓋了台灣大哥大公司的包容性議題。

#### 重大性

台灣大哥大公司已依據對公司永續發展的影響程度與建立的準則，對各部門所識別出來的相關事項，建立執行的優先順序。過程相當完備。台灣大哥大公司亦已依照議題重大性分析結果建立具體可比較的 CSR 目標。因此，重大永續議題已被完整分析並揭露永續經營相關資訊，使利害關係人得以對公司的管理與績效進行判斷，以我們的專業意見而言，這份報告適切地涵蓋了台灣大哥大公司的重大性議題。

#### 回應性

本年度台灣大哥大公司持續企業責任承諾，對於來自利害關係人的期待與看法，展現其永續相關績效資訊適當地予以回應，以我們的專業意見而言，這份報告涵蓋了台灣大哥大公司的回應性議題。然而，未來的報告應持續加強以下的项目：

- 展現台灣大哥大公司在其領域之領導地位來影響其他利害關係人。

#### 績效資訊

基於本聲明書所述的我們之工作，特定績效資訊係在台灣大哥大公司與英國標準協會協議的查證範圍內，報告揭露的全球永續性報告指南 G3.1 版核心指標及電信業行業補充指標進行披露。以我們的觀點，台灣大哥大公司 2012 年企業社會責任報告的數據與績效資訊沒有實質性差異。

#### GRI 報告指南

台灣大哥大公司提供有關符合全球永續性報告 3.1 版指南(GRI 3.1)的自我宣告，與相當於 A<sup>+</sup> 分級的相關資料。基於審查的結果，我們確認報告中依照 GRI 的社會責任與永續發展之相關指標已被報告，部分報告或省略，以我們的專業意見而言，此自我宣告涵蓋了台灣大哥大公司的社會責任與永續性議題。在台灣大哥大公司 2012 年的報告，依據 GRI 3.1 報告指南 A 分級要求的核心指標已被適當地揭露。然而，未來的報告可以持續改善以下的项目：

- 隨著新發展之標準(如 GRI G4)，持續關注於永續發展的程序和方案的實施。

#### 保證等級

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

#### 責任

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

#### 能力與獨立性

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

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
30 July, 2013

bsi.

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