

Human Resources

Employee statistics in the past two years up to publication date

Year		2015	2016	2017 (as of February 27)
Number of employees	Consolidated	7,292	7,663	7,615
	Stand-alone	3,726	3,983	3,955
Education level	Ph.D.	0.12%	0.16%	0.17%
	Master's	14.15%	14.30%	14.25%
	University	55.34%	57.13%	57.16%
	College	20.19%	18.34%	18.28%
	Others	10.20%	10.07%	10.14%
Average age		36.09	36.23	36.37
Average years of service		6.66	6.82	6.95

Environmental Protection Expenditure

Loss or penalty due to environmental pollution in 2016 up to publication date in 2017: None

Countermeasures:

The Company has taken into consideration any potential risks or violation of environmental regulations in formulating its environmental management system. TWM also closely monitors developments in the government's environmental policies or regulations to be able to design precautionary measures. The Company does not expect any expenditure arising from environmental pollution in the future.

The Company is committed to protecting the environment and has adopted various measures, such as promoting "green" procurement, establishing energy-efficient base stations and data centers, minimizing the use of paper in offices and stores, recycling waste cables, batteries and handsets, and encouraging users to switch to e-billing and online services.

Employee Relations

Employee behavior/ethical standards

The Company has established policies and rules as a guide for employee conduct, rights, responsibilities and ethical standards.

Delegation of authority

1. Authorization guidelines and limitations: Aimed at streamlining business processes, strengthening distribution of responsibility, and detailing management authority at each job level.

2. Empowerment and delegation rules: Designed to ensure smooth and normal business operations.
3. Job ranking, title and organizational structure policy: Formulated to correspond to employees' career plans.

Work rules

The Company's work rules clearly define the rights and obligations of management and employees. The Company's modern management approach has promoted cooperation among employees and benefited the Company.

Divisional responsibilities

The Company's major divisions are separated by functions. Each division is tasked with specific job responsibilities and this separation of functions has strengthened the core competency of the Company.

Reward and punishment policies

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company, as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in the Company's "Work Rules."

Employee assessment policy

Supervisors provide feedback, assistance and map out individual development plans based on employees' performance.

Attendance and leave policy

Enforcement of this policy – designed to serve as a guideline for employees – helps enhance work quality.

Business confidentiality policy

To maintain the Company's competitiveness, employees are required to sign a "Confidentiality and Intellectual Property Rights Statement" and an "Employment Contract" as safeguards against potential damage arising from the disclosure of trade secrets. The Company provides employees with the required information and training courses to strengthen their understanding of information security.

Sexual harassment prevention and handling procedures

The Company's "Work Rules" include regulations on preventing sexual harassment in the workplace and promoting gender equality. The Company disseminates information on laws and procedures for filing complaints on sexual harassment on the intranet to serve as a guideline for employees.

Code of Conduct

The Company and its affiliates have a Code of Conduct that all directors, managers and employees are expected to adhere to and advocate in accordance with the highest ethical standards.

Employee benefits program

1. All employees are entitled to labor insurance, national health insurance and group insurance coverage starting

from the first day of work.

2. The Company has an Employee Stock Ownership Trust (ESOT) and an employee profit-sharing plan.
3. The Company and its subsidiaries had established Employee Welfare Committees to handle and implement employee benefits programs. The Committees are in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions, such as weddings, festivals and funerals.

Employee training and education program

1. Training expense from 2016 to January 31, 2017 totaled NT\$43,849,047, with 193,819 employees taking a total of 162,994.5 training hours.
2. Orientation for new employees includes company profile, culture, brand, company organization, telecommunication market, innovative services, internal network systems, employee safety and health, IT security training, and avenues for learning.
3. Core competency development: Develop basic competencies, such as self-management and work management, problem analysis and solution skills, creative thinking, communication and interaction skills, project management, and knowledge of industry trends, basic telecommunications laws and code of ethics; hold service training programs; organize book clubs; and invite celebrity speakers.
4. Management training and development: Separate training programs for entry-level management, middle management and senior management. Training courses include performance management, leadership, strategy management, innovative thinking, team dynamics and organizational development skills, as well as corporate governance seminars.
5. The Company arranges for employees to participate in different programs according to their professional knowledge and skills, including information technology, auditing, human resources, marketing, procurement, safety, finances, accounting and telecommunications technology. These activities have a profound impact on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.
6. The Company has a scholarship program for employees to develop their expertise in telecommunication technologies and business administration.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.

Retirement plan and implementation

1. The Company has published its Employee Retirement Guidelines in accordance with the law.
2. The Company has a Labor Pension Supervisory Committee, which was evaluated and approved by the Taipei City Government. In addition, the Company retains the services of an actuary to assess and calculate labor

pension reserves and provide a detailed report.

3. The Company implemented the New Labor Pension System in July 2005.

Employee safety and sanitary policy

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

1. Abide by and comply with regulations on environmental protection, safety and sanitation.
2. Be on constant watch for potential hazards in the work environment to minimize accidents.
3. Promote health education, conduct physical examinations, and implement health management programs.

The Company's employee safety and sanitary policy is posted on the intranet and is summarized as follows:

1. A unit dedicated to conducting environmental inspections and carrying out employee sanitary training courses was established in accordance with regulations.
2. A Health and Safety Committee was set up to draft a plan to prevent job injuries, ensure compliance and conduct periodic reviews of related rules on employee health and sanitary improvement solutions.
3. Full-time professional nursing personnel are employed to perform health checks, track the progress of staff who failed their health examinations, and hold talks on health promotion. Employees who are able to administer first aid treatment have been placed in each work area.
4. Each office site is equipped with an automated external defibrillator and staffed with a sufficient number of first-aid personnel.
5. Fire/flood protection exercises are held periodically to reduce risks of employee injury and property loss from natural disasters.
6. Guards and security systems have been installed at all main base stations and work offices to protect staff, property and information security.

Employee negotiations and protection of employee benefits

The Company, working under the management and employees as one concept and the belief that a win-win situation can be achieved when the two sides work together, has followed relevant labor laws and regulations, held quarterly employee communication forums hosted by the President and management/employee meetings to facilitate communication, and promoted employee benefits to build a harmonious and satisfactory management/employee relationship.

Losses caused by employee disputes in 2016 and up to publication date in 2017: The Company maintains a harmonious management/employee relationship and there were no material disputes.

Number of disabilities due to on-the-job injuries/fatalities in 2016 and up to publication date in 2017

Year	2016	2017 As of February 27
Number of disabilities	1	0
Disabling Frequency Rate ¹ (FR)	0.13	0
Disabling Severity Rate ² (SR)	0.61	0

Note 1: The number of injuries resulting in fatalities and permanent total disabilities cases per million hours worked.

Note 2: The number of workday lost due to fatalities, permanent total disabilities per million hours worked.