FAR EASTONE
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Far EasTone Telecommunications Co.,Ltd.

2011 Corporate Social Responsibility Report

Mobile　Broadband　Media　International Service

GRI Statement

This report is confirmed by the Global Reporting Initiative to have fulfilled the requirement of the GRI 3.1 Guideline and has acquired the Statement of GRI B⁺ Application Level Check

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Far Eastone Telecommunications Co., Ltd.** has presented its report "Far EasTone Telecommunications Corporate Social Responsibility Report of 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 29 May 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

G B⁺
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because Far Eastone Telecommunications Co., Ltd. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 April 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

Editing Principles

This is the first time Far EasTone has published a corporate social responsibility report. In the future, we will provide to all stakeholders our various efforts and results relating to our commitment to social responsibilities through annually published reports grounded in transparent and honest principles of dialogue.

Reporting Period

This report discloses all Far EasTone CSR performance information regarding management orientation, key issues, responses, and activities in 2011 (January 1 to December 31 2011). However, to maintain consistency between activities or plans in certain parts of this report, such activities are based on their initiation dates.

Reporting Limits and Scope

This report is limited to covering Far EasTone Telecommunications Co., Ltd., while the scope of the report's information includes Far EasTone's financial, environmental, and social performance. Financial information is based primarily on Far EasTone, while certain content involves information regarding mergers between Far EasTone and its subsidiaries, which are elaborated on within the special merger notes of the report.

Reporting Format and Confirmation

This report was written according to the GRI 3.1 Guidelines most recently announced by the Global Reporting Initiative (GRI) and the AA1000 (2008) standard, and was confirmed by the GRI to have fulfilled the requirements of the GRI 3.1 Guidelines and received a GRI B[+] Application Level Check Statement. This report was also confirmed by SGS-Taiwan to qualify for Application Level B[+].

Contact Information

If you have any comments on the "Far EasTone 2011 Corporate Social Responsibility Report," you are very welcome to communicate your valuable opinions to us.

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Message from the President of Far EasTone

It is an honor to share Far EasTone's first corporate social responsibility report with everyone! Far EasTone established many major milestones in the past year towards achieving its vision of "FET Connects and Enriches Life" including establishing 42Mbps networking facilities, winning the Qualicert service certification from SGS for the fifth time since 2006, and becoming the only telecommunication company in Taiwan to simultaneously own multiple levels of connection technologies, such as GSM, WiFi, WiMAX, and TD-SCDMA. These are distinguished results that will lay a positive foundation for digital convergence services in the future.

Regardless of the pride we take in our accomplishments of the past year, we have an increased understanding that an outstanding corporation's responsibilities need to be based on long term commitments to society as a whole. In addition to reducing human impact on the environment, we should further adopt ethical, honest, and transparent approaches to communicate with stakeholders the effort Far EasTone and our business partners have invested in building a sustainable society.

Although Far EasTone does not have a long history of communicating its corporate social responsibilities (hereafter abbreviated as CSR) to outside parties, I believe that we have achieved considerable level whether in terms of resource investments or actions. In 2011, we officially founded the CSR Committee, with myself serving as the CEO, to comprehensively plan Far EasTone's long term CSR strategies and direction. Besides reviewing our current relationships with stakeholders, CSR-related actions will also be gradually promoted in the future to further internalize CSR in Far EasTone's corporate culture.

Facing the challenges of intensifying market competition and sustainable development, we hope that CSR can be combined with Far EasTone's core corporate values of "Trustworthy, Innovative, Proactive, Accountable and Collaborative," and that CSR can be managed as a brand. Therefore, we will not treat CSR as a project or a one-time action, but instead as a long-term commitment to fusing CSR and business strategies effectively so they become a driving force of Far EasTone's competitive strength. I believe this will increase employee loyalty and dedication to their work, which will be reflected in customer service, and further contribute to Far EasTone's long term development.
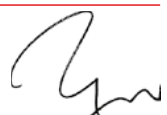
With respect to environmental issues, core capabilities controlled by the telecommunications industry have long been expected by the public to become a driving force for effective energy conservation in the future. However, to achieve such objectives, partnership cannot be overlooked. In order to expand and improve the efficacy of Far EasTone's investments in energy conservation activities, we will continue to actively create and expand partnerships, focus on our own policies, and gradually enhance our suppliers' capabilities and sense of responsibility, thus promoting the concrete fulfillment of energy efficient economies and energy efficient societies.

With respect to social participation, it is "centered on"Fashionable Environmental Protection and Responsible Innovation." Young people are invited to jointly participate in approachable and fashionable promotional activities that use innovative exchange promotions and platforms to inspire innovation, developing the four primary services "FET S Mart," "FET eBook Town," "FET Omusic," and "FET Video Store," which are loved and needed by consumers, while also simultaneously environmentally fashionable, effecting further changes to Far EasTone customer attitudes towards sustainability, environmentalism, and energy conservation. We hope to convey the message that environmentalism can be facilitate in a fashionable way, and that responsibility can also be demonstrated creatively.

Looking to the future, Far EasTone will develop into a service provider that provides content services, applications, and user experiences across platforms, enabling the public to completely experience seamlessly integrated convergent services in an integrated environment between mobile, internet, and cable networks in a more environmentally friendly fashion. We will also maintain our commitment to our market position in Taiwan and expand our business into the global Chinese market with the "one product for multiple markets" approach. We believe that, as businesses expand their scope, it is even more important to employ long term commitments and actions to lay a foundation for refining CSR in the future.

We have published Far EasTone's first CSR report in the spirit of transparency and sharing. We hope that this report will not only explain to the public and all stakeholders Far EasTone's commitment to sustainable corporate development, but also its innovative methods in fulfilling social responsibilities. This is an experiment and a dialogue. We hope that our efforts will initiate a discussion and inspire more corporations to employ innovative methods to participate in social welfare and move towards the desirable situation that sees enterprise's pay attention to sustainable development and also to their social responsibilities.

President, Far EasTon
Yvonne Li

About Far EasTone

Far EasTone Telecommunications (hereafter abbreviated to Far EasTone) was founded on April 11, 1997. Through its considerable technical resources and comprehensive financial capability, it acquired two mobile communication operation permits (GSM900 and GSM1800) in 1997, rapidly engaged in network construction, and began formal operation in January 1998.

Far EasTone was founded on the core values of "Trustworthy, Innovative, Proactive, Accountable and Collaborative" and we expand benefits and perfect user experiences for consumers through innovative thinking. In addition to the Taiwanese market, we also continue to engage in 360 degree cooperation with telecommunications operators around the world, so that information and communication technologies across all regions can be comprehensively exchanged to maximize value for customers.

Corporate Vision

Far EasTone's corporate vision is "FET Connects and Enriches Life," providing services of the highest standards and greatest variety, while satisfying the communication needs of shareholders, employees, and clients, to create more colorful and convenient mobile lifestyles.

2011 Corporate Objectives

Far EasTone's concrete targets for 2011 are "proactive innovation, service centric, and profitable growth", standing firm in Taiwan, while looking to the global Chinese market, and providing outstanding information, communication, and digital contents integration services. On top of continuing to introduce integrated services for the information and communication markets, we will also strive to develop mobile application-related products. To serve a broader range of customers, we will also enhance the outstanding service quality of our front line stores to create zero-distance mobile lifestyles for consumers.

Furthermore, Far EasTone promises to exceed client expectations with innovation and passion, as well as become the most sought after employer among employees. In addition to maximizing profits for shareholders, we are committed to CSR and sustainable environmental development.

Brand Spirit

Far EasTone promises, with "Closing the Distance" as the brand spirit, to continuously innovate and improve, and contribute to society through enhancing corporate governance, proactive involvement in social welfare, and supporting disadvantaged groups.

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Far EasTone Telecommunications Co., Ltd.
Founding Date : April 11, 1997
Company Headquarters : No. 468, Rueiguang Road, Neihu District, Taipei City
Primary Business Operations : Telecommunications Services, Communication, Internet (Tier 1 & 2 Communication)
Area of Operation : Taiwan
Total Consolidated Assets (thousand NT$) : $95,430,723
Consolidated Business Revenues (thousand NT$) : $75,748,831
Total Employees : 4,940
Directly Operated Stores : 171
Users (thousands of accounts) : 6,618
Data as of December 31, 2011

Milestones

2005

— Awarded the Qualicert service certification from internationally renowned Swiss company SGS (Société Générale de Surveillance), becoming the first telecommunications company in the Asian region to win this certification.

— Consecutively awarded the highest grade of A$^+$ in the "Information Disclosure Evaluation" of the Securities and Futures Institute in 2005 and 2006, of over 1,000 publicly traded companies, only 15 were awarded this honor in 2006.

— Reception of two major awards, "Best Corporate Governance in Taiwan and "Most Innovative Mobile Service," from Asian Mobile News Awards, the only Taiwanese telecommunications company to win the two honors simultaneously.

— Establishment of the "Asian-Pacific Mobile Alliance" with six leading mobile communications companies in Asia to promote better international roaming and corporate clientele services; the organization was officially renamed "Conexus" in December.

2004

— Listed in the "Top 150 Outstanding Asian Corporations" rankings of the October issue of Business Weekly, the only Taiwanese communications company to be so listed.

— Officially listed in the electronics industry section of the Taiwan Stock Exchange with stock code 4904.

— First domestic mobile communications company to acquire the BS7799 international standard certification for information security management systems.

— Acquisition of 55.3% of shares of Arcoa Co., Ltd.

2003

— Issuing of overseas deposit certificates, becoming Taiwan's first telecommunications company to successfully list on European stock exchanges.

— The merger with KG Telecommunications passed the Executive Yuan's Fair Trade Commission evaluation, formalizing the acquisition of KG Telecommunications and making Far EasTone the largest privately owned telecommunications company in Taiwan.

2000

— Successful dialing of Taiwan's first 3G video call.

1999

— Reception of the "Outstanding Community Service Award" from the global GSMA (GSM Association) for distinguished contribution to the recovery efforts after the September 21,1999 earthquake disaster.

— Actual effective client numbers exceeded 1 million, and declared by Global Mobile magazine as the telecommunications service provider that exceeded 1 million users in the shortest period of time in the world.

1998

— Completion of the world's first integrated GSM900/1800 super dual band mobile network.

1997

— Acquisition of GSM1800 permit (for all of Taiwan) and GSM900 permit (for northern Taiwan) from the Ministry of Transportation and Communications.

2011

- Far EasTone's "Bella Nong-Nong" App won the best value-added service award in the fifth Golden Tripod Award for Digital Publications.
- Facilitated of cooperation between Vodafone Group, one of the largest global mobile alliances, and Conexus Mobile Alliance, formalizing strategic alliances.
- Ranked among the top ten A⁺ award recipients of the eighth information disclosure evaluation of the Securities & Futures Institute (SFI); Far EasTone ranked among the top ten A⁺ award recipients for the fifth time.
- Approved for "CG6006 Advanced Corporate Governance Certification" certification by the Taiwan Corporate Governance Association.
- Built first ever direct undersea cable across the Taiwan Strait connecting Taiwan and China, in cooperation with China Unicom.

2010

- Received the "Best Investor Relationships in Asia" award from The Asset magazine in 2010, the only Taiwanese telecommunications company to win this honor.
- Acquisition of shares from New Century InfoComm Tech Co., Ltd. using open buying methods through subsidiary Yuan Cing Infocomm Tech Co. Ltd.
- Created Taiwan's first IDC cloud computing services center utilizing green energy.

2009

- Again placed first in the telecommunications industry section of Global Views magazine's seventh "Service Industry General Survey."
- Received the honor of the "Energy Saving Gold Award" among corporate office workplaces from Taipei City Government.
- Received the "Best Corporate Social Responsibility" and "Best Investor Relationships" awards from Finance Asia's ninth annual evaluation of the "Best Asian Company."
- Received the "2008 Excellent Green Procurement Enterprises" award from the Executive Yuan's Environmental Protection Administration.
- Again won the golden Trusted Brand award from the Reader's Digest "Mobile Service Provider" section.

2008

- Won the "Best Corporate Governance in Taiwan" award from Finance Asia magazine after winning the award in 2007, the only Taiwanese telecommunications company to win this honor in the Taiwan region for two consecutive years.
- Ranked 1ˢᵗ place by Global Views magazine in service evaluations of the top ten telecommunications companies with outstanding service in 2008.
- Received the "Outstanding Information Service Management Award – Annual Project Award" from itSMA, the only Taiwanese telecommunications company to receive ISO 20000 professional certification for information service management.
- Twice recognized with a listing by Global Views magazine among the top 50 achievers for corporate social responsibility and received of the trusted brand award from Reader's Digest.

2007

- Received the "Best Corporate Governance in Taiwan" award from Finance Asia magazine, the only Taiwanese telecommunications company to win this honor.
- Received the WiMAX southern regional permit, the only telecommunications company to acquire the permit.

2006

- Introduction of Taiwan's fastest 3.6Mbps HSPA technology, initiating a new era of 3.5G mobile communication.

Innovative Strategies

In response to expected growing demand for mobile services and smart devices in the future, in 2011 we have determined market strategies and objectives incorporating "proactive innovation, service centric, and profitable growth". In addition to actively investing in innovative research and development, and improving innovations in application programs and digital content, we are also actively developing value added service, system integration, and inormation/communication business in China to capitalize on the business opportunities of exchange across the Taiwan Strait. We adopt proactive innovation strategies to lead market development trends and commercial opportunities via:

▶ Acceleration of Network Infrastructure Construction

- Actively establish high quality networks across Taiwan, accelerate 3G network upgrades, and continue expanding WiMAX network service capacities in dense urban areas.
- Utilize the overall effects of corporate organizations and networks to continue increasing cost effectiveness.
- Continue developing mobile internet technologies and relevant application services.
- Establish direct undersea cross-strait cables to the satisfy voice and data internet business needs of consumers across the Taiwan Strait.

▶ Provide Heartfelt Services that Address All Consumers Needs

- Commit to cultivating communities and strengthening channel operations, and use outstanding services to operate in high-end markets to commit to becoming a provider of comprehensive information and communication services and all-encompassing telecommunications routes.
- Actively select service locations and provide consumers with interactive telecommunications service experiences.
- Foster employees as experts of intelligent service to provide consumers with heartfelt service.
- Establish dedicated departments to safeguard consumer service quality and continue receiving external service certification to ensure service quality.

▶ Create Cross-Strait Cloud and M2M service for Commercial Opportunities in Integrated Information and Communication

- Become the market leader in corporate action plans with a foundation of comprehensive wireless network infrastructures (2G, 3.5G, WiMAS, 4G, WiFi).
- Focus on cross-strait M2M, and cloud application developments, to provide corporate clients with consultations introduced into mobile application services.
- Establish task forces for "mobile applications, cloud developments, and physical tracking networks" and teams for rapid assembly of wireless networks and communication equipment, using systematic technologies to support relevant needs in all industries.

▶ Create Innovative Platforms and Expand Cross-Strait Markets

- Focus on innovative service developments and use innovative platform concepts to integrate the power of the telecommunications industry chain and expand into cross-strait markets.

Primary Business Results for the Past Three Years

In recent years, telecommunications companies have faced intense competition and serious challenges, including compelled price cuts, changes in revenue designations, high compensations for smart phones, base station establishment, etc. However, through the collective diligence of Far EasTone's employees, we have achieved remarkable performance and results in many aspects of business.

Unit: thousands of NT$

Year	2009	2010	2011
Business Revenue	60,062,128	63,435,905	75,748,831
Business Costs and Expenditures	47,630,361	52,261,567	64,232,301
Net Business Revenue	12,431,767	11,174,338	11,516,530
Income and Benefits Unrelated to Business	605,995	637,817	479,830
Expenditures and Loss Unrelated to Business	887,866	846,650	1,121,799
Profits before Taxes	12,149,896	10,965,505	10,874,561
Income Tax Expenditures	3,014,578	2,102,137	1,947,745
Annual Net Profits	9,135,318	8,863,368	8,926,816

This table represents consolidated business performance between 2009-2011

Market Share

Year	2009	2010	2011
by User Accounts	23%	23%	23%
by Mobile Telecommunications Service Revenue	27%	26%	27%

Source: 1. number of accounts is based on year-end NCC statistics in 2009/2010/2011 and publicly disclosed information from all companies.
2. Telecommunications service revenue is based on year-end NCC statistics in 2009/2010/2011, public information observation stations, and publicly disclosed information from all companies.

Consolidated Research and Development Expenditures in Innovation Investments for 2009~2011

Unit: thousands of NT$

Year	2009	2010	2011
Total Expenditures	104,331	79,646	69,147

Proportions of Consolidated Business

Unit: thousands of NT$

Year	2009		2010		2011	
Business Revenue	Business Volumes	Proportion of Business (%)	Business Volumes	Proportion of Business (%)	Business Volumes	Proportion of Business (%)
Telecommunications Service Revenue	54,362,420	90	56,525,310	89	63,120,614	83
Cell Phones and Parts Sales Revenue	5,225,107	9	6,343,488	10	11,471,725	15
Other Revenue	474,601	1	567,107	1	1,156,492	2
Total	60,062,128	100	63,435,905	100	75,748,831	100

Other Expenditures

In 2011, Far EasTone paid a total of NT$ 1,560,000 in membership fees for membership in various associations.

In 2011, Far EasTone's general service fees amounted to a total of NT$ 133,432,000. 2011.

Top *10* Far EasTone Projects

Far EasTone is ceaselessly carrying out technological investments and resource integration. In 2010, the "Top 10 Far EasTone Projects" were initiated, demonstrating distinguished results in smart devices, network routing strategies, development of four major application services, and corporate and cross-Strait market expansions.

In addition to leading the industry in introducing many innovative digital multimedia application services, we are also cooperating closely with telecommunications companies from several nations, exchanging information and communication technologies, actively expanding blue water markets, and committing to maximizing value and perfecting user experiences for clients and consumers. Far EasTone's top ten projects include:

1. Integration of stores network routes to provide all-encompassing services

Integration of network routes of Far EasTone, Arcoa, and Data Express to provide integrated, comprehensive, and high quality services, according to the needs of different clients, and to reduce the time it takes for consumers to find stores.

2. FET S Mart increases Taiwan's soft power

Continuous investment to ignite Taiwan's software potential and increase the soft power of Taiwan from digital cultural innovation. In 2010, Far EasTone led Taiwan's APP developers into China Mobile's Mobile Market by employing a store-in-a-store system becoming the top branded store in that market. In addition, we utilize Far EasTone S Market's APP Walk of Fame to actively reward and foster outstanding software talent in Taiwan.

3. FET eBook Town creates cloud-based literary creativity platform

prestigious domestic literary authors are invited to use the Internet's power to introduce Taiwanese authors in the global Chinese literary market through paperless cloud bookshelves.

4. Omusic platform with environmentally fashionable concepts

Shedding the traditional cooperative models between telecommunications and music industries and joining forces with nine major record labels in Taiwan to create comprehensive music service platforms, and advancing into global Chinese music markets. Virtual CD sales models are used to effectively reduce the environmental impact of packaging.

5. FET Video Store's digital flow experience

We coordinate with prestigious companies in the domestic film industry to create instant mobile digital audiovisual experiences, allowing consumers to view films anytime, anywhere through the internet.

6. Far EasTone cloud series with zero-distance service

Creation of Taiwan's first environmentally friendly cloud service center utilizing green energy, which works with the IDC Farm to provide corporations with new cloud services with "single site deployment with remote control" capabilities.

7. Create new chapters in cross-Strait communications

Introduce provincial roaming services for Taiwanese businesses to satisfy the communications needs of businesspeople and tourists traveling across the Taiwan Strait. We have also aid undersea cables between Danshui and Fuzhou to fully express Taiwan's role as a key Asian communications hub.

8. Introduction of smart mobile devices

Smart mobile devices have become indispensable tools. Far EasTone is ceaselessly introducing smart mobile devices from HTC, iPhone, Samsung, Acer, and Asus, and actively promoting intelligent refinements in Taiwan's communications industry through value-added services.

9. Leading Android trends

We have initiated the "everyone with their own Android" series of events to provide consumers with more versatile options in smart phones.

10. Entry into the tablet computer market

We allow consumers aged 7 to 70 to enjoy the fun of using tablets and expand their vision.

Corporate Social Responsibility Management

Facing rapid changes in the overall economy, environment, and industry, Far EasTone understands that moving with the times is necessary. In addition to responding to changes in consumer needs and providing more comprehensive outstanding services, we should also actively master and understand current trends and focus on input from all sectors in order to propose countermeasures and actions that are compatible with stakeholder needs and fulfill our promise of sustainable corporate development.

Therefore, Far EasTone is utilizing its core corporate capabilities to not only enforce the spirit of its corporate governance, but also plan for and fulfill corporate sustainable development strategies. In 2011, we established the "Far EasTone CSR Committee" to act as the highest directing authority for long term strategic planning and discussion of CSR strategies. Furthermore, we continuously maintain various communication channels to enhance dialogue with stakeholders from all sectors, as well as engage in various social and environmentally related activities to fulfill our responsibilities as a corporate citizen.

The "Far EasTone CSR Committee" is chaired by the Chairman of the Board of Directors, while the President acts as the CEO, and executive from all departments serve as committee members. A dedicated CSR secretariat also exists, while teams of experts are invited to provide professional consultation. Far EasTone CSR Committee holds one regular annual meeting, with committee members making recommendations based on issues in relevant fields for discussion. Committee members are managers from all departments jointly promoting and executing Far EasTone's 5 major CSR objectives, which include action plans for responsible governance, sustainable environment, social participation, digital inclusion, and a healthy workplace.

Organization of Far EasTone CSR Committee

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                    ┌─────────────────────┐
                    │   CSR Committee      │
                    │   Chairman           │
                    └──────────┬──────────┘
                               │
                    ┌──────────┴──────────┐
                    │   CEO                │
                    │   President          │
                    └──────────┬──────────┘
                               │
                    ┌──────────┴──────────┐         ┌──────────────┐
                    │  Vice President      │─────────│  Secretariat │
                    │  Strategic and       │         └──────────────┘
                    │  Technical Director  │         ┌──────────────┐
                    └──────────┬──────────┘─────────│ Expert Groups│
                               │                     └──────────────┘
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Responsible Governance	Sustainable Environment	Social Participation	Digital Inclusion	Healthy Workplace

Core group (committee members)

Finance& Shared Service	Legal & Regulatory	Human Resources	Product & Service Delivery	Sales & Channel Mgt.	Network & Technology	Information Technology	Marketing

Dual Themes of Corporate Social Responsibility in Far EasTone

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Environmental Fashion

Coexisting with the environment is a new and vital lifestyle approach for modern people. Facing environmental and energy issues of global importance, Far EasTone will consolidate core corporate capabilities to promote these issues with more creative methods. We hope to use innovative methods to become the green benchmark of the telecommunications industry. We want to convey the message that environmentalism can be fashionable, and that responsibility can be demonstrated creatively.

Responsible Innovation

Far EasTone insists on "Trustworthy, Innovative, Proactive, Accountable and Collaborative, and "FET Connects and Enriches Life" as its core values and "Life with Far EasTone, breadthless communications , enriching life" as its corporate vision. We strongly believe that corporations must be able to undertake social responsibilities, tirelessly innovate philosophically and physically, and use innovative methods to enforce accountability in order to provide consumers with the most competent and versatile services and create more colorful and convenient mobile lifestyles.

Corporate Social Responsibility Management

Innovative Service

Stores

Customer Service

Strategic Partnership

Employees

Green Telecommunication

Social Care

Communication and Dialogue with Stakeholders

Engaging in effective and positive dialogue with stakeholders is a critical factor in corporate social responsibilities. Far EasTone is highly concerned about stakeholder needs, and has established various direct channels of dialogue on issues from business performance, corporate governance, to societal compensation, etc., according to the needs of different stakeholders, in order to ensure that our responses and actions address the corresponding needs of these stakeholders.

In addition to continuing to maintain transparent and functional dialogue channels, Far EasTone will holds regular discussions in CSR meetings of critical corporate social responsibility issues of high importance to stakeholders, depending on the urgency and significance of such issues. We also promote corresponding action plans and regularly disclose performance results of such measures in our corporate social responsibility reports.

2011 Far EasTone Issue Materiality Matrix

Significance of Issue / Stakeholder	Key Issues	Basic Response Issues
Investors	**- Profitability**	Corporate Governance / Risk management
Clients (Consumers)	**- Price and Quality of Products and Services** **- Transparency of Product / Services / Sales Information**	Business Integrity
Employees	**- Compensation Package** **- Employee Benefits**	Career Development Workplace Health and Safety Work-Life Balance Learning and Growth
Suppliers	**- Price Competitiveness** **- Labor Environment Management within Supply Chains**	Occupational Safety and Health Management
Local Community NGOs	**- Social Charity and Compensation** **- Donations**	Corporate Business Image Corporate Volunteers
Media	**- Industry and Business Development Trends** **- Low Carbon Products and Services**	Corporate Image Product and Service Information
Government	**- Legal Compliance**	Public Policy Participation and Feedback to Society

Far EasTone's Response to Stakeholders

Category	Targets	Issues of Concern (Ranked)	Dialogue Method	2011 Accomplishments
Investors	- General Shareholders - Group Shareholders - Rating Agencies	1. Profitability 2. Corporate Governance/ Risk Management 3. Enforcement of Corporate Social Responsibilities 4. Stock Prices 5. Transparency of Information Disclosure	Shareholder Meetings Questionnaire Responses Regular Face-to-Face Dialogue	- 4 global investor telephone conferences were held jointly by the President and Chief Financial Officer to provide investors with opportunities for direct dialogue with the executive management of the company. - 12 self-audited corporate revenues, profits, and business statistics reports were issued to investors and simultaneously posted to the company website. - Participation in domestic and international face-to-face investor meetings, with the President and Chief Financial Officer holding direct face-to-face discussions with investors. - Responses to telephone and email inquiries and proactively discussing issues of concern with investors.
Clients (Consumers)	- Existing Clients - Potential Clients	1. Price and Quality of Prices and Services 2. Transparency of Product / Service / Sales Information 3. Business Integrity	Consumer Satisfaction Surveys	- Completion of 234,000 service satisfaction surveys.
Employees	- Management - General Employees - Contracted Manpower	1. Compensation Package / Benefits 2. Career Development 3. Workplace Health and Safety 4. Work-Life Balance 5. Learning and Growth	Magic Lamp Conferences Employee Satisfaction Surveys Employee Feedback Surveys (See P.63 for details)	- 4 Magic Lamp Conferences were held. - 43 employee recommendations were recorded. - 1 Remuneration Committee meeting was held. - 3 managerial dialogue meetings were held. - 3 annual employee conferences were held. - Overall average employee satisfaction level as high as 75.2%.
Suppliers	- Equipment Suppliers - Project Contractors - Cleaning / Maintenance Contractors - Waste Disposal Contractors	1. Price Competitiveness 2. Labor Environment Management within Supply Chains 3. Occupational Safety and Health Management 4. Education and Training	Client Complaint Mailbox of Supplier Management Team	No client complaints in 2011.
NGOs Local Communities	- Community Residents - Local Private Sector Organizations - Local Social Organizations	1. Social Charity and Compensation / Donations 2. Corporate Business Image 3. Corporate Volunteers	See P.88 for details	- A total of NT$ 1,868,328 was raised through "Baby Bag" sales in 2011, and over NT$ 10 million in charity sales has been raised since the partnership began in 2006. - 6 Far EasTone Child Welfare League Foundation sales were held in northern, central, and southern Taiwan. - Stores participated in 5 community volunteer events. - Cash donations exceeded NT$ 150 million, while material donations exceeded 700 units of electronics-related products. - NT$ 6.87 million was raised for the March 11 tsunami in Japan.
Media	- Print Media - Traditional Electronic Media - Digital Media - Newspapers / Business Magazines	1. Industry and Business Development Trends 2. Low Carbon Products and Services 3. Corporate Image 4. Product and Service Information 5. Information Transparency	Dialogue with Dedicated Units Public Press Conferences Major Press Releases	- 53 press conferences were held. - 167 press releases were issued to communicate important information to the public and media. - Responses to media inquiries through telephone, email, or various channels to maintain smooth dialogue channels with the media.
Government	-Supervisory Agencies - Government Units at All Levels	1. Legal Compliance 2. Public Policy Participation 3. Local Feedback	Compliance Unit Regular Dialogue	- NCC portion: * participation in 150 NCC meetings * participation in 57 NCC administrative inspections. - Participation in 116 negotiation meetings with consumer protection agencies of county and municipal governments and individual consumers (208 negotiation meetings were originally scheduled, 92 of which were cancelled because Far EasTone resolved the issue beforehand, resulting in consumers involved withdrawing their complaints).

Innovative Service

Stores

Customer Service

Strategic Partnership

Employees

Green Telecommunication

Social Care

Corporate Governance

Far EasTone firmly believes that the only way the company can maintain optimal operational conditions is by establishing clear and frequent communication channels, continually focusing on investors and shareholders, and enforcing corporate governance, thereby fulfilling corporate responsibilities and consolidating our foundations.

In Far EasTone's corporate spirit, corporate governance and corporate responsibilities are already one and the same. Our corporate governance is guided by the corporate spirit and, in addition to regularly conducting legally required disclosures of business information regarding monthly finances and business operation indicators to investors, we also proactively communicate Far EasTone's overall business performance and future expectations to create greater shareholder profits through an attitude of informational transparency.

We understand and believe that, in the process of making any decision, including formulation of company policies, development of products and services, information disclosures, etc., we need to take responsibility for society, shareholders, employees, clients, and all other stakeholders, in order to fulfill our corporate social responsibilities. Therefore, Far EasTone's executive supervisory body not only includes dedicated regulatory personnel from the telecommunications industry, we have also invited internationally renowned economists, academics, and experts with both theoretical knowledge and practical experience in different fields to act as members of the Board, thus forming a highly versatile Board of Directors.

Far EasTone's high information transparency won positive recognition from the market, and as a result, we have been awarded recognition for two consecutive years from The Asset, an internationally reputable professional financial magazine, receiving awards such as "Best Investor Relationship of the Year in the Asia Region" in 2010 and "Best Financial Performance and Investor Relations of the Year" in 2011.

Company Organization
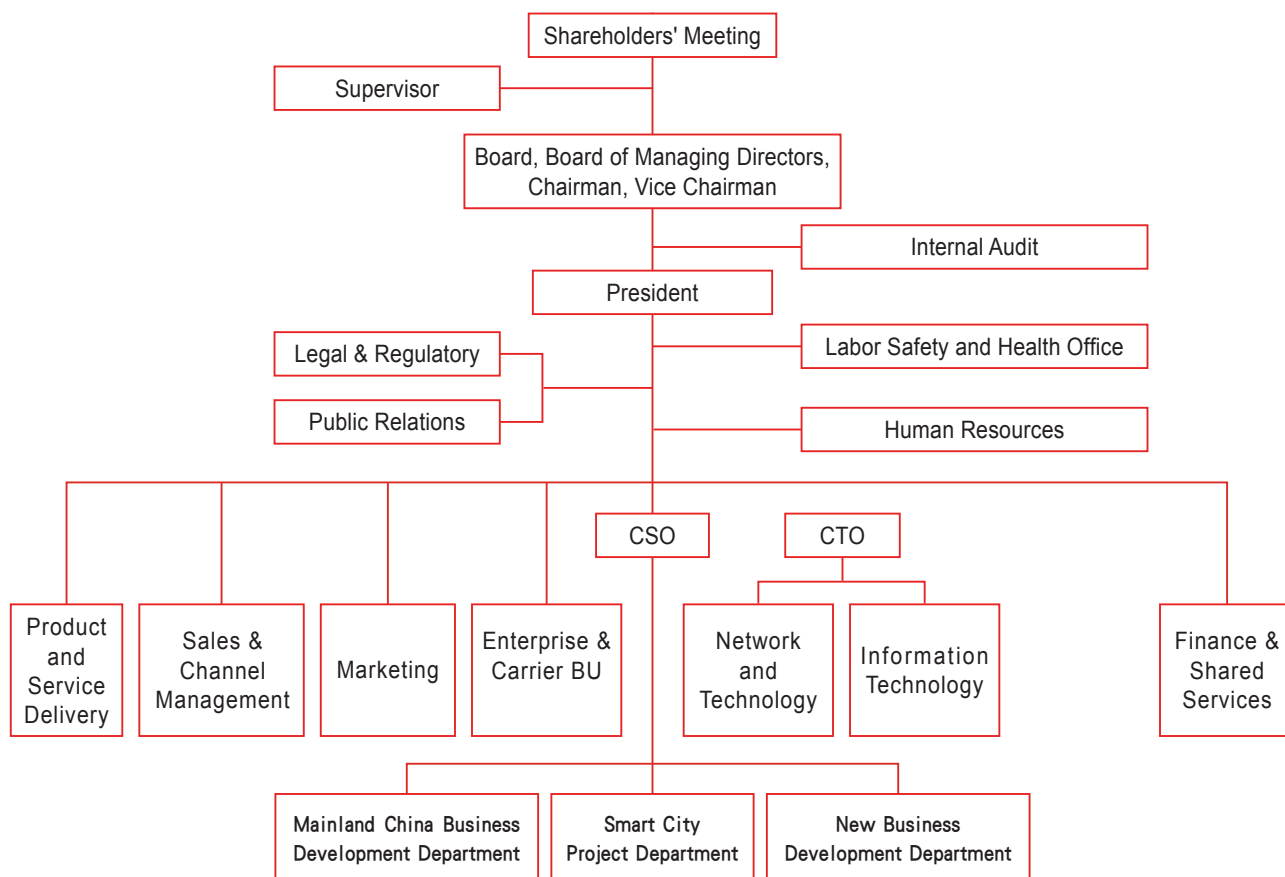
Invested Businesses

As of Dec. 31.2011

Far EasTone Telecommunications Co., Ltd.

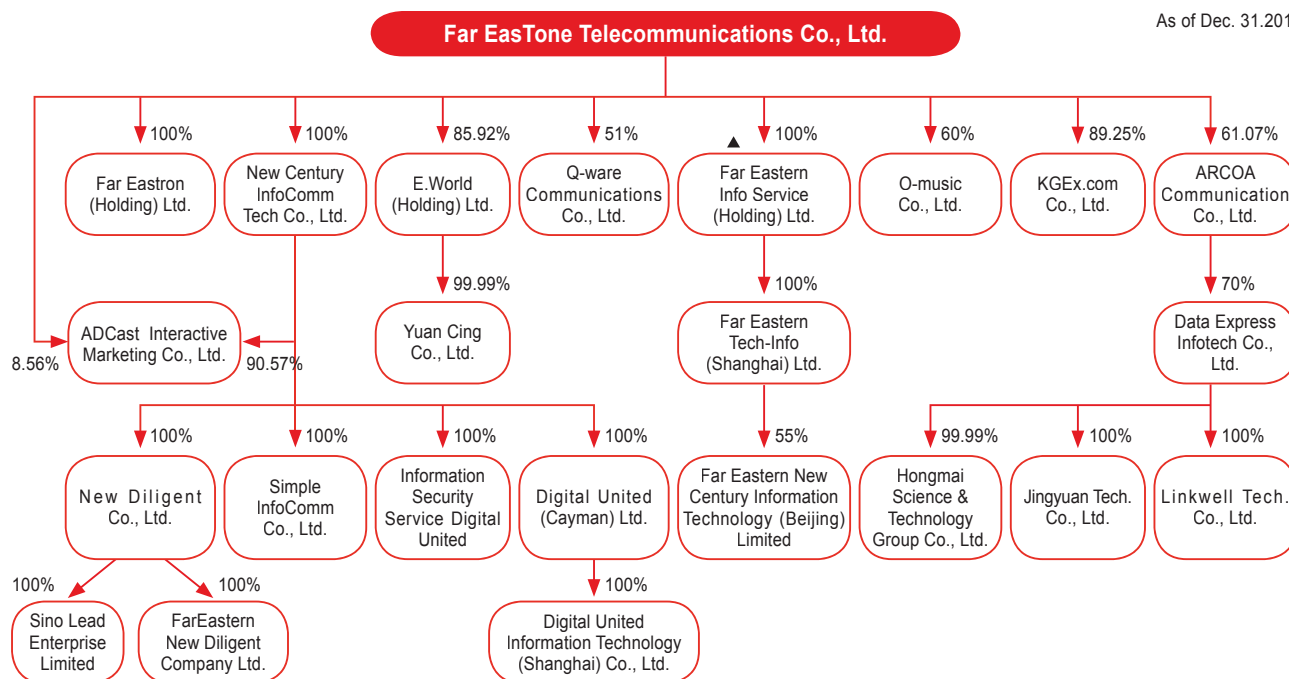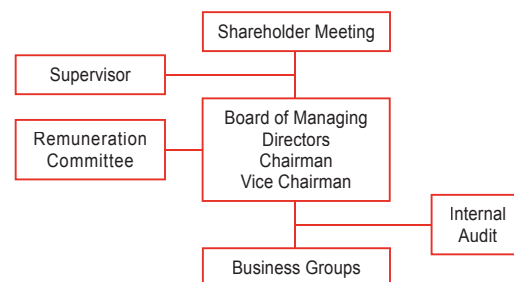- Far Eastron (Holding) Ltd. — 100%
- New Century InfoComm Tech Co., Ltd. — 100%
- E.World (Holding) Ltd. — 85.92%
- Q-ware Communications Co., Ltd. — 51%
- Far Eastern Info Service (Holding) Ltd. — ▲ 100%
- O-music Co., Ltd. — 60%
- KGEx.com Co., Ltd. — 89.25%
- ARCOA Communication Co., Ltd. — 61.07%

- ADCast Interactive Marketing Co., Ltd. — 8.56% / 90.57%
- Yuan Cing Co., Ltd. — 99.99%
- Far Eastern Tech-Info (Shanghai) Ltd. — 100%
- Data Express Infotech Co., Ltd. — 70%

- New Diligent Co., Ltd. — 100%
- Simple InfoComm Co., Ltd. — 100%
- Information Security Service Digital United — 100%
- Digital United (Cayman) Ltd. — 100%
- Far Eastern New Century Information Technology (Beijing) Limited — 55%
- Hongmai Science & Technology Group Co., Ltd. — 99.99%
- Jingyuan Tech. Co., Ltd. — 100%
- Linkwell Tech. Co., Ltd. — 100%

- Sino Lead Enterprise Limited — 100%
- FarEastern New Diligent Company Ltd. — 100%
- Digital United Information Technology (Shanghai) Co., Ltd. — 100%

Operation of the Board of Directors

Far EasTone's highest level of governance is the Board of Directors, made up of 12 seats occupied by professional telecommunications experts, internationally renowned economists, academics, and experts with both theoretical knowledge and practical experience in financial accounting, financial services, and communication software and infrastructure development. The Board has 9 directors and 3 Supervisors, of which 2 are independent directors and on and independent supervisor. All. 9 directors are currently.

Shareholder Meeting
Supervisor
Remuneration Committee
Board of Managing Directors Chairman Vice Chairman
Internal Audit
Business Groups

The independent Board members are telecommunications and financial experts who professionally, objectively, and thoroughly supervise the execution of all of Far EasTone's business plans and articulation of financial reports to ensure the quality of decision making within the Board of Directors, and to render decisions that maximize shareholder value. The company has 3 Supervisors who hold supervisory meetings each quarter. Supervisory meetings are on-record, and major discussions and decisions from the meetings are reported to all Board members, the President, and the highest levels of management in Far EasTone.

Supervisors not only sit on the Board of Directors, they communicate with employees, shareholders, and stakeholders through multiple channels of dialogue while also maintaining contact with accountants in order to sufficiently understand the company's business and financial conditions. In addition, through open information observation stations and annually disclosed Supervisor mailboxes, the company's employees and shareholders can communicate and exchange opinions with Supervisors at any time. When the Board of Directors encounters issues affecting the personal interests of Board Supervisors, Board members are all required to fully comply with conflict of interest principles and avoid exercising their decision-making power personally or through proxy when appropriate.

The Board of Directors hears the management team's report each quarter, and Directors and Supervisors provide professional, cross-disciplinary, and objective recommendations to management in order to guide the company's strategic direction with regards to economic, environmental, and social issues, thus assisting the management team in making decisions that maximize value for company shareholders and society.

Establishment of the Remuneration Committee

In August 2011, we established the three-member "Remuneration Committee," whose founding purpose is primarily to assist the Board of Directors in executing and assessing salary compensation and performance reviews of the company's Directors, Supervisors, and managers.

We held the first Remuneration Committee in November 2011, during which the company's overall compensation policies, procedures for modification of bonuses, and market competitive strength analyses were reported to the committee to assist committee members to sufficiently understand actual business operation conditions and relevant management procedures. Currently, correspondence and connections between economic performance and compensation are independently assessed. In the future, corresponding connections between environmental and social performance and compensation will be incorporated to effectively utilize the positive functions of the Remuneration Committee.

The operation of the Board of Directors and Remuneration Committee are executed according to the regulations of the "Board of Directors Conference Regulations" and "Remuneration Committee Charter."

Formulation of Behavioral Principles

To regulate the behavioral principles of employees, the company not only formulated behavioral regulations, guidelines for receipt of gifts or hospitality by employees, and employee complaints, we have also established professional ethical regulations, including signing of confidentiality agreements, etc., in order to regulate the relevant rights and obligations of employees during their tenure.

An "Inside Trading Prevention" section had been added to the internal control system, while the Board of Directors also passed the "Operational Procedures for Major Internal Information Processing," "Ethical Behavioral Principles," and "Business Integrity Principles" to clearly forbid the company's all members including Board of Directors, management, general employees, and partnered contractors from pursing their own private interests. Principles and regulations for relevant operational procedures are all publically disclosed on Far EasTone's official website / company introduction / corporate governance / corporate principles and regulations: **http://www.fetnet.net/cs/Satellite/Corporate/coRegulationRule**

Our "Ethical Behavioral Principles" and "Business Integrity Principles" were approved by the Board of Directors in April 2011 and reported to the shareholder meeting. Additionally, the "Ethical Behavioral Principles" and "Business Integrity Principles" are disseminated to employees on the company's internal website. Company employees can simply select "File a Complaint" in the internal website to articulate their opinions through this channel.

Other reporting channels include:
- Supervisor mailbox (supervisor@fareastone.com.tw)
- Audit Division mailbox (ia@fareastone.com.tw)
- Client complaint mailbox for the Procurement and Contractor Management Team (feg_complaint@feg.com.tw)

Comprehensive Information Disclosure

To provide the investing public with transparent and instantaneous information, Far EasTone's official website provides relevant financial and operational information, corporate governance information, etc., for reference of the investing public. In addition to dedicated service personnel handling online applications for public information, we have also established agency systems to ensure that important company information can be instantly disclosed to protect shareholder rights.

Furthermore, taking into account the convenience with which domestic and foreign investors obtain information, we proactively provide Chinese and English versions of annual company reports, conference manuals, in the Taiwan Market Observation Post System (M.O.P. S.), and company websites. Far EasTone's transparency and timeliness in information disclosure continues to be recognized by regulatory agencies.

Excellent Investor Relations

Excellent investor relations are founded on effective dialogue. Far EasTone has established the "Investor Relations Department," which is dedicated to handling dialogue with external investor groups and shareholders, establishing two-way communication channels between company management and external investors. Through two-way dialogue, we provide valuable investor advice to management that serves as references for long term strategic business plans.

In addition, to ensure symmetry in information disclosure, we hold group conferences each quarter and also respond to inquiries and recommendations from investor groups and shareholders. We have established dedicated investor service email addresses to facilitate instant and effective dialogue with investor groups and shareholders.

Dialogue with Investors / Shareholders

- Monthly disclosure of business operation summaries.
- Group conferences each quarter.
- Annual shareholder meetings and issuing of annual financial reports.
- Shareholders may use telephone or email to articulate inquiries or opinions.
- The corporate website allows searches of current stock prices and also has a dedicated investor service area where shareholders can enquire about financial information, revenue disclosures, annual company reports, business analyses, and event information, and it also has investor contact windows.

Receipt of "CG6006 Advanced Corporate Governance System Evaluation" Certification

To raise the corporate governance standards of domestic enterprises, from July 2005 the Taiwan Corporate Governance Association has initiated certification evaluations for all publicly traded companies through austerely documented evaluations and on-site inspections by professional evaluation teams, based on six aspects (1. Protection of shareholder rights; 2. Integrity of information transparency; 3. Strengthening of Board of Director functions; 4. Utilization of Audit Committee functions; 5. Management discipline and dialogue; 6. Respect for stakeholder rights and social responsibilities) and 80 criteria indicators formulated by professional evaluation agencies via relevant corporate governance grading systems from the world leading standards.

In 2011, Far EasTone obtained "CG6006 Advanced Corporate Governance System Evaluation" certification from the Taiwan Corporate Governance Association, becoming the first telecommunications company in Taiwan to receive advanced corporate governance certification.

Case **Case - Shareholders' Input and Recommendation: Taiwan Corporate Governance Association**

Advantages:

(1) Far EasTone actively participates in corporate governance system evaluations, and engages in candid mutual exchange, and has a positive attitudes during inspections which should be affirmed.

(2) Far EasTone's appoints independent Directors with experience in telecommunication and international commerce, who also fulfill the company's strategic business guidance needs.

(3) Far EasTone's Supervisors attend four supervisory meetings annually, which helps facilitate effective utilization of supervisory functions.

(4) Far EasTone's business management team is a fine example of professional managers respecting the system.

Recommendations:

(1) Far EasTone has slightly too many internal Directors. Addition of independent directors is recommended to add to the variety and independence of the Board of Directors. Various functional committees can then be added in the Board of Directors to enhance the functions of the Board of Directors.

(2) Objective self-assessment mechanisms for the Board of Directors and individual Board members should be established with respect to the operational discipline of the Board of Directors, major Board of Directors decisions and efficacy indicators in order to spur self-improvement by members of the Board.

(3) Performance evaluation mechanisms approved and conducted by the Board of Directors for the President and other senior managers should be formulated and enforced regularly and thoroughly, in order to advance the fulfillment of a culture of accountability.

(4) Overall risk management policies and mechanisms should be established according to the company's vision and business strategies, with the Board of Directors regularly supervising the enforcement of risk management policies and mechanisms, in order to effectively control business risks for the company.

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Corporate Governance-Related Awards

Securities & Futures Institute	Top ten A$^+$ ranked company of 2006 in the "The Information Transparency and Disclosure Ranking Results in Taiwan"
SGS	"Qualicert Service Certification" in 2006
Securities & Futures Institute	Top ten A$^+$ ranked company of 2007 in the "The Information Transparency and Disclosure Ranking Results in Taiwan"
Finance Asia	"Best Corporate Governance in Taiwan" award in 2007
SGS	"Qualicert Service Certification" in 2007
Finance Asia	"Best Corporate Governance in Taiwan" award in 2008
itSMA	"Excellence in Information Service Management - Project of the Year Award" in 2008
SGS	"Qualicert Service Certification" in 2008
Commerce Department, Ministry of Economic Affairs	Silver prize of the "e-21" in 2008
Reader's Digest	"Trusted Brand Gold Award" in 2008
Global Views Magazine	"Top 50 Outstanding Corporate Social Responsibility Achievers" and "1st Place Winner in Service Assessment among Top Ten Telecommunications Companies with Outstanding Service" in 2008
Finance Asia	"Best Corporate Social Responsibility" and "Best Investor Relationship" awards in the annual "Best Asian Companies" assessment in 2009
Global Views Magazine	1st Place in the telecommunications industry section of the "General Service Industry Survey" in 2009
Reader's Digest	"Trusted Brand Gold Award" in 2009
Securities & Futures Institute	Top ten A$^+$ ranked company of 2009 in the "The Information Transparency and Disclosure Ranking Results in Taiwan"
The Asset	"Best Investor Relationship of the Year in the Asia Region" in 2010
Institute for Information Industry	"Best IDC Information Outsourcing Service" of ICT Best Choices in 2010
Reader's Digest	"Trusted Brand Gold Award" in 2010
SGS	"Qualicert Service Certification" in 2010
Securities & Futures Institute	Top ten A$^+$ ranked company of 2010 in the "The Information Transparency and Disclosure Ranking Results in Taiwan"
Securities & Futures Institute	Top ten A$^+$ ranked company of 2011 in the "The Information Transparency and Disclosure Ranking Results in Taiwan"
Taiwan Corporate Governance Association	"CG6006 Advanced Corporate Governance System Evaluation" certification in 2011
IR Global Rankings	"Investor Relations Website Awards in the Taiwan Region – Greatest Progress Award" in 2011
Finance Asia	Voted "Best Investor Relationship" in the best companies in Asia in 2011
The Asset	"Best Financial performance and Investors Relations of the Year" award in 2011
SGS	"Qualicert Service Certification" in 2011
Institute for Information Industry	"Telecommunications and Network Service Award" from ICT Best Choices in 2011
Government Information Office, Executive Yuan	"Digital Golden Tripod Awards – Best Value-Added Service Award" in 2011

Government Assistance Projects in 2011

Assistance Project	Project Content	Amount
Femtocell	Development of 3G femtocell gateway (FGW) and AP (FAP), a cellular network and software technology research project with applicable enterprise functions.	NT$ 8,469,000
i-236	Participation in the intelligent lifestyle technology application project of the Ministry of Economic Affairs, involving micro-establishment and testing of innovative services for intelligent lifestyles the Banqiao District, New Taipei City.. Content included four major services: interactive personal health management services, interactive e-Learning service, Happy Go Smart Try experience websites, and local lifestyle services.	NT$ 3,864,000

Case Far EasTone participated in the i-236 project "Smart Living Technology & Service Program of the Ministry of Economic Affairs," winning recognition from the Ministry and the Government of New Taipei City. As a result, the Government of New Taipei City selected Far EasTone as a major business partner in establishing New Taipei City as a Smart City. Major accomplishments from the project include:

◎ Cooperation with Far Eastern Memorial Hospital in completing front end testing equipment and rear end management platforms for the interactive personal health management of corporate employees. In addition, usage and feedback of over 100 Far EasTone employees verified that entering the corporate employee health management service sector allows for gradual influence over the overall health care market in Taiwan. Based on these positive results, Far EasTone and Far Eastern Memorial Hospital will continue cooperating in the future to establish complete cloud-based care services in Taiwan.

◎ Completion of demonstrations of Far EasTone's own virtual integrated education and self-learning model, based on the Smoodle interactive learning platform, as well as educational demonstrations after school hours in Jiangcui Elementary School in Banqiao. Far EasTone'sEasTone also entered into a partnership with regards the Smoodle interactive learning platform with China Mobile Chengdu, leading to its application in Chengdu.

◎ Complete prototype of the new "Local Lifestyle – Mobile Resident Service Platform" leading the Government of New Taipei City to hope to expand its cooperation with Far EasTone across all of New Taipei City, making it an important item in innovative Smart City services in New Taipei City.

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Risk Management

In order to protect company assets, lower occupational damage, increase business profits, and ensure sustainable business development, Far EasTone has specifically devised a Corporate Security Policy to act as the highest directive for risk management.

The applicable scope of "Far EasTone Corporate Security Policy" covers all of Far EasTone's assets, employees, employees from invested business units working at FarEasTone business locations, and third parties that have contracts with Far EasTone (verbally or in writing), which include but are not limited to suppliers, contractors, contracted personnel, consultants, etc.

Risk Management Organization

The organizational structure and boundaries of authority and responsibilities for Far EasTone's dedicated unit for risk and security control are as follows:

Execuitve Management Team

Corporate Security Officer

Corporate Security Committee

Chairman

Corporate Security Team

Division Security Officer

Functional Security Rep.

Risk Management Organization and Roles in Far EasTone	Explanation of Authority and Responsibilities
Executive Management Team	This is Far EasTone's highest level of supervisory unit for corporate security policy.
Corporate Security Committee	This is the Company's security decision-making unit. The Committee is a permanent inter-division committee composed of Divisional Security Officers, Functional Security Representatives and Corporate Security.
Corporate Security Officer	Position held by a Vice President or higher appointed by the President, taking responsibility for promoting and supervising corporate security management.
Corporate Security Team	The managing unit toresponsible for convening the Corporate Security Committee, and also the coordination unit for Information Security Management System certification (ISO 27001 plus NCC ISO 27011 audit list).
Divisional Security Officer	The director or higher assigned by EVP from all divisions who is responsible for creating and maintaining security mechanisms of their corresponding divisions, as well as promulgating decisions rendered by the Corporate Security Committee or promoting key issues among employees.
Functional Security Representative	Relevant departments handling various security functions or management affairs assign one manager to hold this post, which is responsible for formulating daily processing principles, regulations, and operational procedures.

Security Affairs Management

Section	Responsible Unit	Explanation of Controls
Information Security	Corporate Security Team	1.Responsible for regular inspections and assessments of business risks and impact from technological changes on information security, as well as formulating relevant regulations and establishing appropriate control mechanisms to protect major information assets of the company and maintain comprehensive information security environments. 2.Establish information security management systems and maintain ISO 27001 certification plus NCC ISO 27011 audit list.
Human Resources Security	Human Resources Department	1.When recruiting employees, employee security responsibilities should be declared and recorded in employment contracts. Regular educational training will be held during job tenures to promote understanding of occupational safety. 2.All of Far EasTone's employees, suppliers, contractors, contracted personnel, and consultants should sign the "Confidentiality Agreement Letter" or other documents of equivalent legal effect.
Physical and Environmental Security	The Administrative Management Department under the Finance and Integrated Service Operation Department	1.To effectively engage in physical and environmental security management, the boundaries of Far EasTone's specialized areas should be divided into different area security clearance levels according to the equipment and activities in a given area and the confidentiality and importance of information. 2.Establishment of appropriately secure insulation infrastructure for major operational equipment, facilities, and information, as well as placement of security personnel, warning facilities, and personnel identification systems to prevent unauthorized access, disturbance, or damage.
Personal Data Protection	All Employees	1.Adoption of appropriate security measures according to laws and regulations, and formulation of security maintenance plans for personal data processing, and the procedures after termination of operations, in accordance with requirements from regulatory agencies. 2.Regular educational training to enhance employee understanding of usage principles for gathering, processing, and application of personal data, as well as raising awareness of fines and criminal / civil liabilities from violations.

Innovative Service

▶ Far EasTone's "SMart" contains 3,000 mobile software application programs, 70% of which are pay-for-use software, and 30% of which are free software. Software stores have recorded over 3 million downloads of Far EasTone's software. In November 2010, Far EasTone became the top ranked brand store after registering as an MM store-in-store in China Mobile Market Apps Store.

▶ The "bella" App developed jointly by Far EasTone and Cite Media Holding Group won the "Best Value-Added Service Award" at the 5th digital publications golden tripod awards held by the Government Information Office. We have successfully combined contents and mobile devices, made reading experiences more interactive and enjoyable, and created a new milestone for interdisciplinary cooperation on cultural innovation and lifestyle technologies.

▶ FET e-Book Town entered a strategic alliance with China Mobile's reading site to introduce Taiwan's digital publications to the mainland Chinese market. Omusic and the FET Video Store will also be introduced to the Chinese market. At the same time, we are expanding our global market share through our strategic alliance with Vodafone, facilitated through the Conexus alliance.

▶ Far EasTone introduced eight major intelligent services, integrating and applying cloud and M2M technologies to the eight major fields of medical, transportation, environmental control, management, office, service, operation, and campus-related industries, assisting corporations with creating comprehensive information and communications capabilities with the aim of achieving the goal of energy conservation through increased efficiency.

Mobile telecommunications have a significant impact on the people's life, work and communication. They make people's lives more convenient, and drive economic development at the same time.

Although mobile telecommunications bring convenience to people, they also result changes in the change of people's lifestyle. In addition to compliance with marketing regulations while providing products and services, Far EasTone is guided by the spirit of transparency with respect to marketing and advertising information that concerns consumers and commits to developing innovative products in order to provide quality services.

Far EasTone's Four Major Applications

Looking to the future, as technologies such as the Internet, smart mobile devices, and cloud computation gain prominence, many global industries will transcend upstream and downstream industrial supply chain models and emerge as multilateral "service-based application ecosystems." In the future, many new business models will be created through application systems and services.

In order to continue developing new blue waters and provide new services with creative thinking, Far EasTone is expanding into non-audiovisual markets and growing its digital content services and its share of global Chinese markets with four major services, "FET SMart," "FET e-Book Town," "Omusic," and "FET e-Video Store". Currently, we are actively adding gaming-related content. In the future, we will further add all value-added services onto a value-adding platform to facilitate more convenient value adding.

遠傳S市集　　遠傳e書城　　Omusic　　遠傳影城

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FET SMart

Far EasTone introduced the SMart in 2009 due to the surge in smart phones and relevant application software, which is attracting similar initiatives from Chinese, Hong Kong, American, Korean, and Japanese App developers. Far EasTone is a leader in the Taiwanese market in terms of total App numbers and categories.

Since November 2010, FET S Mart has been registered as a store-instore in China Mobile's Mobile Market, becoming a leader among Taiwan's App developers through international cooperation and advancement into China's mobile applications content. We are actively deploying into cross-Strait and global App markets to demonstrate our commitment to becoming an outstanding Chinese App benchmark.

Recognizing large consumer market opportunities in China, Far EasTone is actively expanding consumer and corporate customer markets in China, providing Taiwanese and Chinese market users with identical service content. At the same time, Far EasTone is also assisting Taiwanese partners in entering the Chinese wireless market. In addition to providing Taiwanese App industries with greater development potential, we also hope, through opportunities for continuous exchange with developers, that the soft power of Taiwan's application programs can achieve a worldwide foothold.

Furthermore, at the end of each year, a Star App awards ceremony is held for FET S Mart Apps. In addition to inviting knowledgeable experts from industry, government, academic, and research communities to jointly support the development of mobile communications content and encourage more developers to invest in creating more innovative Apps, we further hope to take the lead in the development of Taiwan's App industrial chain, establish a standard in Chinese Apps and consolidate Taiwan's position in Asia's cultural innovation industries.

FET e-Book Town

Due to changes in consumer reading and usage habits, global publication industries are also facing revolutionary changes and rapidly moving towards digitization. To capitalize on the rise of electronic reading, we introduced "FET e-Book Town" in July 2010, officially expanding into the electronic bookstore market. Furthermore, in order to conform to consumer habits and trend towards using multiple platforms, FET e-Book Town is supporting multiple operating systems, enabling simultaneous usage on personal computers, laptops, and flat screen computers, thus changing the previous single platform usage model associated with electronic books.

In order to broadly provide positive usage experiences for consumers, all telecommunications company consumers can use the functions of FET e-Book Town. In addition to retail and subscriptions, Far EasTone has further created a unique renting function for books. FET e-Book Town has created new cultural innovation concepts through innovative and mobile technologies. In addition to adding over 16,000 books to our catalog in Taiwan and accumulating over 2.5 million downloads, FET e-Book Town has also selected a series of literary works that will be successively added to the catalogs of China Mobile's reading sites, with the objective of advancing into larger Chinese markets.

In April 2011, Far EasTone and Taiwan's largest publishing group – Cite Media Holding Group – jointly announced partnerships for all-encompassing and in-depth cultural innovation. Cite Media Holding Group's abundant content and Internet industry capabilities were fused with Far EasTone's digital development innovation experiences and capabilities to jointly produce the "bella" App, a digital version of the fashion magazine "Bella." An interactive reading experience exceeding traditional electronic books was created through a humanized touch base interactive mode, an abundance of dynamic picture interfaces, and entirely new concepts that exceed traditional paper publications. Furthermore, through professional technologies and innovative capabilities in value-added services, we won the "Best Value-Added Service Award" at the 5th digital publications golden tripod awards held by the Government Information Office of the Executive Yuan, writing a new chapter in interdisciplinary cooperation for cultural innovation and lifestyle technologies.

Omusic Digital Music Platform

To promote digital music platforms, Far EasTone surpassed traditional cooperative models between the telecommunications and music industries, and officially initiated the "Omusic Online Music Store" forged with nine major Taiwanese record label companies in February 2011. The Omusic online store features "one stop service," "digital single mode," "portable cloud playlist," "instant installation-free use," and "platform independent."

Music services occupy a large proportion of Far EasTone's value-added service revenue. The Omusic digital music store had become another major highly regarded milestone in the non-voice market following Far EasTone's "SMart" and "e-Book Town." In the future, we will invest more resources in relevant services and promotions for Omusic, and we will also expand this new digital contents service into all major global Chinese music markets.

FET Video Store

Due to user video viewing habits moving towards "exclusive, immediate, and quick", as well as cloud application becoming mainstream, Far EasTone has specifically engaged in in-depth cooperation with CatchPlay, a leading film distributer Taiwan. With a potential greater than the sum of its parts, we have introduced the "FET Video Store" service, allowing consumers to enjoy the pleasures of film viewing anywhere, anytime, and with high mobility. Various devices can be used to log online, which allows for comprehensive enjoyment of various audiovisual services.

Case

Case Study: SMart, an Innovative Application for Mobile Services

Far EasTone is actively developing innovative applications for mobile services, and is devoting particular focus towards educational training and assistance for domestic software developers in the Chinese software application markets of App stores. Since beginning operation, FET SMart has trained almost 600 developers in the past two years. Developers are educated in the understanding of consumer application behaviors and future mobile application development trends through monthly developer meetings, semiannual conferences between large international developers, and the annual Hall of Fame to recognize outstanding Apps. We hope that developers can capitalize on the systematic training provided by Far EasTone, apply their development capabilities internationally, and actively develop overseas markets to bring outstanding Chinese application software to the international stage.

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FET Star App Award

In order to encourage developers to continue creating outstanding Apps and deeply cultivate the soft power of Taiwan's digital cultural innovation, FET S Mart had a long term development orientation since its founding in 2010. The annual "FET Star App Award" is held annually to reward outstanding achievers.

As opposed to normal App competitions, the "FET Star App Award" not only assesses the overall performance of Apps in its awards planning, it further focuses on appreciation and recognition for the design teams of the various aspects of Apps (such as UI designs, procedural planning, sound effect designs, etc.). We hope that this philosophy will help improve the professional standards of the App industry, and assist relevant micro-development teams with creating App products of higher quality.

Advancing with the times, the themes of the "FET Star App Award" have also shifted from awarding and promoting upgrades in Taiwan's App industries in 2010 to the objective of connecting the overall App industry in 2011. Consumers are invited to participate in order to propel the App industry from upstream and downstream sectors to the end user, and bringing further consolidation to the industry. We hope that this type of large event can upgrade Taiwan's app industry from outsourcing roles to professional production, and promote growth for independently owned brands in the future.

	Participating APP Numbers	Awards	Total Monetary Awards
2010	113	10	1,600,000
2011	**162**	**15**	**2,000,000**

In terms of creating business opportunities, the FET S Mart has successfully led 40 domestic software developers to release 400 software programs into China Mobile's Mobile Market software market since November 2010, so that China Mobile's clients can use their cell phones to download software developed in Taiwan, thus successfully expanding the market overseas.

Far EasTone has also worked Taiwan's the Institute for Information Industry to train innovation teams for web 2.0, focusing on selecting high quality teams from Internet application contractors and mobile application software developers to provide consultation for IDC cabinet, bandwidth, and service. In the past two years, 20 high quality teams have been trained.

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2010 Events

2010.4   **SMart Developer Conference** – closing the distance between SMart and developers, and understanding developer needs with regular exchanges.

2010.8   **Campus App Contest** – encouraging and developing personnel with App development potential, and providing substantive rewards.

2010.8   **SMart Innovation Seminar** – an "innovation seminar" held for developers. By inviting speakers from various industries with different creative philosophy perspectives, they can inspire more creative thinking by S Market developers with the aim of creating more abundant and practical App benchmarks.

2010   **2010 Golden Penguin Contest** – focusing on innovative application software or services for mobile devices and discovering good Apps from Taiwan.

2010.10   **Sponsorship of the Mobile Hero of the Ministry of Economic Affairs** – MOBILE UI sectors were used as the theme of this information engineering personnel exchange. In addition, two outstanding teams were sponsored in November 2009 to attend the outstanding Apps exhibit of the Conexus telecommunications alliance, bringing Taiwanese developers to the international stage for the first time.

2010.11   **Cooperation for Store-in- Store with China Mobile** — bringing Taiwan's outstanding software developers into the software market of China's largest carrier, China Mobile, and allowing Chinese people to download outstanding software developed by Taiwan.

2010.11   **Yuan Ze University and Far Eastern Group engage in industry-academic cooperation on preliminary corporate research and development project plans**

2010   **National Taiwan University Information Engineering App Development Achievements Exhibit** – students engaged in team-based creation while Far EasTone sponsored the awards.

2010.12   **FET Star App Award** – Android App competition held by the S Market,presenting 10 major awards chosen by experts, including the best games and innovations, and giving a total of NT$ 1.6 million in prize money to outstanding developers.

2010   **First Ever Cross-Cross Strait Android Apps Design Contest** – S Market led developers to participate in this contest in China, with 3 applications winning the silver prize and the judges' prize. Judges' prizes for application programs: "i84 Taipei Bus" and "Mobile Backup App." Gaming silver prize: "Extreme Luxury Mahjong."

2011 Events

2011.6   **GeoSMS** – Promotion of the Open GEOSMS SDK proposed by the Industrial Technology Training Institute through the S Market platform.

2011.9   **Taiwan User Experience Design Summit** – held jointly with UiGathering, which promoted the importance of user experience designs.

2011   **App Industry Sharing Conference of the Information Service Industry Association** – analysis of App Stores and App industry trends.

2011   **Golden Penguin Contest** – adding popular information products and application software through competition.

2011   **App Star** – acceleration of ticketed market application software and increasing added value of hardware and platforms.

2011   **National Taiwan University Information Engineering Exhibit for Mobile Platform Interface Design + Cloud Program Design** – National Taiwan University's achievements exhibit at the end of the Android information engineering course, in which students engaged in team-based innovation, and Far EasTone sponsored the prizes.

2011.7   **Yuan Ze Science Camp** – Far EasTone was responsible for providing speakers and support cell phones for senior high school students, allowing students to experience the joy of the Android OS.

2011.12   **FET Star App Award** – annual Android App competition, in which consumers selected Apps with the best themes. Total awards were raised to NT$ 2 million, while 6 other award categories were added.

Eight Intelligent Cloud Services

According to MIC research from the Institute for Information Industry, Taiwan's cloud service market grew to NT$ 5 billion last year, and is expected to grow to NT$ 10.3 billion in 2013. In view of the vigorous development of cloud markets, when cloud services change consumer habits in the future, greater commercial opportunities in the market will be realized.

Therefore, Far EasTone is fully committed to expanding deployments for cloud computation services and introducing innovative cloud services with high added value. Eight major intelligent public cloud platforms were created to focus on the mobile application service needs of corporate clients, not only integrating the capabilities of industry supply chains for corporations, but also simultaneously harnessing software, hardware platform, and technical advantages, thus assisting clients with increasing corporate productivity and competitive advantages.

Far EasTone's eight major intelligent public cloud platforms integrate cloud and physical tracking technology applications into the medical, transportation, environmental control management, office, service, operations, and campus sectors, providing corporations with customized comprehensive information and communication services.

Medical Cloud

Taiwan is becoming an aging society with a growing population of people with chronic illnesses. To address this phenomenon, Far EasTone introduced the first medical cloud service by using ICT information and communication technologies to assist hospitals and patients with long term records and the management of health conditions. Far EasTone's "Health Cloud Management" primarily invited participation from Taipei Medical University Hospital, Far Eastern Memorial Hospital, Changhua Christian Hospital, Kaohsiung Medical University Chung-Ho Memorial Hospital, and Mennonite Christian Hospital in northern, central, southern, and eastern Taiwan.

This service allows diabetic patients to use blood sugar testing machines and transmit blood sugar testing data to Far EasTone's data centers through GPRS or 3G networks. Not only can patients be tracked instantly, the data can also be sent to the Health Information System (HIS) of the five participating hospitals, where doctors can track each patient's condition. Whenever blood sugar levels are observed to be rising, patients can be contacted by telephone to remedy the situation.

Far EasTone's "Health Cloud Management" is only the first step in long distance medical care for diabetic patients. In the future, we will also explore appropriate testing instruments to provide similar long distance care services for other chronic illness patients using mobile communication and physical tracking network connection technologies.

Transportation Cloud

Transportation is a vital element for many Taiwanese corporations, especially control over logistics. Effective cost management and control are frequently major priorities that corporations need to address, such as whether transportation vehicles have executed their tasks normally, whether vehicles are driven safely, whether vehicles have incurred speeding violations, or whether overall vehicle fuel consumptions have increased due to taking longer routes, etc.

Therefore, after implementing the medical cloud, Far EasTone also introduced the "transportation cloud" service to meet for corporate needs. Through core advantages in communications and sharing resources, technologies, and cooperation experiences with existing upstream and downstream partners, we have introduced the "Fleet Management Platform" that integrates vehicular, networking, and cloud management platforms to assist corporations with controlling costs.

Corporations can apply for cloud management systems to instantly track any vehicle with GPS functions by having vehicles report their locations through GPRS, and thus facilitate dispatch and scheduling of company vehicles.

Campus Cloud

Facing FMC trends of integration between digital information flow and mobile and fixed networks, Far EasTone introduced the first intelligent multifaceted network system that integrates mobile phones, 3.5G wireless networks, NGN fixed networks, and emerging communications technologies, resulting in the "campus cloud" portion of the eight intelligent services. In addition to providing multifaceted network systems, we have also created cloud functions for long distance education in school campuses by combining smart phones with Near Field Communication (NFC), thus creating mobile action plans in cloud campuses and becoming a telecommunications company that is leading the way in campus clouds.

The digital campus cloud project is separated into the integration of fixed mobile networks, NFC transmission, and mobile learning stages. Far EasTone is working with Chinese Culture University so that, in the future, whenever instructors and students of the university converse on campus, they will only need to dial a simple code to initiate contact through cell phones or even office phones. Furthermore, Far EasTone is incorporating emerging NFC trends, the no-contact IC smart card personal identification system developed by Chinese Culture University, and privately owned cloud system information to integrate various smart functions into cell phones with NFC functions. In the future, one single cell phone will allow for a broad range of communication through Far EasTone's intelligent campus mechanism.

Future cloud trends will also promote electronic backpacks and mobile learning. During this partnership with Chinese Cultural University, Far EasTone provided foundational cloud infrastructures and cloud platforms to create a private educational cloud for Chinese Culture University and introduce virtual classrooms by incorporating the long distance educational application service developed by the university.

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▶ Continuous implementation of Service Certification since 2006 and winning five consecutive Qualicert service certifications from the internationally renowned Swiss company SGS.

▶ Providing the most comprehensive educational training in the industry, including 80 hours of training classes for new employees, ranging from new hires to select special service personnel, as well as large scale foundation and advanced service training each year. Consumer evaluations on retail location services are also used as criteria for incentive rewards and disciplinary action for operations units to ensure service quality.

Industry Leading and Dedicated Service

▶ 1. 10-Minute Service Promise: Far EasTone pays compensation of NT$ 1 for every minute that a customer has to wait in excess of 10 minutes for service.
2. Retail Location Appointment Service: specialized services requiring more time can be processed in one phone call without waiting on the phone or in line.
3. Platinum members can enjoy maintenance and delivery services at locations of their choosing.
4. Automated fee paying machine services were introduced at stores to eliminate the inconvenience of waiting at the counter.

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Far EasTone's primary products are multifaceted telecommunications services. Over the years, we have always been committed to customer service quality and satisfaction. We achieve our promise of "Innovative and Heartfelt Service" through effective training and providing good customer service at stores. At the same time, Far EasTone abides by relevant legal requirements in advertisements and sales, strictly controlling sales and advertisement information. During reporting year, we have not been involved in any lawsuits of anti-competition or monopolistic activities.

As telecommunications industry is different from the manufacturing industry, Far EasTone did not monitor our direct impacts on the environment. In the future, we will provide green products through partnerships with suppliers, and reduce energy, paper, and packaging usage during service processes, jointly reducing impact on the environment with our customers.

Service Certification

We have maintained internalization of service as our highest principle. We continue to be committed to improving the quality of telecommunications services. To ensure that we maintain certain levels of service quality, Far EasTone continues to introduce SGS Qualicert service certification. Since 2006, we have continued to introduce the service certification system, while winning five consecutive Qualicert service certifications endorsed by the internationally renowned Swiss company SGS.

The SGS Qualicert certification covers all first line service personnel, including flagship stores across Taiwan, directly operated and franchised stores, and all major maintenance centers and customer centers in northern, central, and southern Taiwan, allowing clients to enjoy comprehensive and outstanding telecommunications services.
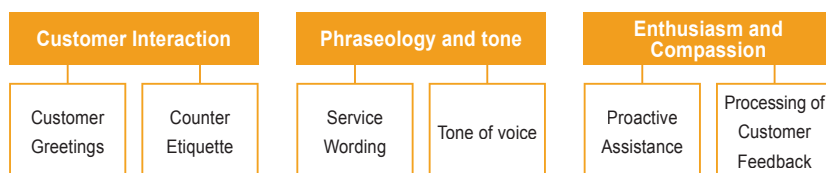
Establishment of Continuous Improvement Mechanisms

To provide consumers with satisfactory and dedicated service, we have utilized internal auditing mechanisms and customer satisfaction telephone surveys for a long time. In addition, we employ outsourced secret shopper investigations combined with continuous service improvement overseen by all levels of management, allowing our customer service performance to continue winning consumer appreciation.

In 2011, we have fully introduced the "DVR Remote System." By using remote audiovisual equipment, we can instantaneously observe and record front line retail location personnel interacting with customers during service, and use systematic mechanisms to improve service quality.

In addition to general customer hotlines, Far EasTone has added the "In-Store Service Hotline," which is unprecedented in the industry. The hotline enables instant delivery of service performance information at stores to all regional managers. If consumers have any service complaints, they can use this hotline to directly inform the regional manager, who will instantly resolve any service difficulties for them.

Service Assistance Priorities

Customer Interaction		Phraseology and tone		Enthusiasm and Compassion	
Customer Greetings	Counter Etiquette	Service Wording	Tone of voice	Proactive Assistance	Processing of Customer Feedback

Cloud Audiovisual Service Assistance

Execution Method
- Instances of service are sampled and listened to monthly, and results are recorded in the "Service Quality Assessment Form".
- Each retail location's performance is accounted for through incentives or disciplinary actions from service quality management.

FAR EASTONE
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Dear Far EasTone Customer:
Thank you for providing feedback on the service attitude of this retail location. We will dial the retail location service feedback hotline, and you will be served by a regional supervisor. Thank you!
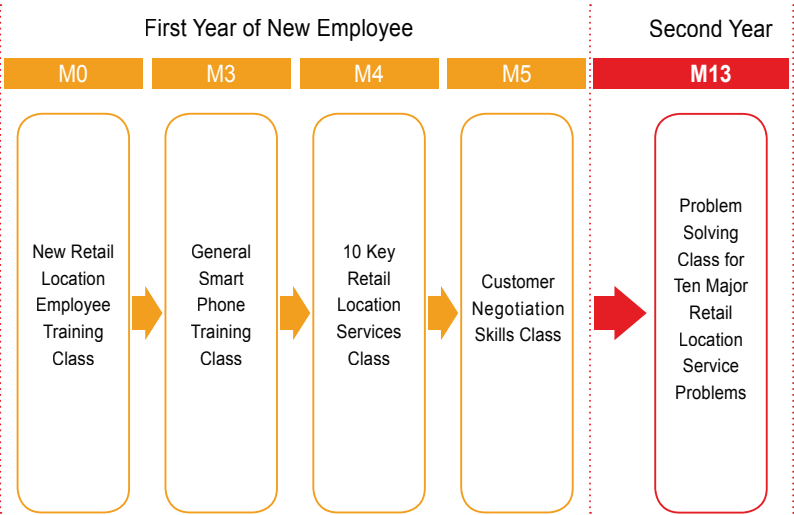
Retail Service Feedback Hotline
0936-888-888

Service time: AM10:00~PM10:00. All other times please dial 888 on mobile phones or dial 0800-058-885 on land lines
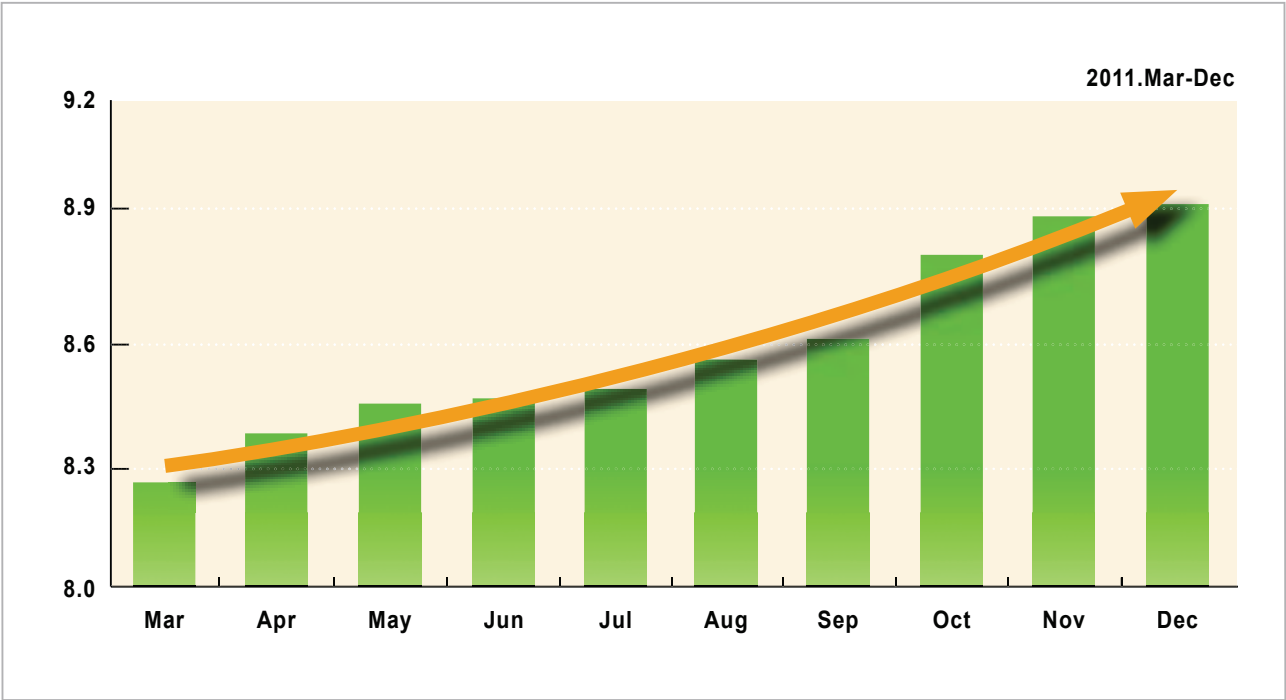
Recruitment and Training

To provide consumers with better service quality and provide more employment opportunities, we expanded hiring of retail location personnel in 2010. We provide at least 80 hours of new employee training classes for every new employee, from new hires through the selection process. In addition, we hold large scale foundation and advanced service training each year, which is amongst of the most comprehensive service training in the industry.

Schedule of Annual Service Training Plan

First Year of New Employee				Second Year
M0	M3	M4	M5	M13
New Retail Location Employee Training Class	General Smart Phone Training Class	10 Key Retail Location Services Class	Customer Negotiation Skills Class	Problem Solving Class for Ten Major Retail Location Service Problems

Customer Service Satisfaction Surveys for Stores

In addition to regular in-depth service investigations, Far EasTone also samples all customers who visited a Far EasTone retail location the day after their visits to conduct satisfaction surveys over the phone as part of broad-based investigations. Consumer evaluations on various services for stores are then used as performance indicators of operations units. This type of service quality operation and management that combines depth and breadth has won critical acclaim from consumers realizing Far EasTone's commitments to improving service satisfaction levels. In 2009, we won 1st place in the telecommunications industry service section of the 7th "Service Industry General Survey" held by Global Views magazine.

2011.Mar-Dec

A bar chart showing satisfaction scores from Mar to Dec 2011, rising from approximately 8.27 in Mar to 8.91 in Dec, with y-axis ranging from 8.0 to 9.2.

During our customer satisfactions surveys for stores conducted in the first half of 2011, we discovered that the retail location service item of greatest concern to mobile phone users was "service efficiency." Therefore, we immediately introduced various dedicated and innovative services to provide consumers with innovative services focused on improving "service efficiency" different from those offered by other telecommunications providers.

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Introduction of Dedicated and Innovative Services

Far EasTone adheres to a commitment to service and perpetual consideration for customers. In 2011, Far EasTone introduced four major dedicated services to address the three main themes of "rapid fee payment" and "cloud appointment" services for stores, and "home delivery" for maintenance services. We maintain our spirit of heartfelt service to improve service efficiency in Far EasTone stores to comprehensively increasing customer service quality.

1. 10-Minute Service Promise

Far EasTone pays compensation of NT$ 1 for every minute that a customer has to wait in excess of 10 minutes for service, paid out as direct deductions from the next bill.

2. Retail Location Appointment Service

specialized services requiring more time can be processed in one phone call without waiting on the phone or in line.

3. Home Delivery for Platinum Members

any of Far EasTone's platinum members can request maintenance from Far EasTone's customer service line, where Far EasTone will send logistics professionals to deliver maintenance parts to and from chosen locations to save travel and on-site waiting time for clients.

4. Automated Fee Paying Machine Services at Stores

Far EasTone leads the industry to deploy self-payment machines across Taiwan, which facilitate rapid completion of fee paying through instant system connections, eliminate the inconvenience of waiting at the counter.

Active Participation in Community Events

Community Volunteer Cleaning Event - Luzhu Renai Franchise Store

Based on the spirit of contribution of "anything taken from society is to be used for society," Far EasTone's stores conduct irregular community cleaning events. For example, Bade City's famous Yangming Park is a good place for Bade citizens to gather for activities. However, it was filled with garbage-infested corners, scattered cigarette butts, bottles and cans that act as breeding grounds for insects, and the walls covered with small advertisements, which was a very disappointing situation. Through the joint efforts of retail location employees, a clean and organized park appearance was restored. Local residents also took out their brooms to join in the cleaning. Seeing neighbors working together for the good of the community environment inspired a sense of meaning and accomplishment.

Personal Charity Action - Bade Gengliaojiao Franchise Store

Holding out your hand, rolling up your sleeve, and getting poked by a needle will hurt and blood will flow. However, this blood will not be wasted because, not only does this action promote metabolism and is healthy for the body, but more importantly, this small action can save the lives of injured patients. I have always believed that those who give are more fortunate than those who receive, and have followed this principle as I participated in blood donation events. I convert temporary pain into happiness gained from helping others. Charity can really help save lives.

Small things Deliver Warmth - Fengshan Zhongshanxi Franchise Store

Through this activity, we had the opportunity to visit the "Southern Region Children's Home of the Ministry of the Interior." The counselors' explanations allowed us to understand that the children here, ranging from one year old to middle school graduates, have all been placed here due to family issues. Large amounts of resources are required to fulfill the needs of these children. The counselors recommend that, if similar activities are held in the future, we can first call to inquire what materials are lacking so we can maximize the value of our compassion.

Daily Receipt Collections - Xizhe Zhongxiao Franchise Store

Every day at work, I buy things from convenience stores with my coworkers. We put all of our receipts into a receipt box and mail winning receipts to a foundation to help disadvantaged groups in society. I have often thought that it is very fortunate that I can work and make my own living. Therefore, I feel I must take some small actions to do some meaningful things.

World Vision-30 Hour Famine - Taichung Dadun Special Franchise Store

When leading an affluent lifestyle, we need only save the cost of a beverage to help hungry people eat and stay warm. With greater power, greater commitment, and greater compassion, we can help more people in need of assistance.

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Environmental Actions of Stores

Recycling of Obsolete Cell Phones and Batteries

Far EasTone had always been active in environmental conservation activities. All directly owned and franchised stores operated by Far EasTone across Taiwan have unwanted product recycling bins in place. After two years of continuous recycling promotion and awareness, the effects of the program continue to grow.

Recycling Results Statistics of Unwanted Cell Phones and Parts(primarily battery chargers)

Time	Volume Recycled		
	Cell Phones	Parts	Total
20091H	151	158	309
20092H	81	87	168
20101H	465	293	758
20102H	673	384	1057
20111H	2,070	2,500	4,570
20112H	435	487	922
Total	**3,875**	**3,909**	**7,784**

Data Source: "Obsolete Mobile Communications Product Recycling Network" from the Executive Yuan's Environmental Protection Administration

Energy Efficient Designs for Stores

To implement environmental and energy conservation activities and lower the depletion of environmental resources due to corporate operations, Far EasTone's new generation of stores formats will all employ the following energy efficiency equipment: T5 lightening, inverter air conditioner, LED emergency exit lighting, and other energy efficient equipment.

Customer Service

► **Key Customer Service Indicator Information**

	2008	2009	2010	**2011**
► Customer Satisfaction Level	86.4%	87.9%	88.5%	**90.7%**
► Service Level	76%	66%	74%	**83%**
► One Call Resolution Rate	87.8%	88.2%	91.0%	**91.4%**

Note:

1. "Customer satisfaction level" refers to customer evaluation of service, where average satisfaction levels surpass "satisfied" or "service attitude," "processing capabilities," "problem resolution," "call waiting," "and "overall service quality."

2. "Service Level" refers to services undertaken within 20 seconds of connecting to the customer.

3. "One call resolution rate" refers to provide to customer service through "only one call."

Far EasTone maintains its vision of "FET Connects and Enriches Life" and is committed to providing clients with high quality and diverse services in order to create convenient and colorful mobile lifestyles.

To monitor customer usage experience and opinions, we conduct regular survey projects and continue to track satisfaction levels for various products and services. We base future business strategies and improvements on input from every customer, with the objective of providing consumers with appropriate and satisfactory services and improving user experience and satisfaction levels for customers.

We have fulfilled all legal compliance requirements, and did not violate any product and service-related health and safety regulations. In addition, we did not violate any relevant legislations, standards, and voluntary agreements regarding sales and promotional activities.

Customer Satisfaction Levels

In order to satisfy different service needs for every user, Far EasTone established a 24-hour customer service mechanism, where customers can use phone or email to reach services and voice their opinions.

Furthermore, to understand customer satisfaction levels, service trends, and the service quality for various services, we have instituted customer satisfaction surveys since 2003. In 2008, we further invested in establishing automated systems for IVR and auto dialers to enhance customer satisfaction surveys. Consumers can engage in assessments through phone or email, which may range from acclamation of outstanding service, recommendations of improvements, service, etc., allowing for instant and objective delivery of service quality feedback, which will help us continue increasing service standards.

Internal Satisfaction Surveys

(1) **Customer satisfaction surveys through Interactive Voice Response (IVR):** when customer service personnel complete user services after log in, they may access the system to perform satisfaction surveys upon the user's consent.

(2) **Customer satisfaction surveys through auto dialer:** when customer service personnel complete telephone services for users after they call in, the system can randomly call the user to conduct satisfaction surveys.

(3) **Personnel visits:** when users articulate recommendations or negative feedback, personnel telephone interviews or external interviews will be conducted to record detailed information, which will be immediately reported back to responsible units to effect improvements and restoration of client relations.

External Client Satisfaction Surveys

Far EasTone contracts external market research companies every year to conduct satisfaction surveys to collect FET customers' feedback. Survey content includes satisfaction level regarding mobile connection quality, telephone customer service, in-store service, fee rates, billing, etc, in order to have in-depth understanding of various aspects of user satisfaction, which will act as references for internal improvements to increase overall telecommunications service quality.

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Survey Results and Subsequent Improvement Plans

1. **Telephone Customer Service:** the survey conducted between April and May 2011 indicated customer service personnel could often not immediately solve problems. Therefore, customer service departments specifically formulated the "One Call Resolution" improvement initiative to increase professional knowledge and training for front-line customer service personnel, with the aim of resolving customer problems in one phone call, reducing the inconvenience of customers having to call again.

2. **Store Service:** stores provide the most direct face-to-face service, resulting in the most timely and intense customer reactions. Therefore, we particularly focused on customer service experiences in stores. Waiting too long in stores is one of the main recurring customer observations. Therefore, operations departments focused on establishing fee payment counters at larger stores, so that users who are simply paying telecommunications bills can shorten their waiting times. Also, the "In-Store Service Hotline" was established to focus on the feedback of every customer.

3. **Billing:** telecommunications services cover a broad range of content. In order to present bill content succinctly and clearly, and meet customer needs, Far EasTone has gone through at least two revisions since 2010, including wording of service items, bill layout, etc., with hopes of enabling clear and understandable reading for customers, and reducing the inconvenience of additional inquiries to stores or customer service departments.

Customer satisfaction surveys not only allow us to understand the feedback from customers, they can also act as improvement objectives for Far EasTone. Furthermore, observing the positive encouragement and feedback from customers regarding Far EasTone's continuous innovations and improvements also serves as the driving force for our continuous growth in the future.

One Call Resolution

"Exceeding customers' expectations" is the service principle and objective for Far EasTone's customer service center. Currently, Far EasTone's customer service center's services cover telecommunications, data, and diverse broadband data services connecting northern, central, and southern Taiwan with IVR systems to create a "comprehensive integrated customer service center."

Far EasTone's customer service center insists on the spirit of One Call Resolution. Customer satisfaction surveys, mystery shopper telephone investigations, users who call repeatedly, and many other multifaceted data indicators are analyzed regularly. Optimal solutions from past service experiences are referenced to instantly adjust service structure, reduce service times and increase service satisfaction levels, and provide consumers with the best integrated service experience with heartfelt services as our business benchmarks.

One Call Resolution Flowchart
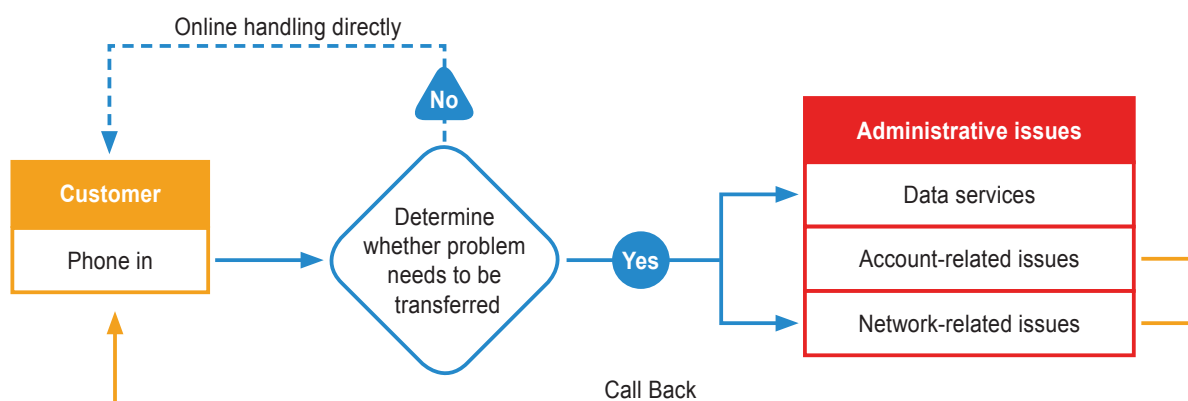
Privacy Protection

With the popularization of the internet and the increase of smart device usage rates, consumers can use telecommunications services and applications to handle various aspects of daily life, ranging from finance and purchases, to online community operation. The hidden risks produced by the convenience of telecommunications services result in threats to the security of personal information for users of telecommunications services. Therefore, convenience of service and protection of client privacy rights have always been significant issues for Far EasTone.

Far EasTone understands that protecting the personal information and privacy rights of customers is the company's rightful responsibility. In order to continue improving corporate management and the protection of personal information, we have adopted the following measures to create a reliable personal information protection and privacy environment.

Personal Information Management System

Far EasTone used the British BS 10012 Personal Information Management System (PIMS) standards and APEC privacy protection principles to establish a comprehensive personal information management framework.

Relevant procedures and activities for gathering, acquisition, processing, usage, delivery, access inquiries, and disposal of personal information, as called for by personal information life cycle analyses, include: privacy impact analyses, risk assessments, policy establishment, educational training for autonomous management, third party contract modification to enhance audits, introduction of improvement plans and tools, etc., in order to ensure that we possess competent management capabilities to fulfill our promise of long term protection for the personal information of clients.

Educational Training for Personal Information Protection

We provide relevant educational training focused on the "Personal Information Protection Act" promulgated by the government in 2010, so that employees responsible for managing client information from all departments understand relevant regulations of the "Personal Information Protection Act" beforehand and adopt early response measures.

In addition, to continuously remind employees of the importance of client information protection, we specifically designed an online education course in 2011 for the "Processing and Protection Regulations for Computer Processed Personal Information." The course focused on explaining to employees the regulations requirements, personal information types that all departments should be aware of (including sources, application boundaries, and methods), and the appropriate enhancement actions of the company (such as enhancements to originally established personal information systems, etc.). Furthermore, every employee needs to be tested after taking the course to demonstrate the achievement of the learning objective.

External Information Communication and Connection

In addition to education and training, we also invited experts from the Legal Affairs Department of the Executive Yuan's Ministry of Justice to deliver seminars on the "Personal Information Protection Act" in the company, so that employees can completely understand relevant legislations and their ramifications.

Far EasTone is committed to personal information management and privacy protection. We clearly disclose relevant privacy protection policies regarding online collection, applications, and the protection of personal and corporate information provided by users. Please refer to the website: **http://www.fetnet.net/cs/Satellite/FETnet/FnPrivacy**

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Instant Response to Customer Needs

At Far EasTone, we listen carefully to the customer's voice and advice. In order to facilitate instantaneous response to client input, Far EasTone's Business Support and Operations Management Department conduct customer needs analyses, restructures service procedures, optimizes system flow, and provides professional training for front line operations personnel before any new product, service, promotional event, or policy change becomes effective. We also adopt project management mechanisms to integrate various resources, control construction schedules, and gradually achieve service qualities befitting new businesses, while also continuously enhancing service promises.

Service and Operational Performance Management

We regularly inspect and review the service procedures and management priorities of various supporting departments to tie with internal and external environmental changes. We have also created various key performance indicators to measure operational performance in terms of "accuracy," "timeliness," and "completeness," Covering from SIM number resource management, logistic management, activation management, billing and payment management. We have become a comprehensive and highly efficient service provider continuously providing superior service and supports for internal and external clients.

Bill Format Revisions and SMS Billing Providing

In order to provide customers with more convenient user experiences, we are continuously improving billing services, which include:

1. Regular inspection and updates to billing layout and formats to present product pricing in a clear and understandable manner on billing statements after systematically categorization and organization. It is our hope that clients will be able to fully understand the charging items and content of their bills on the initial reading.

2. We have surpassed other telecommunications companies to become the first to introduce SMS billing services, a faster, simplifier, and more obtainable text message function to provide clients with an electronic (paper-free) billing option, which not only satisfies differentiated needs resulting from client usage habits, but also more proactively achievesenvironmental and energy efficiency objectives.

Our actions of committing to energy conservation and carbon reduction through innovative concepts have won support and appreciation from consumers. By the end of 2011, there were a total of 657,000 paper-free accounts, of which there were 177,000 electronic billing accounts and 480,000 SMS billing accounts.

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Reduction of Impact from Telecommunications Services

Telecommunications services bring many positive effects to society and lifestyles. Far EasTone's objective is to enable everyone to enjoy the benefits of telecommunications services and simultaneously increase corporate operational performance. However, before the emergence of telecommunications service mechanisms that can satisfy societal needs and create commercial opportunities, Far EasTone is adopting a defensive posture to minimize the negative impact of telecommunications services on society and stakeholders through self-controlled mechanisms.

Advertisement and Text Message Filtration

As commercial advertisement techniques become more competitive by the day, unwanted, text message advertisements have become rampant. We are as equally concerned as consumers who are harassed by these unwanted and unneeded text message advertisements. Therefore, Far EasTone has established Spam Keyword filters on large launching platforms for commercial text messages, as well as No Promotion SMS mechanisms to protect consumers freedoms from harassment by inappropriate text messages.

Far EasTone Antivirus Tool

As online mobility needs increase, information safety requirements have gradually expanded from traditional computer operations to various handheld operatingsystems. In mid-2010, many software applications for Android were confirmed as malware. Protection of personal information security and privacy becomes an urgent issue.

In response,, Far EasTone introduced the Far EasTone antivirus tool, providing seven major protective features and four major functions. In addition to firewalls and antivirus for cell phones, we further provided spyware detection, malware detection, software search and examination, remote locking of cell phones, and anti-fishing functions for cell phones, allowing one system to cover all antivirus functions, and thus empowering cell phones with full protection.

In the future, we will continue assisting research into the newest malicious virus programs for Android platforms, and carry out professional analysis to create the most comprehensive databases and provide consumers with complete protection when using their cell phones.

Strategic Alliance

▶ Continuous deployment of competent networks across all of Taiwan and acceleration of 3G network upgrades and Wimax network expansion to provide users with the most timely and appropriate needs. In addition to laying cross-strait undersea cables, we are also working with various international telecommunications companies to enhance international network connectivity.

▶ Conexus Mobile Alliance, an Asian telecommunications partnership of which Far EasTone is a member, initiated a partnership with Vodafone Group. This strategic alliance will allow Far EasTone's users to enjoy refined roaming services with over 600 million users in alignment around the world.

▶ Far EasTone is a founding member of Taiwan Telecommunication Industry Development Association (TTIDA), and has been giving long term advice to the government regarding consolidating telecommunications industry legislation and standards and industry environments.

Conexus Mobile Alliance, an Asian telecommunications partnership of which Far EasTone is a member, initiated a partnership with telecommunications giant Vodafone Group. Through the effects of the powerful partnership between Conexus and Vodafone, members participating in the bilateral partnership can provide comprehensive services to over 600 million partnership users around the world.

This cooperative will allow members participating in the partnership to utilize cooperative effects, allowing Far EasTone's users to enjoy refined roaming services with over 600 million partnership users, and helping us provide comprehensive international services.

About Conexus Mobile Alliance

Conexus Mobile Alliance was founded in April 2006, and is now one of the largest mobile alliances in the Asia region.

The founding purpose of the alliance was to develop and enhance international roaming and corporate mobile services, and provide consumers with high convenience usage. The alliance's mission was to capitalize on the GSM/GPRS, W-CDMA, or HSPA networks of its members to provide voice, video, and data roaming services, create virtual home environment at roaming for consumers, and thus enable consumers to experience distance-free and convenient cell phone-related services. By June 2011, this alliance contains over 321 million mobile phone clients. For more information, see **www.conexusmobile.com**

Interaction with Industry Associations

The healthy development of Taiwan's telecommunications industry is vital to the public interests and the future of telecommunications companies. Far EasTone not only participates in the Taiwan Telecommunication Industry Development Association (TIIDA), which continues to provide advice to government from a neutral third party perspective regarding issues such as consolidating legislation and standards for the telecommunications industry, we also rely on TTIDA to protect the rights of consumers and telecommunications companies and to resolve conflicts, while also actively participating in relevant actions from related work teams.

The establishment of mobile phone base stations need to meet the requirements of relevant telecommunications legislation, electromagnetic wave emissions, and also need to fulfill safety standards stipulated by the telecommunication regulatory agency, i.e. the National Communications Commission (NCC), and the Environmental Protection Administration.

To lower the public suspicion towards electromagnetic radiation, TTIDA has established the "base station work team" to assist the NCC in providing electromagnetic radiation measurement and educational hotline services to general public. In 2011, all telecommunications companies provided a total of 1,231 inquiry service for electromagnetic radiation, and received 582 requests from the public for electromagnetic testing services, of which 321 requests for electromagnetic radiation were processed by Far EasTone.

TTIDA also provides websites of related government agencies and phone numbers of free testing services to provide public reference and contacts.

If you want to learn more about electromagnetic radiation from base stations, please reference the following websites:

- www.ncc.gov.tw/ (National Communications Commission)
- ivy1.epa.gov.tw/nonionized_net/ (Non-ionized Radiation Network, Environmental Protection Administration, Executive Yuan)
- www.bhp.doh.gov.tw/BHPnet/Portal/(Bureau of Health Promotion, Department of Health, Executive Yuan)
- www.ym.edu.tw/birs/cbase/index.html (National Yang-Ming University)
- www.who.int/peh-emf/en/ (World Health Organization)
- transition.fcc.gov/oet/rfsafety/(US Federal Communication Commission)
- www.emfsite.org.tw/meter.php (Knowledge Service Website for Electromagnetic Waves in Base Platforms)
- www.ttida.org.tw/ (Taiwan Telecommunication Industry Development Association)

Hotline for Free Electromagnetic Radiation Tests: 0800-8763-888

Participation in Major Industry Associations

Association Name	Characteristics and Functions of Association	Secretarial (Chairman) or Supervisory (Supervisor) Positions
Taiwan Telecommunication Industry Development Association	Association founded by telecommunications companies. Externally, it represents the voice of the industry, and internally, it is a mediation platform to resolve conflicts between member companies, which are facilitated by various task forces executing their responsibilities in the association.	4 secretaries 1 supervisor
Taiwan Internet Association	Association formed by ISP companies, in which various committees are formed by the supervisory committee to execute tasks in the association.	2 secretaries
Taiwan Digital Publishing Forum	Domestic organization that promotes digital publications. Capabilities from industry, government, academic, and research communities are harnessed to promote concrete development in the digital publication industry and facilitate interdisciplinary cooperation between digital publication content and information and communication services.	1 general secretary
Taiwan Contact Center Development Association	Assists with the growth and improvements in the service quality and efficiency of Taiwan's customer service centers as its mission.	1 general secretary
Cloud Computing Association of Taiwan	A gathering of the most capable information and communication software and hardware companies and service operator companies in Taiwan to jointly develop cloud system platforms with highly integrated software and hardware, as well as promote three major types of cloud application services, including infrastructure (IaaS), platform (PaaS), and software (SaaS) cloud service models, shaping Taiwan as a new innovative base for cloud computation technologies.	1 secretary
Taiwan Network Information Center	Taiwan's corresponding internet organization to the Chinese network information center (CNNIC), Japanese network information center (JPNIC), and Korean network information center (KRNIC). It is founded on the spirit of neutrality and the joint sharing of internet resources to provide registration information, indexes and databases, and the promotional and other services.	1 chairman

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Participation in Public Telecommunications Policies

Formulation of a major public policy has a deep and broad range of ramifications. Telecommunications companies rely on TTIDA to focus on feedback for public policies related to telecommunications during discussions of proposals in legislative negotiations. If it is necessary to advise Legislative Yuan members or publicly elected officials, TTIDA's secretariat will lead telecommunications industry representatives to negotiate in person.

To provide outstanding service and fulfill relevant legal requirements, Far EasTone is jointly executing the following tasks to comply with the regulatory agency's (NCC) supervisory actions and telecommunications policies:

Fee Adjustment According to "Price Adjustment Coefficient of X"

In accordance with the NCC's "Announcement for Adjustment of X" from the "document No. 09940003500, January 29, 2010," we initiated the second annual 2G and 3G rate plan adjustment on April 1, 2011. Other than the originally stipulated adjustments, including communication fees for domestic text messages, cell phones dialing outside their networks, and mobile dialing land lines, Far EasTone is also actively providing fee offers for "free off-net minutes or land line conversations for monthly fees" for 2G and 3G users to free minutes allowance on mobile to mobile off-net calls & mobile to PSTN calls in postpaid service, in order to give back to society, which we hope will benefit consumers. After the aforementioned fee offer was enforced, the total adjustment ratio was 4.04~5.00% after the current year's changes in Consumer Price Index ($\triangle$CPI) are accounted for.

"Domestic Online Data Fee Limit" Adjustment and Consumer Provisions for "Free 7 Day Trial"

To improve service quality and ensure user rights, Far EasTone is lowering the maximum domestic online data service fees to NT$ 3,000. Also, to account for objective user observations and recognition of signal quality, we are providing consumers with "Free 7 Day Internet Trial" offers, which do not assess fees unless consumers are satisfied from their trial use.
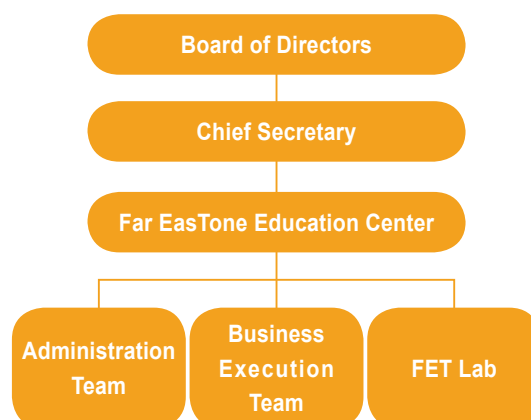
100% Peace of Mind for Prepaid Card Users

Far EasTone and Far Eastern International Bank have signed trust contracts and designated sales of prepaid phone cards and their associated payments as a trust asset of Far Eastern International Bank, to be managed, applied, and processed by that bank. The funds will be used for specific applications to ensure the rights of persons holding prepaid phone cards issued by Far EasTone.

Telecommunications & Intelligent Transportation Technology Development Foundation

In response to the emergence of the information and communication age, Far EasTone, Oriental Institute of Technology, and Yu Chang Technical and Vocational School jointly created the "Telecommunication and Transportation Foundation" in March 1999, and also the "Far EasTone Education Center," to provide the newest equipment and technologies, and incorporate industry work experience to develop professional communications staff and assist with the research and development of relevant technologies related to communication and information in Taiwan.

Foundation Organization

Board of Directors

Chief Secretary

Far EasTone Education Center

Administration Team

Business Execution Team

FET Lab

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FAR EASTONE
遠傳

EDUCATION CENTER
電訊教育中心

ttf
電訊暨智慧運輸
科技發展基金會

1. Founding Cost: NT$ 33,000,000
2. Regulatory Agency: Department of Posts and Telecommunications, Ministry of Transportation
3. Organizational Mission: To develop technologies related to communication, information, intelligent transportation technologies, etc.
4. Founding Date and Unit: In 1999, the organization was registered as the "Far EasTone Telecommunication Technology Development Foundation" with funding from Far EasTone, while the Far EasTone Education Center was also created.
5. In 2007, intelligent transportation development was added, which caused the organization to be renamed as the "Telecommunication and Transportation Foundation."

Operational Structure

Training	• Social welfare events – Telecommunication camps and educational materials for general communication knowledge • Digital learning – promotion and operation of digital learning and digital production of OJT classes • Physical educational training
Transportation (FETC)	• Support for industry projects – ETC seminars and training development
Communication (FET)	• Support for industry projects – LTE • Far EasTone in-class OJT classes and industry – academic educational cooperation • Research and testing support for FET Lab

The "Far EasTone Education Center" founded by "Far EasTone Telecommunication Technology Development Foundation" has been in close academic cooperation with related enterprises, Yuan Ze University and Oriental Institute of Technology, with the primary objective of achieving the following missions:

• Assist with the cultivation of telecommunication professionals in Taiwan.
• Provide customized telecommunication technology training.
• Establish self learning environments and promote diverse learning channels.
• Provide advanced, professional, and complete experimental networks.

Case

Long Distance Care Plans for Elderly Groups

Taiwan is becoming an aging society, and health care for seniors is becoming more important every day. In order to conserve medical costs and discover illnesses effectively and promptly, long distance home health monitoring and care services have been gradually promoted around the world, with the aim of recording illnesses that cannot be observed within short time spans and the signs of degrading bodily functions through daily, long term, and continuous home-based health monitoring.

Far EasTone and Yuan Ze University's Gerontechnology Research Center cooperated to establish simple demonstrative iPad / cell phone (Android) based versions of mobile long distance care systems as preliminary research for mobile long distance health care products. We hope to attempt to resolve the following difficulties and challenges through this project:
1. Wide disparities between operational costs and willingness to pay from users
2. Lack of user trust for long distance home care service agencies
3. Inability of current systems to address the diversity and locality needed for care
4. Inability of current information systems to flexibly work with the service processes of hospitals or long distance home health care service agencies

Case

Energy and Carbon Reduction and Intelligent Transportation Seminar

To promote applications in intelligent transportation and increase transportation efficiency to achieve energy and carbon reduction objectives, Far EasTone held energy and carbon reduction and intelligent transportation seminars, which explored the following topics:
1. Objectives and policies for energy and carbon reduction in transportation
2. Development conditions and future trends of intelligent transportation technologies
3. Relationship between intelligent transportation systems and energy and carbon reduction
4. Energy and carbon reduction benefits from the promotion of electronic fee billing systems
5. Promoting intelligent transportation in Taiwan in the future to achieve energy and carbon reduction objectives

Employees

- ▶ Enrolment in pre-job training and professional skill development training for all new employees for the entire year.

- ▶ Encouragement of effective positive dialogue with employees through Lantern Legend Project Management and harmonious labor-employer relations.

- ▶ Employees are eligible for biennale health inspections, which exceed legal requirements. We also work with government agencies and community medical agencies to conduct various health seminars and well-being promotion events.

- ▶ Introduction of the "Employee Assistance Program" (EAP), where every employee receives 6 free professional counseling sessions annually.

- ▶ Hiring of visually impaired massage therapists to alleviate work-related stress for employees, while also creating job opportunities for visually impaired individuals.

- ▶ Maintaining the "Health Promotion Accreditation of the Healthy Workplace - Self Certification" of the Executive Yuan's Department of Health and the Taipei City Government's "Outstanding Breastfeeding Room Certification of the Department of Health of Taipei City Government" since 2009.

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We understand that talented people would choose to grow in a positive environment. In order to provide a safe, healthy, and humanized workplace, Far EasTone starts from the heart. We have established a comprehensive and flexible manpower value system,and hope that through this system every employee can improve and fulfill both their career and personal goals. Far EasTone acts in accordance with the national labor laws. Not only do we prohibit child labor, we also restrict any form of forced labor. We will carry out a human rights review when expanding operational sites. We also continue to establish transparent dialogue channels to promote diverse thinking and innovative organizational culture and maintain employees' right to work. In the future, we will continue to improve workplace health, comfort, and safety, and encourage development of employee well-being through employee assistance plans.

As the telecommunications industry is rapidly changing,continuous employee growth learning is a key factor in Far EasTone's ability to maintain its competitive position. Therefore, Far EasTone plans for and implements relevant actions for personnel development in three major directions:

1. **Priority Personnel:** Training will be based on organizational operation direction, analyses of personnel distribution, need, and assessments of development opportunities, with the focus on the improvement of high potential personnel's leadership and adaptivity.

2. **Management Personnel:** Development of the management training blueprint is based on professional management development, in order to assist management personnel with harnessing quintessential knowledge and skills when leading their departments in daily operations. The training is separated into corresponding development of foundational management, middle management, and upper management.

3. **Professional Personnel:** Training is separated into two major parts. The first part is the professionalization of core capabilities. Managers will assist individual employees with setting their annual work objectives, and the same individuals will plan their personal training development plans with their direct supervisors. The second part is relevant skill development course for communications technologies, product introduction, services, etc.

Far EasTone provides leadership management, professionalism, foundational, and telecommunications technology courses focusing on the core the capabilities employees require. In addition, we provide "general work proficiencies" courses for new employees and suitable for all employees in general, as well as designing customized training plans for specific departmental needs.

Employee Hiring Process

When manpower additions arise, hiring managers from all departments may make manpower request applications. After the Human Resources Department has approved such applications, the job openings will be posted on the internal website of the e-Recruitment system. If no suitable candidates are not found within two weeks, external recruitment may be conducted upon permission from the President.

Far EasTone provides equal work opportunities with emphasis on gender equality, providing male and female employees with higher income than the minimum wage. After hiring, wage and promotion adjustments are all made according to personal capabilities and qualifications, and will not be restricted by age, race, skin color, gender, sexual orientation, etc.

Employee Training and Career Development

		Professional Employees	Entry Level Managers	Middle Managers	Upper Management
Organizational Core	Outstanding Leadership		Management Skills, Capability Training	Management and Leadership Skill Development	Personnel Development
	Human Interaction	Establish Trust, Expressive Communication, Teamwork			
	Focus on Results	Client Orientation, Problem Analysis and Decision Making, Project Management			
	Driving Change	Service, Innovation			
Functional Skill Training		● Various functionally required skill training ● On-the-job training			
Foundational Training		● Information on telecommunications development trends ● Legal and other related training ● Corporate culture and values ● New employee training			

Foundational Training

In order to enable new Far EasTone employees to rapidly understand the company's overall environment, we provide all new employees with relevant training courses,, including understanding of the company's vision, values, and upper management; work-related priorities such as security of personal information and other information, workplace safety, etc; and introduction to relevant information regarding internal systems at work, etc.

Professional Skill Development

Far EasTone's objective is to improve the organization's professional capabilities. We continue to provide the knowledge and skills required for work and enable employees to gradually increase their professional and technical capabilities through learning. We provide skill training that includes communication skills, problem analysis and solution skills, project management, telecommunications technologies, service skills, etc. Also, to encourage competent employees to advance their learning, we have introduced on-the-job advanced learning incentives, that see the company pay half of registration and tuition fees to encourage employees to study in domestic or international universities to enhance their knowledge and capabilities.

Leadership Training

Our training development blueprint is planned according to our framework for the leadership capabilities of basic level managers, middle managers, and upper management. We gradually improve the knowledge, aptitude, and capabilities of future leaders. We will objectively discover the leadership skills that managers need to develop the most from our annual leadership skill assessment results and this will be the direction of annual personal development needs when appropriate training projects are planned.

Regular Assessments and Career Development Reviews

We conduct regular employee performance evaluations, which assess an employee's career development potential in addition to acting as a reference for performance reviews. Annual business performance incentives for employees are based on the performance evaluations of the previous year. At the end of the year, all active employees will undergo annual performance evaluations. Personal annual development plans will be offered for high potential employees, who account for approximately 12% of total employees.

2011 Personal Development Plans	Female	Male	Total
Managerial Assistant	-	5	**5**
Manager or Assistant Manager	26	86	**112**
General Employees	153	301	**454**
Total	**179**	**392**	**571**

Average Training Hours

Gender	Female			Male			Total Average Training Hours
Training	Training Hours	Persons Trained	Average Training Hours	Training Hours	Persons Trained	Average Training Hours	
2009	55,960.7	1,972	28.4	32,392.8	1,762	18.4	23.7
2010	34,919.4	2,083	16.8	26,922.6	2,010	13.4	15.1
2011	**140,908**	**3,855**	**36.55**	**85,073.1**	**2,921**	**29.12**	**33.35**

Labor-Employer Relations

To improve bilateral labor-employer dialogue, we have humanized the nomenclature of "labor-employer negotiations" to reflect Far EasTone's values and culture. We have now renamed labor-employer negotiations as the "Lantern Legend Conference."

Far EasTone initiated the Lantern Legend Project in 2000 to shape corporate culture and beliefs, with an emphasis on being positive, proactive, and constructive. Labor-employer negotiations also uphold identical values. We encourage employees to use positive attitudes to face and resolve problems and take pride and responsibility in acting as lantern Legend representatives. Currently, the ratio of employee participation in labor-employer negotiations is 50/50.

The Vision of Far EasTone's "Lantern Legend Conference"

Maintain positive and effective dialogue, maintain harmonious labor-employer relationships, strive for continuous performance improvements, and create a better workplace.

Dialogue topics include labor-employer relationships, encouragement of labor-employer cooperation, labor conditions, labor benefits, improving work efficiency, etc. Conference themes include company finances, current business conditions, benefits, health, safety, etc.

Prevention of Sexual Harassment

In order to enable employees to work comfortably in a workplace with complete gender equality, Far EasTone initiated pan-Taiwan dialogue and seminar tours after the promulgation of the Act of Gender Equality in Employment. In addition, in response to the promulgation of the Sexual Harassment Prevention Act, we have held additional seminars in primary business locations across Taiwan, and established the "Sexual Harassment Complaint Processing Committee" and processing procedures for complaint cases, as legally required, which are part of our commitment to build a healthy, harassment-free, and discrimination-free workplace.

Under the enforced controls of relevant mechanisms, we did not observe any incidents related to gender discrimination, harassment, or infringement against employee rights in 2011.

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Anti-Bribery Measures

Far EasTone's "Ethical Behavioral Principles" and "Business Integrity Principles" have been passed by the Board of Directors, They require all managers, employees, and anyone with substantive control to avoid directly or indirectly providing, promising, demanding, or receiving any form of inappropriate benefit when performing their work, including kickbacks, commission, facilitation fees, or the provision or reception of inappropriate benefits from customers, agency contractors, project contractors, public servants, or other stakeholders through other methods.

Transparent Bilateral Dialogue Channels

To enhance the efficacy and results of dialogue with employees, we not only hold regular "Magic Lamp Conferences," we also provide diverse dialogue methods to interact with employees. In addition to the President hosting quarterly managerial Town Hall Meetings, she also eads upper management teams in engaging in strategic dialogue and consensus events for all supervisors ranked at manager level or above within the company.

Our monthly electronic publication "FET e-Newsletter" accepts voluntary submissions from employees relating their work experience, sharing knowledge and travel stories, etc. Far EasTone's internal electronic newspaper, "FET e-paper," which is published every Wednesday, assists each department with the announcement of relevant information, event introductions, news releases, job openings, and other topics. In addition, we use the electronic bulletin "FET express" to engage in dialogue with all employees regarding important information that needs to be released immediately.

Far EasTone also encourages innovative concepts and advice from employees, so that each department can improve. We established the "employee advice" section on the company's internal website to provide all employees with channels for brainstorming and directing advice.

Employee Dialogue Channel	Target Participants	Frequency
Annual Employee Conference	All employees can participate	Annual
Managerial Dialogue Conference	Supervisors ranked at manager or above	Quarterly
Labor-Employer Conference	Labor and employer representatives from all business groups	Quarterly
FET e-Newsletter Monthly Publication	All employees can send submissions	Monthly
e-paper	All employees can participate	Weekly
e-bulletin	All employees can participate	Irregular
Employee Advice Page	All employees can participate	Irregular
Employee Complaint Channel	All employees can participate	Irregular
Employee Satisfaction Survey	All employees can participate	Annual
Labor Benefit Committee Conference	Benefits committee members from each region	Bimonthly

Employee Opinion Surveys

Employees are Far EasTone's most vital assets. Employee satisfaction helps to increase and enhance the competitive strength of the company's services. In order to understand employee voices and thus assess the company results in implementing various benefits measures, we began commissioning Yuan Ze University's College of Management implement opinion surveys of Far EasTone's employees in 2009. Survey criteria include the workplace, work satisfaction, wage, compensation, benefits, etc.

This survey was changed to an annual undertaking starting in 2011. We also hold seminars to focus on opinion survey results for each business group, and each business group will also propose and execute improvement plans. In 2011, employee participation rates for online surveys reached 90.5%. 75.2% of all employee responses resulted in agreement or strong agreement with the survey's criteria.

Salary, Compensation, and Employee Benefits

In addition to providing competitive salaries and annual bonuses, we continue to introduce new human resources systems to inspire employees, including plans for compensation systems such as performance-based bonuses, administrative bonuses, special accomplishment rewards, etc. Employees not only enjoy labor insurance, health insurance, and retirement savings, we also provide employees with group insurance, self-paid group insurance for dependents, and health inspections for all employees, in order to enable employees to achieve balance between work and well-being. We have also established medical offices, employee service centers, EAP employee assistance centers, and employee cafeterias. We provide health, safety, and hygiene seminars, cell phone subsidies, and employee discount plans, including subsidies for free monthly conversation usage.

We have established the Far EasTone Employee Benefit Committee as legally required which appropriately plans for and provides employees with various benefit measures such as, New Year's bonuses, diverse community living, employee travel events, etc.

In 2011, we provided over NT$ 90 million in employee cell phone subsidies and other incentive payments. Cell phone billing subsidies totaled NT$ 68 million. Employee travel benefits also grew from NT$ 40 million in 2010 to over NT$ 57 million in 2011.

Benefits Category	Subsidies Paid (NT$)
Employee Cell Phone Subsidies and Other	90,471,648
Free Cell Phone Billing Benefits for Employees	68,843,073
Travel-Related Benefits for Employees	57,180,465
Employee Assistance Program	279,600

In terms of other benefits, Far EasTone is highly concerned with the work-family balance of employees. Any employee with children aged 3 years or under that must be cared for may apply for maternity leave, and management will provide all assistance options available. In 2010~2011, a total of 208 employees applied for maternity leave, and 76% of these employees returned to work. Far EasTone's diverse benefits policies help employees maintain their comprehensive feelings of well-being.

Retirement System

Far EasTone has formulated a retirement process for full time employees, based on the Labor Standards Act. Pension payments are calculated according to number of years served and the average salary of the last six months before retirement. Retirement funds equal to 2% of salary are paid each month to and managed by the Pension Fund Committee and funds are deposited into the Bank of Taiwan in that committee's name.

Far EasTone's employee pensions are all processed according to law. If employees choose the old system, relevant calculations and payments will be processed according to Article 56 of the Labor Standards Act. If employees choose the new system, their pension will be paid according to relevant regulations from the Labor Pension Act.

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Occupational Well-Being

We are dedicated to caring for employee health. Far EasTone employees not only qualify for biennale health inspections that exceed legal requirements, we also hold various unscheduled health seminars and health promotion events with the government and community hospitals to increase health knowledge among employees.

In addition to the physical health of employees, we are equally attentive to the mental health needs of employees. Therefore, we have introduced the widely popular "Employee Assistance Program (EAP)" to provide professional counseling services for employees with respect to such issues as family, children, marriage, interpersonal relationships, romantic relationships, job careers, stress, etc. Every employee is eligible to 6 counseling sessions annually, and relevant costs are paid for by the company.

In 2004, we undertook leadership in the industry by establishing a free massage section in the office, where 14 visually impaired massage therapists provide massage services. This measure allows for the alleviation of work-related stress, hopefully maintaining employee physical and mental health after their hard work, and, in addition, we help create job opportunities for visually impaired persons. Far EasTone's various measures that address employee well-being have received the "Health Promotion Accreditation of the Healthy Workplace - Self Certification" of the Executive Yuan's Department of Health and the Taipei City Government's "Outstanding Breastfeeding Room Certification of the Department of Health of Taipei City Government" since 2009.

Occupational Safety and Health

Far EasTone attached importance to work safety and health. We enhance the hazard response capabilities of employees by increasing employee awareness of risks through hazard awareness. We actively cooperate with legislation and regulatory agency requirements and hold relevant disaster prevention activities to enable all employees to participate in the prevention of occupational disasters and help in creating a hazard-free workplace.

Disaster Response and Training Promotion

To enhance the response capabilities of employee during disasters protect employee safety and recover assets and equipment in a timely manner, Far EasTone has established an interdepartmental emergency disaster response center, which conducts regular annual scenario simulation exercises that focus on relevant occupational disasters.
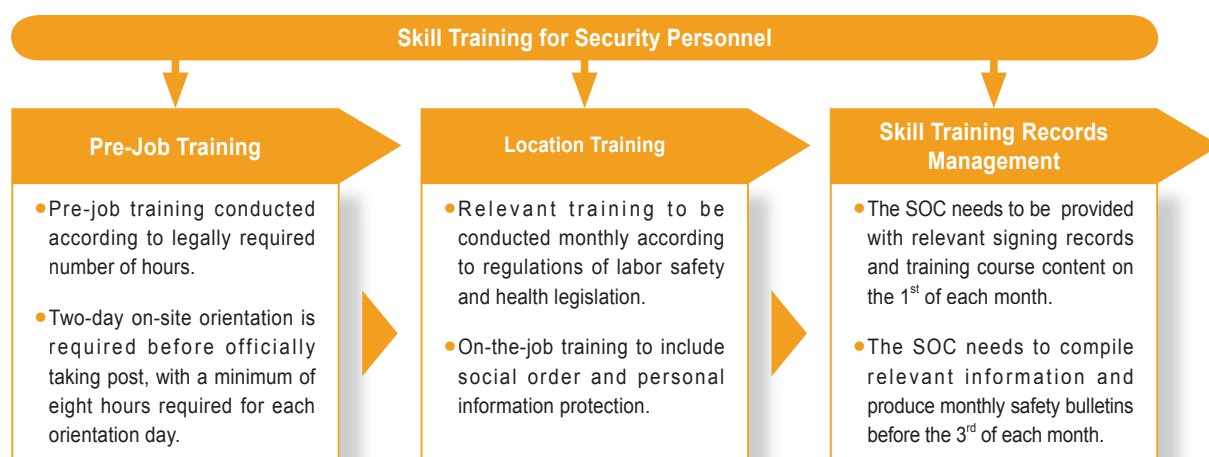
In addition, we give general labor safety and health training and disaster prevention training to new employees, general employees, and contractors, in order to prevent disasters and improve the disaster detection capabilities of employees. At the same time, we actively participate in the "Labor Safety and Health Institute" established by regulatory agencies, as well as sharing occupational disaster cases provided by regulatory agencies with employees and contractors, using real cases to enhance the hazard awarenes of our partners.

Labor Safety and Health Committee

We established the "Labor Safety and Health Committee," which consists of 15 members, 11 of whom are labor representatives (73%). Every quarter, the committee regularly investigates, negotiates, and formulates labor safety and health-related matters and policies. Since 2006, occupational disaster reporting mechanisms have been incorporated into labor inspection agencies. We have maintained a six consecutive year occupational disaster-free occupational record.

Security Personnel Employment Conditions

Far EasTone's security personnel employment conditions adhere to the Labor Standards Act and Employment Services Act. Security training primarily focuses on community security and order and personal information protection. Security employment conditions, original security training, and qualification requirements, as specified in Far EasTone's contract, are shown in the figure below. Currently, we have begun focusing on human rights protection topics. In the future, requirements for training related to human rights protection will be incorporated into security employment contracts.

Skill Training for Security Personnel

Pre-Job Training	Location Training	Skill Training Records Management
• Pre-job training conducted according to legally required number of hours. • Two-day on-site orientation is required before officially taking post, with a minimum of eight hours required for each orientation day.	• Relevant training to be conducted monthly according to regulations of labor safety and health legislation. • On-the-job training to include social order and personal information protection.	• The SOC needs to be provided with relevant signing records and training course content on the 1st of each month. • The SOC needs to compile relevant information and produce monthly safety bulletins before the 3rd of each month.

Note: Security contractors need to formulate implementation plans for on-the-job training at least once quarterly, fulfill the following requirements, and maintain paper records of such fulfillments. Relevant training that is legally required will be implemented according to the law.

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Human Resources Statistics

Manpower Employment Situation

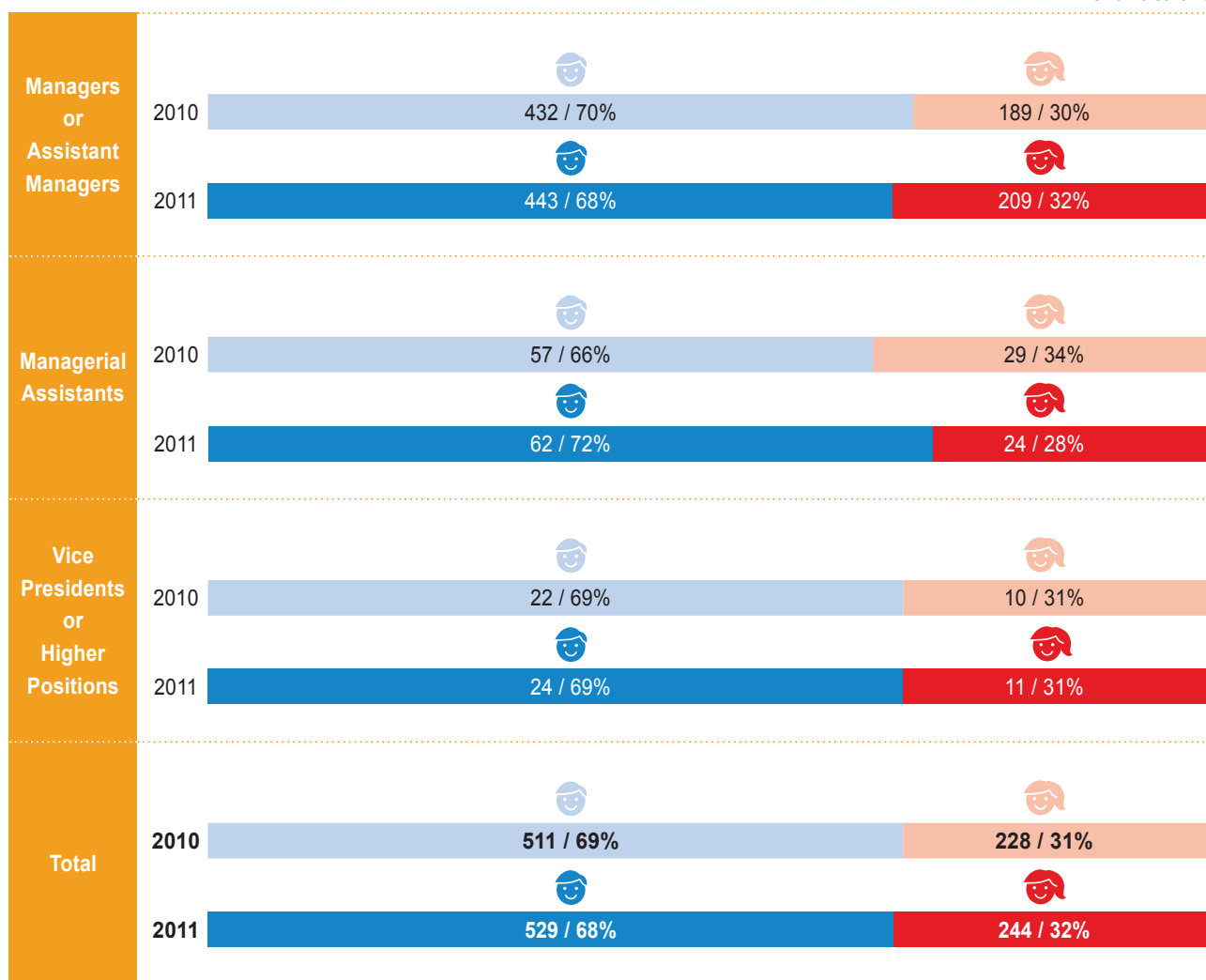| Year		2010		2011	
Total Employees		**4,072**		**4,940**	
Taiwanese Employees	Total	4,064	99%	**4,931**	99%
	👦	2,013	49%	**2,337**	47%
	👧	2,051	50%	**2,594**	52%
Foreign Employees	Total	8	1%	**9**	1%
	👦	4	0.5%	**5**	0.6%
	👧	4	0.5%	**4**	0.4%
Full Time Employees	Total	4,072	100%	**4,940**	100%
	👦	2,017	49%	**2,342**	47%
	👧	2,055	51%	**2,598**	53%
Irregular Contractors	Total	4,068	99%	**4,936**	99%
	👦	2,014	49%	**2,339**	47%
	👧	2,054	50%	**2,597**	52%
Regular Contractors	Total	4	1%	**4**	1%
	👦	3	0.7%	**3**	0.7%
	👧	1	0.3%	**1**	0.3%

Employee Statistics by Nationality

Unit: Persons

Nationality	Taiwan	Sweden	Singapore	Malaysia	Indonesia	Thailand	Vietnam	South Korea
2010	4,064	1	1	1	2	1	1	1
2011	**4,931**	**1**	**1**	**1**	**3**	**1**	**1**	**1**

Ratio of Male and Female Managers

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Unit: Persons / %

		Male	Female
Managers or Assistant Managers	2010	432 / 70%	189 / 30%
	2011	443 / 68%	209 / 32%
Managerial Assistants	2010	57 / 66%	29 / 34%
	2011	62 / 72%	24 / 28%
Vice Presidents or Higher Positions	2010	22 / 69%	10 / 31%
	2011	24 / 69%	11 / 31%
Total	2010	511 / 69%	228 / 31%
	2011	529 / 68%	244 / 32%

Number of Handicapped Persons Employed

Unit: Persons

Year	2010	2011
Persons Employed	29	29

Employee Turnover Rates

Unit: Persons

Year	2010				2011			
	Male	%	Female	%	Male	%	Female	%
30 or Younger	54	7%	364	45%	190	20%	330	35%
30-50	157	19%	209	26%	175	19%	228	24%
50 or Older	13	2%	1	1%	3	1%	2	1%
Total	798				928			

Maternity Leave Applications and Job Resumption Rates

Unit: Persons

Year	2011				
	Male	%	Female	%	Total
Employees Qualified for Maternity Leave Applications	318	44%	402	56%	720
Employees who Applied for Maternity Leave	9	10%	81	90%	90
Employees who Resumed Job	8	12%	61	88%	69
Employees who Resumed Job for One Year	8	12%	61	88%	69
Job Resumption Rate	76%				

Note:employees who qualified for maternity leave are calculated according to the number of employees who applied for maternity or paternity leave in the last three years

Green Telecommunications

▶ In 2010, the Neihu headquarters officebuilding underwent retrofitting of T5 lightening for the whole building, solar power street light installation, water tower frequency adjustments, etc. Thereafter, energy conservation rates for the entire building reached 16% in 2010. Energy conservation work continued into 2011, resulting in an annual energy conservation rate of 2.45%.

▶ In 2010, Far EasTone won the "Outstanding Prize in Green Energy Architecture Group" from the "Green Environment Competition of Taipei Neihu Technology Park".

▶ In 2011, Far EasTone was selected by the Ministry of Economic Affairs' Bureau of Energy to undertake demonstration assistance projects for energy management systems. Energy management system certification ISO50001 is expected to be achieved in early 2012.

▶ Autonomous establishment of Far EasTone's own data centers based on the international standards of data centers.

▶ Energy conservation objective (office / mechanical room / directly operated stores): 3% reduction in the kW-h/m^2 of energy consumption indicators from the previous year.

▶ By the end of 2011, 10% of traditional base stations were retired to reduce CO2 emissions by 4,019 tons, equivalent to the carbon absorption of 270 Daan Forest Parks.

▶ Establishment of fuel cell demonstration sites for 2 base stations in 2011. Operation tests are expected to last for two years to verify the viability and cost-effectiveness of replacing traditional batteries / generators.

▶ 1 solar power demonstration site base station is expected to be built, which is expected to conserve 5% of annual power consumption for each station installed.

▶ Green procurement tracking mechanisms will be incorporated into the new procurement system that went online in 2012.

In order to fulfill the objective of enabling the ICT industry to help reduce energy and carbon consumption and create a low-carbon age, Far EasTone has officially established its green vision for "environmental fashion."

When the CSR Committee is fully organized in the future, we will invite all departments to formulate environmental policies / management strategies, establish performance indicators, promote relevant projects, and inspect results. In addition, we will gradually promote action plans related to environmental management, climate change strategies, ecological effects, green products, and other fields, in hopes of becoming the engine that moves for moving the telecommunications industry towards green innovation and to provide the industry with the driving force and direction for advancement.

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Climate Change Risk Management

In recent years, we have observed unprecedented natural disasters caused by climate change around the world, of which the most severe impact came from hurricanes/typhoons and floods. Corporations need to engage in years of disaster restoration to recover from these disasters. Particularly after Japan's March 11 earthquake and tsunami, Taiwan, which is also located in a region vulnerable to earthquakes and typhoons, has attached more importance to response preparations of corporate businesses with regards to climate change and natural disasters.

ICT is regarded as a green industry compared to traditional industries. According to the "Smart 2020: Fulfilling the Low Carbon Economy of the Information Age" report from the Global e-Sustainability Initiative (GeSI), ICT industries can provide other industries with methods for increasing energy efficiency, which empowers ICT industries with important industry influence with regards to resisting climate change and the global warming crisis.
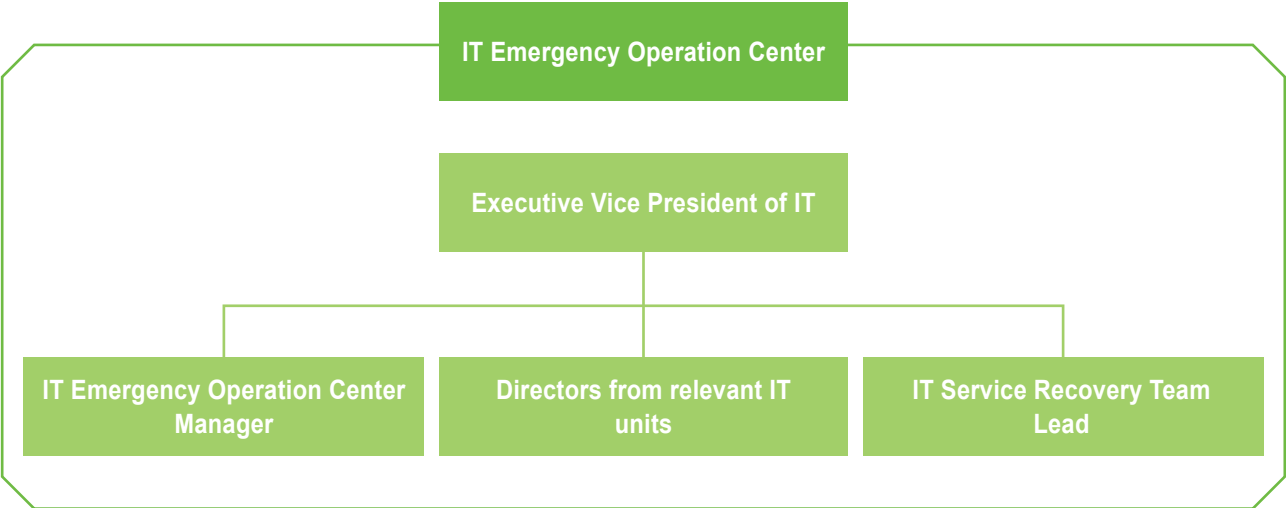
Despite ICT's potential in reducing greenhouse gases, natural disasters will usually result in damage to mobile communications equipment (such as base station infrastructure, data centers, cables, etc), revenue reductions from interrupted signals, and increased manpower maintenance requirements. Temperature changes caused by climate change will increase costs (such as additional air conditioning in data centers, power consumption expenditures, etc.) for the telecommunications industry.

Therefore, Far EasTone understands that higher standards are needed to assess and respond to the physical effects of climate change, and that legal risks from legislation designed to avoid natural disasters and climate change need to be incorporated as a cost assessment element.
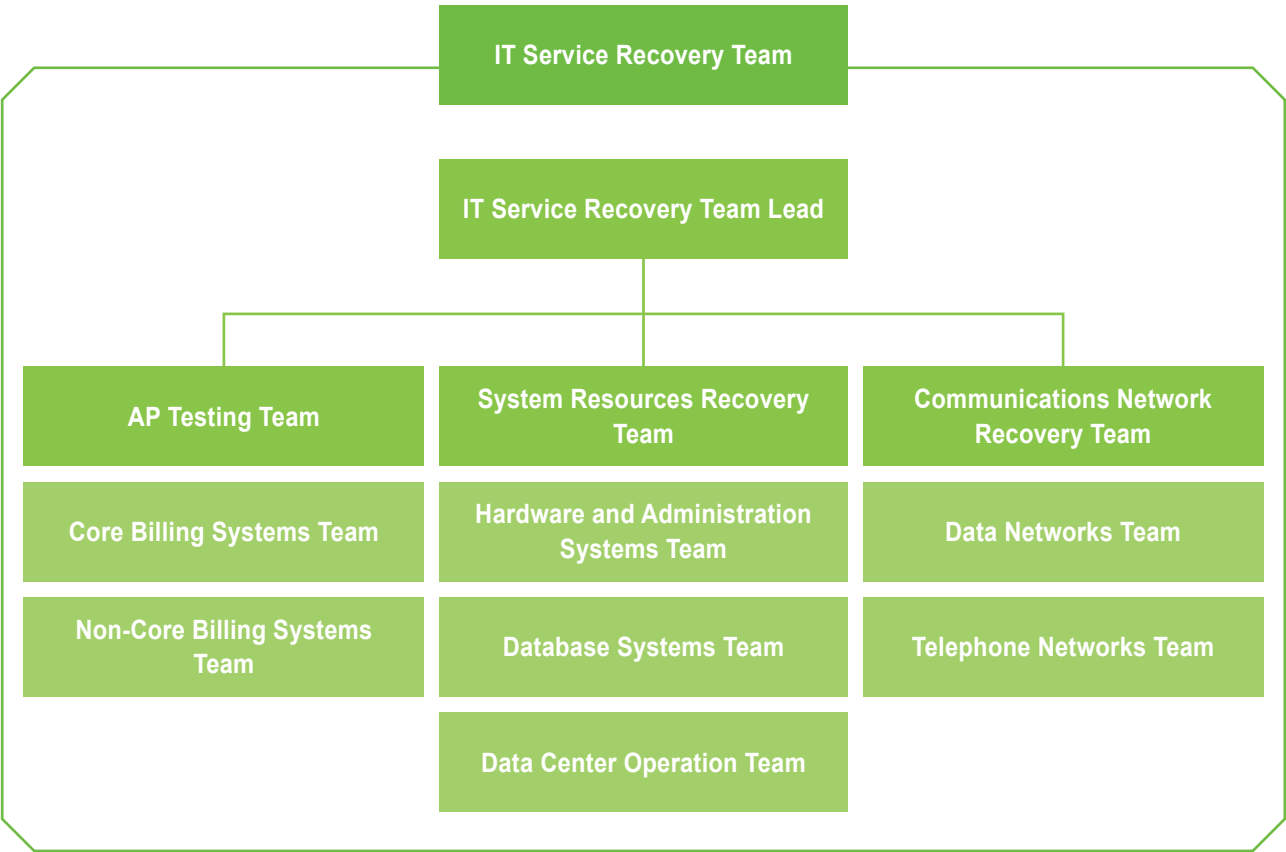
Overview of Far EasTone's Responses to Climate Change

Year	Description
2001	During Typhoon Nari in 2001, the primary telecommunication data center and customer service center (removed in April 2010 in coordination with Far Eastern's telecommunications park development project) on Szechuan Road in Banqiao were almost flooded due to heavy rain and overloaded water flow systems, which compromised the normal operation of internal corporate information services and server equipment. Therefore, we began assessing and planning for reducing climate change and natural disasters in order to lower the risks of compromising the functionality and reliability of corporate businesses and information services. At the same time, when considering the effects of severe weather or natural disasters on the service functions of the data centers of primary data centers, having backup data centers, foundational information infrastructures, and server equipment can help provide necessary information services.
2004	After Far EasTone merged with KG Telecommunications, we began assessing construction of highly functional and reliable data centers capable of addressing climate change and natural disasters. After assessments, we selected subsidiaries KG Telecommunications and KGex Co. for their IDC (Internet Data Center) in Neihu, built by referencing international standards and regulations for telecommunications data centers. Its high standard of flood and earthquake resistance capabilities is sufficient to provide corporate businesses and information services with high functionality and reliability.
2005	After selecting the location for the primary data center, we began moving information service and server equipment from four data centers in Banqiao, Wugu, and Neihu Technology Park owned by Far EasTone Information Technology Group to the IDC in Neihu in 2005, through demolition-after-construction or one time relocation methods. During this time, we moved over 100 information service systems and thousands of servers. To understand relevant disaster and emergency process procedures for relevant data centers, maintenance teams from data centers hold regular monthly disaster prevention and emergency response exercises to ensure effective and rapid processing for specific situations during natural disasters and emergencies, thus reducing impact to corporate businesses and information services.
2009	In March 2009, the backup data center dedicated to recovery from natural disasters for the Information Technology Group, which was built from the former Sparq Telecommunication Co.'s IDC on Szechuan Road, Banqiao, was completed, and establishment of relevant foundational information infrastructures and service equipment were initiated. Far EasTone's existing optical fiber networks were applied to create dual cabling/routing data transmission circuit, allowing the primary and backup information service databases of the primary and backup data center information service systems to recover information services within several minutes, thereby providing clients and the company's internal operations with highly functional and highly reliable information services. At the same time, we formulated Far EasTone Information Technology Group's information service recovery management standards and procedures for climate change and natural disasters in 2009 by introducing and referencing the ISO-25999 World-wide Standards for Business Continuity Management. The **introduction processes covered interviews on corporate and user** needs, negotiations, risk assessments, information service systems, foundational information infrastructures, emergency response and service recovery procedures, team organizations, and membership planning.
2010	When formulating Far EasTone's information service recovery management standards and procedures for climate change and natural disasters, our employees also absorbed relevant experiences. In June 2011, we completed the information service system recovery procedure plan and exercise for the information service systems of prepaid cards.
2011	Building on the information service system recovery procedure plan and exercise of 2010 for the information service systems of prepaid cards, we completed the information service system recovery procedure plan and exercise for the fee charging systems of fixed network services in March 2011. We also referenced world class TIA-942 standards for data centers in our attempts to establish air conditioning and heat dispersion systems in existing data centers in order to increase the efficiency of energy use from air conditioning and cooling. Through evaluations of external consultants, we inspected and confirmed that the energy efficiency of our data centers has reached PUE 1.6.

Organization of Emergency Response Decision Centers for Data Centers

IT Emergency Operation Center

Executive Vice President of IT

IT Emergency Operation Center Manager	Directors from relevant IT units	IT Service Recovery Team Lead

Organization of Execution Teams for Service Recovery Procedures

IT Service Recovery Team

IT Service Recovery Team Lead

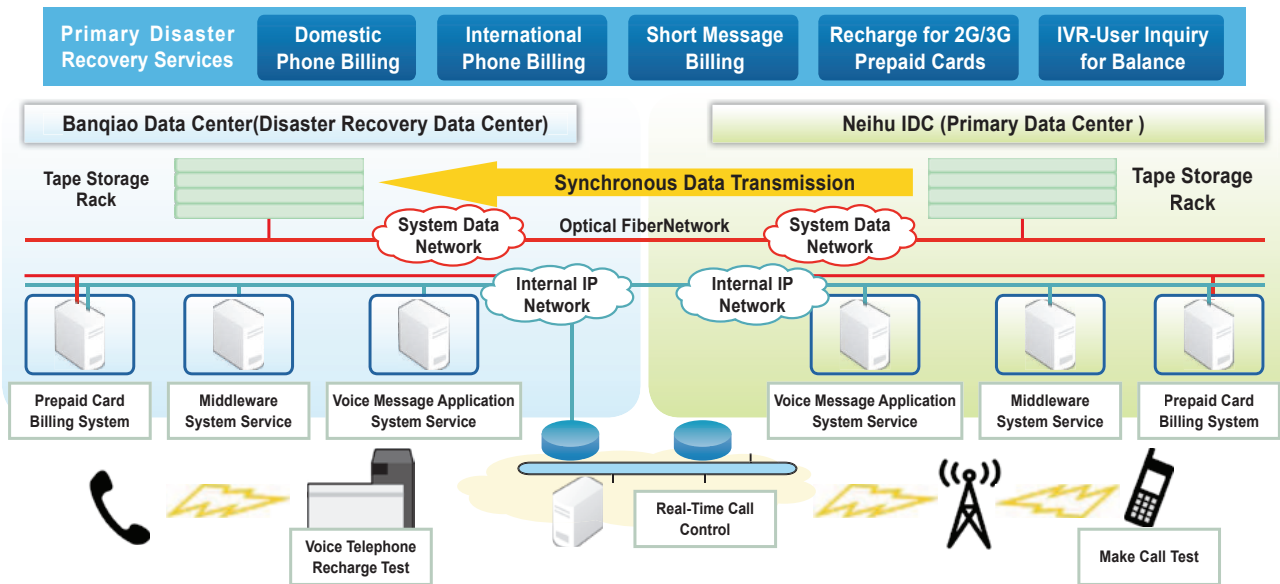| AP Testing Team	System Resources Recovery Team	Communications Network Recovery Team
Core Billing Systems Team	Hardware and Administration Systems Team	Data Networks Team
Non-Core Billing Systems Team	Database Systems Team	Telephone Networks Team
	Data Center Operation Team	

Case

Service Continuity Plan for Prepaid Services

In 2011, we applied and referenced ISO-25999 sustainable corporate operational standards and regulations. We worked with the company's user units of internal information service systems to complete the service recovery plans and related procedures for the information service systems of prepaid cards, and also engaged in information service system recovery exercises for primary prepaid cards, such as "domestic phone billing," "international phone billing," "short message billing," "balance recharge to prepaid card," and "balance inquiry for voice message users" customer services, whose functionality was verified by user units.

After establishing standard service recovery plans for information service systems and optical information transmission networks, we underwent many actual exercises with emergency response decision centers and teams executing service recovery procedures. The service recovery time for the information service systems of prepaid cards was shortened from over 48 hours to 2.7 hours, reducing the severity and time lost to corporate operations and customer service incurred from natural disasters.
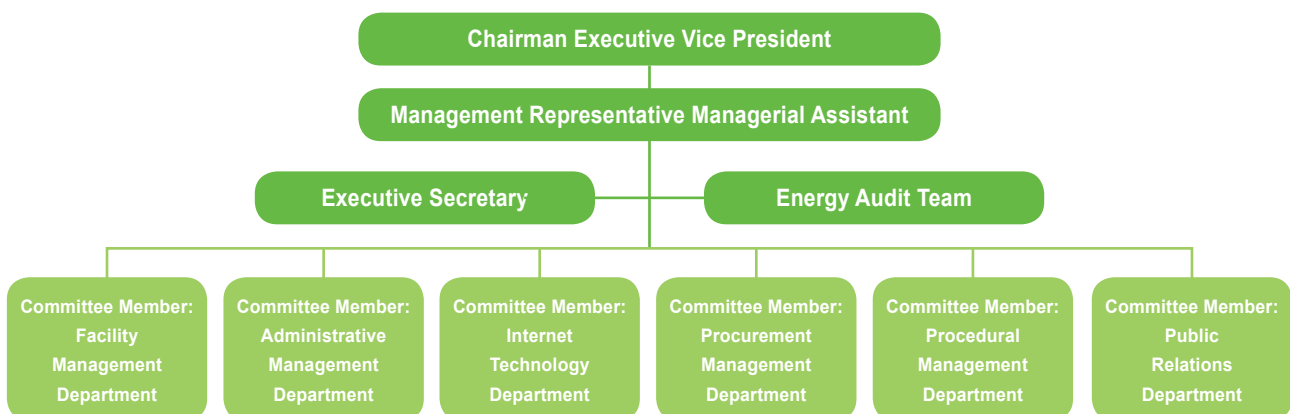
Far EasTone Response System Framework for Prepaid Cards

| Primary Disaster Recovery Services | Domestic Phone Billing | International Phone Billing | Short Message Billing | Recharge for 2G/3G Prepaid Cards | IVR-User Inquiry for Balance |

Banqiao Data Center(Disaster Recovery Data Center)

Neihu IDC (Primary Data Center)

Tape Storage Rack

Synchronous Data Transmission

Tape Storage Rack

System Data Network

Optical FiberNetwork

System Data Network

Internal IP Network

Internal IP Network

Prepaid Card Billing System — Middleware System Service — Voice Message Application System Service

Voice Message Application System Service — Middleware System Service — Prepaid Card Billing System

Voice Telephone Recharge Test

Real-Time Call Control

Make Call Test

Energy Efficiency Management

To ensure effective energy efficiency management, we have established the "Far EasTone Energy Management Committee" This committee is the dedicated unit for energy efficiency, whose primarily functions is to formulate energy policies, establish performance indicators, promote energy conservation projects, and inspect implementation results.

The Energy Management Committee is convened periodically,, with two committee meetings held between the end of 2011 and early 2012 to formulate relevant energy efficiency management strategies, including work such as the establishment of the ISO50001 energy management system, energy management organization members, confirmation of work responsibilities, and standardization of documentation frameworks. Through the committee, we use systematic principles and methods to effectively engage in energy management, improve energy usage efficiency, and reduce greenhouse gas emissions.

Organization of Far EasTone Energy Management Committee

Chairman Executive Vice President

Management Representative Managerial Assistant

Executive Secretary — **Energy Audit Team**

| Committee Member: Facility Management Department | Committee Member: Administrative Management Department | Committee Member: Internet Technology Department | Committee Member: Procurement Management Department | Committee Member: Procedural Management Department | Committee Member: Public Relations Department |

Furthermore, to comprehensively promote energy efficiency management, we are planning for all-encompassing energy management actions based on this committee. Some of the many energy efficiency measures adopted, including increasing clean energy usage, reasonable use of remote monitoring, automated volume control, and other innovative technologies, also won awards, such as the outstanding energy efficient contractor award from the Ministry of Economic Affairs' Bureau of Energy and the Taipei City Government's energy efficiency gold award. Far EasTone was also invited many times to participate in seminars to share our energy efficiency experiences and achievements.

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We started promoting energy efficiency policy in 2005 while action plans are developed to correspond to the core topics of each phase of the policy. In the secondary phase, we will commit to improvements including paper-free environments and the establishment of environmental monitoring systems. In the third phase, the core activities will focus on clean energy, public charity promotion, inspection standards, and the utilization of technologies to reduce resource depletion. This policy is expected to be fully completed by 2015.

Far EasTone's Energy Conservation Objectives

Reducing 3% kW-h/m^2 from energy consumption indicators of offices / data centers / directly operated stores comparing with the previous year. The energy efficiency strategy is formulated to be implemented by three phases:

Phase 1:
Focusing on attracting employee's participation and beginning on tracking energy usage conditions.

Phase 2:
Focusing on improvement including promoting paper-free environments, establishment of environmental monitoring systems, etc.

Phase 3:
Focusing on core activities of clean energy, welfare promotion, inspection systems, and utilization of technologies to reduce resource depletion.

Energy Control Analysis

Our performance measurement indicator is based on "energy usage per unit," while energy usage information is discussed and analyzed each quarter.

Facility Management Department is in charge of energy statistics control and analysis. Currently, Far EasTone has 10 energy managers trained and certified by the Bureau of Energy, who act as Far EasTone's energy diagnosis windows, responsible for managing and recording energy facility operations, drafting and amendment of procedural documents for energy management, as well as implementing relevant improvement plans after executing diagnoses.

Reduction of System Energy Consumption

In order to reduce system energy consumption, we adopted relevant measures to lower electricity consumption in the telecommunications base stations,, including: shutting down air conditioners when external temperature is lower than internal temperature, automatically activated air circulation equipment, new heating and cooling channels for heating and cooling insulation built with the newest technologies for data centers, retrofitting of T8 / T5 lightening for offices, etc.

Environmental Monitoring System

We have established pan-Taiwan environmental monitoring systems, constantly monitoring temperature, humidity, and the various operational conditions of equipment. When equipment is malfunctioned or uses excessive electricity is overused, the system will automatically send text notifications and shut off lighting automatically.

Remote backup machines would be switched on when improper energy usage occurred due to equipment failure. We also conduct annual maintenance for mechanical and electronic equipment to maintain and increase system operating efficiency.

Using Clean Energy

In terms of clean energy, we attempt to reduce effects on the ozone layer through installation of solar power generation systems and solar power streetlamps, banning Halon gas for fire protection systems, and adopting comprehensive usage of FM200 automatic fire suppression systems.

Energy Efficiency Promotion

To impart energy efficiency concepts to every employee and every department, and form the consensus and culture needed to eliminate any unnecessary waste, Far EasTone is implementing all-encompassing voluntary energy efficiency promotions for employees, with the individual as the primary subject. We have conducted various activities ranging from energy efficiency broadcasts, creative writing submissions, electronic announcements, energy efficient equipment exhibits, etc.

In addition, we participated in various energy conservation events, such as the "lights off for one hour event," where office buildings signs are turned off and outside lighting and public area lighting halved. We also took the lead in the industry in joining environmental carbon reduction activities and maintaining internal air conditioned room temperatures at over 26 degrees to reduce greenhouse gas emissions.

Far EasTone Energy Efficiency Projects

Category		Projects
Power		Increasing power factors to 0.95 or more
		Maintain heat dispersion environments for transformers
		Reasonable contracted volumes
Elevators		Controlling number of units
		Automatic shutoff
		Freight elevator controls
Lighting		Lighting devices and brightness configured according to CNS regulations
		Time controls (shut off at lunch breaks and after work)
		Light shutoff reminders
		Off-peak power generation tests for batteries
		Replacing traditional lighting with T5 lighting devices
		Timer controls for exterior lighting
		Introduction of sunlight
Buildings		Blinds for sun-lit areas
		Reducing air conditioned area (no air conditioning for idle areas)
		Leakage (openings in air conditioning areas, heat retention repairs)
Air Conditioning		Starting and stopping times
		26℃-28℃ temperature range for office areas
		25℃±2 temperature for mechanical room areas
		Energy efficiency controls for hosts (controls over number of machines or carrying rates)
		Frequency alteration controls for cooling water towers
		Installation of water quality treatment equipment
		Repairs for damaged insulation
		Regular and appropriate air circulation
		Regular and appropriate air circulation in parking lots
Water		Water efficient taps
		Phase-based (or water efficient) toilets
		Off-peak operation of water flow and water replenishment
		Automatic sprinklers
		Automatic or reduced flushing in male washrooms
		Water conservation devices on water cooler taps (aerators or foot operated pedal switches))
		Water conservation displays

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Construction of World Class Data Centers

In response to cloud applications in global information services and the trends of large scale virtualization of foundational infrastructure and server equipment for the information frameworks of medium to large corporations, Data centers of corporate information around the world are facing difficulties associated with growing complex foundational infrastructures, large scale of increases in data and transmission lines, and increased energy consumption costs from air conditioning and equipment usage. Due to these changing trends, Far EasTone has introduced two effective management. One is to refer to and introduce TIA-942 standards, and the other is to the virtualization of cooling cannels for data centers in designated areas in order to construct world class data centers.

Referencing and Introducing TIA-942

The management standards and regulations (TIA-942) of the world class data center are devised by the Telecommunications Industry Association (TIA), for the first time through all-encompassing consideration of how new generation of data centers and foundational telecommunications infrastructures should be designed. These regulations define aspects such as air conditioning, electricity, fire prevention, networking, and physical environments, while the standard requirements are designated by four levels.

Far EasTone began referring to TIA-942 as the guideline for base stations management to continue improving and enhancing primary data centers since August 2010. We first started using Blade Servers in 2009 to replace traditional Rack Mounted Servers and initiated the virtualization of the foundational infrastructures of information frameworks. The percentage of blade servers among server equipment grew from 4% in 2009 to 60% at the end of July 2011, demonstrating excellent results.

In 2011, we engaged in health inspections of mechanical room attempting to understand the disparities between current management measures and TIA-942 standards, as well as the corresponding reliability grade under current TIA-942 regulations. According to inspection results from external consultants, the reliability of our data centers ranges between the higher levels of Tier 3 and Tier 4.

Separation of Cooling Channels in Data Centers

The operation of Far EasTone's primary data centers started on October 2001. The original data center was designed to carry a maximum of 3 kW-h. However, after blade servers were adopted for virtualization, the maximum server accommodation on each rack increased from 8 to 36, thus increasing heat dispersion from energy usage threefold to 12 kW-h. Meanwhile, the number of transmission lines grew from 20 cables to 120 cables, therefore, the original design and management regulations of the existing data center were no longer sufficient.
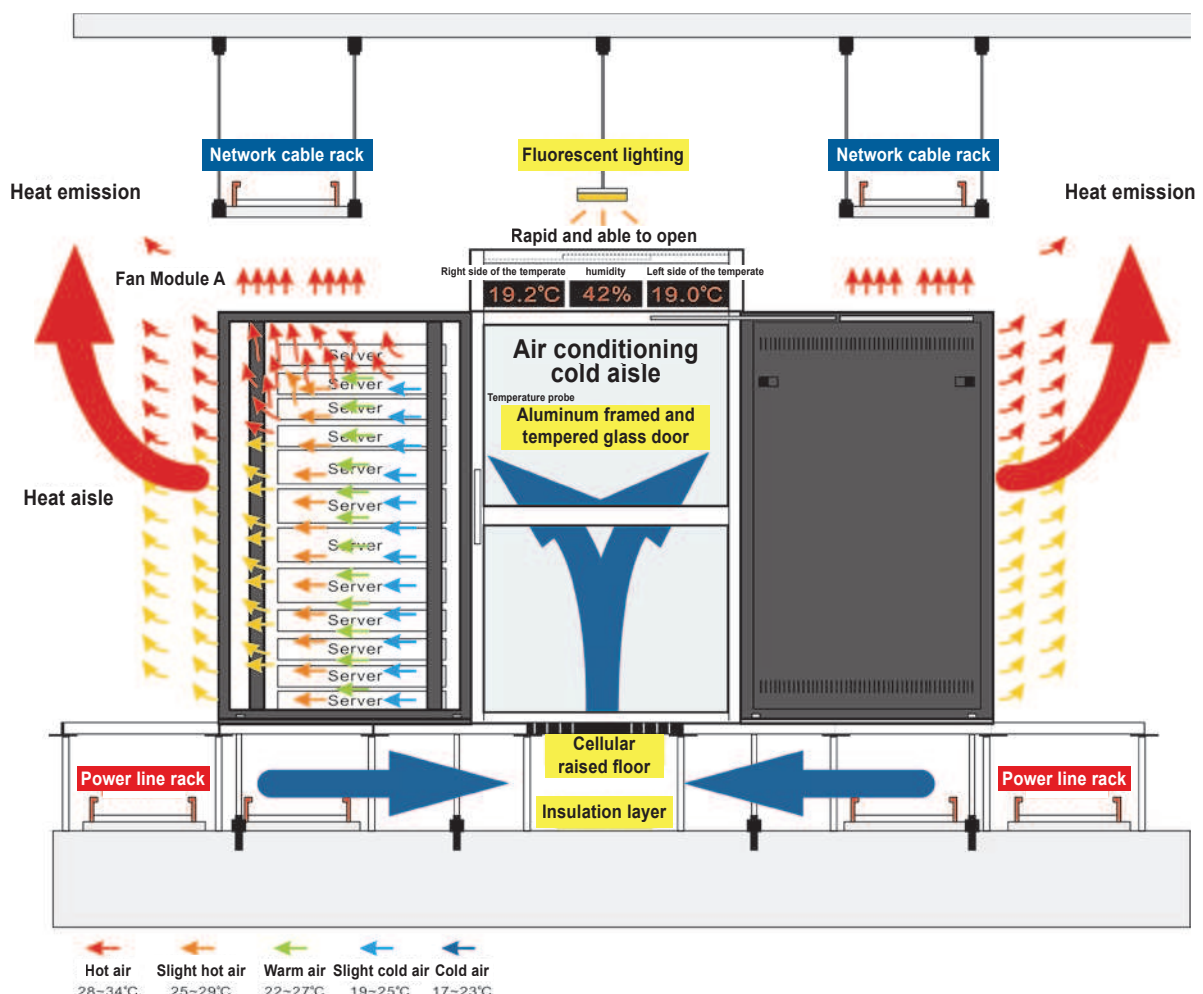
The hot and cold air channels of the original data center's internal air conditioning were not separated, resulting in mixtures of hot and cold air that limited the efficacy of reducing server equipment temperatures. Additional volumes of air conditioning equipment needed to be installed, which increased purchasing costs and reduced the energy efficiency and cooling functions of air conditioning systems at the same time. TIA-942 has articulated regulations on efficiency improvement for air conditioning and cooling systems. The standards stipulate that machine shelves need to be placed next to each other, and that cold air and hot air channels need to be established separately to avoid mixtures of hot and cold air in data centers, in order to increase the energy efficiency of air conditioning and cooling systems.

Therefore, we have completed the separation of cold air channels in the data centers of designated virtualized areas to separate hot and cold air. The design of the cold air channel is assessed to be able to reduce the temperature of the current cold air intake by 3 degrees, which increases the cooling efficiency of the air conditioning system by 18%, thus fulfilling environmental energy efficiency green and achieving the objective of creating energy efficient green data centers.

Hot | Cold | Hot | Cold | Hot

Server Cabinet — CRAC — Raised Floor Space — Power Cables
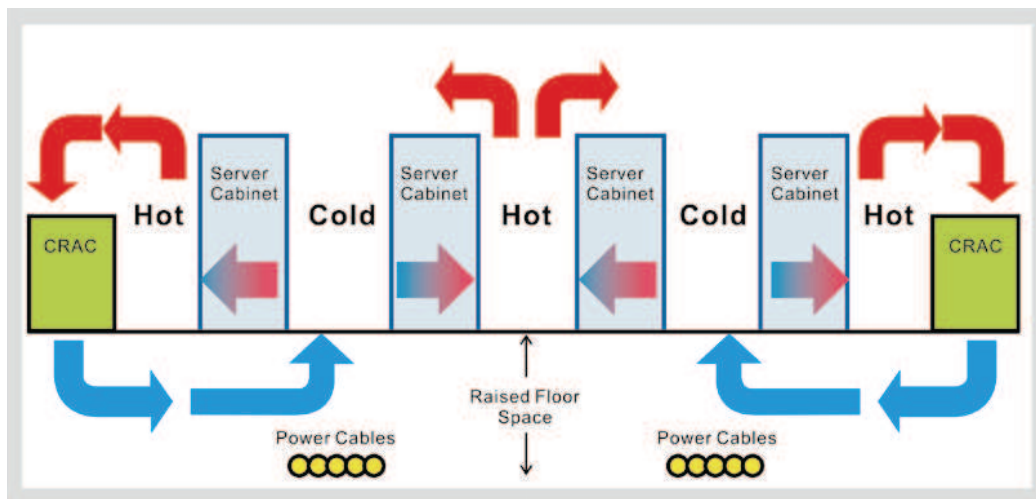
Cold Channels in Data Centers

In the future, we will continue building on TIA-942 to formulate Far EasTone's own standards for data centers in order to create green energy efficient data centers. By installing cold channels for designated virtualized areas of the foundational infrastructures of information frameworks and establishing world class data centers, the company can internally and autonomously control key technologies and experience and assist with developing internal professional corporate staff in order to comprehensively increase the functionality and reliability of information services and systems, providing more outstanding products and services to Far EasTone's clients and businesses, and greatly increasing the aspects and scope of green energy efficiency actions.

Heat emission — Network cable rack — Fluorescent lighting — Network cable rack — Heat emission

Rapid and able to open

Right side of the temperate | humidity | Left side of the temperate
19.2℃ | 42% | 19.0℃

Fan Module A

Air conditioning cold aisle

Temperature probe

Aluminum framed and tempered glass door

Heat aisle

Server

Power line rack — Cellular raised floor — Insulation layer — Power line rack

Hot air 28~34℃ | Slight hot air 25~29℃ | Warm air 22~27℃ | Slight cold air 19~25℃ | Cold air 17~23℃

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Energy Conservation in Data Centers

Recently, Far EasTone has been adding up more servers and databases as more diverse telecommunications services are introduced, resulting in insufficient mechanical room space and management complexity. After the merger of Far EasTone, New Century InfoComm Tech Co., Ltd, and Digital United Inc., primary systems have been located to server rooms of Banqiao, Neihu Angang, and Neihu Ganqian, using as many as 500~600 machine shelves. As a result, we encountered entirely new and complex challenges in terms of system design and personnel management.

Merger of Data Centers

To achieve the goal of green data centers, we began relocating data centers and merged data centers and consolidated hosts to reduce space usage and conserve energy during 2008~2009. Most system plans relied on the build-first-demolish-later relocation method to retire less effective and older systems. After more than one year, we successfully transferred all services from Banqiao into Neihu Ankang's IDC mechanical room for unified management.

Server Consolidation

Consolidated server management can achieve the advantages of resource integration and management simplification. Through consolidated management technologies, we can consolidate servers scattered in different locations to facilitate management.

After mergers and relocations were completed, the data have been moved from over 100 servers of various size into 13 large and energy efficient host units. Three main data centers were also reduced to two, conserving overall server room space by 30%, and reducing electricity costs by 20%, which also increased the efficiency of manpower costs.

Under previous frameworks, over 100 servers needed to use 113,616W of power. However, with the current consolidated environment, the 13 large hosts only need to use 55,220W of power to provide more outstanding service. Also, the introduction of new heat dispersion and air conditioning technologies, low power consumption network communication equipment, and virtualization technologies result in a consolidated server environment that consumes only 48% of the power originally needed, greatly reducing energy consumption.

In addition, whereas we needed to pay large sums to procure servers and database licenses in the past, Far EasTone can conserve as much as 49% in investment in server-consolidated and high availability environments. Creating green data centers that address both cost management and energy efficiency issues are major objectives behind Far EasTone's energy conservation for data centers.

Moving towards Cloud and Virtualization Strategies

We adopted virtualization management technologies to transfer physical servers used in many services onto virtual servers that are effectively distributed in cloud environments. We also used cloud characteristics to shorten service interruption times. This technology can sufficiently allocates server resources thus achieving reductions in the number of servers needed.

Far EasTone's next mission is to move towards cloud and virtualization strategies. In the future, we will reduce large number of servers and use green servers to act as the foundation of cloud and virtualization strategies. We will also provide this server infrastructure for application usage with the aim of achieving energy, carbon, and space conservation.

To expand Green Data Centers, we have begun planning for the merger between value-added data center in Neihu and the Ankang server room, hoping that the most advanced cloud and virtualization technologies can greatly reduce electricity consumption use. We hope to achieve the objectives of 40% space conservation and 30% electricity conservation, and to provide better server protection mechanisms to greatly shorten service interruption times, providing our customers with quality services.

Energy Conservation Strategies in Base stations

Mobile phone base stations consume 80% of all electricity used by Far EasTone. Every base station that eliminated by Far EasTone will reduce annual electricity consumption by 18,000 kW-h; therefore, the development of integrating innovative technologies, improving network efficiency, and reducing electricity use of base stations is our priority of carbon reduction actions.

In 2010, Far EasTone and Chung Hsin Electric & Machinery Manufacturing Corp. jointly proposed 4 base station fuel cell demonstration sites to Bureau of Energy, Ministry of Economic Affairs. The subsidy for two base station fuel cell were approved in 2011, while Chung Hsin were responsible for manufacturing and installing them in Far EasTone's base stations. The demonstration sites are installed and are currently undergoing operational test.

Reductions in Base Stations

1. **Base station co-location**: Far EasTone's network infrastructures are built with the principle of 2G/3G joint stationing, and the current joint stationing ratio has reached 85%.

2. **Base station co-build**: To coordinate with regulatory agency policies, base stations built in/on public infrastructure are all built jointly with other telecommunications companies. Currently, Far EasTone's base station co-build ratio is 25%, which far exceeds regulatory agency's requirements of 20% for joint stationing and 10% for joint station construction.

3. **Network optimization**: Frequent adjustments and refinements are made to networks to reduce the number of base stations needed.

Procurement of High Performance Base Station Equipment

Far EasTone began procuring low energy consumption base stations (that consume only 65% of the energy used by traditional base stations) in 2009. By 2011, 10% of traditional base stations were retired, reducing approximately 6.3 million kW-h of electricity usage and 4,019 tons of CO_2 emissions, equivalent to the carbon absorption of 270 Daan Forest Parks.

Reduction in Air Conditioning Electricity Use

The waste heat generated during the operation of radio base station may result in equipment malfunction if not released properly. Currently, base stations use air conditioning equipment for temperature reduction. However, air conditioning equipment consumes 50% of the electricity used by base stations. Therefore, reducing air conditioning electricity usage is also an energy conservation priority. Our methods are as follows:

1. **Reduce Usage Time of Air Conditioning Conditioners**
   a. Increase air conditioning temperatures – Since 2009, Far EasTone increased air-conditioned temperatures at base stations from 25°C to 29°C, which can reduce energy usage at base stations by approximately 10%.
   b. Free cooling equipment – Taiwan usually experiences temperatures lower than the 29°C of air conditioned base stations during spring, winter, and fall. Therefore, turning off the air conditioning equipment and using energy efficient ventilation systems can reduce electricity usage at base stations by 10%.
   c. Heat insulation materials for base stations – Taiwan experiences hot summers, and thus increase the loading of air conditioning equipment. Applying heat insulation paint and materials on base stations can reduce the electricity usage at base stations by 5%.

2. **Procurement of High Performance Air Conditioners**
   Every year, Far EasTone retires partially outdated (5 years or older) or traditional fixed frequency air conditioners and replaces them with high EER alternating frequency air conditioners, which conserves an average of 5% in electricity fee annually.

3. **Invest in Heat-Insulating Materials to Lower Air Conditioning Electricity Usage**
   Far EasTone has invested in shelter heat insulation paint for 150 base stations to effectively reduce air conditioning electricity usage during summer. On average, each base station can reduce energy use by 5%.

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Future Directions and Objectives

1. Solar Power Demonstration Stations

We expect to build 1 solar power cell demonstration station in 2012, which is expected to conserve 5% of energy used by each station annually. We are also gathering data on alternative energy to act as the foundation for developing long term energy conservation and carbon reduction objectives to achieve the objective of carbon emission-free base stations.

2. Fuel Cell Demonstration Sites

2 base station fuel cell demonstration sites were installed by Chung Hsin Electric & Machinery in November 2011, which are expected to undergo two years of operational tests to verify the viability and cost-effectiveness of replacing traditional batteries / generators.

3. Non-air conditioning BTS sites

Currently, high performance 3G base stations can withstand 50°C of heat. After the 2G base stations retired in the future, the air conditioning equipment can be replaced with energy efficient ventilation systems, while 75% of energy conservation is expected.

Green Procurement

We are steadfastly fulfilling green procurements of energy efficient equipment for base stations, promoting environmental energy conservation activities in the office, and utilizing our core corporate professionalism to shape green telecommunications industries. For example, in 2010, annual energy conservation rates for the entire office building of the Neihu headquarters reached 16% due to the retrofitting of T5 lightening, solar power street lamp installation, water tower frequency alteration, and other measures. In 2011, energy conservation activities continue to progress, with 2.45% in annual energy conservation rates for the entire building. In 2011, we also accumulated NT$ 247 million in green procurement, and received the acclaim of the Taipei City Government's award for Excellent Green Procurement Enterprises and Groups.

Far EasTone had already introduced the first electronic procurement system in the Taiwan telecommunications industry in 2002, which not only greatly reduces the time required in procurement procedures, but also accelerates advancement into a paper-free era. Over the years, we have received much acclaim as an outstanding corporation from the Environmental Protection Administration and county and municipal governments due to our green procurements. This year, we have received ISO 50001 certification, further fulfilling such executive issues as energy policies and planning. In the new procurement system in 2012, we will establish green procurement tracking mechanisms to further demonstrate our commitment to green procurement.

Far EasTone is not only dedicated to green procurement, we have also, through an innovative service attitude, devoted large amounts of resources to and helped domestic contractors be involved in green procurement, such as new value-added telecommunications services, network transceiver unit development, various procedural automations, franchise stores development, etc. The best proof lies in the fact that over 99% of our current procurement amount is conducted in partnership with domestic enterprises.

Relevant Environmental Awards

- Taipei City Government — "Green Procurement Corporation" of 2008
- Environmental Protection Administration, Executive Yuan — "Excellent Green Procurement Enterprises" of 2008
- Taipei City Government — "Energy Efficiency Gold Award" for corporate office locations in 2009
- Taipei City Government — Energetic Green Award from Neihu Technology Park, Taipei, in 2009
- Taipei City Government — "Green Procurement Benchmark Corporation" of 2010
- Taipei City Government — "Green Procurement Benchmark Corporation" of 2011

Supplier Management

Far EasTone has strict requirements for contractors based on relevant legislation such as the Labor Standards Act, and Environmental Protection Act, etc. Contracts must also stipulate the following: operational hazard analyses and prevention plans, contractors guarantee letters in terms of environmental and labor safety and health protection, contractors work site hazard notification letters, contractors implementation guidelines of labor safety and healt, etc, to ensure that labor safety is enforced in all details of work. Regular reviews are also made for the human rights declarations for primary suppliers.

We established an e-procurement sourcing platform in 2003, which includes online suppliers information management systems, online negotiation and bidding systems, supplier performance evaluation systems, etc. The e-procurement sourcing platform possesses comprehensive online authorized signing procedures and audit mechanisms. Other than assisting the company with annual audits needs, it also fulfills optimal supplier management under fair, neutral, and open principles to provide a fair competitive environment and appropriate assessment mechanisms.
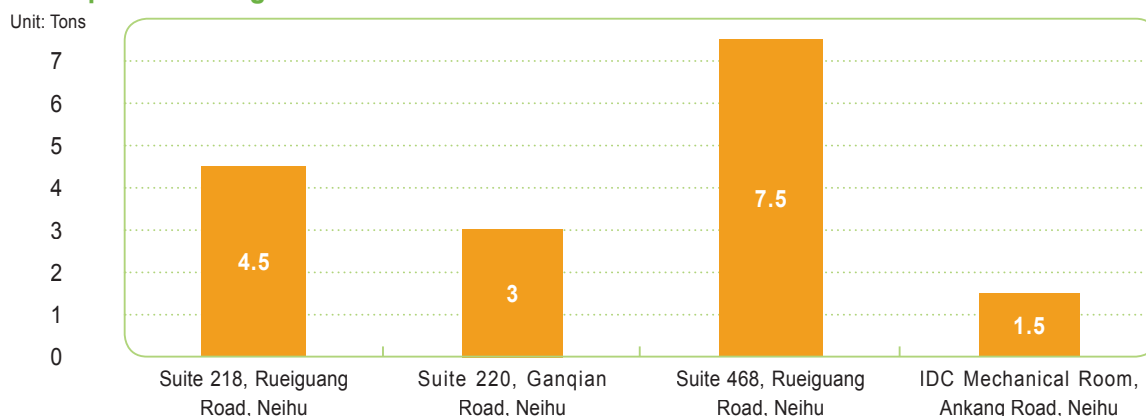
Dialogue Channels with Suppliers

- Establish procurement sections on official websites to facilitate new supplier log in to the website for registration.
- Establish electronic procurement bidding systems enabling transparent and open information.
- Establish supplier assessment mechanisms, where procurement personnel regularly conduct assessments based on quality, service, and other criteria.
- Suppliers can file complaints to the "Complaint Mailbox" of the Supplier Management Team in Central Procurement of Far Eastern Group when needed.

Waste Management

Waste generated at Far EasTone's primary offices is contracted to professional cleaning companies for cleaning, transportation, and disposal. Waste is also recycled according to Environmental Protection Administration announcements. The final disposal sites for resource recycling are as contractually regulated, which is the waste incinerator of the Taipei City Government's Department of Environmental Protection as regulated. Cleaning and transportation methods are compatible with the Waste Disposal Act and regulatory agency requirements. In recent years, no leakages or violation incidents have occurred. General business waste from stores is recycled according to each county or city's recycling and categorization methods.

We have comprehensive recycling requirements for base stations and data center, especially for high contamination materials, such as batteries, electric cables, etc.,

Waste Disposal Tonnage Contracted out from Far EasTone's Main Offices in Northern Taiwan

Unit: Tons

Suite 218, Rueiguang Road, Neihu	Suite 220, Ganqian Road, Neihu	Suite 468, Rueiguang Road, Neihu	IDC Mechanical Room, Ankang Road, Neihu
4.5	3	7.5	1.5

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Energy Conservation and Refinement of Offices

To welcome the "Taipei International Flora Expo" in 2010, the Taipei City Government's Department of Economic Development held the "Environmental Greening Competition of Taipei Neihu Technology Park" to encourage park enterprises to lead employees in focusing on living environments and to participate in green reforms. Through on-site evaluation results, Far EasTone and related enterprise New Century InfoComm Tech won the "Outstanding Prize in Green Energy Architecture Group" and "Gold Award of Green Energy in Corporation Group," receiving recognition for many years of green office renovations.

In terms of improving environmental energy conservation education for employees, Far EasTone regularly holds the "Green Festival" event, with different topics as the event theme for each year. The event theme for 2011 was "Have You been Environmental Today?" The event's spirit focused on "environmental concept promotion" with "daily environmental actions" as the event theme. Primary event content is as follows:

Introduction to ISO50001 ISO50001	Introduction to ISO50001 project content to facilitate effective energy management and increase energy efficiency within offices.
Beautiful Taiwan Photography	Combining community events to promote Taiwan's ecological beauty and displaying employee photography, allowing for joint viewing of culture and geographical sights.
Energy Efficient Lighting Exhibit	Introduction to new energy efficient lighting to encourage employees to promote energy conservation and carbon reduction, starting from themselves in their daily lives.
Environment Concept Promotion	Emphasis on fusion between lifestyle and environmentalism, promoting the concept of "using, preserving, and cherishing materials," so that employees understand the importance of environmentalism in daily life.
Second Hand Goods Donations	Caring for social charity groups, encouraging employees to donate second hand clothing and books, and promoting social care services.

In 2011, the event yielded abundant results and received wide employee feedback, including joint participation from all six regional offices in Taiwan in the photography exhibition. We further used in-depth but simple bulletin content to educate over 4,000 employees in Taiwan regarding ISO50001. To care for social charity groups, department employees gathered 19 boxes of daily necessities , sending their compassion to the Eden Social Welfare Foundation.

In addition, to enable employees to understand the newest energy conservation information, we also held introductory exhibitions for new energy efficient lighting in Neihu and Banqiao, attracting several hundred people to participate. To promote healthy diets, the event also provided employees with half vegetarian options for everyone to choose from, also addressing nutrition and health.

Furthermore, we issued a total of 4,438 service satisfaction survey questionnaires from the Facility and Administration Department for this event, of which 2,119 were returned, a return rate of 47.75%. Administrative departments compiled problems raised by employees and implemented immediate improvement measures, allowing employees to feel the dedication of these departments.

It is worth noting that, in order to care for the Earth and simultaneously maintain Far EasTone's corporate security, Far EasTone's confidential documents are sealed by employees in boxes, verified by managers as part of the annual scheduled "Green Festival," and sent to pulp mills for disposal and reuse as paper pulp, thus making another contribution to environmental protection, and also achieving the dual effects of protection of corporate security and of Earth's resources.

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Environmental Data

Greenhouse Gas Emission Volume (covers all data in the company, including offices / main data centers / base stations / directly operated stores)

Total CO_2 Emission Volume (Kg CO_2)	
2009	162,488,087
2010	163,601,341
2011	166,920,863

Lighting Replacement

In 2011, traditional lighting in offices / main data centers were all replaced with high performance T5 lighting. Traditional fire emergency lighting was replaced with LED lighting. Annual implementation results conserve approximately NT$ 2.63 million in electrical costs, which are significant achievements. Data is as shown in the table below.

Statistics of the Effects of Lighting Replacement (data includes offices / main data centers)

Energy Efficiency Effects of Using High Performance Lights for Lighting					
Before Replacement	After Replacement				
Energy Consumption	Energy Consumption				Annual Monetary Savings
231	157				2,154,610
Replacement of Fire and Emergency Escape Lighting with LED Lighting					
Before Replacement	After Replacement				
Type	Energy Consumption	Type	Energy Consumption	Numbers Replaced	Wattage Conserved	Annual Monetary Savings
Large Lighting	40W	LED	10W	60	1,800	40,997
Medium Lighting	26W	LED	3.9W	351	7,757	176,673
Small Lighting	16W	LED	2.5W	838	11,313	257,665
						475,335
Total (NT$)	2,629,945					

Water Usage Statistics

Location	Tapwater (1,000m^3)		
	2009	2010	**2011**
Neihu Office	28.733 💧💧	30.529 💧💧💧	**24.451** 💧
Banqiao Mechanical	28.546 💧💧💧	18.306 💧💧	**13.443** 💧
Zhonghe Office	6.317 💧💧💧	5.293 💧💧	**4.367** 💧

Far EasTone has been using more electricity each year in the past three years, primarily because 92 large scale directly operated stores have been opened since 2010, as well as BTS stations having grown by 2,000 stations. However, when comparing electricity usage according to office / server room areas, number of directly operated stores and BTS station numbers, electricity consumption indicators reveal a downward trend.

When comparing the electricity consumption indicator in the first half of 2011 with the same period in 2010, office electricity consumption indicators have dropped by 3.73%, server room electricity consumption indicators have dropped by 14.89%, and electricity consumption indicators for directly operated stores have dropped by 0.17%, while BTS station electricity consumption indicators also dropped by 1.14%.

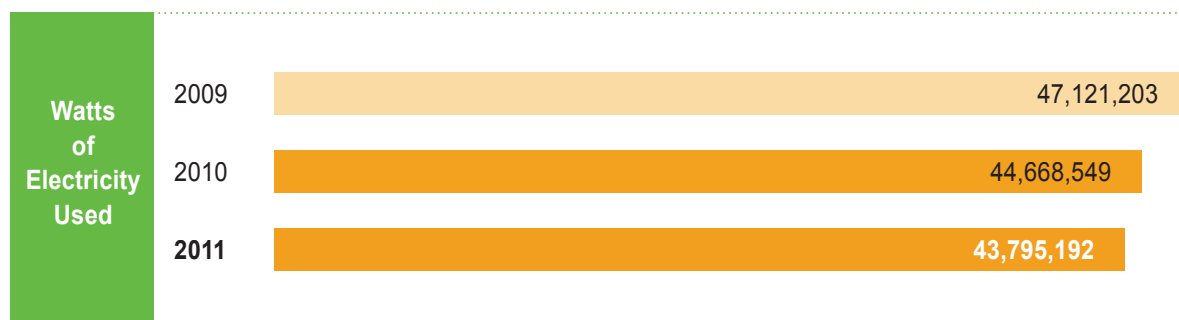| 2009	2010	2011	2009	2010	2011	2009	2010	2011
Neihu Office			**Banqiao Mechanical**			**Zhonghe Office**		
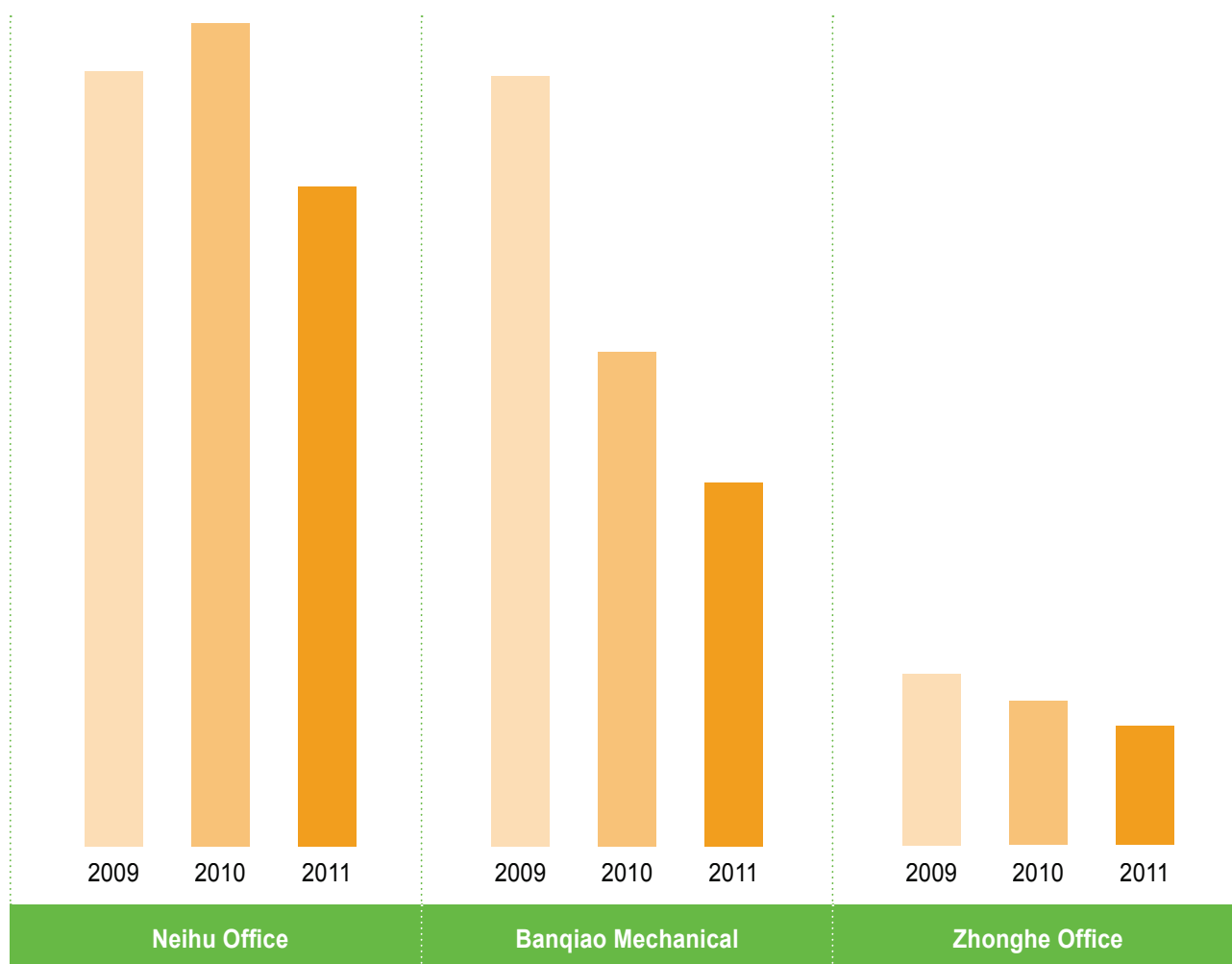
Electricity Usage Situation (covers all data in the company, including offices / main server rooms / base stations / directly operated stores)

Watts of Electricity Used		
2009		260,815,549
2010		262,602,474
2011		267,930,759

Year	2009	2010	2011
Unit (Watt)	260,815,549	262,602,474	267,930,759

Because of the thorough enforcement of energy conservation actions, Far EasTone has achieve significant results with regards to the energy consumption status of the main data centers and offices in the last three years (including all data centers and offices in Taiwan, but not including electricity use of stores and base stations across Taiwan). Electricity use (SMR/UPS) for server room communication is tracked regularly each month, as well as electricity usage data from offices and server rooms, indicating gradual annual reductions in electricity usage. In addition, between 2009 and 2011, 7% of power use was conserved, reducing power use by 3,326,011 Watts, which is the equivalent of reducing CO_2 emissions by 2.072,104KG. Relevant data regarding electricity conservation is as shown in the table below.

Electricity Consumption Conditions for Main Server Rooms and Offices (data includes offices / main data centers across Taiwan)

Watts of Electricity Used		
2009		47,121,203
2010		44,668,549
2011		**43,795,192**

	Watts of Electricity Used
2009	47,121,203
2010	44,668,549
2011	43,795,192
Electricity Conservation Ratio	**7%**
Watts of Electricity Conserved	**3,326,011**
Reductions in Total CO2 Emissions (KG)	**2,072,105**

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▶ Far EasTone has long been committed to helping abandoned and orphaned children. Since 2006, we have worked with the Child Welfare League Foundation for five consecutive years. We promoted active cash donations and store-based cash donations to the "saving the lives of abandoned children" initiative. We continue to focus heavily on domestic child care.

▶ Responding to the NCC's vision for "Broadband Access to Every Aborigine Village" and also to contribute to rural communications infrastructure construction, the activation of the Disaster Prevention Communications Platform in Namaxia Township, Kaohsiung County, provides transmission support systems such as optical fiber networks, microwave networks, and satellite transmission systems, and also provides mobile audiovisual systems with instant video, audio, and data, which allows for deep access into disaster areas and instant video transmissions.

▶ Responding to the Far Eastern Group, we continue to care for teachers and students affected by Typhoon Morakot, inviting 235 teachers and students to Taipei's Flora Expo to understand the importance of environmental work. We further hope to enable students to understand the importance of caring for the Earth through education.

▶ Since 2009, we have twice brought the international performance group "Cirque du Soleil" to Taiwan to provide innovative artistic inspiration to the Taiwanese people with consummate performances, and establishing internationally connected artistic foundations for the nation's future owners.

Far EasTone believes that corporations and society need to establish positive relationships, sharing economic and corporate development achievements with society through our products and services. We start with ourselves and search for appropriate strategic partners by observing overall social conditions as we continue to plan for and promote various social participatory events.

We maintain the brand spirit of "Closing the Distance" comply with all regulations and laws, while adhering to principles of transparency and integrity in business (we do not violate the principle of market competition). We also continue to focus on environmental development and change with a zero-distance commitment, in order to assist people in need within society on a timely basis. We promise that Far EasTone's actions will continue to be innovated and refined, and we will continue to combine innovation with core capabilities to participate in social welfare work and sponsor minority groups to give back to society.

Joining Hands with Child Welfare League Foundations and Devoting Long Term Care to Children's Issues

Many children are abandoned or orphaned in Taiwan due to family economic, parental absences, personal diseases, and other factors, and stumble their way into the orphan service of the Child Welfare League Foundation. The Foundation needs to assist over 200 orphaned children every year, and spends at least NT$ 15 million from the orphaned children care fund in order to maintain the children's living needs during the placement period.

Far EasTone attaches importance to its corporate social responsibilities, and continues to be involved in the care of orphaned/abandoned children and issues involving such children. Since 2006, we have worked with the Child Welfare League Foundation to jointly promote the "saving the lives of abandoned children" donation drive, while also utilizing our core corporate capabilities by inviting people to dial 380 directly on their cell phones to donate and by facilitating cash donations at stores. Due to the compassion of the general public, we have accumulated over NT$ 10 million in donations. With each child's monthly living costs estimated to be NT$ 3,000, approximately 4,588 children have benefitted from these donations, which provide disadvantaged children with the warmest and most practical care.

In October 2011, Far EasTone once again initiated the cell phone donation drive through dialing 380, and also introduced the "Baby Bag" charity sale and cash donation at stores between November 1 and December 31, encouraging people to show their compassion through convenient acts.

To expand their influence, Far EasTone employees also voluntarily recruited 100 volunteers to collect donations and sell Love Treasure Packs in December. Many roadside charitable donation collection events were held in Taipei City's Neihu Technology Park, Banqiao, Taichung's Fengjia Night Market, Kaohsiung's Xinjuejiang Night Market, etc, demonstrating the volunteers' personal response to the "Baby Bag Sales for Warmth on Christmas" event. Not only did pedestrians make generous purchases, passing motorists also felt the passion of Far EasTone employees and joined the ranks caring for orphaned children.

Donation and Resource Usage Status of the "Saving the Lives of Abandoned Children" Initiative of the Child Welfare League Foundation

Year	Donations (NT$)	Number of Children Helped	Content
2006	562,018	192	Charity sale of Far EasTone CD album
2007	2,884,808	961	Charity sale of lucky seeds (plants)
2008	1,851,352	612	Charity sale of Baby Cups (environmental cups)
2009	3,682,696	2,200	Typhoon Morakot disaster relief
2011	1,868,328	623	Charity sale of Love Treasure Packs
Total	**10,849,202**	**4,588**	

Note: number of children helped is calculated by dividing total donations by the monthly living costs of NT$ 3,000 per child.

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Compassionate Donations, Charity Sales and Caring for Minority Groups

Far EasTone holds annual internal employee charity sales. Funds and materials raised by charity sales have been donated to the Huashan Social Welfare Foundation, Taiwan Foundation for Rare Disorders, Genesis Social Welfare Foundation, Syin-Lu Social Welfare Foundation, and children's welfare agencies registered with the Ministry of the Interior, etc. We also hold periodic blood donation events and computer donation events to reduce the digital disparities in rural areas.

Since 2010, Far EasTone had been working with cnYES.com on a series of warm and compassionate events, sponsoring different targets in two consecutive years and caring for the disadvantaged in society. We sponsored Taichung Private Middle School, Hualien Bethesda Church's Private Hueiming Child Care Center for Blind Children, Jingjong Kindergarten School in Linbian, Pingtung, Federation for the Welfare of the Elderly, Heng Chung Christian Hospital, Taitung Christian Hospital, Mennonite Christian Hospital, etc.,and in 2012, we expect to sponsor Taichung Tseguang Kindergarten School, Nantou Home Assistance Center, Hualian Mennonite New Dawn Church, Yilan Puxian Kindergarten School, etc.

External Donation Statistics between 2009~2011 (donations besides those made to the Child Welfare League Foundation and for the Typhoon Morakot disaster)

Year	2009	2010	2011
Material Donations (Unit: units)	LCD　　24 units PC　　75 units NB　　1 units	PC　　688 units NB　　114 units Printer　51 units Scanner　2 units	LCD　117 units PC　　530 units NB　　67 units Printer　53 units Scanner　1 units
Cash Donations (Unit: NT$ 1,000)	92,300	2,500	153,700

Far EasTone Caring for Disaster Areas, Collecting Donations, and Delivering Compassion to Disaster Areas

Far EasTone cares about Taiwan, and sends warm regards whenever typhoons and floods occur to care for the residents of disaster areas. In 2009, Typhoon Morakot caused flooding all over Taiwan, and severely damaged village roads and communication facilities in central and southern Taiwan. Far EasTone immediately established emergency response centers and used many undersea cable routes for emergency allocation, including external communication through voice, internet, and data lines. At the same time, Far EasTone's vehicles also immediately proceeded to Jiadong in Pintung County, Fanlu Township in Chiayi County, Dongpu Township in Nantou County, Qishan in Kaohsiung County, and other heavily damaged disaster-stricken areas to provide instant communication services and supply disaster-stricken residents with cup water, surgical masks, wet paper towers, flash lights, and cell phone charging services.

During the disaster rescue period, we further addressed residents' needs by allocating new and fully charged cell phones and fully loaded Far EasTone prepaid cards on an emergency basis, sent by the Kaohsiung County Government to placement centers in Qishan and Foguangshan and used by the residents there. Flooding also led China Mobile Communications to dispatch three mobile satellite base stations to Taiwan to assist with difficult disaster rescue operations in mountainous areas, accidentally facilitating unprecedented cooperation between Taiwanese and Chinese telecommunications companies (Far EasTone and China Mobile) in disaster rescue, and setting a positive precedent.

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In 2009, Far EasTone and the Child Welfare League Foundation joined hands in addressing resumption of education for children who lost their schools in the Typhoon Morakot, jointly responding to the Far Eastern Group's "Fostering Hope and Love in Campuses" donation event. We financed five junior high and elementary schools in the disaster-stricken Taoyuan Township in Kaohsiung County and facilitated the resumption of their schooling at another location, the Qishan campus of Fortune Institute of Technology.

The event raised a total of NT$ 3.68 million. Portions of the charitable donations were used to buy school materials needed by the children, so that disaster-stricken children can attend school comfortably. Other portions of the donations were used to assist with oral and related hygiene and health care for children. Far EasTone further erected the "Cups of Hope" charitable Christmas tree with the Child Welfare League Foundation, calling for society to send their compassion through the Cups of Hope into the hands of disaster-stricken children.

In 2009, Far EasTone also worked with the Red Cross to raise NT$ 6.87 million through retail outlets and simple cell phone codes. Internally, Far EasTone also initiated salary donation activities to do its part for society.

Targets and of Donations Amounts for the August 8 Floods

Organization	Assistance Project	Amounts Donated (NT$)	Donation Content
Child Welfare League Foundation	"Fostering Hope and Love in Campuses" donation event, which finances education resumption plans for middle and elementary schools at different locations	3,682,696	1.Purchases of educational materials needed by children. 2.Assisting children with oral and relevant hygiene and health care.
Red Cross	Retail outlet donations for the Typhoon Morakot relief fund	1,645,550	Morakot Project
	Donations for the Typhoon Morakot relief fund facilitated by dialing 55135	5,223,605	Morakot Project
Total: 10,551,851 (NT$)			

Organizations Assisted by Far EasTone's Social Care Activities in 2011 and Resources Invested

Organization Assisted	Event Name	Donation Amount	People Benefitted
Child Welfare League Foundation	"Saving the Lives of Abandoned Children" donation event	1,868,328	623
	Cirque du Soleil performance	Sponsorship of 40 VIP tickets	40
Red Cross Society of the Republic of China	Code 55135 cell phone donations for the March 11 Japanese tsunami	6,507,581	NA
Red Cross Society of the Republic of China	724 units of material donations for the Japanese tsunami	345,350 (estimate)	NA
Taoyuan Elementary School Xingzhong Elementary School Jianshan Elementary School	Visits to the Flora Expo's Pavilion of Fashion via HSR	Responsible for event execution	235

Echoing Far Eastern Group's Charity and Continuing to Care for Typhoon Morakot's victims

As the leader of the Far Eastern Group, Far EasTone Chairman Douglas Tong Hsu is also the Vice President of the Asia region of The Natural Conservancy, and he promotes in all business groups the utilizing of specialized core corporate resources to carry out social welfare work.. In early March 2011, the Far Eastern Group once again extended its compassion to disaster-stricken children from Typhoon Morakot. Far EasTone was tasked with sponsoring 235 teachers and students from Taoyuan Elementary School, Xingzhong Elementary School, and Jianshan Elementary School to visit the FE EcoARK in Taipei's Flora Expo, allowing children to experience the rare experience of taking the high-speed train and understand the importance of environmental work. We further hope to educate them on the importance of caring for the Earth through education.

Students and teachers experienced the novelty of the technological and environmental architecture of "Far Eastern EcoARK," sponsored by Far Eastern Group, in the Pavilion of Fashion of the Flora Expo in Taipei. The unique building materials of Far Eastern's EcoARK and the building's own utilization of natural resources not only demonstrate the future possibilities of low-carbon lifestyles, it is also a reflection on the August 8 typhoon and a call for more people to care for the Earth.

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Setting Precedents for Charitable Responsibilities and Creating Charitable Values with Core Values

In 2009, Far EasTone penetrated treacherous mountain landscapes and utilized PLC power line technology innovated by the Industrial Technology Research Institute and Taipower Corporation for the first time ever in creating digital communication and broadband internet infrastructure in neighborhood 7 and 12 in Dahu Village, Fanlu Township, Chiayi County.

As witnessed by government and local officials, Chairman Hsu, and many guests, not only did we unveil the results of efforts regarding power lines and online communications, we also installed optical fiber equipment in Fanlu Township, renovated the library of Dahu Elementary School, and donated computers, encyclopedia, and other resources to be used by schools and community residents, so that rural villages can also enjoy digital communication lifestyles.

Other than actively demonstrating social responsibility through hardware infrastructure, Far EasTone is further using its core resources in social welfare work. Disaster-resistant communication platforms in Namaxia Township of Kaohsiung County were officially activated in 2010, which not only assisted with increasing the power supply for transmission support systems such as optical fiber networks, microwave networks, and satellite transmission systems, but also provided instant mobile audiovisual systems with instant imaging, voice, and data, allowing for deep access into disaster areas and instant image and video transmission.

Distance-free Love and Compassion Sent Abroad for the Japanese Earthquake

Far EasTone not only cares for Taiwan, it has also lent a helping hand to victims major international disasters overseas over the years, including the Sichuan earthquake of 2008 and the March 11 Japanese tsunami, when Far EasTone immediately provided donation services through cell phone code 55135. Users could use their cell phones to make small donations. In 2011, Far EasTone solicited donations for the Japanese tsunami, which included cell phone donations through dialing 55135 and employee materials. Approximately NT$ 6.85 million was collected, all of which was most effectively utilized by the Red Cross Society of the Republic of China.

Disaster-Resistant Communications Platform in Namaxia Township

When Typhoon Morakot severely damaged central and southern Taiwan in 2009, Far EasTone not only spared no effort in disaster rescue and recovery work, we actively participated in the "Post-Typhoon Morakot Communication and Broadcast Infrastructure Improvement Implementation Plan in Kaohsiung County" and the initiation ceremony of Namaxia Township's disaster prevention communication platform. Not only did we sponsor NT$ 2,718,073 in construction funds, we also played vital a mediation role as five telecommunication companies worked together on improvement plans to build joint 2G stations.

In addition to fully devoting ourselves to repairing base stations and data centers, we also mobilized our corporate influence immediately to bring in mobile base station communication vehicles whose communication qualities are less affected by terrain, have greater transmission capabilities than satellite phones, and could sufficiently service response and emergency needs. We further introduced a series of compensation plans for users in disaster areas, hoping that users can enjoy smoothchannels of communication. Our commitment has won widespread appreciation from Namaxia Township's residents.

Furthermore, in November 2010, Far EasTone responded to requests to establish the "1991 Safety Bulletin Board" for the Ministry of the Interior's National Fire Agency, including the "1991 Safety Bulletin Board," "1991 Safety Voice Mail," and "1991 Safety Web Message," while also providing discounted rates and channels for people to let loved ones know that they were safe from harm.

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Artistic Connection with International Performance – Project to Introduce Cirque du Soleil Performances to Taiwan

In January 2009, Far Eastern Group invited the renowned Cirque due Soleil to perform in Taiwan, with Far EasTone responsible for charitable event planning and implementation. Tickets were awarded to dozens of outstanding students from a total of eight drama, dance, music, and other performance-related departments at six domestic universities, including the College of Performing Arts of National Taiwan University of Arts, the School of Dance and School of Theatre of Taipei National University of the Arts, and the Dance Department of National Taiwan University of Physical Education and Sport, to give them a chance to view consummate world class performances, inspire creativity among students and increase their artistic aptitude.

In 2011, Far EasTone once again arranged to issue performance tickets to the Child Welfare League Foundation, inviting 40 teachers and students to partake in this international artistic performance. Cirque du Soleil brings new artistic inspiration to the Taiwanese people its outstanding performances, laying an international artistic foundation for the nation's future owners.

SGS Assurance Statement

SGS   ASSURANCE STATEMENT

SGS TAIWAN'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTONE TELECOMMUNICATIONS CO., LTD.'S COROPRATE SOCIAL RESPONSIBILITY REPORT FOR 2011

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan was commissioned by Far EasTone Telecommunications Co., Ltd. (hereinafter referred to as FET) to conduct an independent assurance of the Corporate Social Responsibility Report of 2011. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in FET's operational sites in Taiwan of this report.

The information in the FET's Corporate Social Responsibility Report of 2011 and its presentation are the responsibility of the superintendents, CSR committee and the management of FET. SGS Taiwan has not been involved in the preparation of any of the material included in the FET's Corporate Social Responsibility Report of 2011.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all FET's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organisation.

This report has been assured at a high level of scrutiny using our protocols for:
evaluation of content veracity;
AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at headquarter of FET in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Taiwan affirms our independence from FET, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with QMS, EMS, SMS, EnMS, GPMS, SA 8000, GHG Verification Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within FET's Corporate Social Responsibility Report of 2011 verified is accurate, reliable and provides a fair and balanced representation of FET sustainability activities in 01/01/2011 to 12/31/2011. Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, and these are clearly marked throughout the text.

The assurance team is of the opinion that the report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be assured by an independent assurance team and FET has taken a bold step by offering the report to evaluation against both Global Reporting Initiative's G3.1 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3.1 Application Level B[+] and AA1000 Assurance Standard (2008) type 1, moderate level.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCULSIONS, FINDINGS AND RECOMMENDATIONS
Inclusivity
FET has demonstrated a strong commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, consumers, investors, local communities, suppliers, media, NGOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. It is recommended to have higher degree of direct involvement of stakeholders during future engagement.
Materiality
FET has implemented appropriate process for determining issues that are material to the organization. We believe the report has addressed the great majority of FET's material issues at an appropriate level to reflect their importance and priority to the stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.
Responsiveness
FET is committed to being responsive to stakeholders and their concerns. Future reporting may refocus on how the contribution is making to sustainable development outcomes. The amount of information on environmental and societal aspects may be increased in next report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCULSIONS, FINDINGS AND RECOMMENDATIONS
Principles, Standard Disclosures and Indicators
The report, FET's Corporate Sustainability Report 2011, is adequately in line with the Global Reporting Initiative G3.1 application level B[+]. The principle of stakeholder inclusiveness and disclosure on environmental aspect may be further enhanced. Contents of Disclosure on Management Approach need to be further addressed. It is recommended to have more clearly defined policy and long-term and/or intermediate objectives for each aspect.

Signed:
For and on behalf of SGS Taiwan

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
23 March, 2012
WWW.SGS.COM

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GRI G3.1 Index

			Disclosure Items	Page	Disclosure level
Strategy and Analysis	1.1		Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	4-5	●
	1.2		Description of key impacts, risks, and opportunities.	4	●
Organizational Profile	2.1		Name of the organization.	5	●
	2.2		Primary brands, products, and/or services.	5	●
	2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	16	●
	2.4		Location of organization's headquarters.	5	●
	2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	5	●
	2.6		Nature of ownership and legal form.	17	●
	2.7		Markets served.	5	◎
	2.8		Scale of the reporting organization.	5	●
	2.9		Significant changes during the reporting period regarding size, structure, or ownership.	No major organizational change	●
	2.10		Awards received in the reporting period.	6-7, 20, 66	●
Report Parameters	3.1		Reporting period for information provided.	1	●
	3.2		Date of most recent previous report.	First Publication	●
	3.3		Reporting cycle.	Annually	●
	3.4		Contact point for questions regarding the report or its contents.	1	●
	3.5		Process for defining report content.	1,12	●
	3.6		Boundary of the report.	1	●
	3.7		State any specific limitations on the scope or boundary of the report.	1	●
	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.	There are no joint ventures/subsidiaries etc	●
	3.9		Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Refer to each chapter	●
	3.10		Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	First Publication	●
	3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	First Publication	●
	3.12		Table identifying the location of the Standard Disclosures in the report.	83	●
	3.13		Policy and current practice with regard to seeking external assurance for the report.	1, 80, 81	●
Governance, Commitments, and Engagement	4.1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	17	●
	4.2		Indicate whether the Chair of the highest governance body is also an executive officer.	17	●
	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.	17	●
	4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	18-19	●
	4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	18	●
	4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	18	●
	4.7		Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	17	●
	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.	5 ,18	●
	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.	17	◎
	4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	17	●
	4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	21	●
	4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	42-43	●
	4.13		Memberships in associations and/or national/international advocacy organizations.	42-44	●
	4.14		List of stakeholder groups engaged by the organization.	14	●
	4.15		Basis for identification and selection of stakeholders with whom to engage.	14	●
	4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	15	●
	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.	15	●

Economic		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	16	●
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	16	●
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	9, 73-74	◎
	EC3	Coverage of the organization's defined benefit plan obligations.	57	●
	EC4	Significant financial assistance received from government.	51	◎
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	20	●
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	67	●
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	FET operates only in Taiwan, and all hiring of FET is local hiring	●
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	44-45, 74, 77	●
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	23-24, 26	●

Environmental		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	47	●
Energy	EN1	Materials used by weight or volume.	FET is a telecommunication service industry, not manufacturing industry company, therefore no materials are used.	●
	EN2	Percentage of materials used that are recycled input materials.	FET is a telecommunication service industry, not manufacturing industry company, therefore no materials are used.	●
	EN3	Direct energy consumption by primary energy source.	None	○
	EN4	Indirect energy consumption by primary source.	64-65	◎
	EN5	Energy saved due to conservation and efficiency improvements.	58-60, 62-64	●
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	62-65	●
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	57-59	●
Water	EN8	Total water withdrawal by source.	All water is provided by national water company, no other water resources are used	●
	EN9	Water sources significantly affected by withdrawal of water.	Wastewater discharged into local sewage treatment	●
	EN10	Percentage and total volume of water recycled and reused.	Water discharged into the local sewage system treatment, therefore no relevant issue involved	●
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	No operating facilities built in a the protected area	●
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	No operating facilities built in a the protected area	●
	EN13	Habitats protected or restored.	No operating facilities built in a the protected area	●
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	No operating facilities built in a the protected area	●
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	No operating facilities built in a the protected area	●
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	69	◎
	EN17	Other relevant indirect greenhouse gas emissions by weight.	None	○
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	64-65	◎
	EN19	Emissions of ozone-depleting substances by weight.	No emissions	●
	EN20	NO, SO, and other significant air emissions by type and weight.	No emissions	●
	EN21	Total water discharge by quality and destination.	FET is a telecommunication service industry company, all water discharged into the local sewage system for treatment	●
	EN22	Total weight of waste by type and disposal method.	67	◎
	EN23	Total number and volume of significant spills.	No spills	●
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	FET is a telecommunication service industry company, therefore there is no hazardous waste shipment	●
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	FET is a telecommunication service industry company, all used water discharged into the public sewage system, therefore no influence on effect habitats	●

Environmental		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	47	●
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	31, 57-58	●
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	None	○
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	No relevant issues	●
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	No relevant issues	●
Overall	EN30	Total environmental protection expenditures and investments by type.	None	○

Labor Practices and Decent Work		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	47	●
Employment	LA1	Total workforce by employment type, employment contract, and region.	54	●
	LA2	Total number and rate of employee turnover by age group, gender, and region.	55	◎
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	51	●
	LA15	Return to work and retention rates after parental leave, by gender.	55	●
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements.	Not applicable , FET does not have trade unions	●
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	FET acts in accordance with the Labor Standards Law	●
	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.	53	◎
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	53	◎
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	51-52	●
	LA9	Health and safety topics covered in formal agreements with trade unions.	Not applicable, FET does not have trade unions	●
Training and Education	LA10	Average hours of training per year per employee by employee category.	48	●
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	47-48	●
Diversity and Equal Opportunity	LA12	Percentage of employees receiving regular performance and career development reviews.	48	●
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	54-55	◎
	LA14	Ratio of basic salary of men to women by employee category.	47	●

Human Rights		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	47	●
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	No relevant investment agreements during the reporting period	●
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	None	○
	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.	47	◎
Non-Discrimination	HR4	Total number of incidents of discrimination and actions taken.	No discrimination incidents happened during the reporting period	●
Freedom of Association and Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	49-50	◎
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	FET's all operations are in Taiwan, and FET obeys the Labor Standards Law and does not hire child labor	●
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	47	◎
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	53	◎
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No relevant issues during the reporting period	●
Assessment	HR10	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	None	○
Remediation	HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	No relevant issues during the reporting period	●

Society		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	73	●
Local communities	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not applicable. FET is a telecommunications service industry company, there is no manufacturing operations involved, therefore there are no potential or significant negative impacts	●
	SO9	Operations with significant potential or actual negative impacts on local communities.	Not applicable. FET is a telecommunications service industry company, there is no manufacturing operations involved, therefore there are no potential or significant negative impacts	○
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not applicable. FET is a telecommunications service industry company, there is no manufacturing operations involved, therefore there are no potential or significant negative impacts.	○
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	None	○
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	None	○
	SO4	Actions taken in response to incidents of corruption.	No relevant incidents happened during the reporting period	●
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying.	43-44	◎
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	None	○
Anti-competitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	No relevant incidents happened during the reporting period	●
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No significant fines	●

Product Responsibility		Disclosure Items	Page	Disclosure level
		Disclosure on Management Approach	31	●
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	43	◎
	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.	None	○
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	38, 40	◎
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No relevant incidents happened during the reporting period	●
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	37-38	●
Marketing Communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	37	◎
	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.	No relevant incidents happened during the reporting period	●
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No relevant incidents happened during the reporting period	●
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No relevant incidents happened during the reporting period	●

Notation 1: 「-」 means no information at this moment

Notation 2: ● means fully disclose, ◎means partially disclose, ○ means no relevant information available