FAR EASTONE
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Love Sustains Society

2013 Corporate Social Responsibility Report

FAR EASTONE
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Far EasTone
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http://www.fareastone.com.tw
http://www.fetnet.net

Mobile   Broadband   Media   International Service

▶ ▶ ▶ About This Report

Reporting Period:

This report discloses all Far EasTone CSR performance information regarding CSR management approaches, key issues, responses and activities for 2013 (January 1 ~ December 31, 2013). For the sake of consistency, the presentation of certain projects and activities follows their starting date.

Reporting Cycle:

The FET CSR report is published on an annual basis. The previous report (2012) was published in July 2012. The next report (2014) will be published in July 2015.

Reporting Scope:

This report encompasses Far EasTone Telecommunications Co., Ltd. The scope of information and data in this report includes the financial, environmental and social performance of Far EasTone; financial information is based primarily on Far EasTone, though some of the content involves consolidated information from Far EasTone and its subsidiaries. Consolidated information is marked as such in this report.

Report Format and Third-party Verification:

The format of this report follows the GRI 3.1 Sustainability Report Guidelines and Additional Indicators for the Telecommunications Industry of the Global Reporting Initiative (GRI). The report was verified by an independent third-party certification institution as conforming to the GRI G3.1 A+ Application Level and AA1000 (Accountability) Type 2 High Level.

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▶ Love Sustains Society

An island with a hundred voices; a world with ever-changing coopetition. Amidst the clamor, people long to be understood yet block their ears to each other's voices. Despite the strides made in communication technology, disparities and misunderstandings make people all the more unfamiliar and distant. In keeping with the spirit of "Closing the Distance", FET believes that the all-embracing nature of "love" is the only way to resolve conflicts. We believe that an enterprise's responsibility grows with its power. In 2013, FET re-established the warmth and trust between people through its own efforts from the inside-out, fulfilling the ideal that "Love sustains society".

The past year has seen great upheavals in the ICT industry. FET built upon its five core values of being "Trustworthy, Proactive, Innovative, Accountable and Collaborative" and delivered strong performance: in the consumer mobile network speed testing conducted by the National Communications Commission (NCC), FET took 1st place in the telecommunications industry. Our exceptional quality of customer service was awarded golden medals in service surveys conducted by the Commercial Times, Next Magazine and Global Views Monthly and we successfully bid for three 4G spectrum licenses making us the only telecommunications operator capable of rivaling international LTE speeds. In the promotion of corporate social responsibility, we continued to support progressive development in children welfare as well as youth and environmental issues, winning acclaim from all parts of society.

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FET has long practiced the principle of business integrity and has won the unanimous approval from the market, investors and local and foreign institutions with our high level of transparency. FET received six major awards last year including FinanceAsia's "Best Corporate Governance" demonstrating that we adapted our governance to world-class standards. We believe that outstanding corporate governance is the cornerstone of sustainable business development and enhanced shareholder interests. In addition, a sound operating model together with transparent, bi-directional communication channels encourages talented employees to give their best for the enterprise.

Talent is FET's greatest asset. We continue to build common core values among employees to establish the next generation of leadership and instill the ideals of CSR in every employee. To this end, we search out talented professionals across different fields, specialties and perspectives to bring them onboard. By linking their competencies closely with our core capabilities, each employee can not only create even more value but also inherit the corporate culture of being "Trustworthy, Proactive, Innovative, Accountable and Collaborative".

With the coming of Big Data, the rise of digital convergence and the rapid growth of the Internet of Things, the telecommunications industry will play the extremely important role of communications integrator. The ICT industry that FET belongs to can provide smart solutions that increase energy efficiency to effectively help other industries reduce their greenhouse gas emissions. Due to the amplifying nature of these positive effects, FET hopes to lead by example and create a green telecommunications value chain that links employees, subscribers and the general public, starting with our data centers, base stations, stores and offices. These will then become a force for industry transformation.

FET has been a long-time supporter of children, youth and environmental issues. The concept of "Eco-fashion, Creative responsibility" defines our two main CSR themes. Last year, we continued to promote the "Green Kungfu" environmental awareness campaign and launched the first eco-friendly digital picture book competition in Taiwan. The completely paperless submission process saved energy and reduced carbon emissions while providing a stage for Taiwan's talented illustrators as well. FET volunteers also visited remote rural schools devastated by Typhoon Morakot with digital storytelling and share environmental stories to make a difference as eco-volunteers.

Over time, FET has transformed from being a network provider to a platform provider. In the future, we will evolve to become a diversified service provider. Brand differentiation will be essential to success in a very competitive market. This is why FET hoped to become a more proactive connector and launched the "Express your love. Let it be heard." brand campaign at the end of last year. The campaign spread from inside to outside the company, involving families and friends before it finally became a force for good in society.

In the coming year, FET will continue to push towards the corporate vision of "FET Connects and Enriches Life". We will work with our more than 6,000 employees to carry out self-improvements in customer service, mobile applications, infrastructure development, profit models and talent cultivation. Additionally, we will embrace the spirit of giving back to society. We will use our corporate resources to awaken the compassion and that people have forgotten for positive communication, linking them together and putting "Love Sustains Society" into practice.

Far EasTone President

· Customer satisfaction survey score reached 7.37, the highest score among competitors

· 360° Store Service won the "Triple Crown" in customer service surveys

4G · Successfully awarded 4G license, becoming the only carrier in Taiwan that has 20MHz of contiguous spectrum

Sustainable Corporate Governance
P.06

· Completed the "Taiwan Strait Express-1" submarine cable, serving as the hub for the Asia-Pacific region

· Became Vodafone's sole authorized partner in Taiwan

· Ranked 1st in NCC's 3G network speed testing

· Total amount invested in charity programs exceeded NTD 12 million

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Sustainable Corporate Governance

Sustainable Corporate Governance

A sound corporate governance structure is fundamental to sustainable management and the foundation of consumer trust. Far EasTone Telecommunications Co., Ltd. (FET) has worked to build a sound corporate governance and supervision structure since it was established in 1997. FET strives to follow the principle of trustworthy management and communicates actively with stakeholders. Consumer and investor expectations regarding transparency in corporate governance have gradually increased since the financial crisis. In response to this global trend, FET established the Corporate Social Responsibility (CSR) Committee in 2011 to incorporate CSR into the corporate governance structure and make it a key core business strategy. FET hopes that corporate governance will enable a more responsible response to consumer and investor interest in the myriad of corporate governance-related issues.

1.1 Corporate Management and Financial Information

FET was established on April 11, 1997, and is a publicly listed company in Taiwan (TWSE: 4904). Solid technical resources and financials saw FET secure two mobile communications licenses (GSM900 and GSM1800) in 1997. Network roll-out took place rapidly and commercial service commenced in January, 1998.

In 2013, FET continued to adopt a proactive strategy with the Taiwanese telecommunications industry posed on the cusp of the 4G era. By continuing to emphasize the spirit of "stand out in competition, innovative operations, solid commitment", FET strives to provide consumers with even better service quality and respond to the consumer market's demand for smart mobile devices, application services and cross-platform integration.

FET Profile	
Company Name	Far EasTone Telecommunications Co., Ltd.
Headquarters Address	No. 468, Rueiguang Rd., Neihu District, Taipei City
Primary Business Operations	Mobile communications (Tier 1 & 2 telecommunications service), fixed communications, Internet access, sale of mobile communications equipment and accessories.
Primary Area of Operations and Market	Taiwan
Directly Operated Retail Stores	348
Users (Thousands)	7,217
Employees	6,387
Consolidated Total Assets (NT$1,000)	$ 119,516,053
Consolidated Total Revenues (NT$1,000)	$ 89,670,579
Total Market Value (NT$1,000) (No. of shares outstanding multiplied by the closing price on 2013/12/31)	$ 213,431,803

Affiliated Enterprises

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                        Far EasTone
                      Telecommunications
                         Co., Ltd.

99.99%   85.92%   99.99%   100%     50%           80%        81.46%     100%    61.07%
Yuan     E.World  KGEx.com Far      O-Music       Hiiir      Q-Ware     FEIS    ARCOA
Cing                       Eastron               Digital     Communications
                           (S) Co.               Marketing
                           Pte Ltd

                                    100%                      100%              70%
                                    FETnet                    Far EasternTech-  DataExpress
                                                              Info. Ltd.
                                                              (Shanghai)

      100%      100%      100%      100%     76.92%    2.12%
      ISSDU     DU        New       Simple            Far Eastern New Century
                (Cayman)  Diligent  InfoComm          Information Technology
                                                      (Beijing) Ltd.

                100%      100%      100%              100%      99.99%    100%
                DUIT      Sino      FarEastern        Linkwell  Home      Jing Yuan
                (Shanghai) Lead     New                         Master
                                    Diligent Co. Ltd.
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In 2013, in response to trends in mobile technology and digital marketing as well as the emergence of the electronic ticketing and NFC (Near Field Communications) markets, FET added the following new re-investment subsidiaries: Hiiir, Yuan Shin Digital Payment and Alliance Digital Technology. The business portfolio and development of each company is outlined below.

Hiiir

Develop integrated mobile, social networking, content and business application services

Investing in the development of new business platforms

Yuan Shin Digital Payment

Integrate the development requirements for marketing, electronic payment and payment services

Preparation phase

Alliance Digital Technology

Expand business operations by promoting the development of the NFC market in Taiwan

Initial roll-out

Core Business Philosophy

FET is the pioneer in information, communications and digital application services in Taiwan. The core values of FET are Trustworthy, Proactivity, Innovation, Accountability and Collaboration. FET has upheld the brand spirit of "Closing the Distance" since its creation and continues to pursue innovation through "standing out in competition, innovative operations and solid commitment".

FET Core Business Philosophy

Vision	Mission	Commitment
FET Connects and Enriches Life	FET aims to stand firm in Taiwan, look to the global Chinese market, and provide outstanding information, communication and digital content integration services.	Surpass client expectations through innovation and passion; become the enterprise of choice for employees; create the highest value for our shareholders; be committed to CSR and sustainable environmental development

Business Philosophy

Stand out in Competition	Innovative Operations	Solid Commitment
Invest in network infrastructure Pursue Customer Satisfaction	Cultivate the Four Major Applications Establish Enterprise Cloud Services	Demonstrate Transparent Corporate Governance Put Corporate Social Responsibility into Practice

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Financial Performance in 2013

Unit: NT$1,000

| Year	2011	2012	2013
Operating revenue	75,748,8318	6,665,697	89,670,579
Operating costs and expenditures	64,232,301	72,917,740	74,191,881
Operating profit	11,516,530	13,747,957	15,478,698
Non-operating expenses	641,969	738,830	990,479
Earnings before tax	10,874,561	13,009,127	14,488,219
Income tax expenses	1,947,745	2,374,676	2,641,558
Net profit	8,926,816	10,634,451	11,846,661
Interest expenses	61,054	46,511	118,018
Cash dividend per share (NTD)	3.00	3.50	3.75
Retained earnings	19,811,394	22,151,748	24,396,133

Source: 2011: Consolidated financial report compiled in accordance with the financial accounting standards of Taiwan.
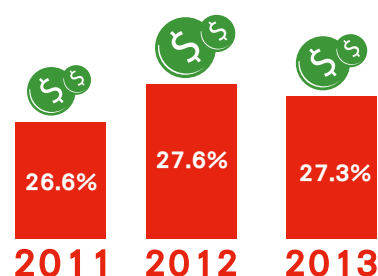2012 ~ 2013: Consolidated financial report compiled in accordance with the International Financial Reporting Standards.

Market Share

Users

	2011	2012	2013
	23.0%	23.5%	24.9%
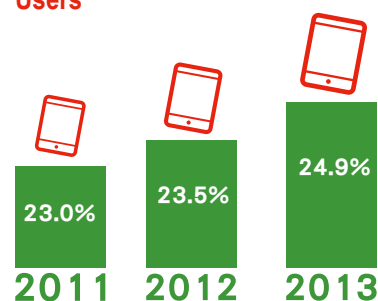
Mobile Telecommunications Service Revenues

	2011	2012	2013
	26.6%	27.6%	27.3%

Milestones

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FET won 6 major awards for the second year running in FinanceAsia's "Top Asia Companies" including "Best Managed Company", "Best Corporate Governance", "Best Investor Relations", "Best Corporate Social Responsibility", "Most Committed to a Strong Dividend Policy" and "Best CEO".

05

FET became Vodafone's sole authorized partner in Taiwan

FET received a gold medal for the Service Survey in Taiwan by Commercial Times for the second consecutive year.

10

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FET collaborated with heavyweight telecom operators in Taiwan and the China to build the "Taiwan Strait Express-1" submarine cable. This new telecom hub for the Asia-Pacific region created new momentum for business opportunities in both Taiwan and China.

04

FET signed the "Business Cooperation Framework Agreement" with China Mobile.

FET was named the winner of the 9th Global Views Magazine CSR Workplace Health Leadership Award for its "Healthy Workplace and Happy Female Employees" initiative.

FET passed a rigorous review by the Taiwan Corporate Governance Association for the second consecutive year to receive the "CG6008 Advanced Corporate Governance" certification.

Jan | Feb | Mar | Apr | May | Jun

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FET won 1st place in Next Media Magazine's "Top Service Awards 2013 - Mobile and Communications".

The start-up company Hiiir beat 12 international teams to win the top prize in the "2013 Facebook Ads API Hackathon" competition.

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FET won the "2013 CSR Award - Top 50 of CSR Report in Taiwan" from the Taiwan Institute for Sustainable Energy (TAISE).

07

FET received the highest rating in the "Information Transparency and Disclosure Ranking" for the 7th time to become one of the top companies in a field of over one thousand.

In NCC's network speed test report, FET received 1st place for 3G access speed. Out of the 22 cities and counties in Taiwan, FET was ranked 1st in download and upload speeds in 12 and 14 regions respectively.

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FET garnered the top award in Global View's "11th Excellent Service Awards - Telecommunications".

FET earned the "Outstanding Contribution Award" from the Taipei City Government as a role model in consumer protection.

The FET website won 2nd place in the Information Channel and Communications category of the Business Next magazine's Benchmark Service Enterprises.

FET successfully bid for three 4G spectra, making it the only carrier to own 20 MHz of contiguous spectrum.

FET received ISO 10002 complaint management certification.

FET CSR Report was named a model of excellence by the MOEA Industrial Development Bureau.

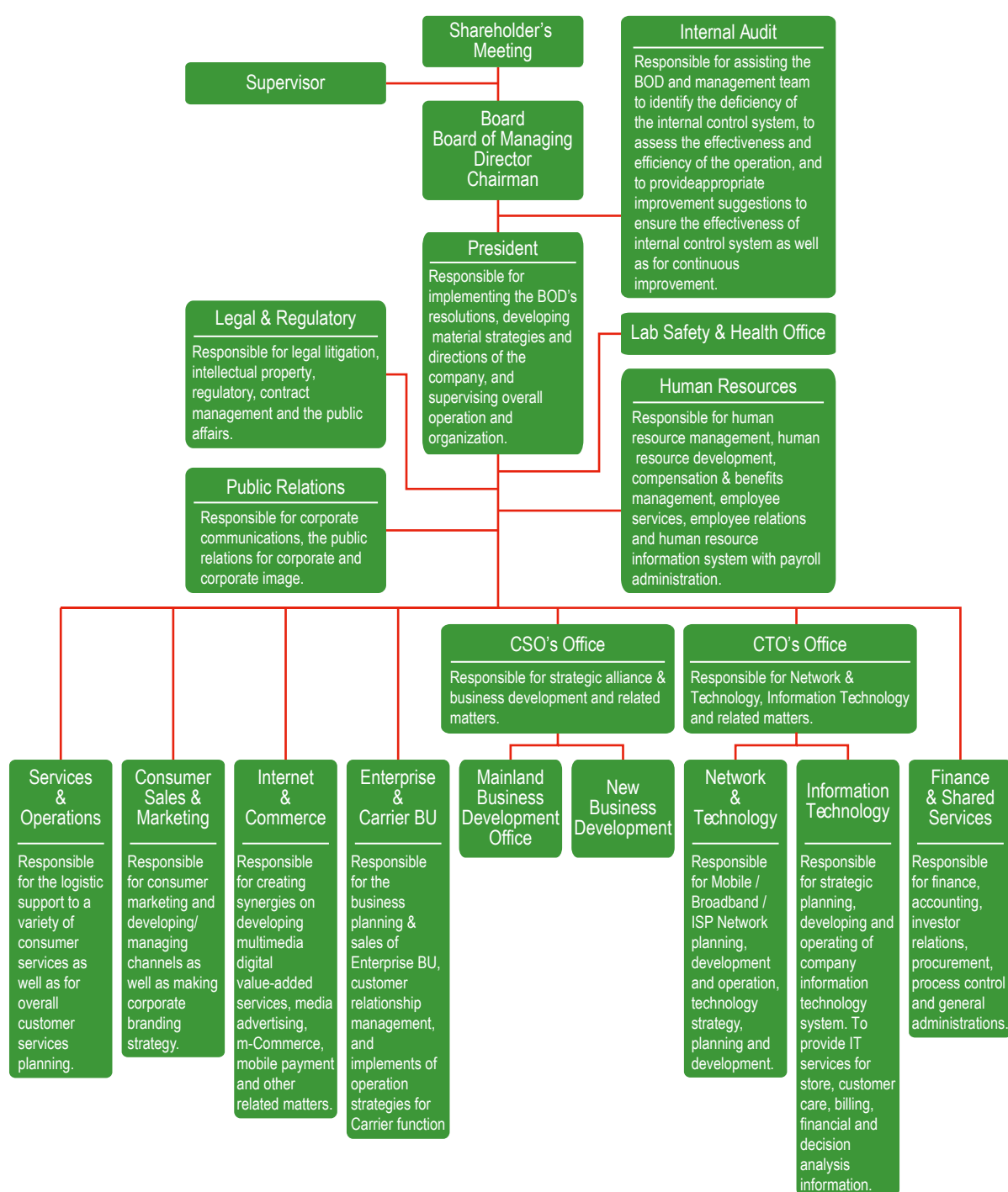11

Jul | Aug | Sep | Oct | Nov | Dec
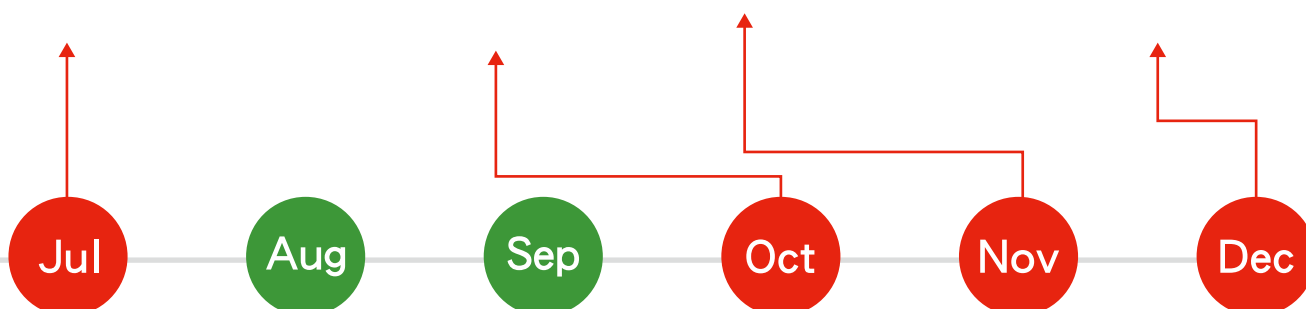
1.2 Corporate Social Responsibility and Governance

FET considers the practice of corporate social responsibility (CSR) to be a key company business strategy. To realize the goal of sustainable development, FET used the existing corporate governance structure as a basis to form a dedicated CSR Committee. This opportunity was used to integrate different FET departments, so they can work together to promote and carry out FET's major CSR targets.

Corporate Governance Structure

FET has a clearly defined organizational structure with different business groups under the president's management that work together to realize FET's core business philosophy. The existing organizational structure and the responsibilities of each unit in FET are shown as follows.
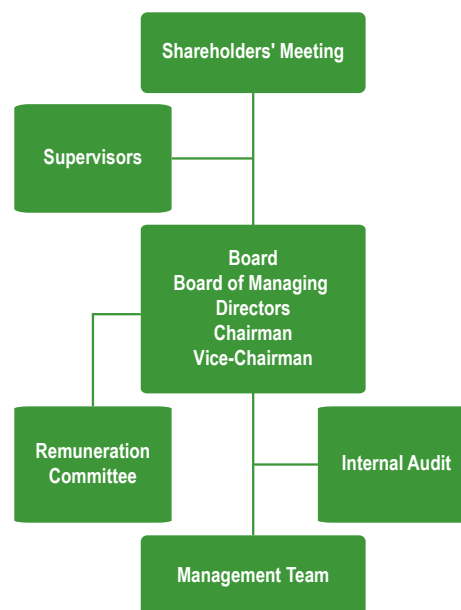
Shareholder's Meeting

Supervisor

Board — Board of Managing Director — Chairman

Internal Audit
Responsible for assisting the BOD and management team to identify the deficiency of the internal control system, to assess the effectiveness and efficiency of the operation, and to provideappropriate improvement suggestions to ensure the effectiveness of internal control system as well as for continuous improvement.

President
Responsible for implementing the BOD's resolutions, developing material strategies and directions of the company, and supervising overall operation and organization.

Legal & Regulatory
Responsible for legal litigation, intellectual property, regulatory, contract management and the public affairs.

Public Relations
Responsible for corporate communications, the public relations for corporate and corporate image.

Lab Safety & Health Office

Human Resources
Responsible for human resource management, human resource development, compensation & benefits management, employee services, employee relations and human resource information system with payroll administration.

CSO's Office
Responsible for strategic alliance & business development and related matters.

CTO's Office
Responsible for Network & Technology, Information Technology and related matters.

Services & Operations
Responsible for the logistic support to a variety of consumer services as well as for overall customer services planning.

Consumer Sales & Marketing
Responsible for consumer marketing and developing/ managing channels as well as making corporate branding strategy.

Internet & Commerce
Responsible for creating synergies on developing multimedia digital value-added services, media advertising, m-Commerce, mobile payment and other related matters.

Enterprise & Carrier BU
Responsible for the business planning & sales of Enterprise BU, customer relationship management, and implements of operation strategies for Carrier function

Mainland Business Development Office

New Business Development

Network & Technology
Responsible for Mobile / Broadband / ISP Network planning, development and operation, technology strategy, planning and development.

Information Technology
Responsible for strategic planning, developing and operating of company information technology system. To provide IT services for store, customer care, billing, financial and decision analysis information.

Finance & Shared Services
Responsible for finance, accounting, investor relations, procurement, process control and general administrations.

▶ Board of Directors Governance Structure and Principles

The FET Board of Directors consists of 9 directors and 3 supervisors, including 2 independent directors and 1 independent supervisor.

To ensure the diversity and professionalism of the Board, FET enlisted directors and supervisors with extensive world-class management experience or academic credentials. Their different fields of expertise provide the management with professional, objective experience that guide FET's strategic direction with regard to environmental, social and governance (ESG) issues, so that the best decisions for shareholders and society can be made. The Board of Directors was convened 4 times in 2013 and average attendance was in excess of 80%.

The "FET Corporate Governance Best Practice Principles" ensure the sound and effective operation of the system. Item-by-item voting and electronic ballots were adopted in 2012 with the votes for each motion disclosed on the FET website. A motion was also passed in 2013 to amend the Articles of Incorporation of FET to adopt the nomination system for all candidates in the Board elections and ensure that shareholder rights can be exercised in full.

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Shareholders' Meeting
Supervisors
Board
Board of Managing Directors
Chairman
Vice-Chairman
Remuneration Committee
Internal Audit
Management Team
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▲ Remuneration Committee

Remuneration paid by FET to directors and supervisors is stipulated by the "Articles of Incorporation of FET". The Remuneration Committee regularly reviews each board member's contribution to company operations, including future business risk in order to determine their fair compensation. The FET Remuneration Committee has 3 members and met twice in 2013 with an attendance of 100%. Currently, the main role of the Remuneration Committee is to assess the link between financial performance and compensation. Environmental and social performance is being considered for future inclusion.

▲ Internal Audit and Controls

FET Internal Audit reports to the Board of Directors and its primary mission is to carry out the annual audit plan, assist the Board and executives with inspecting and reviewing deficiencies in the internal controls of FET and subsidiaries, measuring operational effectiveness and efficiency, and offering suggestions for improvement when necessary. Extraordinary audits may also be conducted to identify potential deficiencies in internal controls in a timely manner and ensure the continued effectiveness of internal controls. A total of 4 Supervisors' Meetings were convened in 2013. The activities and results of Internal Audit were regularly reported to the Supervisors' Meetings.

▲ Information Disclosure

To provide domestic and foreign investors with accurate and detailed information, the FET website publishes up to date financial, business and CSR information. To improve access to information for domestic and foreign shareholders, as well as stakeholders, FET's annual report, meeting agenda, M.O.P.S. notices and website are all available in both Chinese and English.

Due to the transparency and timeliness of its information disclosure, FET has received the highest possible A++ rating in the "Information Transparency and Disclosure Rankings" from the Securities & Futures Institute. In April 2013, the Hanoi Stock Exchange in Vietnam and the Securities & Futures Institute of the R.O.C. inspected the information disclosure operations at FET, a first for a publicly listed company in Taiwan.

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CSR Governance

The "FET Corporate Social Responsibility Committee" (CSR Committee) was formed in 2011 and is the highest authority in CSR strategic planning and discussions within FET. The chairman of FET serves as the Chairman of the CSR Committee, the president of FET serves as the CEO, and division heads serve as the committee members. There is also a dedicated CSR Secretariat and Expert Groups to provide professional advice. Together, they work to promote and carry out the five main CSR goals of FET: Responsible Governance, Sustainable Environment, Social Participation, Digital Inclusion and Healthy Workplace.

The FET CSR Committee meets regularly to discuss relevant CSR issues and proposals. Various communication channels are also used to strengthen communications with stakeholders. A variety of social, charity and environmental protection initiatives are also used to fulfill FET's CSR goals.

In addition to the dedicated CSR Committee, FET also defined a "FET Corporate Social Responsibility Policy" in accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" issued by the TWSE and GSTM. The new policy was approved as the guiding principle of FET CSR policies at the 5th meeting of the 6th Board of Directors on April 26, 2013.

▶ **FET CSR Committee Structure**

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FET CSR Committee

Core Team (Committee Members)
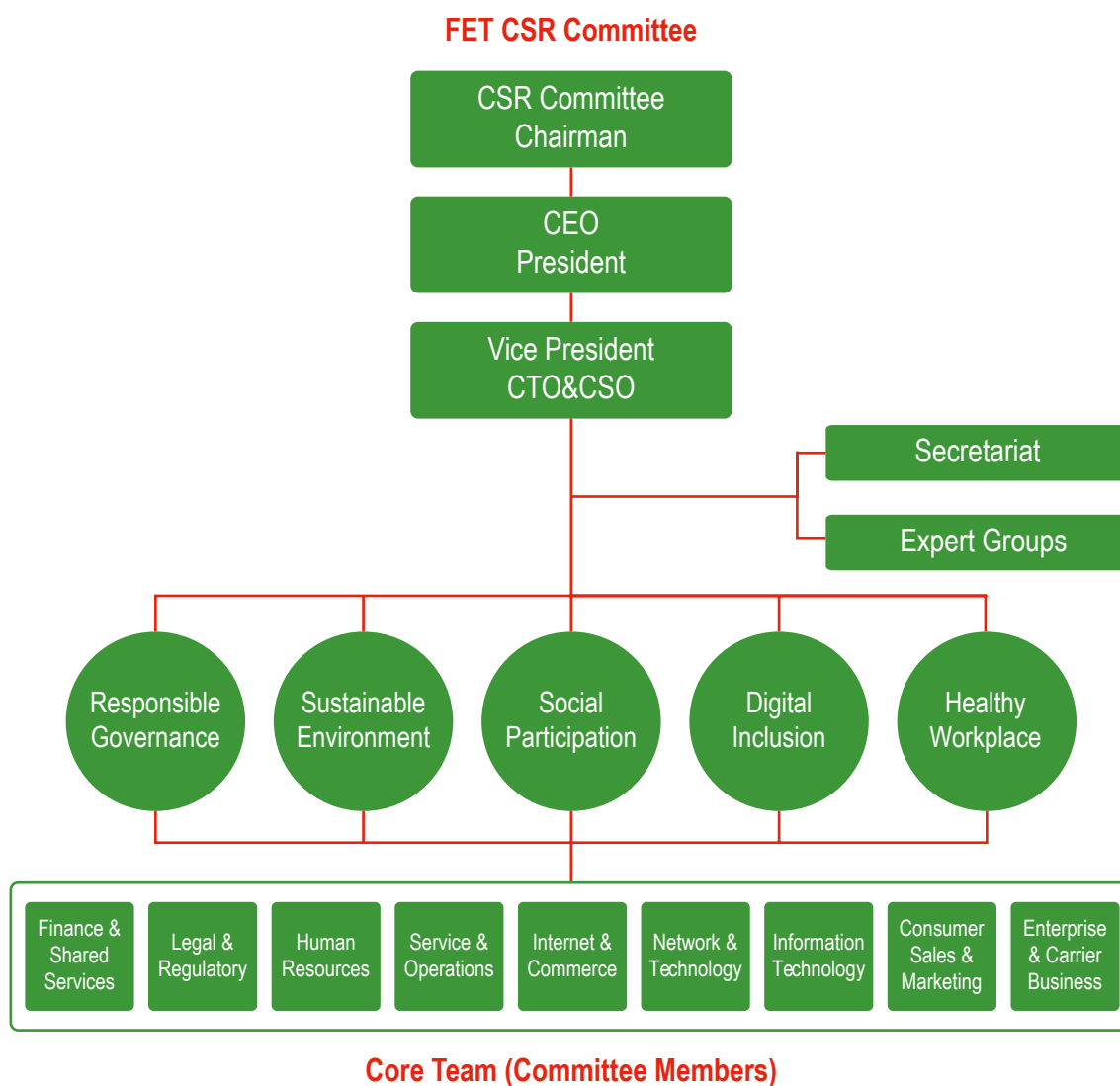
Trustworthy Management

FET practices the highest-level corporate governance principle of trustworthy management through the "The Code of Business Conduct" and "The Code of Ethics". To ensure the transparency of corporate governance, FET also provides disclosure through the FET website, annual reports, public statements and M.O.P.S. The FET e-Paper is used to increase exposure as well.

In terms of external governance, FET has incorporated the "The Code of Business Conduct Agreement" into business documents for external use, such as the "Supplier Information Form," to remind stakeholders to obey and respect FET's ethical and integrity standards. FET plans to release the Supplier CSR Guidelines in 2014 to ensure external CSR communication and commitment.

▶ The Code of Business Conduct

To establish a corporate culture of trustworthy management that will serve as a keystone of sustainable management, FET defined the "FET Code of Business Conduct" in April 2011. The Guidelines are applicable to all subsidiaries, any trusts that receive over 50% of their funding directly or indirectly from FET, and other entities over which FET has effective control.

The Code of Business Conduct covers bribery, illegal political contributions, improper charity donations or sponsorships as well as unethical business conduct such as the providing or receiving of unreasonable gifts, hospitality or improper benefits. The Guidelines were used as a guide when defining operating procedures and best practices.

▶ The Code of Ethics

To provide FET directors, supervisors and employees with a guide on acceptable ethical behavior, FET defined the "FET Code of Ethics" in April 2011, to provide an explicit code of ethical behavior for the FET Board, executives, employees and partners.

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The Code of Ethics covers areas such as preventing conflicts of interest, bans on personal gain, maintaining the confidentiality of company and customer data, and fair trade. Other employees' rights and responsibilities during employment are defined in the Guidelines on Employee Hospitality or Reception, Employee Notices and Professional Code of Ethics.

Risk Management

Apart from the principle of trustworthy management, FET has also established a comprehensive risk management system for major potential risks in corporate governance. FET has a dedicated risk and security control organization with risk control conducted at the executive meeting level. The focus on early warning and timely response is aimed at reducing risk-related losses.
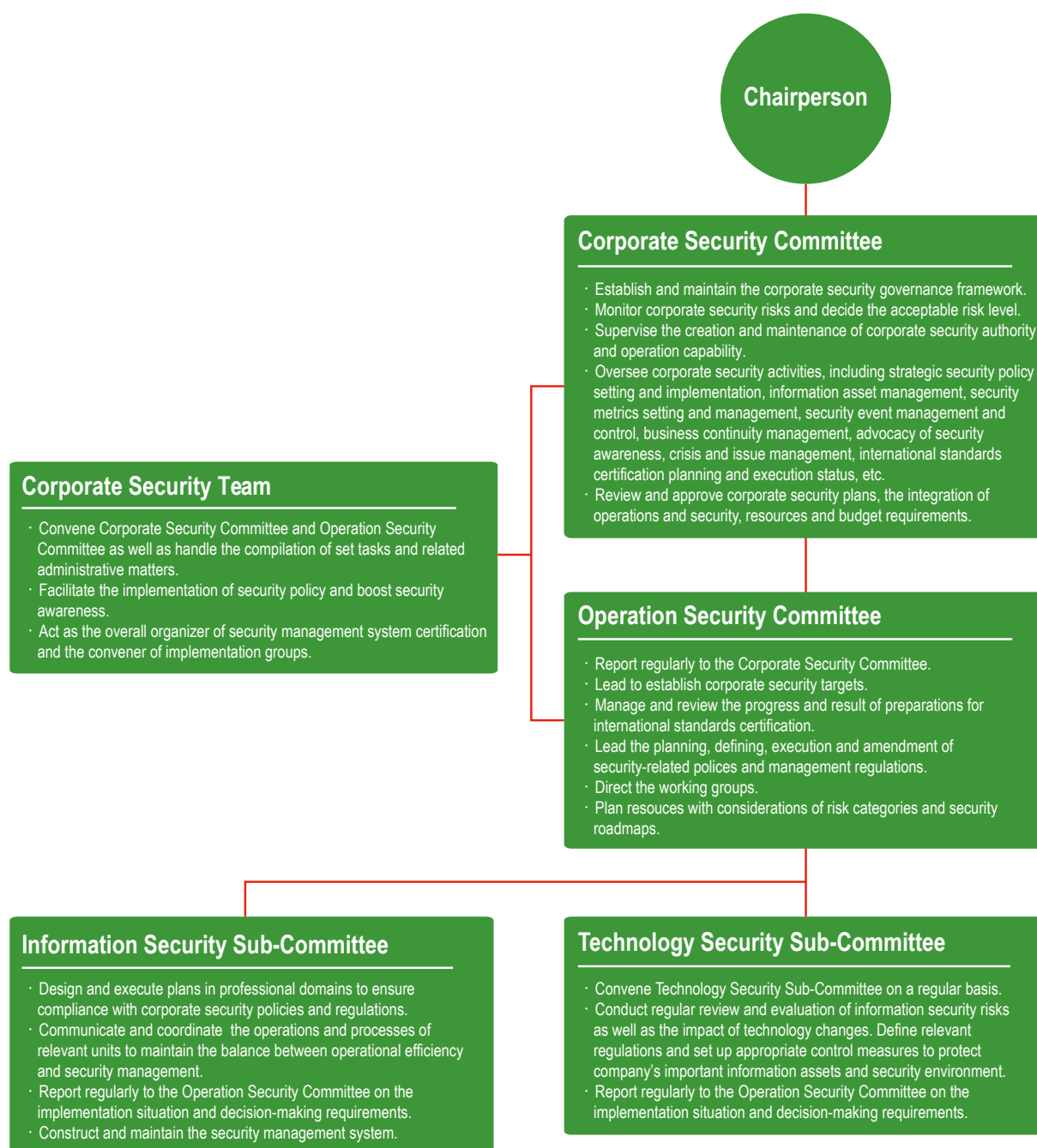
▶ Risk Management Structure and Responsibilities

To protect company assets, mitigate business losses, enhance business interests and ensure sustainable business management, FET has set up a corporate security organization, while also defining corporate security policy and framework covering areas such as operation information security, technology security, physical security and personnel security. Management of each area must take into account security governance and compliance, personal data protection, risk management, corporate business continuity management and risk management. The operation of the corporate security organization is used to realize actual risk management.

In 2013, FET convened more than 20 executive security meetings to discuss over 100 major security issues and updates such as customer data management, outsourcing vendor management, defining and introducing of effective security metrics, the reporting procedure for serious security incidents, verification and management of personal data/information security, and corporate continuity planning. Security awareness trainings and examination were also hosted for more than 6,000 FET employees, achieving a pass rate of 99.92%.

▲ FET Risk Management Structure

Chairperson

Corporate Security Committee

· Establish and maintain the corporate security governance framework.
· Monitor corporate security risks and decide the acceptable risk level.
· Supervise the creation and maintenance of corporate security authority and operation capability.
· Oversee corporate security activities, including strategic security policy setting and implementation, information asset management, security metrics setting and management, security event management and control, business continuity management, advocacy of security awareness, crisis and issue management, international standards certification planning and execution status, etc.
· Review and approve corporate security plans, the integration of operations and security, resources and budget requirements.

Corporate Security Team

· Convene Corporate Security Committee and Operation Security Committee as well as handle the compilation of set tasks and related administrative matters.
· Facilitate the implementation of security policy and boost security awareness.
· Act as the overall organizer of security management system certification and the convener of implementation groups.

Operation Security Committee

· Report regularly to the Corporate Security Committee.
· Lead to establish corporate security targets.
· Manage and review the progress and result of preparations for international standards certification.
· Lead the planning, defining, execution and amendment of security-related polices and management regulations.
· Direct the working groups.
· Plan resouces with considerations of risk categories and security roadmaps.

Information Security Sub-Committee

· Design and execute plans in professional domains to ensure compliance with corporate security policies and regulations.
· Communicate and coordinate the operations and processes of relevant units to maintain the balance between operational efficiency and security management.
· Report regularly to the Operation Security Committee on the implementation situation and decision-making requirements.
· Construct and maintain the security management system.

Technology Security Sub-Committee

· Convene Technology Security Sub-Committee on a regular basis.
· Conduct regular review and evaluation of information security risks as well as the impact of technology changes. Define relevant regulations and set up appropriate control measures to protect company's important information assets and security environment.
· Report regularly to the Operation Security Committee on the implementation situation and decision-making requirements.

▶ **Risk Management for Major Natural Disasters**

After the Typhoon Morakot disaster in 2009, many enterprises in Taiwan recognized that extreme climatic phenomena caused by climate change may lead to serious potential impact and risks to business operations. For FET, risks from natural disasters in Taiwan include damage to mobile communications equipment (e.g. base stations, server rooms and cables) from typhoons and earthquakes. These in turn could impact on the quality and stability of mobile communications, leading to a reduction in revenues and increase in operating costs.

In response to these risks, FET defined the "Major Disaster Contingency Management Regulations" to continue providing stable communication services to customers and consumers when a major disaster occurs.

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▶ Risk Management for Customer's Personal Information

For the telecommunications industry, the confidentiality of customers' personal information is the most important issue in information security risk management. To provide a standard way of measuring information security operations, FET has defined a number of information security-related key performance indicators for regular monitoring and measurement. Protective measures such as customer data tagging, encrypted data storage or transmission ensure the security of customers' personal information. In 2013, FET has acquired international BS10012 data protection certification.

For more information on management guidelines and performance regarding customer privacy and information security protection, please refer to "Personal Information Protection for Customers" section in Chapter 2 "Quality Customer Service".

▲ External Participation

Apart from the active implementation of internal corporate governance, FET also closely monitors the latest developments in domestic and foreign industry as well as playing an active role in related telecommunications industry and CSR associations. These actions ensure that FET's corporate governance is capable of responding to important proposals and initiatives in Taiwan and overseas, as well as the latest industry developments, in order to boost business competitiveness. FET was a member of the following associations in 2013.

· Business Council for Sustainable Development of Taiwan (BCSD Taiwan)	· Taipei, Taichung and Kaohsiung Computer Associations (TCA, TCCA, KCA)
· Taiwan Telecommunication Industry Development Association (TTIDA) *4 Directors 1 Superviso	· Intelligent Transportation Society (ITS) *1 Director
· Taiwan Internet Association (TWIA) *2 Director	· Taiwan Cloud Computing Consortium (TCCC) *1 Director
· Taiwan Corporate Governance Association(TCGA)	· Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)
· Wireless & Information Technology Communication Leaders Unites Board (WIT Club)	· Taiwan Chain Stores and Franchise Association (TCFA)
· Taiwan Network Information Center (TWNIC) *2 Director	· GSM Association (GSMA)
· Taiwan Digital Publishing Forum(TDPF) *1 Executive Director	· Taiwan Internet and E-Commerce Association (TiEA)
· International Digital Publishing Forum (IDPF)	· Cloud & Connect TV Forum (CCTF)
· Taiwan Contact Center Development Association (TCCDA) *1 Executive Director	

1.3 Stakeholder Engagement and Identification of Material Issues

FET used the AA1000 Stakeholder Engagement Standard as a reference for identifying stakeholders and material issues. In this way, FET was able to accurately identify major environmental, social and corporate governance issues of concern to stakeholders, and then develop management policies and initiatives that respond to stakeholder requirements and expectations.

Stakeholder Identification and Communication

The relevant units were brought together by the CSR Committee for stakeholder identification. The criteria were based on the five aspects of their relationship with FET: dependence, influence, concern, responsibility and diversity. These were then screened in terms of their importance in order to identify the following eight key stakeholders.

FET has different dedicated communication channels for each stakeholder that can be used to receive and respond to stakeholder requirements. FET's stakeholder communication channels, method of response as well as communication performance in 2013 are tabled below.

Stakeholder	Response and Communication Channel	Communication performance in 2013
Employees	· Education and training · Employee opinion survey · Performance evaluation · Communication with dedicated unit	· See Chapter 5 of this report for details.
Customers/ Consumers	· In-store face-to-face communication · Product conferences and marketing events · Customer satisfaction survey · Customer complaints channel	· See Chapter 2 of this report for details.
Suppliers	· Supplier code of practice and evaluation · Developers' Convention and other events · Education & training	· Supplier evaluation · FET Developers Convention (October)
Competent Authorities	· Communication with dedicated unit	· Took part in 358 NCC meetings · 30 administrative inspections by NCC · Took part in 185 coordination meetings with local government consumer protection officers and consumers (298 coordination meetings were scheduled but in 113 cases, the consumers' problems were resolved by FET before the meeting so the consumers withdrew their complaints)
Competitors	· Took part in telecommunications-related industry associations and set up communication platform. · Competition/market survey	· See the List of Memberships in this chapter.
Investors	· Shareholders' meetings and the annual report · Communication with dedicated unit	· Hosted 4 global institutional investor telephone conferences for direct communication with top executives · Took part in domestic/overseas face-to-face institutional investor meetings for communicating with investors · Published monthly non-audited revenue, profit and operating statistical data a total of 12 times
Media	· Press release/conference · Communication with dedicated unit	· Hosted 69 press conferences · Issued 219 press releases to communicate important information to the media and general public
Community/ NGO	· Information meetings/ symposiums/ forums · Sponsorships and collaborations	· See Chapter 4 of this report for details.

Material Issues Identification and Response

To ensure that the report and FET's future CSR activities encompass as many as possible of the themes and issues that stakeholders were most concerned about, FET used the results of the aforementioned stakeholder identification process and brought together the related units through the CSR Committee again to identify the material issues.

The identification of matrtial issues was based on two axes: "Influence on Stakeholder Assessment and Decisions" and "Significance of Economic, Environmental, and Social Impacts". FET units assessed each issue of concern to stakeholders then classified them as high, medium or low sensitivity for reporting purposes.

Based on the identification results, a total of 14 material issues were identified. All of the material issues were sorted by importance into a matrix as shown below.

▶ Analysis and Response

The identification of material issues showed that the issues of most concern to stakeholders were mostly concentrated in the telecommunication services provided by FET. These included service quality and uniqueness, communications quality, personal data protection, and regulatory compliance. The best way for FET to fulfill its CSR is therefore to satisfy the expectations of consumers and ultimately, all stakeholders through continued service improvements and upgrades.

Environment, society and governance (ESG) related sustainability issues, including climate change, gap between rich and poor, supply chain management, and transparent corporate governance, must be connected to core telecommunications business in order to maximize social benefits. For example, the identification results showed that stakeholder expectations of FET's environmental protection work emphasized its ability to provide low-carbon products and services. FET's environmental protection policy must therefore focus on reducing GHG (greenhouse gas) emissions produced during the service process.

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For the material issues identified above, the management policy proposed by FET in this report, along with related performance in 2013, are as follows.

Influence on Stakeholder Assessment and Decisions

Significance of Economic, Environmental, and Social Impacts

1 High-quality and unique customer service
- · Provide customized services to satisfy the needs of each group
- · Provide more attentive store services based around total satisfaction and commitment.
- · Continued technological innovation and actively prepare for the 4G market

2 Implement Corporate Social Responsibility
- · Continued operation of the CSR Committee, guaranteeing the influence of its decisions and combining them with corporate governance and development strategy

3 Low-carbon products and services
- · Combine customer service with environmental protection policy to continue promoting corporate energy-conservation and low-carbon services

4 Employee education and training
- · Internal education, training and talent development

5 Personal information security and protection
- · Practice information security and personal data management to ensure the privacy of subscriber data

6 Government policy and regulatory compliance
- · Actively cooperate with government policies

7 Customer complaints
- · Set up comprehensive customer complaint and response channels

8 Communication quality
- · Implement risk management policy to ensure communication quality is not affected by natural disasters
- · Practice proper infrastructure development and maintenance to ensure there are no regional differences in quality of service

9 Business continuity and risk management
- · Put the Code of Business Conduct into practice and ensure transparency in corporate governance

10 Employee compensation, benefits and career development
- · Set up a transparent and equitable channel for performance evaluation, promotions and communication
- · Practice workplace safety, equality and other welfare policies

11 Supply chain management
- · Incorporate CSR-related regulations into the existing supply chain code of practice

12 Company development strategy
- · Practice the core philosophy and vision through a sound corporate governance structure

13 Product services and marketing
- · Provide more cloud service content to satisfy the needs of enterprise users and consumers

14 Community care
- · Continue to promote branded charity events and accumulate community goodwill

2

Quality Customer Service

Quality Customer Service

Telecommunication services form the core of the FET's business. Be it communicating with or serving customers face-to-face in FET stores throughout Taiwan, providing consumers with different mobile communication experiences through software development and innovative technologies, or customer information protection and handling of customer complaints within the company, customer perception is affected by every step of the process. This in turn impacts on the company's operational performance.

Recognizing the importance of service, FET has always made providing customers with high-quality and unique services its primary goal. In 2013, FET hopes to go a step further by actively fulfilling the company's environmental and social responsibilities through better and more sustainable services that bring people closer together.

2.1 Tailored Service

FET understands that different consumer groups and customers each have their own particular requirements. For this reason, FET not only provides the same high quality service for all, but has also engaged in active innovation in recent years. Tailored services differentiate FET from other carriers and are aimed at satisfying every consumer and customer.

Specialty Store Service

To track the needs of different consumer groups more closely, FET launched the specialty retail store expansion program in 2012 to craft consumer environments tailored to different groups. Having previously launched the East District women's store in Taipei, the night market stores in Taichung's Fengchia and Kaohsiung's Ruifeng districts, and the Taipei Station convenience store for consumers who leave home early and return late, FET launched the Taipei Ximen trend store and Taipei Station outlet store in 2013. These two specialty stores are FET's response to the needs of young consumers and bargain-shoppers.

▶ **FET Specialty Stores throughout Taiwan**

Taipei Xining South Direct Store
Young consumers

Cross-industry collaboration with trend brands. Trend elements are incorporated into store design, accessories, interactions and interior elements.

Taipei Station Outlet Store
Bargain-shoppers

The first outlet store in Taiwan. Provides products, services and discounts in the form of bargain pre-owned and demonstration devices.

Taichung Fengchia Fuxing Store
Night market tourists / local residents

Become a part of the night market district to serve local residents and tourists

Taipei Station Store
Commuters / students

Longest business hours from 7AM to 11PM to serve the needs of those who leave home earlyand return late.

Kaohsiung Ruifeng Store
Night market tourists / local residents

Flagship store for southern Taiwan and a part of the night market district. Creates interactive APP experience to attract local residents and tourists.

Taipei East District Store
Office ladies / women

Women-only store. The interior, ambience, service and merchandise are all targeted at women.

360° Store Service

FET launched the "360° Store Service" concept in 2012 by integrating the existing four key services while also releasing new innovative services. These provide service content tailored to different consumer's time, location and product requirements. The goal is to satisfy every customer's expectations while demonstrating FET's the innovation and passion during the service process. The spirit of the 360° Store Service was continued in 2013 with FET choosing professional consultant-based sales and services in order to learn more about consumer needs, and then provide customers with the most suitable solution through the store staff's clear and professional explanations.

▶ **Consultant-based service process**

| Understand the customer's problem or requirement | ▶ | Demonstrate profession in explanation, with proper usage of tools | ▶ | Provide solution | ▶ | Provide personalized value-added service |

To ensure a consistent quality of service, FET has compiled store service handbooks and service standard manuals to train staffs and guarantee the service behavior and quality of customer service representatives. FET also makes use of monthly mystery shoppers and DVRs to check the service conditions at each store and ensure suitable attitude to service. FET's store services also undergo external verification to determine whether all service conforms to the standard. This ensures that customers can trust in the service provided by FET.

▶ **New Services Between 2011 - 2013**

▶ **Store Reservation Service**
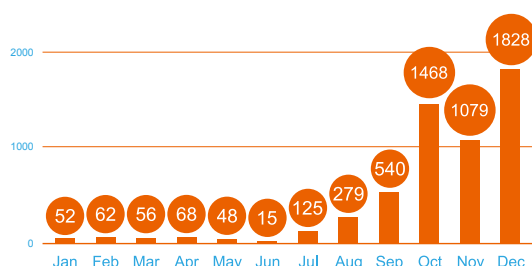
▶ **10-minute Service Promise**
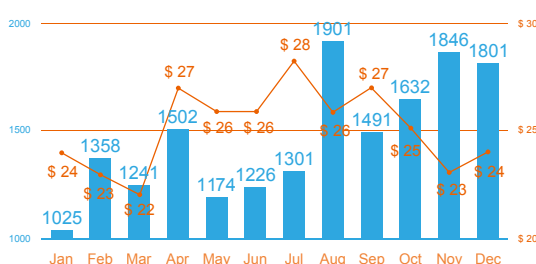
September 2011: Launched the 4 store services to improve convenience for customers.

1. Retail Store Reservation Service: Make a reservation online or through mobile communication devices to improve efficiency and reduce time wasted on waiting.

2. 10-minute Service Promise: If a customer has to wait for more than 10 minutes to be served in a store, FET promises to deduct $1 for every additional minute they wait from the customer's next bill.

3. Self-service Kiosk: Self-service payment kiosks connected to the billing system are being installed throughout Taiwan, allowing customers to make quick payments.

4. Home Delivery Service for Platinum Members: FET platinum VIP members can contact customer service to submit an online RMA request. FET will then send professional couriers to pick up the product from the customer's home.

▶ **Self-service Payment Kiosk**

NEW
NEW

Taipei Guanchien

Kaohsiung Linshen

Xinyi Vieshow

Kaohsiung Ruifeng

Taipei East District

▶ **Consumer Training Course**

| 134 Android | 19 HTC | 170 iPhone iPad | 188 Samsung |
| 17 Xiaomi | 7 Sony | 2 Nokia | 44 Communications APP |

▶ **Red Box**

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1200	80	338	458	624	1105	1179	1143	1004

▶ **Mobile Phone Trade-in**

	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trade-in with rebate	212	335	178	88	310	722	894
Trade-in with no rebate	24	397	0	5	0	7	8
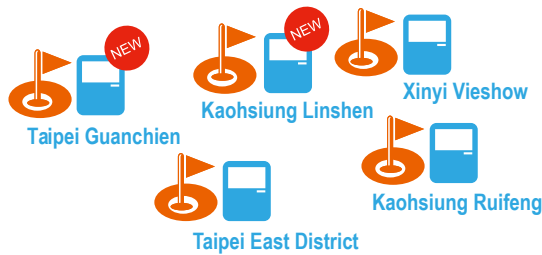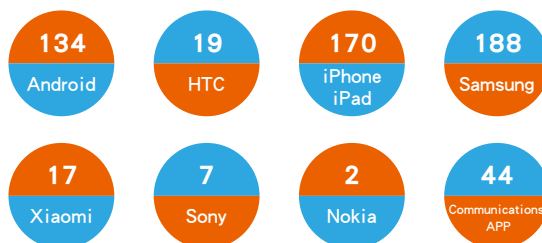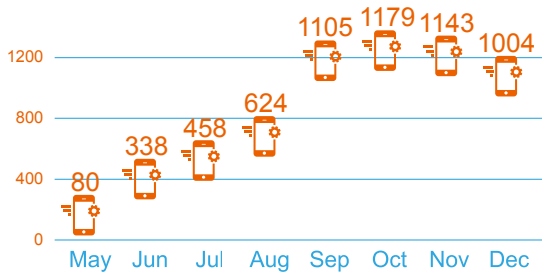
March 2012: The 4 store services revamped to enhance after-sales service

1. Consumer Training Course: FET provides consumers of different age groups with mobile phone, tablet and cloud application courses in northern, central and southern Taiwan. One-to-one services are available after class for different consumer problems. In 2013, FET hosted regular classes between 7pm and 8pm on Wednesday in the 2nd, 3rd and 4th week of each month. The classes covered lifestyle apps, use of Android devices and use of the Apple iOS system.

2. Open-all-year FET Service Center: FET service centers throughout Taiwan are open all year-round to repair products more quickly and efficiently.

3. Unrestricted Free Wi-Fi service: FET provides free Wi-Fi service at all stores, so consumers can experience the convenience of mobile Internet access right away

June 2013: Continued to launch new innovative services in the form of the "Red Box" and "Phone Trade-in" programs.

1. Red Box: When the customer purchases a new mobile phone in store, this device can be used to transfer data from old mobile phone to the new mobile phone, reducing the learning curve.

2. Mobile Phone Trade-in: FET assesses the value of customers' unused or obsolete phones to provide a rebate on their purchase. This is also better for the environment.

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Franchise Store Training

▲ The total number of store consultations during the year

30,000 ⬆

To ensure that the quality of service at franchise stores is identical to that in direct stores, the FET Franchise Channel Office and FET franchisees throughout Taiwan were partnered up to provide venues and teaching materials for hosting classes and conferences on shopping district marketing and management in 2013. These measures improve franchisees' ability to effectively manage their stores.

In 2013, FET hosted 12 conferences and on average, the 430 franchise stores across Taiwan each attended 1 to 5 weekly counseling meetings. The total number of store consultations during the year exceeded 30,000.

Rate Plan Transparency and Communication

When consumers are applying for new numbers or buying products or services, transparent rate plans and thorough communication clearly show consumers the type and rates involved. Customer complaints due to misunderstandings over the product or service can be reduced, thereby improving consumer trust.

Recognizing the important of transparent rate plans and effective communication, FET engages in active, detailed disclosure and communication for all rate plans, products and services. For new products and services, FET ensures that the rate plans are submitted in advance to the National Communications Commission for approval. Relevant competent authorities are also notified before introduction, in accordance with the law.

In September, 2013, FET launched a recommendation service for the best rate plans on the FET website, in line with NCC policy. A best rate plan service was also made available from October onwards through the Self-Care app to recommend rate plans for each month of the subscribers' last 6 months of usage or overall usage over 6 months. The method for using the best rate plan service was announced on each billing statement, helping consumers assess and adjust their rate plans.

Apart from thorough communication before purchases, FET is continuing to improve its channels for regulation communication with existing customers. Billing statements are the most direct and important communication channel for consumers. FET has continued

to refine the statement layouts since 2009 in order to improve clarity. Unit price and Internet usage information was also added in 2012. By 2013, subscribers could use the FET website and Self-Care app to check their call records. The improved disclosure reduced the number of customer calls over unclear billing issues by 17%.

▲ The improved disclosure reduced the number of customer calls over unclear billing issues

☎ 17% ⬇

Serving Special Groups

In addition to transparent communication on rate plans, FET has embraced the spirit of tailored service and requirements of the NCC to provide different rate plans for groups with special needs in society and satisfy the expectations of social welfare.

To enable special groups to enjoy the same service as the general public, the FET store service handbook contains service guidelines defined for customers with special needs, including the infirm, elderly, young children, visually/physically/hearing-impaired or those with language or product difficulties that cover interactions and service reminders.

▶ **FET Rate Plan Disclosure/Communication Channels**

FET website
· Transparent disclosure of rate plans on the website
· Allow customers to check billing and call records
· Provide rate calculator

Internal FET Platform
· Allow employees to look up the latest rate plans so store staff can give customers the most timely and correct answers to their questions

Stores
· Transparent disclosure of rate plans in the store
· Face-to-face communication between customer service representative and consumer
· Provide customers with written information such as service application forms during purchases to ensure that they understand the rights and obligations relating to the rate plan

Customer's Monthly Bill
· Monthly billing statement
· Provide advice on best rate plan so consumers can search and change rate plans at any time

Mobile Phone Self-Care App
· Provide billing and rate plan details
· Provide rate calculator

Media
· Provide media exposure for new products and services

▶ **Serving Special Groups**

Seniors over the age of 60
· "Evergreen Plan": Seniors over the age of 60 may apply for a 50% discount on monthly plans.
· A special telephone service is available for seniors receiving aid from the Genesis, Huashan and Homeless foundations. For just $65 per month, a seniors-only mobile phone is provided for free.

Physically and Mentally Handicapped
· "Warmth Plan": Holders of the Handicapped Handbook may apply for a 50% discount on designated rate plans.

Student
· "Student Discount Plan": 50% discount on domestic SMS, MMS and data.
· 50% discounts on other monthly voice plans and $499 unlimited monthly plan for students.
· "Altogether Card" prepaid card that charges $1/MB of data.

Foreign Worker
· Prepaid cards are available for foreign workers in Taiwan. Apart from a customer service hotline in their native language, foreign workers will also enjoy discounted international and local calls.

Product and Service Sales SOP

FET conforms to all NCC and Fair Trade Commission (FTC) regulations regarding the marketing and promotion of products and services. Standard operating procedures ensure all products and services are sold legally. Products and services sold by FET are all legal products supplied by contracted TWSE/GTSM-listed companies. Consumers are entitled to product warranties provided by the original manufacturer. If the consumer has any doubts about a product or service, FET will send staff within 3 working days to pick up or replace the product and will then go through the contract cancellation or replacement process.

For after-sales service, warranty services are provided for all mobile phones and related merchandise sold by FET. Consumers can also contact the warranty service provider or send the product to the distributor for repair. FET also has a Logistics Service Team and Distributor & Virtual Channel Office to assist with customer repairs. The SOP for the sale of FET products and services is shown below.

| Full disclosure of product information and rights (7-day trial period, contract start date, contract end date, rates and rebates during the contract period) | ▶ | Confirm consumer application | ▶ | Upon customer approval, verify details online and sign/renew the contract | ▶ | Repeat the content and rights of the new service |
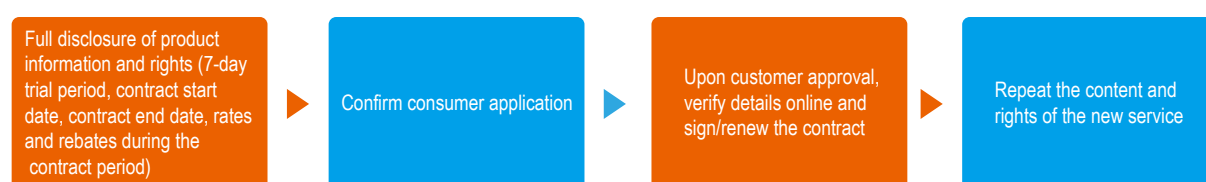
2.2 Software Development and Technological Innovation

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In addition to continuing to enhance the value of telecommunications service through service differentiation and quality optimization, FET is also actively engaged in innovative R&D to utilize our experience and strength in ICT to provide enterprise users and consumers with faster, more convenient and more efficient solutions that also create more social value. In 2013, FET invested approximately 523 Million NTD in R&D and innovation.

FET invested approximately
523 Million NTD
in R&D and innovation

Product and Service Sales SOP

To provide customers and consumers with faster, timelier and more diverse service content, FET adopted a proactive strategy for the 4G mobile communications market in 2013 and successfully bid for the A2, C3 and C4 spectrum, making FET the only carrier to possess 20 MHz of contiguous spectrum. The ownership of the contiguous C3 and C4 spectrum means that FET will be able to provide customers with the fastest and most stable network transfer speeds for the 4G experience. In the future, it will also be possible to use the lower A2 frequency block together with the higher frequency blocks for bi-directional transfer, giving customers the maximum possible signal coverage as well as the fastest and most stable network connection.

FET plans to be the first provider to offer 4G services in 2014, while also integrating and enriching the existing cloud service content to leverage a future technical advantage for sustainable development and service.

A2   C3   C4

Enterprise Cloud Services

FET has continued to invest in innovative technology R&D in recent years, ranging from basic enterprise infocomm requirements such as commercial multimedia, video conferencing and cloud storage equipment through to providing tailored information services for medical, transportation & communications and education industries. FET hopes that these technologies can be used to provide enterprise customers with the most effective solutions.

Information technology is now an indispensable part of business operations today. For this reason, FET provides complete enterprise infocomm services that use basic electronic transmission equipment, video conferencing and telephone conferencing together with cloud storage technologies to help enterprise customers improve their operational efficiency while also reducing costs and resources.

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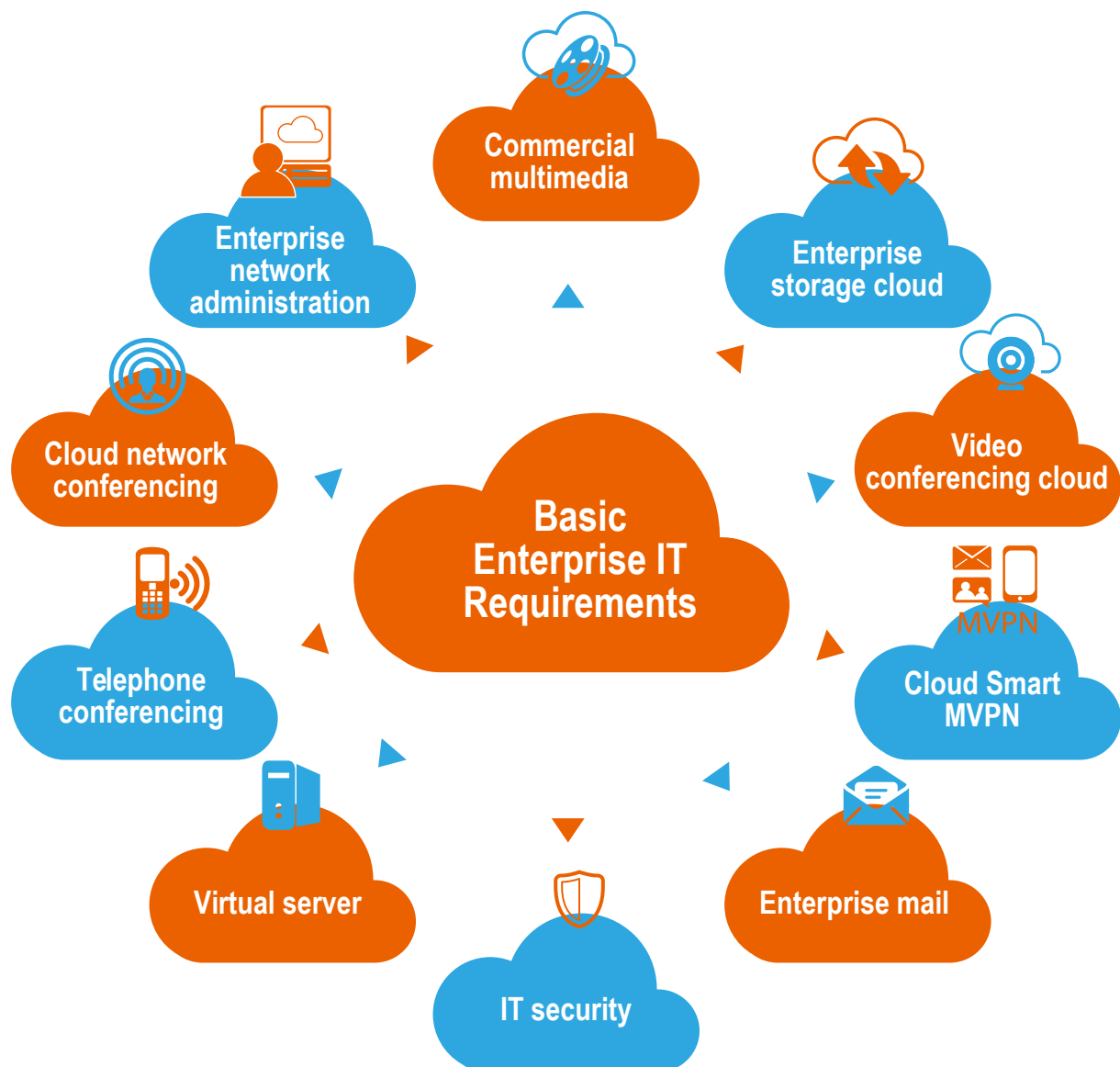
▶ Enterprise Golden Cloud

FET partnered with the New Taipei City Government to promote the "New Taipei City Enterprise Golden Cloud" program in 2013. FET provided free trials and promotional plans for our six main cloud services to lower the threshold for small and medium enterprises in New Taipei City seeking to introduce cloud services. Business owners were also given assistance on improving business performance, reducing operating costs and enhancing competitiveness.

The 1-year campaign started in April 2013 and a total of 14 program-related events were held. As of December 31, 2013, a total of 749 enterprise customers were using FET cloud services with the assistance of FET. FET expects more than 1000 small and medium enterprise customers to take up the service by the time the program ends in April 2014.

▶ Cloud Health Management Platform

FET has integrated cloud and Internet of Things technology with mobile applications to launch the telehealth management platform service. Starting with telehealth services for diabetes, the platform provides diabetes patients with mobile and home health care by keeping a detailed record of personal blood sugar, blood pressure and other physiological readings. A cloud-based management platform enables self-health management for users if they have Internet access.

FET has now partnered with telehealth centers at multiple hospitals to connect with medical supply chain and apply the service in hospital, community, business and home settings, providing more efficient telehealth services for diabetes patients. The service is expected to progressively expand to chronic care on blood oxygen and blood pressure, as well as sub-health groups to pioneer new cloud medical applications.

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Hospital Health Center

FET Cloud Health Management Platform Framework

Self-Health Management Service

FET Cloud Health Management Platform

Internet

Cloud HealthManagement
Computer Interface
Smart Phone Interface

Internet / VPN

Physical Monitors and Applications

Mobile Solution
Bluetooth Blood Sugar Meter
+ Mobile App

Home Solution
Remote physiological data transmitter + Blood sugar meter + Blood pressure meter

▶ Dynamic Duty System

FET collaborated with the Taipei Veterans General Hospital in 2013 to combine mobile technology with an innovative service for the design of the "Dynamic Duty System". The FET MVPN enterprise call saving group was extended to meet TVGH's rostering requirements. When nursing personnel are on duty, they can log into the system to enter the time, assigned mobile phone number and scope of care. Medical personnel and patients can then use short codes (bed ID) and the transfer function to talk directly with the duty nurse assigned to the bed, creating a highly efficient communication environment.

Since the system was introduced by FET in early 2013, it has made it unnecessary for nurses to travel back and forth between sick wards, while also alleviating the anxiety of patients and family members looking for the duty nurse. This has not only led to great savings in nursing manpower, but has also increased the efficiency of medical administration, resulting in improved medical efficiency and doctor-patient relations.

▶ Cloud Fleet Management Service

The FET cloud fleet management service integrates the GSM cellular network and GPS satellite positioning technology to install Automatic Vehicle Location (AVL) transmitters on vehicles. GPS is used to determine the vehicle's location and coordinates while it is in motion; the mobile network is then used to track its route and other information. The information can be transmitted back to the "FET Fleet Management" service platform and the vehicle location is displayed on a web map.

Applications for this service include real-time fleet position tracking, alerts and track history. Effective vehicle management and tracking helps customers make more efficient use of existing resources and improves efficiency.

Satellite positioning → **AVL transmits data over mobile network** ↔ **FET Fleet Management center** ↔ **Business can use the web to check real-time vehicle info**
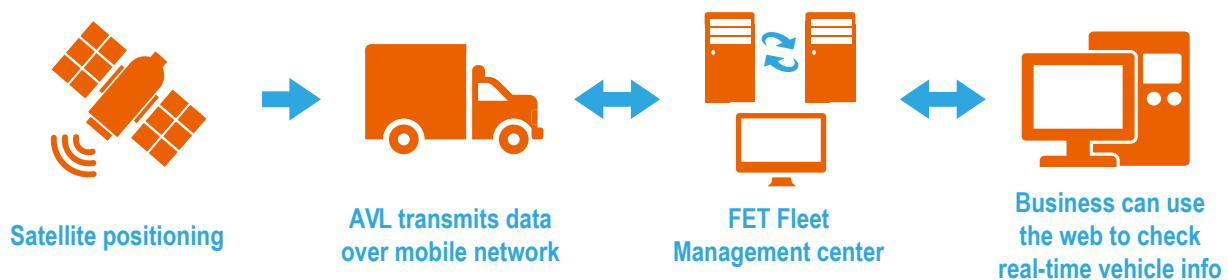
▶ Taoyuan Airport Information and Communication Improvement Project

In 2013, FET received a request from the Taoyuan International Airport for assistance in solving problems such as inadequate Wi-Fi bandwidth, lack of integrated communications and complex interactive voice response services. FET re-organized the airport's infocomm equipment to provide the most comprehensive data and voice infrastructure. The improved airport communications platform has enabled the provision of an obstruction-free service.

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FET set up a project team to build the infrastructure for Taoyuan Airport's improved communications platform. Further more diverse and efficient communications integration service upgrades are slated for the next 5 years starting from 2014. In the future, FET expects to accomplish the following:

· Improve traveler satisfaction through the fastest and best quality network according to real-world NCC trials

· FMC (Fixed Mobile Convergence) service for infocomm integration. Contractors will be grouped together to improve communications efficiency and reduce the cost of communications by over 70%

· Optimize the voice response process and provide SMS notification of inquiry results

· Provide various value-added services including tour guide app, web phone and dynamic duty system

Multimedia Digital Content Service and m-Commerce

A GfK market survey found that smart phones accounted for up to 84% of all mobile phone sales in Taiwan in 2013. Smart phones are therefore gradually becoming an essential amenity. With the roll-out of the 4G mobile networks and growing population of smart phone users, FET has spared no effort in developing and investing in multimedia digital content. It ranges from multimedia services such as the FET Video Store, Omusic, FET eBook Town and FET Smart through to online mobile phone games, m-commerce and SoLoMo (Social Local Mobile Marketing) services. All of these investments demonstrate FET's ambition to challenge the traditional business model of telecommunications carriers and welcome a new era in mobile Internet opportunities.

Over the past few years, FET has continued to invest in product optimization and service upgrades based around a philosophy of product innovation and service as a priority. The ultimate goal is to achieve high consumer satisfaction and the best possible consumer experience. The brand value created in this way will then translate into steady growth of business profits and shareholder interests.

The main direction of FET's recent product investments and service upgrades are as follows.

▶ Digital Video: Over 1000 Episodes and Movies

FET launched FET Video Store service in 2011. In addition to continuing the "One Cloud to multi-Screens" strategy which supports the FET e-Book Town and Omusic service on different devices, the service will also be available through both web pages and Apps in order to maximum user touch points. Subscribers are able to enjoy cross-device experience that encompasses personal computers, mobile phones, tablets and smart TV. FET continues to invest in the optimization of the user interface and big data analytics technology based on the product concept of "Your Personal Cinema" in order to provide consumers with a wide range of quality content.

Online Broadcast of the 50th Golden Horse Awards

On November 23 2013, FET Video Store collaborated with the standing committee of the Taipei Golden Horse Film Festival to integrate the highlight of the Chinese-speaking film community—the 50th Golden Horse Awards—with O2O (On-line to Off-line) online broadcasting technology. The award ceremony was live broadcasting over YouTube and over outdoor TVs through our "One Cloud to multi-Screens" technology in order to provide more people with the viewing access of the event.

Statistics indicated that on the day, up to **38,490** people were watching the live broadcasting concurrently. Total accumulated reviews reached **150,336** with **15,366** comments from viewers of the live broadcasting. Up to **2,000** people took part in the outdoor live broadcasting.

▶ Digital Music: Song Database with Over Two Million Songs

In September 2010, FET invited the top 9 record companies in Taiwan to form the joint venture "Omusic". The business model of Omusic is to provide its subscribers all you-can-eat digital music services with up-to-date album collections on monthly basis over the Internet. As of 2013, non-FET mobile phone subscribers can enjoy Omusic service through Facebook login. Monthly subscribers have the privilege to participate in special and selected music performance for free and enjoy all aspects of music service from Omusic.

FET plans to add new function of situation-song-listing, celebrity on the radio and social sharing in 2014 for a better listening experience which can bring them feel much closer to their idols. In addition, subscribers will be able to share their favorite song list with fellow on social community platform.

▶ e-Book: Over 30,000 Books and Magazines

Launched in July 2010, FET e-Book Town is an industry-leading service featuring "One Cloud to multi-Screens" technology. FET also partnered with over 300 publishing companies to offer ebook service targeted at different groups with over 30,000 volumes to satisfy customers' needs.

Starting from Q2 2013, non-FET subscribers can also enjoy all-you-can-eat e-book service. Moreover, e-Book Town also equips variant tariffs for magazine subscribers on an annual basis to satisfy various needs from the customers. Different packages such as "Romantic Package", "Happiness Package" and "Love Package" for novel selection as well as "overcoming the exam" for examination participants are published to reach out even broader readers.

▶ Mobile App Market: Create an App Ecosystem that Offers Multiple Wins

▲ App Developer Conference: Building the "SoLoMo Economy" platform

FET has hosted the App Developer Conference for four consecutive years to accelerate the evolvement of Taiwan's app industry. Google research found that 95% of smart phone users in Taiwan use their phones to search for local information with 83% taking the further action for the search. For this reason, FET has partnered with Sirqul and Hiiir to build the "SoLoMo Economy" platform to fuilfill mobile users' requirement. The mechanism is to focus on consumers' requirement with his/her location information and to push the right offers to the right people at the right time. From the consumers' behavior segmentation, it automatically pops up the offers to consumers when they're using the frequently used apps.

Upon the new business model of "SoLoMo Economy", FET has confidence to build the largest mobile life platform of premium offers in Taiwan. The service will be launched in Q2 2014 and the goal is to achieve the partnership with 1,200 merchants, 3,000 alliance apps and over 5,000 premium coupons.

APP
"SoLoMo Economy" platform

merchants	alliance apps	premium coupons
1,200 ↑	**3,000 ↑**	**5,000 ↑**

▲ Innovative Monthly Game Plan

Started in May 2013, FET SMart is the first domestic carrier to offer all-you-can-eat services for selective game list over mobile game. The collection includes popular Korean and domestic well-known games, providing subscribers much fun and entertainment on their mobile life.

▲ Child Safety Suite

To protect children and young adults, FET upgraded the FET anti-virus suite app in August 2013 to incorporate the "Child Safety Network" designed for children and young adults. Automatic filtering of unsafe websites of malicious, violent, criminal and adult content protects children and young adults from exposure to those websites. Parents can also use the management function such as setting accessible app lists with the available time slots for their children to effectively control children's smart phone using behavior and safety content.

The service was promoted by FET through 30-day free trials and other promotions, and has proven popular with the target audience since it was launched in August 2013.

▶ **Mobile Payment Integration: The most extensive all-in-one NFC service**

In order to promote more convenient low-carbon mobile digital lifestyle through better integration of resources as well as to support the "Trusted Service Management" and mobile payment promotion platform jointly set up by the top five carriers and Easycard Corporation, FET partnered with domestic strategic partners in different fields in July 2013 to activate the "FET NFC All-Spectrum Service" trial and launch the first all-in-one NFC service in Taiwan. Through this service, users can use an NFC-enabled mobile phone with the FET SWP-SIM card to turn the phone into a mobile payment tool that is a credit card, transportation ticket, shopping rewards card, prepaid card and access card all rolled into one. The proximity sensing function can be used to make payments and downloads.

This all-in-one service trial not only brought different stakeholders such as FET, service providers (e.g. credit card companies, Easycard Corporation, restaurants), mobile phone suppliers and SIM card technology partners together on developing mobile technologies that change consumer lifestyles, but also make it possible to consolidate different existing resources. FET plans to officially extend the trial to general subscribers in the second half of 2014.

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▲ FET NFC All-Spectrum Service

NFC + **SWP-SIM Card** → credit card | transportation ticket | shopping rewards card | prepaid card | access card
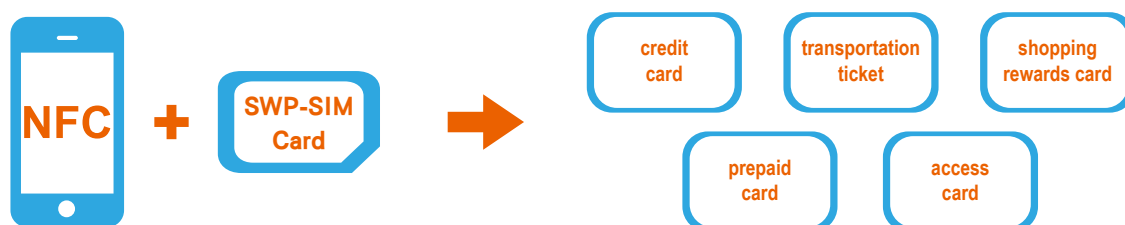
▶ **New Mobile Advertising and m-Commerce**

Due to the future transformation of the telecommunications industry and the development of innovation business, FET acquired a new start-up company Hiiir in 2013 to embark on mobile advertising and mobile commerce business. Hiiir is originally a mobile application solution provider that specializes in developing of mobile application services and new mobile advertising business, which enables FET to enter new territories of mobile commerce, mobile advertising and SoLoMo Economy business.

▶ Online Shop: Trusted Shopping All Year Round

To provide subscribers with better, faster and more convenient telecommunication services, an online shop platform has been set up to make it easier for subscribers to complete new applications and contract renewals in a 3-step process. A wide range of mobile phones and 3C peripherals have also been handpicked for subscribers to choose from. In addition to mobile services, online application is now possible for residential broadband services, and can also provide users with a 24-hour telecommunication service from the comfort of their home. User safety during online shopping is important to FET. To create a sound, online e-commerce environment for consumers' safety request, FET has acquired certifications such as the Secure Online Shopping Association's "SOSA Information Transparency Trust Mark" and "Quality Online Shop Mark".

SOSA Information Transparency Trust Mark

Quality Online Shop Mark

2.3 Personal Information Protection for Customers

FET understands that the protection of customer's personal information is the most fundamental principle of telecommunications service as well as the key to maintaining customer relations and enhancing consumer trust. FET has long been committed to the protection of personal information as well as the management and enforcement of information security. We have ensured the continuity and effectiveness of information security controls by strengthening personal information management and information security protection. Apart from obtaining the ISO 27001 information security certification for nine consecutive years, FET also acquired the BS 10012 personal information certification in 2013. In the future, FET will continue to rigorously manage customers' personal information and information security in response to consumer and public concern over protection of personal information.

Personal Information Management for Customers

To ensure that FET's management of customers' personal information conforms to the requirements of the Personal Information Protection Act and has practical control measures in place, FET has formulated regulations to the collection, processing, use and archiving of customers' personal information to provide implementation guidelines for our business units.

▶ Collection, processing and use of customers' personal information

Collection: When a customer provides or fills out personal information, FET will explain the purpose for collecting such information (e.g. subscription application, contract renewal, change of service… etc.) and use it with the customer's permission.

Processing and use: The process or marketing use of customers' personal information must comply with the customer's wishes. A mechanism is also provided in accordance with the law for the customer to exercise their rights and reject advertising, ensuring that customers' personal information is processed and used in a proper manner.

▶ Personal information management for customers

The use of customers' personal information by FET is guided by the principles of "relevant, appropriate, and not excessive" and "no leakage, well protection and proper stewardship". Management measures for personnel, operations, physical environment and technology together with education, trainings, planning audits and improvement procedures have been put into place to ensure solid management.

▶ BS 10012 Personal Information Protection Certification

Due to the new Personal Information Protection Act (PIPA) regulations in Taiwan, in 2013, FET made the BS 10012 standard the basic framework for its personal information protection. The PDCA (Plan-Do-Check-Act) management system was used to establish the associated systems and regulations, and external certification was obtained in December 2013.

The BS 10012 certification was implemented in FET's key operating processes of telecommunication services. This included FET postpaid service activation, exercise of customer's rights at retail stores and account billing processes. The main purpose of the certification was to ensure the most rigorous controls and protection measures during the collection, processing and use of customer data at FET, starting from the customer's subscription application, collection and processing of customer data, through to the subsequent billing and mailing of billing statement.

▶ ISO 27001 Information Security Certification

FET has received ISO 27001 information security management certification for nine consecutive years so far. Areas submitted for ISO 27001 information security certification by FET in 2013 included critical business processes such as activation for mobile and fixed-line services, changes of service, billing and payment services, fraud prevention, collection management, customer services, the development and maintenance of business support systems, and the operation management of Internet Data Center (IDC). Nearly 4,000 people were included in the scope of certification.

Enterprise Information Security Monitoring System

In addition to actively introducing the above international standards to ensure world-class information security and personal information protection systems at FET, a number of KPIs have been established by FET to measure the performance of corporate information security. Continuous and systematic monitoring is expected to prevent information security incidents. The information security monitoring system at FET encompasses information and technology security, personnel security, physical and environmental security, as well as personal information protection for customers. The management of the four main categories are as detailed below.

▶ Information and Technology Security

· FET information and technology security controls scope cover data, systems, processes, networks, servers, terminal maintenance and infrastructure management.
· Regular inspection and assessment of information security risk, continued cultivation of information security management skills in all employees, facilitation of information security plans, establishment of information security frameworks, documentation of policies and guidelines, validation and verification of conformity are all used to fulfill the guarantees and commitments to overall information security management.

▶ **Personnel Security**

· All human resources files are fully and properly managed. Personnel's security responsibilities are stated at the time of recruitment and in the employment contract. Meanwhile, workplace security training is regularly conducted to strengthen employee's security awareness.

· All FET employees, suppliers, contractors, contract workers and consultants are required to sign a "Non-Disclosure Agreement" or document with the same legal force.

▶ **Physical and Environmental Security**

· A system of zones with different levels of security have been established based on the equipment, activities, information confidentiality and importance that take place in areas controlled exclusively by FET.

· Physical and environmental problems as well as potential hazard factors are identified beforehand. For important business equipment and facilities, installed appropriate isolation facilities, deployed security personnel, alarms, and personnel identifications system to prevent unauthorized access and tampering, adopted and implemented sufficient protective systems, services and procedures.

▶ **Personal Information Protection for Customers**

· All software/hardware, data/documents and personal information of customers, that employees, outsourcing suppliers and contractors come into contact with, are protected by suitable security measures.

· Customers are fully informed of the purpose and scope of personal information collected. Processing and use follow a formal access control and certification process. Employees are given regular training on the management of personal information to strengthen their sense of responsibility and make the protection of customers' personal information the duty of all employees.

2.4 Customer Complaints Resolution and Satisfaction Survey

In addition to continued innovation in products and services, as well as enforcement of personal information protection for customers, FET has established a comprehensive customer complaint and management mechanism to ensure that feedback from every consumer can be heard and given a constructive response by FET. FET also conducts regular customer satisfaction surveys in order to meet consumer expectations through continuous improvements to the service processes or content.

Complaint Resolution Mechanism and Performance

FET introduced the ISO 10002 complaints management certification in 2013 to provide a basis for continued internal process improvements so that consumer complaints can be processed and satisfactorily resolved in a timely, systematic manner. At the same time, FET has made reaching a consensus in complaints resolution a major goal. By optimizing the complaints management process, strengthening customers' understanding of the Personal Information Protection Act and Consumer Protection Act, and providing competency training on problem resolution, FET has established a systematic complaints process for customers. The FET customer center was successfully certified with the ISO 10002 customer complaints management system in November 2013.

The FET customer center was successfully certified with the

ISO 10002

customer complaints management system in November 2013

▶ **Dedicated customer complaints personnel**

FET has assigned the following dedicated personnel to handling consumer complaints and disputes.
· Customer Relations Management Team: Primary responsibilities are coordination of official customer complaints, handling of complaints in the media, and attending coordination meetings.
· Online Consultation Team: Primary responsibilities are consulting, handling of telephone complaints, and resolving subscriber problems online.

▶ **Processing of Official Complaints**

To effectively respond to and handle consumer complaints to consumer protection groups, FET has defined a comprehensive internal customer complaints processing mechanism for the proper handling of official complaints from local governments and consumer protection groups. In 2013, there were 134 official complaints from the Taipei City Government, down 32% from 177 cases in 2012. FET also received the "Active Contribution Group Award" for role-models in consumer protection from the Taipei City Government.

177
2012

134
2013

24%
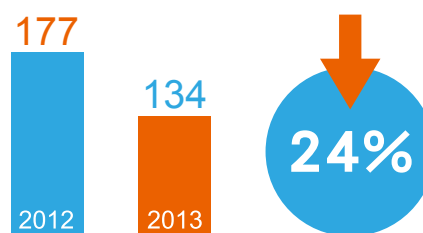
Customer Satisfaction Survey

FET regularly conducts customer satisfaction surveys every year to learn about consumer satisfaction with products and services provided by FET and uses these surveys as a reference for future improvements. FET customer satisfaction surveys include internal surveys and external surveys. These are used for comparison with competitors.

▶ **Internal survey: Store customer service survey**

Starting in 2010, consumers that receive in-store service are called automatically by the FET system to conduct a customer satisfaction survey. The survey covers service attitude, professional knowledge, processing efficiency and problem-solving skills. The extensive consumer recommendations and suggestions collected are used as a reference for further service improvements. The service performance indicators are used as a basis for rewarding and disciplining business units.

FET uses a 10-point scale to gauge customer satisfaction with 10 being "very satisfied" and 1 being "very dissatisfied". The results of the 2013 survey showed that overall customer satisfaction increased from 9.18 to 9.26 between Q1 and Q4. Satisfaction results of paying customers also increased from 9.05 to 9.10, meaning the "360° Store Service" did improve the service quality and customer satisfaction.
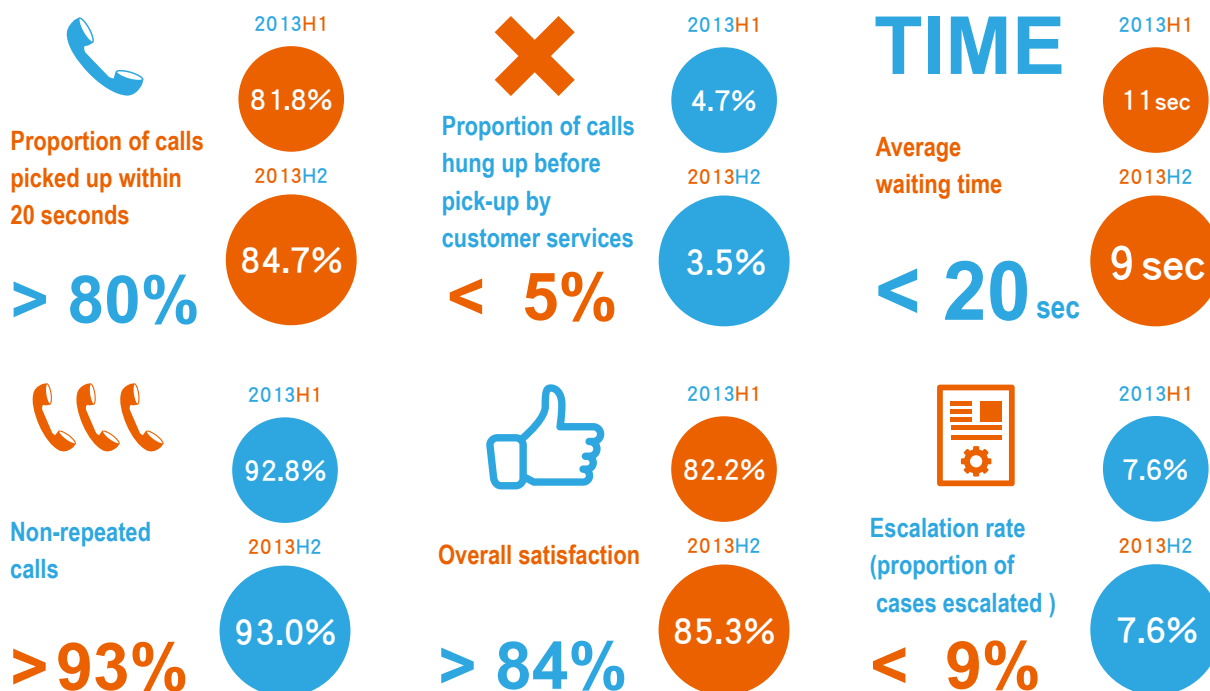
overall customer satisfaction

9.18   **9.26**
Q1   Q4

paying customers satisfaction

9.05   **9.10**
Q1   Q4

▶ Internal: Telephone customer service survey

FET began carrying out satisfaction surveys for telephone customers in 2003 to ensure that customers receive a professional, high-quality service. The IVR (Interactive Voice Recognition) system was introduced by FET in 2012. The lifelike voice inquiries and oral service evaluation system made customer evaluations more convenient.

In H2 2013, the results of the FET internal satisfaction survey showed that overall satisfaction had reached 85.3% among a field of 26,717 valid responses. The actual results from the 2013 telephone customer service survey are shown below.

Proportion of calls picked up within 20 seconds
2013H1 81.8%
2013H2 84.7%
> 80%

Proportion of calls hung up before pick-up by customer services
2013H1 4.7%
2013H2 3.5%
< 5%

TIME
Average waiting time
2013H1 11 sec
2013H2 9 sec
< 20 sec

Non-repeated calls
2013H1 92.8%
2013H2 93.0%
>93%

Overall satisfaction
2013H1 82.2%
2013H2 85.3%
> 84%

Escalation rate (proportion of cases escalated)
2013H1 7.6%
2013H2 7.6%
< 9%

37

▶ External Survey

Every year, FET commissions external market survey firms to conduct two satisfaction surveys of mobile phone subscribers in April and October respectively. Each survey interviews 1,636 subscribers to track FET and its competitors' performance in terms of communications quality, rates, billing, store service, telephone customer service and complaints. These results are then translated into customer satisfaction of each service aspect and are provided to each department as a reference for further improvement. Before the surveys, FET invites employees in the marketing, sales, support, customer service and online departments to participate in the design and discussion of the questionnaire. Improvement plans are then developed once the survey results are known.

The 2013 customer satisfaction survey selected a sample of mobile phone subscribers between the ages of 15 and 64 for telephone interviews. A 10-point scale was used to gauge customer satisfaction with 10 being "very satisfied" and 1 being "very dissatisfied". The survey results showed that overall satisfaction with FET has continued to increase and reached 7.37 in 2013, the highest score in the industry. FET satisfaction results from 2009 to 2013 are as follows.

2013 Customer Satisfaction Survey Result

UP!!

Year	Result
2013	7.37
2012	7.13
2011	7.18
2010	7.10
2009	6.90

3

Green Environmental Management

Green Environmental Management

Environmental protection is inextricably linked to telecommunications. According to the research report "Smart 2020: Enabling the Low Carbon Economy in the Information Age" published by the Global e-Sustainability Initiative (GeSI), even though the ICT industry itself has limited room for reduction, it can use its technology to help other industries improve their energy efficiency by up to 7 times the level of its own emissions.

For this reason, FET not only provides the low-carbon services mentioned above to satisfy the requirements of environment friendliness but also leads by example in promoting effective energy management through information technology at its business sites and reducing emissions of GHGs (greenhouse gases). In 2013, FET leveraged its own technological advantage and experience to assist other enterprises with energy-saving projects at their sites, answering the call of "Smart 2020" and fulfilling our own green business philosophy.

At the same time, FET is also actively communicating with local residents over the issue of electromagnetic radiation from the base stations they are most concerned about, as well as social responsibility requirements of the supply chain. These efforts in green environmental management help enhance consumer trust.

3.1 Energy Management and Greenhouse Gas Reduction

In response to the impact of global climate change and to support the government's energy-saving and carbon reduction policies, FET set up the "Energy Management Committee" to enforce effective internal energy management. The Committee meets every quarter to discuss energy-related targets and performance. FET has also defined the "Energy Management Regulations" used to govern energy management measures at all business sites, promote energy-saving action plans as well as audit and verify actual performance.
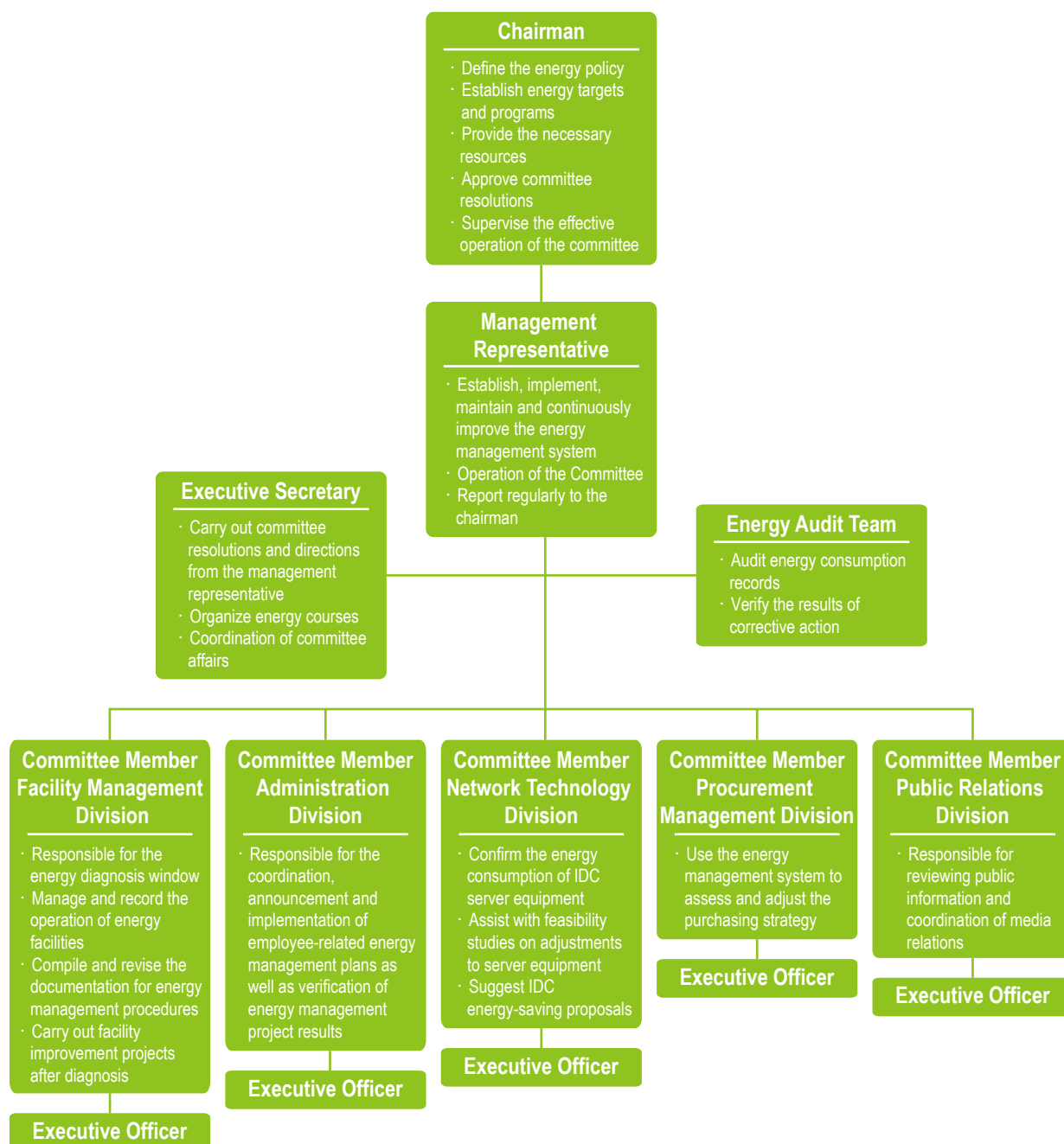
Energy Management Committee Organization and Responsibility

The FET Energy Management Committee is headed by the CFO due to the need for inter-department decision-making and coordination. The committee consists of vice presidents of different units to ensure effective energy management across all units.

FET began progressively introducing the ISO 50001 Energy Management System in 2011 to support the creation of a practical, effective and easy-to-manage energy management mechanism and framework. FET is the first carrier in Taiwan to have both its IDC and corporate headquarters passed external certification.

▶ **Energy Management Committee Roles and Organization**

Chairman
· Define the energy policy
· Establish energy targets and programs
· Provide the necessary resources
· Approve committee resolutions
· Supervise the effective operation of the committee

Management Representative
· Establish, implement, maintain and continuously improve the energy management system
· Operation of the Committee
· Report regularly to the chairman

Executive Secretary
· Carry out committee resolutions and directions from the management representative
· Organize energy courses
· Coordination of committee affairs

Energy Audit Team
· Audit energy consumption records
· Verify the results of corrective action

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Committee Member Facility Management Division
· Responsible for the energy diagnosis window
· Manage and record the operation of energy facilities
· Compile and revise the documentation for energy management procedures
· Carry out facility improvement projects after diagnosis

Executive Officer

Committee Member Administration Division
· Responsible for the coordination, announcement and implementation of employee-related energy management plans as well as verification of energy management project results

Executive Officer

Committee Member Network Technology Division
· Confirm the energy consumption of IDC server equipment
· Assist with feasibility studies on adjustments to server equipment
· Suggest IDC energy-saving proposals

Executive Officer

Committee Member Procurement Management Division
· Use the energy management system to assess and adjust the purchasing strategy

Executive Officer

Committee Member Public Relations Division
· Responsible for reviewing public information and coordination of media relations

Executive Officer

Energy Management Goals and Direction

The FET "Energy Management Regulations" set an energy conservation target of reducing the EUI (Energy Usage Indicator - electricity consumption per unit of floor area) by at least 5% between 2011 ~ 2013. For the IDC the target is to improve energy efficiency by 3% within 3 years.

Apart from continuing to introduce the energy management system to effectively manage corporate energy resources, FET has also drawn up detailed energy management goals and directions that will realize the goal of energy conservation and carbon reduction through internal energy conservation efforts as well as low-carbon products and energy-saving services. The energy conservation directions and actual energy conservation measures are shown below.

▶ **2013 Energy Conservation and Carbon Reduction Plan**

FET has actively carried out its energy conservation and carbon reduction plan since energy-saving targets were first set in 2011 in order to realize more effective energy management. FET's "2013 Energy Conservation and Carbon Reduction Event" proposals built upon past results to achieve carbon reductions through energy-saving improvements to office lighting and air-conditioning as well as solar power systems. The 2013 performance of the energy conservation plan is shown below.

For office energy-saving, FET hosted the "Green Carnival" in December, 2013, and promoted the concepts of energy conservation and environmental protection through dynamic and static events over a two-week period. The 2013 Green Carnival included four regular events (office clean-up, document disposal, internal environmental protection and F&A survey) and seven new events (stairwell transformation, second hand goods donation, savings in expenditure, simple living DIY, use of environmental protection equipment, smarter resource utilization, and stretching exercises to prevent occupational injury).

In terms of energy-saving in stores, FET has made the use of equipment with green and energy-saving marks - a contractor requirement when building new stores. The new store specifications require a switch to T5 energy-saving lighting, energy-saving variable speed air-conditioning and LED emergency exit lights. Apart from improvements in lighting, air-conditioning, water-saving, greening and recycling, energy-saving signs are also displayed prominently throughout the stores to instill the ideals of energy-saving in employees' everyday lives.

Since the energy conservation and carbon reduction plan was first launched in 2005, the ISO 50001 energy performance indicator (office area) at FET's Neihu Headquarters has seen electricity consumption decline for 9 consecutive years; it is now 43% lower than the baseline year (2004). In addition, the Jincheng FET store (Tucheng, Taipei), the Xitun No. 2 FET store (Taichung) and Zhongshan FET store (Hualien) all received the MOI Environmental Protection Administration's award of excellence in the enterprise category (business premises) for the "2013 Energy Conservation and Carbon Reduction Action Mark".

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▶ **Energy Conservation Plan**

CO₂e Emission Reduction Compared to 2012

TM MSC	Neihu 220	Ankang IDC	Neihu Headquarters	Neihu 218	Taichung Office	KS CC
Energy-saving improvement to air-conditioning system	Replacement with high-efficiency lighting	Addition of solar power system	Office lighting	Office lighting	Office lighting	Office lighting
179.3	46.2	2.1	84.5	70.0	40.8	22.8

Total 445.7 (Tonnes/ year)
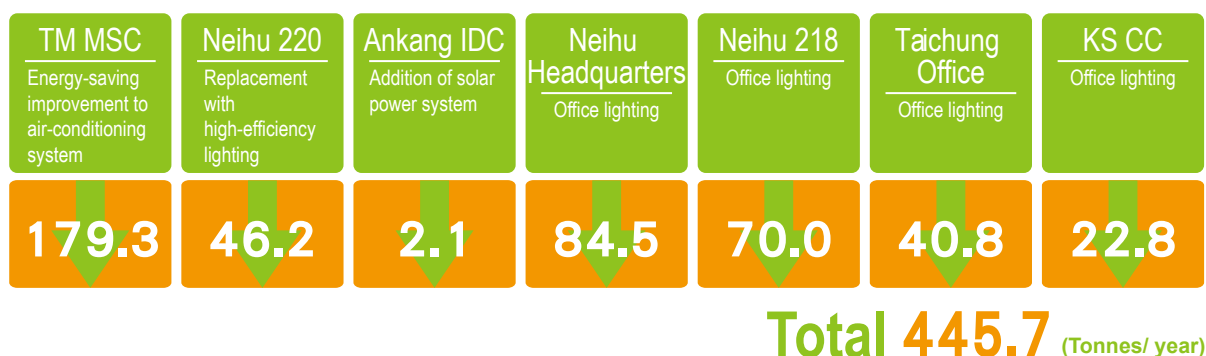
▶ **Store Energy-saving Performance**

Average electricity consumption per store (kWh)

2011	2012	2013
6,625	4,158	3,277

▶ **Solar Power Performance**

CO₂e Emission Reduction (Tonne/Year)

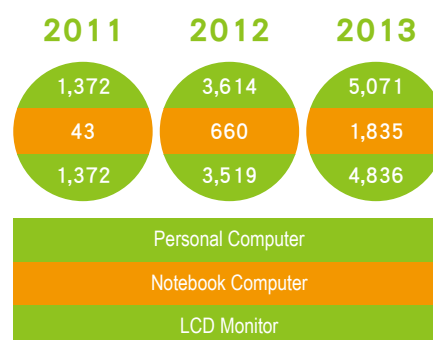| TD MSC		Ankang IDC	
4KW PV System	2.4	5KW PV System	2.1

▶ Server Virtualization Performance

Apart from promoting energy-saving programs at business sites, FET has also continued to apply virtualization management technology to IDC servers. The virtualization of physical servers that took up space and energy was a step in realizing the goal of energy and space savings. The results of server virtualization between 2011 and 2013 are as follows:
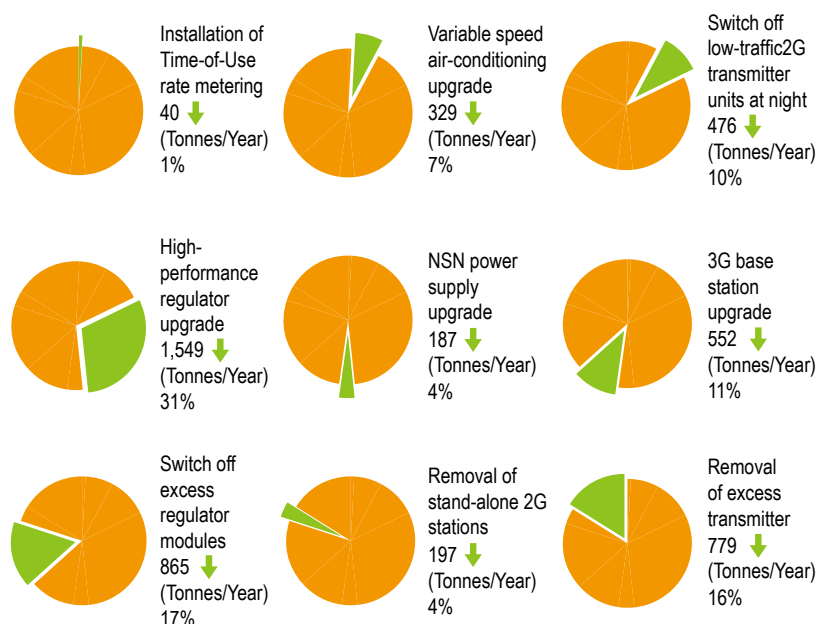
2011	**2012**	**2013**
555	697	952
16.0%	42.9%	8.6%
3.4%	20.4%	8.6%

Quantity
Energy Consumption (Compared to Previous Year)
Space Usage (Compared to Previous Year)
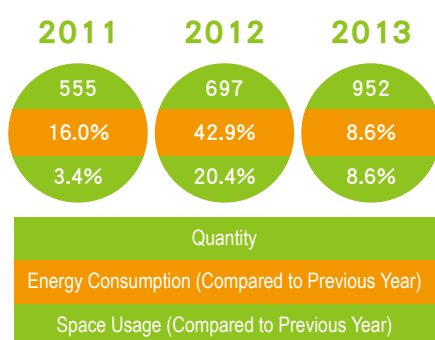
▶ Equipment Rental and Revitalization

For equipment purchasing, FET is continuing to utilize computer equipment rental in order to optimize the use and management of existing equipment while reducing the amount of item purchased. Retired computer equipment has been donated to maximize resource utilization. FET equipment rental figures for 2011 - 2013 are as follows:

2011	**2012**	**2013**
1,372	3,614	5,071
43	660	1,835
1,372	3,519	4,836

Personal Computer
Notebook Computer
LCD Monitor

▶ Base Station Energy-Saving

Energy consumption of base stations accounts for the largest share of all energy consumed by FET sites and facilities. FET therefore takes a strong interest in energy-saving measures for base stations. The main methods used by FET to reduce energy consumption of base stations include the co-location of different base stations, the integration of base stations with other facilities, as well as hardware replacement and upgrades. The energy-saving performance of FET base stations in 2013 is as follows.

▶ Hardware replacement and upgrades

Installation of Time-of-Use rate metering
40 ↓ (Tonnes/Year)
1%

Variable speed air-conditioning upgrade
329 ↓ (Tonnes/Year)
7%

Switch off low-traffic 2G transmitter units at night
476 ↓ (Tonnes/Year)
10%

High-performance regulator upgrade
1,549 ↓ (Tonnes/Year)
31%

NSN power supply upgrade
187 ↓ (Tonnes/Year)
4%

3G base station upgrade
552 ↓ (Tonnes/Year)
11%

Switch off excess regulator modules
865 ↓ (Tonnes/Year)
17%

Removal of stand-alone 2G stations
197 ↓ (Tonnes/Year)
4%

Removal of excess transmitter
779 ↓ (Tonnes/Year)
16%

▶ Electricity consumption per 1MBs

2011
0.003025 ⚡⚡⚡

2012
0.002134 ⚡⚡

2013
0.001122 ⚡

▶ **Comply with Government Energy-Saving Project**

Apart from the aforementioned energy-saving measures, FET also actively supports and cooperates with the government's energy conservation and carbon reduction plan. FET has partnered with the government to set up green business sites that serve as role-models for other enterprises. In 2013, three FET data centers had 20% of their construction costs subsidized through the energy-saving program of the Taipei City Department of Economic Development. Total GHG emissions were reduced through effective use of alternative energy sources and high-efficiency equipment. The subsidies and site locations are detailed below.

▶ **The subsidies and site locations**

TM MSC	Neihu 220	Ankang IDC
Energy-saving improvement to air-conditioning system	Replacement with high-efficiency lighting	Addition of solar power system
138,600(NTD)	**170,791(NTD)**	**189,419(NTD)**

Total amount of government subsidies   **498,810 (NTD)**

▶ **In-store Mobile Phone Recycling**

In an age where everyone has a mobile phone and new smart phones are constantly being released, consumers are now changing mobile phones at ever-increasing frequency. This has resulted in more electronic waste. Electronic waste and general trash have different methods of disposal so FET set up recycling bins for mobile phones and batteries at every FET direct and franchise store in Taiwan. Consumers are encouraged to turn in their old mobile phones so they can be passed by FET to class A disposal companies for centralized disposal of electronic waste. In-store mobile phone recycling performance between 2012 - 2013 is as follows.

▶ **In-store Mobile Phone Recycling**

2012   2013

Mobile Phone	Accessories/ Batteries (KG)	Mobile Phone	Accessories/ Batteries (KG)
393	86	485	44

43

▶ **Promotion of Electronic Bills and Forms**

The use of electronic bills and forms has become the most direct and effective way for the industry to address issues such as energy conservation, carbon reduction and climate change. In 2013, FET has continuously promoted the customers to adopt electronic bills and forms (such as contracts) for service activation and changes. The initiatives aim at reducing use of paper as well as improving overall security and management of customer data. In result, to provide better service security and guarantees to consumers.

In April, 2013, FET upgraded electronic bills to provide complete bill details online. Furthermore, the online payment service for electronic bills was enhanced and launched in September, 2013, for more convenient consumer payments and to increase incentives to use electronic bills. FET also actively increases the range of services using electronic forms (e-forms) by replacing the hardware of e-forms system along with various promotions and awareness initiatives.

Continued promotion by FET meant that over 1.2 million subscribers were using electronic bills by the end of 2013. The use of e-forms for service activation/change had reached 52% at the end of 2013. Over 50% of stores now use e-forms to process customer data. Outcomes of these efforts are listed below.

Electronic Bills	2011	20122	013	Electronic Forms	2011	2012	2013
Subscribers (Thousands)	657	906	1,235	Usage	1%	44%	52%
CO_2e Emission Reduction (Tonne/ Year)	23.86	32.88	44.82	CO_2e Emission Reduction (Tonne/ Year)	0.14	2.67	4.02

▶ **FET Self-Care App**

The emergence of the smart phone means communication between people is no longer limited to voice transmissions or face-to-face contact. In response to future service trends, FET set up the mobile self-care service app in 2013, allowing consumers to check or adjust their billing statements and rate plans on their smart phone directly. FET also provides customers with online chat as an alternative to telephone customer support. In 2013, FET began offering a paperless contract service, allowing subscribers to renew their contracts over the phone. This meant not only savings in paper and energy used on transportation but also great time savings for on-site processing. The performance of FET's mobile customer service in 2013 is shown below.

Self-Care App Hits	Billed Amount	Rate Plan	International Roaming	Ringtones
2013 H1	Approximately 2,580,000	Approximately 560,000	Approximately 60,000	Approximately 100,000
2013 H2	Approximately 4,260,000	Approximately 820,000	Approximately 70,000	Approximately 110,000

Online Chat	Chat Traffic	Satisfaction	Paperless Contract Renewal over the Phone	
2013 H1	27 sessions/day	89.9%	**2013 H1**	160,000 cases
2013 H2	162 sessions/day	94.4%	**2013 H2**	250,000 cases

▶ 44

Key Environmental Performance Data

▶ **Energy & Water Resource Consumption and Greenhouse Gas Emissions**

FET conducts a GHG inventory every year to calculate total GHG emissions from water and energy consumption at business sites as well as other potential environmental impacts. The results are used to track the performance of the aforementioned energy-saving programs and initiatives as well as for formulating future energy-saving strategies. FET's overall environmental performance in energy and water resource consumption for 2011 - 2013 is as follows.

2011

4.80 Direct Energy Consumption (Diesel/ Kiloliters per Year)	0.01 GHG Emissions (Tonne/ Year)
283,242,178 Indirect Energy Consumption (Electricity Consumption/ kWh)	150,687 GHG Emissions (Tonne/ Year)
174,249 Water Consumption (Water Usage / KL)	29 GHG Emissions (Tonne/ Year)

2012

11.20 Direct Energy Consumption (Diesel/ Kiloliters per Year)	0.03 GHG Emissions (Tonne/ Year)
314,680,317 Indirect Energy Consumption (Electricity Consumption/ kWh)	167,412 GHG Emissions (Tonne/ Year)
181,439 Water Consumption (Water Usage / KL)	30 GHG Emissions (Tonne/ Year)

2013

46.71 Direct Energy Consumption (Diesel/ Kiloliters per Year)	0.12 GHG Emissions (Tonne/ Year)
336,429,661 Indirect Energy Consumption (Electricity Consumption/ kWh)	178,982 GHG Emissions (Tonne/ Year)
239,482 Water Consumption (Water Usage / KL)	39 GHG Emissions (Tonne/ Year)

▶ Waste Management

For general industrial waste management, FET introduced the weighing and recording of general waste at our main business sites in 2011 as a way to control and track general industrial waste produced through routine office activities. Starting in January 2013, the Neihu 218, Neihu 220, Ankang, Banqiao 334, Banqiao 326 and Zhonghe 101 sites began weighing their own waste. The two new sites at Kaohsiung-Linguang and Kaohsiung-Xinya introduced waste weighing in July and November, 2013 as well. The weighing results reported for each month in 2013 are as follows.

53,059 KG	35,431 KG	15,516 KG	3,516 KG	29,119 KG	23,292 KG	10,645 KG	20,387 KG	723 KG
Neihu 468	Neihu 218	Neihu 220	Ankang	Banqiao 334	Banqiao 326	Zhonghe	Kaohsiung -Linguang	Kaohsiung -Xinya
							Weighing started in July, 2013	Weighing started in November, 2013

Not weighed in Taichung.
Waste disposal is included in the building management fees

Apart from implementing the waste weighing scheme, FET also complies with government rules on the sorting and recycling of waste for more effective reuse. The waste produced during routine operations at FET consists mainly of office-related waste. These can be broken down into the three categories of general waste, recyclable resources and paper. Once sorted, the waste is recovered and disposed of by licensed waste management organizations.

As for other industrial waste, FET has defined comprehensive recycling procedures for the disposal of materials from base stations and data centers. Specific standards are defined for the revitalization and refuse of high polluting materials such as batteries and electrical cables. Any materials that are no longer usable are recycled in accordance with government regulations. The overall statistics for different categories of waste between 2012 - 2013 are shown below.

2012

183 Tonnes ✕	10.45 Tonnes ♻	20 Tonnes 🗎
General Waste	Recyclable Resources	Paper

2013

191 Tonnes ✕	5.8 Tonnes ♻	23.65 Tonnes 🗎
General Waste	Recyclable Resources	Paper

▶ Environmental Expenditure

2,457,235 (NTD)

Replacement and upgrade of energy-saving equipment
(variable-frequency drive for air-conditioning, T5 lamps, solar power etc.)

632,514 (NTD)

Waste Disposal

Total **3,089,749** (NTD)

Response to "Smart 2020"

Apart from energy conservation at FET's own sites, FET also supports the "Smart 2020" proposal by actively helping other companies use information technology for energy-saving projects at their sites and other tailored services. In this way, we use our own strengths to expand the benefits of environmental protection.

▶ **Assisted well-know local wheelchair maker with energy-saving project**

To meet the energy-saving requirements at the customer factory, FET helped the customer implement effective management by setting up "Power Monitoring" and "Server Room Environment Monitoring" measures using information technology.

As for power monitoring, the monitoring system set up by FET monitors the power quality to ensure safety. Systematic measurement and collection of power readings for load management and overload alerts help keep the administrator up to date on power usage and manage power consumption. Initial estimates suggest that energy savings may exceed 15%.

For server room environment monitoring, the system can adjust the air-conditioning based on external temperature and time to optimize power consumption by air-conditioning. The system can also manage the server room temperature and humidity to protect equipment from damage. 24-hour monitoring of air-conditioning along with systematic collection and tracking of environmental temperature and humidity data is used to sound an alert if there are any problems.

3.2 Handling of Electromagnetic Radiation

In order to alleviate local resident and consumer concerns over electromagnetic radiation from base stations, FET has consistently communicated with stakeholders and followed relevant NCC policies to ensure that the construction of base stations and the services they provide do not impact on the local environment. By listening and responding to stakeholder concerns, we increase levels of trust among local residents and consumers while also fulfilling our environmental commitments as a carrier company.

All FET mobile mobiles and base stations conform to the relevant NCC regulations. The following management direction has been set for electromagnetic radiation issues:

Cooperate with Competent Authorities on Electromagnetic Radiation Awareness and Communication

FET cooperates fully with the "Base Station Task Force" set up by telecommunications regulator NCC and the TTIDA to conduct electromagnetic radiation awareness and communications activities. In 2013, FET hosted two "Electromagnetic Radiation from Mobile Communications" seminars and 4 "Electromagnetic Radiation Media Conference" sessions.

Free Electromagnetic Radiation Measurement by Independent Third Party

In 2013, FET spent around 700,000 NTD in total in providing free measurements of electromagnetic radiation at 140 base stations. The number of FET base stations that underwent electromagnetic radiation measurements between 2011 ~ 2013 are as follows.

2011 174

2012 159

2013 140

3.3 Supply Chain Management

FET's supply chain consists mainly of upstream hardware vendors and software content providers as well as downstream contractors, distributors and channel operators. The Supplier Code of Conduct forms the basis of FET's supply chain management. Trustworthy management-related clauses have now been incorporated into FET's Supplier Code of Conduct and suppliers are required to sign a declaration on trustworthy management. Regular supplier evaluations are also carried out to ensure that suppliers are complying with the rules of trustworthy management.

The 2013 FET supplier evaluation was carried out between August and October. The evaluation methodology covered the selection of evaluated suppliers, evaluation form verification, the actual evaluation process, review of evaluation results, compilation of reports and finalization. A total of 136 supplier evaluations were carried out in 2013 and accounted for 95.6% of the total purchase amount for the year. One supplier was scored above 90 points, 129 suppliers were scored between 70 ~ 89 points and 6 suppliers were scored between 60 - 69 points. The results of FET's 2013 supplier evaluation are shown below.

Over 90	70 ~ 89	60 ~ 69
Reward	Normal Order	Reduced Order
1	129	6

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FET is committed to supporting the local industry, as well as continuing to provide the best international mobile phones and equipment services. In 2013 the amount of purchasing not counting above international purchase were accumulated to 98.77% locally in Taiwan. At the same time, due to the increasing emphasis on social responsibility management in the supply chain from local/foreign investors and consumers, as well as in response to international trends and stakeholder expectations, FET is now working on "FET Supplier Chain Guideline for Social Responsibility". This Guideline is expected to be released in 2014 and will formally incorporate environmental, social and governance (ESG) related requirements into the supplier management, also expanding the scope of corporate social responsibility at FET.

4

Creating Social Value

Creating Social Value

The essence of telecommunications service is to improve convenience and bring people together through ICT technology. In 2013, FET not only invested in the construction and maintenance of communications infrastructure to ensure that communications quality is not affected by natural disasters or rural/urban differences, but also continued to uphold the spirit of public welfare by working with different Non-Government Organizations (NGOs) to create more value for society.

4.1 Bridging the Digital Divide

In the spirit of giving back to the society, FET actively engages in community infrastructure development in parallel with the pursuit of revenue growth. We hope to deliver the same high-quality communications service throughout Taiwan in both urban and rural regions. FET has continued to build and maintain our communications infrastructure in 2013 and has made bridging the digital divide our mission. Now that we have secured the 4G spectrum license, FET will invest even more in community development in the future and will make local contributions through even faster and more convenient communication.

Infrastructure Investments

▲ **Amount Invested in Telecommunications Network Infrastructure**   **(Unit: Million NTD)**

2011	2012	2013
5,799	6,499	9,638

Note: The above investment amounts are based on the value of contracts signed during the year.

For the installation of base stations and antennae, FET follows not only the regulations set by the competent authorities but also makes extensive use of co-construction, co-location and common antennae to greatly lower the number of essential antenna, reduce wasted resources and avoid visual pollution. FET also stepped up efforts in greening and landscaping around the base stations, so that base stations and antennae don't look out of place. In 2013, 64% of FET base stations were co-located, 29% were co-constructed and 7% were stand-alone.

For labor safety, FET has internal rules on labor safety and health for contractors. When contractors are hired to build or maintain communications facilities, labor safety requirements are specified in the contract, while related training is also provided to avoid hazards from improper work practices and ensure the safety and health of workers.

stations were co-located	stations were co-constructed	stations were stand-alone
64%	29%	7%
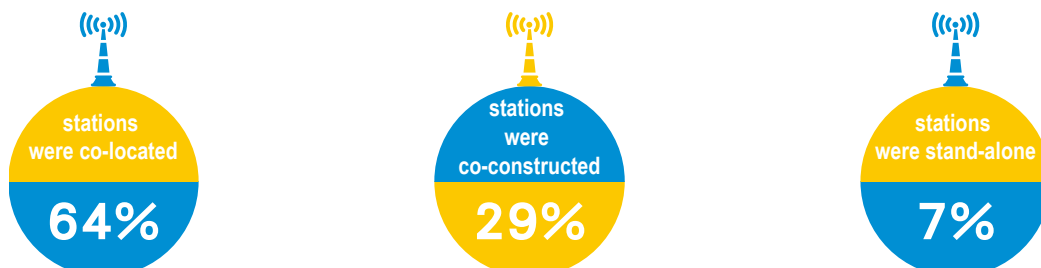
FET was fined a total of NT$27,978,000 in 2013 for business negligence in 2013. Most of the fines (92%) were due to 51 cases related to base station construction (NT$25,700,000). In order to maintain our corporate image and reputation as well as answer to our stakeholders, FET will continue to track related fines, review mistakes made and make improvements in future. FET will continue to communicate closely with all parties and cooperate with the government's program of building base stations on public buildings to provide consumers with better communications quality.

Infrastructure Investment in Remote Areas

Telecommunications infrastructure is well-developed in Taiwan, but in some remote mountain areas, the infrastructure is relatively sparse compared to the plains and urban areas due to factors such as terrain and natural disasters. For this reason, FET invests in telecommunications infrastructure in mountain villages every year to improve signal quality. Ensuring nation-wide telecommunications coverage helps to bridge the digital divide between urban and rural areas.

In 2013, FET responded to the NCC Regulations on Telecommunications Universal Service by providing remote, mountain villages with telecommunications services. The government hopes to begin increasing the data access speeds in remote areas to match broadband standards in urban areas in 2013. To realize this goal, FET began actively preparing and investing in infrastructure upgrades between July and December 2013. The NCC Regulatory Department conducted on-site measurements on the completed work. The basic rate exceeded 20M and exceeded the competent authority's target of 12M. FET spent a total of NT$127,944,530 on universal telecommunications and services in 2013.

At the same time, FET donates its replaced hardware every year to remote areas in order to maximize their usage. A total of 367 LCD monitors, 577 personal computers, 271 notebooks and 61 printers were donated by FET in 2013.

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LCD monitors	personal computers	notebooks	printers
367	**577**	**271**	**61**

Pursuit of Communications Quality

FET actively invests in urban and rural telecommunications infrastructure in order to provide the same high quality communications for every consumer throughout Taiwan.

The NCC commissioned the Telecommunications Technology Center to carry out the 2013 "National Mobile Internet Speed Provisioning Survey" project. The project's two phases covered May to July and August to November in 2013. Measurements were made of Internet access speeds in each part of Taiwan.

The study found that in stage 1, FET had the best download speeds in Taiwan's 22 local regions, and was ranked first in 12 regions. For upload speeds, two carriers were ranked equal first in Keelung, Hsinchu County and Miaoli County. When combined, FET was ranked first in 14 regions. For phase 2, FET had the fastest download speeds in 10 out of 21 regions (Lienchiang County was excluded due to insufficient sample size), and so was ranked first once again. FET took the crown for upload speeds in 19 regions.

▲ **1st Measurement**

Download Speeds

⬇

Rank first in 12 regions

Taipei City	Hsinchu City	Hsinchu County	Miaoli County	Taichung City	Changhua County
4.70	4.88	4.10	4.28	5.25	5.04

Nantou County	Yunli County	Chiayi City	Chiayi County	Hualien County	Penghu County
5.22	5.14	4.70	5.16	4.14	5.01

Uploa Speeds

⬆

Rank first in 14 regions

Keelung City	Hsinchu County	Miaoli County	Taichung City	Changhua County	Nantou County	Yunlin County
1.07	1.07	1.11	1.22	1.26	1.12	1.25

Chiayi City	Chiayi County	Tainan City	Kaohsiung City	Pingtung County	Taitung County	Penghu County
1.30	1.40	1.25	1.31	1.31	1.37	1.53

▲ **2nd Measurement**

Download Speeds

⬇

Rank first in 10 regions

Taoyuan County	Hsinchu City	Miaoli County	Taichung City	Changhua County
5.62	5.38	5.97	5.42	6.03

Yunlin County	Chiayi City	Chiayi County	Tainan City	Penghu County
6.14	5.69	6.25	5.60	7.32

Uploa Speeds

⬆

Rank first in 19 regions

Keelung City	Yilan County	Taipei City	New Taipei City	Taoyuan County	Hsinchu City	Hsinchu County	Miaoli County	Taichung City	Changhua County
1.40	1.31	1.34	1.21	1.38	1.37	1.25	1.39	1.38	1.40

Nantou County	Yunlin County	Chiayi City	Chiayi County	Tainan City	Kaohsiung City	Pingtung Count	Taitung County	Penghu Count	
1.36	1.44	1.57	1.53	1.56	1.49	1.63	1.69	1.74	

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4.2 Supporting Social Welfare

In order to support social welfare efforts, FET continued to partner with NGOs throughout 2013 in hosting charity events and using our corporate resources to help disadvantaged groups in society. Apart from continuing to support partnership programs such as Green Kungfu, Save Abandoned Children and Cyber Angel's Pick (CAP), FET hosted and sponsored the charity screenings of "Beyond Beauty - Taiwan from Above", the Huashan Reading Festival, and Beyond Beauty seminars. This built up a corporate welfare momentum in giving back to different groups in society.

FET Green Kungfu: I Draw, I Tell, Therefore I Love

With the coming of the digital age, FET chose e-book and mobile carriers as key focuses for connecting the three themes including creative children's books, family reading and environmental protection. By hosting the 2nd Green Kungfu "I Draw, I Tell, therefore I Love" charity project, FET held the first ever eco-friendly digital picture book competition, promoted family reading and launched rural storytelling campaign. FET hopes to encourage everyone to join in protecting the environment. The three main themes in 2013 were as follows.

▲ I Draw: Promotion of environmental education through the eco-friendly digital picture book competition.

FET drew on its core communications expertise and combined it with e-books and creative illustrated children's books to pioneer the first eco-friendly digital picture book competition in Taiwan. The combination of environmental stories and illustrated books not only taught through entertainment but also instilled concepts of living in harmony with the environment in young children in early childhood.

FET attracted a total of 187 submissions from related universities and clubs throughout Taiwan. 13 winning entries were eventually selected and uploaded to the FET e-Book Town for free download.

▲ I Tell: Break the stereotype of 3C nanny and encourage family reading

FET hopes to see environmental education take root and use the convenience offered by mobile carriers to encourage families to read digital picture books together. The transformation of the "3C nanny" will enhance interaction between parents and children. Digital picture books will also make environmental education on demand anywhere and anytime possible.

Results of family reading videos: FET received a total of 141 videos and 19,846 votes.

▲ Therefore I Love: Advocate balanced e-Learning to FET Volunteers

Due to the lack of e-learning resources in remote, rural elementary schools, FET called upon employees to act as volunteers. FET also partnered with If Kids Theater to visit remote schools, where children were also given the chance to experience using tablets and e-books. At the same time, FET also donated 300 e-books to the Taiwan Cloud Library. This will hopefully help to cultivate the habit of reading and pass down knowledge to the next generation.

As part of the rural story-telling event, FET traveled to Kaohsiung's Xingzhong(35), Jianshan(48) and Taoyuan(91) elementary schools to accompany 174 elementary students reading through e-books. 29 tablets were donated as well.

Save Abandoned Children Fundraising

FET has long supported the cause of children's welfare and has partnered with the Child Welfare League Foundation (CWLF) since 2006 to promote the Save Abandoned Children fundraising event. Abandoned children are not only cut off from "home" and "basic life support," but also lack the opportunity to see the world. This is why FET hopes to use our own resources to help disadvantaged children find their home and lifestyle they deserve.

In 2013, FET chose the theme of "Help Me Grow Up, Help Me Find a Home" and designed the "Help the Children Find a Family" tea bags. These were sold in stores to raise funds for the Child Welfare League. FET used the following five main channels for fundraising:

▲ In-store Fundraising

FET had nearly 1000 stores nationwide and a donation box for the CWLF was placed in each store to encourage consumers to help abandoned children by donating spare change. For donations of $190, the donor received a box of "Help the Children Find a Family" tea bags.

▲ Street Appeal

FET employees took to the streets for fundraising and hosted 8 charity sales in 2013. Nearly 100 volunteers took part on the streets of Xinyi Vieshow, Far East Square, New Taipei City Plaza, Mega City Banqiao, Fuzhong MRT Station, Fengchia Retail District and Kaohsiung's Shinkuchan Shopping District.

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▲ Employee Engagement

FET hopes to lead by example in supporting charity sales for abandoned children. We therefore not only launched charity appeals targeted at consumers and subscribers, but also encouraged FET employees to purchase the "Help the Children a Family" teabags.

▲ 380 Mobile Donation

Using our core communications capability, FET users were encouraged to dial toll-free hotline "380" (I Want to Help) on their mobile phones anywhere and anytime to make a donation towards helping abandoned children.

▲ Go Paperless

Adopt e-Billing for Charity: FET advocates paperless environment by encouraging subscribers to apply for statements delivered through electronic means or by text message. Among the first-time applicants, 888 lucky winners will be chosen at random to receive a practical eco-friendly "Young at Heart" bag. NT$200 will be donated as well.

FET raised NT$4,216,735 in 2013, which equaled 40% of all CWLF donations for the year. FET is not only the largest corporate sponsor of CWLF, but is also its only long-term corporate partner in the home placement program. All funds raised by FET over the past 8 years went to the CWLF for supporting abandoned children: the total accumulation of donation amounted to NT$18,426,625 and a total of 6,775 fostered or adopted children were assisted.

" **FET raised NT$4,216,735 in 2013**

The total accumulation of donation amounted to NT$18,426,625

The total of 6,775 fostered or adopted children were assisted "

Cyber Angel's Pick Program

FET partnered with Cyber Angel's Pick (CAP) to set up the "Family Cybersecurity Hotline" in 2012 to provide care, consultation and referral services to families affected by Internet addiction or dysfunctional communication between parent and children. FET also sponsored IT media study camps and instructor training camps for remote areas in Taitung to help reduce the urban and rural digital divide.

In 2013, the Family Cybersecurity Hotline assisted 285 family cases and answered 391 e-mails. As for seminars and workshops, two "Information Literacy and Cultural Creativity Camp" (February) were hosted and attended by 110 older elementary school students. These included 30 students from Jiana Elementary School and 80 students from Guangming Elementary School. The "Media Navigator Teacher Camp" (August) was attended by around 80 people. Total sponsorship amounted to NT$514,324 in 2013.

Beyond Beauty Screening

Taiwan's first aerial documentary "Beyond Beauty - Taiwan From Above" generated widespread interest in 2013. In order to promote customer goodwill, local environmental education and environmental protection, FET hosted 4 screening sessions of the documentary in northern, central and southern Taiwan. Platinum members throughout Taiwan were invited to participate and join in admiring the beauty of Taiwan. Attendance results at the four sessions were as follows.

| Taipei Session 1 | 340 | Taipei Session 2 | 294 |
| Taichung Session | 170 | Kaohsiung Session | 250 |

Total:1054
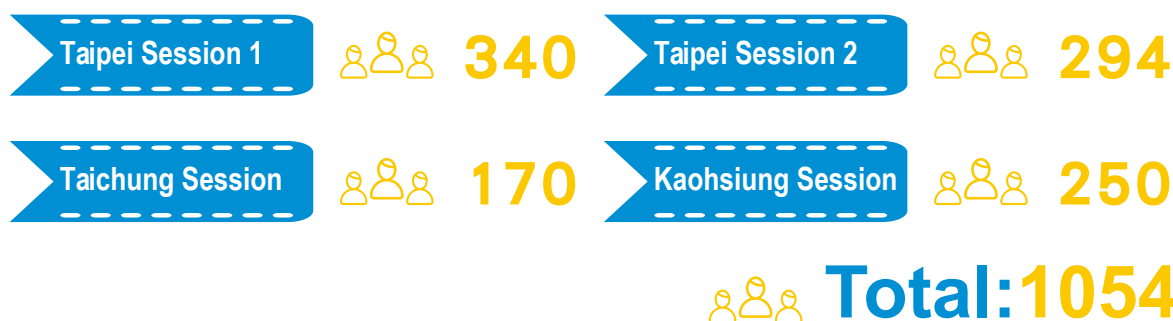
Huashan Reading Festival

Mobile reading is now the latest reading trend. In September 2013, FET used our core communications expertise to support the "Huashan Reading Festival," co-organized by the Executive Yuan's Ministry of Culture and the Taiwan Cultural & Creative Platform Foundation to promote the philosophy of families reading eco-friendly illustrated books together, alongside the spirit of mobile reading exemplified by the 2nd Green Kungfu "I Draw, I Tell, Therefore I Love" event.

FET hosted family storytelling welfare events in Taipei and Kaohsiung while also partnering with If Kids Theatre to put on a performance of "Butterfly A-Fei", an eco-friendly forest adventure story authored by children's entertainment superstar Zhao Zhi-chiang. The event promoted the ideals of environmental protection and children's environmental education.   FET also offered free trials at the FET eBook Town to give the general public an opportunity to experience the convenience of mobile reading.

Beyond Beauty Campus Lectures

FET hopes to use our core competencies to encourage the public to support environmental protection in an easy and stylish manner. In 2013, FET partnered with CommonWealth Magazine to launch the "Taiwan Beautiful All Seasons" project, inviting speakers to talk about how they see Taiwan and encourage students to admire and observe the beauty of Taiwan from a different perspective. An electronic landscape photography competition was also held for students to record their motherland through their mobile phones and tablets then share with others, bringing the beautiful scenery of Taiwan to more people's attention and preserving the wonderful environment together.

Free Charity SMS

FET hopes to use our core competencies to encourage the public to support environmental protection in an easy and stylish manner. In 2013, FET partnered with CommonWealth Magazine to launch the "Taiwan Beautiful All Seasons" project, inviting speakers to talk about how they see Taiwan and encourage students to admire and observe the beauty of Taiwan from a different perspective. An electronic landscape photography competition was also held for students to record their motherland through their mobile phones and tablets then share with others, bringing the beautiful scenery of Taiwan to more people's attention and preserving the wonderful environment together.

Yilan County Government	Welcome message for Yilan Children's Festival	A total of **58,639** messages were successfully sent at 4 locations within the festival grounds between 9:00 ~ 18:00 (7/6 ~ 8/25, 2013) during the event.
Liver Disease Prevention and Treatment Research Foundation	Free liver disease screening notification for remote rural areas	**8,970** SMS notifications sent to local residents over the age of 20 in remote rural parts of Yunlin County
Ministry of Foreign Affairs	Emergency assistance SMS for nationals traveling overseas	Nationals receive the message when they turn on their mobile phone for the first time when traveling overseas. A total of **822,633** messages were sent, for an average of **68,553** messages per month.

Social Investments in 2013

Category	Funding/ Funds Raised (NTD)	Beneficiary	Beneficiary Groups
Green Kungfu	**3,885,782**	· 174 students took part in rural storytelling events · 642 award-winning e-books downloaded	· Kaohsiung Xingzhong Elementary School · Kaohsiung Jianshan Elementary School · Kaohsiung Taoyuan Elementary School · Kaohsiung Municipal Library
Save Abandoned Children	**914,490** spent **4,216,735** raised	· Assisted 859 foster children through CWLF	· CWLF · CWLF foster children
Cyber Angel's Pick Program	**514,324**	· Family Cybersecurity Hotline assisted around 45 clients per month · 77 e-mail inquiries · Study camp attended by 110 older elementary school students · Instructor training camp attended by around 80 people	· Cyber Angel's Pick · Taitung County Jiana Elementary School · Taitung County Guangming Elementary School · Others with an interest in children's cybersecurity issues
Huashan Reading Festival	**402,903**	· Two family events at Kaohsiung Pier-2 Art District and Taipei Huashan Creative Park attended by around 300 people	· Members of the general public participating in Huashan Reading Festival
Beyond Beauty Screening	**472,750**	· Four free screenings held in northern, central and southern Taiwan. Attended by 1,054 FET subscribers	· FET Platinum Members
Taiwan Beautiful All Seasons Project	**1,860,000**	· Around 2000 students attended campus lectures · Around 60 FET VIP members · 60 new members for FET eBook Town	· Students at Taipei Municipal Jianguo High School, Taipei First Girls High School, Changhua Senior High School, Tainan First High School, Kaohsiung Municipal Girls' Senior High School · FET eBook Town and Platinum VIP members
cnYes Charity Event	**50,000**	· Sponsored four social welfare organizations	· Huei-Ming Home for Blind Children, Taichung · Lan Chui Social Welfare Foundation · Hengchun Christian Hospital, Pingtung · Erlin Happy Christian Homes, Changhua

Note: The above amounts include both funds raised and (or) spent by FET, including costs of publicity materials and press conferences

Total:12,316,984(NTD)

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Sound Workplace

Sound Workplace

FET considers our employees to be one of our key stakeholders. FET believes that positive employee relations and benefit policies not only enhance employee rapport and loyalty, but also deliver tangible benefits for the company. For this reason, FET is committed to creating a sound work environment with good remuneration and benefits, open communication between the employer and employees, an equal opportunity workplace and diverse career development and training opportunities that will help us retain our most important corporate asset.

5.1 Employment Overview

In the spirit of "proactive innovation, service centric and profitable growth", FET is always fine-tuning our recruitment policy based on business strategy. The fast-changing telecommunications industry and our development requirements has led to FET actively recruiting talent within telecommunications, multimedia, cloud and ICT integration service technology in recent years.

Apart from the recruitment of professionals through the job market, FET also works closely with universities on industrial-academic cooperation. In 2013, certain FET stores and customer service units set up an industry-academic co-operation program with the Oriental Institute of Technology, the Chihlee Institute of Technology and Shu-Te University to integrate campus resources, in order to narrow the gap between theory and actual business practice, and cultivate professionals in the field.

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Employment Statistics

Employee Structure: In 2013 the number of FET employees increased to 6,387. The percentages of men and women were 47% and 53% respectively. Most FET employees are local citizens on indefinite contracts. Temporary workers are also employed for certain roles to provide the most complete service.

▲ **Total Number of Employees**

2011	2012	2013
4,940	5,873	6,387

▲ **Workforce by Gender**

2011	2012	2013
53% 47%	54% 46%	53% 47%
M：2,342	M：2,706	M：2,995
F：2,598	F：3,167	F：3,392
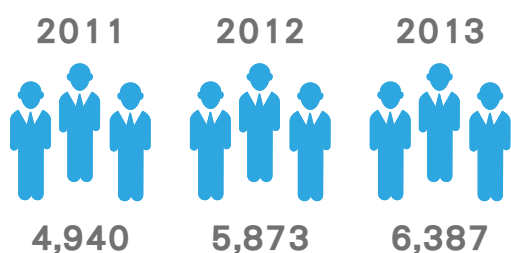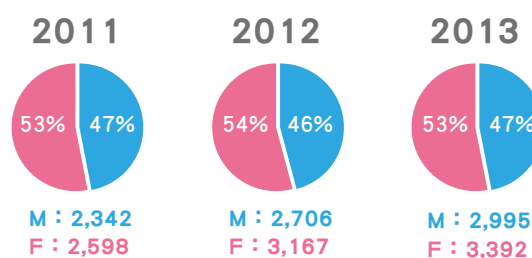
▲ Workforce by Nationality

2011
0.18%
99.82%
Local : 4,931
Overseas : 9

2012
0.17%
99.83%
Local : 5,863
Overseas : 10

2013
0.11%
99.89%
Local : 6,380
Overseas : 7

▲ Employment Type

2011
0.08%
99.92%
Indefinite : 4,936
Fixed-Term : 4

2012
0.09%
99.91%
Indefinite : 5,868
Fixed-Term : 5

2013
0.03%
99.97%
Indefinite : 6,385
Fixed-Term : 2
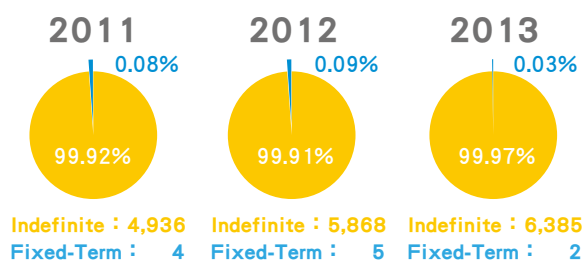
▲ **Gender Distribution in Management Positions: The percentages of men and women in management positions at FET were 68% and 32% respectively in 2013. The gender and age distribution at each level of management is as shown below.**

▲ Vice-President and higher

Under 30	30~50	Over 50
0% : 0%	36% / 64%	29% / 71%
M : 0	M : 4	M : 12
F : 0	F : 7	F : 5

▲ Director

Under 30	30~50	Over 50
0% : 0%	30% / 70%	24% / 76%
M : 0	M : 52	M : 13
F : 0	F : 22	F : 4

▲ Manager

Under 30	30~50	Over 50
0% : 0%	35% / 65%	15% / 85%
M : 0	M : 411	M : 51
F : 0	F : 223	F : 9

▲ General Employee

Under 30	30~50	Over 50
59% / 41%	55% / 45%	17% / 83%
M : 791	M : 1,632	M : 29
F : 1,161	F : 1,955	F : 6
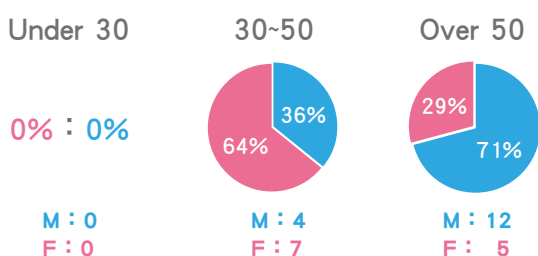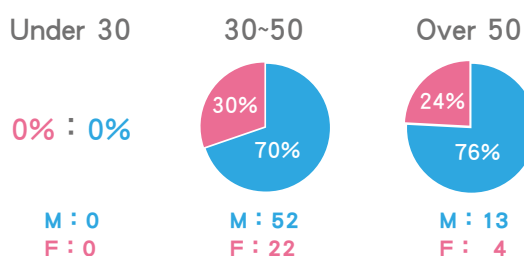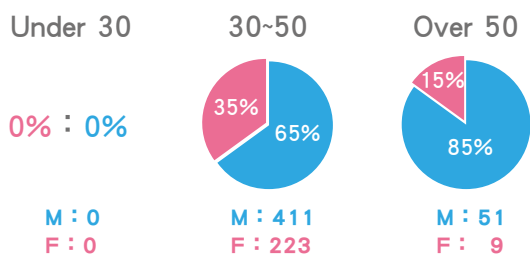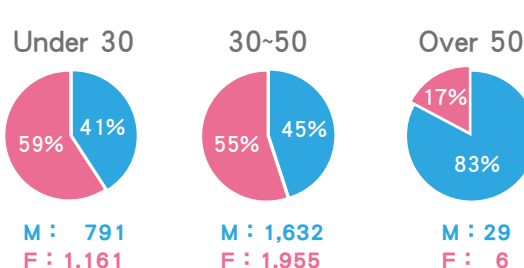
▲ Employment of Disabled People

2011	2012	2013
29	39	38

▲ Employee Turnover Rate

	Under 30	30~50	Over 50
	8.3% / 12.3%	4.4% / 6.1%	0.4% / 0.1%
	M：532	M：283	M：25
	F：784	F：387	F：6
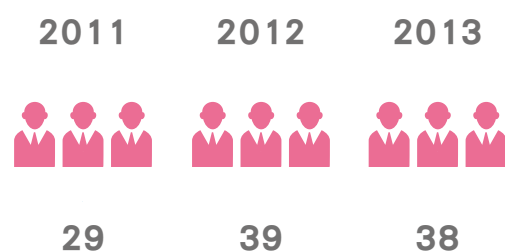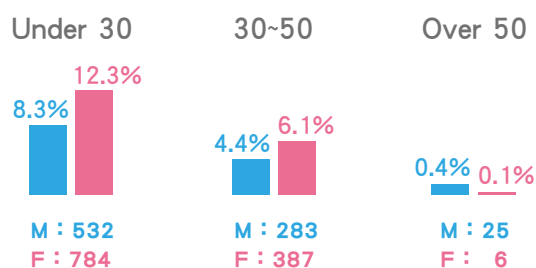
▲ Distribution of New Hires by Gender and Age

	Under 30	30~50	Over 50
	13.4% / 15.5%	4.7% / 6.0%	0.0% / 0.0%
	M：853	M：300	M：1
	F：990	F：382	F：1
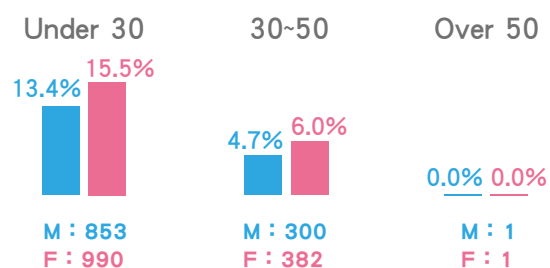
▲ Academic Background, Average Age and Seniority

	Number of Employees		Average Age		Average Seniority	
	♂	♀	♂	♀	♂	♀
Vocational/Senior High School	252	470	29.52	31.18	2.96	4.31
College	677	893	39.08	35.16	9.11	8.03
University	1,628	1,780	34.60	31.58	6.02	4.95
Graduate	429	248	41.44	39.07	9.35	6.66
Post-Graduate	9	1	46.22	49.00	10.23	14.27
Total	2,995	3,392	36.20	33.02	6.95	5.80

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▲ **Unpaid parental leave: The percentage of FET employees who applied for unpaid parental leave in 2013 was 9.2%. The return rate for the year was 57.81%. The actual figures are detailed below.**

	♂	♀	Total
No. of people who qualified for unpaid parental leave in 2013 (A)	381	569	950
Actual number of applicants for unpaid parental leave (B)	1	86	87
Ratio of unpaid parental leave applications (B / A)	0.3%	15.1%	9.2%
Number of employees returning from unpaid parental leave in 2013		104	
No. of return applications in 2013 (D)	9	65	74
2013 return rate (D / C)		75.15%	
Total number of unpaid parental leave applications in 2012 (E)	5	60	65
Number of employees in 2012 who remained for 1 year after returning to work (F)	5	57	62
Retention rate after returning from unpaid parental leave in 2012 (F / E)	100%	95%	95%

▷ 62

Note:

1. No. of people who qualified for unpaid parental leave in 2013: based on the number of employees who applied for maternity and paternity leave in 2011 to 2013.
2. Actual number of applicants for unpaid parental leave: total number of people still on unpaid parental leave in 2013.

Employee Code of Conduct

All FET employees are required to sign the "Employee Code of Conduct" and "Non-Disclosure Agreement" when they report for work. They are also required to agree to follow the "Employee Handbook" and "Work Rules" in their "Employment Contract". This documentation enables FET to reach a basic consensus with employees and familiarize employees with the company's systems, benefits and regulations to ensure good communication.

The above documents are retained in the employee files and also published on the company's internal corporate website for employees to view at any time. The key points of the above documentation are listed below.

▲ Employee Code of Conduct

Employee Code of Conduct provides guidance on responsibility for proper care and use of company resources, company gifts and discounts regulations, law and ethical standards, code of conduct within and outside of the company, social rules and etiquettes, confidentiality of company information, as well as internal information management and regulations.

▲ Non-Disclosure Agreement

Non-Disclosure Agreement provides guidance on definition of confidential information, transfer of rights, duty of confidentiality, legal consequences and liability for breach of contract, validity beyond end of employment, heirs and transfer of rights, as well as applicable laws and jurisdiction.

▲ Employment Contract

Employment Contract states date of employment, remuneration, bonuses, benefits, special leave, insurance, assignment, working hours, health examination, as well as management rules.

▲ Employee Handbook

Employee Handbook provide guidance on recruitment and employment, remuneration and benefits, training and development, remuneration and pay-out for occupational injury, access and security management, labor safety and health services, code of conduct and nondisclosure agreement, rules governing use of information services and e-mail, employee benefit committee services, as well as communication channels.

▲ Work Rules

Work Rules provide guidance on employment, termination and separation, salary and bonuses, working hours, breaks and leaves application, retirement, evaluation, rewards and disciplinary action, remuneration and pay-out for occupational injury, benefits, as well as safety and health.

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In the rules governing employee ethics and integrity, FET expects all employees to follow the FET "The Code of Business Conduct" and "The Code of Ethics". All managers, employees and decision-makers may not directly or indirectly provide, promise, ask for or receive improper benefits while undertaking their duties. These include rebates, commissions, bribes or the use of other means such as having the customer, dealer, contractor, supplier, civil servant or other stakeholders provide or accept improper benefits.

FET also makes use of different channels and online courses to remind employees about the rules of conduct they should follow in their everyday work. In 2013 for example, FET carried out employee education and awareness campaigns targeting information security, internal controls and audits at the management level, privacy and information security.

5.2 Employee Communications and Care

FET treats all employee feedback with respect. Apart from providing different physical and electronic channels for communicating with employees, FET does its best for employees in terms of salary and benefits, gender equality and occupational safety in order to create a healthy, happy work environment and build up employee rapport.

Labor Relations and Communication Channels

To promote communication between the employer and employees as well as to complement the values and culture of FET, the "Labor-Management Meeting" has been renamed the "Lantern Legend Meeting". The Lantern Legend Meeting is used to shape the corporate culture and ideals while encouraging employees to face and deal with problems in a positive manner. Becoming a Lantern Legend representative is now an honor and responsibility. The cultivation of harmonious labor relations creates a better working environment.

Issues covered during the "Lantern Legend Meeting" include labor relations, promoting employer-employee cooperation, working conditions, employee benefits and improving productivity. Key themes included company finance and business conditions as well as benefits, health and safety.

Apart from labor meetings, FET has also set up different internal physical and electronic channels for communicating with employees. FET has the following internal employee communication channels.

▲ **Physical communication channels**

Channel	Description	2013 Agenda
Lantern Legend Meeting (Labor- Management Meeting)	Meeting for promoting organizational harmony, realizing core values, enhancing corporate competitiveness and providing constructive advice. Convened on a quarterly basis, though extraordinary meetings may be called in special circumstances.	Currently meets on a quarterly basis but extraordinary meetings may be convened in special circumstances. The agenda discusses FET's current business position, future expansion plans and related labor relations issues.
Employee Conference	Annual meeting of all employees chaired by the president to boost communication and understanding through sharing business developments and new directions.	Communication on issues such as the company's strategic direction, results, future prospects and challenges.
Employee Welfare Committee	Meets quarterly or as necessary to promote improvements to employee welfare and organizational harmony.	Employee benefits are regularly announced on the intranet website where they can be viewed by all employees. Mailbox is also available for communication.
Town Hall Meeting	Quarterly town hall meetings with executives for conveying business direction and results. Managers can raise business-related questions during the meetings and have them answered directly by high-level executives to establish interactive communication.	Apart from interactive communications on issues such as operating targets, finances, future prospects, challenges and trend analysis, the key theme of "Express your love. Let it be heard" was also covered in 2013 to realize the FET brand spirit.
Employee Opinion Survey (EOS)	Employee satisfaction surveys are commissioned as necessary to learn more about employee's actual feelings and provide a basis for continued improvement by the company	Employee satisfaction increased by 4.68% to 84.16% compared to the previous year

▲ Electronic Communication Channels

FET has also established a variety of electronic communication channels to facilitate bi-directional communication and conversation as tabled below. Two particular issues were raised through the electronic communication channels in 2013, coming from employees reporting problems with access authorization and temporary parking in loading bays. These problems were determined by FET to be due to a misunderstanding of the relevant procedures and explanations have been given to the employees.

FET e-Newsletter	**FET e-Paper**	**FET e-Express**	**Pop-up Window**	**Employee Suggestion**	**I Want to Complain**
Published monthly to promote organizational learning and sharing	Published weekly and contains summary of company news and industry developments	Immediate delivery of important, time-critical information that may require immediate action by employees	Automatically pops up when intranet pages are clicked on to increase exposure to important information	Creative proposals beneficial to company operations	Employees may submit complaints through this channel if not satisfied with the responsible unit or supervisor's handling of their complaints

Employee Satisfaction Survey

FET makes use of the opinion survey each year to learn about employees' views on their work and management measures as well as whether the company is investing the right resources in the right places. The information serves as a reference for continued improvement and further action plans, thus continuing to enhance the competitiveness of FET.

According to the FET 2013 employee opinion survey results, overall satisfaction in all aspects of the company improved by 4.68% compared to 2012. When compared to 2012, the three aspects in which FET made the greatest advancements were "Leadership", "Remuneration and Performance Management" and "Job Satisfaction".

To learn more about employee morale and create a positive working environment, the dimension of Job Commitment was included in the 2013 survey, covering the twin aspects of "Job Identification" and "Positive Attitude". The average score for the two aspects were 3.72 and 3.9 (5-point scale), indicating that job identification was above-average.

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▲ Results of Employee Satisfaction Survey

2011 75.2
2012 79.5
2013 84.2
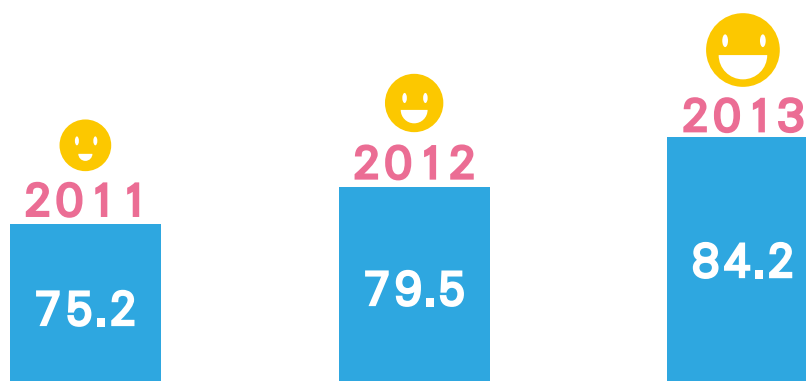
Employee Compensation and Benefits Policy

At FET, there is no pay gap between men and women in its compensation and benefits policy. FET pays employees above the legal minimum wage and the starting salary of the entry position is 23% higher than the minimum wage as well. Annual bonus, performance bonus, sales incentive and special bonus are also included in the compensation policy.

Apart from providing employee benefits that satisfy basic regulatory requirements, all FET employees also enjoy physical check-ups, group insurance, clinic service, employee's consolations service, safety and health forums, cafeterias, employee handset subsidy and monthly airtime subsidy each month, all of which promote physical and mental health as well as a balanced lifestyle. FET has also established the Employee Welfare Committee to promote club activities and subsidize domestic and overseas holidays for employees.

For retirement benefits, FET offers a retirement scheme for regular employees based on the Labor Standards Act. Pension payments are based on length of service and the average salary over the 6 months prior to retirement. A contribution equivalent to 2% of the employee's monthly salary is made every month and placed under the management of the Labor Retirement Fund Supervision Committee. The contributions are deposited with the Bank of Taiwan by the Committee. After the new "Labor Pension Act" took effect on July 1, 2005, FET began making contribution equivalent to 6% of the monthly coverage to the Labor Insurance Bureau for employees that chose the new scheme.

Occupational Safety and Labor Health

For labor health and occupational safety, FET has set up the "Labor Health and Safety Committee" as well as the Labor Safety and Health (LSH) Office to make improvements to the working environment and ensure work safety. The LSH Committee is made up of 13 members, including business operator or their proxy, LSH personnel, department heads, supervisors, controllers, LSH engineering or medical personnel, and union or employee-elected representatives. The committee has 8 labor representatives, representing 60% of all seats.

The responsibility of the FET LSH Committee is to oversee the planning of the occupational disaster prevention plan and the self-inspection plan, to meet regularly to review LSH improvements, to appoint regional safety and health supervisors and to engage in communication and management on disaster prevention. Additionally, FET LSH office also communicate the concepts of disaster prevention to all and selected personnel at different times. Various types of safety training are also conducted to provide selected personnel with relevant LSH training.

For the working environment, FET carries out inspections to identify risk factors in the workplace in accordance with the law. Necessary protective equipment is provided based on the type of work performed and regular audits are conducted to ensure their effective use. FET provides relevant training to contractors as well to avoid work-related accidents and clarify the legal liability. Safety and health inspections are also conducted regularly. Finally, FET holds regular firefighting drills to enhance our emergency response and reduce the risk of fire to employees and property.

FET LSH regulations and documents are all published on the intranet where they can be viewed by employees at any time. LSH statistics for 2011 ~ 2013 are shown below.

	Injury Rate (IR)	Occupational Disease Rate (ODR)	Lost Day Rate (LDR)	Absentee Rate (AR)
2011	0.040	0	0.040	1,539.33
2012	0.068	0	2.154	1,560.77
2013	0.032	0	0.026	1,652.76

Note:
Injury Rate = (Injury Frequency x Total Work Hours) x 200,000
(Based on 50 weeks per year, 40 work hours per week and ratio for every 100 employees)
Note: IR calculations don't include traffic accidents to and from work

ODR = (Occupational disease frequency / Total work hours) x 200,000
(Based on 50 weeks per year, 40 work hours per week and ratio for every 100 employees)

Lost Day Rate = (Total Lost Days x Total Work Hours) x 200,000
(Based on 50 weeks per year, 40 work hours per week and ratio for every 100 employees)
Definition of Lost Day: Employee is unable to work due to occupational injury or disease. This refers to occupational injury leave.

Absentee Rate = (Total Days Absent / Total Work Days) x 200,000*
(Based on 50 weeks per year, 40 work hours per week and ratio for every 100 employees)
Definition of Absenteeism: Employee is away from work because they are unable to work (but not due to occupational injury or disease). This includes sick leave and personal leave, but does not include approved holidays, maternity leave, paternity leave and bereavement leave.

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▲ Employee Physical and Mental Well-being

In order to safeguard the physical and mental well-being of employees, FET employs full-time nursing professionals who carry out health examinations for new employees. All employees also undergo regular health examinations. FET employees enjoy health examinations of a standard higher than that required by law once every two years, as well as various health seminars, screenings and health promotion activities organized in partnership with government agencies, community hospitals and clinics. These include PAP smears, mammograms, CPR as well as family, work and lifestyle.

In 2013, FET took part in the "Taipei City Department of Health 2013 Outdoor Smoking Area Self-Management Certification" to support a smoke-free workplace. FET also regularly organizes CPR training to ensure that qualified employees are on hand to provide immediate assistance in case of emergency. Visually-impaired masseurs are also available to help employees relax and improve their health.

For employees dealing with internal or external stress from work, personal relationships, family and marriage, FET provides the Employment Assistance Program (EAP) with contracted specialists available to help employees resolve psychological issues. Maintaining the physical and mental well-being of employees ensures work safety, quality and productivity.

Gender Equality and Sexual Harassment Prevention

FET is an equal-opportunity employer and gender equality is emphasized. Male and female employees receive remuneration equivalent or better than the minimum wage. Employee remuneration and promotion are all based on personal ability and performance and are not influenced by age, race, skin color, gender or sexual preference.

FET strives to provide a gender-friendly workplace and is the only carrier in the industry to have more female than male employees. To ensure that employees could concentrate on their work in a gender-equal workplace, FET immediately conducted road tours and conferences at all operation bases and stores in Taiwan when the government introduced the Gender Equality in Employment Act. When the "Sexual Harassment Prevention Act" was implemented, FET also set up a "Sexual Harassment Complaints Committee", complaints process and complaints mailbox in order to create a healthy working environment free from harassment and discrimination. There were no cases of discrimination, forced labor or other employee-related human rights incidents within FET in 2013.

5.3 Career Development

FET has always regarded "Being Connected" as our core service and "FET Connects and Enriches Life" as our vision. In response to environmental changes and the convergence of telecommunications technologies in Taiwan and overseas in recent years, FET set "Becoming the best service provider for information communications and digital content integration in global Chinese market" as our new mission in 2011.

To fulfill this mission, FET formally established a competency-based training roadmap in 2013 and launched a series of employee training restructuring plans to ensure that every employee possessed the core competencies of the telecommunications service industry. Standards for demonstration of competency were defined for each position and role so that these can be practiced in everyday work.
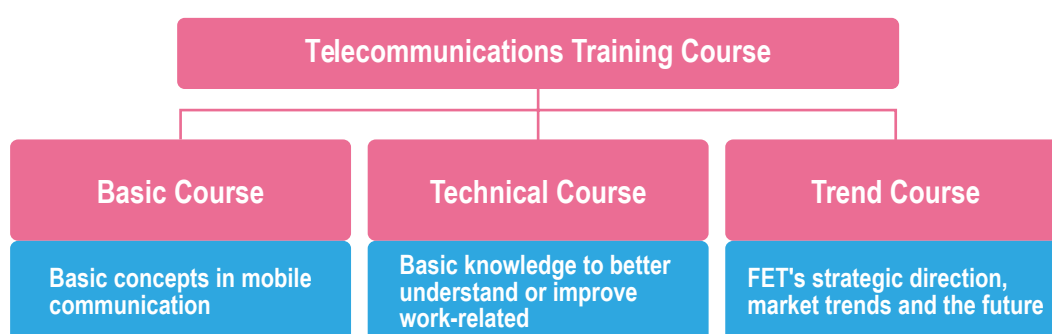
Brand-new Employee Training Framework

In 2013, FET hosted eight town hall meetings and conducted online communication with all employees to help them understand the purpose, content and advantages of the core competency training framework. FET then launched the management camp and online classes for employees, which shared employees' true stories about how they put their competencies to good use in everyday work. FET encourages employees to learn from the performance of exceptional FET staffs and maintain high performance at work.

The restructured FET training system now contains five main categories: Talent/Career Development, Core Competency Training, Specialist Training (including telecommunications technology and department operations), Self-Development Training (including cultural seminars and assistance for continuing studies) and New Employee/Manager Training. The interlocking categories ensure that all employees understand the core competencies of their role through this training system and continue to improve their professional skills. This will enable the company to realize its goal of talent cultivation. The all new FET training system is as follows.

Talent/Career Development System

Core Competency Training	Specialist Training	Self-Development Training
	· Personal skills · Telecommunications technology · Department	· Cultural seminar · Assistance for continuing

New Employee/Manager Training

▲ **Strengthening Core Competency Training**

As telecommunications technology is the most critical and important competency in the telecommunications industry, FET has drawn up a detailed training roadmap and designed corresponding courses for the "Telecommunications Technology" component in specialist training. This ensures that all personnel in related roles understand the relevant basic knowledge.

Telecommunications Training Course

Basic Course	Technical Course	Trend Course
Basic concepts in mobile communication	Basic knowledge to better understand or improve work-related	FET's strategic direction, market trends and the future

In 2013, FET organized around 1,156 training classes in five main training categories in the above training system. These were attended by 90,168 participants and cost approximately NT$28,333,000. Employee training sessions, attendance, hours and gender distribution are shown below.

▲ 2013 Employee Training Classes

Internal Training - New Employee Training (hosted by HR)	**149**
Internal Training - Seminar	**19**
Internal Training - Telecommunications Technology	**40**
Internal Training - Management (including management and new managers)	**44**
Internal Training - Personal Specialty (including personal performance, project management and legal affairs)	**88**
Internal Training - Department Specialty (including classes held by S&O and CSM, as well as other classes	**816**
Off-site Training	**165**

Total : 1156

▲ Total Employee Training Costs in 2013

Total Employee Training Costs	**28,333,000** (Unit：NTD)
Total Employee Training Hours	**297,115.4** (Unit：Hours)
Total Number of Employees	**6,387** (Unit：Persons)
Total employee training costs / Total number of employees	**4,436.0** (Unit：NTD)
Total employee training hours/ Total number of employees	**46.5** (Unit：Hours)

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▲ Training Hours for Each Grade of Employee

	Number of Employees	Average Training Hours	Number of Employees	Average Training Hours
General Employee	3,122	51.7	2,452	46.7
Manager	232	44.4	462	36.8
Vice-President and higher	38	23.8	81	23.8
Total	3,392	49.7	2,995	42.9

▲ Improving Employee Culture

The cultivation of employee culture and soft skills is important to FET. In 2013, FET organized cultural seminars on creativity, aesthetic living, family relations, workplace communications and LOHAS with top speakers at our offices throughout Taiwan. The sharing and networking between speakers and employees enhanced lifestyle knowledge and learning. The understanding of society and trends helped to stimulate cultural thought and behavior.

▲ Expansion of Digital and Multimedia Learning

To increase the penetration of learning, FET in 2013 added e-learning courses in additional to physical classes including legal affairs, information security, computer skills and self-improvement. E-learning courses on key competencies and introduction courses for new employees were also delivered to strengthen employee understanding and rapport. Freeing learning from the constraints of time and place as well as the control over progress improved learning and transfer efficiency.

▲ In-service Training Assistance

To encourage employees to continue furthering their education, in 2013 FET utilized in-service continuing education subsidy rules to pay for 50% of employee enrollment and tuition fees. Employees are encouraged to apply to local or overseas universities to continue their education. This policy balanced the company's needs for professional training with employees' career development, thereby improving employee satisfaction together with professional development. FET has subsidized NT$68,272 for 1 staff during the year.

Selection of Quality Employees

To reward employees for outstanding performance and commitment, to set an example for service, innovation and continued improvement, and to encourage employees to demonstrate corporate core values and vision in their work, each departments select quality employees for recognition every year based on a variety of different standards.

Public recognition by FET in 2013 included Top Sales, Role-Model Award and Long Service. The award-winning employees were invited to attend the company's employee conference. The public recognition by the company encourages everyone take pride in the company.

▶ GRI G3.1 Index

	GRI Index	Disclosure Location	Page
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.	From the President	2-3
1.2	Description of key impacts, risks, and opportunities.	Risk Management	15-17
Organizational profile			
2.1	Name of the organization.	FET Profile	7
2.2	Primary brands, products, and/or services.	FET Profile	7
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Corporate Governance Structure	12
2.4	Location of organization's headquarters.	FET Profile	7
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.	FET Profile	7
2.6	Nature of ownership and legal form.	Publicly Company	7
2.7	Markets served.	FET Profile	7
2.8	Scale of the reporting organization.	FET Profile	7
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Affiliated Enterprises	8
2.10	Awards received in the reporting period.	Milestones	10-11
Report parameters			
3.1	Reporting period for information provided.	About This Report	1
3.2	Date of most recent previous report.	About This Report	1
3.3	Reporting cycle.	About This Report	1
3.4	Contact point for questions regarding the report or its contents.	About This Report	1
3.5	Process for defining report content.	Stakeholder Communication and Identification of Material Issues	18-19
3.6	Boundary of the report.	About This Report	1
3.7	State any specific limitations on the scope or boundary of the report	About This 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.	About This Report	1
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.	See the data and figures for each indicator	—
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	None	—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	No major changes	—
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index	72-79
3.13	Policy and current practice with regard to seeking external assurance for the report.	Verification by independent third-party SGS	—

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.	Board of Directors Governance Structure and Principles	13
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	To ensure the independence of the governance structure, Chairman Douglas Hsu does not have an acting administrative position	—
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.	Board of Directors Governance Structure and Principles	13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Board of Directors Governance Structure and Principles	13
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	Board of Directors Governance Structure and Principles	13
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Trustworthy Management	15
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.	Board of Directors Governance Structure and Principles	13
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.	Core Business Philosophy	9
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.	CSR Governance	14
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CSR Governance	14
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	15-17
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	CSR Best Practice Principles for TWSE/GTSM Listed Companies, Smart 2020	14,39
4.13	Memberships in associations and/or national/international advocacy organizations.	External Participation	17
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Identification and Communication	18
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Identification and Communication	18
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Identification and Communication	18
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization hasresponded to those key topics and concerns, including through its reporting.	Material Issue Identification and Response	19
Economic			
DMA	Disclosure on Management Approach	Core Business Philosophy	9
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.	Financial Performance in 2013	9

EC2	Financial implications and other risks and opportunitiesfor the organization's activities due to climate change.	Risk Management for Major Natural Disasters, Response to Smart 2020	16,46
EC3	Coverage of the organization's defined benefit plan obligations.	Employee Compensation and Benefits Policy	66
EC4	Significant financial assistance received from government.	There were no major financial assistance this year	—
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Employee Compensation and Benefits Policy	66
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Supply Chain Management	47
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Gender Distribution in Management Positions	60
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Infrastructure Investments, Infrastructure Investment in Remote Areas, Social Investments in 2013	49-50,57
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Creating Social Value	49-57
Environmental			
DMA	Disclosure on Management Approach	Energy management Committee Roles & Organization, Energy Management Goals and Direction	39-41
EN1	Materials used by weight or volume.	FET belongs to the telecommunications service industry so this item is not applicable	—
EN2	Percentage of materials used that are recycled input materials.	FET belongs to the telecommunications service industry so this item is not applicable	—
EN3	Direct energy consumption by primary energy source.	Energy & Water Resource Consumption and Greenhouse Gas Emissions	44
EN4	Indirect energy consumption by primary source.	Energy & Water Resource Consumption and Greenhouse Gas Emissions	44
EN5	Energy saved due to conservation and efficiency improvements.	2013 Energy Conservation and Carbon Reduction Plan, Server Virtualization Performance, Base Station Energy-Saving, Comply with Government Energy-Saving Project	41-43
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Promotion of Electronic Bills and Forms, FET Self-Care App	43-44
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Promotion of Electronic Bills and Forms, FET Self-Care App	43-44
EN8	Total water withdrawal by source.	Energy & Water Resource Consumption and Greenhouse Gas Emissions	44
EN9	Water sources significantly affected by withdrawal of water.	None	—
EN10	Percentage and total volume of water recycled and reused.	FET is a telecommunications service company and all water used comes from water companies	—
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable	—
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable	—
EN13	Habitats protected or restored.	Not applicable	—
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not applicable	—

EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable	—
EN16	Total direct and indirect greenhouse gas emissions by weight.	Energy & Water Resource Consumption and Greenhouse Gas Emissions	44
EN17	Other relevant indirect greenhouse gas emissions by weight.	Energy & Water Resource Consumption and Greenhouse Gas Emissions	44
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	2013 Energy Conservation and Carbon Reduction Plan, Server Virtualization Performance, Base Station Energy-Saving, Comply with Government Energy-Saving Project, Promotion of Electronic Bills and Forms, FET Self-Care App	41-44
EN19	Emissions of ozone-depleting substances by weight.	Not applicable	—
EN20	NO, SO, and other significant air emissions by type and weight.	Not applicable	—
EN21	Total water discharge by quality and destination.	Not applicable	—
EN22	Total weight of waste by type and disposal method.	Waste Management	45
EN23	Total number and volume of significant spills.	Not applicable	—
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.	Not applicable	—
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.	Not applicable	—
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Promotion of Electronic Bills and Forms, FET Self-Care App	43-44
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	FET belongs to the telecommunications service industry so this item is not applicable	—
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	No such occurrence	—
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	FET belongs to the telecommunication service industry so has no significant environmental impact from transportation and employee commuting	—
EN30	Total environmental protection expenditures and investments by type.	Environmental Expenditure	45
Labor Practices and Decent Work			
DMA	Disclosure on Management Approach.	Employee Code of Conduct	62-63
LA1	Total workforce by employment type, employment contract, and region.	Employment Overview	59-62
LA2	Total number and rate of employee turnover by age group, gender, and region.	Employee Turnover Rate	61
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Compensation and Benefits Policy	66
LA4	Percentage of employees covered by collective bargaining agreements.	FET does not have a trade union	—
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Employee Code of Conduct	62-63
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.	Occupational Safety and Labor Health	66-67

LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	Occupational Safety and Labor Health (No deaths)	66-67
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Occupational Safety and Labor Health	66-67
LA9	Health and safety topics covered in formal agreements with trade unions.	FET does not have a trade union	—
LA10	Average hours of training per year per employee by employee category.	Training Hours for Each Grade of Employee	70
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Brand-new Employee Training Framework	68-71
LA12	Percentage of employees receiving regular performance and career development reviews.	Selection of Quality Employees	71
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Employment Overview	59-62
LA14	Ratio of basic salary of men to women by employee category.	Gender Equality and Sexual Harassment Prevention	68
LA15	Return to work and retention rates after parental leave, by gender.	Unpaid Parental Leave Statistics	62
Human Rights			
DMA	Disclosure on Management Approach.	Gender Equality and Sexual Harassment Prevention	68
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	None. Will be included into investor guidelines in the future	—
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	None. Will be included into supplier guidelines in the future	—
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.	Human rights training already included in FET employee training	—
HR4	Total number of incidents of discrimination and actions taken.	Gender Equality and Sexual Harassment Prevention	68
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.	No such occurrence	—
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	FET confirms to all domestic regulatory requirements and does not recruit child 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.	FET conforms to all domestic regulatory requirements and there were no incidents of forced or compulsory labor	—
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not applicable	—

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No such occurrence	—
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	None. Will be included into related assessment guidelines in the future	—
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	No such occurrence	—
Society			
DMA	Disclosure on Management Approach	Trustworthy Management, Bridging the Digital Divide	15,49-50
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.	FET is in the telecommunications service industry and has no major negative impact on the local community so no related assessments were conducted	—
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Trustworthy Management	15
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Employee Code of Conduct	62-63
SO4	Actions taken in response to incidents of corruption.	No such occurrence	—
SO5	Public policy positions and participation in public policy development and lobbying.	Bridging the Digital Divide	49-50
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No such occurrence	—
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	No such occurrence	—
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No such occurrence	—
SO9	Operations with significant potential or actual negative impacts on local communities.	FET is in the telecommunications service industry and has no major negative impact on the local community	—
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	FET is in the telecommunications service industry and has no major negative impact on the local community	—
Product Responsibility			
DMA	Disclosure on Management Approach	Rate Plan Transparency and Communication, Customer Complaints Resolution and Satisfaction Survey, Electromagnetic Radiation Management	24-25 35-36,46
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.	Electromagnetic Radiation Management	46
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.	No such occurrence	—
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Rate Plan Transparency and Communication	24-25

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 such occurrence	—
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer Satisfaction Survey	35-36
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Rate Plan Transparency and Communication	24-25
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 such occurrence	—
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No such occurrence	—
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Infrastructure Investments	49-50
Telecommunications Sector Supplement			
IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	Infrastructure Investments	49-50
IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable.	Infrastructure Investment in Remote Areas	50
IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	Infrastructure Investments	49-50
IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets.	Electromagnetic Radiation Management	46
IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	Electromagnetic Radiation Management	46
IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	Electromagnetic Radiation Management	46
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts.	Infrastructure Investments	49-50
IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	Infrastructure Investments	49-50
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.	Infrastructure Investment in Remote Areas	50
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services.	Serving Special Groups, Infrastructure Investment in Remote Areas	25,50

PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	Pursuit of Communications Quality	50-51
PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates.	Market Share	9
PA5	Number and types of telecommunication products and ser-vices provided to and used by low and no income sectors of the population.	Serving Special Groups	25
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Risk Management for Major Natural Disasters	16
PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	Personal Information Protection for Customers	33-34
PA8	Policies and practices to publicly communicate on EMF related issues.	Electromagnetic Radiation Management	46
PA9	Total amount invested in programmes and activities in electromagnetic field research.	Electromagnetic Radiation Management	46
PA10	Total amount invested in programmes and activities in electromagnetic field research.	Rate Plan Transparency and Communication	24-25
PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Rate Plan Transparency and Communication	24-25
TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.	Rate Plan Transparency and Communication	24-25
TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects.	Enterprise Cloud Service, Multimedia Digital Content Service and m-Commerce	27-33
TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above.	Enterprise Cloud Service, Multimedia Digital Content Service and m-Commerce	27-33
TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development.	Customer Satisfaction Survey	36
TA5	Description of practices relating to intellectual property rights and open source technologies.	App Developer Conference	31

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTONE TELECOMMUNICATIONS CO., LTD.'S COROPRATE SOCIAL RESPONSIBILITY REPORT FOR 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) 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 2013. 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 2013 and its presentation are the responsibility of the superintendents, CSR committee and the management of FET. SGS has not been involved in the preparation of any of the material included in the FET's Corporate Social Responsibility Report of 2013.

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. These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (2011);
- evaluation of the report against Global Reporting Initiative Telecommunications Pilot Sector Supplement; and

The assurance comprised a combination of pre-assurance research interviews with relevant employees at headquarter of FET in Taipei City 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 affirms our independence from FET, being free from bias and conflicts of interest with the organization, 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 2013 verified is accurate, reliable and provides a fair and balanced representation of FET sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the second 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 A[+] and AA1000 Assurance Standard type 2, high level.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, 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.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
Principles, Standard Disclosures and Indicators
The report, FET Corporate Sustainability Report 2013, is adequately line with the GRI Application level A[+]. Contents of Disclosure on Management Approach may have more clearly defined goal for each aspect. It is also recommended to have more disclosure on the performance of supplier chain management, green house gases emission, and organizational governance.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Assurance Provider
000-8

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
18 June, 2014
WWW.SGS.COM