遠傳FET

2021 Far EasTone Corporate Sustainability Reports

遠傳心 5G 未來無距離

A Future Beyond Imagination

Guide to Reading this Report

In accordance with the information you would like to obtain, we suggest that you read the following chapters first:

- Learn about the company information of FET, our sustainable development strategies, the sustainable values we have created and how FET responds to the changing operating environment and shares value with suppliers > **CH1 Sustainable Value and Governance**
- Find out how FET uses the innovative products and services to lead the application of big data, AI and IoT > **CH2 Innovative FET**
- Learn about the efforts FET has put in to become the preferred brand for customers > **CH3 Excellent Services**
- Find out how FET creates a friendly workplace and nurtures talent > **CH4 Friendly workplace**
- Learn about the social concern of FET and how we promote a fair and inclusive society via core technology > **CH5 Social engagement**
- Find out how FET responds to climate change ahead with low-carbon and green transition > **CH6 Environmental sustainability**

There are management approach, corresponding risks and opportunities, annual capital expenditure and benefits and projects highlight at the beginning of each chapter.
By scanning the QR code, interactivity between the report and the official website, videos, and the annual report can be enjoyed. We recommend the use of mobile phone for the best reading experience.

Download Report

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遠傳 FET

CH1 Sustainable Value & Governance

CH2 Innovative FET

CH3 Excellent Service

CH4 Workplace

CH5 Social Inclusion

CH6 Environmental Sustainability

Appendix

About this Report

This is the elevnenth Sustainability Report published by Far EasTone Telecommunications Co., Ltd. and its subsidiaries. It is also compiled based on the International Integrated Report (IR) Framework (hereinafter referred to as the IR).

Report Cycle and Period

The FET Sustainability Report is published on an annual basis. The previous report (2020) was published in June 2021. From 2015 onwards, FET has published its CSR Report by June 30 each year in accordance with the "Taiwan Stock Exchange Enterprise Rules Governing the Preparation and Filing of IR Report by TWSE Listed Companies." The next report (2022) will be published in June 2023. This report encompasses financial and nonfinancial information of FET in 2021 (January 1, 2021 to December 31, 2021), including management approach, major issues, and performance. To provide readers with a better grasp of information, some quantified data has been presented for the past three years for comparison purposes.

Reporting Boundary

In consideration of their financial materiality and industry correlation, the boundary of this report encompasses Far EasTone Telecommunications Co., Ltd. (FET), the parent company; as well as two key subsidiaries, New Century InfoComm Tech Co., Ltd. (NCIC) and ARCOA Communications Co., Ltd. (ARCOA). The revenues of these three companies constitute 90.6% of FET's consolidated revenue. Financial data presenting the business performance included in this report is derived from the CPA-audited consolidated financial report for FET and its subsidiaries. For information on FET's individual and affiliated entities, as well as investments, please refer to the 2021 Annual Report.

As an extraordinary general meeting of NCIC in 2010 agreed to entrust all of its operations to its parent company, FET, all references to "FET Telecom" or "the company" in this report refer to FET itself and NCIC. Where individual entities are not explicitly specified in this report, FET should be taken to refer to all entities within the report boundaries, namely FET, NCIC and ARCOA. The scope of information and data in this report includes the financial and non-financial performance of these three companies. All subsidiaries share office buildings with FET except for Nextlink Technology, the environmental data in this report constitute 100% of FET's consolidated revenue. Some of the financial information sourced from consolidated information of FET and its subsidiaries will be marked as consolidated accordingly. Any changes to the scope or calculation methods of information and data are explained in corresponding chapters, and data from previous years will have been recalculated accordingly.

Report Content Management and Auditing

The FET Corporate Social Responsibility (CSR) Committee is responsible for the Sustainability Report. The contents of the FET Sustainability Report are compiled and provided by the business units. To ensure that the contents of the report are correct and meet the expectations of stakeholders, the FET CSR Committee regularly reviews the contents of the report and suggests recommendations. All contents are approved for release by heads of business units and the company president.

Reporting Guidelines and Third-party Assurance

The format of this report follows the International IR Framework published by the International Integrated Reporting Council (IIRC) and the core option in the GRI Standards published by the Global Reporting Initiative (GRI) , SASB, and TCFD recommendations on climate-related financial disclosure.

This report was also verified by SGS Taiwan, an independent third-party certification institution, as being in accordance with GRI core option and AA1000 (AccountAbility 1000) Type II High Level and meeting the requirements of International IR Framework contents.

If you have any questions regarding the content of this report, please contact the following:

- Address: No. 468 Ruiguang Rd., Neihu District, Taipei City
- Tel: (02) 7723-5000Corporate Communication & Social Responsibility Division of President Office
- Email: FETCSR@fareastone.com.tw

FET Stakeholders	FET CSR Website	FET CSR Survey

Message from the Chairman and the President

Douglas Hsu, Chairman

Chee Ching, President

Far EasTone is committed to providing innovative application services and quality customer experience. In recent years, FET has been actively building "FET 5G" and has achieved 85% coverage of 5G network in Taiwan by 2021, winning the world's best in Opensignal's rating on 5G download, upload speed and media experience. Based on this, FET focuses on the dual axes of "consumer digital life" and "enterprise intelligent transformation" and strengthens core capabilities and applications of 5G, big data, AI, and IoT. In 2021, revenue grew 23% for the new economy despite COVID-19. By precisely grasping customers' needs, FET provides customized 5G plans and diversified digital value-added services such as the "Mobile Circle App", creating a one-stop mobile life circle for users and enhancing their overall value in all aspects. Additionally, FET makes every effort to boost profitability communication services and expand alliances to expand the ecosystem. In 2021, we created Taiwan's first "5G Metaverse Accelerator" and engaged in two co-creation projects, "FET Mobile Circle Co-creation Platform" and "FET Ecosystem", focusing on consumer applications and enterprise solutions. The Accelerator aims to foster 10 to 15 new start-up teams each year, supporting new start-up teams in Taiwan on the one hand, and accelerating metaverse applications, providing multiple value-added services, and facilitating 5G vertical development. FET will continue to expand the scale and strength of its strategic investments and alliance with strategic partners to build a 5G innovation ecosystem.

With the efforts of all employees, FET exceeded its 2021 financial targets. Consolidated revenue reached NT$85.320 billion, 7.3% increase from the previous year, with a nine-year high annual growth rate, of which the new economy accounted for 17%. Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) and after-tax earnings were NT$28.170 billion and NT$9.124 billion, respectively, and EPS was NT$2.80, both up 9.2% from the previous year, an eight-year high annual growth rate. The revenue achievement rate was 104% and the EPS was 109%. Overall, FET's transformation to the second growth curve of the new economy has been effective, while the revenue of its mobile business has returned to growth due to the 5G, and the excessive competition in the telecom market is gradually improving. At the same time, FET continues to innovate and grow, thus creating outstanding operating results and maximizing value for our shareholders.

FET has been focusing on sustainable operation for many years. As sustainable development is now a global priority, we not only align ourselves with the United Nations Sustainable Development Goals (SDGs), but also take concrete actions to implement ESG (Environment, Society, Governance) and draw up a blueprint for sustainability on medium and long-term development goals to pursue sustainable growth. On the road of transformation, in addition to the core functions and the 5G cloud applications to enable a win-win situation for the corporate and the society, we will also collaborate with suppliers, users and other nine major stakeholders to promote corporate social responsibility in the communication industry. In 2021, FET also signed two NT$3.5 million Sustainability Index-Linked Commercial Paper, demonstrating commitment to ESG while expanding business. As to corporate governance, in addition to the establishment of functional committees under the board of directors, remuneration and sustainability performance are connected for managers and above and will be extended to all employees by 2025, so that the concept of sustainability will be deeply rooted in the DNA of employees.

After the COP26 in 2021, the global net-zero race has started, and the regulations for carbon and emission reduction have become stricter and more active in various countries. Recognizing that climate change requires cross-industry efforts, FET has not only responded to the Groupe Speciale Mobile Association's (GSMA) climate change initiative over the years, but has also taken the initiative to join the Science Based Targets initiative (SBTi). We specifically set a 20.3% reduction target in direct carbon and greenhouse gas emissions from electricity use in 2030 from the 2016 baseline. We are the third certified telecom company in Asia, fully demonstrating FET's ambition to save energy and reduce carbon emissions and environmental impact. In addition, FET is working to achieve carbon goals through smart energy management systems and energy-saving and carbon-reducing actions. Externally, we advocate the "Net Zero Emissions" initiative to move toward the 2030 Net Zero Emissions from Office Locations and 2050 Net Zero Transformation policy goals. Through cloud technology, big data analysis, IoT and other applications, it can be applied to smart city, smart parking, air quality monitoring and big data crowd analysis to help solve traffic and air quality problems.

In terms of sustainable social cohesion, FET focuses on social engagement, digital inclusion and environmental education. We have made long-term commitment to the "Turning Education Around, Spreading Love Far and Wide" project. Through PaGamO, an online game learning platform, "learning" is integrated into "games." Furthermore, our volunteers enhance learning motivation of rural children, addressing uneven distribution of educational resources between urban and rural areas. In the second year of the "Sustainability Pioneer Team", FET and 36 suppliers joined hands to help Wanli Elementary School in New Taipei City, which was in need of digital resources, to build the "Big data, AI, and IoT Future Technology Classroom" and renovate the computer lab. As COVID-19 continues to rage around the world, it poses a huge challenge to the healthcare system and capacity. FET has released the world's first NB-IoT blood glucose machine and built Taiwan's first 5G telemedicine space in Taitung. Experienced in smart health care, Far Eastern Hospital introduced one-stop self-service check-in, waiting and paging system, and telemedicine in May 2021, after Taiwan went under level 3 alert. Our core expertise in information and communication provided critical pandemic support with 5G "mobile COVID-19 testing cars" and vaccination stations for the Kaohsiung Medical University. In 2021, our social engagement projects affected more than one million people.

FET's efforts on sustainable corporate governance have long been highly recognized by Taiwanese and international sustainability rating organizations: Selected as a constituent stock in DJSI Emerging Markets for three times and ranked fourth among more than 100 telecommunications companies worldwide; selected as a constituent stock in DJSI Emerging Markets for six consecutive years; won Silver in Global Sustainability Yearbook twice; rated B by the International Carbon Disclosure Project (CDP) twice; won Best Corporate Social Responsibility Award by GBO Global Corporate Awards; top 5% on the Stock Exchange's Corporate Governance Rating for seven consecutive years; selected as a CSR Model by Global Views Monthly for 5 consecutive years; continuously ranked a top ten sustainable company in Taiwan Corporate Sustainability Awards (TCSA); won 8 awards in the Taiwan Corporate Sustainability Awards and 2 gold and 1 silver in the Taiwan Sustainability Action Awards. These excellent results represent FET's ambition and achievements in promoting sustainable development.

Moving forward, FET will leverage its "Big data, AI, and IoT" core competencies, integrate ESG sustainable management strategies, and continue to provide the best 5G network experience with the joint efforts of all employees. To steadily maximize the benefits of network investment and expand the scale of green economy, we are deeply engaged in ESG solutions and system platforms. While growing of the company and creating diversified values, we also pursue sustainable development to fulfill corporate social responsibility by exerting corporate influence, creating mutual beneficial relationships with the environment and society, bringing "instant communication, meaningful life, and sustainable earth with with FET" into reality.

Awards and Honors

Selected as a constituent stock in DJSI Emerging Markets for three consecutive years.

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

Awarded Silver by international sustainability rating agency S&P Global for two consecutive years.

Sustainability Award Silver Class 2021 S&P Global

Commonwealth Magazine's Top 10 Sustainable Citizens.

天下雜誌 CommonWealth Magazine

Rated B in management in CDP Climate Change Survey Rating for 2 consecutive years.

CDP DISCLOSURE INSIGHT ACTION

Taiwan's only telecom company rated as a climate change "Leader" in CDP's Supplier Engagement Rating.

CDP DISCLOSURE INSIGHT ACTION

Top 5% of the Corporate Governance Evaluation for 7 consecutive years.

Won 8 Taiwan Corporate Sustainability Awards and 2 gold and 1 silver in the Taiwan Sustainability Action Awards.

TCSA 台灣企業永續獎

Taiwan's only Gold in the Commercial Times's "Taiwan Service Industry Awards" for 10 consecutive years.

Awarded Silver in Best Management Innovation in Business Next's Best Future Commerce Awards 2021.

The only telecom company to win Silver in Common Health Magazine's 2021 CHR Health Corporate Citizenship Awards.

President Chee Ching was honored as “Digital Transformation Leader” by Harvard Business Review.

Won the Gold in "1111 Happy Enterprise Awards", the only one in the telecom industry.

Awarded "Best Corporate Social Responsibility" by GBO Global Business Awards.

GBO AWARDS 2021

Awarded "Best Investor Relations" and "Best CEO" by FinanceAsia.

FinanceAsia ASIA'S BEST COMPANIES 2021

ESG Performance

Governance

- 5G population coverage reached
  90%
- Speedtest & Opensignal certified
  World's best 5G network speed
  5G download speed (417.6Mbps), 5G upload speed, 5G media experience, Opensignal certified
- 4G pickup success rate
  99.95%
- personal information leakage incidents
  0
- FET won the "Prestigious Company" award and first in five categories - "Best CEO", "Best CFO", "Best Investor Relations", "Best Investor Relations Planning", and "Best ESG"
- FET Big Data/AI/IoT Project Receives
  Taipei City Government's Smart Taipei Innovation Award
- for FET and Billion Cloud
  AWS Partner Award

Environment

- Green power generated
  567,000kWh
- Electricity consumption per squaremeter EUI per year
  3.42%
- IDC server room power usage efficiency PUE
  2.41%
- Electricity usage efficiency of directly managed stores
  3.01%
- **2021 Golden Map Award -Best Application System Award**
  Assisted Taoyuan City Government to develop and build the "Sewer Cloud IoT Intelligent Monitoring System" and won the Taiwan Geographic Information Society
- "Air-conditioner in every class" project become the largest energy management system provider in Taiwan
- SCIENCE BASED TARGETS
  DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
- Awarded "SBTi Scientific Basis Carbon Reduction Target" certification

Social Engagement

- LTE coverage in remote areas
  97.3%
- Customer NPS
  A
- Diversity and inclusion and public interest related projects have reached
  5.52 million people
- The total number of people reached by social investment
  exceeded 1.13million people
- 17 Store Managers Receive
  110th National Outstanding Store Manager Award Customer NPS: A
- **Partnering with Sustainability Pioneers**
  to Help Miles Elementary School Build a New
  "Big Data/AI/IoT Technology Classroom"
- FET 5G campaign won the IF Design Award in Germany, three platinum awards and one gold award at the Muse Creative Awards in the U.S., and the Platinum Award in the Summit Marketing Effectiveness Awards - Video category.

CH1

Sustainable Value &Governance

Strategy and Goal

Corresponding Material Topics

- Risk management and emergency response
- Response to government policies and regulatory changes
- Operating performance
- Supply chain management
- Corporate governance and integrity

Corresponding Risks and Opportunities

- Climate action failure
- Adverse outcomes of technological advances
- Extreme weather events
- Failure of cybersecurity measures

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
5G building & network coverage ratio	Complete the commercialization of 5G, 5G population coverage 85%	Achieved: 90%	5G population coverage 97%	Complete the commercialization of 5G, 5G population coverage 99% (original goal: 75%)	• Implement transparent, trustworthy, and integrated corporate governance and risk management system so as to become the role model in sustainable development • Collaborate with business partners and suppliers in order to achieve utmost profitability and prosperity in ICT business
Compound annual growth rate (CAGR) for revenues from new businesses	13%	Achieved: 18%	14.5%	20%	
TWSE Corporate Governance Evaluation	Top 5% among all listed companies	Achieved: for 7 consecutive years	Top 5% among all listed companies	Top 5% among all listed companies	
DJSI Sustainability Index	To be selected as component stock for DJSI World Index	Achieved: for 3 consecutive years	To be selected as component stock for DJSI World Index	To be selected as component stock for DJSI World Index	
The increased number of suppliers to undergo CSR training at Supplier Conference	300 suppliers	Achieved: 319 suppliers	550 suppliers	Implement supplier ESG management to enhance suppliers' sustainable performance	
Percentage of signature of CSR self-declaration by top 200 suppliers	95%	Achieved: 97.5%	95%		
The increased number of suppliers to undergo third-party onsite audit	30 suppliers	Achieved	30 suppliers	Complete onsite audit for all identified tier-one critical suppliers	
The increased number of suppliers to undergo suppliers FET in-house onsite audit	40 suppliers	Achieved: 44 suppliers	45 suppliers		
Ratio of performance improvement in the high ESG risk suppliers	80%	Achieved: 100%	90%	90%	

1.1 About FET

1.1.1 Company Information

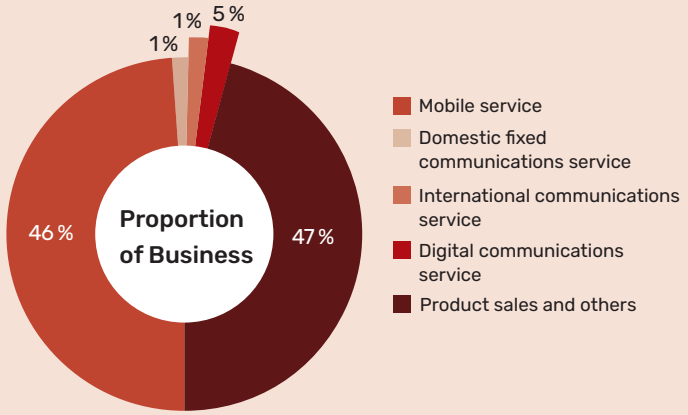
Basic Information

Company Name	Far EasTone Telecommunications Co., Ltd.
Industry Category	Communications and Internet
Headquarter Location	No. 468 Ruiguang Rd., Neihu District, Taipei City
Chairman	Douglas Hsu
Stock Code	4904
Capita	NT$ 32.585 billion

Proportion of Business

Unit: NT$ Million

Mobile service	39,555
Domestic fixed communications service	869
International communications service	950
Digital communications service	3,960
Product sales and others	39,986
Total	85,320



Major Operating Performance

2021

Market value (NT$ 100 million) 2,104	EBITDA (NT$ 100 million) 281.7	Number of retail stores 735	ARPU of postpaid (NT$)[2] 571	
Total assets (NT$ 100 million) 1,755	Consolidated total revenue (NT$ 100 million) 853	Market share of mobile service revenue (%) 23.8%	Number of valid subscribers (thousand persons) 7,057	Number of employees 5,934

[1] FET 2021 Annual Report statistics
[2] ARPU: average revenue per user

Distribution of Economic Value

FET is committed to sharing the fruits of its operations with all stakeholders. Apart from income tax payment, after deducting losses covered, legal reserve and special reserve, at least 50% of the balance is distributable as dividend. Also, we not only pursue revenue growth but also seek ways of giving back to society.

Payments to shareholders: Cash dividend

Unit: NT$ Thousand

2019	2020	2021
$10,590,128	$10,590,128	10,590,128

Payments to employees: Employee benefits

Unit: NT$ Thousand

2019	2020	2021
$6,667,293	$6,696,358	$7,055,104

Government grants received: Governmentsubsidy income[3]

Unit: NT$ Thousand

2019	2020	2021
$169,976	$121,818	$3,186,238

Payments to suppliers: Procurement spending

Unit: NT$ Thousand

2019	2020	2021
$34,173,864	$36,370,000	$39,090,449

Payments for income tax

Unit: NT$ Thousand

2019	2020	2021
$4,457,471	$167,600	$2,024,081

Socialinvestments: Charityactivities[4]

Unit: NT$ Thousand

2019	2020	2021
$11,840	$15,310	$4,499

[3] Industrial Development Bureau of the Ministry of Economic: NT$ 11,077 thousand; Ministry Health and Welfare: NT$ 3,953 thousand; National Communications Commission: NT$ 3,163,646 thousand; Ministry of Labor: NT$ 7,561 thousand

[4] Spending on public welfare includes expenditure on charitable projects in that year, public fundraising, and cash donations. Duplicated items are deducted to avoid double calculation.

1.1.2 Business Mode

Capital Input and Output

Operating Resources Foundation (By the end of 2020)	Annual Capital Input		Annual Capital Output (By the end of 2021)
Hardware • Total assets: $173.4 billion • 725 stores • 27,318 base stations • Internet coverage nationwide (4G) 99.8% • Internet coverage in rural areas 96.7%	Financial Capital	Helps maintain daily operations of the organization and provides the key basis for products and services through the accumulation of investment and business operations	111.5 billion	Total market value $210.5 billion • Total assets $175.5 billion • Consolidated revenue $85.3 billion • Earnings per share $2.8
	Manufactured Capital	The investment and maintenance of ICT infrastructure to develop related services national-wide. This includes our stores, base stations, and data centers	73.8 billion	• 735 retail stores • 32,615 base stations • Internet coverage nationwide(4G): 99.8% • Internet coverage in rural areas: 97.3%
	Human Capital	Including talent and innovative thinking, the passing on of professional knowledge and experience, loyalty, and a sound human resource structure	6.7 billion	• Total number of employees 5,934 • Employee turnover rate 16.06% • Training hours per person: 36.40 hours
Software • Total market value $199.4 billion • 7070K subscribers • 6,099 employees • 436 patents and trademark rights • Customer NPS: grade B	Intellectual Capital	The experiences and technologies accumulated in ICT field, major intelligence capital includes patents, licenses, R&D capabilities, collaboration agreements, etc	59.7 billion	• R&D invesment 449 million • 33 new patents and trademarks • Revenue of IoT/Digital Products and Services Revenue 36.79 billion
	Natural Capital	The use and conservation of energies and resources. Relevant natural capital is mainly electricity consumption and associated energy consumption as well as GHG emissions	750 million	• GHG emissions 283,332.48 tonnes • Electricity consumption: 612,475,758 MWh
	Social and Relationship Capital	The maintenance of long-term partnership with value chain partners and other stakeholders,including customer and public relations management via brand campaigns, public charity activities, and community constructions and services	430 million	• 7057 K Subscribers • Customer satisfaction score: 9.82 • Customer NPS: Grade A

Corporate Vision | Strategic Management | Value Chain | Product and Services

FET Connects and Enriches Life

Sustainable Development Strategy

- Go Prosperous
- Go Innovation
- Go Caring
- Go Inclusive
- Go Eco

Business Strategy

Fit

Effectiveness • Efficiency • speed

Transformation

Digitalization • Agility • Innovation

Growth

Diversified Services • ValueAdded • New Revenue

Emerging Risks and Opportunities

- Climate Action Failure
- Extreme Weather Events
- Failure of Cybersecurity Measures
- Adverse Outcomes of Technological Advances

Value Chain

1 Stable Operations
2 Value Sharing
3 Integrated Governance
4 Digital Innovation
5 Excellent Service
6 Talent Management
7 Diverse Inclusion
8 Low Carbon Operation

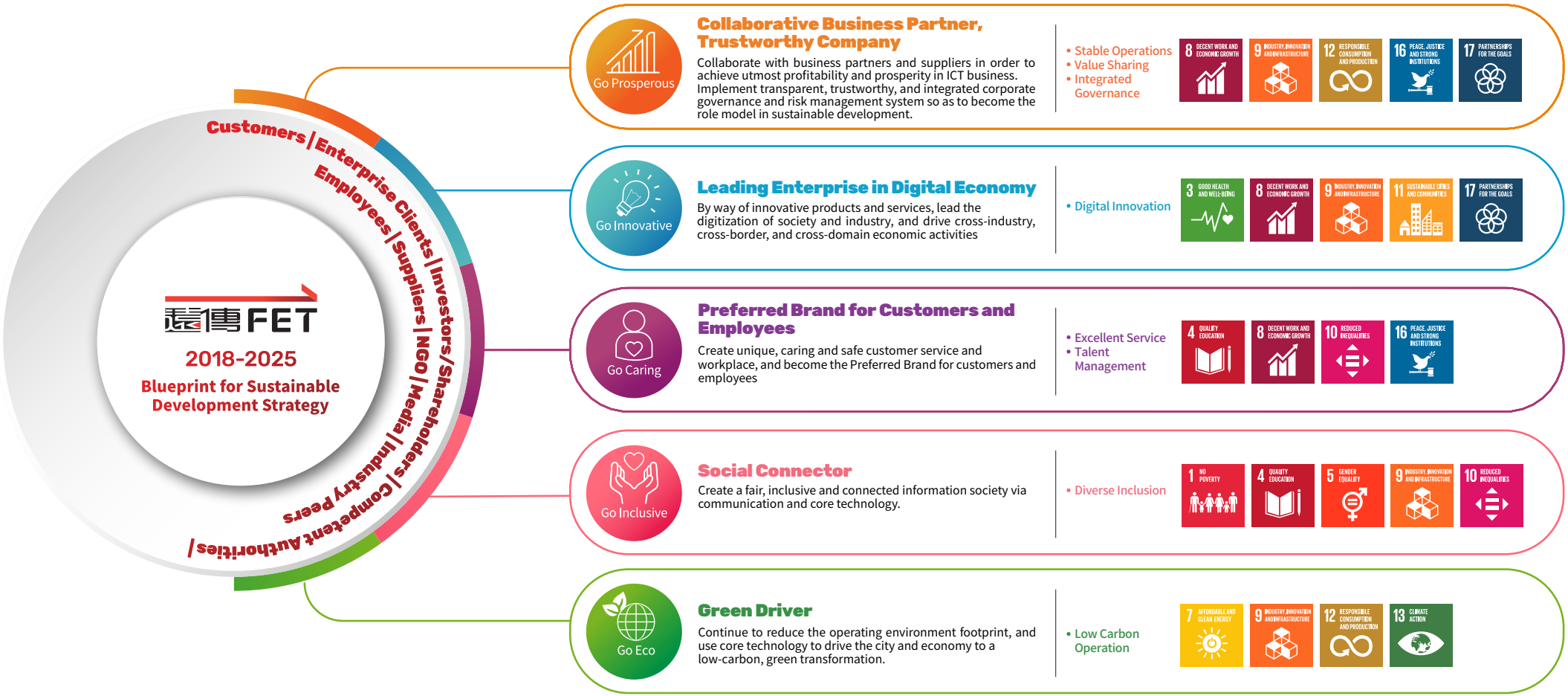
Consumer Business Market

Enterprise Business Market

New Economy Business Market

1.1.3 Sustainable Strategy

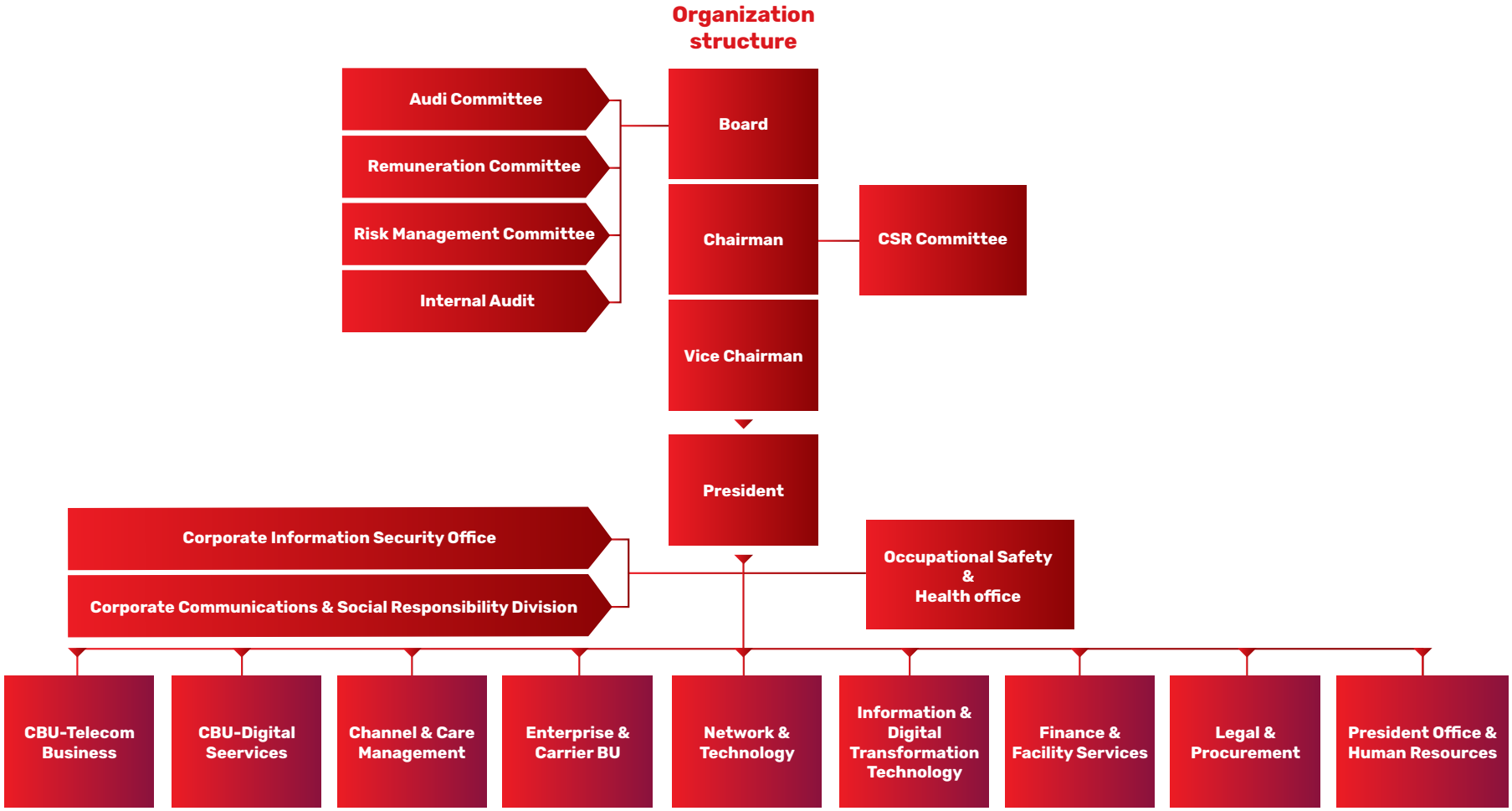
FET has established the “Blueprint for 2018-2025 Sustainable Development Strategy” in 2017 and formulated the mid-to-long-term goals. This year we will continue to evaluate resources needed and amend the long-term goals and action plans accordingly. We hope to strengthen our response towards 13 out of the 17 United Nation's Sustainable Development Goals (UN SDGs) that are related to our core business in order to maximize the Company's impact and contributions to the economy, environment and society, fulfilling FET’s vision (FET Connects and Enriches Life) and becoming the most preferred partner in digital Life.



1.2 Corporate Governance

1.2.1 Corporate Governance Organization

The Board sits atop the managerial level of the company, with responsibility for appointing and supervising the management team, monitoring operating performance, preventing conflicts of interests and ensuring compliance with laws, regulations, and the Articles of Incorporation of FET. FET has "Audit Committee," "Remuneration Committee," "CSR Committee" and "Risk Management Committee" in place to support management of the organization. FET has a clearly defined organizational structure with different business groups under the President's management. The Chairman of the Board of Directors is isolated to establish a governance structure that is objective and independent from management. For detailed descriptions on the responsibilities of existing departments, please refer to FET's 2021 annual report



Composition and Functionality of the Board of Directors

The term of the board of directors expires in 2021 for re-election, FET's 9th Board of Directors has 11 directors who serve a term of three years from July 22, 2021 until July 21, 2024. In order to implement and strengthen the functions of the Board of Directors and to exert its supervisory function, FET regularly conducts the re-election of directors. The average tenure of the members of the Board of Directors is 12 years. The Board of Directors includes three independent directors[6] and one female director, whose presence ensures independence and brings diversity along with stakeholders' opinions to the Company's governance system. Board of Directors members are chosen through stringent selection procedures using the nomination system, in which shareholders are able to exercise rights to the fullest extent. Independent director candidates are required to comply with the independence criteria outlined in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The selection process takes into account not only candidates' personal professional capacity, but also their ethical behaviors and leadership reputation.

In order to ensure the diversity of the Board, FET welcomes directors with extensive global vision, management experience or academic achievement to join its board. With greater diversity in the Board of Directors, board members will be able to contribute objective opinions on different areas of expertise (such as telecommunications, finance, economics and corporate governance) to the management, and guide the Company's strategies on economic, environmental and social issues, which leads to the best decisions for shareholders and the society. FET also purchases liability insurance coverage to protect itself from liabilities, risks and financial losses that arise as a result of third party lawsuits led against directors for business decisions they have made.

Title	name	Nationality	Gender	Major Education & Experience	Current Position with Other Company
Chairman	Douglas Hsu	R.O.C	Male	President of Far Eastern New Century Corporation.	Chairman of Far Eastern New Century Corporation; Chairman of Asia Cement Co. , Ltd. ; Chairman of Far Eastern Department Stores Ltd. ; Chairman of Oriental Union Chemical Corp. ; Chairman of U-Ming Marine Transport Corp. ; Chairman of New Century InfoComm Tech Co. , Ltd. ; Vice Chairman of Far Eastern International Bank.
Chairman	Douglas Hsu	R.O.C	Male	President of Far Eastern New Century Corporation.	Vice Chairman of Far Eastern New Century Corporation; Director of Asia Cement Co. , Ltd. ; Director of U-Ming Marine Transport Corp.
Director	Jan Nilsson	Sweden	Male	Vice Chairman of Far EasTone Telecommunications Co. , Ltd. ; President of Far EasTone Telecommunications Co. , Ltd. ; Sr. Executive VP of Satelindo Telecom Indonesia.	None
Independent Director	Lawrence Juen-Yee LAU	Hong Kong (China)	Male	The 14th Academician of Academia Sinica, Taiwan; KwohTing Li Professor in Economic Development, Stanford University,U.S.A. , Vice-Chancellor (President) of The Chinese University of Hong Kong; Chairman of CIC International (Hong Kong) Co. , Limited.	Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong; Independent Non-executive Director, CNOOC Limited in Hong Kong;Independent Nonexecutive Director, AIA Group Limited in Hong Kong; Independent Non-executive Director, Semiconductor Manufacturing International Corporation; Member of the Hong Kong Special Administrative Region Exchange Fund Advisory Committee.
Independent Director	Jyuo-Min Shyu	R.O.C	Male	Emeritus Professor, National Tsing Hua University; Deputy Convener, National Information & Communication Security Taskforce, Executive Yuan; Minister, Ministry of Science and Technology; President, Industrial Technology Research Institute.	Independent Director, United Microelectronics Crop. ; Independent Director, Qisda Corporation; Director, Iridium Medical Technology Co. , Ltd. ; Director, GeoThings Inc. ; Director, Alpha Ring Asia Inc.
Independent Director	Ta-Sung Lee	R.O.C	Male	Provost, NYCU. ; Vice President for Research and Development, NCTU. ; Chairman of Telecom Technology Center. ; Vice President for Student Affairs, NCTU. ; IEEE Signal Processing Society Regional Director-at-Large. ; Commissioner of National Communications Commission (NCC). ; Chairman of Department of Communication Engineering, NCTU.	Distinguished Professor of Department of Electrical and Computer Engineering and Vice President (University System of Taiwan), NYCU; Director of IoT Intelligent Systems Research Center, NYCU.

Title	Name	Nationality	Gender	Major Education & Experience	Current Position with Other Company
Director	Champion Lee	R.O.C	Male	President of Yuan Ding Co. , Ltd. ; Sr. EVP of Far Eastern New Century Corporation	Director of Far Eastern New Century Corporation; Director of Asia Cement Co. , Ltd. ; Director of U-Ming Marine Transport Corp.
Director	Jeff Hsu	U.S.A.	Male	Worked as a Strategy and Design Consultant in the United States with clients ranging from hi-tech startups to Nestle, Denso Automotive, Kia Motors, and Target. ; Captain's commission in the United States Marine Corps	Director of Far Eastern New Century Corporation; Chief Innovation Officer of Far Eastern Group; Director and Executive Vice President of U-Ming Marine Transport Corp.
Director	Jiann-Chyuan Wang	R.O.C	Male	Advisor of the Ministry of Economic Affairs; Committee of the Ministry of Economic Affairs; The 9th Chairman of the Taiwan Asia-Pacific Industrial Analysis Professional Association.	Vice President of the Chung-Hua Institution for Economic Research and Director of the Third Research Institute; Independent Director, YEM CHIO CO. , LTD. ; Director of the Asia Pacific Emerging Industry Management Co. , Ltd. ; Supervisor of ECSY Network Co. , Ltd. ; Chairman of Smart Mobility
Director	Bonnie Peng	R.O.C	Female	Chairperson of the 2nd term of National Communication Commission; Professor, Department of Journalism (Graduate program), National Chengchi University, Taiwan	Adjunct Professor, College of Communication, National Chengchi University; Adjunct Professor, School of Communication, Ming Chuang University
Director	Toon Lim	R.O.C	Male	Chief Operating Officer, SingTel Group	Advisor, SingTel Group, Board Director, APT Satellite,HK

Note: The proportion of executive director with employee's identification is 0%, independent directors are 27%, and female directors are 9% in FET. One independent director has a tenure of more than 9 years, two independent directors has a tenure of less than 3 years. In addition, 5 directors are over 70 years old, 5 are between 60 and 69 years old, and 1 are under 60 years old.

Diversity of Board Members

Name	Basic requirements and values		Professional knowledge and skills			Equipped knowledge, skill, and experience (Note)							
	Gender	Nationality	Professional background	Professional skills	Industry experience	Operational judgement	Accounting and financial analysis	Business management	Crisis management	International Market perspective	Leadership	Decision making skills	IT management
Douglas Hsu	Male	R.O.C	Business		V	V	V	V	V	V	V	V	V
Peter Hsu	Male	R.O.C	Business		V	V	V	✳	V	V	V	V	V
Jan Nilsson	Male	Sweden	Telecom		V	V	V	V	V	V	V	V	V
Lawrence Juen-Yee LAU	Male	Hong Kong (China)	Economic	Professor of Journalism	V	V	V	V	V	V	V	V	V
Jyuo-Min Shyu	Male	R.O.C	Technology	Professor of Electrical Engineering and Computer Science	V	V	V	✳	V	V	V	V	V

Name	Basic requirements and values		Professional knowledge and skills			Equipped knowledge, skill, and experience (Note)							
	Gender	Nationality	Professional background	Professional skills	Industry experience	Operational judgement	Accounting and financial analysis	Business management	Crisis management	International Market perspective	Leadership	Decision making skills	IT management
Ta-Sung Lee	Male	R.O.C	Electrical Engineering / Telecom	Professor of Electrical and Computer Engineering	V	V	V	✳	V	V	V	V	V
Champion Lee	Male	R.O.C	Finance		V	V	V	V	V	V	V	V	V
Jeff Hsu	Male	U.S.A.	Business		✳	✳	V	✳	V	V	V	V	V
Jiann-Chyuan Wang	Male	R.O.C	Economic				V	✳	V	V	V	V	V
Bonnie Peng	Female	R.O.C	Telecom	Professor of Journalism	V	V	V	✳	V	V	V	V	V
Toon Lim	Male	Singapore	Telecom		V	V	V	✳	V	V	V	V	V

Note：✳ is referred to possessing partial ability.

The Board of Directors convenes meetings at least once every quarter. Pre-board meetings are held one day before each Board of Directors meeting so that the executive management may discuss with the Board members in advance about the proposals or resolutions that are to be raised during Board of Directors meeting. The scope of discussion covers diverse topics from operational strategy to business risks. All departments of the business units also compile key issues, major risks, and key performances quarterly and report to Chairman, such as major investments, charity projects, and overall energy-saving performances to ensure that the Board of Directors understand the company's overall operations.

Independent directors' opinions are fully taken into consideration in all Board of Directors discussions. Any disagreements or opinions from independent directors are reasoned and recorded in meeting minutes and disclosed to investors as material information. The Board of Directors held a total of eight meetings from 2020 to Q1 of 2021. Among them, 6 meetings discussed ESG-related issues, such as amending partial provisions of the "Corporate Governance Best Practive Principles", remuneration of directors and employees, performance evaluation of the board of directors(self-evaluation and third-party evaluations), operation of the risk management committee, intellectual property management, tax policy, interests A total of 13 cases of related person communication, etc. Directors' attendance rate was 92% in terms of personal attendance, and 100% when including proxy attendance.

FET Corporate Governance section: Board of Directors-related information

FET Corporate Governance Best Practice Principles

Avoidance of Conflict of Interests by Directors

None of the Board of Directors members held equity stake in any of FET's main suppliers. To prevent conflict of interests at the highest governance Board of Directors, Article 11 of the Board of Directors Conference Rules states that directors must uphold high level of self-discipline and disassociate themselves from board meeting agendas that present conflict between the Company's interests and interests of the directors themselves or the corporate entities they represent. Directors will have their votes voided if they are found to have failed to avoid conflict of interest. All directors of FET adhere to the principle of self-discipline and carry out interest avoidance. The outcomes of following the principle of self-discipline in 2021-2022 are illustrated as below:

Company	Date of Board Meeting	Proposal Contents	Status of the Conflict of Interest	Outcomes of Following Interest Avoidance
Century InfoComm Tech Co., Ltd.	May 6, 2021	The proposed capital loan to the parent company, Far EasTone, will not exceed NT$11 billion.	Chairman Douglas Hsu has conflict of interest since he also is the chairman of FET.	Except Chairman Douglas Hsu has conflict of interest in which he cannot participate in discussions and votes, all other participated directors vote for approval without objection.

Director Performance Evaluation

Self-Valuation

FET's Board of Directors passed "Rules and Procedures for the Board of Directors' Performance Assessments" as a means to ensure ongoing improvement of board performance. FET's performance evaluation procedures require "Self-Evaluation Questionnaire for Board Members" to be completed by Board of Directors members and "Evaluation Form for the Agenda Working Group" to be completed by the Finance and Facility Services (F&FS) Group. Outcome of the evaluation is reported to the Board of Directors in the first quarter of the following year by the Finance and Facility Services Group. The company's 2021 enhancement events and measures are the separate communication between independent directors and internal audit supervisors, which have been disclosed on the company's official website.

Director Performance Evaluation Procedures

Yearly	Every year-end		Beginning of the following year
Review the design of self-assessment questionnaire and evaluation form regularly according to law	Internal Audit notifies board members to complete "Board Member Selfassessment Questionnaire"	F&FS completes an "Evaluation Form for the Agenda Working Group" based on actual execution of the annual agenda	F&FS reports outcome of overall assessment during the Q1 board meeting of the following year

Third Party Evaluation

FET's director performance evaluations are conducted at least once every three years by an independent professional institution or a team of experts and scholars from outside the Company. The professional institution or team of experts / scholars chosen to perform evaluation must satisfy the two following criteria:

- An institution or management consulting company that specializes in organizing Board of Directors training courses and improving corporate governance
- An outside team consisting of experts and scholars specialized in Board of Directors matters or corporate governance affairs

FET in 2021 commissioned risk consulting Taiwan Corporate Governance Association(TCGA) to evaluate Board effectiveness and performance and received evaluation report on December 9, 2021. The aforementioned results of external evaluations have reported to the 4th meeting of the 9th term of Board of directors on February 25. The future enhancement direction is mainly to study the increase in the number of independent directors and to evaluate the establishment of a nomination committee.

Board Performance Evaluation Result Conclusions :

1

a. The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance.

b. The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management.

c. The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team.

d. The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team.

e. The Company has been regularly reviewing the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development.

2

Recommendations :

a. The Company may consider increasing the number of independent directors (currently has 3 independent directors) in the future to enhance the diversity of expertise of the independent directors and to increase the level of independence of the Board.

b. The Company may consider setting up an official Nomination Committee and serve as a model of benchmark enterprise for corporate governance.

3

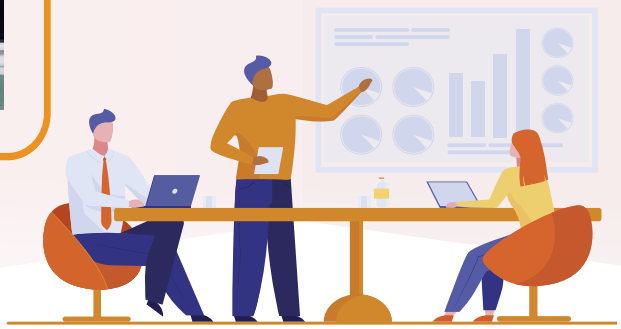
Improvement Plans :

a. The company will amend articles of incorporation to increase the number of independent directors in 2022.

b. The company will cautiously evaluate the possibility to set up Nomination Committee.

Board Performances Evaluation Process and Report

Rules and Procedure for the Board of Directors' Performance Assessments



Directors Training

All local directors of FET are required to undergo regular training and foreign directors are also provided trainings in English by experts to ensure continual improvement of knowledge in areas such as sustainable management and corporate governance. Training courses completed in 2021 by local and foreign directors are listed in the following table, and apart from training, the Company also updates directors on the latest corporate governance-related regulations every six months.

Organizer	Course	Training Hours	Number of Participants
Taiwan Corporate Governance Association	Enterprise Risk Management	12	4
Taiwan Corporate Governance Association	Risk and Opportunities under the Megatrend of ESG.Sustainability	6	2
Taiwan Corporate Governance Association	The Governance and Strategy of Enterprise sustainable development	3	1
Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	12	4
Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum(morning session)	6	2
Accounting Research and Development Foundation	The Challenge and Chance of Net Zero Emissions	3	1
Securities and Futures Institute	The strategy and the tool of employee compensation system	3	1
Securities and Futures Institute	2021 Insider equity transaction law compliance announcement	3	1
Securities and Futures Institute	Digital Transformation of Enterprises	3	1
Taiwan Academy of Banking and Finance	Corporate Governance	12	4
Taiwan Academy of Banking and Finance	Digital Transformation of Enterprises	21	7

Audit Committee Communication Policy

FET assembled an "Audit Committee" to replace supervisors. The committee consists of three independent directors, and is intended to assist the Board of Directors in supervising the quality and credibility of internal practices such as accounting, auditing, financial reporting, and financial control, and contribute to the creation and enhancement of relevant corporate governance policies. The Audit Committee is empowered to conduct any audit and investigation deemed suitable, and has direct contact with the Company's internal auditors and financial statement auditors. The Audit Committee convenes meetings on a quarterly basis with the audit manager and the accountant reporting their operations and audit results of financial statements respectively. A total of six meetings were held in 2021 to Q1 of 2022. Minutes are compiled after the end of each Audit Committee meeting with details of important discussions and resolutions, which are subsequently notified to directors, the President and members of the Company's executive management. Communications have been made to ensure they completely understood the way of conducting, the result, and proposed recommendations.

Audit Committee Communication Policy

Frequency	Quarterly	Annual
Participants	Internal Audit Officers, Independent Directors	Certified Public Accountant, Independent Directors
Responsibilities	Internal Audit office is under Board of Directors and implements the audit process based on annual plans. It presents the outcomes of internal audits and internal control in the board meetings and has the power to hold meetings immediately if important irregular events happened. In addition, audit officers will present the monthly reports to independent directors.	The Certified Public Accountant will present to independent directors based on company's financial status, local and oversea subsidiaries'financial and overall operation status and internal audit status, and fully communicate about the status of whether major adjusting entries and legislative amendments affect the accounting status. The Certified Public Accountant also has the power to hold meetings immediately if important irregular events happened. Independent directors shallappoint Certified Public Accountant to audit the financial reports and provide the audit reports for discussion.

Risk Management Committee

FET restructured its risk management organization in 2018 and brought the Risk Management Committee (RMC) to the board level. The roles and responsibilities include: 1. reviewing risk management policies and structures, risk appetite or tolerance, 2. reviewing management reports on major risk issues, 3. reporting the risk management situation to the board of directors in due course. The committee meets at least twice a year and may hold meetings at any time as needed. The members of the RMC are appointed by the board of directors. The number of members should not be less than three, and more than half of them must be independent directors. The members in 2021are Jyuo-Min Shyu, Lawrence Juen-Yee LAU , and Bonnie Peng. For details, please refer to the "Board member diversity skill matrix". Two meetings were hold in 2021. RMC aims to implement enterprise risk management from a more comprehensive perspective that encompasses scopes including financial risk, strategic and operational risk, information security risk, and environment and energy risk.

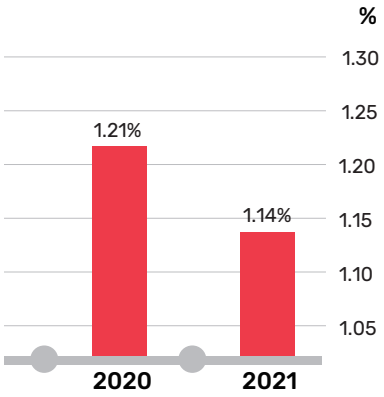
Remuneration Committee

The "Remuneration Committee" exists to assist the Board of Directors in executing and evaluating the Company's overall remuneration and welfare policies, as well as directors' and managers' remuneration. FET's Remuneration Committee comprises three members; two of whom are FET's Independent Directors. Members' compliance with independence criteria has been disclosed in the annual report. The Remuneration Committee held a total of three meetings from 2021 to Q1 of 2022. In addition to financial performance, remuneration of FET's executive managers and employees is also associated with customers' loyalty, and is subject to Board of Directors' approval on a yearly basis. The Company incorporates environmental and social performance into the evaluation process of remuneration of executive managers. Executive managers are required to set ESG goals depending on nature of business, which account for at least 5% of overall performance evaluation. Directors' and Managers' salary and remuneration are reviewed by the Remuneration Committee and presented to the Board of Directors for discussion on a regular basis, ensuring balance between the Company's sustainable operations and risk management.

Director Compensation Policy and Practice

Directors may receive three different forms of compensation: remuneration, remuneration through earnings distribution, and business execution expense. These compensations are determined by the Remuneration Committee and the Board of Directors, and are reported in annual general meetings as required by law. Directors are compensated not only based on the Company's business performance, but also based on other factors such as directors' shareholding percentage, overall performance of the board, the number of votes received in election, and contribution to the Company's affairs. Business execution expense consists mainly of travel allowance. They are determined in reference to standards of the high-tech industry and are paid with the resolution of the Board of Directors. Compensation standards, structures and systems are adjusted flexibly according to future risk factors; unfavorable outlook and rise in business risk may result in a downward adjustment of directors' compensation.

Ratio of directors' compensation to after-tax net income



CEO and Manager Compensation Policy and Practice

Managers may receive three different forms of compensation: salary, bonus and allowance, and employee remuneration. Salaries are determined at levels that reflect employees' work performances, while taking into consideration several factors including: the nature of job duty, the overall environment and the market rate. Bonuses and allowances consist mainly of travel allowance, which employees are entitled to choose between fixed vehicle subsidy, vehicle rental or mileage-based subsidy. Employee remuneration is allocated according to the bonus policy, which takes into account the Company's financial and non-financial goals, employees' individual annual business performance indicators, ESG performance indicators, and the Company's operating performance. Regarding the actual distribution ratio and amount of performance bonuses for CEO and senior managers, the results were decided by the Remuneration Committee and the Board of Directors based on the aforementioned operating indicators. The ratio of CEO compensation to the average of other employees is approximately 23.5: 1 in 2021. Managers' compensation standards, structures and systems are adjusted from time to time to accommodate the Company's actual performance and changes in regulations. Compensations are set in a manner that discourages managers from taking risks beyond the Company's tolerance. In order to prevent CEO and senior managers from pursuing profits through improper conduct, the company has a deferred bonus system, which will issue two-thirds of performance bonuses in March of the following year and one-thirds of performance bonuses in July of the following year.

CEO performance metrics		Ratio of managers' compensation to after-tax net income	
Financial metrics	Relative financial metrics & non-financial metrics		
• Operating income • EBITDA • New economic revenue growth • Net profit after tax • ROE	• Dividend payment rate • Customer net promoter score • Achievement of sustainable development goals	2019	1.79%
		2020	1.90%
		2021	1.72%

[5] Management includes President, executive vice presidents, senior vice presidents,and vice presidents

[6] The CEO and senior managers of FET are local talents (nationality is Taiwan), and the senior managers are vice presidents (or above).

Internal Audit System

FET has established its Internal Audit in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" by FinancialSupervisory Commission (FSC). Internal Audit is under the supervision of the Board. Appointed by the Board, the audit manager determines the audit site according tothe business scope and audit plan, and submits it to the Board for review.

Internal Audit Organization and Operation

Shareholder Structure

As at December 31, 2021, Far Eastern New Century Enterprise and affiliated companies directly or indirectly held 38.33% and 38.28% shares of FET respectively. Since Far Eastern New Century and subsidiaries have jointly acquired more than half of total seats on FET's Board of Directors, Far Eastern New Century is deemed to exercise controlling influence over financial, operational and human resource policies in its parent company, and is therefore recognized as FET's ultimate parent company. Below is a list of FET's shareholder structure as at April 16, 2022.

	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Foreigners	Total
Number of Shareholder	5	66	180	45,860	786	46,987
Number of Shares	113,334,411	793,786,607	1,440,421,534	183,000,132	727,958,126	3,258,500,810
Shareholders structure	3.48%	24.36%	44.21%	5.62%	22.33%	100%

Note: According to the official's latter No. 0990002770 of Financial Supervisory Commission (FSC) on January 15, 2010, the telecommunications Enterprise was the prohibited investment industry. Therefore, mainland China's people, legal persons, groups and other institutions are unable to invest in the company. The percentages of ownership of China investors is "0".

Top 10 Shareholders (As of April 16, 2022) (Unit:%)

Name of Shareholder	Shareholder Structure (%)
Yuan Ding Investment Co., Ltd	32.73
Shin Kong Life Insurance Co., Ltd	7.36
Cathay Life Insurance Co.,Ltd	7.28
NTT DOCOMO INC.	4.71
Yuang Tung Investment Co., Ltd	3.08
Chunghwa Post Co., Ltd	2.97
An Ho Garment Co., Ltd.	1.25
Labor Pension Fund(New Scheme)	1.18
Taiwan Life Insurance Co., Ltd.	1.12
Kai Yuang Investment Corp.	1.09

Investor Relations

Tax Mangement

Tax Policy

Adhering to the core value of integrity, FET formulated tax policies and management measures. We are committed to promoting corporate innovation and sustainable economic development to fulfill its corporate social responsibility.

Commitment:

- Comply with tax laws, regulations, and local taxation standards to ensure honest declarations.
- Financial statements and disclose taxes regularly in accordance with relevant regulations and standards to enhance company transparency.
- We do not engage in tax planning for the purpose of tax avoidance.
- Related-party transactions shall comply with the transfer pricing regulations issued by the Organization for Economic Cooperation and Development (OECD). Profits shall not be transferred intentionally to countries with low tax rates.
- All major transactions and decisions of the company shall take into consideration the effect of taxation.
- Maintain trusting communication with tax agencies and alilgn with the government to promote sustainable development policies.

Tax Governance

The Company's tax policy is approved by the board of directors, and the chief financial officer is ultimately responsible for tax management, and the accounting office is authorized to handle daily tax administration and management. Through regular tracking of changes in tax regulations, consulting services provided by outside professional organizations and communication experience with tax authorities, the accounting unit strengthens the professional knowledge of tax personnel and fulfills the obligation to file honestly and pay taxes.

Tax Risk Management

Changes in tax laws and regulations will affect the effective tax rate and operating performance of the company. In order to effectively manage tax risks, Far Eastern has incorporated its tax policies into the Far Eastern Risk Management System. The processes of risk identification, measurement, monitoring and reporting are adjusted in response to changes in the Company's operating environment and business and operational activities, and are regularly reported to the Audit Committee by the risk management organization. Please refer to "1.2.3 Risk Management" in this report for more details of the remote risk management system.

Tax Overview

The main operating base of FET and its subsidiaries is in Taiwan. Except for domestic investment dividend exemption from income tax and investment tax credit, the tax rate was 20% . The effective tax rate of FET in 2021 is 16.67%, and the cash tax rate is 18.27%. The effective tax rate was lower than the statutory tax rate because in 2021, the subsidiary sold some real estate in Neihu District to revitalize its assets, of which the proceeds from the sale of land were exempted from income tax under Article 4 of the Income Tax Act, and the tax effect was $370,045 after adding other items subject to adjustment under the Tax Act. After excluding the aforementioned factors, the effective tax rate for the current year is 20%.

The Effective Tax of FET

Unit: NT$ Thousand

	2020	2021
Income before Income Tax	10,192,468	11,080,785
Amount of income tax	1,747,846	1,846,904
Amount of income tax paid	167,600	2,024,081
Effective tax rate	17.15%	16.67%

Tax Policy

Implementation of Sustainable Governance

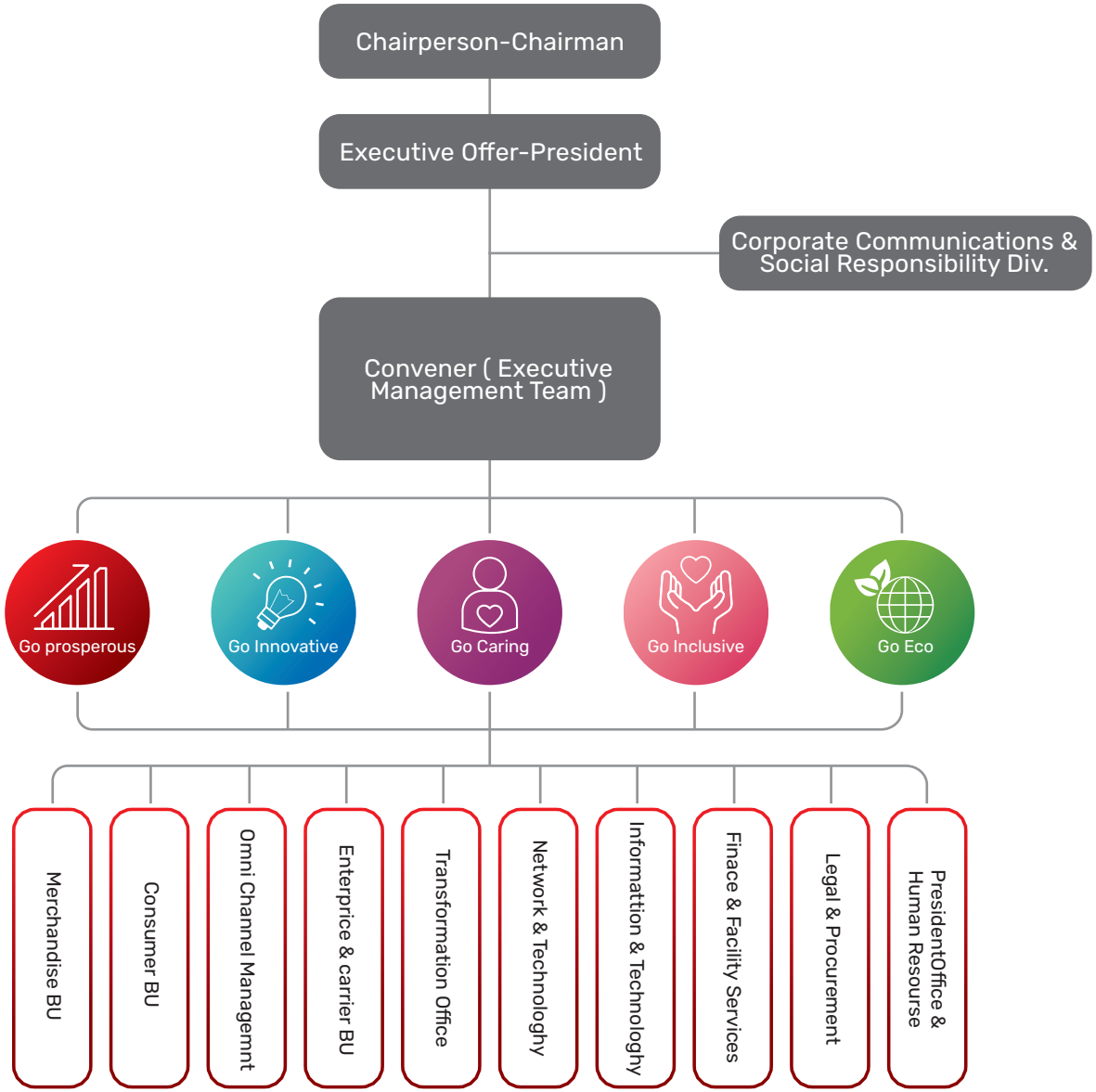
FET has established its "Corporate Social Responsibility Policy" to serve as the ultimate guiding principles for CSR conducts within FET. A "Corporate Social Responsibility

Committee" (CSR Committee) was assembled to serve as the highest authority for matters concerning sustainable governance, strategy and planning. Within the CSR Committee, the Chairman undertakes the role of chief commissioner, while the President assumes the role of executive officer and the CFO assumes the role of deputy executive officer. The Executive Management Team (EMT) serves as the convener that coordinates task forces in various business groups, and issues instructions to representatives of various business groups. The CSR Committee base the verification and management of sustainability issues on investigation of the material issues of the Company, annual performance report of each business group, recommendations from external stakeholders and advice gained by consulting external experts. The Company has also appointed the CSR Division as designated unit with the responsibility of enforcing CSR actions and measures within the organization.

The CSR Committee convenes meetings on a quarterly basis and report relevant policies, decisions and the performance to the Board of the Directors from time to time. Meetings are hosted by the President while members of the executive management serve as conveners for the relevant task force. Matters such as progress of annual action plans, tracking of material issues and proposals are raised and discussed during CSR Committee meetings. The CSR Committee held a total of four meetings in 2021. For details on 2021 KPI and performances, please refer to each chapter's "Strategy Goals".

The short- to long-term sustainable development goals and actions were developed by each business group of FET, and sustainable related KPIs were introduced in performance evaluation to associate director's level and above in 2019. The goal of linking the performance of manger's responsible for leading and above with sustainability-related KPIs in 2021, and it is expected that the corporate social responsibility spirit to be embedded in daily operating culture to deepen the thinking of every employee.

CSR Committee Structure



1.2.2 Ethical Corporate Management

FET has been disclosing relevant information through portal, annual reports, prospectus, and the Taiwan Market Observation Post System (M.O.P. S.) to ensure transparency of corporate governance practices. This information is also communicated internally to all employees through orientation training and the intranet. Furthermore, the Company evaluates "Integrity" as part of employees' performance appraisal. In terms of external governance, FET uses commercial documents, such as "The Code of Business ConductAgreements" as part of the "Supplier Information Form," to ensure stakeholders' compliance and respect for FET's ethical and trustworthy standards. Any donations by FET are subject to Board of Directors' approval, according to "FET Board of Directors Conference Rules."

Legal Compliance

FET complies with the authority's rules and laws on corporate governance, trustworthy management, environmental protection and labour rights, and has taken actions to enhance legal education within the organization. FET regularly conducted staff trainings to apply legal compliance to all workers' tasks and responsibilities. In addition, FET also utilized the board meeting cycle to promote "The Code of Business Conduct" and "The Code of Ethics" to the board of directors and management level four times a year. In 2021, FET organize "The Code of Business Conduct and the Code of Ethics" training to 5,479 staff members with 100% completion rate and a total of 1,233 person-hour. In 2021, there were no violations of anti-bribery, anti-competitive policies and monetary losses.

The Code of Business Conduct and The Code of Ethics

The Code of Business Conduct and The Code of Ethics FET established a complete Code of Conduct compliance system for employees, covering integrity, cybersecurity, environmental safety and health, and anti-discrimination, etc. FET has "The Code of Business Conduct" and "The Code of Ethics" in place to enforce ethical corporate management. We continue to promote anti-corruption, ethical management, data confidentiality and related issues, and new employees are required to pass relevant training, which is communicated and arranged to all employees through our intranet site.

FET also established its own "Trustworthy Business Violation Reporting Policy." The subsidiary – Arcoa established its own "The Code of Business Conduct". In addition, FET has "Human Rights Policy" and "Anti-discrimination and Harassment Policy" in place to regulate safety, healthy, and antidiscrimination. FET continuously communicate issues related to anticorruption and ethical corporate management. In addition to the trainings undertaken by new employees, FET also communicate and arrange trainings through intranet websites. In order to monitor and manage the issues, FET conduct competency trainings, legal cases study, and implement relevant management mechanism. FET and Arcoa had no breaches against code of conduct/ethics in 2021, which represents that there have been no incidents such as corruption, discrimination, leaks, conflicts of interest, anti-competition, money laundering, etc

Whistle-blowing Channels

FET has set up mailboxes that internal and external personnel may use to express opinions or report violations against the Code of Business Conduct or the Code of Ethics FET employees are entitled to express opinions or report misconducts according to the "Trustworthy Business Violation Reporting Policy" over the intranet. Upon receiving employees' claims, the handling department will immediately follow up with inquiries or begin investigations if necessary. Arcoa also has an "Opinion Box" available for employees to express opinions or report misconducts. FET and Arcoa had no breaches against code of conduct/ethics in 2020. Other reporting channels include:

1. FET whistle-blower internal email：Whistle_blower@fareastone.com.tw
2. FET external emai：Ombudsman@fareastone.com.tw
3. Arcoa also has an "Opinion Box" available for employees to express opinions or report misconducts
4. The Far Eastern Group procurement management e-mai：http://www.ecome.com.tw/A00BG/ABG_Connection.aspx

1.2.3 Risk Management

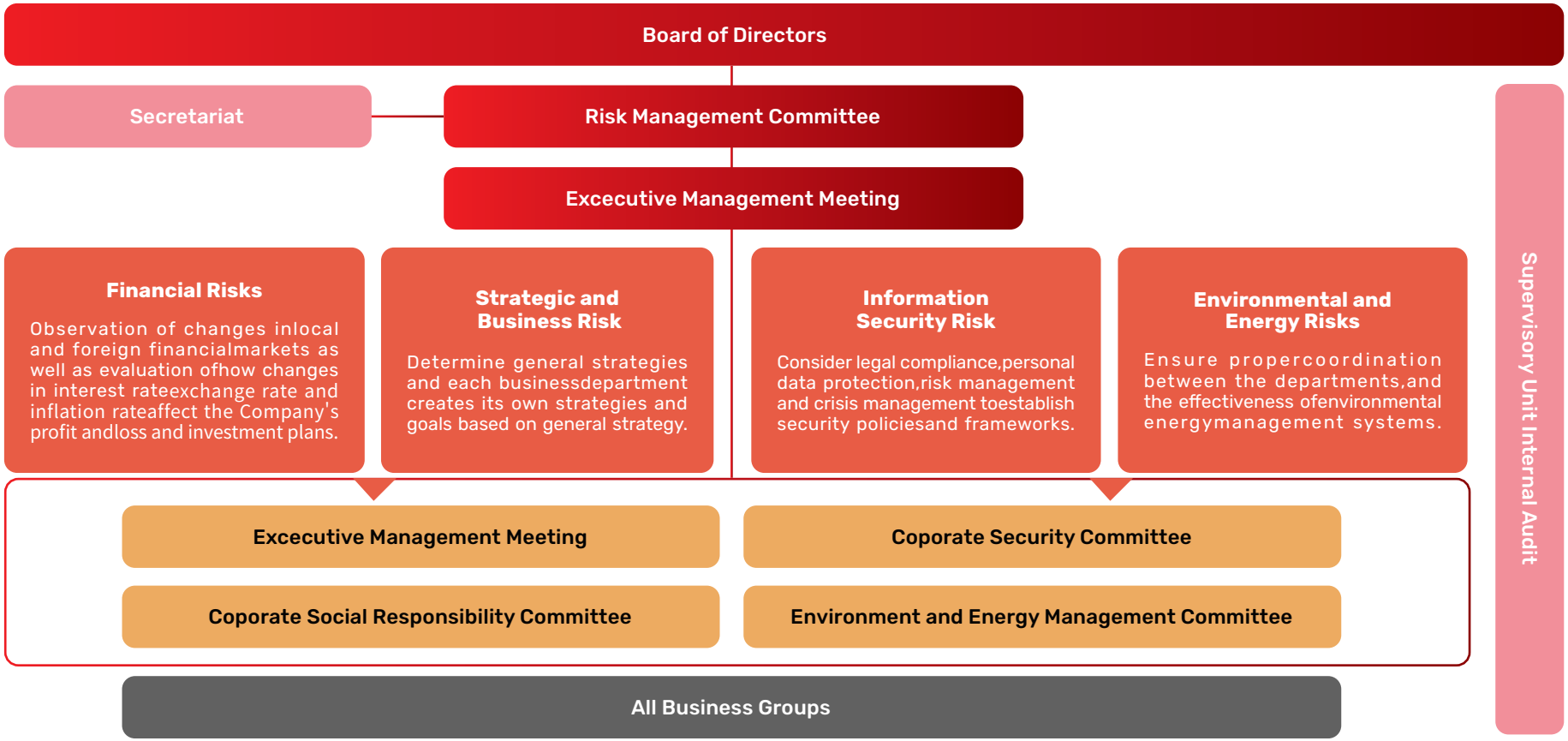
Risk Management System

The members of the Risk Management Committee are appointed by the board of directors, and more than half of them are independent directors. Committee aims to enforce management of financial risks, strategic and business risks, information security risks, and environmental and energy risks within the organization from a more comprehensive perspective and scope and through collaboration among different levels to implement enterprise risk management. As to the management systems, FET has formulated the Risk Management Policy based on ISO 31000 Risk Management – Guidelines, which has been approved by the Board of Directors to be the guiding principles and basis for all business groups.

The Board of Directors serves as the highest authority of the risk management system to approve policy framework and supervise management performance. The Risk Management Committee reviews the Company's risk appetite and tolerance and management reports of major risk issues. The Executive Management Team manages the overall corporate risks and facilitates the development of risk management culture. All business groups are responsible for identifying, analyzing, managing and reporting of relevant risks as well as taking necessary responsive solutions.

The Internal Audit acts as a supervising role to perform audits and provide the Board of Directors with audit reports. Through the design and operation of multiple lines of defense comprising business units, the Executive Management Team, the Board of Directors, the Risk Management Committee and Internal Audit, the company is equipped with the flexibility of risk management, supervision and response to risk and is able to quickly grasp the situation of changing environment and risk, and achieve the organization's strategic goals.

In 2021, the Risk Management Committee held a total of two meetings and the Corporate Security Committee held a total of four meetings which highlighted the analysis of primary global risks, threats and strengthen measures, review of relevant laws and regulations such as GDPR. All units have planned, conducted and completed various projects, including raising staff members' awareness of risk management and safety, improvement in cyber-attack protection and physical security management, information security testing and business continuity drills. In addition, we keep an eye on the COVID-19 epidemic and adjust the staff notification mechanism, remote office, physical control, and off-site backup measures on a rolling basis to avoid operational impacts, ensure uninterrupted service, and upgrade the overall business security.



Information Security Risk Management

FET has set up a corporate security organization and has established vision, policy, goal of communication security according to ISO standards, set up management mechanism for our business divisions and units to deal with personnel, operations, technology, and regulatory related issues. We regularly review the progress and continuously improve the performance. In response to the incoming era of the 5th generation mobile network (5G) and targeting new businesses, structures and technologies driven by 5G, FET integrates with existing network and cooperate with third parties in multiple modes for cross-field and cross-industry innovative applications. In view of new challenges in information security and privacy protection, FET will continue to strengthen the protective mechanisms for technologies, management and personnel in terms of network building, operations, and operational management. Furthermore, resource allocations and adjustments will be instantly made. Finally, FET will also promote and implement the management over information security, privacy protection, business continuity, and other security-related fields. In order to provide a good and secure experience, FET has developed its own intelligent monitoring platform with built-in multi-dimensional visualization dashboard version and customized threat detection rules to more accurately locate security risks and assist information security personnel to take proactive defense and block before hackers initiate probes and cause possible threats. The SOC consists of professional personnel with more than 10 years of experience in information security and possessing CEH and other information security licenses. The SOC regularly performs information security tests such as vulnerability scanning, source code inspection, and penetration testing every year, and if relevant vulnerabilities are found, they are repaired within the specified time frame and must pass a retest. FET Information Security Monitoring System has been set up to manage the information and technology security, personnel safety, physical and environment security, and personal information management for customers, the main points of information security are as follows:

Information and Technology Security	Personnel Safety	Physical and Environmental Security	Personal Information Management for Customers
• Regular inspection and assessment of operating risks from information security • The continued cultivation of IT security skills for all personnel • Validation and verification of policy / specification documentation and conformity	• State personnel security responsibilities • The signature and management • of "Non-Disclosure Agreement" or document with the same legal force	• Build a system of zones with different levels of security and a personnel identification system • Sufficient protective systems, services and procedures are in place to protect physical assets and environmental security	• Issue guidelines for the collection,processing, use and arching of customer data • Plan education, training, planned audits and improvement procedures

Information Security Management - Certification and Training

FET has passed the certification of international standards related to information security management to ensure the completeness of the information security management system. It also continues to strengthen the internal personnel's information security and personal information awareness tests and make immediate improvements to the risk areas found independently to ensure the effective implementation of the information security protection and supervision mechanism. In addition, through social engineering simulation drills and regular information security training and information security promotion, FET will continue to raise the awareness of information security protection, reduce personnel negligence and enhance proactive defense. 2021, FET conduct more than 120 information security training sessions, with more than 23,000 participants and more than 21,000 hours in total. Through internal information security training courses, system tips, information dissemination and activities, FET continues to perform the function of education and promotion. Among them, the annual social engineering and email security setting courses are mandatory for all employees, and the passing rate of the test is over 99.61%.

2021 Information Security Management Certification

Material Emerging Risks

Type of risks：Environmental

Risk Factors	Risks	Impacts	Response measures
Climate action failure	It became a national and global consensus to regulate and charge for greenhouse gas emissions. • The Paris Agreement has established a goal to control the temperature rise within 2 degrees Celsius globally. • Taiwan has also set a goal of reducing emissions by 50% compared to the base year in 2050. The "Renewable Energy Development Act" from the Ministry of Economic Affairs has set a goal to reach 20% of renewable energy use by 2025. • The Environmental Protection Agency announced that the draft amendment to the "Greenhouse Gas Reduction and Management Act" will introduce a carbon fee mechanism in the years to come. • The world's leading industrial countries are actively promoting the goal of net zero carbon emissions, and the Taiwan government has announced that it will join 197 countries worldwide to achieve net zero by 2050, and has also announced the "Important Issues for 2050 Net Zero Emission Work and Regulations for Follow-up".	• According to Taiwan's "Greenhouse Gas Reduction and Management Act", if the emissions of FET transmission exceed the national quota, the excess amount needs to be deducted through carbon trading, which increases the operating cost by about NT$80 million. • FET is listed as an energy user with a power contract of 800kW or more with Taipower, which is announced by the Ministry of Economic Affairs. If we do not meet the requirements for the use of renewable energy, a ration must be paid. The threshold for large electricity users is 5,000 kW or more according to the obligatory formula. The threshold, calculated on the basis of 10% of the capacity of the obligatory installation, means that we must pay an amount of NT5 million in ration per year. • FET has announced the long-term Science Based Targets (SBT). Failure to meet the target will affect the company's reputation. • Net-zero carbon emissions will be included in the regulations, and FET has committed to achieve net-zero carbon emissions by 2048, increasing various carbon reduction actions and renewable energy investments.	The Environmental and Energy Management Committee, a dedicated unit in this regard, sets greenhouse gas management targets, regularly reviews the performance achieved, pays attention to the development of laws and regulations, and drafts response plans in real time. • Define carbon reduction targets and timeline: FET aims to reduce the total emissions of Scopes 1 and 2 greenhouse gases by 20.3% by 2030 from 2016 and reduce the total emissions of Scope 3 by 17.2% compared than that in 2016. • Optimize energy use efficiency and management mechanism: FET works to optimize energy management control system, introduce highefficiency conversion power equipment, replace old equipment, to improve energy use efficiency, while actively cultivating talents for low-carbon technology transformation. • Develop new renewable energy business and set renewable energy consumption targets: FET has developed a new renewable energy business (Prime EcoPower Co., Ltd.) since 2018, and included the construction of new data centers adjacent to the renewable energy direct supply area into the assessment. The renewable energy consumption target is that the installation capacity will reach 1,081KWp by 2025, and the installation capacity of renewable energy will be increased year by year thereafter, including the purchase of additional renewable energy certificates, increasing the production capacity based on the certificates held, and planning of building solar base stations in the future. • According to the characteristics of energy use, the net-zero strategy is to prioritize energy saving, accelerate green energy, and follow up on energy storage, specifically committing IDC to use 100% renewable energy by 2030, and 100% green energy in offices and stores by 2030 at the latest, and the whole company is expected to use 100% renewable energy from 2045 to 2048, build 3 megawatt solar photovoltaic from 2022 to 2023, and produce 4 million kWh of green electricity annually, and conduct the net-zero scenario SBT scientific reduction target setting to confirm compliance with international annual carbon emission reduction regulations.

Risk Factors	Risks	Impacts	Response Measures
Extreme weather events	• According to the IPCC report, under the context of a 2 degrees Celsius increase, there will be an increase of 1.2 Category 4 hurricanes (wind speeds above 209km/h, 17 gusts) and 1.2 Category 5 hurricanes (wind speeds above 252km/h, 17 gusts). Based on the above scenario, Taiwan will experience about 7.96 severe typhoons from 2020 to 2030. • In addition, if the world does not effectively reduce greenhouse gas emissions in the next few decades, it will not be possible to achieve the goal of limiting global warming to 1.5 degrees Celsius; extreme climate will become more severe, and the frequency and magnitude of occurrence may increase significantly.	• According to the assessment from FET of the situation in the left column, the main asset affected by the intensified typhoon is the base station, followed by the data centers, and the central and northern regions are the areas being affected. • In terms of financial impact, it is estimated that the total loss from 2020 to 2030 will reach NT$1.561 billion, of which equipment and asset losses caused by strong winds are the most significant, accounting for 93.63% of the total loss. The detailed assessment results are described in Chapter "6.2 Climate Strategy" within this report. • Since the frequency and magnitude of extreme climate events are highly uncertain, the original risk assessment model is likely to fail to effectively predict future conditions, and in the event of an extreme climate event, FET may experience a more severe impact.	• Strengthen the wind resistance of base stations: FET will prioritize the inspection and enhancement of the wind resistance of the equipment at the existing base stations in vulnerable areas; the new base stations will be designed to be able to withstand force 17 winds so as to minimize the damage caused by strong winds. • Strengthen the disaster resistance of base stations: FET will strengthen the structure of the existing base stations, improve the construction techniques of the disaster-resistant base stations, and carry out the flood pressure test on a regular basis. • Strengthen the continuous management of base station operations: FET will arrange backup power for base stations and establish mobile base station and temporary base station deployment capabilities to quickly respond after a strong typhoon occurs. • Include climatic conditions in the assessment for construction of new server rooms: FET will include the areas with relatively low average temperature and low suspended salt damage in the assessment. • Transfer financial losses from climate risks through insurance.

Type of risks：Technological

Risk Factors	Risks	Impacts	Response Measures
Failure of cybersecurity	• According to the statistics provided by the Cyber Security Department of the Executive Yuan, the public sector encounters anaverage of 20-40 million cyberattacks every month. Trend Micro's annual report also shows that the number of global cybersecurity threats increased by 20% in 2020. The shift from digital transformation and cloud computing to remote work from home support and the popularity of cryptocurrencies has made it difficult to protect against network complexity (cloud-based, API-based, and home environment networks) and major vulnerabilities have emerged, resulting in increased cyber security risks. • According to the 2022 Risk Report published by the World Economic Forum (WEF), due to the complexity of digital architecture and rampant cybercrime, the existing network security mechanisms may fail, and the epidemic has led to the rapid emergence of home office (WFH) and home economy. Internal network traffic analysis shows that the number of network scans and attacks (including service denial attacks, network probes, and network threat attacks) has increased significantly.	• From the monitoring and analytic results of FET, the trend of cyberattacks continues to increase and the annual growth rate is about 15% from 2019 to 2021. Service denial attacks will continue to grow from 2019 to nearly 100% by 2021. The frequency of cyberattacks is increasing and the methods are constantly being renovated. Failure to strengthen precautions may result in network or system service interruption or causes data leakage, which may affect customer rights, goodwill and revenue loss, or even penalties by the competent authority. According to FET's assessment, if a regional critical infrastructure is attacked and the facility fails, it is estimated that the number of people affected in a single day will exceed 1 million (about 14% of the total number of users), and the estimated economic loss will exceed NT$30 million. In addition to the increase in attack frequency, the attack techniques are constantly being updated. If we do not strengthen the prevention, it may lead to network or system service interruption, or data leakage, which may affect customer rights, business reputation and revenue loss, or even be punished by the competent authorities. FET estimates that if the regional critical infrastructure is attacked in the future, resulting in facility failure, it is estimated that the number of people affected on a single day will exceed 1 million and the economic loss on a single day is estimated to be over $30 million. • The customers are requiring for more rigorous privacy protection and information security, FET needs to invest more capital toward relevant privacy protection.	• Optimize information security monitoring and defense-in-depth protection mechanisms: Strengthen information security detection mechanisms and information security intelligent monitoring platforms, establish protection capabilities in response to different stages of attacks, combine advanced technology applications to establish a comprehensive technical protection mechanism, and incorporate big data technology to analyze hundreds of millions of data collected every day. Establish alerting mechanism of high-risk behaviors and signal the on-call staff to handle immediately. • Deepen security threat information and protection capacity: Integrate external information and internal protection mechanisms, establish own security intelligence and strengthen protection capacity in response to external security incidents. • Strengthen the emergency response organization and operation mechanisms: Involve high-level teams and relevant units to jointly respond to various incident conditions right away and to control risks. • Internalized information security risk awareness: Conduct regular information security training and test for all staff. The passing rate must be over 99%. Perform business continuity drills for missioncritical services every year and pass the international standard verifications.(ISO 27001 / ISO 20000 / ISO 27017 / ISO 27018 / CSA-STAR /BS 10012, etc.) • Control supply chain information security risks: Require suppliers to have security inspection certificates for software, hardware design and development in order to reduce supply chain risks.
Adverse outcomes of technological advances	• With the continuous innovation of information and communication technology, the transformation of the telecommunications industry and the diversification of services,he blurring of the industry boundaries of competitors will lead to changes in the demand for talents in the future. The targetsof talent war could be inter-disciplinary, and FET's long-term competitiveness could be impacted if the Company does not begin to strategize personnel planning.	• According to our analysis, assuming that future technological changes develop at the current speed and the FET manpower structure and expertise remain unchanged, we will face a shortage of manpower because of digital transformation. • The lack of talents related to Big Data, AI, and IoT will cause FET to have lack of competitiveness in the analysis, marketing and value management of general customers, the Internet of Things products and services in the enterprise and consumer market, and the maintenance and optimization of communication networks, which indirectly affects revenue growth and increase in profits. Without the assistance of these technological talents, the efficiency and output value of the internal operations cannot improve effectively. • Faced with the ever-changing market environment, the lack of high-level talents will make the company's positioning and strategic direction unclear, unable to exert its competitive advantage, unable to concentrate resources, and inevitably lose market share.	• In 2018, FET planned ahead and recruited 5G talents. Through the development of recruitment channels, enhance relations with schools, and participation in government recruitment events, it has actively expanded its team and striven for transition to smart cloud. Focusing on training internal employees, alongside external recruitment, FET has worked to achieve the target of increasing the number of talents in the fields of big data, AI, and IoT and new economic areas to more than 30% of the total by 2022. • For high-level leaders, FET will develop a retention and cultivation program to create a team of succession talents. • FET will provide exclusive digital transformation training courses for different departments based on their different needs.

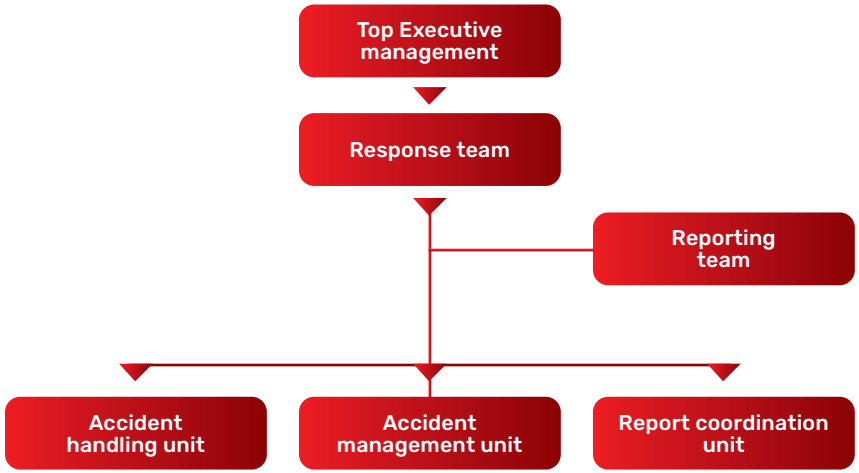
Emergency Response Management

The highest unit of the organization is headed by the Executive Management Team (EMT). In the event of an emergency or major accident, the reporting team will collect information from the accident management unit and the report coordination unit and provide them to the response team for decision of whether to activate emergency response procedures, so that risks and possible impacts can be controlled quickly and reduced to minimum. In addition, we have planned continuous emergency response training and drills to familiarize our staff with emergency response procedures. In 2021, the continuous emergency response management organization completed emergency safety evacuation drills at 11 office premises to teach relevant personnel the knowledge and ability to respond to emergencies, test the applicability of emergency response plans, and confirm that all emergency response units, facilities, and personnel can effectively and safely respond to emergency situations, effectively enhancing The emergency response capability of personnel is effectively improved.

In response to emergencies or major incidents, we held three emergency management meetings in 2021 to discuss issues such as the impact of the utility interruption caused by the Hsinta Power Plant accident and the disruption of telecommunications services. In 2021, all the related emergencies were responded immediately and appropriately without causing any serious impact.

In addition, in order to protect the health and safety of workplace employees and the continuous operation of critical infrastructure in the time of the global pandemic(COVID-19) occurred in December 2019, FET has responded with contingency plan based on the five major frameworks of epidemic situation, risk and impactassessment, response measures, contingency organization or emergency contact network, and confirmation of the feasibility of the continuous operation plan. The continuous operation plan was drawn up to enhance the protection and response capabilities of the business units. From 2022, the operational risk management mechanism will be combined with the ICS response structure of the Executive Yuan, and will be changed from a rotating system to a professional lead system.

Business Continuity Management Organization Framework



Organization	Description of Organization and Authority
Top executive management	• Consists of the top executives of each business group • Confirm the establishment of the incident, participate in the incident response meeting, and verify the decision
Response team	• Composed of response representatives from various business groups • Participate in the accident response meeting, supervise the response, and report the incident decision proposal
Reporting team	• Composed of reporting representatives from various business groups • Gather the impact information of various units, report and verify the activation of accident response, and assist the response team to implement the response matters
Accident handling unit	• Consists of accident authority • Responsible for accident handling, management and status reporting
Report coordination unit	• Composed of SMS sending units • Assist in responding to relevant SMS notifications

1.2.4 External Participation

FET gives close attention to the latest development in the industry both home and abroad, and actively participate in the telecommunications industry and corporate social responsibilities related public association, to ensure FET's corporate governance work in concert with important initiatives and operations worldwide, raise FET's corporate competitiveness, monitor the legislative progress of the "Regulations Governing the Establishment and Use of Dedicated Telecommunications Networks, " "Low Orbit Satellite Release," "Digital Communications and Broadcasting Act," and "Remote Diagnosis" and other convergence-related laws, we will continue to pay attention to the direction of the "White Paper on Communication Policy," "Radio and Television Act," "Cable Radio and Television Act," "Satellite Broadcasting Act" and related sub-laws. We will also take into account the impact of subsidies for the construction of 5G in 2022, frequency swap/investment with the industry, and the establishment of the Department of Digital Development on business and industry, in order to promote changes in related regulations, industries and services in the direction of promoting the overall development of the industry.

All membership fees FET paid in 2021 was NT$9,061,713, accounting for 1% of the total revenue. FET did not support any lobby group in 2021. Also, no political donation was made in 2020. The following chart displays the associations in which FET occupied a position, or associations that are important.

2021 Amount Contributed for External Participation

Unit: NT$ Thousand

Types of External Participation	2019	2020	2021
Lobbying, interest representation or similar	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0
Telecommunications industry related association investment	8,543	8,527	9,062
Others	0	0	0

Unit: NT$ Thousand

Types of Association	Description	Yearly Amount Contributed
Telecommunication Industry	Relevant to the traditional telecom and technology business of FET, trade and business related organizations are also included in this type	7,035
Emerging Technology Development	This type of the association is to explore new business models, which can be used for the purpose of future business research and development	821
Others	Not belong to the above two types (e.g. sustainable development, corporate governance, transportation and other related organizations)	1,206

Unit: NT$ Thousand

Name of Association	Type of Association	Yearly Amount Contributed
Taiwan Telecommunication Industry evelopment Association (TTIDA)	Telecommunication Industry	4,000
Groupe Speciale Mobile Association (GSMA)	Telecommunication Industry	1,883
Taiwan Network Information Center	Telecommunication Industry	882
Taiwan Communication Society	Telecommunication Industry	112
Taiwan Internet Association	Telecommunication Industry	80
Cloud Computing & IoT Association in Taiwan	Emerging Technology Development	100
Chinese Institute of Transportation	Emerging Technology Development	100
5G Smart Pole Standard Promotion Alliance	Emerging Technology Development	100
Center for Corporate Sustainability (CCS)	Others (Sustainability Initiative)	280
Taiwan Net Zero Emission Association	Others (Sustainability Initiative)	150
Chinese Professional Management Association of Hsinchu	Others (Sustainability Initiative)	120

Note: Only the significant organizations are listed above

1.3 Supply Chain Management

1.3.1 FET Supply Chain Overview

In 2021, total procurement expenditure at FET reached NT$39.09 billion, accounting for 37.06% of total expenditure, and involved transactions with 1,069 suppliers. Procurement costs from transactions with top 100 suppliers accounted for 93.9% of FET's annual procurement costs. FET separately manages the five types of suppliers, namely information and communications (ICT), handsets, construction, general administration, and media/non-media. As reference for strengthening supplier management, FET has identified 69 first-tier critical suppliers using quantitative and qualitative standards. Furthermore, 39 second-tier critical suppliers were identified through questionnaire survey.

FET's Critical Supplier Screening Criteria		
First-tier critical suppliers	Quantitative screening criteria	• ICT, Construction, General Administration, and media / non-media: Transactions are carried out for two consecutive years and cumulative transactions exceed NT$50 million • Handsets: for two years in a row and total transactions exceed NT$100 million
	Qualitative screening criteria	• Irreplaceability, high replacement costs, fixed qualifications, exclusivity and equipment bindin
Second-tier critical suppliers	Questionnaire screening criteria	• Questionnaires are submitted to first-tier critical suppliers, upstream suppliers of first-tier suppliers are selected based on qualitative criteria
	Qualitative screening criteria	• Whether the directly related products provided are exclusive, qualifying, important equipment bundled, or the cost of replacing the brand is too high

Analysis of Annual Procurement Costs

Suppliers with transactions for two consecutive years are defined as FET's effective suppliers. In 2021, FET has had 565 effective suppliers. In particular, procurement costs for handsets and ICT amount to approximately nearly 88.74% of all FET procurements. In addition, ICT suppliers accounts for 57.3% of all FET suppliers. In 2020, FET adopt Prefer Vendor mechanism in ICT related business. In 2021, we establish KPI for the use of preferred vendors, increase the number of cooperation with quality vendors to reduce operational risks, streamline 21% of effective vendors, and improve the effectiveness of precision management.

Suppliers	Procurement expenditure percentage	Distribution of the number of suppliers
Handsets	52.09%	1.78%
ICT	36.43%	56.31%
Construction	9.32%	18.43%
Media/Non-Media	0.78%	8.79%
General Administration	1.37%	14.69%
Total	100%	100%

Local and Green Procurement

Besides encouraging foreign companies to establish offices in Taiwan to promote local economic development, FET is also committed to supporting the local industry. If we deduct the orders from overseas companies and foreign brands, then in 2021 a total of 99.73% of FET's procurement was made with local companies[9] in Taiwan. In addition, to support FET's "Environmental and Social Friendly Program" and to promote a green supply chain, FET encourages suppliers of all types andtheir respective supply chains to refer to the green procurement regulations during procurement. When the Procurement Department considers procurement bids, it also consults the Energy Saving Team for energy efficiency assessment, and includes energy-saving specifications as an open bid item. Monitoring mechanism is also established for all orders. In 2021, FET increase the amount of green procurement while expanding 5G construction. The amount of green procurement will be 46% higher than that of 2020, and Far EasTone will continue to receive awards from the government's Environmental Protection Agency and other related agencies.

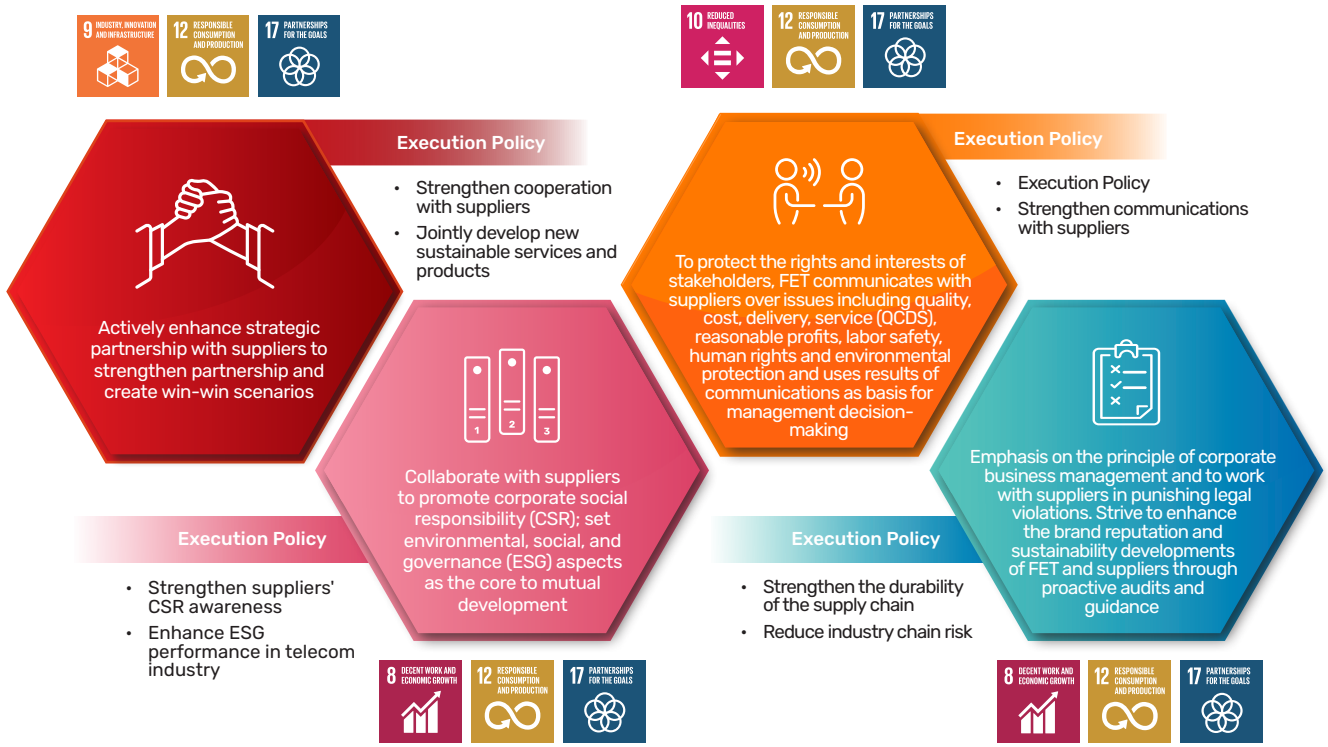
Unit:$NTD

FET Green procurement	
2019	$ 307,070,034
2020	$328,138,665
2021	$479,882,267

1.3.2 Supply Chain Management

Supply Chain Management Strategy

FET has established four strategic directions and corresponding action plans to continue to extend its influence to FET's key suppliers and other first-tier suppliers. For the second consecutive year, we has been ranked among the leading companies in the 2021 CDP Supplier Engagement Rating, and its performance in climate change negotiations with suppliers in 2021 has been ranked among the top 8% of global companies, indicating that FET's actions to work with suppliers to address climate change risks have been recognized by international ratings. In order to implement sustainable procurement, we has started the introduction of ISO 20400 "Sustainable Procurement Guidelines" in December 2021 and expects to complete the external review in the third quarter of 2022. In addition, to improve the supply chain management of procurement colleagues, the Purchasing Department sets completion of various indicators as the annual assessment target, the final assessment result was tied with the incentive system.



Supply Chain Management Strength and Performance

In order to improve supplier management and increasemanagement intensity, FET has adopted 16 action plan in three aspects: threshold management, general management and compliance management.

Threshold Management: focus on selecting suitable partners based on ESG criterias

General Mangagement: regular evaluation, performance appraisal, onsite audit, training and investigation for cooperative suppliers

Compliance Management: To ensure that suppliers follow the latest threshold management and general management mechanisms, timely counseling for improvement or suspension

Threshold Management

Percentage of signature of CSR self-declaration by top 200 suppliers	Response rate of 195 suppliers was 97.5%. This represents 96.4% of the annual procurement amount
ESG assessment for new suppliers	Assessed 283 suppliers, 92% passed, 8% (26 suppliers) failed, 9 of which have improved
CSR Self-Declaration for new suppliers	228 suppliers have a 100% sign-up rate
Integrity Management Agreement	In 2021, the system for mandatory signing of the Integrity Management Agreement has been established, and suppliers need to re-sign every 365 days
Credit evaluation	Implement 9-scale assessment in 2021. Suppliers with credit rating falls between 8 to 9 will not be able to become new suppliers

General Mangagement

Supplier sustainability risk assessment	332 suppliers, represents 93% of the annual procurement amount, 100% (11 suppliers)of the high-risk providers have been improved
ESG risk assessment for major tender	All procurement cases must be executed regardless of the procurement amount. 149 cases are above 15 million, 71 cases are under 15 million
Annual assessment	A total of 200 suppliers in 12 categories were assessed and included in the 30% ESG score
Annual supplier ESG onsite audit	The number of suppliers subjected to in-house audit and third-party audits were 44 and 30 suppliers, 4 of them have lower scores and will be improved by counseling
Education and training	1 annual supplier general meeting and 2 eLearning cource, a total of 875 participants participated in the online training
Annual satisfaction survey	162 questionnaires were recovered, the satisfaction rate was over 90%

Compliance Management

Mandatory suspension for three years without trading	355 suppliers suspensions, reinstatement must be performed through the registration of new suppliers
Suspension for failure of assessment of new suppliers	283 suppliers completed assessment, 26 suppliers failed, 9 suppliers improved, 17 suppliers suspended, restoration of rights due to completion of improvements
Suspension for 350 major suppliers who have not participated in the risk assessment	42 suppliers suspensions for non-participation: 18 suppliers were reinstated after completing the assessment, 24 suppliers suspended, need to complete improvement before reinstatement
Suspension of high-risk suppliers who fail to improve	100% completed improvement in 2021, no related matters
Failure to pass the annual assessment of suppliers	4 suppliers completed improvement, 1 supplier suspension

FET Supply Chain Management Processes

<table>
<tr><th>1.Basic Requirements</th><th colspan="2">2.Risk Evaluation, Audit and Improvements</th><th>3.Communications</th><th>4.Satisfaction Survey</th></tr>
<tr><td>All suppliers are required to :
• Read the full content of "FET Supplier Chain Guidelines for Corporate Social Responsibility"
• Require all suppliers to sign the "Corporate Social Responsibility Self-Declaration" and "Integrity Management Agreement" with punitive liquidated damages
• Review third-party credit report, FET will implement 9-scale assessment in 2021
• Initiated the introduction of ISO 20400 "Sustainable Procurement Guidelines" and expects to complete external verification in 2022</td><td>• All new suppliers are required to undergo the ESG risk quantitative assessmen
• ESG screening procedure is carried out on all major projects valued at 15 million
• Further expand ESG screening for all categories of suppliers under $15 million in 2021</td><td>• Annual routine supplier assessment is conducted on suppliers whose procurement transactions with FET are valued at top 95%
• ESG onsite audit is carried out at firsttier critical suppliers, including FET's in-house audit and a third-party audit
• When any deficiency is found during the assessment or audit process, supplier is required to make necessary improvement within a fixed period, and guidance will be provided when necessary</td><td>• Supplier General Meeting are held annually to communicate important issues and award excellent suppliers
• Formed "Sustainability Pioneer Team", collaborated with suppliers to execute ESG projects
• Circular economy workshops to be organized in 2021, and to be launched in 2022</td><td>All suppliers are required to:
• Read the full content of "FET Supplier Chain Guidelines for Corporate Social Responsibility"
• Require all suppliers to sign the "Corporate Social Responsibility Self-Declaration" and "Integrity Management Agreement" with punitive liquidated damages
• Review third-party credit report, FET will implement 9-scale assessment in 2021
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<tr><td>Threshold Management</td><td colspan="4">General Mangagement</td></tr>
<tr><td colspan="5">Compliance Management</td></tr>
</table>

Step 1 : Basic Requirements

FET has established its "Supply Chain Management Policy" as the basis for supplier management, and the Supplier Corporate Social Responsibility Guidelines have also been introduced to encompass economic, social, and governance requirements in supplier standards. On top of requiring suppliers to sign the Corporate Social Responsibility Self Declaration and Integrity Management agreement, in 2020, for the purpose of strengthening the management, the term of punitive liquidated damages was added to the Integrity Management Agreement. All suppliers were requested to resign it. Integrity Management Agreement has been published on e-Procurement system in March, 2021, and all suppliers are requested to sign document online once a year. Only suppliers that have signed the agreement can use the full function of the e-Procurement system, including making order and requesting payment. In order to enhance the control intensity, newly registered suppliers are required to sign a paper copy of the "Code of Conduct for Integrity Management Agreement" with the company seal. In addition, new suppliers are required to fill in the "ESG Quantitative Evaluation Form" and the FET Credit Management Office will review the suppliers' third-party credit reports. A nine-level credit evaluation system will be adopted in 2021, and new suppliers will not be able to become Far EasTone suppliers if their credit evaluation falls below level 8 to 9.

All FET procurement contracts clearly stipulate that all vendors are required to comply with applicable regional, environmental, and labor safety and health laws and regulations. Construction suppliers are required to sign the Contractors Labor Health and Safety and Environment Commitment, Declaration on Announcement of Contractors Worksite Environmental Hazards and to carefully read the Labor Health and Safety Management Implementation Points for Contractors. These suppliers are also required to carry out applicable management and hazard prevention tasks pursuant to the Regulations for Labor Safety and Health Organization Management and Self-Check to prevent occupational hazards to workers' safety and health. In addition to regularly conducting supplier assessment to ensure that suppliers comply with the aforementioned regulations in practice, FET also suspends the accounts of suppliers who have not transacted with the Company for three years or more to ensure information on suppliers' creditworthiness and corporate social responsibility are up to date.

Supplier Self-Declaration

FET requires all suppliers to sign the Integrity Management Agreement and the Corporate Social Responsibility Self Declaration within a designated period of time. In 2021, all new 228 suppliers have signed the aforementioned documents, 100% sign-up rate of first-tier key suppliers (69 in total). In terms of FET's top 200 suppliers, 195 of whom have signed the Corporate Social Responsibility Self Declaration, reaching a response rate of 97.5%, 5.5% increase over the previous year, exceeding the annual objective of 95%, and accounting for 96.4% of the annual total procurements

Type of supplier	Total number of suppliers	Total number of signage	Signage ratio	% on the total procurement value of the year
Active suppliers	1,069	812	75.9%	98.5%
First-tier critical suppliers	69	69	100%	90.8%

Step 2：Risk Evaluation, Audit and Improvements

Supplier Sustainability Risk Assessment

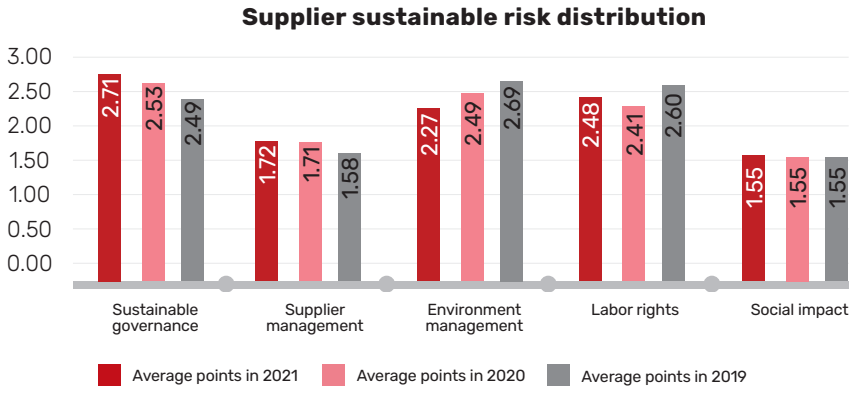
FET assessed ESG risk among all new suppliers, and a total of 283 suppliers are assessed in 2021 with 26 disqualified suppliers. In this group, 9 suppliers have completed their improvements, with an improvement rate of 35%, while 17 suppliers have been suspended due to inability to improve.

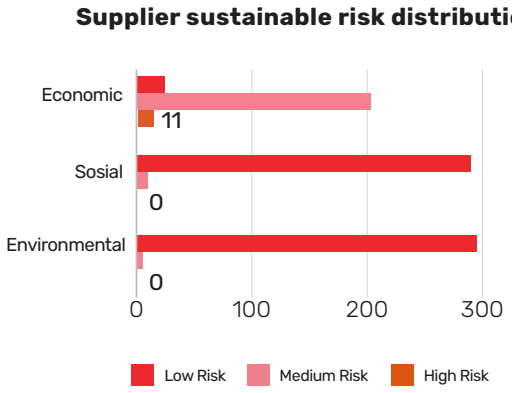
In order to expand the intensity and evaluation, FET has increased the 19 indicators of the original sustainability self-assessment questionnaire for sustainability governance, supplier management, environmental management, labor rights and social impact to 27 indicators, and each indicator has 3-6 questions, totaling 104 questions for supplier sustainability risk evaluation. A total of 332 assessments were completed in 2021 which accounted for 93.06% of the annual purchases.

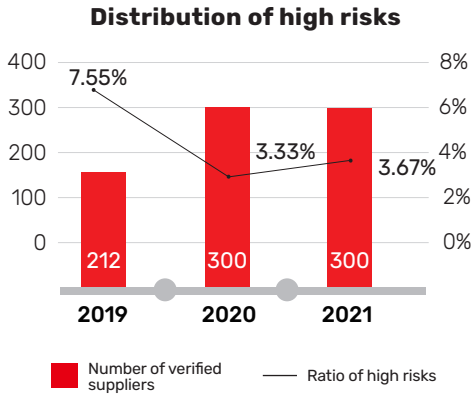
This year, 11 high-risk vendors were identified, with the main risks focusing on confidentiality agreements, intellectual property protection, and the risk of disease transmission brought by COVID19, including 7 in business marketing, 1 in devices, 1 in general services, and 2 in information and communication integration. FET has formulated improvement plans for high-risk vendors and requested improvements. As of March 2022, all suppliers have presented their improvements, which have been confirmed by FET to have met their designated progress. The improvement rate is 100% ◦ FET will also arrange for all high-risk suppliers to undergo a 2022 review to confirm substantial improvements.

FET has introduced the ESG risk assessment[7] and selection system for bidding vendors. The system is fully activated for major bidding cases over $15 million and will further expand ESG assessment screening for all types of vendors under $15 million in 2021, and a tracking sheet will be established to strengthen monthly control. In 2021, a total of 149 cases above $15 million will be screened, accounting for 57.56% of the annual procurement amount (excluding the exclusive U.S. Apple procurement amount). 71 cases below $15 million will be screened, accounting for 1.82% of the annual procurement amount (excluding the exclusive U.S. Apple procurement amount). Among all the screened items, 4 manufacturers did not meet the standard and will be evaluated in 2022 for improvement.

[7] The evaluation period of supplier sustainability assessment: 2020/8/1 ~ 2021/7/31







Supplier ESG Onsite Audit

Since 2016, FET has been arranging ESG onsite audit[8] every year, mainly to first-tier key suppliers, and then adding important suppliers or second-tier key suppliers to carry out onsite audits according to the needs of the year, in order to expand the scope of ESG checks in the supply chain and ensure that suppliers are implementing their commitments to sustainable development in their daily operations. The inspection methods include independent visits by FET and third-party expert visits. In response to COVID-19, the onsite audits in 2021 will be conducted online and onsite in accordance with the requirements of each vendor, and a total of 74 audits will be completed. To strengthen the consistency of the evaluation, the same criteria as the annual risk assessment were used to conduct the inspections. 44 suppliers were inspected on site, of which 5 scored above 90 and 4 scored below 40. The low-scoring suppliers mainly have deficiencies in sustainability strategies and supply chain management, and will be evaluated in 2022 for improvement through counseling.

	2018	2019	2020	2021	2022
Onsite audit [8]	40	63	69	74	75

Supplier Assessment Result

FET Telecom

FET conducts routine supplier assessment and audit in each year.2021 expanded evaluation categories to 12 major supplier categories, 200 suppliers were assessed, accounting for 95% of total procurement expenditure. The ESG weighting is also included in the evaluation, and the previous weighting of 25% is increased to 30% to reinforce the importance of ESG. Suppliers that score 5% lower than that of the previous year, and less than 70 points on the annual assessment, will be listed as requiring priority guidance. They need to carry out an improvement plan and require a second assessment. 1 failed vendor has been disposed of by suspension of rights as a no-trade target. The assessment results were published at the external procurement system website and Supplier general meeting.

2021 Supplier Assessment Result	Number of suppliers in 2019	Number of suppliers in 2020	Number of suppliers in 2021	Measures adopted
Outstanding suppliers (90-100 points)	4	12	8	Awarded by FET President at the Supplier general meeting
Qualified suppliers (70-89 points)	159	164	187	Resume normal procurement transactions
Suppliers in need of improvement (60-69points)	5	6	4	The need for improvement has been communicated and improvement plan has been drafted; second assessment has been planned
suppliers (59 points or less)	1	2	1	Supplier has been suspended due to inability to meet quality, delivery schedule, and service standards during project execution period
Total	**169**	**184**	**200**	

[8] The number of onsite audits by FET mainly focuses on the first-tier key suppliers, and the number of on-ite audits by important suppliers or second-tier key suppliers will be increased according to the needs of the year to expand the scope of ESG audits in the supply chain. The statistics are the total number of unduplicated cases between FET's own audits and third-party audits.

Arcoa

Arcoa assesses suppliers on quality, cost, delivery, and service on an annual basis. The assessment list is selected based on the criteria such as transaction amount,transaction frequency and importance in the previous year, and the representative of assessment unit will score the overall performance of the suppliers in theevaluation interval based on the scoring items. Arcoa will increase the procurement volume with suppliers with excellent scores, implement improvement plan forunderperforming item, and disqualify the underperforming suppliers. In 2021, Arcoa completed the assessment of 54 suppliers through the online supplier assessmentsystem. This figure represents 93% of Arcoa's overall procurement expenditure, and the survey response rate has been 100%. In 2021, no supplier was assessed as C-levelor D-level (scores below 69 points).

2021 Supplier Assessment Result	Number of suppliers	Measures adopted
Excellent suppliers (90-100 points)	8	Increase procurement volume and develop long-term partnership
Qualified suppliers (70-89 points)	46	Resume normal procurement transactions
Suppliers in need of improvement (60-69 points)	0	Improvements will be required for deficiencies, and a secondary assessment will be given within six months
Unqualified suppliers (59 points or less)	0	Disqualified, and Arcoa will seek for potential substitute
Total	**54**	

Step 3：Communications

Annual Supplier General Meeting

The theme of 2021 Supplier General Meeting was "FET 5G Working together to achieve sustainable results " and chaired by the CEO Ms. Chee Ching. In response to the COVID-19 epidemic, onsite contact was reduced and online and offline registration was freely adopted. The actual number of onsite participants was 28 from 19 manufacturers, while the number of online participants was more than 156, so in total, more than 200 people participated in this supplier conference. During the meeting, we conduct integrity management training and occupational safety and health promotion, and a third-party consultant conducts training on 2021 supplier risk assessment and disseminates the assessment results. At the same time, the CEO Ms. Chee Ching also presented awards to 37 suppliers who participated in FET's Sustainability Pioneer Team to promote sustainable social contribution and to suppliers with outstanding performance in various evaluations, including 3 " Excellent Sustainable Exemplary Model Award of Sustainainability Assessment", 3 " Excellent Supplier Award of Annual Performance Assessment" and the " Most Improved Supplier Award of Annual Performance Assessment" of the "Sustainability Pioneer Team" formed by 31 suppliers.

Sustainability Pioneer Team

In 2020, FET completed the renovation of the basketball court and the school building of Binmao Junior High School in Taitung by combining the strengths of 26 suppliers through the "Sustainability Pioneer Team", and in 2021, FET invited 36 supplier partners to Wanli Elementary School in New Taipei City to build a brand-new "Digital Learning Classroom" by combining FET's core technologies of big data, AI and IoT. The new classroom is a new milestone for the students in the rural area to get in touch with the future technology and to help renovate the nearly 20-year-old computer classroom with raised floor, air conditioning, 86-inch touch screen and ceiling. The event was not only about giving back hardware, but also included VR software combined with the Ministry of Education's syllabus and the open source program Scratch developed by the Massachusetts Institute of Technology, allowing students to learn the core technologies of the future. With an investment of over NT$2 million, it is estimated that nearly 300 teachers and students will benefit from the event.

Video Connection

FET held 2021 Annual Supplier General Meeting on Oct. 29th. It's chaired by the CEO Ms. Chee Ching(center of front row).

Sustainability Pioneer Team helped Wanli Elementary School in New Taipei City to build a brand-new "Digital Learning Classroom" as a cradle for cultivating digital talents

Supplier Education and Training

To enhance the sustainability awareness and knowledge of our partners throughout the supply chain, FET implements supplier training through the Supply Chaine-Learning Platform. Two online supply chain e-Learning sessions were conducted in 2021. In the third quarter, we conducted an online supplier sustainability ESG course, and 278 companies completed the course. In the fourth quarter, we conducted the Integrity and Occupational Safety learning, and 412 companies completed the learning. In response to the feedback from the supplier satisfaction survey, FET Purchasing Division has created an introduction to the e-Procurement system to check the progress of payment in the fourth quarter of the online training, so that our supplier partners can better understand the progress of payment by FET.

Number of suppliers receiving CSR training

	2018	2019	2020	2021
e-Learning platform	220	431	452	690
Supplier General Meeting	215	242	103[9]	185
Total	**435**	**673**	**555**	**875**

Step 4：Satisfaction Survey

FET Telecom

FET regularly conducts procurement anonymous satisfaction survey for suppliers in each year. In 2021, we will expand the scope of the survey and send satisfaction surveys to 300 major manufacturers. In terms of procurement satisfaction survey, 162 effective responses were received, achieving a 94.9% response rate. More than 93.1% were satisfied about the supplier screening policy and processes, while 92.4% were satisfied about the fairness in supplier selection. In 2021, FET also conducted a survey on the recognition of Sustainability Pioneer Team, and more than 87.5% were agree with the project. FET regards the questionnaire as an important channel for two-way communication with suppliers. Through the questionnaire, FET understands that suppliers hope to have a clearer understanding of the progress of payment requests.

Arcoa

An open-ended response method is adopted for Arcoa's procurement satisfaction surveys. Interactions between Arcoa's procuring units and suppliers or purchasing tasks were collected to facilitate in instant problem recognition and immediate improvement. Opinion and feedback collection were conducted on 95 procurement documents from/to 55 suppliers in 2021, and no material negative impacts have been found.

[9] Reduced attendance density in 2020 due to COVID-19

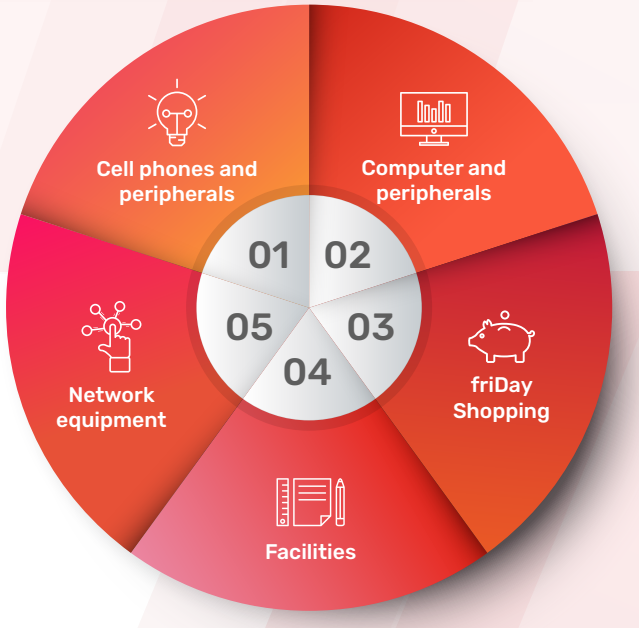
Outlook

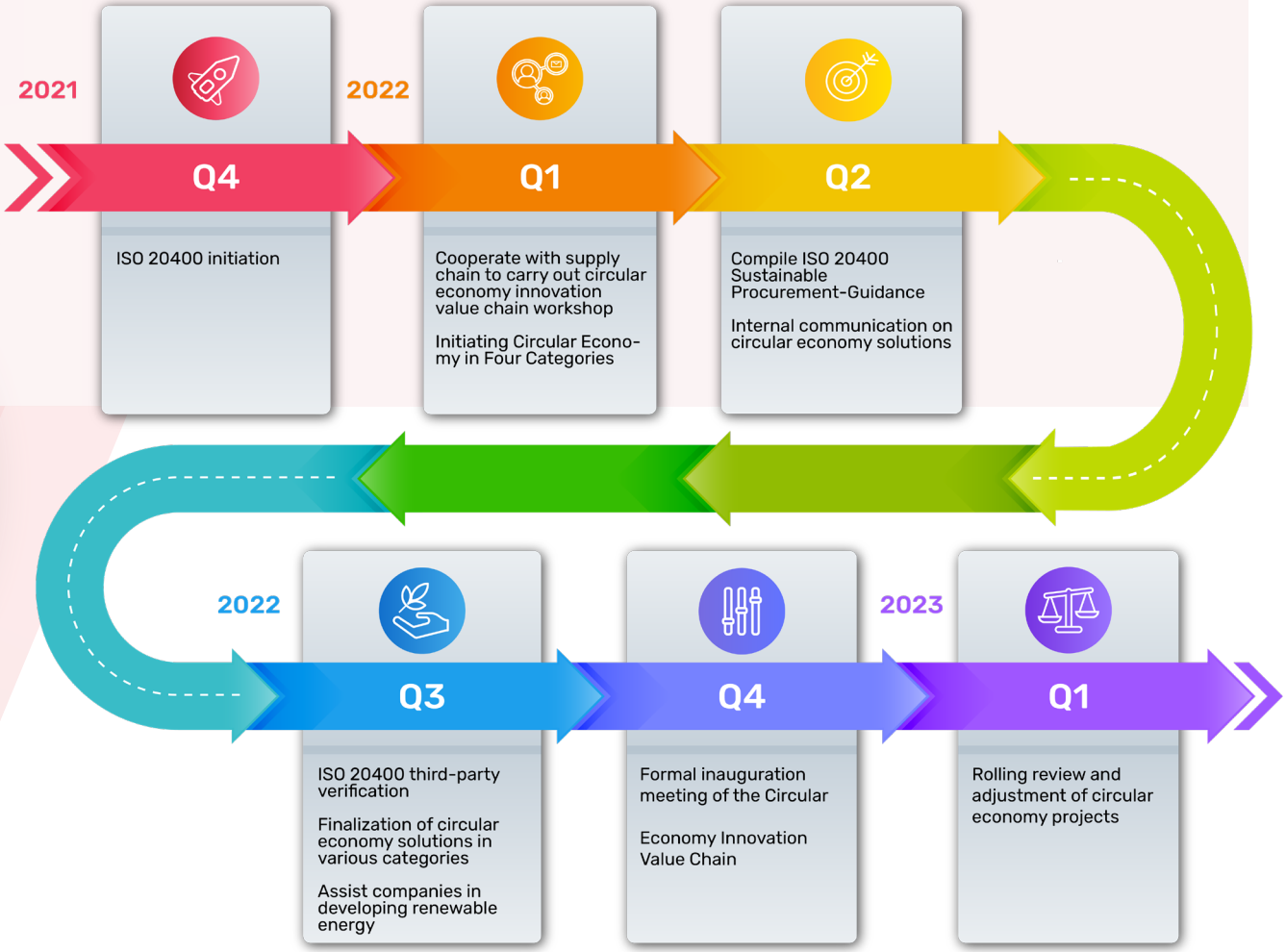
FET's Procurement Division is constantly demanding itself to move toward a more robust and sustainable supply chain. In 2022, we will continue to refine the following items:

Complete the ISO 20400 external audit operation

Participate in the company's green power procurement and combine the capabilities and resources of suppliers to jointly promote the development of green power in Taiwan.

Initiate the Circular Economy Forum and gradually implement the following five categories of products and services in the circular economy.





CH2

Innovative FET

2.1 Operational performance

2.2 Smart Application

2.3 Smart Living

Strategy and Goal

Corresponding Material Topics

- Operating performance
- Social innovation strategy and application
- Environmental innovation strategy and application

Corresponding Risks and Opportunities

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
Number of active mobile subscribers	2M	Not achieved: 1.2M achievement rate 60%	1.94M	Accelerate sustainable development of smart living and society via digital innovative products, acquire 3.5M active mobile users and 2,560K active users in new services.	• By way of innovative products and services, lead the digitization of society and industry, and drive cross-industry, cross-border, and cross-domain economic activities
Number of active users in new services	1,640K	Achieved: 1,768K achievement rate 108%	2,451K		
AIoT revenue	AIoT annual revenue 1,185M	Not achieved: 978M achievement rate 82.5%	1,264M	Low Carbon Smart City	
AIoT application fields	Plan and develop 12 vertical applications, and add the integration of AI applications	Achieved	Develop 6 new services for target enterprises or government units		

2.1 Operational performance

Consumer Business

Market Overviews

According to the report issued by TWNIC (Taiwan Network Information Center) and NCC (National Communications Commission) , Taiwan's mobile internet usage rate surpassed 80% and mobile data usage increased 17% in 2021, which drove people's lives towards digital mobility. Also, 5G network and COVID-19 pandemic boost the telecom industry. For the whole year of 2021, the market share of FET in mobile revenue is 23.8%.

Supply, Demand and Growth of the Future Market / Competitive Advantages

FET have the best spectrum that suited for 5G services in terms of coverage and capacity. 5G leads ARPU turnaround, and leads to wireless revenue growth, Operators expect to encourage 5G adoption by better network quality, 5G handset and 5G innovative applications to minimize the price competition. The total number of FET retail stores – including retail sellers, franchise and Data Express stores, is around 770. FET is able to serve 2.5 million of customers monthly and expect to bring customers caring, proactive and professional services.

Products and Services

FET provides customers with Wireless Telecommunication Services, Fixed Line Communication Services, and friDay new economy digital services include friDay Video, friDay Omusic, friDay shopping, and friDay Finance. And also provides financial services like direct carrier billing of payment service, handset insurance, and smart speaker and smart kids watch of consumer IoT product. With the core value of "enhancing customer benefits and providing the best selected privilege offer for consumers, "Mobile Circle" app is designed as an one-stop Super App that fulfill consumers'

needs of life, entertainment and telecom. To strengthen customer engagement and to meet the digital transformation strategy of the company, FET implements AI engine to optimize "Mobile Circle" user experience and continuously upgrade to provide the best customer benefits in 2021.

Main Products and Service Area

FET persistently integrate online and offline sales services and introduce various smart 3C products. Apart from introducing integrated services for the ICT market, we will improve the service quality of local stores with innovative services including communication devices, voice calls, broadband and valueadded services, enabled customers to enhance experience professional service and care via wide store coverage.

Future Sales Development Plan

The 5G network will further drive consumer and enterprise business. Overall revenue shrunk due to intense competition in market. Deploy 5G business aggressively to seize the market opportunities. Focus on enhancing 5G coverage and optimizing 4G network quality. Based on the combination of mobile communication and internet, to build up multi-media services of communication and internet and then provide integrated mobile internet services. Provide the complete 5G one-stop service from integrate the upstream and downstream industry chains.

Short-term Business Development Plan

- Improve network quality and speed up 5G infrastructure to provide complete 5G coverage for consumers.
- Form an alliance with cross-industry partners to deliver diverse new products and value-added mobile services to the market.
- Establish a digital circle, and leverage telecom core business and innovative new services to acquire high quality and loyal customers.

Long-term Business Development Plan

- Strengthen human resources by enlarging talent reserves in the field of telecommunication to facilitate the expansion of operations.
- Keep up with the trends of global communication network technology and innovative service development.
- Continuously promote four major services: digital content, mobile financial services, e-commerce, and IoT.

Enterprise Business

Market Overviews

Building long-term relationship with enterprise customers. Under the concept of one-stop integrated solutions customized services, we combine our core competence of IoT, big data, artificial intelligence.,cloud and cyber security. Assist different users to successfully achieve comprehensive digital transformations, also provide smart city solution include smart governace, smart traffic, smart green energy to government department. Continuously develop and innovate smart services, give digital transfer momentum to idustris or cities.Enterprise users accounted for 23% of FET's overall 2021 revenue.

Products and Services

FET provides enterprise business professional telecommunication integrated services, cloud services, information security services. The Company also provides new economic products and services that integrate 5G/Big Data/AI/IoT technologies. FutureMainly focusing on ICT integration and IoT applications of New Economic, develop smart city Applications. FET also actively develops 5G applications using big data, AI, and IoT , building a comprehensive big data/AI/IoT ecosystem across industries, fields, and domains with alliances, driving multiple vertical sites smart application development, and helping industries and cities transform and upgrade.

Supply, Demand and Growth of the Future Market / Competitive Advantages

Continuously improving the infrastructure and investing in the 5G and IoT technology research, the Enterprise and Carrier BU takes on a more aggressive approach in developing intelligence applications and solutions to fulfill the needs of various industries and government departments. Those applications and solutions cover sectors of smart city, smart transportation/Internet of Vehicle, smart medical treatment,and smart manufacturing. We aim to differentiate ourselves from competitors in the enterprise market with strong innovation skills and integration ability plus flexible services.

Products and Services

FET provides enterprise business professional telecommunication integrated services, cloud services, information security services. The Company also provides new economic products and services that integrate 5G/Big Data/AI/IoT technologies. FutureMainly focusing on ICT integration and IoT applications of New Economic, develop smart city Applications. FET also actively develops 5G applications using big data, AI, and IoT , building a comprehensive big data/AI/IoT ecosystem across industries, fields, and domains with alliances, driving multiple vertical sites smart application development, and helping industries and cities transform and upgrade.

Future Sales Development Plan

FET will build long-term relationship with enterprise customers as we aggressively develop various applications under new economy applications. OnlyThe providers are also catching up on actively developing and providing corporate clients with ICT integration services. At the same time, the market is still under the threat of uncertainties such as recurring pandemics, supply chain bottlenecks, and inflationary pressure. We will collaborate with international telecom carriers to offer localized professional services to international enterprises. We will move toward becoming a comprehensive “ICT service provider” and assist users to successfully achieve comprehensive digital transformations.

Short-term Business Development Plan

- Continuing to optimize telecommunications infrastructure, integrate big data/AI/IoT applications with its telecommunications profession.
- Look into each industrial ecosystem's demand for such technologies.
- Constantly develops innovative digital services to solve corporates' issues and help them transform and upgrade.

Long-term Business Development Plan

- Committed to nurturing talent and developing technologies associated with innovative applications. It will promote the transformation and innovation of Taiwan industries in the IoT era.
- Integrate innovative applications of the cloud, IoT, Big Data, and AI; and it will realize the goal of “AI industrialization and industrial AI”.
- Assist domestic industries and enterprises with upgrades and speed up the practical applications of AI in the 5G era.

2.2 Smart Application

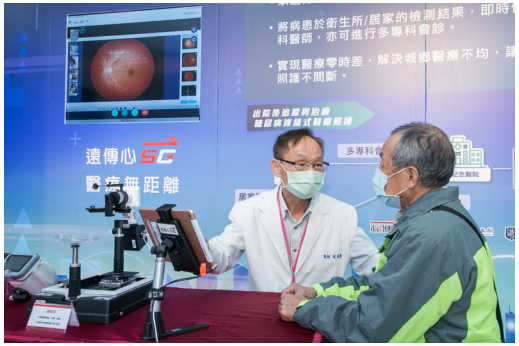
FET upholds our R&D spirit of solving city and administrative problems through innovative technologies, and promote smart city transformation combines 5G innovative applications by coordinating our expertise in big data, AI and IoT cloud-based IT technology, cloud and information security technology. We aim to rapidly spread our experiences in building smart city to all cities/counties in Taiwan and use it to drive industrial transformation and sustainable development. FET is also a strategic member of the Go Smart organization. We interact and exchange ideas with smart city applications throughout the world via Go Smart, and actively participate in the Smart City Expo World Congress in every March.

Project / Product / Service	Description	Key Benefits
5G Remote Diagnosis Service	• Since the launch of 5G services in July 2020, FET also rolled out telemedicine service in rural Taitung (Dawu and Haiduan), replacing streets with the Internet and bringing medical resources to rural areas. From March 2021, a new medical project was launched with the Taitung County Public Health Bureau to introduce remote heart clinics to Green Island and Orchid Island, where medical resources are severely lacking, in order to change residents' habits of seeking medical treatment and to further detect diseases at an early stage. • During Taiwan's outbreak in May 2021, Far Eastern Memorial Hospital was able to rapidly deploy telemedicine outpatient services through the integration of the telemedicine platform developed by FET with the in-hospital system. The "FET Health+ Teleconsultation App" is a the one-stop shop for making appointments, waiting room services, and video consultation, reducing COVID risks while avoiding interruptions of medical treatment.	• Available in 23 remote villages in 10 counties and cities nationwide. • Far Eastern Memorial Hospital's 27-department telemedicine programs provided over 8,800 people in 10 weeks. • Awarded the "2021 National Healthcare Quality Award: Bronze Award in Industry Applications" by the Joint Commotion in Taiwan, the only award in the telecommunications industry.
Engery Management System(EMS)Utilization in the "Air Conditioner in Every Classroom" program	• FET has also developed smart Engery Management System(EMS), which is not only introduced to all FET stores in Taiwan, but also used in helping the government and our enterprise partners to achieve smart energy management so we can collectively work toward building a low-carbon, sustainable country. In 2021, we acquired the "Air Conditioner in Every Classroom" program for primary and middle schools in nine counties and cities in Taiwan, becaming the largest energy management system provider in Taiwan. In addition to assisting Taipower in the integration of Open ADR 2.0b, we have also introduced AI applications to reduce electricity consumption.	• The program will help manage air conditioners of 41,000 classrooms in primary and middle schools in nine counties and cities (23,712 classrooms have been completed in 2021), which is estimated to reduce electricity consumption for air-conditioning by 3.5%.
5G Ambulance	• 2021 Healthcare+ Expo Taiwan debuted the "5G Ambulance" solution, which integrates a 5G telemedicine platform with smart glasses, and uses 5G to transmit real-time clear first-person images to achieve real-time teleconsultation between multiple parties on an ambulance.	• First multiparty real-time teleconsultation in ambulances.
5G Smart Factory	• FET, Delta Electronics and Microsoft jointly built the first 5G intelligent factory in Taiwan, marking a new milestone for smart manufacturing. The production line of Delta Electronic's Taoyuan Guishan plant introduced advanced applications such as 5G private network, AMR autonomous mobile robot, AOI defect detection data analysis, Microsoft cloud computing, and mixed reality. 5G technology and smart device applications can improve production yield and productivity, and mixed reality applications can achieve remote plant management and improve education and training effects. FET will continue to promote related applications of 5G, AI and IoT to promote the upgrading and transformation of the smart manufacturing industrial chain.	• 75% increase in unit area output and 69% increase in per capita output.
Smart Electricity Meter	• The smart electric meters can automatically send back power consumption data, eliminating the need for manual meter reporting procedures, and can suppress peak power consumption to achieve grid balance. If a power outage occurs, the meter can report a message back at the moment of power outage to improve the efficiency of inspection and repair. In addition to assisting in the installation, FET also performs routine monitoring and management to ensure that the quality of the connection and data transmission meet the expected goals.	• By the end of 2021, a total of about 200,000 AMI smart meters in 6 counties and cities have been installed in communication modules.

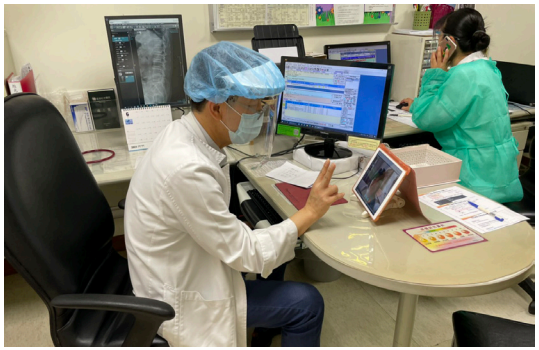
Project / Product / Service	Description	Key Benefits
Smart Water Meter	• Traditional water meters rely on manual recording which requires a lot of manpower. In 2020, FET assisted the Taipei Water Department to build smart water meters and more than 2,000 smart water meters have been installed in the Zhongshan District and Daan District in Taipei City. In 2021, data will be able to be transmitted for remote access at the Taipei Water Department. The smart water meter can instantly transmit data to the AMR monitoring cloud platform through the communication module, Transmission success rate is over 99.6%.	• Reduce manual meter reading costs. • Avoid manual meter reading errors. • Detect abnormal water as soon as possible (leakage/broken pipe), as well as reduce the leakage rate and reverse flow of the water towers. • Conducive to user consumption analysis, interpret user water consumption patterns, and improve overall water management efficiency.
Cloud IoT Smart Monitoring System in the Sewage	• Due to the serious problem of global climate change, extreme rainfall has caused catastrophic rainfall in the Longtan District of Taoyuan City. In the past, the drainage system has to be notified manually, and the information was not easy to gather and thereby to prepare and respond. FET assisted the Taoyuan City Government Water Affairs Bureau to build a "Cloud IoT smart monitoring system for sewage systems" to instantly get a hold of water information and on-site conditions of sewer facilities, together with image collection from the road flooding monitoring station to provide accurate flooding monitoring and prediction. The disaster warning information is then broadcast to the public through the APP, effectively achieving the function of disaster prevention and mitigation.	• Won the "2020 Smart City Innovative Application Award-Smart Water Sector". • Won the "2020 Cloud IoT Innovation Award". • Won the "2021 TGIS Award—Best Applied System".
Smart Streetlights and Smart Poles	• FET's smart streetlights management project coordinates LED lighting technology utilizing selfbranded streetlights controllers and 4G/NB-IoT communications technology to collect real-time data on streetlights. VPN is also installed to enhance the security of IoT applications. • Combined with AI platform and big data analysis of crowd flow, AI street lights have been demonstrated in Taipei City, which can actively monitor energy consumption and adjust light brightness. • With the experience in smart streetlights, we joined the "5G Smart Pole Standard Promotion Alliance" in 2021 to promote smart pole standards and the verification of application services in various cities, seizing global 5G smart pole opportunities.	• Smart streetlights effectively reduce power consumption by more than 15%, winning the "2020 Smart Taipei Innovation Award
Internet of Vehicles (IoV)	• By targeting the global IoV industry chain, FET has joined the 5G Automotive Association (5GAA). As Taiwan's first telecom service provider to join 5GAA, we collaborate with worldclass vehicle manufacturers and leading ICT brands to develop the end-user solutions for smart transportation services. Presently, FET has already assisted to launch various sharedtransportation such as bicycles, rental electric bikes, shared electric scooters, and shared vehicles as well as their alternative power charging stations and new economic model applications, thereby contributing toward environmental friendliness.We also provide the API of Connectivity Management Platform (CMP) for the industry for integration to keep track of the usage in real time. FET also actively participates in the MIH EV Consortium to help develop related standards.	• The first telecom service provider to join 5GAA
Traffic Analysis	• FET combined telecom big data crowd analysis and AI to help the Kaohsiung City Government Tourism Bureau quickly launch the "Kaohsiung Tourist Crowd Warning Light System" as a basis for the managements to prevent the pandemic and control crowds and a reference for the public when traveling.	• FET collaborated with Department of Transportation, Taipei City Government over the "Taipei City Traffic Corridor: Integrated Transportation and Telecommunications Information Application Project[10]"Honorable mention in Ministry of Transportation and Communications' "2020 Annual Intelligent Transportation System Development and Construction Projects"

[10] 臺北市運輸走廊整合道路交通與電信資訊應用計畫 https://money.udn.com/money/story/5612/5953190

Project / Product / Service	Description	Key Benefits
Smart Tourism	• FET assists Sun Moon Lake National Scenic Area in the planning and construction of intelligent scenic area services, providing a complete management system for pedestrian flow, vehicle flow, environmental monitoring, parking management, and regional headcount control.	• Optimization of scenic operations.
Smart Environmental Detection	• FET partnered with the environmental protection administrations from Yilan County and Tainan City over the air quality detection IoT installation project. By installing air quality detectors at industrial zones and uploading air quality detection data to the designated information platform by the Environmental Protection Administration (EPA), air quality information can be publicized. Value-added analysis will be provided, and local environmental administrations can better understand potential sources of pollutants.	• Assist in reinforcing environmental audit and improving environmental quality
Innovations in Traffic Big Data	• FET continues to research and develop Physical Footprint data for FET users via Signal Data. After the desensitizing treatment, geographical traffic analysis could be conducted for fields including transportation and retail. Currently, we have achieved positive results in telecommunications big data projects for the traffic department of various city and county governments, the Tourism Bureau, the Institute of Transportation, MOTC, academic institutions, and traffic engineering consultants. Multiple innovative services have also been developed, such as Start/finish distribution, Road speed ratio, Driving routes, Hotspot analysis.	• Assist related strategy formulation and management measures optimization, as well as to get a hold of potential business opportunities



遠傳首創推動 5G 遠距診療，以「網路取代馬路」，運用科技達成「醫療零偏鄉」的願景



遠傳電信協助亞東紀念醫院推動通訊診療門診服務

遠傳電信參加「2021 台灣醫療科技展」，「5G 緊急救護」解決方案首度曝光

2.3 Smart Living

With the technological improvement and integration of big data, artificial intelligence, and the Internet of Things, FET continues to launch innovative products and service to provide the public with a more diversified smart life style while meeting needs and improving the quality of life, and will continue to expand the applications of 5G networks. The service enables the public to enjoy high-speed, low-latency, and wide-connections of the smart life services with the popularization of 5G.

Project / Product / Service	Description	Key Benefits
Mobile Circle App	• FET "Mobile Circle" App to provide comprehensive and convenient services to consumers in 2021, including coffee preordering at the 4 major convenience stores, parking, and receipt lottery services. We use big data to understand customer preferences and improve shopping experience through a recommendation engine. We also work closely with our partner brands to develop different niche markets and provide users with more detailed and preferential information, increasing user loyalty. In partnering up with startups like agoda, AsiaYo and Obis, we introduced VR/AR services such as house and furniture viewing, and successfully achieved hundred million dollar sales at the end of the year.	• Over 3 million app downloads.
360 Kid's Smart Watch	• In 2021, we optimized the 360 Kid's Watch E2, including reducing the range of safety zone in settings and modifying the app interface to provide more accurate guarding and better user experience.	• Optimized the 360 Kid's Watch E2 and sales increased by nearly 20% than the previous year's highest monthly sales.
Smart Speakers	• The built-in Google smart voice assistant. Users can initiate multiple smart living applications including weather forecast, radio, music simply by voicing their needs. In addition, the speaker can be connected to smart home network to allow voice command over home appliances, thereby realizing more smart home services.	• Nearly 20% growth in annual sales.

「遠傳心生活」推出的跨超商咖啡寄杯服務，攜手四大超商，只要在「遠傳心生活」一次下單即可，便利數位服務超有感！

「遠傳心生活」與多家夥伴聯盟，共同打造一站式行動生活圈

Project / Product / Service	Description	Key Benefits
friDay Brand	• Video: In the 2021 NCC and TAICCA report, friDay AV is the leading Taiwanese telecom OTT brand. friDay Video strives to build an entertainment platform for the latest Japanese and Korean movies and dramas in "Monthly Exclusive Dramas." The company also focuses on international partnerships, exclusively broadcasting Korean music festivals "Mnet Asian Music Awards, MAMA" and "Adele Griffith Observatory Concert" for two consecutive years, achieving a record 500% growth on 11/11. 2021 saw 170% growth in paid members. In the future, friDay AV will continue to increase its connection with viewers through curation, community, and consumer insights, continuing to increase unique content and actively investing in original and self-produced programs to expand OTT market share. • Music: friDay Music has over 10 million of the latest and hottest songs, and the new "Podcast section" in 2021 provides the lasted Podcast programs, music videos and artist interview videos, offering a full range of "auditory" and "visual" content services. • Financing: FET participates in the FSC's promotion of domestic open banking and was the first to launch a one-stop account integration function, TSP, in the second phase of open banking in Taiwan. TSP works for the Far Eastern International Bank, bank holdings, and public banks, and other financial institutions through the Heartlife platform in building a cross-border ecosystem to provide users with digital financial convenience. • Shopping: friDay Shopping launches promotional services from consumers' standpoints and continues to optimize its app to increase customer loyalty. In addition, FriDay Shopping enhances customers' shopping experience and satisfaction through predicting their preferences using big data, as well as integrates with the FET ecology to enhance the convenience and contents of FET users.	• In 2021, the total viewing population of friDay Video grew by more than 70%.

CH3

Excellent Service

3.1 Zero Distance Services

3.2 Most Considerate Communication

3.3 Customer Privacy Protection

3.4 Service Feedback and Improvement

Strategy and Goal

Corresponding Material Topics

- Information security and privacy protection
- Talent development and management

Corresponding Risks and Opportunities

- Brand image management
- Quality customer experience and transparent communication

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
Touchpoint Net Promoter Score(touchpoint-NPS) at each service site	1. Store: 88 points and above 2.Call center: 46 points 3.Mobile Circle App: 65 points	Achieved 1. Store: 92 points 2. Call center: 55 points 3.Mobile Circle App: 78 points	1. Store: maintain 88 points and above 2. Call center: 49 points 3. Mobile Circle App: 67 points	1. Store: maintain 88 points and above 2.Call center: 50 points 3.Mobile Circle App: 69 points	• Create unique, caring and safe customer service and workplace, and become the preferred brand for customers and employees
GS Qualicert service certification	Continue to pass SGS Service Qualicert	Achieved	Continue to pass SGS Service Qualicert	Continue to pass SGS Service Qualicert	
Participating in and won the selection of Outstanding Store Manager	Won the selection of Outstanding Store Manager	Achieved, 3 direct stores won the Outstanding Store Manager Award	Continue to win the Outstanding Store Manager Award	Continue to win the Outstanding Store Manager Award	
ISO Information Security Management certification	Continue to pass ISO 27001 Information Security Certification	Achieved	Continue to pass ISO 27001 Information Security Certification	Continue to pass ISO 27001 Information Security Certification	
International standard certification for personal data management	Continue to pass BS 10012 Personal Information Security System Certification	Achieved	Continue to pass BS 10012 Personal Information Security System Certification	Continue to pass BS 10012 Personal Information Security System Certification	
Zero personal data leakage	Zero personal data leakage	Achieved	Zero personal data leakage		

3.1 Zero Distance Services

FET ensures the smooth operation of customer service mechanism through an iterative service management system. Regular service quality supervision and inspection and service quality meetings are convened to make sure that customers receive quality experience and services and that the brand value is enhanced. FET integrates warm caring into customer services through a the "360° Store Service" concept and continues to launch thoughtful customer care services. Customized services are provided to meet diverse customer needs, thereby implementing FET's thoughtful philosophy of "closing the distance" in practice.

	Caring Service	Service Content
Crafting the best and most efficient store service experience	Store reservation service	Reserve online or through mobile devices to shorten waiting times.
	100% promise 100% satisfaction	After 10 minutes of waiting time, customers are given NT$1 discount for every additional minute that they have to wait to be served in store, and the discount will be used as deductions toward their next bills.
	Self-service kiosks	Self-service kiosks are set up at certain stores throughout Taiwan, allowing customers to make credit card / electronic bill payments, recharge prepaid cards, and make bill inquiries.
	Free 4G/5G road test	7-day free trial of 4G/5G SIM card / mobile phone.
Building comprehensive and caring after-sales service	Home delivery service for platinum members	FET Platinum VIP members can call customer service for repair, and FET will dispatch courier to pick up products requiring repair / maintenance.
	Mobile device insurance	Mobile device insurance can be obtained by paying monthly or annual fees. Repair and maintenance service starting from monthly fee of NT$99.
	Mobile phone trade-in	Trade-in value appraisal, and buyback of customers' unused or obsolete cell phones are provided as credits for customers purchasing new phones and to be more environmentally-friendly.

The FET store service handbook has service guidelines that cover interactions and service reminders for customers with special needs, including the elderly, young children, physically or mentally challenged, and those experiencing language or product difficulties, so that all consumers can experience the thoughtful customer care from FET. FET also encourages all stores to launch community service projects based on their local needs to expand opportunities to communicate with and reach out to the public. For instance, our channel training department collaborated with neighboring communities in Greater Taipei area to host neighborhood consumer courses, so that elderly citizens can learn about the uses and operations of smart products without going to a FET store.

In addition, by planning and implementing innovative system and functions, FET's call center is gradually transforming from traditional to a digitized customer service center. By developing FET Mobile Circle App and Customer Experience Management (CEM) system, we are committed to building a well-rounded digital service center and working toward customer service 4.0. Through continuing to strengthen self-service functions to increase the ratio of digitization, and using big data to analyze consumer's online behavior, customer service personnel can quickly confirm customer status and provide fitting responses to solve signal-related problems.

FET has won 12 awards in the 2021 Customer Service Excellence Awards (CSEA) organized by the Taiwan Customer Service Center Development Association (TCCDA), including 3 company awards, "Best Customer Experience Company", "Best Service Innovation Company" and "Best Customer Service System Application Company"; 4 awards "Best Customer Service Telemarketing Team", "Best Customer Service System Technology Team", "Best Intelligent System Technology Team", "Best Customer Service Training Team"; and 5 personal awards "Best Customer Service Star", "Best Customer Service Marketing Star", "Best Customer Service System Management Supervisor", "Best Field Management Star", "Best Customer Service Training Star".

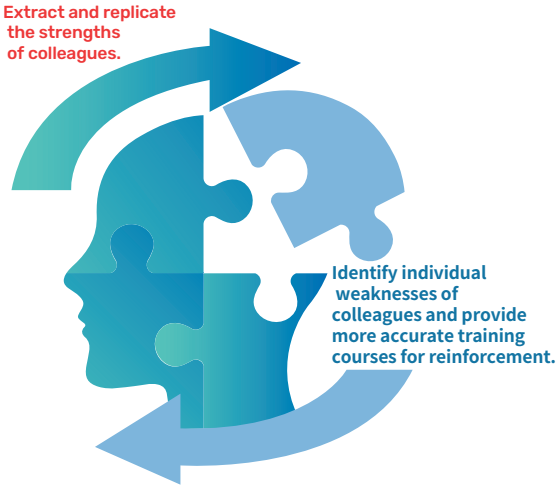
3.1.1 Service Staff Training

Training for Store Staff

For providing a consistent and professional standard of service, FET has established a 2x3 system training course on 6 pillars, which is based on two aspects - knowledge and skills. "Basic development" is first phase of training for new employees while "skill cultivation" and "diversity training" also provided as on-the-job training for existing employees. To strengthen online/offline integration strategies to promote physical channels, the online digital learning system was reinforced and an e-library that comprises of nearly 170 digital courses was built in 2021, and cumulatively have 720 courses. Store staff can access the e-library on their smartphones to self-study from anytime, anywhere. Currently, the courses have been accessed 25,713 times. In response to the launch of 5G network, FET has set up 44 courses of product general training for store and call center, total 1,073 persons participated in the training and the total training hour was 3,666 hours. In addition, to strengthen store staff's customer care and community building skills, as well as to build their market competitiveness, FET also organized various external training courses including returning customer management, voluntary service skills enhancement, social media live feed teaching, sales strategies, market and social media management courses.

Customer Service Staff Training

With the advent of the digital age, customer service centers are transforming with the concept of "leaving the simple things to the robots and the staff handling the complicated things" to build professional and versatile staff. FET conducts personalized analysis through four performance dimensions, extracts Super DNA from the top 20% of personnel and robots and replicates it, and understands the function gaps of service personnel. With customized training program, we enhance the professional ability and problem solving ability of our employees in order to provide more intimate services to our customers.



Provide customized service content and implement the warm service of remote transmission with zero distance.

FET won 18 awards in the “CSEA Customer Service Excellence Awards”, the largest number of awards in the telecom industry.

3.2 Most Considerate Communication

FET is committed to realizing the corporate vision of "FET Connects and Enriches Life" into customer communications. Besides asking store staff to fulfill responsibilities in communications before and after-sales, FET also developed online and offline integration services in response to the global digitization trends. Convenient, instant, and comprehensive communications and service experiences are offered to customers through smartphone App and online customer support.

3.2.1 Product and Service Sales SOP

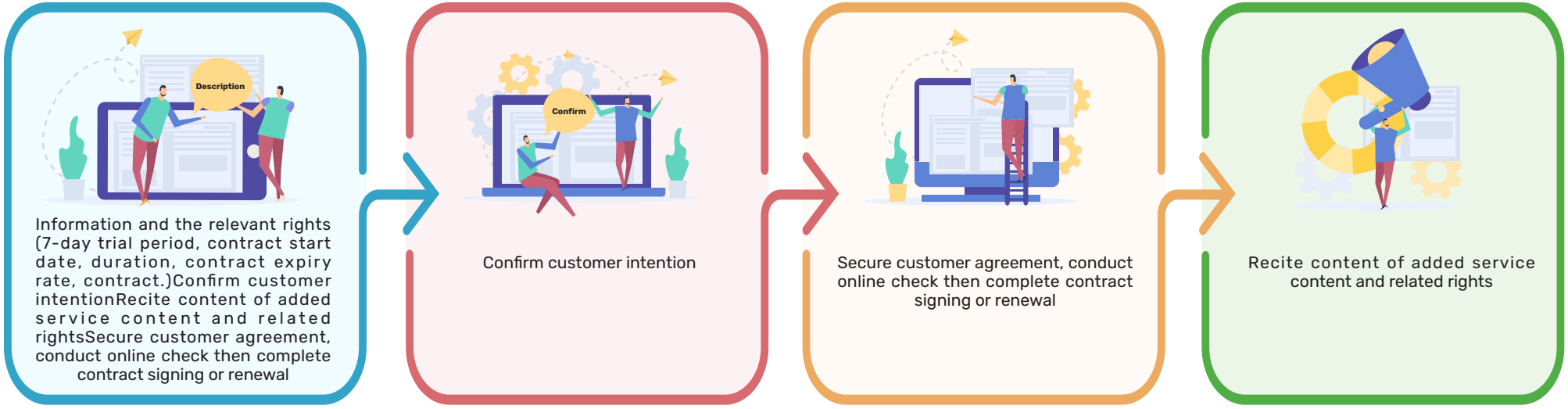
To ensure consumers' rights and interests in using mobile products, all promotions and sales of FET products and services conform to regulations from our competent authorities, namely the National Communications Commission (NCC) and the Fair Trade Commission (FTC). All products and service sold by FET are legal products supplied by contracted TWSE/TPEx-listed companies. Consumers are also entitled to product warranties provided by the original manufacturers. All mobile communication devices sold by FET is in compliance with the NCC's regulations on warning labels as well as Specific Absorption Rate (SAR) criteria and actual measurements, and information on EMR is also fully disclosed to consumers. In terms of after-sale services, warranty services are provided for all mobile phones and peripheral products sold by FET. Consumers can also contact the warranty service providers or send the damaged products to agents or distributors for repair. There were no product labeling and marketing communication related violations at FET in 2021.

3.2.2 Rate Plan Transparency and Service Procedure

Rate plan transparency and communications can enhance consumer trust by effectively reducing customer complaints from insufficient awareness or misunderstanding of products or services. The rate plans for new products and services must be submitted to the competent authority for approval or their reference in accordance with the "Standard Operating Procedure for Reporting of Telecommunications Rate Plans to the Competent Authority". It is then published before coming into effect as required by law and full disclosure is provided in the media, on the corporate website and at each business site.

To ensure that users fully understand all rights and obligations under the rate plan, FET store staff will explain the content of the rate plans in details when consumers apply for services. Written information, such as the service application form, is also provided for the customer's reference. Customers with expiring contracts are notified via SMS and phone calls, and promotional offers are included in their phone bills. When a customer qualifies for a contract renewal, a representative of FET will proactively suggest related promotions. Consumers can also conveniently renew the contract online or through FET Mobile Circle App.

FET Sales and Contract Signing Procedure



3.3 Customer Privacy Protection

FET's privacy protection policy is based on the ideas of "legally collected, properly used, and strictly protected", which protects individuals from having "the right to be free from interference" and "the right to control information related to oneself" where it is determined by one's own will how personal information should be handled. We also comply in accordance with the domestic laws and regulations of the "Personal Data Protection Act", "Enforcement Rules of the Personal Data Protection Act", "Measures for the Security Maintenance of Personal Data Files of Non-Public Agencies Designated by the National Communications Commission" and refer to the "General Data Protection Rule (GDPR)" issued by the EU for the trend of protecting privacy, and implement Privacy by Design as well as Data Protection by Design.

FET's privacy protection policies and regulations apply to FET's overall operating procedures, including the collection, storage, processing, utilization, and sharing of personal data and private information with suppliers, etc. All employees must follow the "Administrative Measures for the Collection, Processing and Utilization of Personal Data and Private Information" set by FET. The collection of personal data and private information shall comply with the collection purposes and scope approved by the company and conduct notifications while collecting personal data and privacy information. If employees violate the relevant policies and regulations, FET will implement the necessary punishments in accordance with the rules and take relevant legal measures as appropriate.

Data Collection and Preservation

The personal information of FET customers is mainly collected through physical stores, telemarketing and other channels, and customers are notified at the moment of the collection. After understanding the content of the personal information collection notice, the customer must provide the personal information necessary for the application of telecom services and related value-added services on the mobile broadband service application form, and agree to the information collection notification. 78.9% of customer consent to secondary use of data in 2021. FET keeps relevant personal data records provided by the customers in the system, then processes and utilizes the information within the specified scope of the announcement. For the preservation of customer data, FET will regularly review the necessity of personal data retention. If the storage period expires or the purpose of storage disappears, destruction and deletion will be carried out upon active judgement or the request of the related parties. Destruction and deletion operations will be executed and will not be able to be recovered. FET has obtained the BS 10012 certification of information security for 9 consecutive years. The scope of the certification covers all retail stores in Taiwan, service applications, collection of customer data at the front-end, as well as ratings and mailing of bills and data processing in the back-end. If customers have privacy-related issues, they can respond through the customer complaint channel and FET will handle them immediately.

Data Processing and Usage

In regard to the processing and usage of personal data and privacy information, the specification can only process and use data defined by the purpose agreed upon by the collection and consent of the user. Except for the consent of the parties and the reasons required by law, no personal data and private information should be processed and used by third-party organizations or individuals. In regard to the maintenance of information security, FET establishes guidelines and strictly implements identity verification, access authorization, hierarchical privacy protection, and data minimization according to the user's personal data and private information life cycle. Only the necessary data will be used to complete de-identification, data output fuzzification (level distance, integrated statistics), and disclosure restrictions (such as the number of individuals in a single grid area must not be less than a certain value) are used to generate data in order to reduce information security and privacy risks.

In 2021, FET received one complaint from a competent authority related to customer's personal information and privacy. Investigation showed no violations of laws related to personal information and privacy of customers and no monetary losses as a result.. Furthermore, in line with the requirement from Telecommunications Act and other applicable laws, which stipulate that Taiwan's telecom operators need to disclose the basic information and call detail records (CDR) of their customers upon receiving lawful written requests from government agencies, FET has established the "Standard Operating Procedure for Processing Requests for Call Detail Records and Customer Basic Information." Accordingly, all responses to such requests are sent via secure and encrypted methods, and details of such inquiries are also properly retained and documented. The Number of government requests for customer information is 206,880 in 2021, all requests were duly replied. FET also actively responds to concerns of inappropriate leaks and usage of data and personal information by continuing to emphasize the importance of customer privacy protection to all departments, as well as by implementing processing trail management and advocates for the reinforcement of identity verification process.

3.4 Service Feedback and Improvement

3.4.1 Customer Satisfaction

An internal service quality and process management mechanism that understands customer opinions and feedback, and ensures that various needs are met, through regular internal and external service satisfaction survey and comprehensive customer complaint management system. These systems help FET to continuously optimize customer management processes. Concurrently, FET also includes customer satisfaction as one of the performance indicators for employee evaluation. By emphasizing on high service quality, we strive to provide unique user experience and the best service perception for customers.

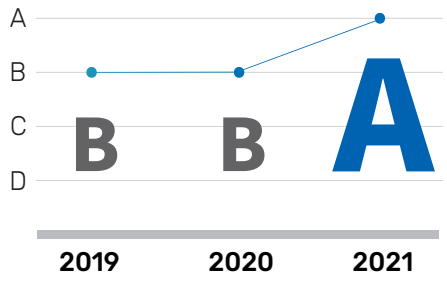
Customer Satisfaction Survey Types and Statements	FET Telecom Survey Items	Arcoa Survey Items
Internal survey: A thorough evaluation of customer satisfaction with FET's products and services	Store Satisfaction, Satisfaction Survey on Call Center	Store Maintenance & Repair Satisfaction Survey
Outsourcing survey: Facilitate comparisons with other telecoms companies in order to drive continuous improvement.	Overall Satisfaction Survey	-

FET Telecom

Overall Satisfaction Survey (External)

FET commissions external market survey companies to conduct mobile phone user satisfaction survey in April and October in each year. Approximately 1,200 FET subscribers are interviewed in each survey. These surveys randomly target mobile phone users aged between 15 and 64 who have used the services of one of the five telecommunication companies in Taiwan, including FET. These consumer surveys help FET understand how we position ourselves against our competitors in each service category. Prior to the surveys, we invite 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 so as to continually strengthen customer relations management. FET opted for the even more challenging customer net promoter score (NPS) in the second half of 2021, and the grade improved from Grade B to Grade A. Other details on the satisfaction survey are as follow:

Customer Net Promoter Score[11]



Key Satisfaction Score[12]

	2019	2020	2021
Communication and Internet Quality	71%	66%	70%
Store Service	88%	90%	88%
Telephone service	90%	88%	90%
Overall satisfaction	69%	67%	70%

[11] Starting from 2019, FET change the indicator to NPS, therefore, only disclose the data from 2019 to 2021

[12] 2,400 users aged 15-64 years old who have used FET services for more than three months (inclusive) were randomly selected for the interview,accounting for approximately 80% of all FET users. Scores were from 0-5 points. And the score of overall satisfaction were five-point scale, which divided into "Excellent", "Very Good", "Good", "Fair", and "Poor". The definition of "Satisfied" is the ratio of "Excellent", "Very Good", and "Good

Satisfaction Survey on Call Center (Internal)

Inspection items include overall satisfaction of store personnel, their problem-solving ability, and speed of case handling. To continuously enhance customer service, FET actively follows-up on customers who provided negative feedback while also rewards high-performing staff.

	2019	2020	2021
Number of Survey Callouts / Texting	10,998,581	8,369,921	8,877,575
Number of Valid Call-outs / Responded Texting	845,870	1,216,449	1,337,702
Satisfaction Rate	Jan - Feb (out of 5possible points) 4.77 points	9.76	9.82
	Mar – Dec (out of 10 possible points) 9.66 points		

Satisfaction Survey on Call Center (Internal)

In addition to the existing overall satisfaction of telephone service operators, service attitude, and whether problem has been resolved, "customers' likelihood of promoting FET" has also been added to the survey items in 2019 to further understand customers' levels of satisfaction with FET's service. In addition, as basis for subsequent improvement, customers who provided negative feedback are also followed-up with via telephone to listen to their causes of complaint.

	2019	2020	2021
Valid call center satisfaction surveys on overall inbound calls[15]	14.6%	15%	16%
Net promoter score (NPS) for call center satisfaction survey[16]	Aug - Dec 40	48	55
Overall satisfaction of call center satisfaction survey	Jan - Jul 4 .75 Aug - Dec 9.12	9.4	9.55
First Contact Resolution[17]	Jan - Jul 91% Aug - Dec 9.08	9.3	9.47

Arcoa

Store Maintenance & Repair Satisfaction Survey

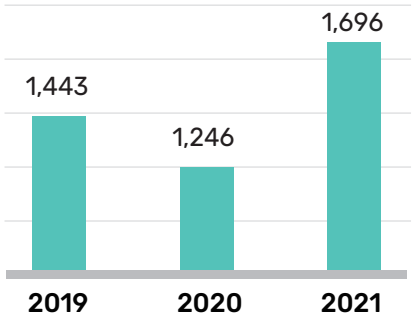
To provide quality and efficient after-sale maintenance and repair service and to achieve our goal of generating higher customer satisfaction than industry competitors, Arcoa conducts "telephone customer satisfaction survey for completed repair" within one week after completing the maintenance/repair for customers. To enhance overall satisfaction, weekly review is conducted and management is reinforced on items and areas where we lag behind. The performance indicator is changed to Touchpoint Net Promoter Score (tNPS) in 2020 to understand that customer who used repair service whether willing to recommend their family or friends use the FET's service. 2021Increase the weekly review of cases that are not repaired within 5 days to improve the rate of repair beyond 5 days by 1.7%.and adjust tNPS to an online survey and review relevant feedback weekly to optimize services, therefore, tNPS greatly increased by 20%. The target of tNPS in 2022 is 90%.

	2019	2020	2021
24-Hours Engineer Reparability Rate	80%	92%	94%
Over-5-days Reparability Rate	8.5%	2.8%	1.1%
Touchpoint Net Promoter Score (tNPS)	-	69%	89%

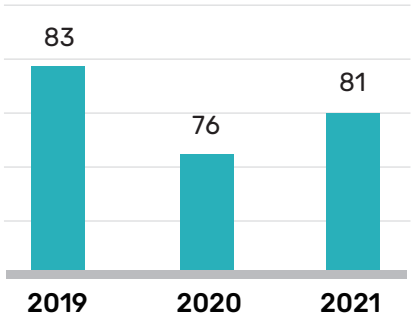
[13] Starting from March 2019, the statistical data has been altered from" Number of Survey Call-outs" to "Number of Survey Texting"
[14] Starting from March 2019, the statistical data has been altered from" Number of Valid Call-outs" to "Number of Response Texting"
[15] The call center satisfaction KPI has been integrated into three times, in which "The number of call-outs of internal telephone customer service satisfaction" and "Valid questionnaires of telephone customer service satisfaction survey" have been combined into "Valid telephone customer service satisfaction surveys as percentage of overall inbound calls (%)".
[16] Starting from August 2019, the scoring system of call center satisfaction survey has been altered from a 5-point system to a 10-point system, and the question "Based on your current experience of reaching out to the Call Center, will you recommend your friends and relatives to use 29 services from FET?" (Net Promoter Scores; NPS) has been added.
[17] Starting from August 2019, "overall satisfaction level" and "First Contact Resolution" have been adjusted to be an average point system.

3.4.2 Customer Complaint Mechanism

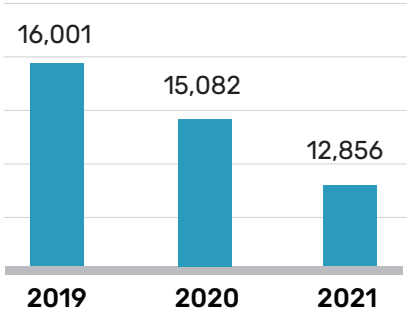
To strengthen customer center management, and to instantly and appropriately handle customer complaints through systematic means, FET has introduced the ISO 18295 Customer Contact Centers certification. FET provides five individually-managed grievance channels for customers to ensure that customers can freely provide feedback and opinions, and to ensure that all complaints will be solved properly. Material customer complaints are forwarded to the customer relations management team by the customer service unit manager within 2 hours. At the same time, by establishing a dedicated cross-department customer complaint improvement team is formed to regularly review and track the timeliness, FET is dedicated to reducing the number of complaints, increasing customers' satisfaction for complaint resolutions, and fulfilling our mission of Zero Distance Services.



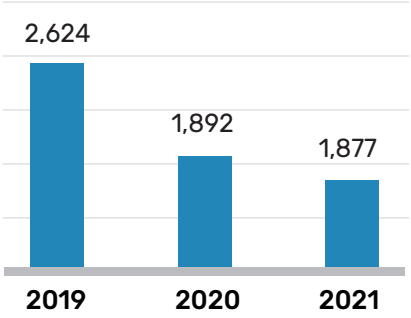
Government documents



Arbitration Meeting



Customer Service Hotline



FETnet website & FET Mobile Circle App

Grievance Channels	Complaint Management	Responsible Unit
Government documents	FET has a complete internal customer complaints management system for handling official complaints from local governments and consumer protection groups.	Customer Relations Management Team
Arbitration Meeting		
Customer Service Hotline	Complaints are delivered in the form of messages. These are handled by dedicated staff at the call center.	Customer Complaints Handling Team
FETnet website	Complaints are delivered in the form of messages. These are handled by dedicated staff at the call center.	Customer Service Department
FET Mobile Circle App		

CH4

Workplace

4.1 Human Resource Management

4.2 Talent Development

4.3 Workplace Diversity

4.4 Employee Health and Workplace Safety

Strategy and Goal

Corresponding Material Topics

- Talent development and management
- Occupational health and safety
- Human rights and workplace diversity

Corresponding Risks and Opportunities

- Adverse outcomes of technological advances

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
Incorporate sustainability related KPI into employees and managers'performance evaluation	Introduce to performance evaluation for ranks of managers responsible for leading and above	Achieved	1. Introduce to performance evaluation for ranks of managers 2. Store manager promote the Sustainability Store	Introduce to performance evaluation for all employees	• Create unique, caring and safe customer service and workplace, and become the preferred brand for customers and employees
Compliance with Labor Standards Act and human right	100% compliance with Labor Standards Act; Prohibits any violations and human right infringements	Achieved	100% compliance with Labor Standards Act; Prohibits any violations and human right infringements	Ensure philosophy and principles of human rights and require all suppliers throughout supply chain to do the same; collaborate with supply chain to ensure no human rights violations	
Maintain dual certifications in occupational safety and health	1. Continue to pass and receive ISO 45001 2. Kaohsuiung Linguang Ofiice receive Badge of Accredited Healthy Workplace	Achieved	1. Continue to pass and receive ISO 45001 2. Kaohsuiung Linguang Ofiice receive Badge of Accredited Healthy Workplace 3. Taichung Officereceive Badge of Accredited Healthy Workplace	Continue to pass and receive ISO 45001	
Employee communication response ratio	1. Employee communication response ratio 100% 2. Held at least 2 Town Hall Meetings	Achieved	1. Employee communication response ratio 100% 2. Held at least 2 Town Hall Meetings	1. Employee communication response ratio 100% 2. Held at least 3 Town Hall Meetings	
Increase employee Net Promotor Score (eNPS)	eNPS reach 50 or above	Achieved: 1H: 59,2H: 69	eNPS reach 50 or above	eNPS reach 50 or above	

Strategy and Goal

Corresponding Material Topics

- Talent development and management
- Occupational health and safety
- Human rights and workplace diversity

Corresponding Risks and Opportunities

- Adverse outcomes of technological advances

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
Average hours of training per employee per year	70 hours	Not achieved, 36.4 hours, reduced the physical courses due to COVID-19	70 hours	Annual training course plans: 1. 100% for current employees of a year of move have received (at least one course of) training. 2. 100% completion rate of the mandatory employee legal training. 3. 100% completion rate of required courses for new employees. 4. Company-wide average satisfaction level of training courses >4.2	• Create unique, caring and safe customer service and workplace, and become the preferred brand for customers and employees
Empower employees	1. Fulfill self-development: 2021 IDP completion rate 100% 2. Achieve 100% employee learning opportunities: Provide the required subject for all levels 3. Retain Gold Medal from Talent Qualitymanagement System	Achieved	1. Fulfill self-development: 2022 IDP completion rate 100% 2. Achieve 100% employee learning opportunities: Provide the required subject for all levels 3. Retain Gold Medal from Talent Qualitymanagement System	Diverse learning environments: 1. Online courses account for >55%of the total learning hours. 2. Learning and development resources on multiple platforms.	
Ratio of female managers among all managers	No less than 30%	Achieved	No less than 30%	No less than 30%	

4.1 Human Resource Management

4.1.1 Employee Structure Overview

In terms of workforce structure at FET, 51% of employees are female and 49% male, of which females account for 34% of senior managers (assistant managers, managers and above). Over 98.35% of all FET employees are domestic citizens with indefinite contracts. In response to the incoming era of 5G, FET continues to recruit new technical talent and to appropriately adjust and plan the HR structure. Total number of employees in 2021 was 5,934 persons, slight decrease of 2.7% from the previous year. The other 134 non-employee workers are engaged in project engineers, administrative and logistics-related operations.

Number of Employees by Type of Contract in 2021[18]

FET Telecom

	Indefinite Contract	Temporary Contract
	2,732	65
	2,731	31
Total	5,463	96
Ratio (%)	98.27%	1.73%

Arcoa

	Indefinite Contract	Temporary Contract
	135	0
	238	2
Total	373	2
Ratio (%)	99.47%	0.53%

Average Employee Age and Seniority

FET Telecom

	Average Age	AverageSeniority (years)
	41.16	10.76
	38.88	10.63
Total	40.03	10.69

Arcoa

	Average Age	AverageSeniority (years)
	39.17	6.55
	37.36	7.75
Total	38.01	7.32

Employees by Education Background

FET Telecom

Unit: number of people

	Male	Female	Total
Senior or vocational high school	279	536	815
Bachelor's or associate's	1,962	1,940	3,902
Master	545	283	828
PhD	11	3	14

Arcoa

Unit: number of people

	Male	Female	Total
Senior or vocational high school	24	92	116
Bachelor's or associate's	101	144	245
Master	10	4	14
PhD	-	-	-

[18] Indefinite contract is non-fixed term contract, and temporary contract is fix-term contract. According to Article 9 of Labor Standards Act, a contract in nature for temporary, short-term, seasonal or specific work may be made as a fixed term contract, but a contract for continuous work, should be a non-fixed term contract. Far EasTone Telecommunications (FET) only operates in Taiwan.

4.1.2 Employee Salary and Welfare

FET believes that providing employees with competitive, fair salaries and welfare benefits are key factors in retaining talent. In terms of the compensation system, the starting salary at all levels is the same for male and female employees. It is also higher than the statutory minimum wage mandated by the government, with a balance maintained between average male and female salaries in all positions. The company also provides employees with annual bonuses, performance bonuses, sales bonuses and special incentives, to reward exceptional employees and create a high-performance corporate culture.

Basic-level employees paid above the legal minimum wage[19]	
FET Telecom	17.89%
Arcoa	16.58%

Non-management[20] Employees Salaries-FET Telecom

Item	Unit	2020	2021	Annual difference
Number of non-management full timeemployees[21]	Number of people	5,283	5,132	-2.86%
Total salary of non-management full timeemployees	NT$ Thousand	4,862,701	4,940,108	+1.59%
Average salary of non-management fulltime employees	NT$ Thousand	921	962	+4.45%
Median salary of non-management fulltime employees	NT$ Thousand	797	840	+5.40%

Employees Salaries-FET Telecom[22] Employees Salaries-Arcoa

Item	Unit	2020	2021	Annual difference
Number of non-management full timeemployees[23]	Number of people	350	315	-10%
Total salary of non-management full timeemployees	NT$ Thousand	211,412	200,569	-5%
Average salary of non-management fulltime employees	NT$ Thousand	604	637	+5%
Median salary of non-management fulltime employees	NT$ Thousand	568	605	+7%

[19] Basic salary has been NT$24,000 in Taiwan since 1 of January 2021.
[20] Non-management
[21] Number of non-management full time employees = (the number of employees who have been employed for more than six months(included) in the current year – the number of employees in management positions – the number of employees after deducting part of the working hours) and conduct weighted average of the number of days served.
[22] Non-management
[23] Number of non-management full time employees = (the number of employees who have been employed for more than six months(included) in the current year – the number of employees in management positions – the number of employees after deducting part of the working hours) and conduct weighted average of the number of days served.

Average Salary by General Employees and Management

FET Telecom

Basic salary	2020 Male		2020 Female	2021 Male		2021 Female
General Employees	1	:	0.88	1	:	0.88
Assistant Manager / Manager / Director	1	:	0.92	1	:	0.93
Vice President	1	:	0.85	1	:	1.05

Arcoa

Basic salary	2020 Male		2020 Female	2021 Male		2021 Female
General Employees	1	:	0.86	1	:	0.86
Assistant Manager / Manager / Director	1	:	0.97	1	:	0.94
Vice President	-		-	-		-

FET Telecom

Basic salary and bonus	2020 Male		2020 Female	2021 Male		2021 Female
General Employees	1	:	0.89	1	:	0.89
Assistant Manager / Manager / Director	1	:	0.91	1	:	0.93
Vice President	1	:	0.85	1	:	1.04

Arcoa

Basic salary and bonus	2020 Male		2020 Female	2021 Male		2021 Female
General Employees	1	:	0.91	1	:	0.94
Assistant Manager / Manager / Director	1	:	0.97	1	:	0.95
Vice President	-		-	-		-

Employee Welfare

In terms of welfare policy, all FET employees receive more than the legally mandated minimum welfare benefits. The company also provides employees with health checks and preventative screening for cancer that are superior to the legally required basic minimum. In addition, in order to create a happy workplace environment that promotes an optimal work-life balance, FET also provides a range of other welfare items such as establishment of Employee Welfare Committee, group activities and employee outings.

Item	Statement
Paid sick leave and paid leave for volunteerservice	Employees receive five days per year than the paid sick leave pension statutory minimum; provide a two days paid leave for volunteer service per year, in order to encourage employees to participate in charitable activities.
Employee canteen	FET works with a nutritionist from Cathay General Hospital to promote healthy dietary habits and provide employees with vegetarian and healthy set meals selections.
Flexible work hours	The company has four flexible work time schedules (A new working period has been added in 2020). If employees in a work team need to start work at a different time, they can discuss the matter internally and apply for an adjustment of their work schedule.
Work from home and remote office	Depending on the nature of their work, employees can seek permission from their managers to work from home.; Some employees, based on the nature of their work, such as salespersons or network maintenance technicians work long hours outside the office at different times and places.
Maternity / Paternity leave better than legal minimum	From 2022, maternity leave are 60 days with 8 days of pregnancy checkup leave, and 8 days each for paternity leave as well as accompany for pregnancy checkups, which are better than the statutory days.
Childbirth compensations	Parental leave per regulation; both male and female employees are provided with a childbirth subsidy of NT$5,000 for the first child and NT$10,000 for the second child. 144 employees have been subsidized.
Childcare program	FET cooperates with nearby kindergartens and nurseries to provide after-school courses and childcare service for colleagues, while employees can flexibly arrange it and enjoy preferential fees. There is also a parent-child club provide multiple activities such as art appreciation, parent-child DIY hand-made course, and health promotion activities; health seminars on breastfeeding and infant and baby's health are also regularly provided to support female workers with babies; all offices are equipped with outstanding breastfeeding rooms, which has received numerous certification and awards from regional health institutions.
Health and relaxation facilities at the offices	Free relaxation areas (e.g. flywheel, indoor golf, electric racing games, VR games, yoga area and electric massage chair area) are set up in each office for employees to relax from work stress during break time. There are also a number of couch areas for employees to take a break from work and relieve their physical and mental fatigue.
Employee health checkups	The Company provides health checkups that covers more than regulatory requirements. Carotid ultrasound and cardiac ultrasound are covered to older employees to assess the risk of stroke, coronary artery stenosis and heart valve atresia. Fundus photography is also available to observe macular lesions and diseases such as fundus vasculature and glaucoma.
Health+ App blood pressure measuring device	FET has developed its own Health+ App with devices at all offices. Employees can take blood pressure at any time and upload the records to the Health+ App for self-monitoring and management.
AEDs in offices	In preparation for emergencies, all offices (stores) are equipped with Automated External Defibrillators (AEDs) and medical staff who received regular training so that colleagues can receive immediate emergency care.
Free counselling services	For employees' mental health, contracted professional organizations offer counseling for employees' family, marital, stress, and interpersonal issues in order to maintain physical and mental balance and ensure work safety, quality and productivity. Each employee is entitled to six free psychological counseling sessions per year. In addition, the company's intranet provides a positivity quotes and supports employees through stressful situations through articles, stories, movie reviews and books.
Superb breastfeeding room	Breastfeeding rooms located in all office spaces have been commanded and received awards from public health authorities. We hold regular baby and child health seminars regarding breastfeeding and parenting for female employees after childbirth.

2021 Parental Leave

FET Telecom

Unit: Number of people

Parental Leave	Male	Female	Total
Number of employees qualified for parental leave (A)	209	348	557
Actual number of applicants for parental leave (B)	36	271	307
Application rate (B / A)	17.22%	77.87%	55.12%
Number of employees returning from parental leave (C)	13	74	87
Applications to return to work (D)	9	54	63
Return to work rate (D / C)	69.23%	72.97%	72.41%
Total number of parental leave applications in the last period (E)	4	44	48
Total number of parental leave applications in the last period (E)	4	38	42
Retention rate (F / E)	100.00%	86.36%	87.50%

Arcoa

Unit: Number of people

Parental Leave	Male	Female	Total
Number of employees qualified for parental leave (A)	2	19	21
Actual number of applicants for parental leave (B)	1	11	12
Application rate (B / A)	50.00%	57.89%	57.14%
Number of employees returning from parental leave (C)	0	6	6
Applications to return to work (D)	0	5	5
Return to work rate (D / C)	-	83.33%	83.33%
Total number of parental leave applications in the last period (E)	1	2	3
Total number of parental leave applications in the last period (E)	1	1	2
Retention rate (F / E)	100.00%	50.00%	66.67%

In terms of retirement benefits, FET has enacted retirement scheme for all formally employed employees pursuant to applicable regulations in the Labor Standards Act.For employees who opt to remain with the old pension scheme, or those who choose the new scheme but retain their seniority from the old scheme, 2% of their monthly payis appropriated toward the pension reserve on a monthly basis.The pension reserve is managed by the Worker Retirement Reserve Supervisory Committee and deposited in Bank of Taiwan under the name of said committee. In addition, the new "Labor Pension Act" has been enacted as of July 1, 2005. For employees who opt for the new scheme,FET appropriates 6% of their monthly pay to the Labor Insurance Bureau on a monthly basis. Full appropriation of the pension allowance is made to ensure that the pension reserve is sufficient to cover the pension expenses of employees who fulfill conditions for retirement.

Unit: NT$ Thousand

Pension Statistic	
Pension Liabilities	533,046
Pension Expenses	253,954

4.2 Talent Development

4.2.1 Recruiting and Retaining Talent

As the age of 5G approaches, in order to respond to revolutions in the telecom industry, FET continues to build its innovative talent resource by actively recruiting interindustry integrative service and technical personnel skilled in telecommunications, digital media, information security, cloud, artificial intelligence (AI), and the Internet of Things (IoT). At the same time, to attract more talent with future potential to join the ICT industry, FET has begun to explore campuses and has developed diverse cooperation models with many universities and colleges with relevant disciplines. We strive to integrate campus resources to foster professional talent for various fields. Utilizing the Group's resources to promote the industry-academic cooperation projects with Yuan Ze University and Oriental Institute of Technology, FET provides internship opportunities for current students or industry-academic cooperation, and the outstanding intern will get an opportunity to transfer to a formal position when they finish the internship or graduate from the school. In 2021, we have 11 interns and 1 of them become the full-time employee.

New Hires in 2021

FET Telecom

Unit: Number of people

	Male	Ratio of New Hires	Female	Ratio of New Hires	Total	Ratio of New Hires[24]
Under 30	191	49.23%	215	50.23%	406	49.75%
30~50	194	10.38%	128	6.00%	322	8.05%
Over 50	16	2.96%	6	2.97%	22	2.96%
Total	401	14.34%	349	12.64%	750	13.49%

Arcoa

Unit: Number of people

	Male	Ratio of New Hires	Female	Ratio of New Hires	Total	Ratio of New Hires[25]
Under 30	15	60.00%	33	68.75%	48	65.75%
30~50	14	15.22%	24	13.64%	38	14.18%
Over 50	0	0.00%	0	0.00%	0	0.00%
Total	29	21.48%	57	23.75%	86	22.93%

Resignations in 2021[26]

FET Telecom

Unit: Number of people

	Male	Turnover Rate	Female	Turnover Rate	Total	Turnover Rate[27]
Under 30	162	41.75%	232	54.21%	394	48.28%
30~50	185	9.90%	234	10.98%	419	10.47%
Over 50	14	2.59%	9	4.46%	23	3.10%
Total	361	12.91%	475	17.20%	836	15.04%

Arcoa

Unit: Number of people

	Male	Turnover Rate	Female	Turnover Rate	Total	Turnover Rate[28]
Under 30	8	32.00%	27	56.25%	35	47.95%
30~50	27	29.35%	28	15.91%	55	20.52%
Over 50	0	0.00%	0	0.00%	0	0.00%
Total	35	25.93%	55	22.92%	90	24.00%

Internal Hire Rate

	Male	Female	Total
FET Telecom	42	54	13%
Arcoa	1.96%	3.92%	5.88%

[24] New hire ratio = 2021 total number of new hires/2021 total number of employees
[25] New hire ratio = 2021 total number of new hires/2021 total number of employees
[26] Resigners are voluntary resigners , excluding death, retirement, dismissal and dismissal.
[27] Turnover rate(by age group)= Number of voluntary resignations in the age group in 2021/ Total employees in the age group in 2021.
[28] Turnover rate(by age group)= Number of voluntary resignations in the age group in 2021/ Total employees in the age group in 2021.

4.2.2 Education and Training

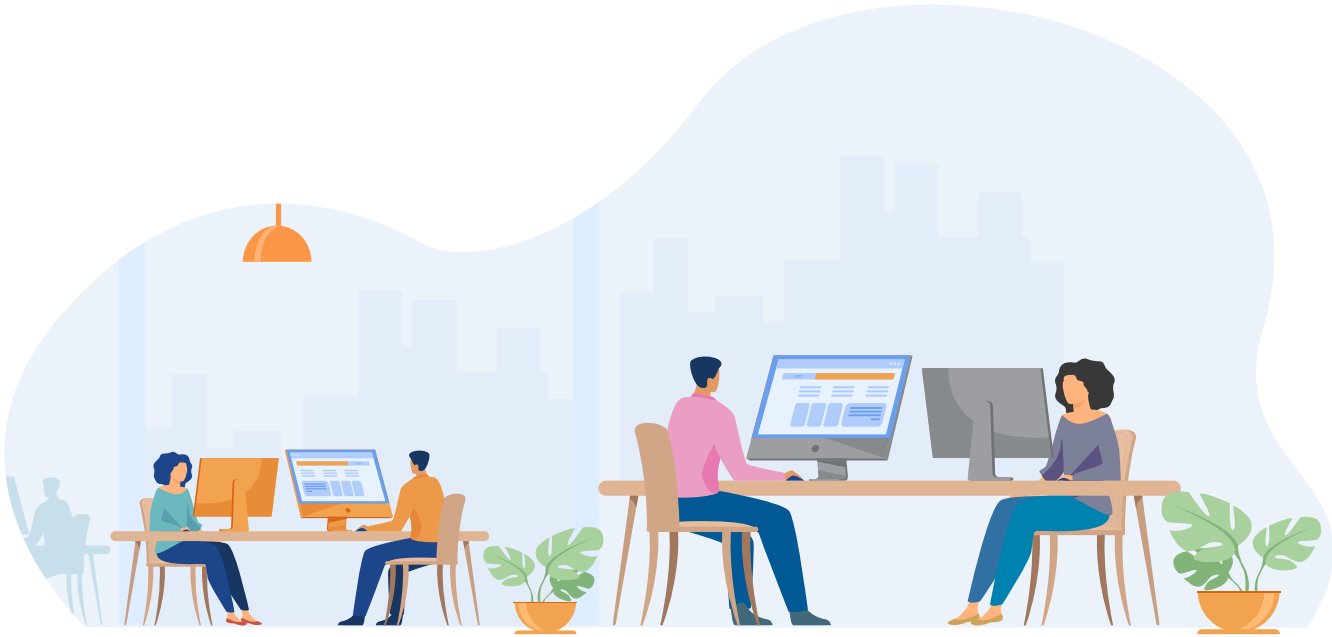
FET Telecom

FET's TD&EE teams collects internal organizational diagnoses, market trends, and customer needs and builds training roadmaps for FET's 3-year digital transformation with the essential elements for the Company now or in the future. Our core goal since 2019 has been "Big Things," with reference to which curricula are regularly reviewed for their coverage and relevance to ensure a close connection to the company's strategies and operational objectives.

In 2021, we plan leadership/data/professional courses based on the three main axes of effectiveness, industrial trends and industry technology centering on our core values and function models to strengthen the management/professional competency courses. To preserve FET-specific knowledge and develop internal experts, internal expert training started in 2020 and, in 2021, internal experts started teaching courses to facilitate the creation and sharing of organizational knowledge. The Company also runs internal book clubs and technical salons to encourage cross-team knowledge exchange and build an organizational learning atmosphere. Moreover, considering the future demand for personalized digital learning methods, we have piloted learning resource platform for management training and employee learning, encouraging independent learning for personal needs in addition to the required courses. Online learning and synchronized teaching resources are also available during the pandemic. Aside from internal training, a number of employees have been selected to participate in the Artificial Intelligence School program in 2021 to bring in the latest external knowledge into the company.

Development and training plans center on the model of Education, Exposure, and Experience, guiding employees to bring course knowledge into daily work. In 2021, 1,425 classes were offered, with an average of 33.5 hours of training per person, at a cost of NT$14,475,000 and an average training cost of NT$2,647 per person. Although the scale was smaller than previous years, the courses were more strategic, digital, and diverse, laying the foundation for a digital transformation. Although the scale was smaller than previous years, the courses were more strategic, digital, and diverse, laying the foundation for a digital transformation.

Build physical and online learning channels through internal experts to transform into a learning organization.



Talent Development Strategy

Main Aspects	Target	2021 Highlights
Leadership and Professional Talent Cultivation	Cultivate the leaders and professionals needed in the era of digital transformation	**New Hire Journey enriches the experience** Targeting the weaknesses of incoming employees, besides the existing online learning program for new employees within one month, we established traveling themed newcomers boarding pass, buddy system, newcomer library, etc. to accelerate familiarity with work. This program was piloted on 177 newcomers, with an average satisfaction rate of 4.3. **Personalized Learning: Digital Transformation Leadership Program and the Common Wealth Leadership Campus** With the personalized learning trends and the pandemic, management training in 2021 for the first time was completely online and reading-based. Other than the three mandatory topics of core functions, management trends, and changing management models under COVID, managers can plan their own learning content based on their individual needs. In addition, we also publish e-newsletters and encourage after-class self-assessment to facilitate learning, encouraging them to share their thoughts and learning internally to enhance organizational learning effectiveness. 514 managers participated in the program, with a completion rate of 39% and an average satisfaction rating of 4.4. or the first time, the Company cooperated with the online learning platform Common Wealth Leadership Campus for an online reading activity, providing free sign-ups for FET and subsidiary employees. Over 1,500 cross-domain practical courses are available on the platform, including finance, communication, management, digital, cross-industry innovation and other diversified and rich e-learning courses. Employees can arrange their own learning at home during the pandemic. They can also utilize their regular free time and learn on the app. Enrolled participants were 547, with 541 learning hours and a satisfaction rate of 4.2. **Continuously promotion of the new manager program to advance competency** Since 2017, we have designed and revamped the preparation courses for the transition of professional staff to M1 and M2 junior managers. In 5 terms held, 111 new managers completed training with a satisfaction rate of 4.8. Due to the pandemic, 2021's new manager training was delayed until Oct 25 2021 and completed in Feb 23 2022 with 25 participants with 1000 training hours.
Becoming Diverse Learning Partners	Construct physical and online learning channels through internal experts to transform into a learning organization	**Knowledge creation: in-house lecturers become the training force** The 23 instructors who completed the first term provides 22 in-house training courses in 2021 for presentation skills, lateral communication, introduction to industry trends related to "Big data/AI/IoT," VBA, RPA, Tableau industry technology, etc. 55 training sessions were held in 2021 with 174.5 hours and 1,322 participants for an average satisfaction rating of 4.6. During the outbreak, the courses were held online or hybrid so that internal training would not be interrupted. This will help the company preserve its important assets by extracting FET's unique industry and company knowledge and experience, and provide an additional means for talent development through continuous training. The second term saw 18 in-house lecturers completing training at the end of 2021 with 14 future courses are expected for a more diverse curriculum for in-house training in 2022. **Knowledge diffusion: internal/external education and training** Continuing the theme of digital transformation for the past 3 years, the training in 2021 included three major areas of continuous strengthening of work performance, industry trends and industry technologies. In addition to the internal lectures, we also provided 102 sessions of 37 courses with external instructors with 7,057 participants with an average satisfaction rate of 4.47. To accelerate the accumulation of AI knowledge, 15 employees were selected to participate in the Artificial Intelligence School program in an effort to introduce new external knowledge and technology from management and technical aspects to increase the momentum of digital transformation. **Knowledge sharing: New experiences with book clubs and technology salons** For the company's digital transformation strategy, knowledge creation in the VUCA era follow top-down, bottom-up and parallel oscillation paths. Through self-directed learning, team knowledge creation is achieved through sharing, which can be applied in the workplace in order to improve competitiveness. In 2021, a new technology salon was held for five sessions to discuss topics including 5G, telemedicine, etc. 158 technical employees participated. The average satisfaction level was 4.6. To encourage learning new knowledge and technology, in 2021, the Company allocated budget to form 14 study groups and a website with the results of the study groups for all employees. A popularity vote took place in October 2021 and the top eight groups received prizes.
Encouraging Innovation and Skill Inventory	Promoting Digital Transformation and Innovation Based on the "Big Data / AI /IoT."	**Data Analysis for Skill Inventory** Completed the prototype for data analysis and report for skill inventory, laying the foundation for the models of subsequent professional function inventory and system and strengthening the efficiency of skill development. **Data is King: Big data analytics training for product managers** To improve product managers' data analysis skills of, we used manager interview data to understand their shortcomings and weaknesses in analyzing data and took business analysis skills as the blueprint to design training courses by inviting internal and external instructors for the first time. Six classes with 25 hours in total covered problem analysis, applied statistical concepts, analytical techniques and practical knowledge (including visualization tools), FET database structure and data insight communication, and other topics while accelerating learning by practicing with the Life App. 20 participants produced four practical analysis recommendations were produced and shared internally.

Statistics on Employee Training by Types of Training in 2021

FET Telecom

Type of training	Statement	Number of classes	Persons participated in the training	Persons participated in the training
Internal training – Compliance & risk	Courses about the standards and rules, such as internal audit, zero-violence workplace, integrity, ethical corporate management, and compliance	65	46,863	21,789
Internal training – Management	The competency training of management which was necessary for manager	55	3,398	8,191
Internal training – specific employees / managers training	New hires, new managers, internal lecturer training or talent development projects	311	3,875	33,459
Internal training – Vocational competency	Courses related to work efficiency, industry trends, industry technologies, and professional competencies required for digital transformation	731	79,251	115,824
Internal Training - Information and Technology Security	Information communication security, social security, personal data protection, etc.	58	7,741	8,702
External training – Self development	External training and in-service training	205	446	11,100
Total		1,425	141,574	199,065

*Training hours is the actual number of hours attended by full-time (including former) staff members who "passed" the course.

Total Number of Employees Trained, Hours of Training, and Gender Distribution in 2020[29]

Job Grade	Female		Male		Total	
	Persons	Average hours of training	Persons	Average hours of training	Persons	Average hours of training
General Employees	2,303	39.80	1,933	32.30	4,236	36.37
Managers and Assistant Managers	395	29.06	732	21.67	1,127	24.26
Directors and Above	33	19.55	73	18.03	106	18.50
Total	2,731	38.00	2,738	29.07	5,469	33.53

*Staff: active staff members on 2021/12/31 (including NCIC and not including YSDT)

*Training hours: the actual number of hours attended by full-time (including former) staff members who "passed" the course.

[29] The hours above are the actual participate hours of the courses, and the number of employees do not include employees with temporary contract.

Arcoa

Arcoa's core 2021 goal for the human resources training program was to "realize visions", which encompassed fostering digital innovation talents and creating highly intelligent teams with "digital power", "innovation power" and "data power". We also planned a series of "Backbone Reserve Management Talent" training programs for the second generation of management talents to expend management reserves. To boost the organization's knowledge capacity and transmission, we ran internal lecturer training programs to create an internal team of new lecturers. Each business unit also planned a training roadmap linked to its operation strategy through the TTQS Talent Development Quality Management System. This helped train employees to carry out the functions required by the operational strategy and to effectively achieve the strategic objectives in order to maximize benefits. Despite the pandemic in 2021, some courses moving online, such as the Harvard Business Review program, so learning was not interrupted. In 2021, 71 internal and external training courses were held, with an average of 13.3 employee training hours and the total training cost ofNT $495,500.

2021 Statistics on Employee Training by Type of Training

Type of training	Number of classes	Persons participated in the training	Total training hour
Internal-Management	5	139	694
Internal - Franchise stores	35	428	2,996
Internal - Logistics	2	44	161
Internal training – Communication	13	344	502
Internal training – New employee training	8	65	350
Internal - Maintenance department training	2	22	88
External - Human resources, logistics, finance, general affairs	6	11	180
Total	71	1,053	4,971

2021 Total Employee Training Cost and Hours of Training

	Unit	2019	2020	2021
Total employee training costs	NT$	1,577,661	2,243,011	495,500
Total employee training hours	Hours	7,756	7,540	4,971
Total number of employees	Number of people	399	405	375
Average training costs per employee [30]	NT$	3,954	5,538	1,321
Average training hours per employee [31]	Hours	19.4	18.6	13.3

2021Total Number of Employees Trained, Hours of Training,and Gender Distribution[32]

Rank	Female			Male		
	Number of people	Average hours of training	Average cost of training	Number of people	Average hours of training	Average cost of training
Management[33]	20	31.9	5,071	28	19.6	5,217
Non-management[34]	220	14.0	828	107	6.6	616
Total [35]	240	15.5	1,181	135	9.3	1,570

Based on Arcoa's new vision and each business group's annual operation strategy, key focus of training programs was developed from functional interviews and gap analysis with each department, which gave insight into how to lead the digital transformation to meet the changes of future technology trends. Therefore, the training programs emphasize digital innovation, talent cultivation to deepen the second generation of management, accumulate the knowledge of the organization, and prepare for the realization of visions.

[30] Average employee training cost per employe = Total employee training costs/total number of employees

[31] Average employee training hours per employe = Total employee training hours/total number of employees

[32] The number of people does not include employees with temporary contract and employees who failed in courses.

[33] Including the level of supervisors or station masters or above who have subordinates. Average training hours of each management (female/male) (hours) = Total training hours of management (female/male)/ total number of employees of management (female/male) (hours)

[34] Average training hours per non-management (female/male) (hours) = Total non-management (female/male) training hours/ total number of management (female/male) employees (hours)

[35] Average training hours per employee (female/male) (hours) = Total training hours for employees (female/male) / (female/ male) total employees (hours)

Arcoa 2021 Training Programs and Talent Development Plans

Program / Plan	Description
Backbone reserve management personnel training	Creating highly intelligent teams with "digital power", "innovation power" and "data power" to realize visions.
Digital Innovator Training	Elite store manager training (team influence), reserve store manager training (store management training), store personnel training (service refinement).
Logistics Team Collaborative Management Training	In response to the integration of two warehouses, B2B and B2C personnel integrates and collaborates to create team synergy.
Internal Lecturer Training	To strengthen the organization's knowledge capacity and transmission, we plan internal lecturer training programs to create an internal team of new lecturers.

4.3 Workplace Diversity

FET Human Rights Policy

FET established the Human Rights Commitment and Policy and strives to protect the basic human rights of employees. The Company abides by relevant labor standards and applicable laws and supports and complies with international human rights agreements including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), United Nations Guiding Principles of Business and Human Rights and the Declaration of Fundamental Principles and Rights at Work from the International Labour Organization (ILO). FET's human rights commitment is applicable to FET itself and its subsidiaries, suppliers and business partners. FET has also established the FET Supplier Corporate Social Responsibility Guidelines, which targets partner vendors to comply by the same standard and fundamental principles of the human rights commitment. FET also reviews critical human rights issues, checks management performance and conducts plans for improvement progress through implementing and publicly disclosing the "human rights due diligence investigation" once every three years in order to enhance and strengthen the human rights awareness in stakeholders including employees, partners, suppliers, and customers. The latest investigation took place in the first half of 2021, covering all parts of value chains including employees, suppliers, customers and community residents.

Through the results of the investigation, the major high-risk human rights issues for FET employees include user privacy protection, personal freedom, and the rights of safety and family life. Issues for suppliers are guarantee of job and labor conditions, health right, and forced or compulsory labor. Issues for customers consist user privacy protection and non-discrimination, while for community residents include personal freedom and the rights of safety, health and autonomy. For all these issues FET has set up management measures to mitigate relevant impacts. For more information on the complete identification methods, results and mitigation and enhancement plans, please refer to the FET human rights due diligence investigation report.

Human rights due diligence investigation process

Identifying human rights risks	Ranking the human rights risks	Managing mitigating measures	Reviewing and modifying policies	Publicly disclosing information
Develop a checklist for risks identification based on the UN and other international agreements as well as human rights risk trends in domestic and foreign industries	Include all streams of stakeholders in the FET value chain and identify risk issues based on likelihood and severity	Investigate and address the response and prevention for high-risk issues and submit the results to the departments in charge to develop mitigating measures	Modify human rights policies based on the scale of impacts and implement mitigation and adaptation strategies for high-risk human rights issues to decrease impacts	Publicly disclose the due diligence results and reassess every three years

Diverse and Inclusive Work Environment

FET strives to build a diverse, inclusive, and equal workplace environment for men and women, and provides equal opportunities for recruitment and career development across genders, accomplishing the goal of having no less than 30% of executives are female. Compensations, bonuses, and promotions of employees are fully determined by individual competences and performance, and are not affected by factors such as nationality, ethnicity, age, gender, marital status, sexual orientation, physical and mental conditions, beliefs, or political status. FET has also established a Sexual Harassment Complaints Committee and a complaint process that includes employee complaint mailboxes. In 2021, no sexual harassment complaints were made at FET or Arcoa.

Age and Gender of Employees by Levels of Positions

FET Telecom

	Total	Male	Female	Age	Age Ratio
General Employee	5,046	48.57%	51.43%	Under 30 years old	16.13%
				30~50 years old	73.94%
				Over 50 years old	9.93%
Manager and Assistant Manager	410	67.32%	32.68%	Under 30 years old	0.49%
				30~50 years old	58.78%
				Over 50 years old	40.73%
Director	77	67.53%	32.47%	Under 30 years old	0.00%
				30~50 years old	35.06%
				Over 50 years old	64.94%
Vice President and Above	26	69.23%	30.77%	Under 30 years old	0.00%
				30~50 years old	7.69%
				Over 50 years old	92.31%
All Employee	5,559	50.31%	49.69%	Under 30 years old	14.68%
				30~50 years old	71.97%
				Over 50 years old	13.35%

Arcoa

	Total	Male	Female	Age	Age Ratio
General Employee	322	32.92%	67.08%	Under 30 years old	22.67%
				30~50 years old	71.43%
				Over 50 years old	5.90%
Manager and Assistant Manager	49	53.06%	46.94%	Under 30 years old	0.00%
				30~50 years old	73.47%
				Over 50 years old	26.53%
Director	4	75.00%	25.00%	Under 30 years old	0.00%
				30~50 years old	50.00%
				Over 50 years old	50.00%
Vice President and Above	-	-	-	Under 30 years old	-
				30~50 years old	-
				Over 50 years old	-
All Employee	375	36.00%	64.00%	Under 30 years old	19.47%
				30~50 years old	71.47%
				Over 50 years old	9.07%

Other Indicators for Employee Diversity

FET Telecom

		Total	Ratio	Management Level Total	Management Level Ratio
Ethnicity / Nationality	Foreign Employee[36]	10	0.18%	0	0.00%
	Local Employee – Aborigines	38	0.68%	0	0.00%
	Local Employee – Chinese	5,511	99.14%	513	100.00%
Condition	Disabled Employee	45	0.81%	1	0.19%

	%
Women in the total workforce	49.69%
Women in STEM-related positions	28.44%
Women in all management positions	32.68%
Women in junior management (assistant manager, manager and director level) positions	32.65%
Women in revenue-generating functions (assistant manager, manager and director level)	44.98%
Women in senior management (vice president level) positions	28.00%

Employee Care and Communication

To build a transparent and open communications culture, FET has established diverse communication channels to maintain positive interactions with employees and to actively protect the rights and interests of employees. The main communication channels and the communication performance are described as below:

FET Telecom

Communication Channels	2021 Communication Content
Lantern Legend Meeting Capital /Labor Meeting	Lantern Legend Meeting was convened once in every quarter with four times in 2021. Meeting includes discussions on the Company's profitability overview, future expansion plans, improvements in office environment and related employment relations issues. The rights and interests of all FET employees are protected by collective bargaining. All FET employees accept the protection of collective bargaining and use this as the mechanism for communicating and protecting the rights and interests of employees. Labor representatives are nominated by employees or selected by different groups.
Employee Welfare Committee	The committee shall meet once every two months, and may convene interim meetings when necessary. Thirteen meetings were convened in 2021 discussing benefits plans such as company trip, New Year's shopping, club management and vendor discounts. All benefits are regularly announced on the intranet website where they can be viewed by all employees. Mailbox is available for bilateral communication.
Town Hall Meeting	• Town Hall Meetings were convened four times in 2021, including one employee meetings and three communication meetings. Employee meeting was chaired by the Chairman to address the achievement over the past year and the current situation in the competitive market. • The meeting encouraged employees to collaborate on future challenges and showed gratitude to the contribution of senior colleagues through public recognition • The communication meetings were co-chaired by the President and senior executives from all departments to share.management performance and new strategic plans. FET conveys issues that employees care about, while participating employees can pose management-related issues for discussion through digital communication tools, and issues will be answered on the spot by the President and senior executives to facilitate effective two-way communication.
Internal Newsletter	Every Friday FET sends its internal newsletter to showcase weekly events. The content includes major events, departments introduction, project highlights, and concerned issues for employees. The purpose of the newsletter is to implement the brand spirit of FET to close the distance among employees.

[36] Foreign employees come from Japan, People's Republic of China, Hong Kong, Thailand, Republic of Korea, and Indonesia

Communication Channels	2021 Communication Content
Survey of Employee Opinions	In 2021, to demonstrate FET's core value in caring for employees, we listened to opinions from employees and collected 83 feedback through the employee net promoter score (eNPS). A total of 82 suggested items have been completed, including performance evaluation, promotion management and system, interdepartmental communication, educational training, working environment, and software and hardware equipment.
FET Intranet	FET not only publishes the latest news, FET e-Newsletter and employee benefits on Intranet to help employees understand the company activities from time to time, but also sets up two employee feedback channels, "Employee Suggestions" and "Employee Grievances Mailbox". Contents of employee response are kept strictly confidential, and they are handled by dedicated units to provide communication platform for employees to express their opinions. • In 2021, 99 responses were received in the Employee Suggestions channel, most of which were focused onAdministrative Facilities.product suggestions,Remuneration. Benefitsand safety and health issues. All of which have been publicly dealt with on the Company website. • The Grievance Mailbox received 9 employee cases in 2021. Separate project teams were set up to investigate the cases and to adequately communicate with the employees in question based on corporate regulations and procedures. All cases have been solved before December 31, 2021.

Arcoa

Communication Channels	2021 Communication Content
Annual Employee Conference	Annual meeting of all employees chaired by the President to boost communication and understanding through sharing business developments and new directions. In 2021, the President along with senior executives held 8 face-to-face employee conference by departments across Taiwan to obtain in-depth understanding of employees' needs and issues, and to propose subsequent improvement measures accordingly.
Employee Welfare Association	Meetings are held quarterly, with a total of 7 meetings in 2021 mainly concerning benefits improvement and organizational harmony. In 2021, we offered a travel agency platform to provide employees with better and more diversified travel options and organized annual family days and other activities.
Arcoa E-Newsletter	Published quarterly to promote organizational learning and sharing. Published four times in 2021 focusing on Company activities, news of the parent company and subsidiaries, sharing of training courses, thoughts and feedback, and activity columns.
"I Want to Complain" Mailbox	If communicating with relevant departments and managers don't lead to concrete results, employees may write to the complaint mailbox for help. One complaint case was filed in 2021, which was investigated by the human resources depart regarding coworker relationships. After talking the the parties in person about specific improvement plans, the case closed on Dec 31 2021. No violations of labor and human rights laws and regulations were found.

4.4 Employee Health and Workplace Safety

FET Telecom

Dedicated Occupational Health and Safety Unit and Policies

FET has a "Labor Health and Safety Committee" (LHS Committee) and a dedicated occupational health and safety unit, which seek to improve the workplace environment and to ensure the safety of employees. The LHS Committee comprises of 18 members, including 9 labor representatives, accounting for 50% of the committee's membership. The LHS Committee meets quarterly and proposes an occupational health and safety management plan and automatic inspection plan. It also discusses, investigates, and analyzes relevant occupational hazards and reviews improvements in occupational health and safety to implement hazard prevention communication and management measures. In addition, the LHS Committee also actively advocates hazard prevention awareness to employees and contractors. 104 rounds of various occupational health and safety training were held in 2021 to 6,309 participants. Meanwhile, the Company also established the "Health and Safety" website to disseminate information on hazard prevention and strengthen employees' awareness on preventive measures.

FET Telecom Occupational Health and Safety Policies

1. To protect the health and safety of employees, with a peopleoriented respect for life.
2. To provide a safe work environment by upholding related laws and requirements.
3. To encourage employee participation and facilitation in the continuous improvement of system performance.
4. To adopt risk management and health promotion in pursuit of sustainable management.

Building a Healthy Workplace Environment

FET promotes fitness to create a healthy workplace environment and is committed to creating a "happy and healthy workplace", receiving a "Enterprise Sports Certificate" from the Sports Administration, which is valid until 2022. In 2021, we promoted "health knowledge", "health activities", "healthy eating" and "health management" among our employees. We were awarded Silver in "CHR Health Corporate Citizenship Award: Companies Over 5000 Employees" by the Commonhealth Magazine. Details of the fitness initiative are as follows:

Activity	Description
"Weight Loss Competition"	First launched in 2018, the competition has held for four consecutive years. In 2021, a total of 465 contestants completed the challenge and cumulatively lost 972 kilograms. FET provides prizes with a total value of NT$150,000 to the winners. Over the past three years, 2,450 contestants have completed the challenges and lost 4,288 kilograms.
FET Long-term Health Club Activities	A total of 32 clubs have been formed at FET, and 23 of which are sports-related. FET subsidizes up to NT$80,000 toward club activities in each year. In 2021, as many as 570 club events were held, and were cumulatively participated by 5,603 persons.
"Online Pandemic Fitness Classes"	To promote the COVID prevention knowledge and online wellness classes for employees, we ran 9 classes "Eat To Boost Immune Against Covid,""Stay Fit at Home,""Mindfulness" and "Healthy Eating" in 2021 with 916 students.
Fitness activities	Keeping with Ministry of Labor's "Workplace Health Week" to promote employees' understanding of their physical activity levels, in 2021 the Sports Administration commissioned the "Technology Fitness Project Office" to manage physical fitness activities. 110 members of the Neihu office signed up for activities including body composition (height, weight, waist-to-hip ratio), muscle strength and muscle endurance, flexibility and cardiorespiratory endurance, which gave them an understanding of their own conditions and instilled the importance of fitness.
Epidemic Prevention LOHAS Exercise Videos	In response to the COVID-19 prevention, FET released exercise videos via the health and safety webpages to promote adequate exercise to all employees and enhance overall immunity. In 2021 the videos received 2,736 clicks.
Blood Drive Event	Due to blood banks throughout Taiwan running low in the pandemic, we held blood donation events, donating 56,500 cc in 2021.
Office Area Massage Room	FET commissions 18 visually-impaired massage therapists to provide free massage sessions to employees to relief their work-related stress and to relax their muscle tensions. Approximately 21,336 persons have enjoyed these massage therapies in a year.

Safeguarding Occupational Safety

FET is also committed to providing a hazard-free work environment to all employees and stakeholders. FET headquarter building implemented Occupational Safety and Health. Management System in 2018 and passed ISO 45001:2018 and CNS 15506: 2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certification in 2019. FET also passed the review in 2020.

As most FET employees work from offices and in stores, they are exposed to relatively low occupational risks. To maintain workplace safety, inspections on work environments and construction sites including the offices, data centers, base stations, and stores are carried out. A total of 229 workspaces were inspected, and progress was tracked where improvement was needed. Furthermore, improvement rate has been 100%, thus effectively preventing occupational hazards. In 2021, most work-related injuries are bruises and lacerations, while FET has strengthened the announcement and attention for occupational safety to employees. No deaths caused by work-related ill health, and no recordable cases of work-related ill health in 2021. Contractors carry out all base station and related communication infrastructure projects, yet FET still has in place contractor labor health and safety rules. When contractors are commissioned to work on communication facility projects or maintenance, labor safety requirements are set out in the agreement. Relevant training is provided to prevent harm caused by improper construction and to protect the health and safety of workers.No safety-related accidents were reported by contractors in 2021.

FET launched the "Healthy for a Long Time" campaign to raise employees' health awareness and encourage them to develop regular exercise habits to create a healthy and happy workplace.

Arcoa

Arcoa has set up the Labor Health and Safety Committee and a dedicated health and safety unit. Arcoa's LHS Committee comprises of 11 members, including 4 labor representatives, accounting for 36% of the committee's membership in accordance with applicable laws. The LHS Committee implements and ensures that workers have access to a safe workplace environment and carry out other matters related to environmental health improvements. The LHS Committee meets quarterly and proposes and reviews Arcoa's various occupational health and safety management plans and automatic inspection plan. It also supervises Occupational Safety Office in implementing various annual occupational health and safety plans. Arcoa has placed AED devices at six of its major operating sites and completed the certification for "AED Placement".

In addition, Arcoa's occupational health and safety unit organizes 32 various occupational and safety training sessions. In 2021, a total of 478 employees have participated. Arcoa also conducts regular unlawful attack and fire drills at major operating sites to enhance employees' contingency response in order to reduce risk of fire hazards on the employees and financial assets. Moreover, to ensure the safety of logistics center, the logistics and warehousing center also continues to train and strengthen the qualifications, certifications, on-the-job training, and automatic inspection mechanism of factory administration, machinery operators, emergency rescue staff, AED management, and OHS management staff. In 2021, there are no recordable work-related injury, high-consequence work-related injury, or death caused by work-related injury, and no recordable cases and deaths caused by work-related ill health.

FET Telecom 2021 Occupational Safety and Health Performance

	2021
Number of fatalities as a result of work-related injuries	0
Rate of fatalities as a result of work-related injuries[37]	0
Number of high-consequence work-related injuries	0
Rate of high-consequence work-related injuries[38] (excluding fatalities)	0
Number of recordable work-related injuries	1
Rate of recordable work-related injuries[39]	0.018
Working hours	11,023,488

Arcoa Occupational Safety and Health Performance

Training Courses	Number of Courses	Total Number of Employees
Employee pressure-relief course	5	130
Employee caring and assistance course	5	120
AED and CPR emergency rescue training	1	1
Occupational health and safety training	21	227

[37] Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injuries / Working hours x 200,000

[38] Rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities) / Working hours x 200,000

[39] Rate of recordable work-related injuries = Number of recordable work-related injuries (including fatalities as a result of work-related injuries) / Working hours x 200,000

CH5

Social Inclusion

5.1 Industry Infrastructure

5.2 Charity Care Projects

Strategy and Goal

Corresponding Material Topics

- Communication quality and infrastructure
- Digital inclusion
- Social innovation strategy and application
- Ccommunity care and charity

Corresponding Risks and Opportunities

- Extreme weather events
- Adverse outcomes of technological advances

Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
Network coverage ratio in remote areas	97%	Achieved: 97.3%	98%	99%	• Create a fair, inclusive and connected information society via communication and core technology
Number of persons reached through influence from diverse inclusion & social welfare projects	Reach 3.85 million persons	Achieved: Reach 5.52 million persons	Reach 6.52 million persons	Reach 9.52 million persons	

5.1 Industry Infrastructure

5.1.1 Communication Infrastructure and Quality

To continuously enhance the customer satisfaction rate, FET actively invests in construction and maintenance of telecommunications infrastructure and facilities.The monitoring analysis for the network performance and the resource usage of base stations can identify the high traffic usage based on conditions such as time period and number of people connected to the network. The carrier aggregation technology then expands the radio frequency bandwidth for offloading. All these communication infrastructure help maintain stable network speed with the recognition and accreditation from international speed tests. With the launch of 5G services, the core network adopts the non-standalone architecture as the foundation to reduce the resources cost. FET rapidly deploys and expands the coverage through the coexistence of 4G and 5G base stations and began the commercial operation of 5G since July 2020. To increase the 5G coverage, FET will conduct functional experiments and validation testing for the 5G standalone architecture (SA) and 5G core network (5GC) in 2022, expecting to accelerate the 5G infrastructure construction and expanding the 5G service coverage to 97%. In 2021, FET maintained a stable network and net-neutrality with no major service interruptions or financial losses. System average interruption frequency[40] was 0.62%, the customer average interruption duration[41] was 1.28 minutes, and the overall network availability was 99.88%. In case of service interruption, we decide whether to activate the Business Continuity Plan (BCP) and initiate emergency response depending on the status of the affected customers by integrating the company's decision makers, network department, customer service, public relations and finance departments to assess the risk of the incident and potential losses.

Investment Items	Investment Details	2021 Achievement
5G	• Completed 5,000 stations in the 3.5G frequency band across Taiwan, mainly deployed in the six special municipalities and the Hsinchu Science Park to increase the current 90% of population coverage • Deployed 5G base stations in 5 important transportation facilities including airports and highway service areas	• Ranked world's best in 5G speed by Opensignal: FET won world's number one in the three key indicators of "5G download speed" (417.6Mbps), "5G upload speed" and "5G media experience". • Awarded Speedtest® 2021 Q1 Award, FET continues to be the top 5G network speed champion in Taiwan, winning the "5G download speed" with 361.48Mbps[42]. • Covered 90% of Taiwan's population
4G	• Expanded the bandwidth of 4G base stations in areas with dense crowds and high usage rate • Expanded the capacity of data switch equipment in four core switch rooms and added 240G processing capacity to meet the mobile data needs of users • Built 297 base stations including 700/1800/2100/2600 frequencies in 2021 to increase network speed through quad-band carrier aggregation (CA)	• Performed an user average download speed of 36.42 Mbps with a remarkable 0.3% increase[43] • Reached a stable performance level of more than 99.95% 4G successful connection rate in all areas • Covered 99.8% of Taiwan's population with signals available at 368 townships throughout Taiwan
Voice communication services	• Regularly performed actual tests to analyze wireless signal strength and signal-to-noise ratio; examined antenna feeder cables, adjusted antenna coverage, and adjusted and optimized wireless parameters to improve reception quality in areas with poor signal coverage	• Maintained a stable 0.13% dropped call rate (DCR) of FET's nationwide voice service
Poor communication and remote areas	• Implemented network and speed maintenance measures such as building base stations and infrastructure and adjusting regional spectrum • Adjusted spectrum resources for remote areas to enhance 4G and 5G signal coverage and communication quality	• Completed 4G construction in more than 740 outlying islands and remote villages • Achieved more than 97.3% 4G signal coverage in remote area

[40] System average interruption frequency = Number of service interruption users / Total number of users
[41] Customer average interruption duration = Total service outage time / Number of affected users
[42] Opensignal Web site : https://www.opensignal.com/reports/2021/09/global/5g-global-mobile-network-experience-awards https://udn.com/news/story/7240/5758677
[43] 2021 Q1 speedtest award : https://udn.com/news/story/7098/5398318

5.1.2 Investment in Remote Area Construction

FET actively complies with NCC's 'Telecommunications Universal Service Regulations' and continues to invest toward "universal service" in each year. We strive to upgrade data access speed in remote areas to levels comparable with metropolitan areas. To effectively enhance quality and coverage of communications service at remote areas, and to strengthen the stability of communication services in case of disaster, FET continues to apply for subsidies for the construction of base stations for public service agencies in areas with high disaster potential or public buildings released from rural areas throughout Taiwan. Since 2014, 4G construction has been completed in more than 740 outlying islands and remote villages, expected to achieve more than 97% 4G signal coverage in 2022.

In addition, FET also continues to work toward enhancing communications quality in remote areas through participating in the following programs:

i-Tribe Wireless Network Construction Plan

FET assisted aboriginal tribes to build outdoor wireless networks in aboriginal villages. As of December 31, 2020, FET has helped 115 tribes across 12 counties to build outdoor wireless networks.

"Signals Boost up Project" from Forest District Office

the Administration Division of Taroko National Park: Mobilizing thousands of construction workers in mountainous areas, FET has optimized the communications service of more than half of Taiwan's popular hiking trails and established a total of 814 communication noticeboards, thereby providing the most critical support for the rescue work in mountainous areas, ensuring communications from mountaineers and local residents, and offering communication services in case of emergency and rescue and effectively increasing disaster prevention skills.In 2021, we worked with the National Nature Park to optimize network signals for the main hiking trails in the Kaohsiung Shoushan National Nature Park. In addition, along the main hiking trails and resting places in the Banpingshan, Big and Small Guishan, Shoushan, and Qi Hou Shan, 56 easily identifiable communication signs are set up near milestones and signs as communication channels, significantly improve the quality of rescue. The official website of Shoushan National Nature Park also announces the communication information of the mountain area to create a quality hiking environment! FET released a 4-minute video, in which ironman anchor Hou Yili tours the stunning locations of the Shoushan National Nature Park to experience the cell network FET worked hard to build. Upload a photo in realtime when you see a monkey!

"Open Mountain and Forest Policy" from the Executive Yuan

Actively cooperating with National Communications Commission's guidance and coordinating with management agencies such as the Forestry Bureau and the National Park Management Office, FET has built mobile communication base stations at suitable locations such as popular hiking trails and mountain cabins to improve signals. In addition to providing communication services and information inquiries on mountains and forests for hikers, FET also strengthens the need for emergency rescue communication to accelerate the time for search and rescue. By the end of 2021,Cell services have been improved at the Tonghouyueling Trail, Taiping Mountain National Forest Trail, Cuifeng Villa, Manyueyuan National Forest Trail, Kayufeng Waterfall in Lion Township, Pingtung County, Dahan Forest Trial in Chunri Township, Pingtung County, and Zhongba Cabin in Tai'an Township, Miaoli County.

Signal Boost up Project

FET has optimized the communications service of more than half of Taiwan's popular hiking trails.

Vedio Link

Investment in Remote Area Construction

KPI	2018	2019	2020	2021
Amount of investment in infrastructure construction in remote area (unit: NT$ Thousand)	132,304	66,110	66,359	31,600
LTE signal coverage at remote areas	96%	96.5%	96.7%	97.3%
Strengthening the communication infrastructure of disaster prevention and relief operations (unit: station)	16	34	14	13
Popularizing the infrastructure of remote broadband access base(unit: station)	12	14	6	45
Projects and respective investments in universal service (unit: NT$ Thousand)	-	-	66,000	115,136

5.2 Charity Care Projects

With environmental education, digital inclusion, and social engagement as the three main aspects of FET's public charity input strategy, we fully respond to the United NationsSustainable Development Goals (UN SDGs) with the visions of achieving no poverty (SDG 1), good health and well-being (SDG 3), quality education (SDG 4), reduced inequalities (SDG 10), and climate action (SDG 13). In addition, upholding the spirit of protecting everyone's right of basic telecommunications services, FET also provides diversified rate plans based on the needs of low-income and special groups.

Special Consumer Group	Program Name	Program Content
Foreign Visitors (Taoyuan Airport Exclusive)	Tourist Prepaid Card for Foreign Visitors	Provide internet access charged by day, 4G unlimited data, starting from NT$300
The Physically and Mentally Handicapped	Genial Plan	We offer more affordable plans for disabled individuals than market prices. In addition to 599 full-speed Internet access, there are also 299/399 light internet use plans with unlimited 3/12 months, available to all users.
Seniors over the age of 60	Evergreen Plan	Based on the characteristics for senior citizens to spend less on telecommunications services and to use the same cell phone for many more years, FET planned the value-added rate plan for seniors to enjoy some Internet services with internetwork / landline calls 20 minutes at just NT$149 / NT$199 per month
Foreign Workers	IF Prepaid Card	New immigrant workers in Taiwan can apply for free SIM card and a 16-day unlimited Internet services Unlimited access 30-day Internet service starting at NT$ 499
Underprivileged students	At home learning	During level 3 COVID-19 alert, we sponsored underprivileged students 35,000 prepaid Internet cards for online schooling.

Total Values from Annual Charity Care Projects

	2019	2020	2021
Direct input amount of public charity projects	5,393,246	5,710,537	2,531,955
Amount translated from employee volunteer services	14,417,265	18,584,404	912,282
Value of in-kind donations	1,254,331	7,392,436	1,621,184
Other personnel and administrative expenses	4,566,000	3,527,805	3,563,937
Total (Unit: NT$)	21,051,121	35,215,182	8,636,463

	Total Investments (NT$)	Number of People Reached[44]
Environmental Education	156,710	167,747
Digital Inclusion	3,329,340	837,879
Social Engagement	667,089	305,367

[44] Number of people reached includes the number of volunteers and media contacts (including interactive contacts).

5.2.1 Environmental Education

Since 2015, FET has advocated for the public's awareness on environmental issues through developing environmental education schemes centered around "Cherish the Earth, Spread Love Far" program. The Company also focuses on three major core actions, namely, establishing FET's green culture, promoting environmental green education, and advocating consumer green responsibility to respond to the UN Sustainable Development Goals (SDGs), including SDG 4 quality education, SDG 13 climate action, and SDG 14 life below water.

Project	Content	Business/ Social/ Environmental Benefit KPI
Bi-weekly environmental activities for the 51th Earth Day	**The Green Carnival** FET exerts its influence on the industry and invited 300 suppliers to collaborate and organize a Green Carnival on Earth Day. Employees were also invited to participate in green activities in order to establish a corporate green culture. Activities include offering discounts on vegetarian meals in the staff canteen, and advocating the use of environmentally friendly utensils, etc. This year, with the theme of "Advocating Sustainability, Loving Earth," we used our corporate influence and invited employees, suppliers and the public to join us in protect the Earth, introducing the United Nations Sustainable Development Goals (SDGs) through questionnaires and other activities to raise awareness of environmental issues.	• Participants: 125,817 • Social media engagement: 8,951
	Green Tutoring Program FET works with PaGamO to bring positive impact on students through the long-term Green Tutoring Program. In 2021, we again organized environmental knowledge and online game competitions during the World Earth Day, so that students can learn about environmental protection and take action in their lives through the games.	• A total of 30,223 school children participated in the environmental promotion activities
Beach Cleanup	**Beach Cleanup** 2021 was the sixth year that FET has held a beach cleanup event with The Society of Wilderness, calling on employees and their families to go to Shantou Beach in Kaohsiung to clean up the beach in 2021. SOW volunteers led us to protect the ocean with the most direct action. Most of the marine litter removed was household waste, with cigarette butts, bottle caps and packaging bags being the bulk.	• Participants included 38 employees and 6 SOW volunteers. • Cigarette butts, bottle caps and packaging bags were the bulk of the waste removed.

FET invites 300 suppliers to support the Green Carnival on World Earth Day.

FET calls on employees to care about the environment and ecological sustainability.

In response to the SDG14 goal of reducing ocean waste, FET encourages employees to participate in beach clean-up activities and take the most direct action to care for the ocean.

5.2.2 Digital Inclusion

In recent years, Taiwan's urban-rural gap continues to widen and children residing in remote areas lack the access to decent learning environment. With the arrival of the digital age, the importance of lifelong learning in digital technology has been emphasized. In order to ensure the diversity and fairness of education quality, FET uses its core business capabilities to respond to UN SDGs Quality Education (SDG 4) and Reduce Inequality (SDG 10) in order to improve the overall quality of education for children in Taiwan, and continue to improve social inequality.

Project	Content	Business/ Social/ Environmental Benefit KPI
General science education and knowledge sharing 	**「PaGamO」 Digital Literacy** FET promotes digital literacy with PaGamO on new technologies (Big Data, AI, IoT) and smart phone addiction to students with the aim of motivating students to learn to use their phones properly through fun online games.	• 11 sessions were held a total of 588,704 students participated in the FET mission
	「Pley School」 Digital Literacy FET's core business is information and communication that bring convenience and fast internet access to the public, while also focusing on the social issue of smartphone addiction. FET collaborated with Pley School in designing the "Facing Smartphone Addiction" online course to help students to learn how to use smartphones properly through game-based seminars. We also create lesson plans for teachers to download, so that the influence can be spread to enhance digital literacy.	• Organized a total of 26 courses,with a total of 2,523 participants,8,445 downloads for Student Materials • 2021 downloads for Teachers' Guide • Reached 11,941 potential customers
	International Green and SmartMobility Forum In order to promote lifelong learning in smart technology, FET invites experts from the industry, government, and academia every year to discuss the application of 5G smart technology and vertical integration of the industry to promote Taiwan's sustainable innovation economy."The 8th International Green Intelligent Transportation (Online) Forum 2021": Focus on ICT - Industry Carbon Neutrality: Held online due to the pandemic from 10/20 to 10/27, with a total of 6 online sessions and 1 Teams session and 521 registrants. In 2021, audiences in 11 regions were reached, including Taiwan, Japan, the United States, Malaysia, Indonesia, the Philippines, Vietnam, Turkey, Canada, Belize, and Sweden, with a 3.6 times increase in the number of people reached in a single week compared to 2020.	• 71,771 people reached
	Digital experience education: • "Elementary School Learning Activities – Big Data / AI / IoT App": In 2021, we collaborated with National Taiwan Normal University and Asia Eastern University of Science and Technology in a teaching program for elementary schools. Through in-person teaching, students of Ruifang, Haishan, and Yilan Chuan Elementary Schools learned about 5G / AI / IoT / Big Data from hands-on activities in 6 sessions (3 hours per session). • "Elementary School Learning Activities - Innovative digital camp": In 2021, we collaborated with National Taiwan Normal University and Asia Eastern University of Science and Technology in a teaching program for elementary schools. Students learned about 5G / AI / IoT / Big Data from hands-on activities in online classes. 9 sessions were held for elementary schools in Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Chiayi, Kaohsiung, Pingtung, Hualien (2 days / session). • 2 AI Digital Courses for schools and companies: One lecture on "Principles and Applications of Blockchain and Cryptocurrency" (online) was given to help ASU students understand blockchain and cryptocurrency.	• Reached a total of 734 elementary school teachers, external lecturers, teaching assistants, schoolchildren, and Parent Representatives

Project	Content	Business/ Social/ Environmental Benefit KPI
Rural digital education and digital public welfare investment	**Building a "Big Data/AI/IoT Future Technology Lab" and improving the "computer lab" at Wanli Elementary School** FET formed the "Sustainability Pioneer Team" with upstream and downstream suppliers to help under funded organizations. This year the Team devoted over $1 M to build a " Big Data/AI/IoT Future Technology Lab" and improve the "computer lab" at Wanli Elementary School, replacing software and hardware and benefitting 300 teachers and students.	• 37 FET volunteers, employees, and suppliers • 300 teachers and students of Wanli Elementary School
	friDay Audiovisual Charity Project Three film screenings were held in collaboration with the Zhi-Shan Foundation, the Good Shepherd Foundation and the Taiwan Fund for Children and Families, offering free serial numbers to invite people to care about social issues with images.	• A total of 2,925 views • Reached 19,339 potential customers
	Sponsoring Teach for Taiwan's communication services & at home learning program FET provided services needed for education in remote areas, including 20 numbers at discounted rates; the at home learning program received 30-day unlimited SIM cards and 30 WiFi routers. Nearly $600K sponsored	• Supported communication fees of 20 TFT logistics administrators. • Over 50 rural families have online resources for continuous learning during the pandemic. • 1977 people benefited from the sponsorship.
	Publishing Charity General Science Textbooks In 2021, we continued to participate in the Ministry of Education's "Rural Digital Application Promotion Project" and "Technology Assisted Independent Learning Project". Donated "Exploring AIoT" written by EC, using textile factories as an example, to help small, medium, rural areas and general public understand AIoT technologies and management applications that have been introduced into the industry.	• 995 books were donated to 115 rural area digital learning centers and 45 elementary schools
	FET and Ericsson volunteers at the Scratch event at the Wanli Elementary School Scratch is suitable for all ages. Users without programming experience can program by dragging and dropping pre-set building blocks to stack commands, set or control the actions and changes of characters and backgrounds. FET and Ericsson work together to teach students game development and encourage them to think creatively and independently about how to meet the requirements.	• 12 FET volunteers and employees • 300 teachers and students of Wanli Elementary School

Sustainability Pioneer Team work together to invest resources to help improve the digital learning environment at Wanli Elementary School.

FET and Ericsson volunteers at the Scratch event at the Wanli Elementary School.

Social Engagement

Through the connection of online and offline platforms, FET extends the care to social issues and stakeholders, including rural health care, local care, child protection, migrant care, etc., in response tc UN SDGs to eradicate poverty (SDG 1) as well as health and well-being (SDG 3).

Project	Content	Business/ Social/ Environmental Benefit KPI
Healthcare 	**"Remote Diagnostics Project: Spread Health Far** FET provides a cloud-based telemedicine platform offering complete solutions and services with 5G and medical IoT, addressing rural health inequities and meeting the social demands for long-term health care. In May 2021, as Taiwan experienced an outbreak, we help Far Eastern Memorial Hospital to build telemedicine services to reduce the risk of contraction while avoiding interruptions in medical treatment and administration.	• 11,000 people in 2021 (incl. 8,000 tele-consults at the Far Eastern Memorial Hospital)
	Care through SMS FET has been working with Far Eastern Hospital's Suicide Prevention Center to send caring messages via SMS on important holidays to provide timely care and reminder for seeking for medical advice.	• Cared for 1,049 suicide prevention targets and cumulatively sent 2,098 caring messages via SMS
Social inclusion 	**Sustainable Store** FET promoted a project on sustainable stores and operates more than 800 stores across Taiwan to care for neighboring communities, including organize neighborhood activities, teach the elders how to use mobile phones, fund-raising through collection of invoices, blood donation, etc.; also visiting the NGOs during festivals to care for the elderly and children, and assist in fundraising and other activities.	• A total of 318 volunteers participated • Reached 79,818 potential customers
	"Tortoise Coffee" Corporate Charity Gift FET purchased "Tortoise Coffee" as a corporate gift. Barista from Tortoise Coffee taught teachers and children at the Christian Mountain Children's Home how to pick beans, offering them an opportunity to learn.	• Corporate Gift 1,100 boxes
Protectingthe children and teens 	**"Caring for the Family, Spread Love Far"Charity sales at stores** Since October, FET has been working with the Taiwan Fund for Children and Families to raise funds for children and teenagers' education. Utilizing the advantages of our locations and communication resources, we did a blanket charity sales at nearly 700 stores throughout Taiwan, and set up the "380" donation number, hoping to provide children and teenagers with learning resources.	• 8,361 people were reached (including 3,300 store employees, 3,970 blankets purchased, 789 people who donated through 380, and 302 on social media) • A total of NT$ 1,713,610 was raised

Project	Content	Business/ Social/ Environmental Benefit KPI
Protectingthe children and teens 	**"Caring for the Family, Spread Love Far"e-billing donation** FET encourages users to adopt e-billing. For each successful e-bill applicant, FET donates $5 to the charity fund to purchase the collaborated charity blankets from FET and Taiwan Fund for Children and Families, which will be donated to the Mennonite Social Welfare Foundation.	• With the 133,000 e-billing applications from the event website, FET bought 185 charity blanket for the seniors at the Mennonite Social Welfare Foundation.
	"Kids on the Road" campaign Far Eastern supported I-LIFE to encourage the youths of the Against the Wind Theatre Company to step out of their comfort zone and learn to interact with others in a two-days no-cost travel mission. FET volunteers worked with youths to build teams, give feedback and encouragement cards. The first stop was at the Yanping North FET Store, where the store staff gifted MRT ticket cards as a reward for the mission and encouraged them.	• 18 participants from the Against the Wind Theatre Company, 5 FET volunteers, and 6 volunteers from Golden Insurance.
	2021 Winter Logic Bootcamp FET sponsored and volunteers worked with participants aged 10-16 from different group homes and placement agencies to attend the "Winter Logic Bootcamp 2021" organized by BiG Future Foundation. FET volunteers introduced to the participants the relationship between the telecommunications industry and people's daily lives, related products and services, and future development trends. They learned with the children, participated in board games, had lunch, and spend a happy and warm time together.	• 22 volunteers and participants

FET partner with Taiwan Fund for Children and Families, raising funds for disadvantaged children's education.

FET partner with Taiwan Fund for Children and Families, create an exclusive "Warm Blanket for Happiness" charity product.

CH6

Environmental Sustainability

Strategy and Goal

Corresponding Material Topics

- Environmental resources management and application
- Climate strategy
- Energy management
- Communication and research on issues concerning electromagnetic wave radiation

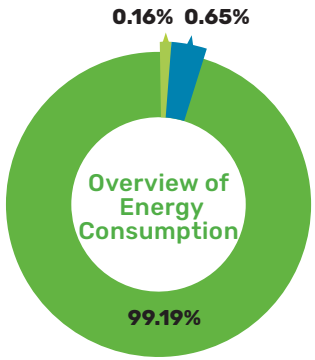
Corresponding Risks and Opportunities

- Climate action failure
- Extreme weather events

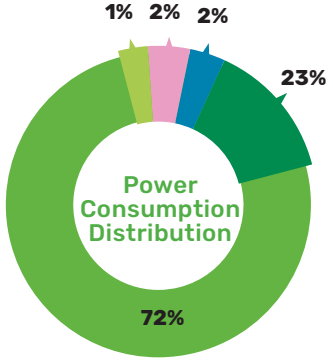
Development Indicators	2021 Goals	Performance	2022 Goals	2025 Goals	Long-term Goals
GHG emissions	+6.63% or below	Not achieved: +13.4% or below	+4.6% or below	Cumulatively reduce GHG Scope 1+2 emissions by 13% from base year in 2016	• Continue to reduce the operating environment footprint, and use core technology to drive the city and economy to a low-carbon, green transformation
Annual office power consumption EUI per ping	-0.5%	Achieved: -3.42%	-0.5%	EUI = 98.5 or below	
IDC average power efficiency PUE	-0.33%	Achieved: -2.41%	-0.33%	PUE = 1.5 below in newly built IDC	
Average power consumption from FET directly operated stores	-0.5%	Achieved: -3.01%	-3%	2,875 (Th/Number of stores) or below	
Base station power consumption per 1GB transmission	-5%	Not achieved, +2.93% Optimized parameter tuning for 4G spectrum and 4G & 5G new features (hibernation mode)and other action plans	-5%	0.15 (Th/GB) or below	
Total renewable energy generated	801 KWp	Achieved, 806.17 KWp Will build its own solar power installation and build solar power installations at tower-type base stations	2,500 KWp	Renewable energy capacity 4.5MWp	

6.1 Overview of FET's Environmental Footprint

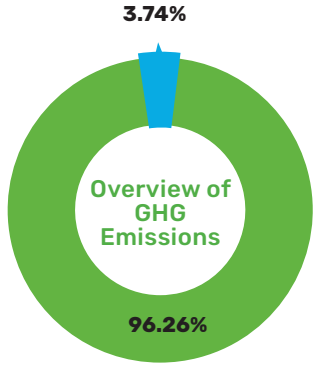
Environmental impacts from telecom services are mostly from energy consumption and associated greenhouse gas (GHG) emissions. Below is an overview on FET's environmental footprints in 2021, including overall energy consumption, energy use distribution, GHG emissions, total waste generation, and water consumption.



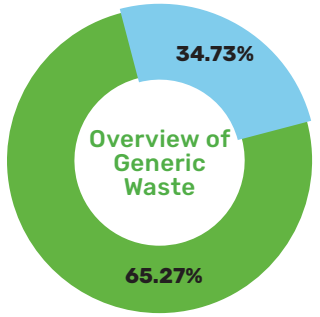
GJ	
Direct energy consumption	14,397.27
Indirect energy consumption	2,208,527.23
Renewable energy consumption	3,582.00



kWh	
Office buildings	6,487,187
Data centors	141,989,592
Base stations	451,096,600
Store	12,115,119
Logistics center	13,132,441



ton/year	
Direct GHG emissions (Scope 1)	10,585.43
Indirect GHG emissions (Scope 2)	272,747.05

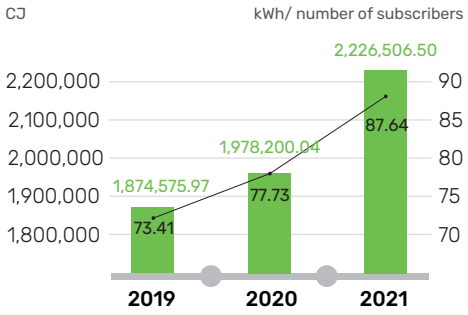


metric tons	
Total recycled waste	114.53
Total incinerated waste	215.28
Total landfill disposal	0

Environmental Footprint Trends Over the Past Three Years

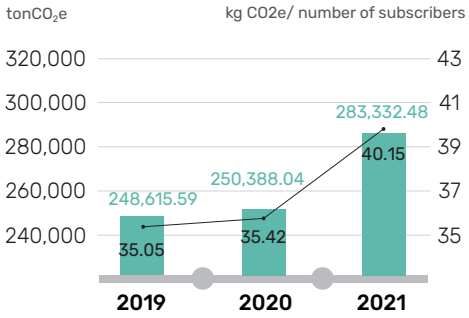
FET is dedicated to promoting environmental sustainability, and advocates for various reduction measures for energy issues, GHG emissions, waste and water management in each year. Please see the Appendix for Environmental Aspect Data for the past three years.

Energy Consumption over the Past Three Years



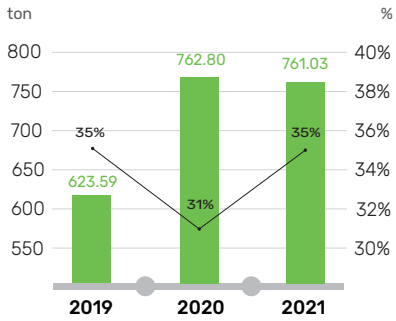
Total energy consumption (GJ)
Energy intensity (kWh/ number of subscribers)

GHG Emissions over the Past Three Years [30]



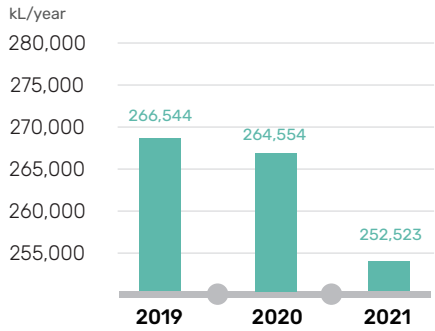
Total GHG emissions (ton CO2e)
GHG emission intensity (kg CO2e/ number of subscribers)

Total Waste over the Past Three Years



Total Hazardous and Non-hazardous Waste (metric tons)
Percentage of Recycling Generic Waste

Water Consumption for the Past Three Years



Water consumption (kL/year) [31]

[30] Since 2019 FET adopted ISO 14064-1: 2018 for external GHG emissions (Scope 3), and therefore expanding the coverage scope. FET adopted the previous version with different scopes in which the GHG emissions from the FET's leased data centers were not counted in 2019 and 2020.

[31] Revision of Sustainability Report disclosure data for 2019

6.2 Climate Strategy

FET followed Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to present a comprehensive inventory of key climate changes, energy risks and FET management, with a focus on corporate governance, strategy, risk management, indicators and targets. FET identified potential climate change risks, while also evaluating the process and scale of financial impacts related to those risks and related countermeasures.

Governance

FET's Board-level "Risk Management Committee" is the company's highest risk governance body and hold regular discussion with the board of directors on key corporate risk management issues, including climate change risks. Under the Risk Management Committee is an "Environment and Energy Management Committee" which is responsible for promoting and executing climate change related policies. For more details on the organizational framework and operations of the Risk Management Committee, see section 1.2.3 Operational Risk Management. For more details on the Environment and Energy Management Committee see section 6.3 Environmental and Energy Management.

Strategy

The potential impacts, impact period, response and adaptation plan of key physical risks(The costs of transition to lower emissions technology, Uncertainty of energy policy and increased pricing of GHG emissions, Increased frequency of severe typhoons and extreme rains) are described in the table below, 100% of the measures mentioned cover both existing and new operating sites.

Type	Risk	Impact Period	Asset	Impact	Response / Adaptation plan	
					Technology	Policy
Transition Risk	The costs of transition to lower emissions technology	Short-term, medium and long-term	Base station/ Data centers/ Stores/ Offices	• The transmission of equipment that needs to be replaced in advance in response to the low-carbon transformation trend • To improvement on GHG emissions management, development and cooperative research of energy-saving and low-carbon technologies	• Using equipment replacement and upgrades to improve the efficiency of energy use and reduce overall power consumption, to balance the cost of rising electricity prices.	• To effectively control and reduce GHG emissions created in FET operations and supply chain, proactively cultivating low carbon technology transformation talent and cooperating with upstream and downstream operators.
	Uncertainty of energy policy and increased pricing of GHG emissions	Medium and long-term	Base station/ Data centers/ Stores/ Offices	• Failure to achieve national GHG reduction and renewable energy use targets could lead to the imposition of fines on FET or the need to buy carbon credits from other enterprises, impacting the image of the company • FET adjusts its business model and is forced to forgo services with high levels of carbon emissions that will impact enterprise revenue • National renewable energy policy leads to an increase in electricity prices or unstable power supply could disrupt FET operations or services.	• To roll out new renewable energy business and research renewable energy use targets and timetable, while increasing the installation capacity of renewable energy annually (including increasing the purchase of renewable energy certificates and self-certification capability) and plan to build solar energy base stations	• Renewable energy next to newly constructed data centers should be included as part of evaluations • FET evaluate the impact and current implementation of important related laws, while conducting quarterly reviews of possible legal changes and planning countermeasures • FET purchase related liability insurance and adopt other disaster prevention measures to improve business continuity management.

Type	Risk	Impact Period	Asset	Impact	Response / Adaptation plan	
					Technology	Policy
Physical Risk	Increased frequency of severe typhoons and extreme rains	Medium and long-term	Base station	• Tower collapsed and equipment damaged by strong winds and flooding • An increase in operating expenses due to power shortage • An increase in compensation cost for customers due to operational interruption	Long-term climate scenarios for the adaptation plan (Note): • Rural area: Scale of wind reach or over 15 • Low-lying or poorly drained area: the flooding in depth of 0.5 to 3 meters or more • Rural area: Scale of wind reach or over 15 • Low-lying or poorly drained area: the flooding in depth of 0.5 to 3 meters or more	
					• Strengthen structure of existing station and equipment, implement disaster-resistant construction on new base station, 139 base stations obtain certifications of structural engineers for scale 15 wind resistance in 2020 • Prepare backup power • Replace and install air injector fans, already complete replacement for 273 stations in 2021	• Minimize the financial risk with insurance transfer • Assess ang enhance level of wind resistant • Important base station contracts are added with wind resistance warranty and structure certification are included • in contract for important base stations
		Medium and long-term	Base station	• The transmission of equipment that needs to be replaced in advance in response to the low-carbon transformation trend • To improvement on GHG emissions management, development and cooperative research of energy-saving and low-carbon technologies	Long-term climate scenarios for the adaptation plan (Note): • Metropolitan area: Scale of wind reach or over 15, low-lying or poorly drained area results in flooding of 0.5 to 3 meters	
					• Maintain water consumption for 38 hours with water tower or reservoir • Establish emergency response of air conditioning for basic operation • Store amount of backup fuel for more than 10 hours power generation	• Minimize the financial risk with insurance transfer • Review and improve risk prevention for core machine rooms • Investigate flood potential and improve weaknesses • Update criteria of site selection of low-carbon Cloud data centers, the continuous and reliable water source is one of the main factors

Note: Adaptation measures are applied to all (100%) existing and new base stations and server rooms, and the base stations are planned to match the use of core server rooms for the next 50 years. In addition, the potential impact of this long-term climatic scenario will be reinforced in a timely manner to extend the service life

To understand the potential impact of material climate risks on business strategies and decisions, FET has implemented financial impact analysis for climate scenarios, focusing on the physical risk of "increased frequency of severe typhoons" and the transition risk of "increased pricing of GHG emissions".

<table>
<tr><th>Risk</th><th>Increased frequency of severe typhoons, Increased frequency of extreme rains</th><th>Increased pricing of GHG emissions, Costs to transition to lower emissions technology, Uncertainty of energy policy</th></tr>
<tr><td>Climate scenarios for financial impact assessment</td><td>• RCP 2.6[32]scenario: assuming annually increase 1.2 grade four typhoon and1.2 grade five typhoon[33], that is 7.96 server typhoon[34]would attack Taiwan during 2020 to 2030.
• RCP 8.5[35]scenario: the hypothesis of rainfall reaches 650cm in 24 hours, and a flooding in depth of 0.5 to 3 meters or more.</td><td>• IEA 2DS[36]and IEA B2DS[37]scenario: FET evaluates the total reduction amount of GHG emission and cost of carbon based on assumption of limiting global warming to 1.5 to 2 degrees Celsius.</td></tr>
<tr><td>Assessment Methods</td><td>• First, the potential impact path is mapped out using a qualitative approach. Then the financial impact analysis is quantified through specific situations.</td><td>• First, the potential impact path is mapped out using a qualitative approach. Then the financial impact analysis is quantified through specific situations.</td></tr>
<tr><td>Assessment Scope</td><td>• Self-operation and upstream equipment procurement: Include the company's major assets in the assessment, consider the life cycle of assets such as base stations and equipment, and use the estimated number of 4G and 5G base stations to be built by 2030 to assess the operational and financial impact of physical risks.
• Downstream and customer side: Consider the risk of increased compensation costs for customers due to operational disruptions, in order to fully assess the impact of physical risk from climate change.</td><td>• Self-operation: According to the Science-Based Targets(SBT) currently set and adopted by FET, FET commits to reduce carbon emissions by 20% by 2030(compared to 2016), and analyzes the potential impacts of such emissions.
• Upstream and downsteam value chain: The SBT target includes the consideration of Scope 3 emissions. According to the FET's assessment, the total emissions among value chain must be reduced by 17% by 2030. The critical parts of the value chain with high GHG emissions are: fuel and energy-related activities, purchased products and services, capital finance, and use of sold products and services, etc. These are also the value chain stakeholders that FET must actively communicate with.</td></tr>
<tr><td>Application to business strategy and financial planning</td><td>• According to our analysis, "Maintenance cost and damaged value of equipment caused by strong wind" is our main potential loss event (accounts for 93.63% of total loss amount), followed by "Maintenance cost and damaged value of equipment caused by flooding" (accounts for 4.09% of total loss amount). Due to most base stations and data centers are located within the building or at the top floors, flooding has little impact on equipment.
• Quantitative assessment on financial impact of severe typhoon's increase frequency of occurrence.
<table>
<tr><td>Strong winds cause damage to outdoor equipment</td><td>93.63%</td></tr>
<tr><td>Flooding leads to loss of equipment and assets</td><td>4.09%</td></tr>
<tr><td>Operation interruption leads to customer-related compensation costs</td><td>1.28%</td></tr>
<tr><td>Shortage of electricity leads to increased operating costs</td><td>1.00%</td></tr>
</table>
• As for the base station equipment (e.g. antennas or power supplies) and data center equipment (e.g. generators, air-cooled chillers or cooling towers) damaged by strong wind, FET has minimized the financial risk caused by strong typhoons with insurance transfer.</td><td>• FET's target GHG emission is 264,286.57 tons in 2030, which is equivalent to the total annual GHG emissions that must be reduced by 1.44% compared to the previous year. If FET fails to achieve the goal, we will fails to comply with Taiwan's current total volume control targets, which may caused the maximum fine of NT$1,500 for every ton over the target or the payment for carbon trade. In addition, considering the uncertainty of energy policy in Taiwan, FET evaluate the financial impact at a cost of US$10[38]per metric ton.
• Based on the analysis, FET set our targets to the Science-Based Targets initiative (SBTi) and were approved in July 2019, making FET the third telecommunications operator in Asia to receive this international certification.</td></tr>
</table>

[32] Peak in radiative forcing at ~ 3 W/m2 (~ 490 ppm CO2 eq) before 2100 and then decline (the selected pathway declines to 2.6 W/m2 by 2100). RCP 2.6 assume climate policy intervention to transformassociated reference scenarios
[33] Grade four typhoon has wind speeds above 58m/s and wind gusts above scale 17
[34] Grade five typhoon has wind speeds above 70m/s and wind gusts above scale 17
[35] RCP 8.5: Rising radiative forcing pathway leading to 8.5 W/m2 (~ 1,370 ppm CO2 eq) by 2100. RCP 8.5 does not include climate policy interventions
[36] IEA 2DS: 2 Degrees Scenario
[37] IEA B2DS: Beyond 2 Degrees Scenario
[38] In accordance with Carbon pricing options for Taiwan published by LSE Grantham Research Institute on Climate Change and the Environment and Vivid Economics, carbon price could start from US$10 per ton of carbon dioxide

Risk Management

The FET Risk Management Committee implements risk management from various perspectives and areas of the enterprise through the operation of different levels of organizations and responsibilities for financial, strategic and operational, information security, environmental and energy risks.FET has formulated the Risk Management Policy based on ISO 31000 Risk Management Guidelines, which has been approved by the Board of Directors to be the guiding principles and basis for all business groups. The risk assessment boundary is based on FET. All business groups conduct annual and regular risk assessments and formulate risk management strategies and plans in accordance with the principle of materiality, taking into account the governance, environmental and social aspects of corporate governance issues that have a significant impact on customers, investors and other stakeholders, and regularly report to the Board of Directors each year on the results and performance of the year's promotion of sustainability.For more details on the organizational framework and operations of the Risk Management Committee, see section 1.1.3 Risk Management. For more details on the Environment and Energy Management Committee see section 6.3.1 Environmental and Energy Management.

Process of Risk Identification

1 Create the Climate Change Risk list

Based on the TCFD recommended risk list, International research papers, and Industry attributes and benchmarks to create the Climate Change Risk list, in which the transition risks include policy and regulation, technology, market, reputation; the physical risks include acute and chronic risk.

2 Identify and Prioritize

Conduct three-dimensional analysis based on potential impact, potential vulnerability, and likelihood for each risk, and draw the Climate Change Risk Matrix.

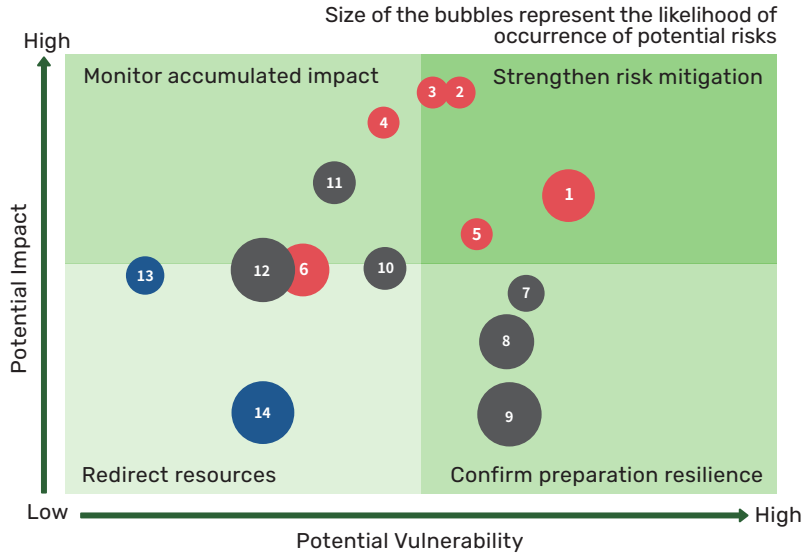
3 Confirm Key Climate Change Risks

Review prioritization results and confirm key climate change risks. Then draw the impact pathways based on the 2-degree scenario.

4 Develop Countermeasures

Develop countermeasures for FET's six key climate change risks by each department.

Climate Change Risk Matrix



1	Costs to transition to lower emissions technology	8	Enhanced emissions-reporting obligations
2	Increased frequency of severe typhoon	9	Changing customer behavior
3	Increased frequency of extreme rains	10	Increased regulations for sustainability
4	Uncertainty of energy policy	11	Heat waves (extreme heat events)
5	Increased pricing of GHG emissions	12	Negative shareholder feedback and external disclosure and initiation
6	Rising mean temperatures	13	Substitution of existing products and services with lower emissions options
7	Unsuccessful investment in new technologies	14	Shifts in consumer preferences

High risk Moderate risk Low risk

Targets and Indicators

In terms of mitigating climate change, the biggest issue for the telecommunications industry is energy use. Every year, in response to the global objective of keeping increases in temperature to under 2 degrees Celsius, FET tracks the energy use of its base stations, data centers, stores and office buildings and drafts science-based volume reduction targets, as part of its pursuit of energy transformation. FET's target is to reduce total Scope 1 and Scope 2 GHG emissions in year 2030 by 20.3% from our base year in 2016, and to reduce total Scope 3 emissions by 17.2% from that of 2016. In addition, FET increases renewable energy installed capacity annually, as part of its pursuit of energy transformation.FET aims to use 100% renewable energy in offices and stores and IDC by 2030, and 100% renewable energy in the whole company by 2045~2048. Based on the aforementioned goals, FET has applied for SBT adjustment in consideration of the expansion of its business scope in the past two years (such as the deployment of 5G equipment) and the international consensus of net zero emissions by 2050, which is required to keep the temperature within 1.5 degrees Celsius.We set management targets and goals for energy use in the above major energy-consuming areas, and promote energy-saving programs, as detailed in 6.3 Environment and Energy Management.

Inventories of FET Telecom's 2021 GHG Emissions[39]

Units: Tons CO2e/ year

GHG Inventory Categories	Item	Total GHG Emissions in CO_2e
Category 1: Direct GHG emissions	Former Scope 1	10,557.143
Category 2: Indirect GHG emissions from imported energy	Former Scope 2 (excluded GHG emissions from FET's leased data center and non-NCIC's power consumption)	272,411.386
Category 3: Indirect GHG emissions from transportation	Upstream logistics and product shipping, business travels	3,156.583
Category 4: Indirect GHG emissions from products used within the organization	Product procurement, fuel and energy (excluded from Categories 1 and 2), use of service (waste disposal, rented vehicles, rented water fountains)	86,925.177
Category 5: Indirect GHG emissios from use of products from the organization	Product use, asset lease (GHG emissions from FET's leased data center was originally classified as Scope 2), and product disposal	18,782.286
Category 6: Emissions from other sources	-	0
Direct GHG emissions		10,557.143
Indirect GHG emissions		381,275.432

2021 GHG Emission Inventories (statistical data based on Scopes 1-3) GHG Emissions in CO2e

Units: Tons CO2e/ year

GHG Inventory Categories	FET Telecom	Arcoa
Direct GHG emissions (Scope 1)	10,557.143	0.53
Indirect GHG emissions (Scope 2)	272,411.386	839.69
External GHG emissions (Scope 3)	108,864.046	N/A
Statistics of GHG emissions in CO_2e	282,968.529	840.21

[39] ISO 14064-1: 2018 was adopted for FET's 2019 GHG inventories. The categories for types of GHG emissions has now adopted the six categories as shown in the table in place of the existing Scopes 1-3

6.3 Environmental and Energy Management

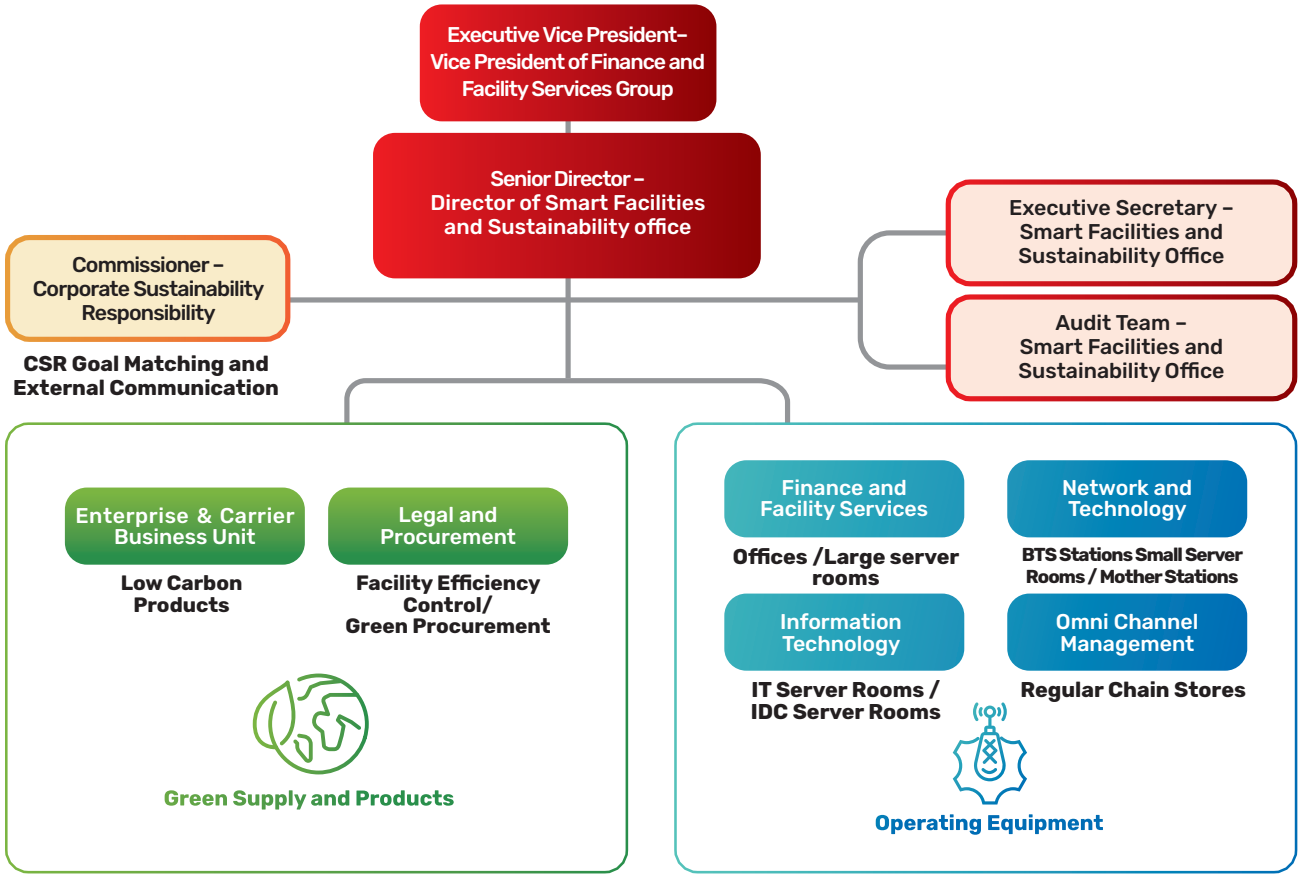
FET continues to enhance energy efficiency through adopting the Energy Management System (ISO 50001) and Environmental Management System (ISO 14001) certification. In addition, we have also introduced the GHG Inventories (ISO 14064-1) to systematically manage negative environmental impacts from energy consumption. FET Environment and Energy Policy and Statement of GHG Management Policy have also been established to guide FET in managing various environmental impacts. We aspire to conserve energy and enhance energy efficiency throughout the life cycles of telecom services, and to participate in climate change mitigation and adaptations.

Environmental Energy Policy

6.3.1 Environment and Energy Management Committee

FET has established an Environment and Energy Management Committee, which is chaired by the CFO. Members include the heads of different departments, and quarterly meetings are convened to discuss energy and environment-related targets and performance. FET has also established the Environment and Energy Management Policy, which includes management over energy and environment, GHG reductions and responses to climate change.

Structure of Environment and Energy Management Committee



6.3.2 Environmental Management System

FET has long since introduced ISO 14001 Environmental Management, ISO 50001 Energy Management, and ISO 14064- 1 Greenhouse Gases, and also obtains assurance from external units. The coverage and outcome of each environmental management system is as follows. In 2021, FET plans to introduce ISO 14001 and ISO 50001 in TPKC. The main objective for ISO 14001 is to ensure over 500 companies completed CSR training, controlled within 170,000 purchases of SIM card, and enhance the usage rate of electronic bills to 81%. The objective for ISO 50001 is to conserve 2.2359 million kWh.

Certification	Category (site of introduction)	Coverage Rate
ISO 50001Energy Management System[40]	Taipei: 4 points (offices / data centers / stores) New Taipei: 2 points (offices / data centers) Taichung: 2 points (offices / data centers) Tainan: 1 point (offices / data centers) Kaohsiung: 2 points (offices / data centers)	100% (telecommunication services revenue)
ISO 14001 Envrionmental Management System	Taipei: 4 points (offices / data centers / stores) New Taipei: 2 points (offices / data centers) Taichung: 2 points (offices / data centers) Tainan: 1 point (offices / data centers) Kaohsiung: 2 points (offices / data centers)	100% (telecommunication services revenue)
ISO 14064-1 Greenhouse Gases[41]	FET New Century KGEX	88%

6.3.3 FET Overall Energy Management and Conservation

To gradually work toward energy transition, FET sets annual targets and promotes energy-saving measures for major high-energy consumption departments, including base stations, data centers, stores, offices, and logistics. Please refer to the following paragraphs for more details on the management strategy, energy saving measures and results of each items.

	2021 Targets	2021 Progress	Achievement	2022 Targets
Base station	Decrease 5% power consumption per 1 GB of traffic volume (million kcal consumed/GB) at base stations per Year	Annual increase of 2.93%	Not Achieved	Annual reduction of 5%
Data centers	Annual reduction of 1% of PUE	Annual reduction of 2.41%	Achieved	Annual reduction of 0.33%
Stores	Annual reduction of 3% million kcal per store	Annual reduction of 3.01%	Achieved	Annual reduction of 0.50%
Office	Annual reduction of 1.5% in EUI[42]	Annual reduction of 3.42%	Achieved	Annual reduction of 0.50%

[40] Adopted ISO 50001:2018
[41] Adopted ISO 14064-1:2018
[42] Energy Use Intensity (EUI): power consumption in kWh/total floor area of the building (Unit; kWh/m2*year)

Base Stations

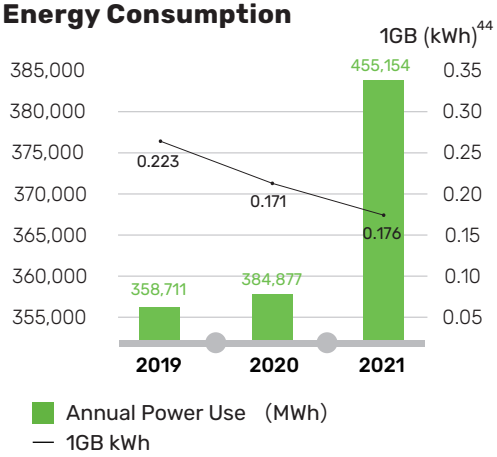
In 2021, energy consumption at base stations account for nearly 74% of overall operating power consumption and is the single largest source of energy consumption throughout FET's operations and facilities. The increase in total energy consumption at FET's base stations in 2020 was mostly attributable to the building of 5G and continued building of 4G base stations. FET proactively planned and implemented energy saving plans. For 5G base station construction, we have introduced AI simulation mechanism for more accurate input of base station equipment to reduce energy consumption and improve equipment utilization efficiency. In 4G base stations, in addition to the implementation of the existing annual energy-saving projects, we have also introduced a new technology of cross-frequency and mixed-mode equipment, which allows a single device to achieve the energy-saving effect of one plus one more than two. 25,280 base stations have executed energy saving plans with an estimation of saving NT$98.05 million and reducing carbon emission by 14,063 tons CO2e, which is equals to the carbon sequestration of 36 Daan Parks. FET also introduced 4G & 5G hibernation power saving innovation technology, and the tracking and monitoring of energy indicators ensures the use of energy could effectively meet the customer's network service needs, managing the base station energy.

Base Stations Energy Saving Measures and Results

	Energy Saving Measures
Short Term (Ongoing)	• New station construction benefit evaluation management (AI station selection evaluation) • Optimization of high-efficiency power conversion equipment (annual retirement project) • Modify base station heat and ventilation system (optimize the cooling method of the data center space) • Replace old air conditioners with inverter type air conditioners • Optimization parameter adjustment of 4G spectrum • Add new function of hibernation power saving in 4G, 5G • Increase the solar capacity of base stations
Long term	• New station construction benefit evaluation management (AI station selection evaluation) • Optimization of high-efficiency power conversion equipment (annual retirement project) • Modify base station heat and ventilation system (optimize the cooling method of the data center space) • Replace old air conditioners with inverter type air conditioners • Optimization parameter adjustment of 4G spectrum • Add new function of hibernation power saving in 4G, 5G • Increase the solar capacity of base stations

Energy Saving Results and Effectiveness in 2021	
Expenditure (NT$)	42,216,000
Energy saving benefits	28,015,607
Carbon emission reductions[43] (in tons CO2e)	14,064

Base Stations Energy Consumption



[43] For the calculations of this year's carbon reductions, the electricity carbon emission coefficient in 2020, or 0.502 kg CO_2e/kWh, was used throughout this Chapter.

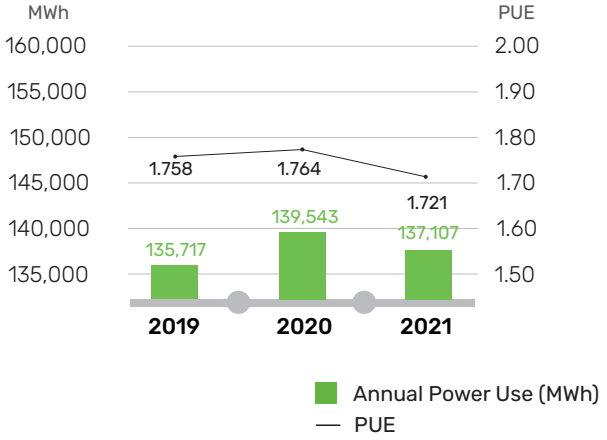
[44] Base station energy indicator is defined as the power consumption (kWh) from customer's Internet use per giga bybte (GB).

Data Centers

In 2021, FET's energy consumption from data centers slightly increases 1.91%, and the average PUE reached 1.721 with a year-on-year decrease of 2.41%. Key programs implemented in 2021 include using magnetic bearing units with capacity of excess of 1,810 refrigeration tons (RT). On average, these are 20% more efficient than domestic data centers, and therefore largely decrease energy consumption and PUE. In addition, FET continues to expand server virtualization to meet the needs of continued business growth while decreasing the cost, increasing the efficiency, and simplifying management. In 2021, FET stimulated further carbon reduction plans, and spent NT$24,953,898 toward energy-saving programs at data centers, and NT$14.95 million toward server virtualization. After introducing 204 new servers this year, the Company now has 5,668 virtual technology servers, the energy saving benefits was 380 thousand of kWh which was about 190 tons of carbon reduction. Currently, the Company only needs 34 physical servers and has helped to reduce over NT$0.97 million of electricity bills. FET has promoted environmental protection and energy conservation for a long period of time, and continued to improve energy efficiency and the proportion of renewable energy use. In 2021, FET strove to build its own power generation equipment in a limited field and increased the proportion of renewable energy utilization to 1.3%. We will also comply with Taiwanese energy policy, assess the introduction of other technologies, and increase the proportion of renewable energy use.

Energy Saving Measures	Energy Saving Results and Effectiveness in 2021	
• Efficiency enhancement of cooling systems in data centers • Optimization and replacement of air conditioner units • Use of LED lighting • Use high-efficiency power equipment • Promotion of energy management control system • Optimization of lighting control systems • Server virtualization • Optimization of air-conditioning box • Installation of cooling water tower frequency control system • Installation of power regeneration system for freight elevator	Expenditure (NT$)	24,953,898
	Energy saving benefits (in 10,000 kWh)	207.65
	Carbon emission reductions (in tons CO2e)	1,044.5

Data Centers Energy Consumption



Stores

FET continues to transform our stores to be more eco-friendly by setting the Energy Label as the standards for equipment while opening new stores and contracting work. In addition, we are also improving the energy-saving measures at stores step-by-step and opting for inverter air conditioning units and energy-saving lights. All energy-saving eco-friendly stores have adopted energy-saving equipment, replaced traditional posters with digital, interactive multimedia equipment to reduce resource consumption. In 2021, 6 stores underwent renovation. Total energy consumption throughout all stores has been reduced by 5.4%, saving approximately 64,000 kWh of power in each year. Arcoa has also been adopting the concept of green environment-friendly stores and is taking steps to replace old air conditioner units with inverter models and using LED energy-saving lighting equipment.

Stores Energy Saving Measures and Results – FET Telecom

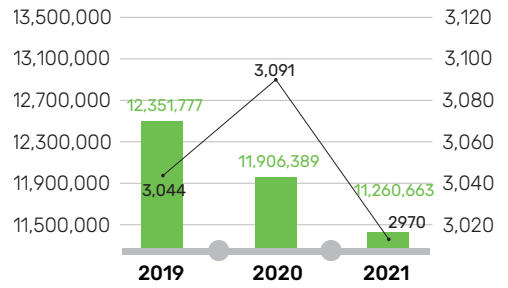
FET Telecom

Energy Saving Measures	Energy Saving Results and Effectiveness in 2021	
• Continue to reform stores and expand the ratio of green stores • Set the Energy Label equipment as standard when opening new stores and contracting work • Adopt energy-saving equipment including LED energy-saving lighting, energy-saving inverter air conditioners, and LED emergency exit signs in all new stores • Replace traditional posters with digital, interactive multimedia equipment • In 2021, a total of 491 units of old air conditioners have been replaced with energy-efficient inverter air conditioners.	Expenditure (NT$)	22,220,000
	Energy saving benefits (kWh)	645,726
	Carbon emission reductions (in tons CO_2e)	324

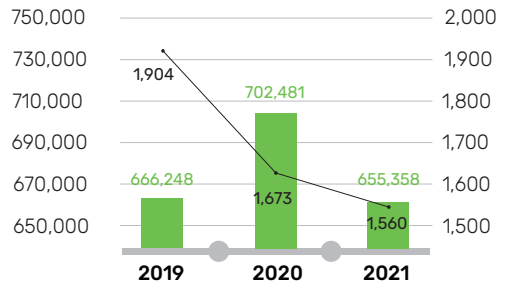
Arcoa

Energy Saving Measures	Energy Saving Results and Effectiveness in 2021	
• Replace worn air conditioners to enhance operating efficiency • Replace LED lights and alter and manage the lightning time of signals	Expenditure (NT$)	441,720
	Energy saving benefits (kWh)	15,201
	Carbon emission reductions (in tons CO_2e)	7.63

Average power consumption of regular chain stores (kWh) 1GB(kWh)[45]



Average power consumption of regular chain stores (kWh) 1GB(kWh)[45]



[45] Average power consumption = total power consumption of regular chain stores / number of regular chain stores

Offices

FET continues to reduce power consumption from offices through energy-saving and carbon reduction measures, renewing equipment and optimizing operational management. As a result of our efforts, energy consumption at FET's offices are continuing to be reduced over the past four years, and the EUI in 2021 has reached 112.29 (kWh/m2/year), representing an approximately 460,000 kWh of power consumption, or 3.42% reduction from the previous year. FET has continued to select Green Mark-certified products to enhance the efficiency and green benefits of information equipment. Arcoa's Neihu offices continue to replace worn air conditioning units. In 2021, Arcoa invested around NT$1.12 million and expected to save 27,832 kWh in power consumption, achieving a 13.97 ton of carbon reduction benefits in 2021.

Statistics of Leased Equipment

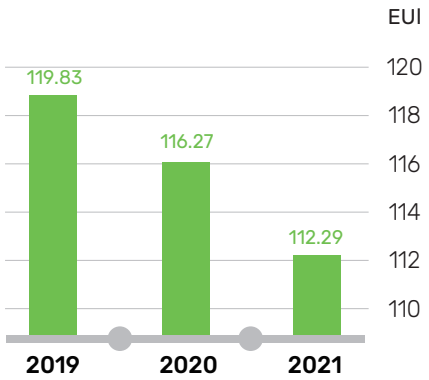
	2019	2020	2021
Personal computers	99.07%	99.42%	99.78%
Laptop computers	93.04%	97.08%	89.25%
LCD monitors	92.56%	88.46%	96.21%

Offices Energy Saving Measures and Results

FET Telecom

Energy Saving Measures	Energy Saving Results and Effectiveness in 2021	
• Optimization and replacement of air conditioner units • Selection of smart microwave sensor light • Use of high-efficiency power equipment • Additional purchase of adsorption dehumidification equipment Promotion of energy management control system • Improvement of ice machine operating efficiency • Optimization of lighting control systems • Replacement of freight elevator control and installation of kinetic energy recovery system • Activation of leased equipment • Optimization of EC fans for cooling water towers	Expenditure (NT$)	842,462
	Energy saving benefits (kWh)	155,000
	Carbon emission reductions (in tons CO_2e)	80.20

Office Energy Consumption-EUI

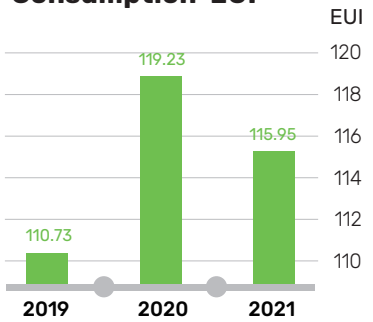


Offices Energy Saving Measures and Results

Arcoa

Energy Saving Measures	Energy Saving Results and Effectiveness in 2021	
• Optimization and replacement of air conditioner units • Use of LED lighting • Regularly checking to turn off unnecessary energy sources • Warnings and tracking system for abnormal monthly power consumption • Promotions of energy-saving awareness	Expenditure (NT$)	1,120,000
	Energy saving benefits (in kWh)	6,437
	Carbon emission reductions (in tons CO_2e)	3.23

Office Energy Consumption-EUI[46]



Green Logistics and Packaging

FET promotes green logistics and continues to optimize logistics routes through data analytics in line with different opening hours of each store, reducing transportation costs and environmental pollution associated with products as well as the number of cardboard boxes used for logistics purposes. Benefits to be achieved in 2021 include reduction of 52,800 km of distribution miles, equivalent to a carbon reduction of 11.8 metric tons Arcoa focused on continuing to update energy-saving equipment at logistics centers and optimizing logistics routes. Since September 2021 logistic boxes has replaced one-time used paper boxes, with 140,000 less boxes.

FET Telecom

Energy Saving Measures	Energy Saving Measures	
• Continue to optimize logistics routes through big data analysis of different store opening hours • Require all deliveries to turn off engine when parked to reduce fuel consumption • Promote green product packaging to reduce environmental impacts • Apply marketable merchandises orders combined process • Use green packaging for all marketable merchandises • Centralize shipment for auxiliary merchandises from stores every month	Carbon Reductions (tons CO_2e)	11.8

Arcoa

Energy Saving Measures	Energy Saving Measures	
• Opt for energy-saving lighting, revieing lighting circuit, and adjusting power consumption processes in logistic centers • Plan to replace the circuits and equipments of electricity system in logistic centers to improve energy efficiency and reduce losses • Replace one-time used paper boxes with logistics boxes through stores shipment • Total 648,539 kWh of solar power generation in 2021	Carbon Reductions (tons CO_2e)	51.8

[46] Revision of Sustainability Report disclosure data for 2018 and 2019
[47] Marketable merchandises are cell phones and accessories purchased by customers.
[48] Auxiliary sales products are fliers, point of sales materials (POSM) and SIM cards

6.3.4 Environmental Resources Management

By recovering and reselling used mobile devices and promoting paperless services, FET has been reducing resource consumption from consumers' use of our products and services.

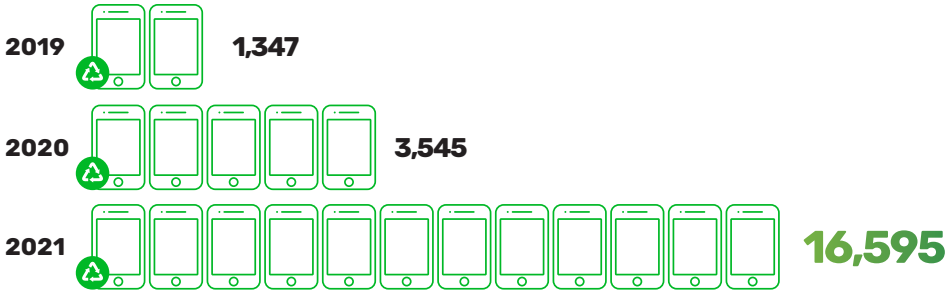
Paperless Services

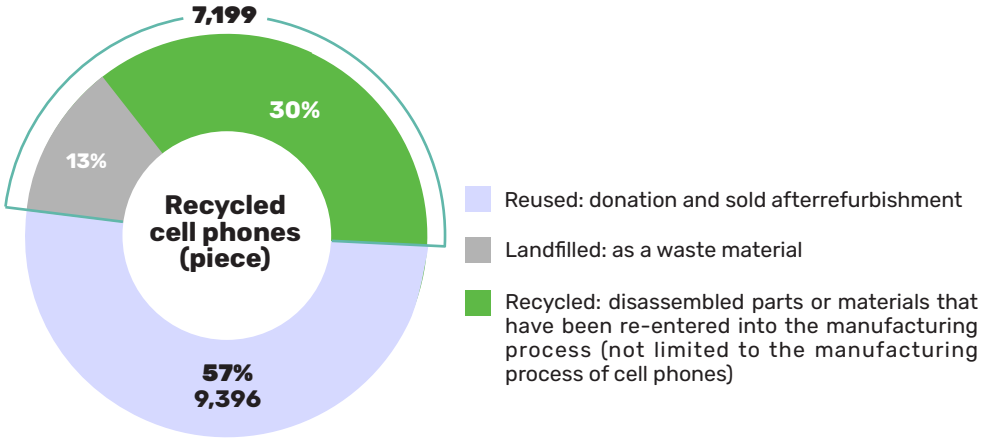
To reduce unnecessary resource wasting together with our customers, FET continues to promote digitalization of electricity bills and forms and building formless systems, modules, processes, and even management, thereby implementing paperless telecommunications services in practice. FET's Mobile Circle App enables customers to view statements online. Costs saved from customers' use of e-statements are given back to customers in the form of a rewards program. As such, FET provides a variety of discounted goods to encourage consumers to adopt electronic billing. As of 2021, a total of 3.70 million subscribers are using e-bills, of which 280,000 are new users this year., representing 80.24% usage rate. A total of 111 million pieces of paper can be saved in a year, equivalent to reducing 2,070.8 tons of carbon emissions. We expect to increase e-bill use rate to 81% by 2022. In 2021, over 92% of all FET outlets are exclusively using e-forms to process customer information, which represents a reduction of papers by 6.78 million and carbon emissions by approximately 126.5 tons.

Mobile Phone Recycling and Resale

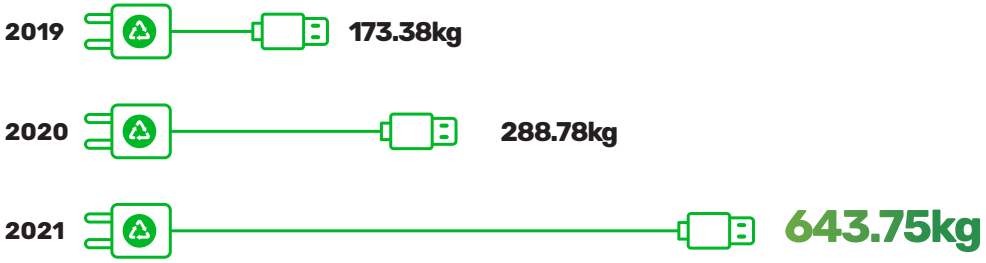
Electronic waste continues to be an issue of concern for the public, as well as an issue that telecom service providers and consumers need to address. To make it easier for consumers to recycle waste mobile communications products and promote resource cycling, FET signed a "Memorandum of Understanding on the Cooperative Recycling of Waste Mobile Communications Products" with the Environmental Protection Administration (EPA), in which cell phone recycling points that offer free recycling of waste cell phones, PDAs, GPS and charging devices are set up at stores across Taiwan. FET launches the old cell phone exchange offer and redeems used cell phones for shopping money to encourage people to recycle old cell phones and devices. In 2021, FET recycled a total of 1,461.4 kg of cell phones and 643.75 kg of accessories, as the waste products are then handed to qualified operators for reuse. FET strives to develop a secondary market to attract specific customer groups by reselling display products. In 2021, FET reused 136 cell phones, which reduced carbon emissions by approximately 2 tons , and resold 4 tablets and 2 fittings to thrift shop.

Recycled cell phones (piece)





Recycled accessories (batteries / chargers / cables) (kg)



Environmental Benefits of Resale	2020	2021
Energy savings from reselling cell phones (kWh)	5,720	2,992
Carbon emission reduction from resale of cell phones (metric tons)	3	2

[49] According to the announcement of the EPA, the carbon footprint of each kg of A4 photocopying paper (about 500 sheets per pack, weighing 2.2 kg) is 4.24 kg CO2e.
[50] Calculated on an average of 203 grams per.
[51] According to the announcement of the Environmental Protection Administration of the Executive Yuan, the recycling of one mobile phone can save about 22 kWh. Theelectricity emission factor is 0.509 kg CO2e / kWh in 2019

6.4 Base Station and Electromagnetic Fields Management

Base Station Management Regulations

Besides meeting relevant regulations from competent authority in terms of base station and antenna setup, FET also strives to use shared structures, stations, and antenna to significantly reduce the number of antennas needed, thereby reducing resource waste. We also actively strengthen the landscaping around base stations to reduce the visual impacts of base stations and antenna. In addition, we are also committed to strengthen disaster prevention work at base stations. In 2021, 60% of FET's base stations were shared stations[52]and 21% were independent stations[53], thus achieving a 19% shared structure. In 2021, FET was fined 1 time with a total of NT$ 200,000 for violations related to base station installations. This represents 1 more case, and a reduction of NT$ 300,000 fines from the previous year. Violations were mostly attributable to the urgency of customer coverage requirements, resulting in stations being activated while still in the process of applying for an operational license. FET has already continued to strengthen communications with customers and negotiations with NCC to shorten the license application process, thus reducing the number of stations being activated before approval and related fines.

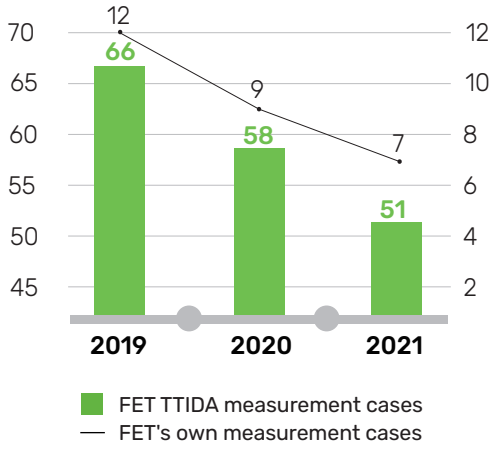
Tracking Electromagnetic Radiation Issues and Services

FET continues to participate in the "Base Station Work Group" formed by the Taiwan Telecommunications Industry Development association (TTIDA), whose membership include the NCC and fellow telecom operators. FET also continues to advocate and communicate on the issue of electromagnetic fields as a way of reducing safety and health concerns from the public on electromagnetic fields from base stations. To eliminate public concerns on electromagnetic fields, 176 base station protests were ended, and178 advocacy / educational sessions were held in 2021, including 2 sessions organized by the TTIDA. FET has also provided electromagnetic fields measurement services with relevant expenditures of NT$266,800. All test results passed Equivalent Isotopically Radiated Power (EIRP) and electric wave power density standards specified by NCC in mobile broadband base station verification technical regulations. FET continues to use 5G station construction to consolidate 4G antennas or introduce multi-band antennas to reduce the number of antennas used in base stations and reduce the public's concern about antennas emitting electromagnetic waves.

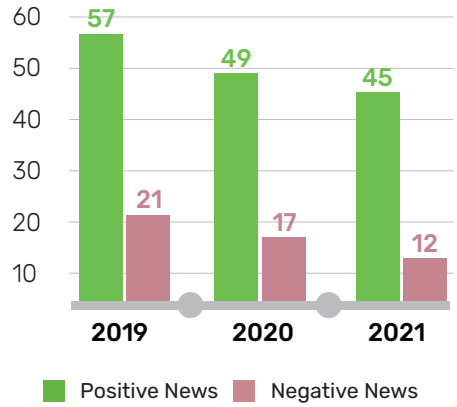
2021 Main Types of Questions Received by the Electromagnetic Fields Advice Service

Main Types of Questions Received	%	Main problem
Health concerns	59%	Standard values of electromagnetic fields and their likelihood of health impacts
Legality	27%	Base station legal standards (legality or building process and related laws)
Other	14%	Taipower facilities or telecom facilities (e.g. range extenders, set-top boxes, and data center facilities)

Main Types of Questions Received by the Electromagnetic Fields Advice Service over the Years



Number of Media Coverage on Base Station Issues over the Years



[52] Shared location refers to one or more mobile service operators setting up base stations at the same building, same place or same construction.

[53] Shared construction refers to one or more mobile service operators using the same antenna, baseband equipment or radio frequency equipment to set up base stations.

Appendix

Key Stakeholder Communication

Material Operational Issues

ESG Data

GRI Standards Index

SASB Index

TCFD Index

Third-party Assurance Statement

Key Stakeholder Communication

FET values its communication and engagement with various stakeholders highly. For the purpose of fully comprehending the essence of internal and external stakeholder management, we have followed the principles of AA1000SES Stakeholder Engagement Standard to identify nine types of stakeholders crucial to our operations and ensure that we have dedicated communication channels to respond to our stakeholders' requests and expectations in our daily operations. In addition, we have established a stakeholder CSR Survey and Dedicated Communication Channel on our website to receive more feedbacks. For details on the materiality matrix, please refer to "Appendix : Material Operational Issues" of this report.

Stakeholder	Communication Strategy and Response	Material Issues of Concern	
Employees	Enhance employee cohesion and sense of identity, cultivate innovative corporate culture, and implement two-way communications.	• Talent development and management • Operating performance • Brand image management • Customer experience and transparent communication	• Internet quality and infrastructure • Human rights and workplace diversity • Occupational health and safety
Consumers / General Customers	Communicate transparently, listen to every customer, and provide service with warmth and sincerity.	• Internet quality and infrastructure • Customer experience and transparent communication	• Information security and privacy protection • Brand image management
Enterprise Customers	Maintain partnership; provide customized solutions according to unique enterprise management requirements.	• Brand image management • Customer experience and transparent communication • Environmental innovation strategy and application	• Internet quality and infrastructure • Information security and privacy protection
Competent Authorities	Actively respond to policy trends and actively participate in policy formulation process.	• Corporate governance and integrity • Internet quality and infrastructure • Information security and privacy protection	• Response to government policy and regulatory changes • Risks management and emergency response
Suppliers / Contractors / Developers	Maintain stable partnership with suppliers / contractors, perform supply chain impact management, co-develop products or services with developers.	• Supply chain management • Operating performance • Corporate governance and integrity	• Environmental innovation strategy and application • Information security and privacy protection
Shareholders / Investors	Transparently disclose FET's development strategy and major operating changes to maintain confidence of investors.	• Operating performance • Corporate governance and integrity • Information security and privacy protection	• Community care and charity programs • Brand image management • Energy management
Competitors	Keep competitive / cooperative relationships, mutually discuss material industry issues.	• Talent development and management • Corporate governance and integrity	• Communications quality • Operating performance
Media	Actively express opinions of the company, communicate transparently, and create positive corporate image.	• Operating performance • Internet quality and infrastructure	• Response to government policy and regulatory changes • Risks management and emergency response
Community Groups / NGOs	Maintain partnership, jointly promote social welfare, and create the social value of FET.	• Communications quality • Social innovation strategy and application • Information security and privacy protection	• Communication and research on issues concerning electromagnetic wave radiation • Environmental resources management and application

2021 Stakeholders Communication Performance

Stakeholder	Response and communication channels	Key communication results in 2021
Employees	• Education and training program • Annual performance evaluation • Quarterly two-way communications meeting • Periodic employee satisfaction survey • Employee complaints mailbox • Quarterly Lantern Legend Meeting (capital/labor discussion meeting) • Annual Employee Meeting • Employee Welfare Committee • FET e-Express/FET e-Paper • FET internal website/News update • Communication through dedicated units	• Through FET e-Express, all employees are informed of employee discounts, employee benefits and volunteer accomplishments for the year. • Through FET internal website, all employees are informed of operating procedure document, website update information and employee discounts. • 1,425 employee training courses held, and average training hours per employee was 36.4 hours. • Percentage of employee who received annual performance assessment: 100% • FET received 99 employee suggestions and 9 cases from the grievance mailbox. • Arcoa received 1 cases from the grievance mailbox. • For other communication performance, please refer to "4.1 Talent Management" of this report.
Consumers / General Customers	• In-store face-to-face communications • Six complaint channels available to customers (official correspondence, arbitration meeting, customer service inbound, FET net Website, FET Mobile Circle App, and online chat) • Customer Satisfaction Survey • Product information meeting and marketing activities • "Stay closer, think further" brand campaign • User behavior research/surveys • Communication through dedicated units	• Outsourced customer satisfaction rate was 67%, Customer NPS: Grade A. • Overall average customer satisfaction of FET's retail stores was 90%; Overall • FET retail store repair and maintenance service satisfaction 9.37 (out of 10) • Overall FET call center satisfaction was 69% • By the end of 2021, there were 7,700,000 friends on LINE accounts and • 570,000 fans on Facebook fan pages. • For other communication performance, please refer to “3. Excellent Service” of this report.
Enterprise Customers	• Business visits • Call Center	• First contact resolution of call center was 9.3 (out of 10) • For other communication performance, please refer to “3. Excellent Service” of this report.
Competent Authorities	• Business meetings and administrative inspections by the National • Communications Commission (NCC) • Aperiodic Fair Trade Commission investigations • Aperiodic official correspondence • Communication through dedicated units	• Took part in 142 NCC business meetings and 11 administrative inspections in • 2021. NCC identified 3 violation cases, for more information please refer to “3.3 Privacy Protection" and “6.4 Base Station and Electromagnetic Fields Management” of this report. • There were 0 cases investigated by the Fair Trade Commission in 2021. • 200 Official correspondences
Suppliers / Contractors / Developers	• Supplier CSR Self-Declaration • FET Supplier Chain Guidelines for Corporate Social Responsibility • The Code of Business Conduct • Procurement Satisfaction Survey • Developers' Conference • Communication through dedicated units	• 98.7% of material suppliers and 100% of new suppliers signed the "Supplier CSR Self- Declaration". • 103 suppliers participated in and completed trustworthy management training and exams of supplier's management, supplier's CSR risk management, office energy and environment management, and supplier's code of conduct • The average satisfaction rate of supplier selection was over 96% . • Held Supplier general meeting in 2021, more than 200 persons attended. • For other communication performance, please refer to “1.3 Supply Chain Management" of this report.

Stakeholder	Response and communication channels	Key communication results in 2021
Shareholders / Investors	• Annual general meeting • Investor-related conferences • Communication through dedicated units • Investor Relations section on the webs	• Hosted 1 general shareholders meeting. • Hosted 5 Global Investor Telephone Conference to facilitate direct communication between investors and executive management. • Dedicated units took part in domestic / overseas face-to-face institutional investor meetings to communicate with investors. • Published 12 monthly non-audited revenue, profit and operating statistical data on the FETnet website.
Competitors	• Communication with competitors in the Taiwan Telecommunication • Industry Development Association (TTIDA) • Competition/market survey	• Attended 77 meetings in 2021, including 46 on TTIDA promotion issues, 31 working groups and 6 consultation meeting related to the construction of base stations. • Other details on communication performances can be found in "6.4 Base Station and Electromagnetic Fields Management " of this report.
Media	• Press releases / conferences • Communication through dedicated units	• Hosted 24 media events and issued 224 press releases • For more details on press releases, please refer to the News Room of FET net website
Community Groups / NGOs	• Information meetings / symposiums / forums • Sponsorship and collaboration	• Public welfare appropriation in 2021 was NT$4,153 thousands and charity fundraising amount in 2021 was NT$3,219 thousands. • A total of 3,742 volunteers participated in public welfare activities and 1,310,993 people were benefited. • For details on communication performances, please refer to "5.2 Charity Care Projects" section of this report.

Material Operational Issues

FET conducts materiality analysis in 2020 by referring to telecom industry’ s material topics which are recognized by institutional investors, peer companies, Sustainability Accounting Standards Board (SASB), and major news events related to FET. FET delivers the stakeholder questionnaires and conducts interview with EMT to complete the comprehensive analysis and make reasonable adjustments based on existing material matrix.

Adjustment Process for Materiality Matrix

Step1

Comparison of Benchmark

Reference to the major topics of the institutional investors, peer companies and Sustainability Accounting Standards Board (SASB).

Step2

Review of Significant News Events

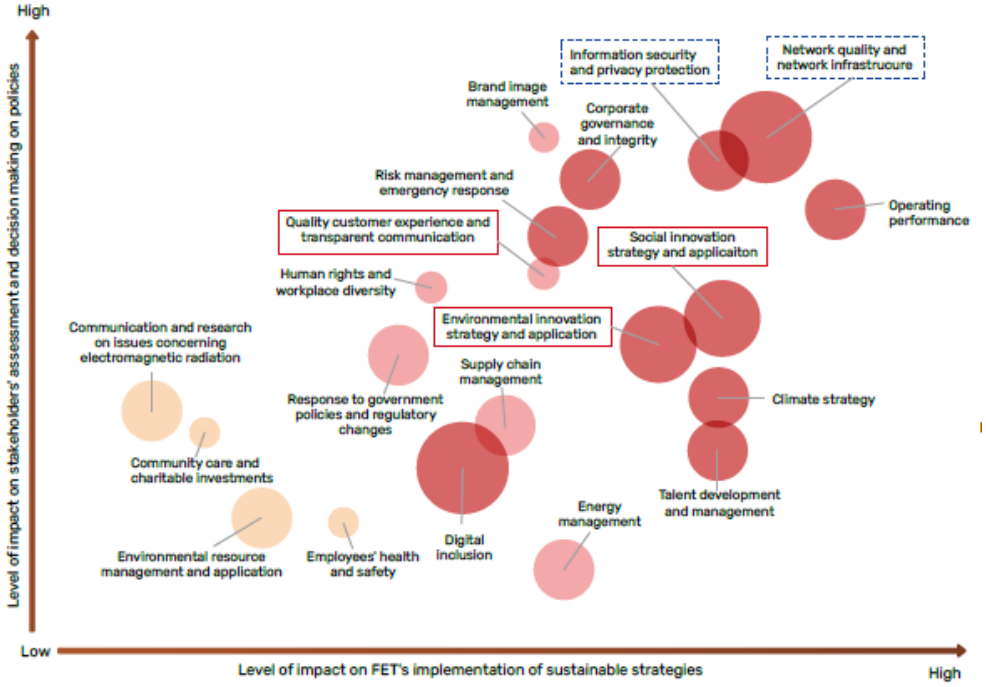
Review news events important for FET in 2021, especially negative news and penalty cases. The main issue that has been identified is the changes in telecom regulation and the 5G industry applications and service, which corelates to the material issues including response to government policies and regulatory changes, information security and privacy protection, quality customer experience and transparent communication, operating performance, network quality and network infrastructure, and social innovation strategy and application. Within these material issues, their materiality won’ t be changed since they already are important or critical.

Step3

Confirmation

In the context of the adjustments above, the Company has conducted an internal stakeholder engagement, and has completed the material topics adjustment after the CSR Committee confirmed.

Materially Matrix and Definition of Materiality in 2021



critical	Issues are highly relevant to FET’ s sustainability strategy and value creation capacity, or present significant ESG impact (positive or negative). These issues are disclosed in the CSR report with details on the response strategies, goals, management performance, and outlook.
Important	Issues are material to the Company’ s operation and management. These issues are disclosed in the report with complete description about the management approach, performance, and direction of improvement.
Basic	Issues mostly involve the basic level of operational management, and only those issues involving material management changes are disclosed in the report together with the related performance tracking.

Explanation of Impact Boundary of Various Issues and Their Corresponding Chapters

Material Issue	Level of Materiality	Corresponding GRI Topics		Location of Economic, Environmental, and Social Impact							Corresponding Chapters
				Caused Directly by FET		Caused by Business Relationship with FET			Caused by Other Indirect Relationship with FET		
		Topic Serial No.	Topic	FET Including NCIC	Arcoa	Suppliers / Contractors / Developers	Enterprise Customers	Consumers	Competent Authorities	Community Groups / NGOs	
Network quality and network infrastructure	Critical	203	Economic Performance	●							5.1 6.3.4
Operating performance		201	Economic Performance	●	●						2.1.2 2.1.5 4.1.1 6.2
Information security and privacy protection		418	Customer Privacy	●	●	●					2.1.3 4.2.3
Social innovation strategy and application		N/A	N/A	●		●	●				2 、2.1.1
Environmental innovation strategy and application		N/A	N/A	●		●	●				6.3
Corporate governance and integrity		205 206 415	Anti-corruption Anti-competitive behavior Public Policy	●	●	●					2.2.2 2.2.3
Risk management and emergency response		102	General Disclosures (Governance)	●	●						2.1.3
Climate strategy		201 305	Economic Performance / Emissions	●	●	●					6.1 6.2
Talent development and management		202 401 404	Market Presence / Employment / Training and Education	●	●						4.1.1 4.1.2
Digital inclusion		N/A	N/A	●							5.1 5.2
Supply chain management	Important	204 308 414	Procurement Practices / Supplier Environnemental /Supplier Social Assessment	●	●	●					2.3
Response to government policies & regulatory changes		307 419	Environmental/ Socioeconomic Compliance	●	●				●		2.2.2 6.3.4
Brand image management		N/A	N/A	●	●						2
Energy management		302	Energy	●	●	●	●	●			6.1 6.3
Customer experience and transparent communication		417	Marketing and Labeling	●	●						4.2.1 4.2.2

Explanation of Impact Boundary of Various Issues and Their Corresponding Chapters

Material Issue	Level of Materiality	Corresponding GRI Topics		Location of Economic, Environmental, and Social Impact							Corresponding Chapters
				Caused Directly by FET		Caused by Business Relationship with FET			Caused by Other Indirect Relationship with FET		
		Topic Serial No.	Topic	FET Including NCIC	Arcoa	Suppliers / Contractors / Developers	Enterprise Customers	Consumers	Competent Authorities	Community Groups / NGOs	
Human rights and workplace diversity	Important	405 406 407 408 409 412	Diversity and Equal Opportunity / Nondiscrimination / Freedom of Association and Collective Bargaining / Child Labor / Forced or Compulsory Labor / Human Rights Assessment	●	●	●					2.2.1 2.3.2 、 4.1.2 4.1.3
Environmental resources management and application	Basic	301 306	Materials / Effluents and Waste	●	●	●					6.1 6.2 6.3
Communication & research on issues concerning electromagnetic radiation		413 416	Local Communities / Customer Health and Safety	●							6.4
Employee health and safety		403	Occupational Health and Safety	●	●	●					4.1.4
Community care and charitable investments		N/A	N/A	●	●					●	5.2

ESG Dada

Environmental Aspect Data

		2019	2020	2021
[1]				
Direct GHG emissions (Scope 1)	GHG emissions (ton CO2e / Year)	5,975.93	4,766.13	10,557.67
Indirect GHG emissions (Scope 2)	GHG emissions (ton CO2e / Year)	242,639.66	245,621.91	273,251.07
GHG emissions in CO2e	GHG emissions (ton CO2e / Year)	248,615.59	250,388.04	283,808.74
	Emission intensity (Kg CO2e / number of subscribers)	35.05	35.42	40.21
External GHG emission (Scope 3)	GHG emissions (ton CO2e / Year)	141,232.35	120,296.55	108,864.05

[1] The scope of ISO 14064-1 inventory covers FET, NCIC and KGEx. This table also covers all Arcoa data. The following energy consumption table is the same.

		2019	2020	2021
GHG emissions				
Direct energy consumption	Gasoline (kL/year)	444.36	414.35	381.73
	MWh	4,028.88	3,756.82	3,461.02
	Diesel (kL/year)	48.12	37.35	55.09
	MWh	470.11	364.85	538.22
Indirect energy consumption	MWh	515,754.56	544,815.34	613,479.79
Total consumption – non renewable energy	MWh	520,253.55	548,937.01	617,479.03
Total consumption – renewable energy	MWh	462	563	995
Total energy consumption	MWh	520,715.54	549,500.01	618,474.03
	intensity (kWh/number of subscribers)	72.34	77.73	87.64
Waste				
Non-hazardous Waste				
Generic waste	Tons	356.78	340.31	329.81
Recycled waste (Recycled percentage)	Tons (%)	125.94(35%)	103.43(30%)	114.53(34.73%)
Incinerated waste	Tons	230.84	236.88	215.28
Landfilled waste	Tons	0	0	0
Hazardous Waste				
Generic waste	Tons	26.02	42.13	43.46
Recycled waste (Recycled percentage)	Tons (%)	26.02(100%)	42.13(100%)	43.46(100%)
Water				
Water consumption	Million cubic meters	0.2665	0.2646	0.2525

Social Aspect Data

		2019	2020	2021
Human Resources Overview				
Full-time Employees[7]	Number of people	6,183	6,026	5,836
Male	Number of people	2,991	2,898	2,867
Female	Number of people	3,192	3,128	2,969
Part-time Employees	Number of people	0	0	0
Male	Number of people	0	0	0
Female	Number of people	0	0	0
Temporary Workers	Number of people	57	73	98
Male	Number of people	39	47	65
Female	Number of people	18	26	33
Employment of Disabled People	Number of people(%)	60(1.03%)	43(0.7%)	49(0.8%)
Percentage of females in management level	%	32%	32%	33%
Employee Training and Development				
Employee training cost – FET Telecom				
Total employee training costs	NT$	24,971,847	19,696,832	14,475,000
Total employee training hours	Hours	437,501.19	357,135.51	199,065.00
Total number of employee	Number of people	5,841	5,623	5,463
Average employee training costs	NT$	4,275.27	3,413.07	2,600.00
Average employee training hours	Hours	74.9	62.72	36.4

[6] Full-time (permanent) Employees: employee meets the requirement of working hours and working practices and the definition of "full-time employee" in FET's operation area.

[7] Part-time Employees: the working hours and practices are less than full-time employee defined by the operating region；FET only operates in Taiwan.

Employee training cost – Arcoa				
Total employee training costs	NT$	1,577,661	2,243,011	495,500
Total employee training hours	Hours	7,756	7,540	4,971
Total number of employee	Number of people	399	405	375
Average employee training costs	NT$	3,954	5,538	1,321
Average employee training hours	Hours	19.4	18.6	13.3

		2019	2020	2021
Creating Social Value				
Communication infrastructure investments				
Amount invested in network infrastructure and equipment	NT$ Million	4,130	5,101	4,304
Amount invested in of construction in remote areas	NT$ Million	31	48	66
Total Communication infrastructure investments	NT$ Million	4,161	5,149	4,370
Amount invested in social public welfare				
Amount invested in public welfare	NT$ Thousand	15,754	7,363	6,151
Amount raised	NT$ Thousand	5,159	4,476	2,075
Total amount invested in social public welfare	NT$ Thousand	20,913	11,840	8,226
Number of social public welfare volunteers				
Number of volunteers involved	Number of people	352	3,311	6,846
Total committed hours	Hours	2,816	38,078	150,000

[8] The duration of an activity a volunteer committed is regarded as a workday (8 hours), and the numbers are multiplied to calculate total committed hours.

Economic and Governance Data

Operating Financial Performance

Condensed Comprehensive Income Statement – by Consolidated

Unit: NT$1000

項目 \ 年度		Financial Information in Recent 5 years					2022/01/01~2022/03/31 (Note 1)
		2017	2018	2019	2020	2021	
Current Assets		26,284,153	26,284,153	27,257,217	25,152,457	26,174,565	26,195,155
Properties, Plants and Equipment		46,233,707	46,233,707	36,257,748	38,205,535	40,142,014	40,431,971
Intangible assets		56,109,371	56,109,371	50,534,517	89,389,771	83,848,280	82,423,581
Other Assets		4,079,124	4,079,124	20,113,454	20,681,557	25,378,722	24,810,170
Total Assets		132,706,355	132,706,355	134,162,936	173,429,320	175,543,581	173,860,877
Current Liabilities	Before Distribution	30,391,974	25,621,259	22,132,215	22,079,547	33,398,206	35,233,130
	After Distribution	42,657,587	37,910,661	32,806,792	32,748,197	(Note 2)	(Note 2)
Non-current Liabilities		31,868,168	27,159,067	41,424,301	83,102,564	76,044,595	70,922,408
Total Liabilities	Before Distribution	62,260,142	52,780,326	63,556,516	105,182,111	105,182,111	106,155,538
	After Distribution	74,525,755	65,069,728	74,231,093	115,850,761	(Note 2)	(Note 2)
Equity Attributable to Owners of Far Eas Tone	Before Distribution	69,758,412	73,317,498	69,763,955	67,313,694	65,135,716	66,787,789
	After Distribution	57,539,034	61,028,096	59,173,827	56,723,566	(Note 2)	(Note 2)
Capital Stocks		32,585,008	32,585,008	32,585,008	32,585,008	32,585,008	32,585,008
Capital Surplus	Before Distribution	8,143,345	5,820,041	5,820,041	5,701,421	2,389,840	2,400,539
	After Distribution	5,820,034	5,820,041	5,686,442	2,390,784	(Note 2)	(Note 2)
Retained Earnings	Before Distribution	29,011,927	34,881,092	31,355,697	29,127,148	30,995,246	33,320,563
	After Distribution	19,115,860	22,661,714	20,899,168	21,847,657	(Note 2)	(Note 2)
Other Equity		18,132	31,357	3,209	(99,883)	(834,378)	(1,518,321)
Non-controlling Interest	Before Distribution	687,801	718,685	842,465	933,515	965,064	917,550
	After Distribution	641,566	648,661	758,016	854,993	(Note 2)	(Note 2)
Total Shareholders' Equity	Before Distribution	70,446,213	74,036,183	70,606,420	68,247,209	66,100,780	67,705,339
	After Distribution	58,180,600	61,746,781	59,931,843	57,578,559	(Note 2)	(Note 2)

Note 1: The financial statements for the first quarter of 2022 have been reviewed by CPA.
Note 2: The distribution of the 2021 earnings has not been approved by the Shareholders' Meeting

Economic and Governance Data

Operating Financial Performance

Condensed Comprehensive Income Statement – by Consolidated

Unit: Except EPS is NT dollar; others are NT$1000

Item \ Year	Financial Information in Recent 5 years					
	2017	2018	2019	2020	2021	2022/01/01~ 2022/03/31 (Note)
Operating Revenues	92,069,681	86,634,971	83,865,872	79,500,965	85,320,008	21,904,025
Gross Profit	35,762,919	28,002,420	26,756,524	25,933,863	25,438,004	6,555,879
Operating Income	14,216,298	12,373,173	11,925,478	11,037,699	10,361,121	3,019,211
Non-Operating Income and Expenses	(1,053,726)	(503,743)	(913,959)	(845,231)	719,664	(113,127)
Income before Tax	13,162,572	11,869,430	11,011,519	10,192,468	11,080,785	2,906,084
Net Income from Operating Business	10,853,643	9,424,776	8,807,743	8,444,622	9,233,881	2,355,102
Net Income（Loss）	10,853,643	9,424,776	8,807,743	8,444,622	9,233,881	2,355,102
Other Comprehensive Income Loss（Net of income tax）	171,098	79,024	(14,847)	(135,736)	(710,716)	(683,655)
Total Comprehensive Income	11,024,741	9,503,800	8,792,896	8,308,886	8,523,165	1,671,447
Net Income Attributable to Owners of Far EasTone	10,856,682	9,381,351	8,734,984	8,354,128	9,123,795	2,325,317
Net Income Attributable to Non-Controlling Interest	(3,039)	43,425	72,759	90,494	110,086	29,785
Comprehensive Income Attributable to Owners of FarEasTone	11,027,319	9,459,897	8,720,589	8,218,606	8,413,094	1,641,374
Comprehensive Income Attributable to Non-Controlling Interest	(2,578)	43,903	72,307	90,280	110,071	30,073
Earning Per Share	3.33	2.88	2.68	2.56	2.8	0.71

Note: The financial statements for the first quarter of 2022 have been reviewed by CPA.

Economic and Governance Data

Operating Financial Performance

Financial Ratio Analysis- by Consolidated

Item	Year	Financial Information in Recent 5 years					2022/01/01~ 2022/03/31 (Note)
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt to Asset Ratio	46.92	41.62	47.37	60.65	62.35	61.06
	Long-term Funds to Properties, Plants and Equipment Ratio	221.30	241.84	308.98	396.15	354.11	342.87
Liquidity Analysis (%)	Current Ratio (%)	86.48	93.44	123.16	113.92	78.37	74.35
	Quick Ratio (%)	67.94	74.87	106.01	96.07	65.51	63.59
	Times Interest Earned (times)	29.50	28.79	22.44	15.68	17.36	20.92
Operating Performance	Accounts Receivable Turnover (times)	10.43	9.74	9.58	8.97	9.08	9.15
	Average Collection Days	34.99	37.47	38.1	40.69	40.19	39.89
	Inventory Turnover (times)	7.27	6.96	8.31	7.76	9.04	10.00
	Accounts Payable Turnover (times)	10.52	10.64	12.00	9.37	9.11	8.97
	Inventory Turnover Days	50.20	52.44	43.92	47.03	40.37	36.50
	Properties, Plant and Equpment Turnover (times)	1.92	1.97	2.15	2.14	2.18	2.17
	Total Assets Turnover (times)	0.69	0.67	0.64	0.52	0.49	0.50
Profitability Analysis	Return on Assets （%）	8.46	7.53	7.06	5.85	5.60	5.66
	Return on Equity （%）	15.27	13.05	12.18	12.16	13.75	14.08
	Income before Tax to Capital ratio （%）	40.39	36.43	33.79	31.28	34.01	35.67
	Net Income Ratio （%）	11.79	10.88	10.50	10.62	10.82	10.75
	Earnings per share （NT$）	3.33	2.88	2.68	2.56	2.80	0.71
Cash flow	Cash Flow Ratio （%）	81.76	90.02	97.02	117.96	105.74	21.24
	Cash Flow Equivalent Ratio （%）	71.86	92.38	94.17	75.33	84.18	88.80
	Cash Reinvestment Ratio （%）	7.02	6.06	4.71	6.44	10.53	3.22
Leverage Ratio	Operating Leverage	2.41	2.64	2.62	2.69	2.90	2.65
	Financial Leverage	1.03	1.04	1.05	1.07	1.07	1.05

Note: The financial statements for the first quarter of 2022 have been reviewed by CPA.

GRI Standards Index

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	103-3 Evaluation of the management approach	1. Sustainable Value & Governance		14
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	201-2 Financial implications and other risks and opportunities due to climate change	1.2.3 Risk Management		29 94
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GRI 205: Anti-corruption	205-2 Communication and training about anticorruption policies and procedures	1.2.2 Ethical Corporate Management		26
	205-3 Confirmed incidents of corruption and actions taken	1.2.2 Ethical Corporate Management	No such incidents in 2021	26
GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.2.2 Ethical Corporate Management		26
GRI 415: Public policy	415-1 Political contributions	1.2.4 External Participation	FET did not make any political donation in 2021	26
Environment innovation strategy and application				
GRI 103: Management Approach	103-2 The management approach and its components	6.3.4 Environmental Resources Management		99
	103-3 Evaluation of the management approach			
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GRI 407: Freedom of association and collective bargaining	417-1 Requirements for product and service information and labeling	3.2 Most Considerate Communication		56
	417-2 Incidents of non-compliance concerning product and service information and labeling	3.2 Most Considerate Communication	No such incidents in 2021	56
	417-3 Incidents of non-compliance concerning marketing communications	3.2 Most Considerate Communication	No such incidents in 2021	56
Talent development and management				
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GRI Standards	Disclosure	Corresponding Chapter	Note	Page
Talent development and management				
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	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.1 Human Resource Management		67
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Response to government policy and regulatory changes				
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	6.3.4 Environmental Resources Management		107
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	1.2.2 Ethical Corporate Management	No such incidents in 2021	26
Supply-chain management				
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	1.3 Supply Chain Management		34
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	1.3 Supply Chain Management		35
	308-2 Negative environmental impacts in the supply chain and actions taken	1.3 Supply Chain Management		35
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	1.3 Supply Chain Management		35
	414-2 Negative social impacts in the supply chain and actions taken	1.3 Supply Chain Management		35

GRI Standards	Disclosure	Corresponding Chapter	Note	Page
Energy management				
GRI 302: Energy	302-1 Energy consumption within the organization	6.1 Overview of FET's Environmental Footprint		93
	302-3 Energy intensity	6.1 Overview of FET's Environmental Footprint		93
	302-4 Reduction of energy consumption	6.1 Overview of FET's Environmental Footprint		93
	302-5 Reductions in energy requirements of products and services	6.3 Environmental and Energy Management		100
Climate strategy				
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	6.2 Climate Strategy		94
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	6.1 Overview of FET's Environmental Footprint		98
	305-2 Energy indirect (Scope 2) GHG emissions	6.1 Overview of FET's Environmental Footprint		98
	305-3 Other indirect (Scope 3) GHG emissions	6.1 Overview of FET's Environmental Footprint		98
	305-4 GHG emissions intensity	6.1 Overview of FET's Environmental Footprint		98
	305-5 Reduction of GHG emissions	6.1 Overview of FET's Environmental Footprint		98
Human Rights and Workplace diversity				
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	1.2.1 Corporate Governance Organization 4.3 Workplace Diversity		16 64
	405-2 Ratio of basic salary and remuneration of women to men	4.3 Workplace Diversity		66
GRI 406: non-discrimination	406-1 Incidents of discrimination and corrective actions taken	4.3 Workplace Diversity		74
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1.3 Supply Chain Management		35
GRI 408: Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	1.3 Supply Chain Management		35
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	1.3 Supply Chain Management		35
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	4.2 Talent Development 4.3 Workplace Diversity		70 74

SASB Index

Topic	Code	Accounting Metric	Note	Page
Environmental Footprint of Operations	TC-TL-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) Total energy consumption: 2,222,942.50 GJ, (2) percentage grid electricity: 99.19%, (3) percentage renewable: 0.16%.	93
Data Privacy	TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	Please refer to “3.3 Privacy Protection”.	57
	TC-TL-220a.2	Number of customers whose information is used for secondary purposes	78.9%	57
	TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer Privacy	No such incidents in 2021.	57
	TC-TL-220a.4	(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	The Number of government requests for customer information is 206,880 in 2021, all requests were duly replied.	57
Data Security	TC-TL-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	No such incidents in 2021.	53
	TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Please refer to “1.2.3 Risk Management”.	28
Product End-oflife Management	TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) Landfilled	(1) In 2021, FET recycled a total of 1,461.4 kg of cell phones, (2) 57% reused, (3) 30% recycled, and (4) 13% Landfilled	106
Competitive Behavior & Open Internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	No such incidents in 2021.	19
	TC-TL-520a.2	Average actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content	FET provides consistent download speeds for all types of content, with a 5G download speed of 417.6Mbps and an average download speed of 36.42Mbps for 4G users.	82
	TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	The management of paid interconnection support is carried out in accordance with the Telecommunications Regulatory Act, and we continue to pay attention to issues related to net neutrality and zero rating.	-
Managing Systemic Risks from	TC-TL-550a.1	(1) System average interruption frequency and (2) customer average interruption duration	(1) System average interruption frequency : 0.0062 (2) customer average interruption duration: 1.2798.	82
	TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	In case of service interruption, we decide whether to activate the Business Continuity Plan (BCP) and initiate emergency response depending on the status of the affected customers by integrating the company's decision makers, network department, customer service, public relations and finance departments to assess the risk of the incident and potential losses.	82

TCFD Index

Recommended Disclosures	2021 Disclosures	Page
Governance		
a. Describe the board’s oversight of climate-related risks and opportunities.	FET has formulated the Risk Management Policy based on ISO 31000 Risk Management – Guidelines, which has been approved by the Board of Directors to be the guiding principles and basis for all business groups.	Annual Report P43
b. Describe management’s role in assessing and managing climate-related risks and opportunities.	FET has established an Environment and Energy Management Committee, which is chaired by the CFO. Members include the heads of different departments, and quarterly meetings are convened to discuss energy and environment-related targets and performance.	99
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	FET had identified and prioritized climate-related risks. Please refer to “6.2 Climate Strategy”.	97
b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	FET has implemented financial impact analysis for climate scenarios, focusing on the physical risk of "increased frequency of severe typhoons" and the transition risk of "increased pricing of GHG emissions". Please refer to “6.2 Climate Strategy”.	96
c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2℃ or lower scenario.	RCP 2.6 and RCP 2.8 scenario analysis for physical risk "increased frequency of severe typhoons. IEA 2DS and IEA B2DS scenario analysis for transition risk “Increased pricing of GHG emissions”. Please refer to “6.2 Climate Strategy”.	96
Risk Management		
a. Describe the organization’s processes for identifying and assessing climate-related risks.	Please refer to “6.2 Climate Strategy”.	97
b. Describe the organization’s processes for managing climate-related risks.	Please refer to “6.2 Climate Strategy”.	97
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	The members of the Risk Management Committee are appointed by the board of directors, and more than half of them are independent directors. Committee aims to enforce management of financial risks, strategic and business risks, information security risks, and environmental and energy risks within the organization from a more comprehensive perspective and scope and through collaboration among different levels to implement enterprise risk management. Please refer to “1.2.3 Risk Management”.	97
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	GHG emissions, annual office power consumption EUI per ping, IDC average power efficiency PUE, average power consumption from FET directly operated stores, base station power consumption per 1GB transmission, total renewable energy generated. Please refer to “Strategy and Goal”.	98 115
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1: 10,557.143 ton CO2e, scope 2: 272,411.386 ton CO2e, scope 3: 108,864.046 ton CO2e. Please refer to Appendix.	98
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	GHG emissions, annual office power consumption EUI per ping, IDC average power efficiency PUE, average power consumption from FET directly operated stores, base station power consumption per 1GB transmission, total renewable energy generated. Please refer to “Strategy and Goal”.	100

Third-party Assurance Statement

GRI Sustainability Reporting Standards (GRI Standards)

Account Ability 1000 (Account Ability 1000) Type 2

The International Integrated Reporting Framework (<IR> Framework)

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTONE TELECOMMUNICATIONS CO., LTD.'S SUSTAINABILITY REPORT FOR 2021

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 Sustainability Report for 2021 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (19 Mar 2022~19 Apr 2022). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all FET's Stakeholders.

RESPONSIBILITIES

The information in the FET's Sustainability Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of FET. SGS has not been involved in the preparation of any of the material included in the Report

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

TWLPP5008 Issue 2201

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1.	GRI Standards (Core)
2.	AA1000 Accountability Principles (2018)
3.	International Integrated Reporting Framework (Chinese Version 2015)

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for FET and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018);
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with; and
- evaluation of the report against the IIRC International <IR> Framework (Chinese Version 2015) requirements for content elements.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR Committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Microsoft Teams.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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 affirm our independence from FET, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation 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 specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2201

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

FET has demonstrated its commitment to stakeholder inclusivity through formalised commitment from the highest governing body. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality

FET has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It's recommended to use appropriate criteria and thresholds to determine the significance, likelihood, and present and expected future impact of identified material sustainability topics.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Communications with stakeholders on an ongoing and timely manner are recommended to be delivered reasonable and viable responses.

Impact

FET has performed processes to recognize and manage the organisation's impacts that are applied across the organisation under the governance of senior management. It's recommended to defined methodology to present impacts as quantitative or monetised measurement results.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FET's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For GRI 202, GRI 205, and GRI 415 are recommended to get more narrative explanation of how an organization manages a material topic, the associated impacts, and stakeholders' reasonable expectations and interests.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
10 June , 2022
WWW.SGS.COM

AA1000
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TWLPP5008 Issue 2201

遠傳FET

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