



只有遠傳 沒有距離
靠得更近 想得更遠

2020 Far EasTone Integrated Report

遠傳心 **5G** 未來無距離

A Future Beyond Imagination



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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 we respond to key stakeholders > **Chapter 1 Creating Sustainable Values**
- Find out how FET responds to the changing operating environment and shares value with suppliers >  **Chapter 2 Go Prosperous**
- Find out how FET uses the innovative products and services to lead the application of big data, AI and IoT >  **Chapter 3 Go Innovative**
- Learn about the efforts FET has put in to become the preferred brand for customers and employees >  **Chapter 4 Go Caring**
- Learn about the social concern of FET and how we promote a fair and inclusive society via core technology >  **Chapter 5 Go Inclusive**
- Find out how FET responds to climate change ahead with low-carbon and green transition >  **Chapter 6 Go Eco**

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.



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About This Report

This is Integrated Report compiled based on the International Integrated Report (IR) Framework (hereinafter referred to as the IR).

Report Cycle and Period

The FET IR Report is published on an annual basis. The previous report (2019) was published in June 2020. From 2015 onwards, FET has published its IR 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 (2021) will be published in June 2022. This report encompasses financial and nonfinancial information of FET in 2020 (January 1, 2020 to December 31, 2020), 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 93.5% 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 [2020 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 IR Report. The contents of the FET IR 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).

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:

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- Email: FETCSR@fareastone.com.tw

FET Stakeholders



FET CSR Website



FET CSR Survey



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Looking back on 2020, the world faced serious challenges posed by COVID-19 which had a profound impact on various industries. Confronted by the turbulent environment, FET employees not only persistently enhanced their core competencies in working with big data, artificial intelligence (AI), and the Internet of Things (IoT) to improve the profitability of new economic services but also accelerated the construction of a 5G network. We launched our 5G network and offered virtual reality (VR), multi-view video, and telecommunication services in early July. With collective efforts, FET delivered solid business performance in 2020: consolidated revenue totaled NT\$79.50 billion; consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) and after-tax earnings were NT\$27.60 billion and NT\$8.35 billion, respectively, with a value of earnings per share (EPS) of NT\$2.56; and the completion rate of financial forecasting was 104%. We continued to create optimal value for shareholders.

In the face of challenges brought on by COVID-19, FET turned the crisis into opportunity. We strengthened enterprise digital transformation, and at the same time readied ourselves with innovations for the new normal of enterprises in the post-pandemic world. The dedicated Business Continuity Management (BCM) established few years ago has played a key role where the President assumed the position of a commander-in-chief and led employees in establishing an epidemic prevention system. We regularly assessed employee health, monitored the status of the pandemic, established disease prevention measures in all aspects, formulated remote work guidelines, conducted remote meetings, and implemented visitor access controls to ensure a safe working environment for all employees.

While many industries suffered financial hardship due to COVID-19, FET has accurately identified the rise of the stay-at-home economy as a result of consumer lifestyle changes during the pandemic and aggressively sought out business opportunities such as the increase of friDay Video subscribers, the growth in friDay shopping revenue, the doubling of transactions of remote solutions enterprises, and so on. We also leveraged on our ICT core competency to assist with the cloud service and network structures of the government's eMask Ordering System. We were a hidden figure behind the national mask team, maximizing FET's corporate social responsibility. FET commenced 5G business in July 2020. "FET 5G" provided consumers with a high-speed internet experience as never before. FET optimized the network and built infrastructure with AI and big data technology allowing FET to achieve the goal of having 300,000 5G users ahead of schedule in early December 2020. We also had excellent performance in terms of 5G speed. FET ranked first among Taiwan operators in the surveys conducted by two international mobile network performance testing authorities, Speedtest and Opensignal. Moreover, FET sponsored the Taipei New Year Countdown Party with 5G technology at the end of 2020, with over 100 participants on a video chat platform simultaneously. In addition, the friDay Video pioneered the on-line, multi-view live broadcasting of the Countdown Party, attracting nearly 2 million viewers and giving the FET brand maximum exposure. Our 5G target is to have a coverage of 90% of the entire population of Taiwan by the end of 2021, allowing each user to enjoy the best 4G + 5G network experience.

In order to maintain FET's competitive edge in the 5G spectrum, enhance spectrum efficiency, and reduce the required capital expenditures and operating costs of the network, FET and Asia Pacific Telecom entered into a 5G spectrum-sharing agreement in September. Once approved by the authorities, FET would be able to devote more resources to value-added and smart services. Prior to the formal commercial operation of 5G, FET had adopted preemptive measures for enterprise customers by rolling out four models of private 5G networks and exploring business opportunities pertaining to the concept of a smart factory and Industry 4.0. In addition, we continued our research related to the technology and applications of big data, AI, the IoT, and supplemented them with cloud data and information security to drive the new economy business. Through developing diverse value-added services and smart applications in the vertical sector, we aimed to offer consumers the best services available.

FET creates value for corporate customers through cross-industry alliances and integrates the core of the company to promote corporate social responsibility. With continuous efforts in smart healthcare in 2020, we constructed Taiwan's first 5G Remote Diagnostics Project in Taitung after delivering the world's first NB-IoT glucometer, and took a step further to offer the first 5G diabetes continuous remote medical care service of Taiwan in New Taipei City. Eliminating physical distance with the internet, we saved remote-area patients from the travel required for hospital visits and return visits. FET collaborated with the Taoyuan City Government on the Smart Street Light Project. By employing a real-time remote monitoring and automated error reporting system, we were in command of streetlights deployment within the entire city, providing the public with the best in lighting and road-safety currently available.

FET performed outstandingly in ESG (Environment, Society, and Government) in terms of sustainable performance. For many years, in order to be more aligned with the United Nations' Sustainable Development Goals (SDGs), FET has planned our "5Go Sustainability" strategies, including "Go Prosperous, Go Innovative, Go Caring, Go Inclusive, and Go Eco". By focusing on environmental, social, and economic issues through practice, we have planned our 2018 to 2025 strategies and established our mid- to long-term development goals in pursuit of sustainable growth. FET will utilize core competencies and create multiple wins for our enterprise and the society on our path to transformation. We will also work with our nine primary stakeholders, including suppliers and users, to mutually promote corporate social responsibilities, and to exert our influence as a member of the ICT industry. In terms of corporate governance, FET's sustainable performances not only included establishing functional committees under the supervision of the Board, but we have also correlated compensations for senior executives (directors and above) with our sustainable performance to ensure that our sustainable management is effective. In order to let the concept of sustainability deeply rooted in the work DNA of all employees, this mechanism will be extended to all employees in 2025. In terms of



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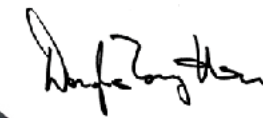
environmental sustainability, FET has utilized cloud computing, data analytics and IoT technologies toward various applications including smart city, smart parking, air quality surveillance, big data traffic analysis and more to solve traffic and air quality issues. FET has joined the GSMA-led Climate Initiative together with leading global mobile operators to reduce the impacts of global climate change. We have joined the Science Based Targets initiative (SBTi) and become the third certified telecommunications operator throughout Asia. In addition, FET initiated the "Revolutionize Education. Spread Love Far" project by associating "game" with "learning" through the online game learning platform, PaGamO. Along with the care and companionship from FET volunteers, we motivate the willingness to learn among children living in remote areas and reduce the uneven distribution of educational resources between urban and rural areas. In the 8th year of the "Cherish the Earth, Spread Love Far" project, we joined hands with stakeholders to expand our influence. In 2020, we collaborated with suppliers and lead the company to set up the "Sustainability Pioneer Team" to assist Binmao Junior High School in Tamali Township, Taitung County for the repair of their basketball court. For the past 14 years, "Care for Family, Spread Love Far" project has raised over NT\$43 million for the Child Welfare Foundation. Cumulatively, FET's CSR activities in 2020 have reached over 3.05 million people.

FET's efforts related to corporate sustainability have long been highly recognized by sustainability rating agencies both abroad and at home. The eight major awards were: twice becoming a component stock of the DJSI World Index, ranking fourth among the 100 plus telecommunication operators worldwide; being included in the DJSI Emerging Markets Index for five consecutive years; being awarded the "Silver Class" in the 2020 Sustainability Yearbook for the first time; being the only telecommunication operator in the world to receive the Industry Mover award organized by an international sustainability rating agency; having received the highest honor of being in the top 5% in corporate governance as rated by Taiwan Stock Exchange for six consecutive years; having won the CSR Survey - Role Model Award organized by the Global Views Monthly for four consecutive years; being ranked as one of Taiwan's Top Ten Sustainability Model Companies of the TCSA award for many years; and having received the TCSA award. Because both the TPKC (FET's cloud computing center) and the TPKD (R&D office building) earned diamond-grade certification, the highest honor for sustainable architecture in Taiwan, our sustainability performance was recognized once again! FET won the Energy Management Insight Award of the United Nations for our energy-saving innovations, being the second telecommunication company worldwide and the first one in Taiwan to receive this honor. Finally, FET was upgraded to a B rating by the CDP. These exceptional achievements represent FET's determination and performance in promoting sustainable development.

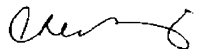
Looking forward, FET will proactively carry out strategic development by speeding up the full commercial operation of 5G, restarting our core business of telecommunication through the mobile living sphere, and forging cross-industry alliances in the hope of driving the new economy with innovations. FET employees will also persistently enhance their competencies concerning "big data, AI, and IoT", think from customer perspectives as well as go further for every thought from customers in order to realize the vision of "FET Connects and Enriches Life."



Douglas Hsu, Chairman




Chee Ching, President



2020 Milestones

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January

- Awarded the Industry Mover by RebecoSAM – the only enterprise in the telecommunications industry
- Won the Silver Class Sustainability Award in the Sustainability Yearbook 2020 from the S&P Global for the first time



Awarded the Industry Mover by the RobecoSAM -- the only award-winning enterprise in the telecommunication industry -- and won the Silver Class Sustainability Award

March

- Launched the first serial bank account deposit plan app "friDay 57" in Taiwan
- Sold the first NB-IoT glucose meter in the world

June

- Co-established the First 5G Smart Factory in Taiwan with Delta Electronics and Microsoft Taiwan
- Won the Energy Management Insight Award from the United Nations Clean Energy Ministerial (CEM) as the first in Taiwan and second around the world



Co-established the First 5G Smart Factory in Taiwan with Delta Electronics and Microsoft Taiwan

July

- Launched the commercial 5G network to meet the new era of 5G



Won the Energy Management Insight Award from the United Nations Clean Energy Ministerial (CEM) as the first in Taiwan and second around the world



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September

- Carried out common frequency and common network cooperation with Asia Pacific Telecom for 5G services
- Called for 300 suppliers to establish the "Sustainability Pioneer Team" to support resource-scarce groups in Taiwan
- Installed electronic forms self-services in all stores as the first in the industry to implement innovative and digital services

October

- Launched the innovative business model – "You Shop, FET Pays" – to become the largest telecom Online-Merge-Offline (OMO) cross industry platform

November

- Added values to the 5G service by launching the "friDay cloud gaming"
- Selected as an index component of the Dow Jones Sustainability World Index for two consecutive years
- Upgraded to management level B in the Carbon Disclosure Project (CDP) climate change questionnaire
- Launched the first 5G Diabetes Continuous Remote Medical Care Application in Taiwan

December

- Won two championships of 5G download speed and 5G user overall download speed in the first Opensignal's Taiwan 5G user experience report
- Approved by the financial supervision and regulation commission to operate the second stage business of "open bank" for the "FET friDay financial management +" app together with Far Eastern International Bank and became the first TSP in Taiwan to operate third-party services



Launched the commercial 5G network to meet the new era of 5G

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Selected as an index component of the Dow Jones Sustainability World Index for two consecutive years; Upgraded to management level B in the Carbon Disclosure Project (CDP) climate change questionnaire



Won two championships of 5G download speed and 5G user overall download speed in the first Opensignal's Taiwan 5G user experience report

2020 Awards and Performance Highlights

Awards and Recognition in 2020



Selected as an index component of the Dow Jones Sustainability World Index for two consecutive years



Selected as the DJSI Industry Mover of the Global Telecommunications Service Industry Group by RobecoSAM for two consecutive years



Won 8 major awards from the Taiwan Corporate Sustainability Awards, including Ten Most Sustainable Company Award



Won the CSR Award in Global Views Magazine's CSR Annual Grand Survey for four consecutive years



Ranked Top 11 in the Commonwealth Magazine's Excellence in Corporate Social Responsibility Award



Rated as the top 5% in corporate governance by Taiwan Stock Exchange for six consecutive years



Upgraded to management level B in the assessment results of Carbon Disclosure Project (CDP) climate change questionnaire



Won the British Standards Institution (BSI) Sustainable Resilience Leadership Award



Awarded the Climate Change Management Excellence Award by the SGS CSR Awards



Won the Energy Management Insight Award from the United Nations Clean Energy Ministerial (CEM)



Achieved diamond level green building certification for TPKC & TPKD R&D buildings from EEW Taiwan



Received nine awards from the Customer Service Excellence Awards (CSEA)



Won Gold Medal from Commercial Times's Best Service Evaluation for nine consecutive years

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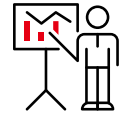
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► Performance Highlights in 2020



Governance

5G Speed Champion

Certified by both
Speedtest and Opensignal

4G Successful
Connection Rate

99.94%

The First in Taiwan

5G Remote Diagnostic Clinical Project
in Taitung
5G Diabetes Continuous Remote
Medical Care Application in New Taipei

24,000 magnetometer installed

for smart carpark application to
enhance the effectiveness of parking
spaces and solve congestion and air
pollution in six major cities

User average
download speed
↑ 21.9%

The First 5G Smart Factory in Taiwan

A joint effort with Delta Electronics
and Microsoft Taiwan

80,000 smart streetlights

Implemented "Taoyuan smart NB-IOT
streetlights project" in which the city fully
adopted street management solution

2020 Smart City Innovation and Application Award (Smart Water Field)

2020 Cloud Computing & IOT Innovation Award

Won by the Taoyuan Cloud IoT Smart Monitoring System in
the Sewage



Environmental

Received the Science Based
Targets initiative certification



567,000 kWh

Green power
generated

Base station power consumption
per 1GB transmission

↓ 10.9%

Total power consumption
across all stores

↓ 2.38%

Recycled Cell Phones and Accessories

Recycled **344.66 kg** cell phones
and **288.78 kg** accessories



Joined the international climate initiative
Groupe Speciale Mobile Association (GSMA)



Social

FET's call center

The First in Asia to Receive ISO 18295 international certification

Sustainable Store Project

Promoted across Taiwan with
700+ stores demonstrating
community caring

Launched 5G situational experience and
service in hotspots across Taiwan

FET 5G Speed Experience Activities

Social activities reached

940,000+
persons

i-Tribe Wireless Network
Construction Plan

115 tribes built outdoor
wireless networks

Broadband network service
coverage ratio reached

96.5%
of populations in remote areas

Organized supplier
general meeting for
the fifth year with

103
suppliers

300 suppliers
established

"Sustainability Pioneer Team"
to support disadvantaged groups
and schools in remote areas

**ISO 45001:2018 &
CNS 15506:2011 (TOSHMS)**

Received renewal of Occupational
Safety and Health Management
System standard certification

Annual Highlights

FET's Response and Management Measures towards the COVID-19 Pandemic



Internal Management Mechanism

During the COVID-19 pandemic, FET's Business Continuity Management (BCM) is responsible for response and contingency management, with the President as the commander-in-chief. In order to ensure a safe working environment for all employees, a number of management guidelines have been promoted:

- Formulate "Remote Work Management Measures": Employees can apply to work from home in accordance with relevant regulations.
- Health monitoring and notification tracking: Conduct health monitoring and notification tracking, and design a web page to report the health status of employees, family members, and visitors.
- Safety Protection Measures: Measure the body temperature of employees and visitors at all office premises, strengthen the sanitation and disinfection of the workplace, require employees to wear masks at the physical stores and in confined spaces (such as elevators), strengthen employee epidemic safety education, and increase employees' awareness on self-protection.
- Implement remote meetings: Employee training courses are conducted as online courses; internal and external meetings are conducted through cloud meetings.
- Remote backup office: For the essential operations, plan and implement preventive remote working policies to ensure the continuity of important services and operations.
- Care for the health of customers and establish relevant SOPs: Customers must measure their body temperature and wear masks when they arrive at the store. We also establish marketing materials to promote epidemic prevention practices to consumers.

Highlights

Home/Remote Office Solutions

In order to reduce the risk of exposure and infection and improve the enterprises' ability to respond to epidemics, FET provides a "home/remote office solution package" based on the company's scale and work mode. For large/medium-sized enterprises, FET provides cloud conferences (Teams) services to meet the communication and collaboration needs for remote meetings. For small businesses, FET provides cloud switchboard, video conferencing and other functions to help companies overcome difficulties together. In the first quarter of 2020, the year-on-year growth rate of enterprise customers who use the remote office epidemic prevention package service reached 337%.

"Suspending Classes without Stopping Learning" Secures Distance Learning for Disadvantaged Students

FET joined hands with the Ministry of Education to protect disadvantaged school children so that their studies will not be interrupted during the pandemic. In response to the government's "Suspending Classes without Stopping Learning" policy, FET has sponsored 10,000 unlimited easy pay cards to economically disadvantaged students for the use of distance learning during the pandemic in 2020. In response to the escalation of the pandemic in May 2021, FET first announced the sponsorship of 25,000 units of 45-day unlimited EasyPay cards, accumulated to 35,000 units in total, and assisted delivery to the education bureaus of a total of 24 counties and cities designated by the Ministry of Education. In addition, the PaGamO platform, a long-term partner with FET, also coordinated related online learning courses and arranges various academic tasks for students. FET provides cross-field learning content of digital literacy and digital technology so that students can access it for free during the remote learning period. For ordinary school children, FET also launched the "Easy to Pay Internet Package for Pandemic Prevention", which is free of contract and monthly rent, and can be topped up at any time. After paying NT\$1,199, you can enjoy unlimited Internet access for 2 consecutive months, allowing students to enjoy distance learning with convenience.

FET Supports Remote Outpatient Services in Midst of the Rise of the Pandemic

In May 2021, the pandemic escalated and outpatient services in the hospitals were reduced, which affected people's needs to seek medical treatment and receive medication for chronic diseases. FET assisted Far Eastern Memorial Hospital to introduce remote consultation services, and was the first to provide 9 specialties including cardiology, gastroenterology, urology, radiation oncology, neurology, family medicine, metabolism, pediatrics, and health examination center. In response to the needs of the public, the service was urgently expanded to 16 specialties within one week after the launch. FET assisted the hospital to allocate resources properly to protect the health of the people.

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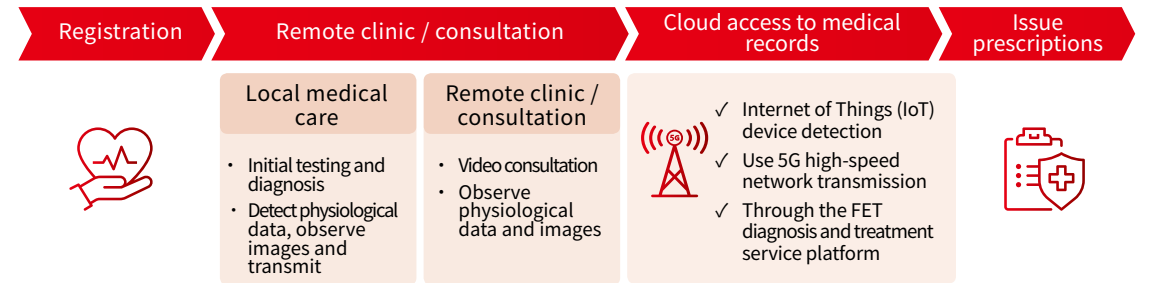


Sustainability Impacts from 5G Remote Diagnosis

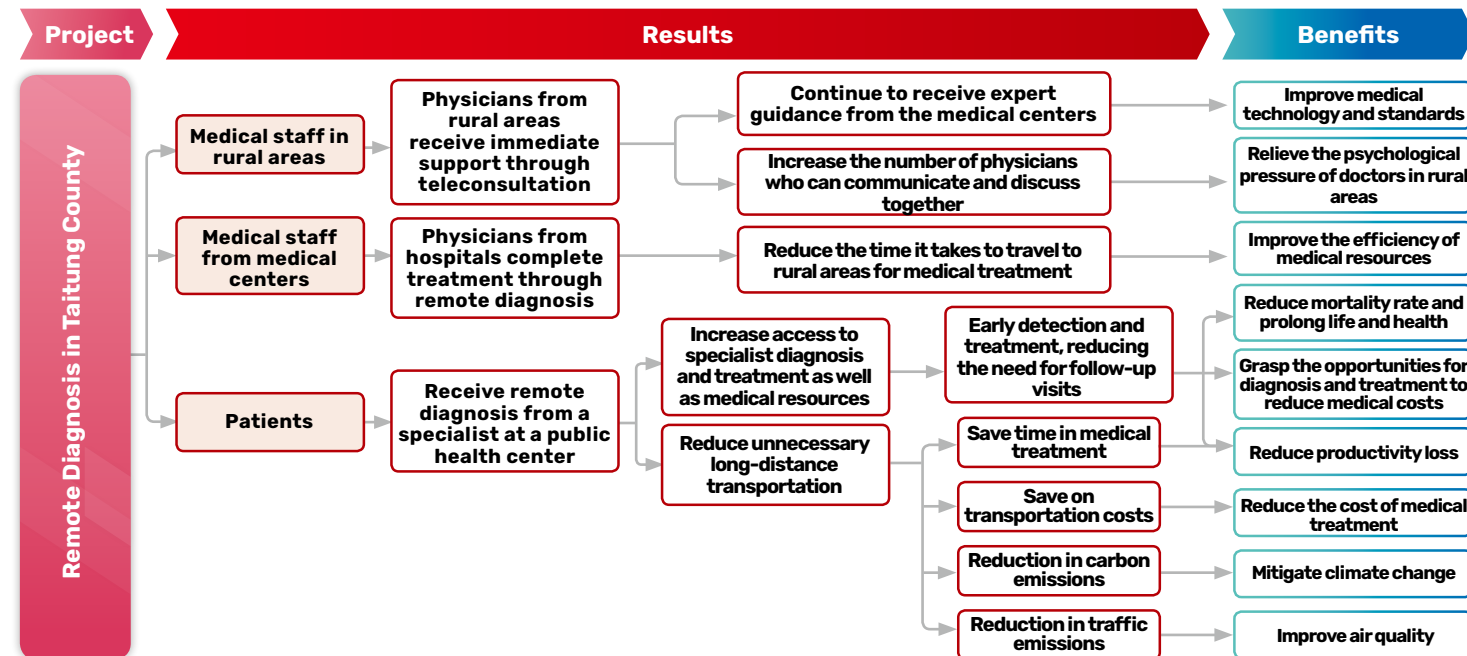
FET discovered that Taiwan's medical resources are concentrated in the northern and western region, and there is a large difference in the eastern region. In terms of the average number of physicians per 10,000 people of the population, Taiwan has an overall average of 20.99, Taipei City has 40.49, and Taitung County has only 13.84. Due to this, FET launched the country's first 5G Remote Diagnosis starting from May 2020, providing service to 11 health centers in Taitung County, including Orchid Island and Green Island. Kaohsiung Medical University Chung-Ho Memorial Hospital, Hualien Tzu Chi Hospital and Taitung MacKay Memorial Hospital will conduct joint consultations and give priority to providing Remote Diagnosis for divisions that lack specialists in Taitung such as ophthalmology, dermatology, and otorhinolaryngology. This Remote Diagnosis implements the latest 5G technology to reduce the time difference of remote real-time image display by 10 times. At the same time, it combines IoT technology to make medical services mobile, so that medical treatment is not limited to fixed places and shortens the distance between physicians and patients.

According to FET's evaluation, there are significant economic, environmental and social benefits for Remote Diagnosis. In terms of social influence, in the past, the longest round-trip distance for physicians to travel to Taitung for diagnosis and treatment was 480 kilometers (from Kaohsiung Medical University to Changbin Township), and the longest round-trip took 12 hours (from Kaohsiung Medical University to Lanyu Township). Through Remote Diagnosis, physicians from Medical Centers can reduce the time required for transportation and improve the efficiency of medical resources. In terms of economic influence, residents in Taitung can go to the local health center to get medical treatment immediately, reducing back-and-forth time to the Medical Center, avoiding the loss of productivity due to medical treatment, and saving transportation costs as well as reducing the cost of medical treatment. On the environmental side, the use of fossil fuels is reduced due to the reduction of transportation, thereby reducing greenhouse gas and air pollutant emissions. FET quantified the benefits and found that the Remote Diagnosis have been used by 1,710 people in 2020. The initial utilization rate of the Remote Diagnosis is estimated to be approximately 0.64% based on the number of visits to the three divisions throughout the year, which will bring sustainability impacts up to NT\$ 6.38 million. It is expected that as the proportion of people using this service increases in the future, it can bring further considerable sustainable benefits. These impacts have not even included considerations on factors that require long-term observation and research, such as: reducing referrals and grasping the opportunities for diagnosis and treatment, reducing medical costs, improving medical quality and prolong health, and relieving the psychological pressure of physicians in rural areas. FET believes that Remote Diagnosis is of great social significance, and it is also a manifestation of FET's innovative strategies on Big Data, AI, and IoT. We will continue to invest in caring for rural residents and improve the problem of insufficient diagnosis and treatment resources so that medical resources can be evenly distributed to all corners of Taiwan¹.

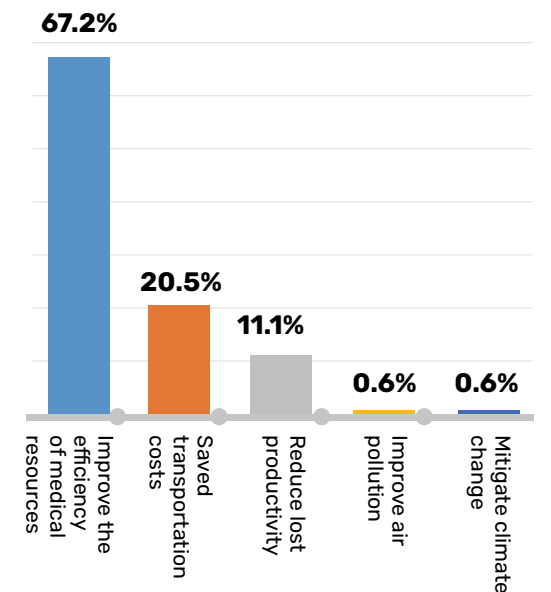
Remote Diagnosis Process



Path of Sustainable Benefits



Distribution of sustainable benefits



¹ Air pollutants include total suspended particulates (TSP), fine suspended particulates (PM2.5), particulate matter (PM10), sulfur dioxide (SO₂), volatile organic compounds (VOCs), and nitrogen oxides (NO_x).



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Sustainability Pioneer Team

Forming the "Sustainability Pioneer Team", leading in charitable accomplishments

FET actively promotes supplier strategic partnerships, continues to promote CSR awareness to upstream and downstream suppliers, communicates on the three sustainability aspects of environment, society, and governance (ESG), and pursues innovation and cross-industry cooperation. The Procurement Department, Corporate Sustainability Responsibility division, Smart Facility and Sustainability division, and Finance and Accounting Departments joint together to form the project office of "Cherish the Earth, Spread Love Far", and called on supplier partners to join the Sustainability Pioneer Team. The Sustainability Pioneer Team has a clear task force, including finance, administration, engineering, human support, and public relations, with FET and suppliers working together in each unit. FET gathers the core expertise of various suppliers to expand sustainable influence, join hands on the front line to help Taiwan's organizations lacking in resources and strengthen cooperation with suppliers, while the suppliers are also encouraged to take the initiative to submit projects on their own.

2019

- Announced the formation of "Sustainability Pioneer Team" at the Supplier General Meeting.
- Conducted a supplier survey.

2020

- Established the organizational structure as well as the rights and responsibilities of the "Sustainability Pioneer Team".
- Launched the first project - the Renovation of the Binmao Junior High School basketball court in Taitung County.

2021

- Launching the second project :
- Setting up a VR learning environment in rural areas

Dedication to Taitung - Reconstruction of the basketball court at Binmao Junior High School

FET uses our stores throughout Taiwan as tentacles to collect the needs of disadvantaged groups from all over the country. The Taitung Zhonghua Store has been internally evaluated as one of the benchmarks of sustainable stores that have invested in local care for a long time, and suggested The Binmao Junior High School in Taimali, Taitung, which has been cultivating aboriginal athletes for a long time but faces the problem of having a worn-down basketball court with old lighting equipment. The "Sustainability Pioneer Team" invests core expertise in sustainable engineering, environmental protection and energy conservation, advertising design and event promotion, evaluates weather resistance, drainage, maintenance and safety, and plans sustainable engineering methods and equipment that meet local characteristics, including the use of LED lamps, lighting energy-saving control, solar lighting, weather-resistant materials, etc. We invested more than one million dollars to complete the construction of two basketball courts that use 60% electricity-saving lighting devices. The project lasted for about one year. During the project, the President Chee Ching and senior executives of FET visited the Binmao Junior High School, and led 36 volunteers to interact with school children, which enhances the sense of identity and participation of FET employees in caring for the disadvantaged. The court renovation allowed the school to reduce the need for relocation training, improve the safety of teachers and students, and will be able to conduct cross-school basketball leagues to enhance exchanges between students. It is also a sports venue for neighboring aboriginal villagers, benefiting about 2,350 people in total.



Supplier partners for the renovation of the Binmao Junior High School basketball court

ASUS, OPPO, Samsung, Sony, Huawei, HTC, Wei Sheng Engineering Corp., Kuo Feng Construction, Maxidea Communications, Fu Jih Creative, Ericsson Taiwan, NOKIA SOLUTIONS AND NETWORKS TAIWAN CO., LTD, HPI Corp., Interactive Digital Technologies, Tai Tung Communication Co., LTD, Speedlink TW, BaZhao Technology, Beautiful Card Corporation, Stark Technology Inc., Jun Kair Technology Co., LTD, Bravos Tech, Tang Cheng Printing, Hwacom Systems Inc., Worldtrend Co. LTD, United Communication Engineering Co., LTD, EA-HWA Enterprise Industrial Co., LTD.





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Chapter 1

Creating Sustainable Values

1.1 Company Information

1.2 Business Model

1.3 Key Stakeholder Communication



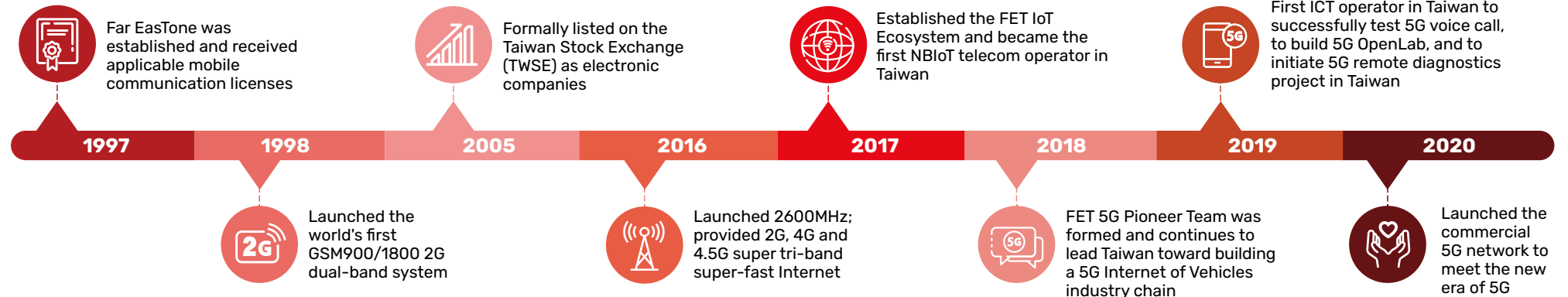
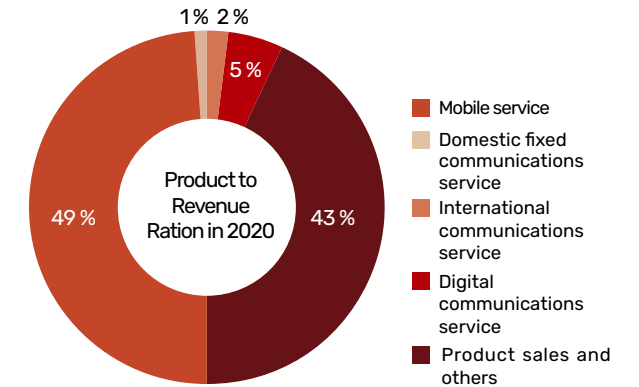
1.1 Company Information

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
Capital	NT\$ 32.585 billion

Product to Revenue Ratio

Unit: NT\$ Million

Mobile service	39,298
Domestic fixed communications service	895
International communications service	1,513
Digital communications service	3,836
Product sales and others	33,959
Total	79,501



Major Operating Performance

1,734 Total assets (NT\$ 100 million)	1,994 Market value (NT\$ 100 million)	795 Consolidated total revenue (NT\$ 100 million)	275.99 EBITDA (NT\$ 100 million)	26% Market share of mobile service revenue (%) ²	725 Number of retail stores	7,069 Number of valid subscribers (thousand persons)	563 ARPU of postpaid (NT\$) ³	6,099 Number of employees
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² FET 2020 Annual Report statistics

³ ARPU: average revenue per user



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1.2 Business Model

1.2.1 Capital Input and Output

Operating Resources Foundation
(By the end of 2019)

Hardware

- Total assets: \$134.1 billion
- 769 stores
- 15,154 base stations
- Internet coverage nationwide 99.6%
- Internet coverage in rural areas 96.5%



Software

- Total market value \$234.9 billion
- 7090K subscribers
- 6,240 employees
- 393 patents and trademark rights
- Customer NPS: grade B

Annual Capital Input



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.

\$145.5
billion



Manufactured Capital

The investment and maintenance of ICT infrastructure to develop related services national-wide. This includes our stores, base stations, and data centers.

\$109.7
billion



Human Capital

Including talent and innovative thinking, the passing on of professional knowledge and experience, loyalty, and a sound human resource structure.

\$6.5
billion



Intellectual Capital

The experiences and technologies accumulated in ICT field, major intelligence capital includes patents, licenses, R&D capabilities, collaboration agreements, etc.

\$43.7
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.

\$260
million



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.

\$470
million

Annual Capital Output
(By the end of 2020)

- Total market value **\$199.4 billion**
- Total assets **\$173.4 billion**
- Consolidated revenue **\$79.5 billion**
- Earnings per share **\$2.56**

- **725** retail stores
- **27,318** base stations
- Internet coverage nationwide: **99.8%**
- Internet coverage in rural areas: **96.5%**

- Total number of employees **6,099**
- Employee turnover rate **16.35%**
- Training hours per person: **62.72** hours

- New economy revenue: **\$11.9 billion**
- ICT total contract amount **\$26.7billion**
- **43** new patents and trademarks

- GHG emissions **262,787.07** tonnes
- Electricity consumption: **544,815.34 MWh**
- Renewable Energy Generation (Prime EcoPower **3,028 MWh**)

- **7070K** Subscribers
- Customer satisfaction score: **9.4**
- Customer NPS: **Grade B**





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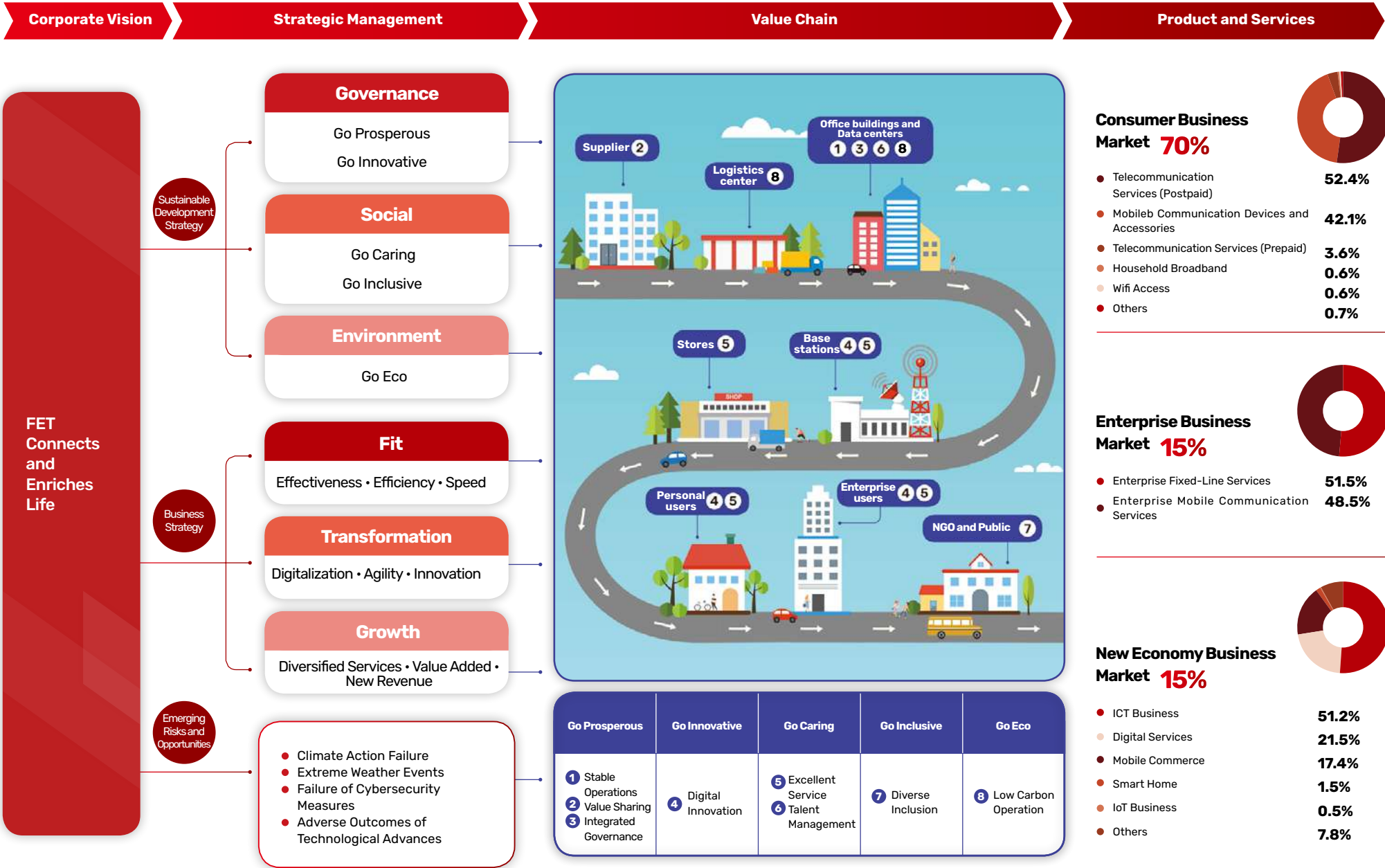
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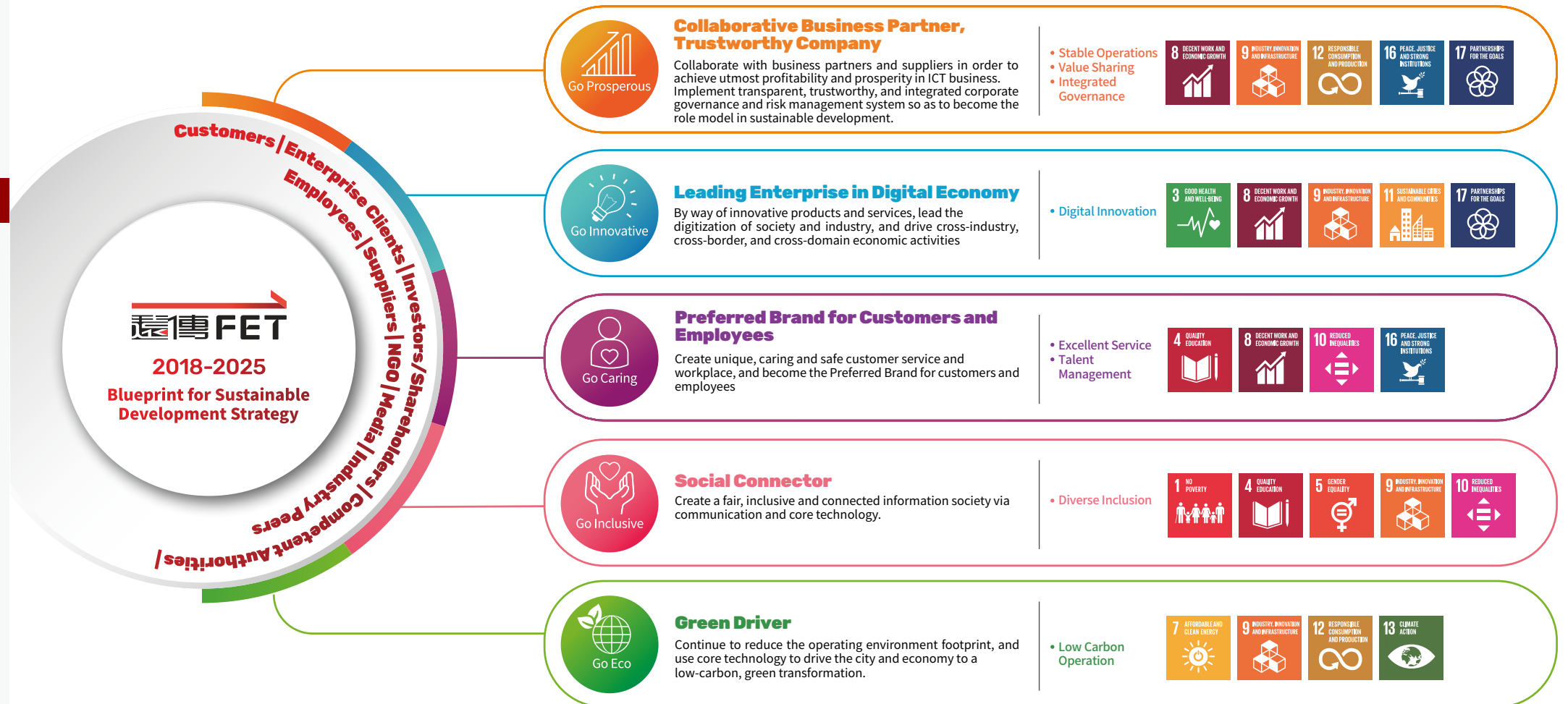
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► 1.2.2 Sustainable Strategy

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.





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1.3 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. In 2020, we received 582 responses to identify the material issues of concern for every type of stakeholders and establish diverse communication channels to respond. 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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





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2020 Stakeholders Communication Performance

Stakeholder	Response and communication channels	Key communication results in 2020
 Employees	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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. 1,615 employee training courses held, and average training hours per employee was 62.72 hours. Percentage of employee who received annual performance assessment: 100% FET received 96 employee suggestions and 9 cases from the grievance mailbox. Arcoa received one cases from the grievance mailbox. For other communication performance, please refer to "4.1 Talent Management" of this report.
 Consumers/ General Customers	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 2020, there were 7,700,000 friends on LINE accounts and 570,000 fans on Facebook fan pages. For other communication performance, please refer to "4.2 Excellent Service" of this report.
 Enterprise Customers	<ul style="list-style-type: none"> Business visits Call Center 	<ul style="list-style-type: none"> First contact resolution of call center was 9.3 (out of 10) For other communication performance, please refer to "4.2 Excellent Service" of this report.
 Competent Authorities	<ul style="list-style-type: none"> Business meetings and administrative inspections by the National Communications Commission (NCC) Aperiodic Fair Trade Commission investigations Aperiodic official correspondence Communication through dedicated units 	<ul style="list-style-type: none"> Took part in 83 NCC business meetings and 8 administrative inspections in 2020. NCC identified one violation relating to FET dealers, for more information please refer to "4.2.3 Privacy Protection" of this report. There were no cases investigated by the Fair Trade Commission in 2020. All cases were closed and no violation of the Fair Trade Act was found. 261 Official correspondences
 Suppliers / Contractors / Developers	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> In 2020, 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 2020, more than 345 suppliers attended. For other communication performance, please refer to "2.3 Value Sharing" of this report.





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Stakeholder	Response and communication channels	Key communication results in 2020
Shareholders / Investors	<ul style="list-style-type: none"> Annual general meeting Investor-related conferences Communication through dedicated units Investor Relations section on the webs 	<ul style="list-style-type: none"> Hosted one general shareholders meeting. Hosted five 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	<ul style="list-style-type: none"> Communication with competitors in the Taiwan Telecommunication Industry Development Association (TTIDA) Competition/market survey 	<ul style="list-style-type: none"> Attended 85 meetings in 2020, including 57 on TTIDA promotion issues, 28 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	<ul style="list-style-type: none"> Press releases / conferences Communication through dedicated units 	<ul style="list-style-type: none"> Hosted 11 media events and issued 230 press releases in 2020 For more details on press releases, please refer to the News Room of FET net website
Community Groups / NGOs	<ul style="list-style-type: none"> Information meetings / symposiums / forums Sponsorship and collaboration 	<ul style="list-style-type: none"> Public welfare appropriation in 2020 was NT\$13,203 thousands and charity fundraising amount in 2020 was NT\$2,075 thousands. A total of 6,846 volunteers participated in public welfare activities and 0.96 million people were benefited. For details on communication performances, please refer to "5.2 Charity Care Projects" section of this report.





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Chapter 2 Go Prosperous

Strategy and Goal

Annual Capital Expenditure and Benefits

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2.1 Stable operations

2.2 Integrated Governance

2.3 Value Sharing



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Strategy and Goal

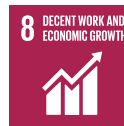
Development Indicators		2020 Goals	Performance	2021 Goals	2025 Goals
Stable operations	5G building & network coverage ratio	Complete the commercialization of 5G, 5G population coverage 40%	✓ Achieved, 55%	Complete the commercialization of 5G, 5G population coverage 85%	Complete the commercialization of 5G, 5G population coverage 99% (original goal: 75%)
	Compound annual growth rate (CAGR) for revenues from new businesses	20%	✗ Not achieved, negatively affected by COVID-19, FET will keep optimizing customer experience and developing new market	13%	20%
Integrated governance	TWSE Corporate Governance Evaluation	Top 5% among all listed companies	✓ Achieved, for 6 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 2 consecutive years	To be selected as component stock for DJSI World Index	To be selected as component stock for DJSI World Index
Value Sharing	Number of suppliers to undergo CSR training at Supplier Conference	250 suppliers	✓ Achieved, 319 suppliers	300 suppliers	Implement supplier ESG management to enhance suppliers' sustainable performance
	Percentage of signature of CSR self-declaration by suppliers	90%	✓ Achieved, 94.5%	95%	
	Number of suppliers to undergo third-party onsite audit	30 suppliers	✓ Achieved	30 suppliers	Complete onsite audit for all identified tier-one critical suppliers
	Number of suppliers to undergo FET in-house onsite audit	35 suppliers	✓ Achieved, 39 suppliers	40 suppliers	
	Ratio of performance improvement in the high ESG risk suppliers	80%	✓ Achieved, 90%	80%	85%



Long-term Goals

① Implement transparent, trustworthy, and integrated corporate governance and risk management system so as to become the role model in sustainable development.

② Collaborate with business partners and suppliers in order to achieve utmost profitability and prosperity in ICT business.



Corresponding Material Topics

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

Corresponding Risks and Opportunities

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





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Stable Operations - Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Financial Capital

- Net cash outflow from investing activities NT\$52.6 billion
- Net cash outflow from financing activities NT\$24.39 billion
- Operating expense NT\$14.9 billion
- Operating costs NT\$53.57 billion

Manufactured Capital

- Annual capital expenditure NT\$53.3 billion
- Annual depreciation / amortization expense NT\$12.7 billion
- Network infrastructure & maintenance NT\$43.04 billion
- Stores / data centers / IT Equipment building and maintenance NT\$59.939 million

Annual Benefits

Financial Capital

- Mobile revenue is 26%
- Debt-to-asset ratio 60.6%
- Market capitalization NT\$199.42 billion
- Consolidated revenue NT\$79.5 billion
- EBITDA NT\$27.599 billion

Manufactured Capital

- 4G successful connection rate 99.94%
- Increased 4,637 base stations / year
- Telecom service coverage ratio 99.8%
- Increased 5,606 new IT equipment assets

2020 Highlights

FET's 5G network speed has repeatedly won the first place and has been certified by Speedtest and Opensignal

According to the "Speedtest Taiwan 5G Report" first published by the international network speed measurement authority Ookla, the FET 5G network speed is the top in Taiwan in terms of download speed, upload speed, and latency. Opensignal released the "Taiwan 5G User Experience Report" for the first time, and FET was the winner in both the download speed and overall download experience. FET sponsored the Taipei New Year's Eve concert at the end of 2020 with our 5G technology and pioneered the use of FriDay video and audio to broadcast the New Year's Eve fireworks with the multi-view function, creating a new user experience for the public.



FET 5G launched situational experience and special services

FET launched 5G services in July 2020. FET organized a variety of 5G situational experiences and special services through the Internet, the App, physical stores, customer service centers and other channels to bring the new experience to the public.

In physical stores nation wide, FET created a 5G environment providing audio-visual entertainment and held the "FET 5G Speedy Experience Camp" in the busy business districts in Northern, Central and Southern Taiwan, allowing the public to experience the speed of 5G and VR. The customer service centers and online stores can use big data and artificial intelligence to provide consumers with the most suitable 5G services.





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Integrated Governance and Value Sharing- Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Social and Relationship Capital

- Annual procurement expense NT\$36.37 billion
- Green procurement expense NT\$330 million
- Supplier training, assessment and audit NT\$2.8 million
- Participation and investments in associations NT\$8.53 million

Annual Benefits

Social and Relationship Capital

- 1,049 total transacting suppliers
- Completed ESG quantitative risk assessment of 302 suppliers
- 103 suppliers participated in supplier training
- 452 suppliers completed training in online platform

2020 Highlights

Nominated again as a component stock by the Dow Jones Sustainability World Index (DJSI World) as well as being the only telecom provider receiving the "Industry Mover" award

FET was nominated as a component stock by the Dow Jones Sustainability World Index (DJSI World) for the second time, and was nominated as a component stock by the DJSI Emerging Index for five consecutive years. FET scored full points in six of the 24 DJSI criteria, including Customer Relationship Management, Network Reliability, Environmental Reporting, Social Reporting, Occupational Health and Safety, and Stakeholder Engagement. This demonstrated yet again that FET's remarkable performance in sustainability has been well-recognized worldwide.

For 6 consecutive years! Remain in top 5% in the corporate governance evaluation

The results of the 6th Corporate Governance Evaluation of the TWSE were announced, and FET ranked in the top 5% in the first corporate governance evaluation of Taiwan Stock Exchange for 6 consecutive years. FET stood out among the 901 listed companies, and only 12 companies in Taiwan ranked in the top 5% for six consecutive years. FET attaches great importance to corporate governance. At the board level, we have an "Audit Committee", a "Remuneration Committee", a "Risk Management Committee", and a "Corporate Social Responsibility Committee", which regularly reports to the board of directors on the progress of sustainability and pursues sustainable development and performance.

Cooperate with suppliers to organize "Sustainability Pioneer Team" to rebuild basketball courts and lighting equipment for rural schools

At the 2019 supplier general meeting, FET takes the lead and called on suppliers to organize a "Sustainability Pioneer Team", inviting suppliers to use their core expertise to organize tasks base on environmental sustainability, and jointly invest resources for schools or organizations in rural areas of Taiwan. After communication and evaluation, the "Binmao Junior High School Basketball Court Renovation Project" in Taimali Township, Taitung County was selected as the first public welfare project in 2020. Please refer to ["Annual Highlights - Sustainability Pioneer Team"](#).

The supplier general meeting was expanded to commend high-quality suppliers who promoted sustainability

The 2020 Supplier general meeting was personally hosted by the FET CEO Ms. Chee Ching. With "Protect the Earth, Spread Love Far" as the center idea of the event, 103 suppliers were called on to promote sustainable development and the award for excellent supplier was being presented as well. The number of awards given in 2020 has increased to expand the recognition of excellent suppliers. A total of 28 suppliers won the awards. FET promoted sustainable development trends and knowledge, conducted training on integrity management for suppliers, and invited small and medium-sized enterprises to share sustainable developmental and promotional trends on 5G technology at the supplier general meeting.



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2.1 Stable Operations

2.1.1 Operational Environment Analysis

With reference to the "Telecommunication Service Industry Prosperity Survey Report 2021" published by the Taiwan Institute of Economic Research and domestic and foreign initiatives, FET conducted an external environment analysis of the telecommunication industry according to the following aspects which is helpful to our regular reviews of sustainable strategic goals and actions plan and our sustainable operations under the changing external environment.

External Factors with Major Impacts

Economic & Market

- Major telecom operators maintain low-cost tariff strategies, and with the expansion of capital expenditures for 5G network construction and amortization of 5G standard funds, telecom's total revenue in 2020 was NT\$295.5 billion, a slight decline of 1.07% from 2019.
- As the number of 4G users becomes saturated, many user shifts to 5G services after consideration. Taiwan had 29.1560 million 4G subscribers as of end of August, 2020, representing a 0.47% month-on-month (MoM) decrease over 2019. Mobile 4G service revenues were NT\$102.724 billion, showing a slight 5.31% MoM decrease from 2019.
- Affected by emerging voice communication methods such as instant messaging Apps and built-in communication functions of various social media platforms, the revenue of landline phone calls, long-distance phone calls, and international phone calls in 2020 declined by 1.17%, 3.67% and 18.47% respectively from 2019.
- Due to the COVID-19 pandemic, the demand for broadband use in home activities such as work from home and online entertainment increases, and the number of fiber optic network (FTTx) users reached 3.863 million in September 2020, which is an increase of 3.85% over the same period in 2019.

Social

- The US-China trade war began in 2018, and the first phase of the trade agreement was signed in January 2020. However, the continuous tension between the two countries has greatly affected the supply chain of the information and communications industry.
- Due to the COVID-19 pandemic, non-contact demand has been generated, e-commerce and remote services have increased rapidly, and social inequalities caused by digital gaps have also been accentuated, including education, health, medical care, etc.

Technological

- The "Taiwan's 5G Action Plan" was launched in 2019, and the "Virtual Business Application Service Promotional Plan", "Introduction of 5G and Smart Technology to Enhance Medical and Health Care Plans", and "5G+ Industry Emerging Plan" will be gradually launched in 2020 in order to cooperate with the public and private sectors to establish 5G application experimental fields, establish innovative application benchmark examples, and cultivate 5G talents across different fields.
- Starting from the third quarter of 2020, 5G services in the telecommunications industry have been launched one after another, and the new models of 5G mobile phones around the world are gradually increasing which is expected to stimulate the users to the switch to 5G services, which in turn increases the number of 5G users.

Environmental

- The Environmental Protection Agency is scheduled to announce the revised draft of the Greenhouse Gas Reduction and Management Act in March 2021, and it is expected that carbon fees will be levied in the form of electricity surcharges.
- 2020 marks the 5th anniversary of the Paris Agreement, and the United Nations calls on all countries to declare a climate emergency.
- Both the United Nations (UN) and the Global Carbon Project pointed out that due to the COVID-19 pandemic in 2020, countries that implemented lock downs or population movement restrictions will reduce carbon emissions by about 7%, mainly due to the reduction of transportation and industrial carbon emissions, but it is possible for rebound to happen once the business activities recovers.

Political & Legal

- In June 2020, the NCC passed the "Regulations for Administration on Designation and Protection of Critical Telecommunications Infrastructure" and the "Regulations for Testing Body and Certification Body Management of Information and Communications Equipment Used by Critical Telecommunications Infrastructure" to implement the security protection of critical telecommunications infrastructure and enhance the resilience of telecommunications networks.
- In July 2020, NCC passed the "Regulations Governing the Establishment and Use of Dedicated Telecommunications Networks", which regulates the use of approved radio frequency settings for private telecommunications networks for their own use, and separates private telecommunications networks from public service networks which promotes the development of innovative applications and flexible management.
- In September 2020, the Executive Yuan approved the telecom operator's subsidy for 5G network construction equipment. A five-year (2021-2025) subsidy will be launched in 2021 allowing telecom operators to increase capital expenditures and accelerate the deployment of 5G base stations.



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2.1.2 Key Emerging Risks

	Risk Factors	Risks	Trends	Impacts	Response measures
 Environmental	Climate action failure	<p>It became a national and global consensus to regulate and charge for greenhouse gas emissions.</p> <ul style="list-style-type: none"> 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. <p>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.</p>	 On the rise	<ul style="list-style-type: none"> 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. 	<p>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.</p> <ul style="list-style-type: none"> 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 high-efficiency 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.
	Extreme weather events	<p>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.</p>	 Steady	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.



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	Risk Factors	Risks	Trends	Impacts	Response measures
 Technological	Failure of cybersecurity measures	According to the statistics provided by the Cyber Security Department of the Executive Yuan, the public sector encounters an average 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. With the diversification of technological development and the large-scale and organized development of cyber crimes, the threat of cyber- attacks will increase rapidly in the next 3 to 5 years.	 On the rise	<ul style="list-style-type: none"> From the monitoring and analytic results of FET, the trend of cyberattacks continues to increase and the annual growth rate is about 15% from 2018 to 2020. 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, and the estimated economic loss will exceed NTS\$30 million. The customers are requiring for more rigorous privacy protection and information security, FET needs to invest more capital toward relevant privacy protection. 	<ul style="list-style-type: none"> 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 mission-critical 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, the blurring of the industry boundaries of competitors will lead to changes in the demand for talents in the future. The targets of 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.	 Steady	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.



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2.1.3 Business Risk Management

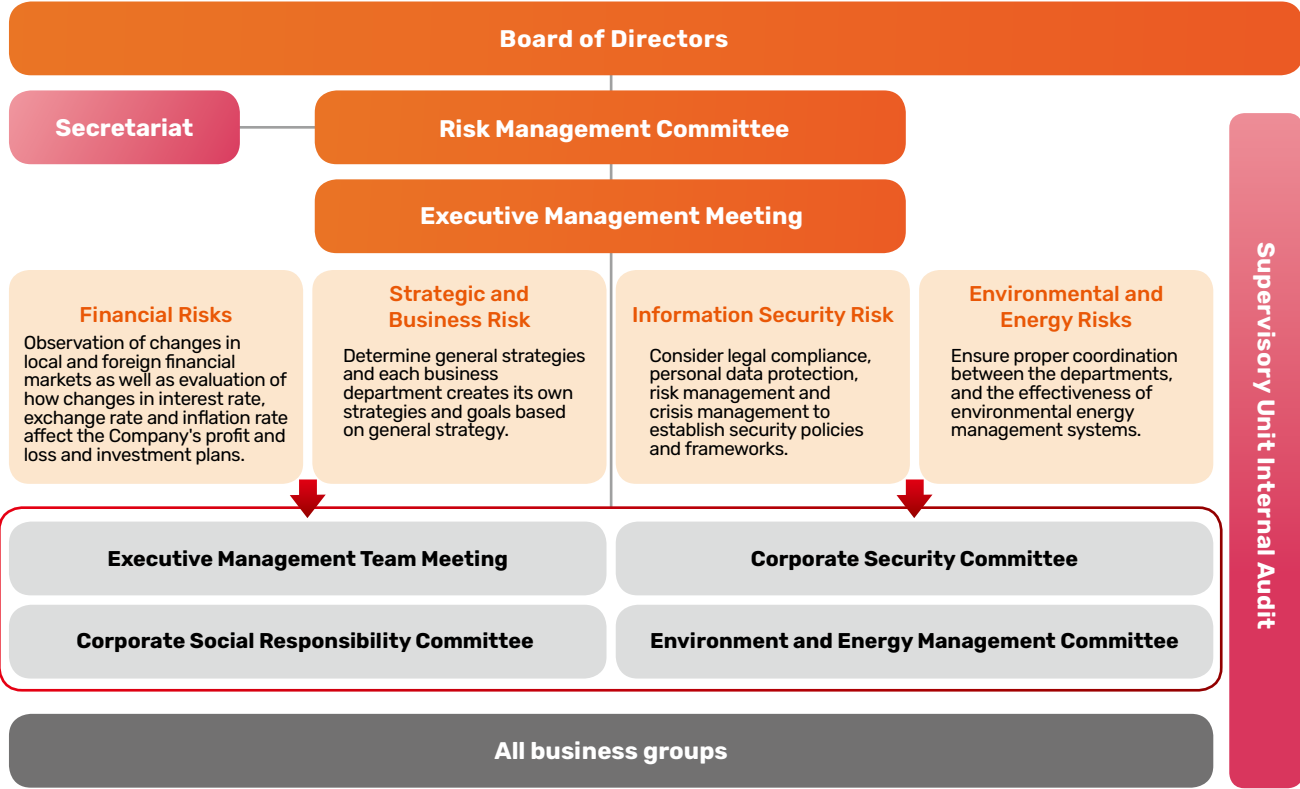
Risk Management System

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 2020, 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 to continue to upgrade the overall business security.





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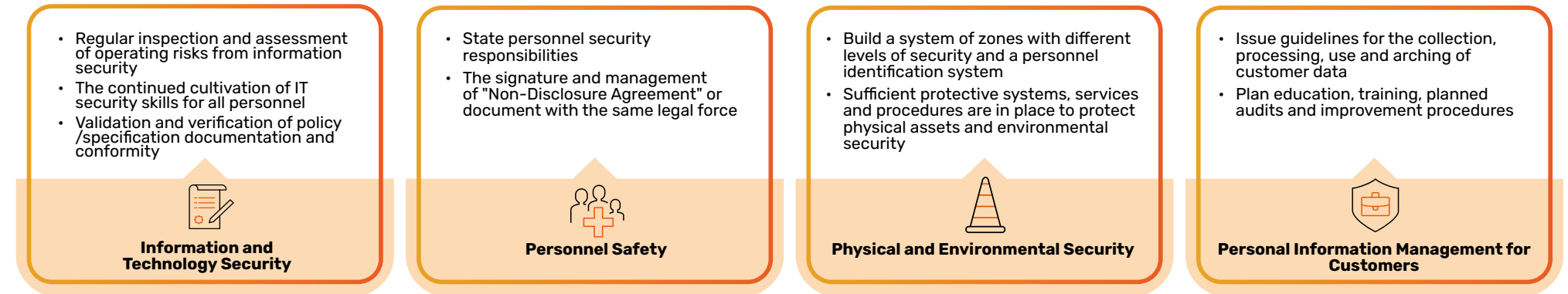


Information Security Risk Management

Information Security Management Mechanism

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 has set up 5G Information and Communications Safety Plan with NCC's approval. 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.

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:



Training and Verification of Information Security

Besides ensuring the thoroughness of information security management system through international standard certifications related to information security management, FET also continues to strengthen and test the information security and personal data awareness in internal staff. When risks are voluntarily identified, they are immediately improved to ensure the effective workings of information security protection and supervisory mechanism. In 2020, FET conducted more than 100 information security training sessions with more than 15,000 participants, accumulating a total of over 18,000 training hours. Through continuing to educate and train employees via multiple paths including the internal information security training courses, system pop-up messages, information advocacies and related activities, employees have achieved a pass rate of over 99.8% in the information security test.





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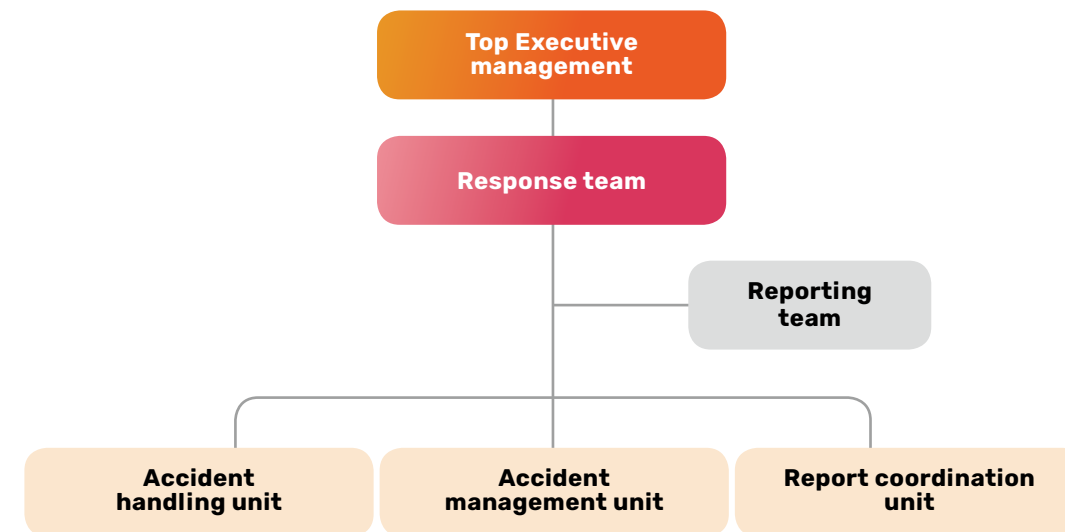
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Emergency Response Management

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.

The Business Continuity Management Organization held a total of three meetings in 2020. By establishing real-time communication and response between the Company's frontline and back-end units, we hope to minimize impact on customers and operations in the event of an incident. 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 started to respond in January 2020 with contingency plan based on the five major frameworks of epidemic situation, risk and impact assessment, 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. For information about FET, please refer to ["Annual Highlights - FET's Response and Management Measures towards the COVID-19 Pandemic"](#).



Business Continuity Management Organization Framework

2.1.4 Annual Operating Performance

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)

2018	2019	2020
\$12,219,378	\$10,590,128	\$10,590,128

Payments to employees: Employee benefits

(Unit: NT\$ Thousand)

2018	2019	2020
\$7,492,670	\$6,667,293	\$6,696,358

Government grants received: Government subsidy income⁴

(Unit: NT\$ Thousand)

2018	2019	2020
\$133,844	\$169,976	\$121,818

Payments to suppliers: Procurement spending

(Unit: NT\$ Thousand)

2018	2019	2020
\$29,543,940	\$34,173,864	\$36,370,000

Payments for income tax

(Unit: NT\$ Thousand)

2018	2019	2020
\$2,124,394	\$4,457,471	\$167,600

Social investments: Charity activities⁵

(Unit: NT\$ Thousand)

2018	2019	2020
\$20,913	\$11,840	\$15,310

⁴ Industrial Development Bureau of the Ministry of Economic: NT\$ 52,854 thousand; Ministry Health and Welfare: NT\$ 46,675 thousand; National Communications Commission: NT\$ 20,022 thousand; Ministry of Labor: NT\$ 2,267 thousand

⁵ 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.

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Analysis of Financial Performance

2020/12/31:
Unit: NT\$ Thousand

Item	Year	2019	2020	Variance amount	Percentage(%)
Operating Revenues		\$83,865,872	\$79,500,965	(\$4,364,907)	(5)
Operating Costs and Expenses		71,940,394	68,463,266	(3,477,128)	(5)
Operating Income		11,925,478	11,037,699	(887,779)	(7)
Non-Operating Incomes and (Expenditures):					
Financial Costs		(513,698)	(694,520)	(180,822)	(35)
Losses on Disposal of Property, Plant, Equipment and Intangible Assets,		(779,489)	(749,568)	29,921	4
Share of the gains (losses) of associates		86,929	138,707	51,778	60
Other Profits or Losses		292,299	460,150	167,851	57
Income before Income Tax		11,011,519	10,192,468	(819,051)	(7)
Income Tax expense		2,203,776	1,747,846	(455,930)	(21)
Net Income		8,807,743	8,444,622	(363,121)	(4)
Other Comprehensive Income (Loss)		(14,847)	(135,736)	(120,889)	(814)
Total Comprehensive Income		8,792,896	8,308,886	(484,010)	(6)
Net Income (Loss) Attributable to:					
Owners of Far EasTone		8,734,984	8,354,128	(380,856)	
Non-controlling interests		72,759	90,494	17,735	
Comprehensive Income (Loss) Attributable to:					
Owners of Far EasTone		8,720,589	8,218,606	(501,983)	
Non-controlling interests		72,307	90,280	17,973	



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2.1.5 Overall Financial Performance

Consumer Business

Market Overview

According to the report issued by Taiwan Network Information center (TWNIC), Taiwan's mobile internet usage rate surpassed 80% in 2020, which drove people's lives towards digital mobility. Also, 5G network and COVID-19 pandemic boost the telecom industry. For the whole year of 2020, the market share of FET in mobile revenue is 26%.

Supply, Demand and Growth of the Future Market

FET has 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, franchises, Arcoa and Data Express Stores, is around 785. FET promises to ensure that 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 Wireless Telecommunication Services, Fixed Line Communication Services, New Economy related products and services. With the core value of "enhancing customer benefits and providing the best selected privilege offer for consumers", "Mobile Circle" App 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 will optimize "Mobile Circle" user experience and continuously upgrade to provide the best customer benefits.

Main Products and Service Areas

FET persistently integrates 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 to enhance customers' experience with innovative services.

Future Sales Development Plan

The 5G network will further drive consumer and enterprise business, but overall revenue shrunk due to intense competition in market. FET deploys 5G business aggressively to seize the market opportunities and 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.

Short-term Plans

- 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 Plans

- 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 AIoT.





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Enterprise Business

Market Overview

Based on the telecommunications market revenue analysis published by NCC, domestic fixed communication revenue dropped 7.2% compared to 2019 as a result of mobile communications and free instant messaging apps. With regard to the fixed broadband access service, the account number of FTTx and Cable Modem users went up by 3.0% in 2020. In recent years, the increasing market penetration of smart mobile devices demonstrates the importance of fixed-mobile convergence (FMC). The rapid developments in cloud computing and technologies such as IoT, big data, AI and robots bring brand new market growth opportunities. Sales from enterprise customers account for 22% of our overall revenue in 2020.

Supply, Demand and Growth of the Future Market

In addition to continuously improving the 4G network development 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/healthcare, smart manufacturing and smart retail. 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 Professional Telecommunication Integrated Services, Cloud Services, Information Security Services and New economy related products and services. Take advantage of NB-IoT, which is more suitable for the development of smart cities. FET aggressively establishes the "5G IoT SIG" with Cloud Computing & IoT Association in Taiwan. The organization integrates industry supply chain, builds a comprehensive 5G collaboration ecosystem.

Main Products and Service Areas

FET provides enterprise customers with services ranging from domestic and international voice, data, mobility, roaming to cloud along with corporate solutions including IoT and ICT integration. Taiwan is our main market. For cloud services, FET can assist companies with deploying their services at cloud platforms in Taiwan or other countries. As for IoT services, FET can not only assist customers with developing local applications, but also help the manufacturing industry with developing IoT applications for products. As the demand for IoT application increases, FET will also assist multinational enterprises to promote the IoT applications of their products in Taiwan.

Future Sales Development Plan

Building long-term relationship with enterprise customers and having a basic telecommunications customer group facilitate the promotion of value-added ICT integrated services. On the other hand, enterprise-related services and products can be sold via our nation-wide stores. The telecommunications market becomes saturated in recent years. FET will utilize our vast selling experience as we aggressively develop various applications under new economy applications. We will move toward becoming a comprehensive "ICT service provider" and assist users to successfully achieve comprehensive digital transformations.

Short-term Plans

- Continue to improve the telecom infrastructure; integrate IoT, AI, and Big Data on a professional telecom basis; and offer professional total solutions with flexibility for customization.
- Provide one-stop cloud digital instruments to small and medium-sized enterprises to satisfy their needs for enterprise transformation and IT-based services.

Long-term Plans

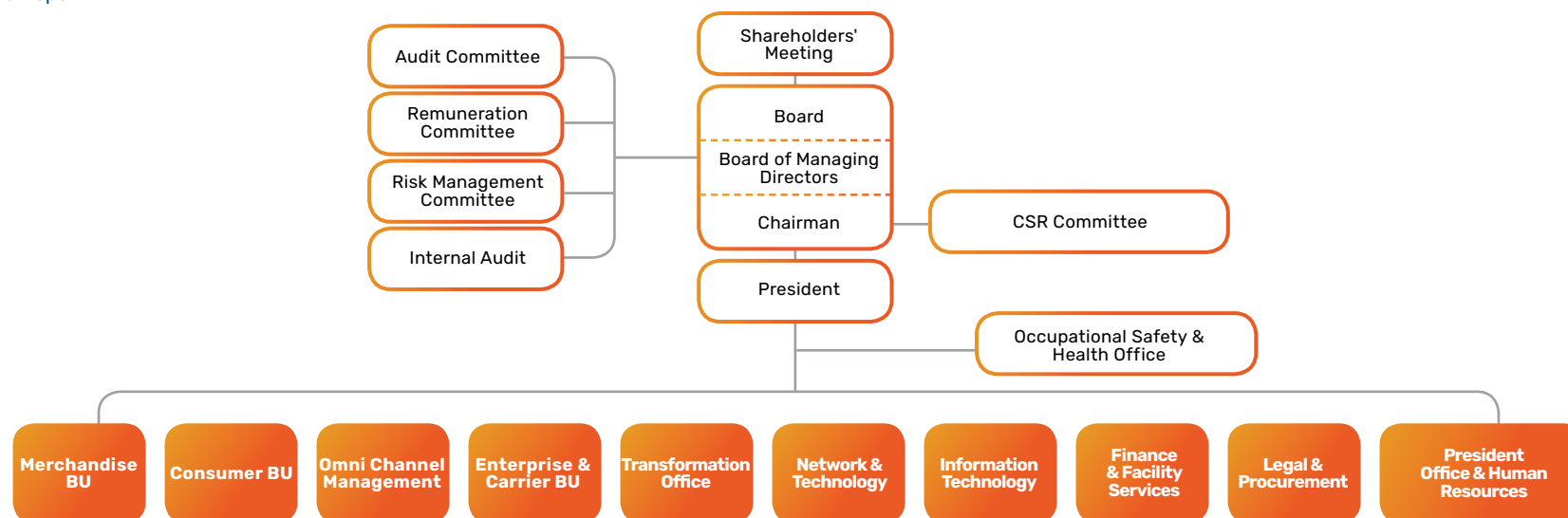
- Utilize our professional ICT capability and vast experience in customization as it remains committed to nurturing talent and developing technologies associated with innovative applications.
- Integrate innovative applications for the cloud, IoT, Big Data, and AI, it will realize the goal of "AI industrialization and industrial AI"
- Assist domestic industries and enterprises with upgrades and speed up the practical applications of AI in the 5G era.



2.2 Integrated Governance

2.2.1 Corporate Governance Framework

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 [2020 annual report](#).



Organization Structure

Composition and Functionality of the Board of Directors

FET's 8th Board of Directors has 11 directors who serve a term of three years from June 14, 2018 until July 21, 2021. 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 serving time of the members of the Board of Directors is twelve years. The Board will be re-elected in 2021, FET will announce the result via [official website](#). The Board of Directors includes three independent directors^a 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.

^a Independent Director Chung Laung Liu passed away on November 7, 2020 and disqualified by law. According to Article 15 of the company's regulation, the Board of Directors shall consist three independent directors. Hence, based on Article 14-2 of the Securities and Exchange Act, the by-election will take place on the latest board meeting (2021).

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Title	Name	Nationality	Gender	Major Experience	Concurrent Duties in the Company and in Other Companies
Chairman	Douglas Hsu, Representative of Yuan Ding Investment Co., Ltd.	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
Vice Chairman	Peter Hsu, Representative of Yuan Ding Investment Co., Ltd.	R.O.C	Male	Vice President of Ding & Ding Management Consultants Co. Ltd.	Vice Chairman of Far Eastern New Century Corporation; Director of Asia Cement Co., Ltd.; Director of U-Ming Marine Transport Corp.
Managing Director	Jan Nilsson, Representative of Yuan Ding Investment Co., Ltd.	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	Academician, Academia Sinica, 1982; Kwoh-Ting 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 Non-executive Director, AIA Group Limited in Hong Kong; Independent Non-executive Director, Hysan Development Company Limited in Hong Kong; Member of the Hong Kong Special Administrative Region Exchange Fund Advisory Committee; Member of its Currency Board and Investment; Vice-Chairman, Our Hong Kong Foundation; Member and Chairman of the Prize Recommendation Committee, the LUI Che Woo Prize Company; Chairman, Board of Directors, The Chinese University of Hong Kong (Shenzhen) Finance Institute, aka Shenzhen Finance Institute
Independent Director	Tim Pan	R.O.C	Male	Chairman and CEO of Gemfor Technology; Cofounder and CEO of GoldKey Technology; Boardmember of St. John's University	Senior Outreach Director, Microsoft Research Asia
Director	Champion Lee, Representative of Yuan Ding Co., Ltd.	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, Representative of Yuan Ding Co., Ltd.	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.	Chief Innovation Officer of Far Eastern Group; Director and Executive Vice President of U-Ming Marine Transport Corp.
Director	Nobutaka Kurata, Representative of U-Ming Marine Transport Corp	Japan	Male	Senior Manager, Global Business Office, Tokyo, Nippon Telegraph and Telephone Corporation (NTT DOCOMO's parent company)	Senior Manager, Platform Solutions Department, Smart-life Business Division, NTT DOCOMO, Inc.
Director	Bonnie Peng, Representative of Asia Investment Corp.	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, Representative of Ding Yuan International Investment Co., Ltd.	Singapore	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 20%, and female directors are 10% in FET. One independent director has a tenure of more than 9 years, one independent directors has a tenure of less than 6 years. In addition, 5 directors are over 70 years old, 2 are between 60 and 69 years old, and 3 are under 60 years old.



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Board Member Diversity Skill Matrix

Name	Professional knowledge and skills					Equipped knowledge, skill, and experience (Note)					
	Professional background	Professional skills	Industry experience	Operational judgement	Accounting and financial analysis	Business management	Crisis management	International Market perspective	Leadership	Decision-making skills	Information
Douglas Hsu	Business		0	0	0	0	0	0	0	0	*
Peter Hsu	Business		0	0	*	0	0	0	0	0	0
Jan Nilsson	Telecom		0	0	0	0	0	0	0	0	*
Nobutaka Kurata	Telecom		0	0	*	0	0	0	0	0	*
Lawrence Juen Yee LAU	Economic	Professor of Economics	0	0	0	0	0	0	0	0	*
Champion Lee	Finance		0	0	0	0	0	0	0	0	*
Jeff Hsu	Business		*	0	*	0	0	0	0	0	*
Tim Pan	Technology		*	0	*	0	0	0	0	0	0
Bonnie Peng	Telecom	Professor of Journalism	0	0	*	0	0	0	0	0	*
Toon Lim	Telecom		0	0	*	0	0	0	0	0	*

Note: * refers to possessing the ability partially

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 six meetings from 2020 to Q1 of 2021. Directors' attendance rate was 92% in terms of personal attendance, and 100% when including proxy attendance. FET has a set of "FET Corporate Governance Best Practice Principles" in place to ensure the robustness and effectiveness of the governance system. In shareholder meetings, an electronic voting system on a case-by-case basis is adopted, and FET has a "Corporate Governance" section available on its portal to disclose detailed voting results for all proposals, providing shareholders with more diverse ways to vote on meeting agendas.

FET Corporate Governance
section: Board of Directors-
related information



FET Corporate Governance
Best Practice Principles





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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 New Centry InfoComm Tech's outcomes of following the principle of self-discipline in 2020 are illustrated as below:

Company	Date of Board Meeting	Proposal Contents	Status of the Conflict of Interest	Outcomes of Following Interest Avoidance
New Century InfoComm Tech Co., Ltd.	June 30, 2020	The company intends to fund the loan with the parent company FET for not higher than 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.
New Century InfoComm Tech Co., Ltd.	July 31, 2020	The company intends to fund the loan with the parent company FET	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 main improvement in 2020 is the convener of the audit committee should attend the general meeting of shareholders and the relationship between directors. In 2021, all directors have been notified of the date of the annual general meeting of shareholders, and the convener of the audit committee has been asked to attend the meeting, hoping to improve the board performance.

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 Self-assessment 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 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 2018 commissioned risk consulting department of KPMG to conduct external assessment on the effectiveness of the Board of Directors. The assessment results were between good to excellent. The next third-party evaluation will be conducted in Q4 of 2021.

**Board Performances
Evaluation Process and
Report**



**Rules and Procedure for
the Board of Directors'
Performance Assessments**





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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 2019 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 Name	Training Hours	Number of Participants
Taiwan Corporate Governance Association	Coping strategies for company change	3	1
Taiwan Corporate Governance Association	Enterprise's business risks and corporate governance	21	7
Taiwan Corporate Governance Association	Directors' supervisory responsibilities of financial statement fraud	3	1
Taiwan Corporate Governance Association	Intellectual property rights and corporate governance	15	5
Taiwan Corporate Governance Association	Challenges and countermeasures of information security	3	1
Securities and Futures Institute	The legal responsibility and risk control of false financial reports: practical case studies	3	1
Securities and Futures Institute	5G key technologies and business opportunities	3	1
Taiwan Academy of Banking and Finance	Board operations and corporate governance	21	7

Audit Committee

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 2020 to Q1 of 2021. 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

Quarterly

Participants| Internal Audit Officers, 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.

Annual

Participants| Certified Public Accountant, Independent Directors

Responsibilities| The Certified Public Accountant will present to independent directors based on company's financial status, local and overseas 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 shall appoint Certified Public Accountant to audit the financial reports and provide the audit reports for discussion.



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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 current members are Lawrence Juen-Yee LAU, Chung Laung Liu⁷, and Tim Pan. For details, please refer to the "[Board member diversity skill matrix](#)". Two meetings were held in 2020. 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'^a 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 2020 to Q1 of 2021. 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.

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 18.03:1 in 2020. 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.

Internal Audit System

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

Ratio of directors' compensation to after-tax net income

2018	2019	2020
1.18%	1.19%	1.21%

CEO performance metrics		Ratio of managers' compensation to after-tax net income	
Financial metrics ^a	Relative financial metrics & non-financial metrics		
• Operating income	• Dividend payment rate	2018	1.61%
• EBITDA	• Customer net promoter score	2019	1.79%
• New economic revenue growth	• Achievement of sustainable development goals	2020	1.90%
• Net profit after tax			
• ROE			

Internal Audit
Organization and
Operation



⁷ Independent Director Chung Laung Liu was naturally disqualified on November 7, 2020. The board meeting selected Director Bonnie Peng as the new member of the Risk Management Committee.

^a Manager includes President, executive vice presidents, senior vice presidents, and vice presidents



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Shareholder Structure

As at December 31, 2020, Far Eastern New Century Enterprise and affiliated companies directly or indirectly held a total of 38.28% shares of FET. 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 25, 2021.

	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Foreigners	Total
Number of Shareholder	6	60	185	58,139	664	59,054
Number of Shares	102,101,811	829,033,710	1,449,356,022	265,216,930	612,792,337	3,258,500,810
Shareholders structure	3.13%	25.44%	44.48%	8.14%	18.81%	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".

Investor Relations



Tax Policy and Management

Adhering to the core value of integrity, FET formulated tax policies and management measures. Tax policies are approved by the board of directors, and the responsible units shall implement and report to the management level to ensure the operation of tax management mechanism. The excerpt of tax policy is as follows:

- Comply with tax laws, regulations, and international taxation standards to ensure honest declarations and fulfill the social responsibilities of taxpayers.
- Strengthen the professional knowledge of the company's tax personnel to equip with the ability of immediate discover and response to various tax issue.
- Disclose taxes regularly in accordance with relevant regulations and standards to enhance company transparency.
- Maintain continuous and effective communication with local tax authorities and support the government's sustainable development policies.
- Evaluate the impact and make decisions on the changes in tax laws, major transactions and decisions, or when having different opinions from tax authorities.

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% and the net income tax paid to the government of Taiwan was almost 100%. The effective tax rate of FET in 2020 is 17.15%, and the cash tax rate is 1.64%. The effective tax rate in 2020 was lower than the statutory tax rate due to the different views of applicable years of operating loss carryforwards of subsidiary in 2014 between FET and the tax authority, as both parties applied different regulations. Subsidiary made supplementary tax payment based on the results of the tax authority's verification, but the time gap of applicable years between different laws affected the company's tax filing rights. Based on the company's principle on sustainable development and tax governance of safeguarding shareholders' rights, FET filed administrative relief, and the Supreme Administrative Court adopted the ability to pay principle in favor of the FET's subsidiary. The lawsuit was also selected as one of the best tax law judgments in 2020 by a committee composed of well-known domestic tax law scholars and practitioners. According to the result of the judgment, the tax authority was refund the overpaid tax of NT\$ 409,339 thousand dollars in 2020. Therefore, the income tax expense and income tax payment amount of FET in 2020 was reduced by approximately TWD 400 million compared with the previous period. In addition to the impact of the aforementioned overpayment of tax refunds, tax authorities have introduced a number of relief packages in response to the COVID-19 epidemic which FET was applicable. Hence, with part of the tax payment due in 2020 postponing to next year. These two factors made the cash tax rate lower than the effective tax rate. The relevant information of the company's income tax is presented on the right table.

Top 10 Shareholders (As of April 25, 2021) (Unit:%)

Name of Shareholder	Shareholder Structure (%)
Yuan Ding Investment Co., Ltd.	32.73
Shin Kong Life Insurance Co., Ltd.	8.28
Cathay Life Insurance Co., Ltd.	7.13
NTT DOCOMO INC.	4.71
Yuang Tung Investment Co., Ltd.	3.08
Chunghwa Post Co., Ltd.	2.67
Nan Shan Life Insurance Company, Ltd.	1.45
An Ho Garment Co., Ltd.	1.25
Fubon Life Insurance Co., Ltd.	1.24
Taiwan Life Insurance Co., Ltd.	1.12

The Effective Tax of FET Unit: NT\$ Thousand

	2019	2020
Income before Income Tax	11,011,519	10,192,468
Amount of income tax	2,203,776	1,747,846
Amount of income tax paid	4,457,471	167,600
Effective tax rate	20.01%	17.15%

Tax Policy





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Implementation of Sustainable Governance

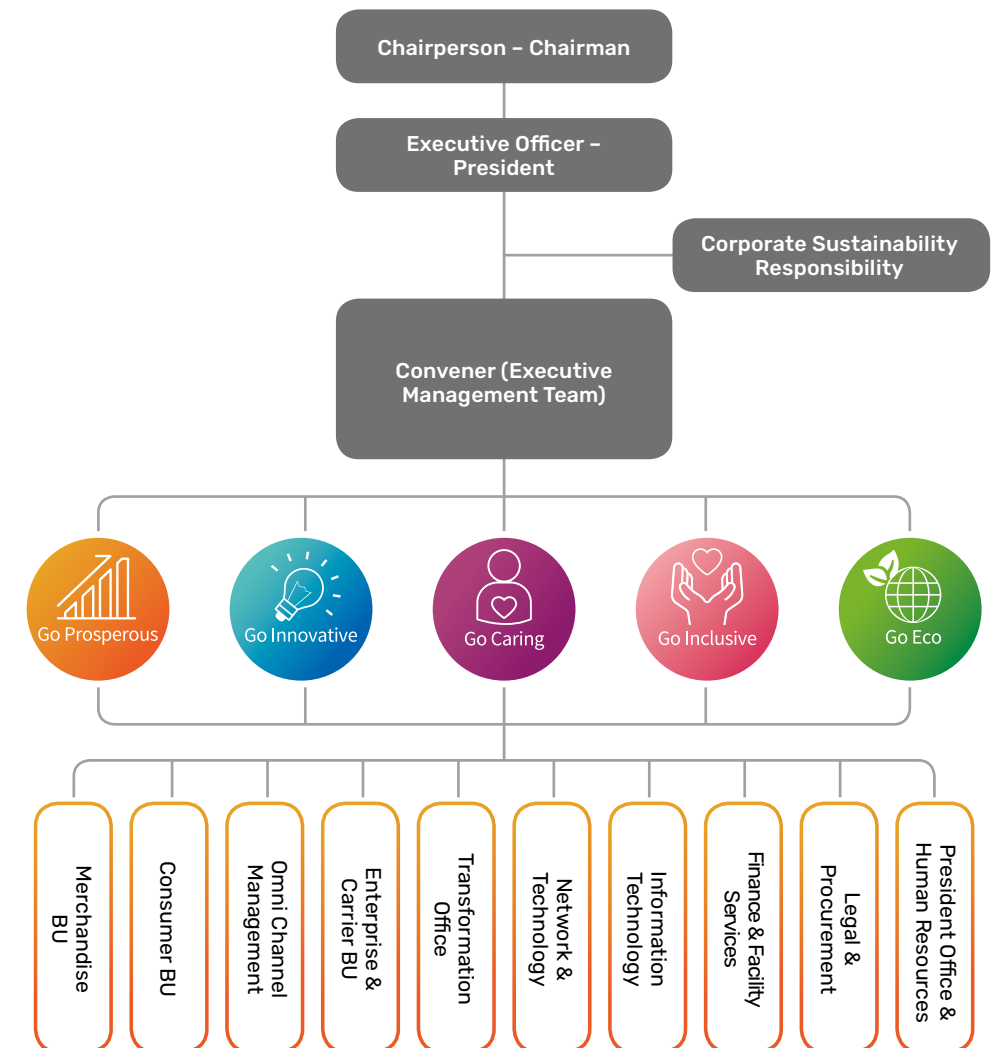
FET has established its "Corporate Social Responsibility Policy" to serve as the ultimate guiding principles for CSR conducts within FET. A "Corporate Social Responsibility Committee" (CSR Committee) was assembled to serve as the highest authority for matters concerning sustainable governance, strategy 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 2020. For details on 2020 KPI and performances, please refer to each chapter's "Strategy Goals".

FET continues to take 5 GO (Go Prosperous, Go Innovative, Go Caring, Go Inclusive, and Go Eco) as its main driving forces The short- to long-term sustainable development goals and actions were developed by each business group, 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 is set, 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





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2.2.2 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 Conduct Agreements" 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 2020, FET organize "The Code of Business Conduct and the Code of Ethics" training to 5,920 staff members with 100% completion rate and a total of 2,814 person-hour. In 2020, there were no violations of anti-bribery, anti-competitive policies and monetary losses.

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. 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 anti-discrimination. 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 2020, 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 email: 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-mail: http://www.ecome.com.tw/A00BG/ABG_Connection.aspx





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2.2.3 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, and help promote the overall development of the industry. All membership fees FET paid in 2020 was NT\$8,526,530, accounting for 1% of the total revenue. FET did not support any lobby group in 2020. 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.

2020 Amount Contributed for External Participation

Unit: NT\$ Thousand

Types of External Participation	2018	2019	2020
Lobbying, interest representation or similar	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0
Telecommunications industry related association investment	8,592	8,543	8,527
Others	0	0	0

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	7,051
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	594
Others	Not belong to the above two types (e.g. sustainable development, corporate governance, transportation and other related organizations)	881

Name of Association	Type of Association	Yearly Amount Contributed (NT\$ Thousand)
Taiwan Telecommunication Industry development 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
Taiwan Intelligent Building Association	Emerging Technology Development	100
Chinese Institute of Transportation	Emerging Technology Development	100
Center for Corporate Sustainability	Others (Sustainability Initiative)	280
China Credit Information Service Ltd.	Others (Transportation Industry)	79
American Institute in Taiwan	Others (Sustainability Initiative)	66

Note: Only the significant organizations are listed above

2.3 Value Sharing

2.3.1 FET Supply Chain Overview

In 2020, total procurement expenditure at FET reached NT\$36.37 billion, accounting for 36.2% of total expenditure, and involved transactions with 1,049 suppliers. Procurement costs from transactions with top 100 suppliers accounted for 94.8% 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 73 first-tier critical suppliers using quantitative and qualitative standards. Furthermore, 27 second-tier critical suppliers were identified through questionnaire survey.

FET's Critical Supplier Screening Criteria		
First-tier critical suppliers	Quantitative screening criteria	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Screening focuses on qualitative factors including irreplaceability, high replacement costs, fixed qualifications, exclusivity and equipment binding
Second-tier critical suppliers	Questionnaire / Qualitative screening criteria	<ul style="list-style-type: none"> Questionnaires are submitted to first-tier critical suppliers with a focus on the products/services they supply to FET, and are traced to directly related products provided by their upstream suppliers. This is used to determine whether they meet the screening criteria such as exclusivity, fixed qualifications, important equipment binding, or have high replacement costs

Analysis of Annual Procurement Costs

Suppliers with transactions for two consecutive years are defined as FET's effective suppliers. In 2020, FET has had 713 effective suppliers. In particular, procurement costs for handsets and ICT amount to approximately nearly 87% of all FET procurements. In addition, ICT suppliers accounts for 61.3% of all FET suppliers. In 2020, FET adopt Prefer Vendor mechanism in ICT related business to reduce operational risks by reducing one-time cooperation vendors and strengthen the relationship with excellent suppliers. Therefore, the number of effective suppliers is decreased by 47%.

Suppliers	Procurement expenditure percentage	Distribution of the number of suppliers
Handsets	56.18%	1.91%
ICT	30.98%	61.26%
Construction	10.05%	15.46%
Media/Non-Media	1.02%	9.35%
General Administration	1.77%	12.02%
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 2020 a total of 99.7% of FET's procurement was made with local companies⁹ 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 and their 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 2020, FET's green procurement expenses is increased by 6.9%.

FET Green procurement

Unit: NT\$


⁹ Refer to companies registered in the territory of the Republic of China (including Taiwan branch offices)

¹⁰ Since we are waiting to build new 5G facilities, existing facilities were not expanded in 2019; therefore, the green procurements have decreased from that of 2018.

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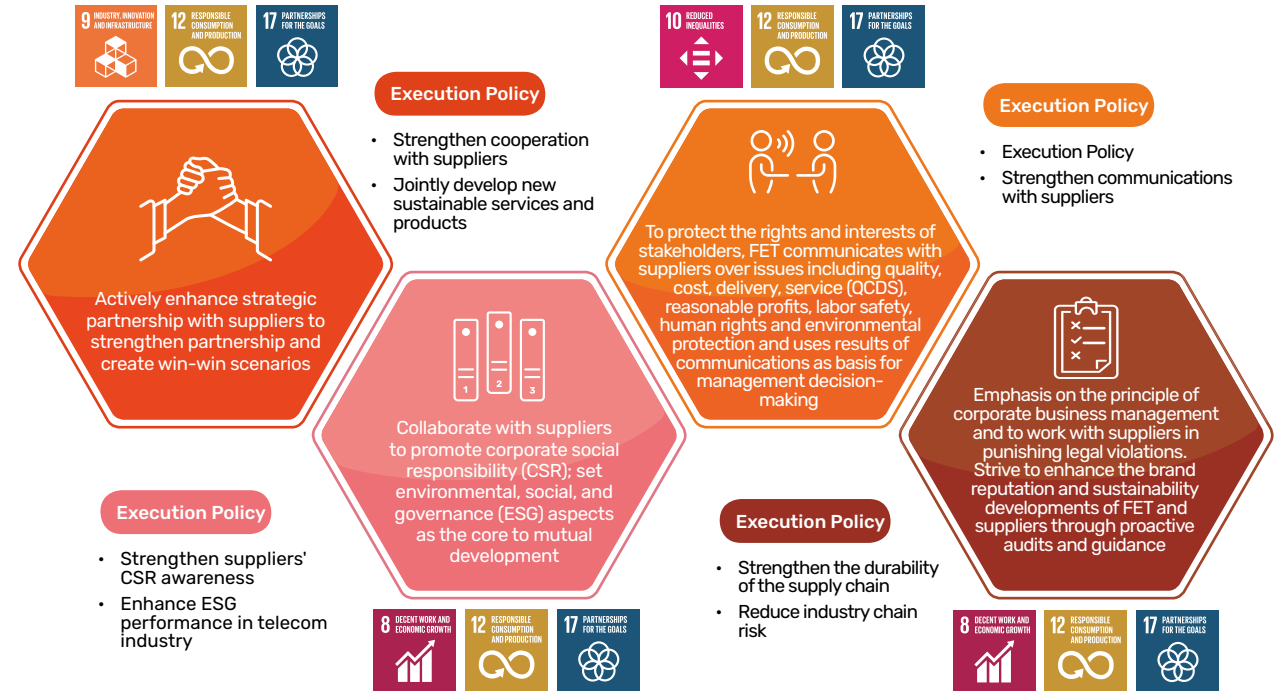




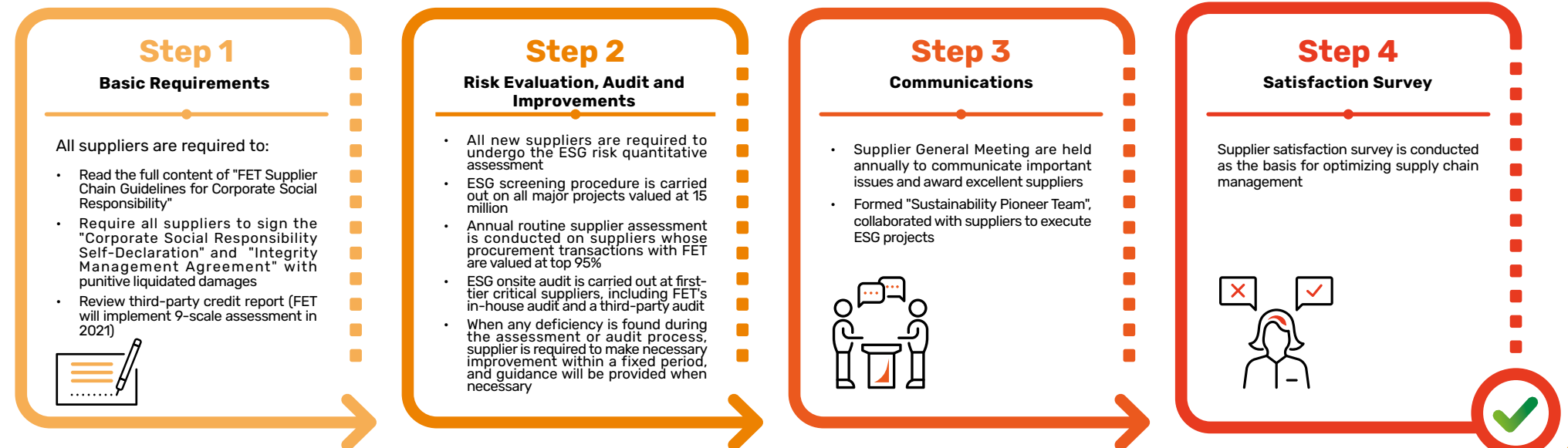
2.3.2 Supply Chain Management

Supply Chain Management Strategy

FET has planned four strategic directions with separate objectives. The level of relevant impacts will be expanded to include FET's critical suppliers, other first-tier suppliers, and second-tier critical suppliers. In 2020, FET has been named to the Supplier Engagement Rating (SER) by CDP, as the top 7% of the assessed companies around the world. FET is the first telecommunications company to receive an A rating as a leader-level in Taiwan. 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.



FET Supply Chain Management Processes





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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, and 521 suppliers of whom have signed the revised agreement, accounting for 94.9% of the total number of suppliers. 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 addition, FET will review suppliers' third-party credit report and implement 9-scale assessment in 2021. Suppliers with credit rating falls between 8 to 9 will not be able to become new suppliers.

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 2020, all new 314 suppliers have signed the aforementioned documents. In terms of FET's top 200 suppliers, 184 of whom have signed the Corporate Social Responsibility Self Declaration, reaching a response rate of 92%, exceeding the annual objective of 90%, and accounting for 96.8% 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	1,049	780	74.4%	98.8%
First-tier critical suppliers	73	73	100%	92.0 %

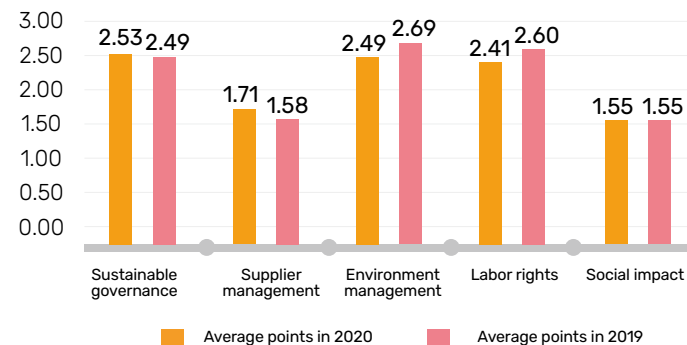
Step 2: Risk Evaluation, Audit and Improvements

Supplier Sustainability Risk Assessment

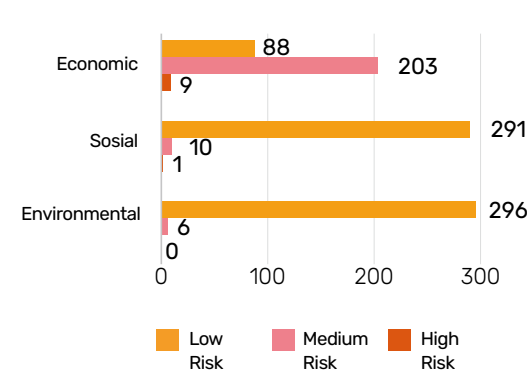
FET assessed ESG risk among all new suppliers, and a total of 313 suppliers are assessed in 2020 with 32 disqualified suppliers. In this group, 8 suppliers have completed their improvements, with an improvement rate of 33%, while suppliers have been suspended due to inability to improve. FET adopts the sustainability surveys to conduct supplier sustainability risk assessment. Scope of the said assessment includes 19 indicators from five aspects, ranging from sustainable governance, supplier management, environmental management, labor rights, and social impacts. Once the suppliers have completed the survey, FET would verify the authenticity of suppliers' data through document review. A total of 302 assessments were completed in 2020 which accounted for 94% of the annual purchases. 10 high-risk suppliers have been identified this year. Risks are mostly centered around confidentiality agreement and protection of intellectual property rights, 4 sales suppliers, 4 customer equipment suppliers, and 2 facilities suppliers were classified high-risk suppliers. FET has established relevant improvement plans and continues to track relevant improvement progress for the high-risk suppliers. As of January 2021, 9 suppliers have presented their improvements, which have been confirmed by FET to have met their designated progress. The improvement rate is 90%, and suppliers failed to improve have been suspended until implementing relevant measures.

The boundaries of ESG risk assessment will be expanded in 2021, and FET is projected to assess more than 330 suppliers. FET Telecom implemented ESG risk assessment into procurement system for bidding vendors, which apply to the tenders above 15 million. In 2020, 144 tenders were filtered by the new system, which accounted for 86.2% of annual procurement expenditure. It will fully implement for all types of suppliers in 2021, and build tracking table to strengthen monthly management.

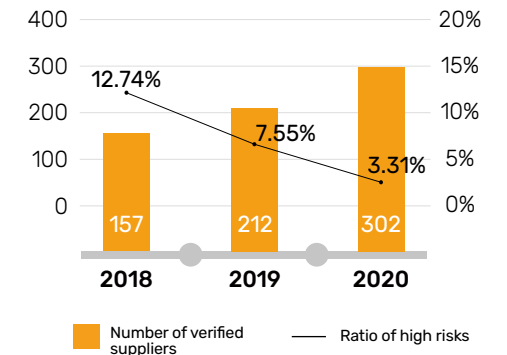
Supplier sustainable risk distribution



Supplier sustainable risk distribution



Distribution of high risks





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Supplier ESG Onsite Audit

Besides the routine annual inspections, since the beginning of 2016, FET also arranges ESG onsite audit to ensure that suppliers are fulfilling their commitments to sustainable development during day-to-day operations. The method of such audits includes FET's in-house audit and audits from third-party experts. The number of suppliers subjected to in-house audit and third-party audits in 2020 were 39 and 30 suppliers respectively, accounting for 70% of all first-tier critical suppliers. In terms of in-house audits, FET has completed onsite audits for 39 suppliers in 2020, and 16 of which scored 90 points or more, 19 scored between 70 to 89 points, and 1 suppliers with scores between 60 to 69 points. 3 suppliers with scores under 60 have been requested to improve the management about labor rights and environmental policies.

Supplier Assessment Result

FET Telecom

FET conducts routine supplier assessment and audit in each year. ESG assessment results will comprise of 25% weight toward all suppliers that rank among top 30% of their category in terms of procurement expenditure. 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. In 2020, 184 suppliers were assessed, accounting for 95% of total procurement expenditure. The assessment results were published at the external procurement system website and Supplier general meeting.

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 the evaluation interval based on the scoring items. Arcoa will increase the procurement volume with suppliers with excellent scores, implement improvement plan for underperforming item, and disqualify the underperforming suppliers. In 2020, Arcoa completed the assessment of 55 suppliers through the online supplier assessment system. This figure represents 93% of Arcoa's overall procurement expenditure, and the survey response rate has been 100%. In 2020, no supplier was assessed as C-level or D-level (scores below 69 points).

Number of Suppliers Subjected to Onsite Audit

	2018	2019	2020	2021 Goal
Onsite audit ¹¹	40	63	69	70

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

Assessment result	Number of suppliers	Measures adopted
Excellent suppliers (90-100 points)	12	Increase procurement volume and develop long-term partnership
Qualified suppliers (70-89 points)	43	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	55	

¹¹ Number of suppliers that did not overlap between those audited by FET and those audited by third-party experts

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Step 3: Communications

Annual Supplier General Meeting

The theme of 2020 Supplier General Meeting was "Cherish the Earth, Spread Love Far" and chaired by the CEO Ms. Chee Ching. With more than 103 suppliers participated, during the meeting, FET provided integrity management training, 5G technology and sustainable development sharing of SMEs, etc. In 2020, FET expanded the award to recognize suppliers who collaborate with FET and who have excellent performance. 28 suppliers have won awards and the award categories include "Excellent Sustainable Exemplary Model Award of Sustainability Assessment", "Excellent Supplier Award of Annual Performance Assessment", "Most Improved Supplier Award of Annual Performance Assessment". In addition, FET praised the "Sustainability Pioneer Team" formed by 26 suppliers among value chain as the team repaired basketball court and school building with suppliers' core expertise.

Sustainability
Pioneer Team
Video



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 Chain e-Learning Platform. In 2020, in response to the revision of the company's Integrity Management Agreement and taking into account the epidemic, we plan online training courses for ethical management for all suppliers to conduct online learning, and top 500 suppliers of the year were selected as targets of the online training, while 452 suppliers have completed the training, indicating an 90.4% completion rate.

Number of suppliers receiving CSR training

	2018	2019	2020
e-Learning platform	220	431	452
Supplier General Meeting	215	242	103 ¹²
Total	435	673	555

Step 4: Satisfaction Survey

FET Telecom

FET regularly conducts procurement anonymous satisfaction survey for suppliers in each year. In terms of procurement satisfaction survey, 103 surveys were disseminated, and 78 effective responses were received, achieving a 75.7% response rate. More than 98.6% were satisfied about the supplier screening policy and processes, while 98.7% were satisfied about the fairness in supplier selection. In 2020, FET also conducted a survey on the recognition of Sustainability Pioneer Team, and more than 98.6% were agree with the project.

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 83 procurement documents from/to 52 suppliers in 2020, and no material negative impacts have been found.



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3.1 Smart Living

3.2 Smart Application





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Digital Innovation - Strategy and Goal

Development Indicators	2020 Goals	Performance	2021 Goals	2025 Goals
Number of active mobile subscribers	1M	✓ Achieved: 1.04M	2M (original goal: 1.5M)	Accelerate sustainable development of smart living and society via digital innovative products, acquire 3.5M (original goal: 5M) active mobile users and 2,200K active users in new services.
Number of active users in new services	1,645K	✗ Not achieved: achievement rate 94%.	1,640K (original goal: 1800K)	
E-IoT revenue growth	73%	✓ Achieved: 78%	AIoT Annual growth rate 20% (The revenue goal was adjusted from \$1,081M to \$1,185M)	Enhance digital sustainable development in society and industry through expanding partnerships with industry partners to IoT applications; 2025 revenues will be 139% over that of 2020.
E-IoT application fields	Plan and develop 12 vertical applications	✓ Achieved	AIoT Plan and develop 12 vertical applications, and add the integration of AI applications.	



Long-term Goals

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



Corresponding Material Topics

- Social innovation strategy and application
- Environmental innovation strategy and application

Corresponding Risks and Opportunities

- Climate action failure
- Extreme weather events



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Digital Innovation - Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Intellectual Capital

- Patent and trademark application & protection NT\$ 4.947 million
- Innovative products / services¹³ annual R&D expense NT\$ 66.91 million
- Investments toward partnerships / agreements NT\$ 43.04 billion

Annual Benefits

Intellectual Capital

- Acquired 43 new patents and trademarks
- Annual total revenues NT\$ 27.9 billion from innovative products / services
- Tender bidding for telecommunication license: 480MHz

2020 Innovation Strategy and Highlights



Big Data

Use big data to users' network experience, assist the government's application in public transportation planning, and facilitate enterprises to increase revenues and enhance productivity through digital transformation

Innovative Approach

- Quantitative data analysis
- User experience optimization
- Big data applications on transportation



AI

Through predicting and automatically adjusting network performance through AI, we can achieve smart network operations and smart base station management, in addition to forming strategic alliances to develop technologies and talent.

Innovative Approach

- Develop AI applications
- Strategic partnership
- Cultivate technical talents
- Smart network operations and smart base station management



IoT

By promoting upgrade in IoT value chain and developments in Taiwan's IoT industry, FET hopes to realize values through enhancing inhouse R&D IoT application skills and to promote technical skills and innovative applications to external entities.

Innovative Approach

- Establish IoT ecosystem
- Promote IoT
- Support IoT industry development

Living

- 360 Children's Smart Positioning Watch
- Smart Speakers
- friDay Brand

Industry

- 5G Remote Diagnosis
- 5G Diabetes Continuous Medical Care Services
- 5G Smart Factory

2020 Highlights

Traffic

- Smart Internet of Vehicles
- Smart Parking
- Smart Streetlights
- Innovations in Traffic Big Data

Environment

- Cloud IoT Smart Monitoring System in the Sewage
- Smart Environmental Detection-Air Pollution Energy Management
- Smart Electricity Meter Smart Water Meter

¹³ Innovative products/services includes IoT products, services, digital products/services and system/processing improvements and developments

3.1 Smart Living

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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 services 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.



360 Kid's Smart Watch

Reduce chances of family members from being lost and to safeguard the community (SDG 16.1&16.2)

FET exclusively sells the popular branded 360 E2 Kid's watch. In order to cultivate children's good habits of using consumer electronic products, the watch provides a game-free, distraction-free design, and the disabled function in class. The function of locking the address book and rejection of unfamiliar calls are also being designed, which ensures the children's safety.



Smart Speakers

Formulating smart home (SDG 11.1)

The built-in smart voice assistant responds to localized commands with a high-efficiency, full-range, and clear human voice. Users can initiate multiple smart living applications including weather forecast, air quality, local radio, audio books and hailing taxis 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. In 2020, the sales volume of smart speakers will grow to 6,000 units.



FET Smart Speakers creates smart living



friDay Brand

Use edutainment to enhance teaching quality and build digital lifestyle (SDG 4.5)



- Video: In 2020, the friDay Video launched friDayVR, friDay video star multi-view along with 4K services, allowing customers to carry 5G services and enjoy low-latency immersive entertainment as well as 360-degree real. In 2021, the Taipei New Year Countdown Party will be broadcast globally for the second consecutive year with a new and multi-angle view, setting a new milestone for the viewing quality of the New Year Countdown Party broadcast. In 2020, the total viewing population of friDay Video grew by more than 30%, and the utilization rate of big screens has also increased significantly. The total viewing hours has grown by 96% over the years, and the total number of viewers has grown by 75%. friDay Video will continue to enter rapidly developing markets including classic tournaments, contents, movies, and live music shows online through strategic partnerships in the future.
- Music: friDay Music has more than 10 million newest, hottest songs, which is 3 times more than the previous year, and its membership usage and adhesion continues to grow. Different playlists are generated through data analytics so that consumers can enjoy music from anytime, anywhere.
- 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.
- Cloud gaming: The cloud gaming service provided by FET has changed how online games are played. Players can enjoy unlimited games on smartphones or tablets anytime, anywhere. There are currently 50 fun cloud games on friDay Cloud Gaming, and the number is expected to increase to 100 games in 2021, which includes six 3A games, and other games with high production and marketing budgets.
- Wealth management: friDay Wallet will be transformed into friDay Financial Management plus in 2020, shifting from mobile payment service to financial management service. FET actively participates in the promotion of the domestic open banking process by the Financial Supervisory Commission, launches bank interest rate inquiry, digital bank account opening and account integration in order to form a complete financial life circle.



3.2 Smart Application



Smart Application

FET upholds our R&D spirit of solving city and administrative problems through innovative technologies, and promote smart city transformation using 5G innovative applications by coordinating our expertise in cloud-based IT technology, data collection and analytics, IoT applications, and AI. 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.



5G Remote Diagnosis

Enhance resources and quality in rural healthcare (SDG 3.8)

FET continues to implement 5G ecology applications and collaborated with three major medical centers, the Far Eastern Memorial Hospital, the Hualien Tzu Chi Hospital, and the Kaohsiung Medical University Chung-Ho Memorial Hospital to commence the first 5G remote diagnostic project in Taiwan. We pioneered the Medical IoT concept in Taiwan and realized mobilized remote medical services. By solving medical gaps between urban and rural areas with technology, we can fulfill the vision of "zero-distance" medical services. In 2020, FET participated in the "5G Smart Technology Project to Improve the Rural Medical Environment" implemented by the National Health Research Institute, linking the Far Eastern Memorial Hospital, the Wanli District Public Health Center and the Shiding District Public Health Center, using the "Diabetes Common Care Network" as the clinical theme, creating the nation's first continuous 5G diabetes medical care service.



5G Smart Factory

Drive industrial transformation and improve production efficiency (SDG 9.4& 9.5)

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.



Smart Electricity Meter

Assist in optimizing power consumption data management and improve the efficiency of inspection and repair (SDG 13.3)

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.



September 2018

Obtained Taipower's bid on MDMS smart meter data management system, which can receive electricity data sent back by all AMI smart meters in Taiwan.

End of 2019

Obtained the project on the AMI smart meter communication module construction

First half of 2021

Completed the construction of communication modules for a total of about 240,000 AMI smart meters in 6 counties and cities



Smart Water Meter

Accurately control water usage data and improve water management efficiency (SDG 6.5)

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 by the end of 2020, 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 so that the Taipei Water Department can reduce labor costs, avoid manual meter reading errors, and can monitor the usage at each time period to detect abnormal water as soon as possible (leakage/broken pipe), as well as reduce the leakage rate and reverse flow of the water towers. Long-term data statistics are conducive to user consumption analysis, interpret user water consumption patterns, and improve overall water management efficiency.



Cloud IoT Smart Monitoring System in the Sewage

Real-time prediction of flooding (SDG 11.5&11.7)

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. The project won the "2018 Smart City Innovative Application Award-Smart Government Sector", "2020 Smart City Innovative Application Award-Smart Water Sector" and "2020 Cloud IoT Innovation Award".



Internet of Vehicles (IoV)

Building an eco-friendly transportation system (SDG 11.6)

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 world-class vehicle manufacturers and leading ICT brands to develop the end-user solutions for smart transportation services. Presently, FET has already assisted to launch various shared-transportation 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.



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Smart Parking

Enhance parking efficiency, solving traffic congestion problems and air pollution in the city (SDG 11.6)

FET is the first large-scale smart outdoor parking application vendor in Taiwan. Besides building the "NB-IoT smart outdoor parking information system" with Taoyuan City, which was installed in the magnetometers of 400 parking spaces throughout the city and provides real-time, accurate parking information to the residents. 24,000 magnetometers were also installed in six major cities (Taichung City, Hsinchu City, Hsinchu County, Tainan City, New Taipei City, and Nantou County) throughout Taiwan in 2020. The system significantly enhanced the management effectiveness over parking spaces and the turnover ratio of outdoor parking, thereby solving congestion, traffic and air pollution from idle vehicles, as well as parking violations due to inability to locate parking spaces.



Smart Streetlights

Enhance energy efficiency through smart monitoring technology to safeguard transportation and community safety (SDG 11.2)

FET's smart streetlights management project coordinates LED lighting technology utilizing self-branded 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. In 2019, FET received the "Taoyuan Smart NB-IoT Streetlights Project," which is the largest in Taiwan and in the world, and estimates to install 80,000 smart NB-IoT streetlights before July 2020. The construction of smart streetlights can create economic, environmental and social benefits equivalent to NT\$176.79 million, including mitigating climate change, improving air pollution, reducing traffic accidents, and other economic benefits created by saving electricity bills.



Energy Management

Assist enterprises to build smart energy management system and increase adoption of renewable energies (SDG 7.2, 7.3, 12.2)

Subsidiary Prime EcoPower was established in 2018 to formulate solutions such as solar power and energy storage system and smart grid-building. At the same time, to effectively manage energies, FET has also developed in-house smart energy management system, 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.



Smart Environmental Detection

Strengthen air pollution management via air quality detection (SDG 11.6)

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, and thereby reinforcing environmental audit and improving environmental quality in practice.



Traffic Analysis

Assist urban disaster prevention planning through big data (SDG 9.1)

FET collaborated with Department of Transportation, Taipei City Government over the "Taipei City Traffic Corridor: Integrated Transportation and Telecommunications Information Application Project, which analyzed the traffic congestion at Neihu Science Park using data analytics over telecommunications data. In addition, results were conveyed visually using heat signature of traffic so that transportation agencies could completely comprehend the nature and areas of traffic congestion in Neihu District, which would facilitate the City Government in future transportation and policy plans. Subsequently, the data could also be used toward analysis and applications in various boundaries and aspects, including bus route planning, trip analysis for tourism and large-scale events, correlations between travel chain and movement, and disaster planning.



Innovations in Traffic Big Data

Reinforce traffic network safety through Big Data (SDG 11.2)

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 in order to assist related strategy formulation and management measures optimization, as well as to get a hold of potential business opportunities.





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Chapter 4 Go Caring

Strategy and Goal

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4.2 Excellent Service



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Talent Management - Strategy and Goal

Development Indicators	2020 Goals	Performance	2021 Goals	2025 Goals
Incorporate sustainability related KPI into employees and managers' performance evaluation	1. Introduce to performance evaluation for ranks of directors and above 2. Store manager promote the Sustainability Store	✓ Achieved	Introduce to performance evaluation for ranks of managers responsible for leading and above	Introduce to performance evaluation for all 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. Receive Badge of Accredited Healthy Workplace	✓ Achieved	1. Continue to pass and receive ISO 45001 2. Kaohsiung Linguang Office receive Badge of Accredited Healthy Workplace	Continue to pass and receive ISO 45001
Employee communication response ratio	Employee communication response ratio 100%	✓ 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)	+5 (scores conducted in May and October)	⊖ Not achieved, +4	eNPS reach 50 or above	eNPS reach 50 or above
Average hours of training per employee per year	Pass the course and the actual learning hours: 68 hours	⊖ Not achieved, 62.72 hours, reduced the physical courses due to COVID-19	70 hours	70 hours, increase the online learning resources
Empower employees	1. Plan self-learning courses for employees 2. Achieve 100% employee learning opportunities 3. Retain Gold Medal from Talent Quality-management System	✓ Achieved	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 Quality-management System	1. Encourage employee development: provide self-learning resource depending on ability 2. Achieve 100% employee learning opportunities 3. Retain Gold Medal from Talent Quality-management System
Ratio of female managers among all managers¹⁴	No less than 30%	✓ Achieved	No less than 30%	No less than 30%



Long-term Goals

Create unique, caring and safe customer service and workplace, and become the preferred brand for customers and employees



Corresponding Material Topics

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

Corresponding Risks and Opportunities

- Adverse outcomes of technological advances

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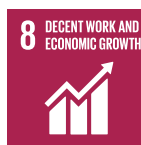
Excellent Service - Strategy and Goal

Development Indicators	2020 Goals	Performance	2021 Goals	2025 Goals
Touchpoint Net Promoter Score (touchpoint-NPS) at each service site	1. Store: 85 points and above 2. Call center: 43 points 3. Mobile Circle App: 62 points	Achieved 1. Store: 91 points 2. Call center: 52 points 3. Mobile Circle App: 77 points	1. Store: maintain 88 points and above 2. Call center: 46 points 3. Mobile Circle App: 65 points	1. Store: maintain 88 points and above 2. Call center: 50 points 3. Mobile Circle App: 69 points
SGS Qualicert service certification	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 of Taiwan chain and Franchise Association (TCFA)	Participating in and won the selection of Outstanding Store Manager of TCFA	Achieved, 3 direct stores won the Outstanding Store Manager Award, also won two special award of excellent service quality	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	Not achieved, 1 media coverage about SMS renewal (Please refer to 4.2.3 Customer Privacy Protection)	Zero personal data leakage	Zero personal data leakage



Long-term Goals

Create unique, caring and safe customer service and workplace, and become the preferred brand for customers and employees



Corresponding Material Topics

- Information security and privacy protection
- Brand image management

Corresponding Risks and Opportunities

- Failure of cybersecurity measures



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Talent Management - Annual Capital Expenditure and Benefits

Annual Capital Expenditure		Annual Benefits	
Intellectual Capital	Human Capital	Intellectual Capital	Human Capital
<ul style="list-style-type: none">NT\$3.91 million in professional skills / technology training	<ul style="list-style-type: none">Annual training cost NT\$19.70 millionAnnual recruitment cost NT\$5.05 millionAnnual pay & bonuses NT\$6.5 billion	<ul style="list-style-type: none">Total hours of professional skills / technology training 53,807 hours	<ul style="list-style-type: none">Total number of employees trained: 5,771Average hours of training per person: 62.72 hoursNumber of new employees this year: 768Employee total turnover ratio 16.35%Employee cohesion 76%¹⁵

2020 Highlights

Held Hackathon to enhance digital culture and application ability

In order to enhance employees' digital culture and the ability to use digital tools, FET held the hackathon which focused on ability of data and collaboration, and encouraged employees to form teams across departments to come up with innovative solutions and applications. "FET x Tableau Hackathon" requires participating teams to use "Tableau", the Business Intelligence(BI) software, to solve the needs of departmental report analysis; "FET x Teams Hackathon" encourages teams to propose innovative applications of "Microsoft 365" cloud service technology to improve work efficiency. A total of 51 teams participated in the two hackathons in 2020. The competition process includes training, competitions, primary elections and final elections. In the end, the top 3 teams were selected and awarded with FET coins and prizes. The champion team won 30,000 FET coins.



Build up multiple communication channels, encourage instant communication

FET provides multiple communication channels and platforms for employees to give feedback and suggestions, such as intranet, employee complaints mailbox, quarterly Lantern Legend Meeting, annual Town Hall meeting or communication with senior management directly.

In 2020, in response to the impact of the COVID-19, FET convert Town Hall meeting from physical to online live broadcasts, and provide online interactive tool "Slido" for employees to raise the question to senior management to response. Town Hall Meeting is chaired by the President to share information about the company's operating strategy and financial status, annual digital innovation projects, specific responses to employee's concerns, and promote two-way communication and understanding.



¹⁵ This is the result of the 2019 survey, and the next survey is expected to complete in 2022



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Excellent Service - Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Intellectual Capital

- NT\$22.04 million in optimizing / maintaining FET Mobile Circle App

Social and Relationship Capital

- Invested NT\$200 million in brand management
- NT\$3.42 million in training of store and Call Center

Annual Benefits

Intellectual Capital

- Got a satisfaction score of 77 points for FET Mobile Circle App

Social and Relationship Capital

- FET social network reached 8.27 million persons
- Overall satisfaction rate 67%

2020 Highlights

Innovative regional agency system

Telecommunications companies operate traditional communication market through mid-sellers, but they have overlapping operating areas and relatively opaque rules of responsibility. FET operate an innovative regional agency system and build the most complete store information in Taiwan, which subverts the traditional business model and create a win-win situation.



Build innovative hybrid stores through diversified cross-industry cooperation

In a changing business environment, FET continues to create innovative business models and implement cross-industry alliance strategy in the previous year. FET cooperate with E-life Mall Corporation to launch the Tucheng central store in 2020. FET continuously cooperate with 7-ELEVEN, Louisa Coffee, FamilyMart and other brands to expand the innovative hybrid stores. The number of guests visiting the hybrid stores is five times more than the traditional store, as the sales of telecom numbers and digital services also increased by 140%.



4.1 Talent Management

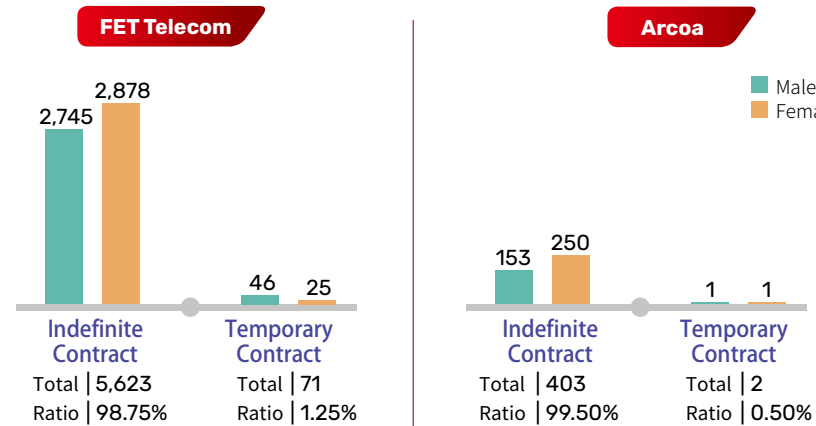
4.1.1 Human Resource Management

Employee Structure Overview





In terms of workforce structure at FET, 52% of employees are female and 48% male, of which females account for 33% of senior managers (assistant managers, managers and above). Over 98.8% 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 2020 was 6,099 persons. The other 134 non-employee workers are engaged in project engineers, administrative and logistics-related operations.



Number of Employees by Type of Contract in 2020¹⁶



Average Employee Age and Seniority

FET Telecom			Arcoa		
	Average Age	Average Seniority (years)		Average Age	Average Seniority (years)
	40.37	10.25		39.41	5.91
	37.79	9.69		36.70	7.20
Total	39.05	9.96	Total	37.73	6.71



Employees by Education Background

FET Telecom

Unit: number of people

	Male	Female	Total
Senior or vocational high school	295	565	860
Bachelor's or associate's	1,964	2,038	4,002
Master	522	297	819
PhD	10	3	13

Arcoa

Unit: number of people

	Male	Female	Total
Senior or vocational high school	27	95	122
Bachelor's or associate's	117	151	268
Master	10	5	15
PhD	-	-	-

¹⁶ 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.



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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 2020, we have 12 interns and 1 of them become the full-time employee.

FET Telecom

New Hires in 2020

Unit: number of people

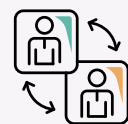
Age	Male	Ratio of New Hires	Female	Ratio of New Hires	Total	Ratio of New Hires ¹⁷
Under 30	195	45.67%	249	44.70%	444	11.65%
30-50	174	9.07%	136	6.24%	310	24.41%
Over 50	13	2.91%	1	0.60%	14	2.28%
Total	382	13.69%	386	13.30%	768	13.49%

Resignations¹⁹ in 2020

Unit: number of people

Age	Male	Turnover Rate	Female	Turnover Rate	Total	Turnover Rate ²¹
Under 30	209	42.11%	213	38.97%	422	42.89%
30-50	216	16.20%	217	16.59%	433	10.57%
Over 50	13	15.38%	4	0.00%	17	2.77%
Total	438	28.54%	434	27.42%	872	15.31%

Internal Hire Rate



FET Telecom

7%



Arcoa

1%

Arcoa

New Hires in 2020

Unit: number of people

Age	Male	Ratio of New Hires	Female	Ratio of New Hires	Total	Ratio of New Hires ¹⁸
Under 30	11	57.89%	25	45.45%	36	48.65%
30-50	24	20.00%	21	11.54%	45	14.90%
Over 50	0	0%	0	0%	0	0%
Total	35	22.73%	46	18.33%	81	20.00%

Resignations²⁰ in 2020

Unit: number of people

Age	Male	Turnover Rate	Female	Turnover Rate	Total	Turnover Rate ²²
Under 30	11	57.89%	19	34.55%	30	40.54%
30-50	28	23.33%	21	11.54%	49	16.23%
Over 50	0	0.00%	3	21.43%	3	10.34%
Total	39	25.32%	43	17.13%	82	20.25%

¹⁷ New hire ratio = 2020 total number of new hires/2020 total number of employees

¹⁸ New hire ratio = 2020 total number of new hires/2020 total number of employees

¹⁹ Resigners are voluntary resigners, excluding death, retirement, dismissal and dismissal

²⁰ Resigners are voluntary and non-voluntary resigners, excluding death, retirement, dismissal and dismissal

²¹ Turnover rate(by age group)= Number of voluntary resignations in the age group in 2020/ Total employees in the age group in 2020. Turnover rate(total)= Number of voluntary resignations in 2020 / Total number of employees in 2020.

²² Turnover rate(by age group)= Number of resignations in the age group in 2020/ Total employees in the age group in 2020. Turnover rate(total)= Number of resignations in 2020 / Total number of employees in 2020.



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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.

	FET Telecom	Arcoa
Basic-level employees paid above the legal minimum wage ²³	16.0%	12.2%

Non-management²⁴ Employees Salaries

FET Telecom				
Item	Unit	2019	2020	Annual difference
Number of non-management full time employees ²⁵	Number of people	5,260	5,283	0.43%
Total salary of non-management full time employees	NT\$ Thousand	4,706,830	4,862,701	3.31%
Average salary of non-management full time employees	NT\$ Thousand	895	921	2.91%
Median salary of non-management full time employees	NT\$ Thousand	762	797	4.59%

Arcoa				
Item	Unit	2019	2020	Annual difference
Number of non-management full time employees	Number of people	333	350	5.11%
Total salary of non-management full time employees	NT\$ Thousand	193,652	211,412	9.17%
Average salary of non-management full time employees	NT\$ Thousand	582	604	3.87%
Median salary of non-management full time employees	NT\$ Thousand	550	568	3.32%

Average Salary by General Employees and Management

FET Telecom

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

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

Arcoa

	Male	Female
Basic salary		
General Employees	1 : 0.86	
Assistant Manager / Manager / Director	1 : 0.97	

	Male	Female
Basic salary and bonus		
General Employees	1 : 0.91	
Assistant Manager / Manager / Director	1 : 0.97	

²³ Basic salary has been NT\$23,800 in Taiwan since 1 of January 2020.

²⁴ Non-management employee refers to the position not responsible for leading.

²⁵ 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.



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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.

Employee Welfare

Item	Statement
 Paid sick leave and paid leave for volunteer service	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	Maternity and paternity leaves: 6 days for maternity (including pregnancy checkup) and paternity leaves, both have 1 additional day than the legally stipulated 5 days. Full pay is given in case of miscarriage, and will not be counted as sick leave.
 Parental leave and childbirth ompensations	Paid parental leave is offered according to applicable laws; NT\$1,200 is offered as childbirth compensation for both female and male employees.
 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	Automated External Defibrillator (AED) and blood pressure monitors are present in all offices, and some offices also offer massage chairs, fitness bicycles, and mini golf as stress-relief for employees.

2020 Parental Leave

Unit: Number of people

Parental Leave	Male	Female	Total
Number of employees qualified for parental leave (A)	111	400	511
Actual number of applicants for parental leave (B)	6	86	92
Application rate (B/A)	5.4%	21.5%	18.0%
Number of employees returning from parental leave (C)	8	85	93
Applications to return to work (D)	5	64	69
Return to work rate (D/C)	62.5%	75.3%	74.2%
Total number of parental leave applications in the last period (E)	2	53	55
Number of employees who have been reinstated for one year as of the previous period (F)	1	47	48
Retention rate (F/E)	50.0%	88.7%	87.3%

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 pay is 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.

2020 Pension Statistic

Unit: NT\$ Thousand

Pension Liabilities	509,090
Pension Expenses	136,189



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4.1.2 Talent Development

FET Telecom

FET re-examine the thoroughness and suitability of employee development plan in each year to ensure that employee training is tightly linked with the Company's strategies and operating goals. Using our core values and functional model as a basis, the "3E" or "education, exposure, and experience" FET talent development model has been formulated. Focusing on the three themes of culture, leadership, and talent, we strive to enhance the well-rounded thoughts and competences in executives and employees.

FET also bases the planning and arrangement of all employee training on internal evaluation, collecting market trends, and listening to the demand for internal and external customers. The Company embeds elements needed presently or in the future in FET's training programs, and emphasizes that the contents of courses for each level of employment shall be correlated so that employees can solve real problems through practical, hands-on courses and receive actual results. FET continues to encourage high-performing employees to apply for continuing studies at domestic and overseas universities through providing allowances for advanced studies. This both helps the Company to foster professional talent, and also helps employees on their respective career paths. For employees who pursue diverse career planning, FET also provides job matching opportunities within the Group and organizes courses on interview and skill training and encourages interested employees to sign up to further enhance their continued employability and to receive career counseling. In 2020, although the COVID-19 caused an effect on the planing and execution of training, the HR department collaborated with the IT department to develop online courses, expanded the online learning resources for competency. Therefore, FET still organized 1,615 training courses in 2020. On average, each employee has received 62.72 hours of training. Total training investments have amounted to NT\$19,696,832, and the average training cost per employee is NT\$3,459.

Talent Development Strategy

Leadership and Professional Talent Cultivation



Target | Cultivate the leaders and professionals needed in the era of digital transformation

Establish a common language and comprehensively promote performance management courses

Facing the VUCA environment (volatility, uncertainty, complexity, and ambiguity), the Company expects employees to act in line with the FET culture and at the same time improve the quality of communication between supervisors and employees. Adjustments on the performance management system took place in 2020, and online and offline briefings were held along with strategy deployment workshops, strategy execution workshops, and performance capability courses which were organized according to supervisors at each level. A total of about 460 supervisors were trained in 16 classes, and the course content was planned according to their ranks. In addition, online learning resources for all employees were also provided to establish a consistent concept and communication language throughout the company.

Training for newly appointed supervisors, an assist for change

In the face of career changes, FET continues to hold training camps for new supervisors to provide them with the most needed management concepts and skills, and allow these new supervisors to communicate and learn through the course. In 2020, a total of about 30 people completed the training.

Implement 5G, Big Data, AI, and IoT Developments, and continuous promotion of the Next Generation Elite Program and the Presales Boot Camp

FET has continued to promote the Next Generation Elite Program since 2016. After entering the company, new recruits of all levels need to receive 18 months of industrial and vocational training, cross-departmental rotation, mentor coaching and regular evaluations. The fourth session of the Next Generation Elite Program was completed in 2020 and a total of 21 employees participated. In addition, we also continue to carry out potential talent recruitment and training programs, such as cooperating with companies and international business groups to organize the Presales Boot Camp where the course content is coordinated according to specific needs, and team activities along with competition are increased to enhance the team spirit among the new comers. The survey results show that employee satisfaction rate is 4.64 (out of 5 points). Employee feedback is helpful towards adapting to company culture and industry trends and practices, and fully provide opportunities for potential talents with skills, technology, and OJT.

Promote seminars for senior executives to bring each other closer

The President shares her work experience in the role as a female senior supervisor as well as her life experiences, foreign and cross-cultural work experiences, and family life as a mother reminding the female supervisors to find their own positive energy in order to face the challenges and expectations in the workplace. A total of 94 female high-level executives were invited to participate in the course, and the satisfaction rate for the sessions was 4.67. In the future, we will organize more senior supervisor seminars such as this.





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Becoming Diverse Learning Partners



Target | Construct physical and online learning channels through internal experts to transform into a learning organization

Being the outpost of knowledge management, completing the first session of internal lecturers training

Diversified learning programs for talent development are being promoted in response to FET's strategy to lean management, transformation, and growth. The internal lecturer recruitment and training program aims to accumulate the company's intellectual capital, encourage and cultivate professional talents to pass on unique knowledge and experience, and control training resources to strengthen training and development performance. A total of 24 internal lecturers were trained during the initial wave of recruitment in 2020. An internal lecturer course will be launched in 2021 with over 65 classes promoting internal knowledge management and shaping organizational learning culture.

Strengthen online learning and become a diverse learning partner

Due to the pandemic in 2020, we started focusing on the adjustment of learning styles and independent learning arrangements. During the first half of the year, we worked with internal and external units on arranging the "Competition after the Pandemic" seminar at NCCU and external online resource courses such as the Google Ads Power User Boot Camp. We also cooperated with internal partners such as the Internet and Technology Group and Next Gen4 Program to organize professional courses which are available to our employees. In addition, we collaborated with the Leader Campus to launch independent training courses. During the fourth quarter of 2020, a total of 10 courses were launched for employees to register according to their own developmental plans. In 2021, we will continue to optimize the online learning system, establish a rich knowledge base, and provide more diversified learning resources.



Strategy deployment workshop



Next Generation Program



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Statistics on Employee Training by Types of Training in 2020

FET Telecom

Type of training	Statement	Number of classes	%
Internal training – Compliance & risk	Courses about the standards and rules, such as internal audit, zero-violence workplace, integrity, ethical corporate management, and compliance	10	0.62%
Internal training – Core competency	Functional courses required by all employees which based on FET's core values and core competency	3	0.19%
Internal training – Management	The competency training of management which was necessary for manager	36	2.23%
Internal training – New employees / managers training	New hires, new managers, internal lecturer training or talent development projects	115	7.12%
Internal training – Vocational competency	Courses about the soft skills, utility software and the industry trends which the knowledge and abilities were needed to do their job for all employees	1,137	70.40%
External training – Self development	External training and in-service training	302	18.70%
Involvement of people training	Annually and quarterly TownHall Meeting	12	0.74%
Total		1,615	100.00%

Arcoa

In 2020, Arcoa promoted the training program "building key talent teams", conducting the key talent's individual development plan (IDP). Continued to develop talent in digital innovation, Arcoa upgrades digital talent and transformation, while striving to build high-functioning teams equipped with digital, marketing and teamwork skills. The entire training system is designed through Talent Quality-management System (TTQS) which helps to effectively build up training systems that correspond to operating strategies, cultivating employees to have skills to implement operational strategies, including strengthening logistics service response, enhancing technicians' ability to handle customer complaints, and to instill a mindset to provide quality service to internal customers in the backend support personnel. In addition, employees enhanced the skills to utilize digital marketing tools and consulting sales techniques through the "Elite Store Manager Development Program," allowing them to realize cross-departmental synergies to maximize operating profits.

Arcoa's training system includes management, general education, professional skills, and soft skills training courses on top of employee training. In addition, customized team building camps are also designed based on the needs of specific teams. A total of 74 sessions of internal and external trainings were held in 2020. Average hours of training per employee was 18.6 hours, representing a 42% growth over the previous year, and total training expenses was NT\$2,243,011.



Total Number of Employees Trained, Hours of Training, and Gender Distribution in 2020²⁶

FET Telecom

Job Grade	Female		Male		Total	
	Persons	Average hours of training	Persons	Average hours of training	Persons	Average hours of training
General Employees	2,492	69.07	2,044	53.63	4,536	62.11
Managers and Assistant Managers	374	79.41	671	59.41	1,045	66.57
Directors and Above	37	67.03	76	44.14	113	51.63
Total	2,903	70.37	2,791	54.76	5,694	62.72



Statistics on Employee Training by Type of Training

Arcoa

Type of training	Number of classes	%
Internal –Management	16	17.98%
Internal - Franchise stores	29	32.58%
Internal - Logistics	2	2.25%
Internal training – Communication	22	24.72%
Internal training – New employee training	11	12.36%
Internal - Maintenance department training	1	1.12%
External - Human resources, logistics, finance, general affairs	8	8.99%
Total	89	100.00%

²⁶ The hours above are the actual participate hours of the courses, and the number of employees do not include employees with temporary contract.



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2020 Total Employee Training Cost and Hours of Training

Arcoa

	Unit	2018	2019	2020
Total employee training costs	NT\$	831,929	1,577,661	2,243,011
Total employee training hours	Hours	5,940	7,756	7,540
Total number of employees	Number of people	418	399	405
Average training costs per employee ²⁷	NT\$	1,990	3,954	5,538
Average training hours per employee ²⁸	Hours	14.2	19.4	18.6



2020 Total Number of Employees Trained, Hours of Training, and Gender Distribution²⁹

Arcoa

	Female			Male		
	Number of people	Average hours of training	Average cost of training (unit: NT\$)	Number of people	Average hours of training	Average cost of training (unit: NT\$)
Management ³⁰	17	68.4	47,416	29	49.1	28,285
Non-management ³¹	234	14.6	1,394	125	12.4	2,324
Total ³²	251	18.2	4,511	154	19.3	7,212

4.1.3 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](#).

²⁷ Average employee training cost per employee = Total employee training costs/total number of employees

²⁸ Average employee training hours per employee = Total employee training hours/total number of employees

²⁹ The number of people does not include employees with temporary contract and employees who failed in courses



2020 Training Programs and Talent Development Plans

Arcoa

Program / Plan	Content
Management Function and General Education Training	The training program in 2020 will be focused on "Building key talent teams for the future"
Outstanding Store Manager Development Plan	Elite store manager training (team influence), manager candidate training (training for store management), and store personnel training (enhance service levels)
On-site Logistics Quality Management Training	Focused on understanding smart logistics positioning and displaying relevant functions; to be more fluent with the process and train professional experts to achieve flawless operations
Repair Shop Management Training	(1) Enhance mutually-beneficial negotiation skills and build positive partnerships; (2) Create customer complaint handling mechanism to increase customer satisfaction

³⁰ 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)

³¹ Average training hours per non-management (female/male) (hours) = total non-management (female/ male) training hours/ total number of management (female/male) employees (hours)

³² Average training hours per employee (female/male) (hours) = total training hours for employees (female/ male) / (female/ male) total employees (hours)



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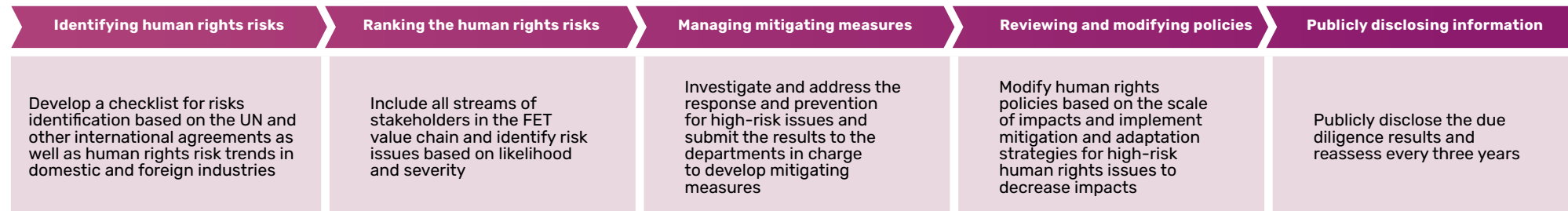
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Diverse and Inclusive Work Environment

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 2020, no sexual harassment complaints were made at FET or Arcoa.



Age and Gender of Employees by Levels of Positions

FET Telecom					
	Total	Male Ratio	Female Ratio	Age	Age Ratio
General Employee	5,195	47.20%	52.80%	Under 30 years old	18.94%
				30-50 years old	73.36%
				Over 50 years old	7.70%
Manager and Assistant Manager	389	68.12%	31.88%	Under 30 years old	0.00%
				30-50 years old	63.50%
				Over 50 years old	36.50%
Director	87	67.82%	32.18%	Under 30 years old	0.00%
				30-50 years old	41.38%
				Over 50 years old	58.62%
Vice President and Above	23	65.22%	34.78%	Under 30 years old	0.00%
				30-50 years old	13.04%
				Over 50 years old	86.96%
All Employee	5,694	49.02%	50.98%	Under 30 years old	17.28%
				30-50 years old	71.95%
				Over 50 years old	10.77%

Arcoa					
	Total	Male Ratio	Female Ratio	Age	Age Ratio
General Employee	354	35.03%	64.97%	Under 30 years old	20.90%
				30-50 years old	74.29%
				Over 50 years old	4.80%
Manager and Assistant Manager	47	57.45%	42.55%	Under 30 years old	0.00%
				30-50 years old	78.72%
				Over 50 years old	21.28%
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	0	0	0	Under 30 years old	0.00%
				30-50 years old	0.00%
				Over 50 years old	0.00%
All Employee	405	38.02%	61.98%	Under 30 years old	18.27%
				30-50 years old	74.57%
				Over 50 years old	7.16%

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Other Indicators for Employee Diversity

FET Telecom

		Total	Ratio	Management Level Total	Management Level Ratio
Ethnicity / Nationality	Foreign Employee ³³	7	0.12%	0	0.00%
	Local Employee - Aborigines	37	0.65%	0	0.00%
	Local Employee - Chinese	5,650	99.23%	499	100.00%
Condition	Disabled Employee	40	0.70%	1	0.20%

	2020 (%)
Women in the total workforce	50.98%
Women in all management positions	31.27%
Women in junior management (assistant manager, manager and director level) positions	31.88%
Women in senior management (vice president level) positions	31.93%
Women in revenue-generating functions (assistant manager, manager and director level)	43.59%
Women in STEM-related positions	31.82%

Note: The acronym STEM stands for “Science, technology, engineering, and mathematics.”

FET Telecom

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:

Communication Channels	2020 Communication Agenda
Lantern Legend Meeting Capital / Labor Meeting	Lantern Legend Meeting was convened once in every quarter with four times in 2020. Meeting includes discussions on the Company's profitability overview, future expansion plans 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. Eight meetings were convened in 2020 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 2020, 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.
Survey of Employee Opinions	"Connect for Best" employee survey is conducted once every two years. Apart from understanding and inspiring employees to achieve higher motivation, we also draw comparisons against top employers across various industries in Taiwan and the global high-tech industry so that the management team can be more objective and understanding of employees' thoughts and perception, and to use relevant data as references for improving the workplace environment. The latest survey response rate was 83% in 2020. Results indicated that 76% of all employees hold the Company in very high esteem, and the Company scored 80% or more in terms of agility, promotions of an innovative culture, and talent development. Results indicated that employees are highly motivated, whereas the next survey will be implemented in 2022. Furthermore, to demonstrate FET's core value in caring for employees, we listened to opinions from employees and collected their feedback through the employee net promoter score (eNPS). A total of 123 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. <ul style="list-style-type: none"> In 2020, 96 responses were received in the Employee Suggestions channel, most of which were focused on product suggestions, and safety and health issues. All of which have been publicly dealt with on the Company website. The Grievance Mailbox received 9 employee cases in 2020. 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, 2020.

³³ Foreign employees come from Japan, People's Republic of China, Hong Kong, Thailand, Republic of Korea, and Indonesia



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Communication Channels	2020 Communication Agenda
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 2020, the President along with senior executives held 7 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	Meets quarterly with seven meetings held in 2020. The meetings mostly provided employees with higher quality, diversified employee travel options through travel platforms with abundant contents from travel agencies and organizing annual family day.
Arcoa E-Newsletter	Published quarterly to promote organizational learning and sharing. Published four times in 2020 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 facing unsuccessful attempts or unsatisfactory responses from management or relevant department, employees can seek assistance via complaints mailbox One complaint was received in 2020, and was found to be misunderstandings between employees and properly dealt with after face-to-face communication and coordination as well as investigations from the HR unit. No violation of applicable laws concerning labor and human rights was found.

4.1.4 Employee Health and Workplace Safety

FET Telecom

Employee Health and Workplace Safety

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. 105 rounds of various occupational health and safety training were held in 2020 to 1151 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 people-oriented 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.





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Building a Healthy Workplace Environment

FET actively encourages employees to exercise and to build a healthy workplace environment. The Company's dedication to create a healthy workplace has been positively rewarded by receiving the "Healthy Workplace Certification" from the Sports Administration, Ministry of Education in 2019. Relevant health promotional activities include:

FET Telecom

Name of Activity	Scope of Activity
"Calories Challenge"	The Calories Challenge, which could be monitored by the Health+ smartphone app, was launched from June to July 2020 to encourage employees to monitor their own health and to get into a habit of regular exercise. The activity was participated by 951 employees, who have cumulatively walked 123,745,340 steps, equivalent to 61,872 kilometers. As going around Taiwan is about 1,139 kilometers, the activity has gone around Taiwan 54 times.
"Weight Loss Competition"	First launched in 2018, the competition has held for three consecutive years. In 2020, a total of 393 contestants completed the challenge and cumulatively lost 991 kilograms. FET provides prizes with a total value of NT\$150,000 to the winners. Over the past three years, 1,267 contestants have completed the challenges and lost 3,316.3 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\$100,000 toward club activities in each year. In 2020, as many as 746 club events were held, and were cumulatively participated by 15,027 persons.
"Epidemic Prevention Pop-Up School"	In response to the COVID-19 prevention, FET promoted correct knowledge on epidemic prevention to employees through "Epidemic Prevention Pop-Up School". The company provided a total value of NT\$100,000 lottery prizes with a total of 880 employees participated.
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 2020 the videos received 6,891 clicks.
Support the Third 1,000-People Blood Drive Event	Affected by the COVID-19, Taiwan suffered from shortages in the blood bank. FET assisted the Taipei Neihs Technology Park Development Association to hold the opening ceremony of the 1,000-People Blood Drive with FET employees demonstrating body combat on-site.
Office Area Massage Room	FET commissions 18 visually-impaired massage therapists to provide free massage sessions to employees to relieve their work-related stress and to relax their muscle tensions. Approximately 22,506 persons have enjoyed these massage therapies in a year.



FET Long-term Health Basketball Club Activities
with Oriental Institute of Technology



1,000-People Blood Drive Event



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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 213 workspaces were inspected, and progress was tracked where improvement was needed. Furthermore, improvement rate has been 100%, thus effectively preventing occupational hazards. In 2020, 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 2020. 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 2020.

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 seven of its major operating sites and completed the certification for "AED Placement".

In addition, Arcoa's occupational health and safety unit also organizes various occupational and safety training sessions. In 2020, 726 employees participated in 46 sessions of occupational health and safety courses. 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 2020, 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.

2020 Occupational Safety and Health Performance

FET Telecom

FET employees	2020
Number of fatalities as a result of work-related injuries	0
Rate of fatalities as a result of work-related injuries ³⁴	0
Number of high-consequence work-related injuries	0
Rate of high-consequence work-related injuries ³⁵ (excluding fatalities)	0
Number of recordable work-related injuries	2
Rate of recordable work-related injuries ³⁶	0.036
Working hours	11,192,731

2020 Occupational Health and Safety Training

Arcoa

Training Courses	Number of Courses	Total Number of Employees
Employee pressure-relief course	10	242
Employee caring and assistance course	7	248
AED and CPR emergency rescue training	4	15
Occupational health and safety training	25	221

³⁴ 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

³⁵ Rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities) / Working hours x 200,000

³⁶ 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





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4.2 Excellent Service

► 4.2.1 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.

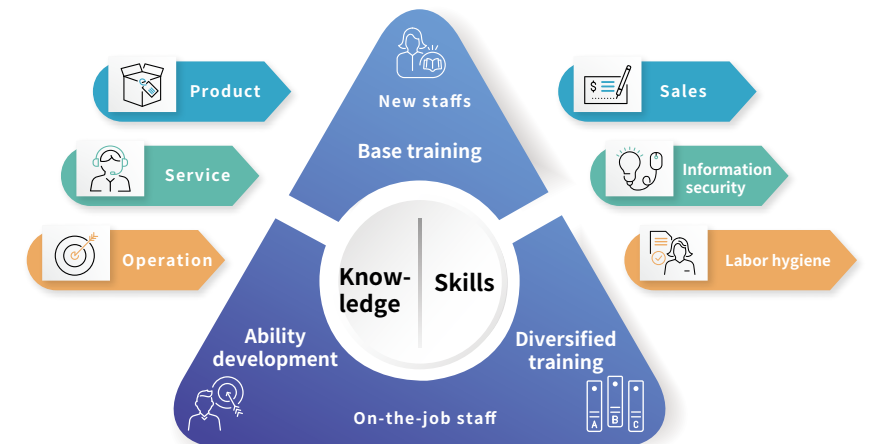
360° Store Service

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.

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 250 digital courses was built in 2020, and cumulatively have 550 courses. Store staff can access the e-library on their smartphones to self-study from anytime, anywhere. Currently, the courses have been accessed 22,317 times. In response to the launch of 5G network, FET has set up 72 courses of product general training for store and call center, total 1,501 persons participated in the training and the total training hour was 5,926 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.



FET "2x3" system training course



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4.2.2 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.

Product and Service Sales SOP

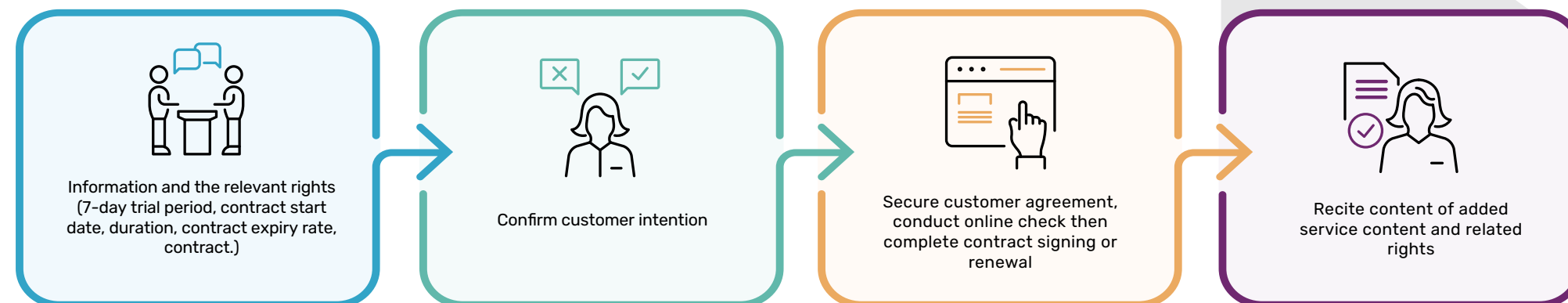
To ensure consumers' rights and interests in using mobile products, all promotions and sales of FET products and services conform to regulations from our competent authorities, namely the National Communications Commission (NCC) and the Fair Trade Commission (FTC). All products and service sold by FET 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 are 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 2020.

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





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Localized and Digitized Customer Service

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 also 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.

In the 2020 Excellent Customer Service Award (CSEA), which held by Taiwan Call Center Development Association (TCCDA), FET won "The Best Customer Experience Company" and "Best Customer Service System Application Enterprise" in the category of company; won "The Best Customer Service Team", "Best Service Innovation Team", and "The Best Customer Telemarketing Team" in the category of team; won "Best Customer Center Supervisor", "Best Customer Service Star", and "Best Site management Star", cumulatively has won 9 prizes, FET wins big at CSEA 2020.



FET won the 2020 Excellent Customer Service Award (CSEA)



FET stores provide outstanding services



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4.2.3 Customer Privacy Protection

Privacy Protection Policies

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. 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 8 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 2020, FET received a total of 5 complaints related to personal information and privacy from the competent authorities, and 1 reported incident from the media. Other than the incident due to the failure to adopt appropriate protection and user identity verification measures allowing unspecified individuals to obtain user personal information through URL modification and web page tools which was reported by the media, the rest have been investigated and closed, and there have been no violation cases of the Personal Data Protection Act. 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 203,326 in 2020, 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.

4.2.4 Service Feedback and Improvement

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.

[Privacy Policy](#)


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	-



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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. For the overall services FET provided in 2020, 67% of the survey participants were satisfied. In terms of customer loyalty indicators, FET opted for the even more challenging customer net promoter score (NPS) in 2019, and scored a Grade B, indicating room for growth. Other details on the satisfaction survey are as follow:



Key Satisfaction Score³⁸

	2018	2019	2020
Communication and Internet Quality	72%	71%	66%
Store Service	91%	88%	90%
Telephone service	92%	90%	69%
Overall satisfaction	69%	69%	67%

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.

	2018	2019	2020
Valid call center satisfaction surveys on overall inbound calls ⁴¹	11.2%	14.6%	15.0%
Net promoter score (NPS) for call center satisfaction survey ⁴²	-	Aug - Dec 40%	48%
Overall satisfaction of call center satisfaction survey	93.1%	Jan - Jul 4.75 Aug - Dec 9.12	9.4
First Contact Resolution ⁴³	91.2%	Jan - Jul 91.0% Aug - Dec 9.08	9.3

Customer Net Promoter Score³⁷

2019	2020
B	B



Store Satisfaction (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.

	2018	2019	2020
Number of Survey Call-outs / Texting ³⁹	12,631,000	10,998,581	8,369,921
Number of Valid Call-outs / Responded Texting ⁴⁰	731,480	845,870	1,216,449
Satisfaction Rate	4.71	Jan - Feb (out of 5 possible points) 4.77 points Mar - Dec (out of 10 possible points) 9.66 points	9.76

³⁷ Starting from 2019, FET change the indicator to NPS, therefore, only disclose the data from 2019 to 2020

³⁸ 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"

³⁹ Starting from March 2019, the statistical data has been altered from "Number of Survey Call-outs" to "Number of Survey Texting"

⁴⁰ Starting from March 2019, the statistical data has been altered from "Number of Valid Call-outs" to "Number of Response Texting"

⁴¹ 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 (%)"

⁴² 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.

⁴³ Starting from August 2019, "overall satisfaction level" and "First Contact Resolution" have been adjusted to be an average point system



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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. The target of tNPS in 2021 is 74%.

	2018	2019	2020
24-Hours Engineer Reparability Rate	70%	80%	92%
Over-5-days Reparability Rate	14.0%	8.5%	2.8%
Touchpoint Net Promoter Score (tNPS)	-	-	69%

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 Centres 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.

Grievance Channels	Complaint Management	Responsible Unit	Number of Complaints		
			2018	2019	2020
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	1,929	1,443	1,246
Arbitration Meeting			95	83	76
Customer Service Hotline	Complaints are delivered in the form of call. These are handled by dedicated staff at the call center.	Customer Complaints Handling Team	17,868	16,001	15,241
FETnet website	Complaints are delivered in the form of messages. These are handled by dedicated staff at the call center.	Customer Service Department	6,143	2,624	1,892
FET Mobile Circle App					



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Chapter 5 Go Inclusive

Strategy and Goal

Annual Capital Expenditure and Benefits

2020 Inclusive Strategy

5.1 Industry Infrastructure

5.2 Charity Care Projects





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Diversity and Inclusion - Strategy and Goal

Development Indicators	2020 Goals	Performance	2021 Goals	2021 Goals
------------------------	------------	-------------	------------	------------

Network coverage ratio in remote areas	96.5%	✓ Achieved	97%	98%
Number of persons reached through influence from diverse inclusion & social welfare projects*	Reach 2.20 million persons	✓ Achieved: Reach 3.05 million persons	Reach 3.85 million persons	Reach 6.40 million persons
Ratio of female managers among all managers	No less than 30%	✓ Achieved	No less than 30%	No less than 30%



Long-term Goals

Create a fair, inclusive and connected information society via communication and core technology



Corresponding Material Topics

- Communication quality and infrastructure
- Digital inclusion
- Social innovation strategy and application

Corresponding Risks and Opportunities

- Extreme weather events
- Adverse outcomes of technological advances



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Diversity and Inclusion - Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Social and Relationship Capital

- Universal telecom service investment NT\$114 million
- Infrastructure investment in remote areas NT\$70.86 million
- Social welfare investment NT\$6.15 million
- 6,846 volunteers involved

Annual Benfits

Social and Relationship Capital

- LTE signal coverage in remote areas 96.7%
- 6 broadband-receiving mobile base stations in remote areas
- 14 mobile telecom base stations dedicated to strengthening disaster relief
- Assisted to raise NT\$2.09 million of funds
- Social welfare projects benefited 950 thousand persons

2020 Inclusive Strategy

Industry Infrastructure

Communication Infrastructure and Quality

Projects and respective investments in universal service 66.36 million

Investment in Remote Area Construction

LTE signal coverage at remote areas 97%

Charity Care Strategy



Environmental Education

As telecommunication service operators are largely affected by climate change, FET uses diverse communication channels to appeal to the public to join environmental protection actions. Various education schemes in line with FET's core products / services have been developed through "Cherish the Earth, Spread Love Far" program to enhance the public's awareness and social resilience to mitigate the impacts from climate change.

- Sustainability Pioneer Team
- Bi-weekly environmental activities for the 50th Earth Day
- Beach Cleanup



Digital Inclusion

As a telecommunications operator, FET takes the responsibility to reduce the digital deviation. Therefore, we help ensure the diversity and fairness of quality education and promote the lifelong learning opportunities with digital technology.

- "PaGamO" technological knowledge on Big Data, AI, and IoT and digital literacy
- Taitung Three-in-One Charity Event-Rural Digital Education
- "Play School" Digital Literacy-Course on Elimination of Consumer Electronics Addiction
- friDay Audiovisual Charity Project



Social Engagement

By realizing synergies from integrating our core competences, FET is dedicated to social welfare through many actions and has raised funds for disadvantaged groups and abandoned children in the past 14 years to improve their health care, living environment and basic needs.

- "Remote Diagnostics Project. Spread Health Far"
- Taitung Three-in-One Charity Event - glucose meter donations
- "Caring for the Family, Spread Love Far"



Number of employees participating the projects

2,977

Reach number of potential customers

134,872

Number of people benefiting and participating

195,218



Number of employees participating the projects

11,458

Reach number of potential customers

241,224

Number of people benefiting and participating

270,787



Number of employees participating the projects

10,372

Reach number of potential customers

2,796,298

Number of people benefiting and participating

8,435

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 2021, expecting to accelerate the 5G infrastructure construction and expanding the 5G service coverage to 85%.

Investment Items	Investment Details	2020 Achievement
5G	<ul style="list-style-type: none"> Completed 4,000 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 55% of population coverage Deployed 5G base stations in 5 important transportation facilities including airports and highway service areas 	<ul style="list-style-type: none"> Won the 5G Download Speed award with 351.5 Mbps and fastest users experiencing average 5G download speeds⁴⁴ Covered 55% of Taiwan's population
4G	<ul style="list-style-type: none"> Expanded the bandwidth of 4G base stations in areas with dense crowds and high usage rate Expanded the capacity of data switch equipment in two core switch rooms and added 120G processing capacity to meet the mobile data needs of users Built 637 base stations including 700/1800/2100/2600 frequencies in 2020 to increase network speed through quad-band carrier aggregation (CA) 	<ul style="list-style-type: none"> Performed an user average download speed of 36.3 Mbps with a remarkable 21.9% increase⁴⁵ Reached a stable performance level of more than 99.9% 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Maintained a stable 0.14% dropped call rate (DCR) of FET's nationwide voice service
Poor communication and remote areas	<ul style="list-style-type: none"> 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 signal coverage and communication quality 	<ul style="list-style-type: none"> Completed 4G construction in more than 740 outlying islands and remote villages Achieved more than 97% 4G signal coverage in remote area

⁴⁴ Sources: Opensignal Taiwan 5G User Experience Report December 2020 <https://www.opensignal.com/zh-hant/reports/2020/12/taiwan/mobile-network-experience-5g>

⁴⁵ Sources: Opensignal Taiwan Mobile Network Experience Report December 2020 <https://www.opensignal.com/zh-hant/reports/2020/12/taiwan/mobile-network-experience>

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► 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 2021.

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 2020, FET worked with the Yushan National Park Management Office to optimize the signal measurement for the main hiking trails in the park and set up communication signs in align with the milestones of the trails. Hikers are able to use their mobile phones to report their location and ask for support in critical moments. For more information, please watch the documentary video of the "Signals Boost up Project".
- "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 2020, FET has enhanced the mobile communication signal in Jiujiu Cabin, Tianchi Lodge, Kuaigu Lodge, Jiaming Lake Cabin, Xiangyang Cabin, Hehuan Lodge and Qixing Mountain hiking trails.

Remote Area Construction KPI

Major Key Performance Indicators	2018	2019	2020
Projects and respective investments in universal service (unit: NT\$ Thousand)	132,304	66,110	66,359
LTE signal coverage at remote areas	96%	96.5%	96.7%
Strengthening the communication infrastructure of disaster prevention and relief operations (unit: station)	16	34	14
Popularizing the infrastructure of remote broadband access base (unit: station)	12	14	6

Documentary of
the "Signal Boost
up Project"



Built mobile communication base station at the Jiujiu Cabins to improve signal



Built mobile communication base station at the Jiaming Lake Cabins to improve signal



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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 Nations Sustainable 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.

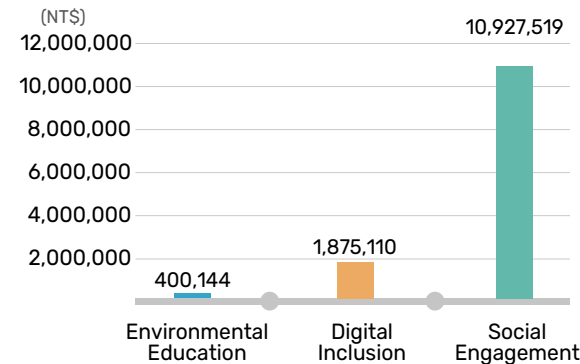
Special Consumer Group	Program Name	Program Content
Foreign Visitors (Taoyuan Airport Exclusive)	Tourist Prepaid Card for Foreign Visitors	Provide internet access charged by day, 4G unlimited data, starting from NT\$300
The Physically and Mentally Handicapped	Genial Plan	Bundling with Student 4G Ideal Plan or New Student 4G Ideal Plan, and enjoy 100 inter-network SMS, 300 intra-network SMS, and 1GB Internet data. FET also provides genial plan with 4G unlimited data, starting from NT\$499 per month
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 inter-network / landline calls 20 / 25 minutes at just 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.

Total Values from Annual Charity Care Projects

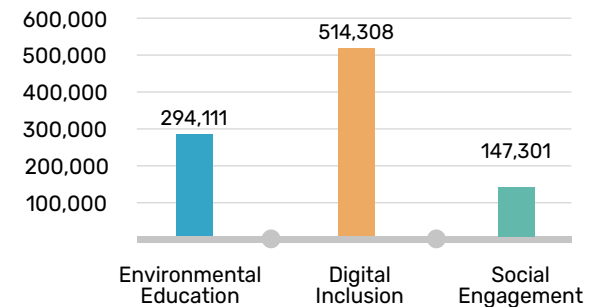
Unit: NT\$

	2019	2020
Direct input amount of public charity projects	5,393,246	5,710,537
Amount translated from employee volunteer services	14,417,265	18,584,404
Value of in-kind donations	1,254,331	7,392,436
Other personnel and administrative expenses	4,566,000	3,527,805
Total	21,051,121	35,215,182

Total Investments



Number of People Reached





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► 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. In 2020, in order to expand sustainable influence, FET calls on partnering suppliers to jointly promote corporate social responsibility and establish a "Sustainability Pioneer Team" aiming to support Taiwan's organizations lacking adequate resources for environmental sustainability. In response to the 50th anniversary of the World Earth Day, we organized bi-weekly environmental protection activities as well as coordinated beach cleaning activities for five consecutive years, connecting different stakeholders to promote environmental conservation.

Project	Content	Business / Social / Environmental Benefit KPI
 Sustainability Pioneer Team  	<ul style="list-style-type: none"> FET took the initiative in the industry and called on suppliers to form the "Sustainability Pioneer Team," aiming to support organizations lacking adequate resources with different core specialties of each supplier for environmental sustainability. The first project is to assist the Binmao Junior High School in Tainan Township, Taitung County. Construction centered on the idea of environmental sustainability. Lighting facilities which saved electricity consumption by 60% as well as weather-resistant materials were used to repair the basketball court at the campus for students and thus had better energy-saving performance. 	<ul style="list-style-type: none"> A total of about NT\$1.55 million was invested, and about 70 people participated 26 upstream and downstream suppliers supported the renovation of Binmao Junior High School basketball court Nearly 2,350 people benefited from the renovation, including teachers and students from Binmao Junior High School, the inter-school basketball leagues, and tribal villagers nearby the Jinlun Village Reached about 20,400 potential customers
 Bi-weekly environmental activities for the 50th Earth Day  	<ul style="list-style-type: none"> Environmental protection week at the stores: FET actively promotes the concept of green consumption to consumers, and organizes environmental protection week activities in physical stores promoting recycling and reduction actions such as encouraging customers to bring their own shopping bags, recycle used batteries and mobile phones, and apply for electronic bills. 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. Green supplementary project: FET cooperated with our long-term partner PaGamO to use environmental knowledge as the theme of the online game during Earth Day so that school children can understand ideas on environmental protection through the game. 	<ul style="list-style-type: none"> 335 regular chain stores, 1,835 participating sales clerks Reached 928 potential customers 962 employees participated in the restaurant activity Reached 300 employees Number of interactions on the Cherish the Earth on social media + the number of video viewers reached 113,247 times(CSR Film-Energy Saving)
 Beach Cleanup 	<ul style="list-style-type: none"> FET has held beach cleanup activities for five consecutive years, promoting environmental awareness and ecological sustainability to the employees. In 2020, FET's Executive Vice President led a total of 110 FET employees and their families to the Shijiao Beach in Wanli District to clean up the beach and play a part in caring about the marine environmental issues together. 	<ul style="list-style-type: none"> A total of 110 employees participated Cleared out 379 kg of marine waste

Bi-weekly environmental activities for the 50th Earth Day



FET and its suppliers apply sustainable and energy saving techniques to reconstruct the basketball court in Binmao Junior High School



FET calls for its employee to support the sustainability of environment and ecosystem

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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. Launching the "Revolutionize Education, Spread Love Far" project, FET focuses on the development of a series of activities on bridging the urban-rural educational gap via digital technology to improve the quality of education and social inequality.

Project	Content	Business/ Social/ Environmental Benefit KPI
 General science education and knowledge sharing  	<ul style="list-style-type: none"> "PaGamO" technological knowledge on Big Data, AI, and IoT and digital literacy: FET found that the influence of activities on school children will diminish over time, so we cooperated with PaGamO to increase the impact on school children through long-term digital learning activities. In 2020, this project integrates the new technology from "Big Data, AI, and IoT" and knowledge on consumer electronics into online games, attracting students to take the initiative to learn and use consumer electronics correctly. 	<ul style="list-style-type: none"> A total of 268,867 students participated in the FET mission Reached 140,083 potential customers
	<ul style="list-style-type: none"> "Play School" Digital Literacy-Course on Elimination of Consumer Electronics Addiction: With digital literacy as the center idea, the "digital aboriginal children" who are exposed to consumer electronics at birth will become digital citizens with basic digital knowledge and literacy. FET cooperates with Play School to highlight the parent-child conflicts arising from the improper use of consumer electronic products, guide parents and students on how to resolve them, and promote the concept of how to use these products correctly. 	<ul style="list-style-type: none"> Organized a total of 17 courses, with a total of 1,420 participants Reached 3,696 potential customers
	<ul style="list-style-type: none"> 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 "2020 International Green and SmartMobility Forum" has completed its 7th session and was held as an online forum from 23 November to 15 December. 	<ul style="list-style-type: none"> 10 lectures and 1 live seminar was held. Reached 77,137 potential customers
 Rural digital education and digital public welfare investment    	<ul style="list-style-type: none"> Digital experience education: Digital experience education: FET uses its core capabilities and cooperates with FET Education Center, National Taiwan Normal University, and Oriental Institute of Technology to help the students from Rueifang Elementary School, Aodi Elementary School, Ruiting Elementary School, Haishan Primary School, and Yu Chang Technical & Commercial Vocational Senior High School to learn about topics such as 5G, big data, artificial intelligence and the Internet of Things using the APP or sticker implementation. 	<ul style="list-style-type: none"> 12 activity sessions Reached a total of 409 elementary school teachers, schoolchildren, external lecturers, teaching assistants and staff. Reached a total of 36 high school teachers and students
	<ul style="list-style-type: none"> Taitung Three-in-One Charity Event-Rural Digital Education: FET President Chee Ching brought senior executives and employees as well as AI volunteer assistants, "Little Fox" and smart speakers, to Binmao Junior High School at Taimali in Taitung County to help junior high school students at remote areas understand the technical applications of big data, artificial intelligence and Internet of Things. Game-based interactive learning techniques were employed to motivate students and provide the best companionship for students at rural areas. 	<ul style="list-style-type: none"> 36 volunteers participated in activities to interact with school teachers and students Reached about 55 students and teachers Reached 11,422 potential customers
	<ul style="list-style-type: none"> Publishing Charity General Science Textbooks: We continued to participate in the "Digital Application Promotions Program" and "Elementary and Junior High School Mobile Learning Promotions Program" from the Ministry of Education, and donated "Who quietly walked into our world - The Change to an Innovative Lifestyle", a charity book published by FarFastone Education Center introducing the AI learning methods and big data applications, helping elementary and middle schools students, people living in the rural areas, and the general public to understand what is AI. 	<ul style="list-style-type: none"> 1,000 books were donated to 114 rural area digital learning centers and 23 elementary schools
 Rural digital education and digital public welfare investment    	<ul style="list-style-type: none"> friDay Audiovisual Charity Project - "Caring about Children Month in April! Watch and Donate": Every time a movie is watched, FET's friDay Video will donate NT\$1 to Taiwan's World Vision Taiwan or the Good Shepherd Foundation. HAPPY GO cardholders can use points to redeem FET friDay Video Promotion serial number for a movie and HAPPY GO points redeemed will be donated to World Vision Taiwan "Study Aid Action" 	<ul style="list-style-type: none"> A total of NT\$ 81,128 was raised for cooperating units Reached 20,308 potential customers
	<p>General science education and knowledge sharing: online courses on digital literacy and internet addiction</p> 	
	<p>Rural digital education: 3 in 1 charity event in Taitung</p> 	
	<p>Public welfare investment: friDay video charity project website</p> 	



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► 5.2.3 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 to UN SDGs to eradicate poverty (SDG 1) as well as health and well-being (SDG 3). In 2020, FET built the country's first 5G remote diagnosis and treatment facility in Taitung County and formulated the first 5G diabetes continuous medical care service in New Taipei City. We organized the "Enjoy a Thin Life and Weight Loss Competition" combined with public welfare, with every kilogram lost, NT\$ 100 will be donated towards purchasing glucose meter to donate to the Taitung County Government. We organized the One Kilogram charity employee donation activity in cooperation with all the stores in the nation and friDay Shopping to invite employees to donate supplies to the local charity groups in need during their travel itinerary. We also organized the "Caring for the Family, Spread Love Far" charity fundraising activities that have been on-going for 14 years to raise funds for disadvantaged groups and children, and improve their health care, living environment and basic needs.

Project	Content	Business/ Social/ Environmental Benefit KPI
 Healthcare	<ul style="list-style-type: none"> "Remote Diagnostics Project: Spread Health Far": We created the nation's first 5G remote diagnosis and therapy facility in Taitung County, covering health clinics in 11 townships in Taitung County. We also join hands with the National Health Research Institute and Far Eastern Memorial Hospital to formulate Taiwan's first 5G Diabetes continuous medical care services in New Taipei City to make medical treatment for diabetic patients more convenient and increase the screening rate of funduscopy. 	<ul style="list-style-type: none"> The remotetele diagnosis outpatient served nearly 1,710 patients Reached about 2.7 million potential customers
	<ul style="list-style-type: none"> Taitung Three-in-One Charity Event - glucose meter donations: The internal "Weight Loss Competition" combining with public welfare, where every kilogram lost, NT\$ 100 will be donated towards purchasing glucose meter to donate to the Taitung County Government. The event lasted for 2 months. FET President Chee Ching brought senior executives and employees to the Taitung Binmao Cultural and Health Facility to interact with the elders and donate the communication-type (NB-IoT) glucose meter where the data can be automatically uploaded to the platform. Family members or the medical staff can also use their mobile phones to update on patient's conditions in real time in order to help patients in remote villages to manage their health condition. 	<ul style="list-style-type: none"> Nearly 300 employees enthusiastically participated in the weight loss competition In two months, employees at FET lost a total of 991 kgs and donated 40 communication type (NB-IoT) glucose meters 36 volunteers participated in the event Interacted with 27 elders from Taitung Binmao Cultural and Health Facility
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Cared for 803 suicide prevention targets and cumulatively sent 1,606 caring messages via SMS



FET fund-raised glucose meter and donated to the Taitung County Government



President Chee Ching led the senior executives to support education in remote areas

Healthcare - "Remote Diagnostics Project: Spread Health Far" Film



Healthcare - Taitung Three-in-One Charity Event and Glucose meter Donations Film



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Project	Content	Business/ Social/ Environmental Benefit KPI
 Social inclusion 	<ul style="list-style-type: none"> 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. One Kilogram charity employee donation activity: Inviting employees to prepare supplies in their luggage and donate them to small and medium-sized charity groups who are in need during the trip. While participating in the charity event with their family members, the employees get to travel and relax at the same time. Working with stores and friDay shopping across Taiwan, the needed materials are posted on the staff purchase section and prices are set according to charity standards combining with core business advantages, allowing the colleagues to easily purchase the donated supplies. 	<ul style="list-style-type: none"> A total of 913 volunteers participated Reached 1,198 potential customers
 Protecting the children and teens 	<ul style="list-style-type: none"> "Caring for the Family, Spread Love Far" Charity Event: Collaborating with Taiwan Fund for Children and Families to raise educational funds for children and adolescents, and using FET's excellent channel services and communication resources to fund raise and execute mobile phone voice donations in nearly 800 stores across Taiwan, hoping to provide children and adolescents with abundant learning resources. In addition, FET sold the "Happiness Bags" hand-made by under-privileged mothers as a charity sale through the stores in Taiwan, creating more employment opportunities and reduces their burdens. 	<ul style="list-style-type: none"> Donations made to 15 charity organizations including Child Welfare League Foundation, Taipei Mental Rehabilitation Association, Datong Orphanage, etc. 5,623 employees participated A total of 4,000 people purchased the Happiness Bags, 805 people donated to 380 SMS, and a total of NT\$ 1,362,160 was raised 3,500 store employees participated Reached 95,100 potential customers
 Immigrant care 	<ul style="list-style-type: none"> Immigrant Care Program: FET discovered that 700,000 foreign migrant workers in Taiwan faces communication problems due to language barriers. IF Prepaid card cooperated with the public welfare group One-forty to formulate the "Chinese Classroom" to provide Chinese learning materials and online Chinese learning activities. By combining textbooks, online learning clubs, audio-visual courses and live broadcast interactions allows the migrant workers to learn Chinese at home and adapt to life in Taiwan more quickly. FET and One-forty also interviewed 4 migrant workers in Taiwan in 2020 and filmed videos. The migrant workers stated that through language learning, they can use Chinese to fulfill their dreams in a foreign place and allow their dreams go far. 	<ul style="list-style-type: none"> Sent Chinese learning materials to 600 Indonesian migrant workers Organized online courses and a total of 500 migrant workers participated



FET collaborated with Taiwan Fund for Children and Families to raise educational funds for children and adolescents



FET sold the "Happiness Bags" hand-made by under-privileged mothers as a charity sale

Protecting the children and teens: "Caring for the Family, Spread Love Far" Charity Event



Immigrant care: short film on immigrant care project



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Strategy and Goal

Annual Capital Expenditure and Benefits

2020 Highlights

6.1 Overview of FET's Environmental Footprint

6.2 Climate Strategy

6.3 Environmental and Energy Management

6.4 Base Station and Electromagnetic Fields Management





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Low Carbon Operation - Strategy and Goal

Development Indicators	2020 Goals	Performance	2021 Goals	2021 Goals
GHG emissions	+1.56% or below	✓ Achieved, below +0.4%	+4.6% or below	Cumulatively reduce GHG Scope 1+2 emissions by 13% from base year in 2016
Annual office power consumption EUI per ping	-1.5%	✓ Achieved, -2.97%	-0.5%	EUI = 98.5 or below
IDC average power efficiency PUE	-1%	✗ Not achieved, +0.36%, data centers relocation	-0.33%	PUE = 1.5 or below in newly built IDC
Average power consumption from FET directly-operated stores	-3%	✗ Not achieved, total power consumption of stores decreased 3.4%, but average power consumption rises by 0.77% because of installation of smart appliances and monitors in the store	-0.5%	2,875 (Th/Number of stores) or below
Base station power consumption per 1GB transmission	-5%	✓ Achieved, -10.9%	-5%	0.15 (Th/GB) or below
Total renewable energy generated	525 KWp	✓ Achieved, 563 KWp	801 KWp	Renewable energy capacity 1,081KWp (108X from base year in 2016)



Long-term Goals

Continue to reduce the operating environment footprint, and use core technology to drive the city and economy to a low-carbon, green transformation



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



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Low Carbon Operation - Annual Capital Expenditure and Benefits

Annual Capital Expenditure

Natural Capital

- Investment in energy-saving programs NT\$ 89.75 million
- Green procurement expense NT \$3.28 billion
- Waste disposal NT\$870 thousand
- Green energy investment NT\$16.48 million (Prime EcoPower)

Annual Benefits

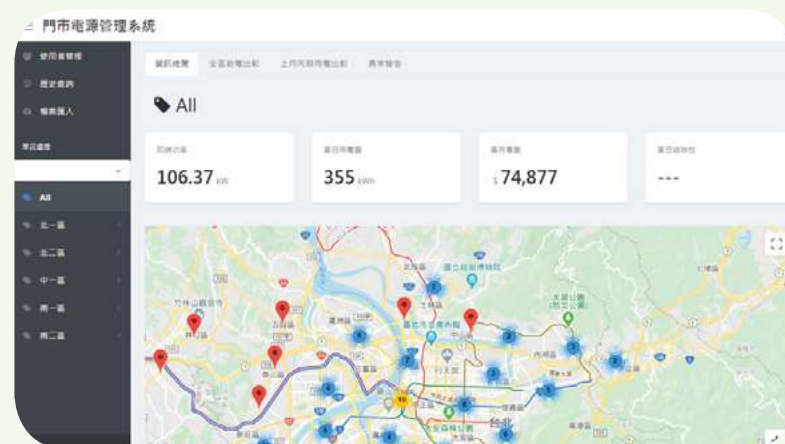
Natural Capital

- Decrease 10.9% power consumption per 1 GB of traffic volume (million kcal consumed/GB) at base stations per year
- Reduction of 2.91% in EUI of office
- Generated 567 thousand kWh of power via green energy

2020 Highlights

Build smart energy management system for stores to improve energy saving

To enhance the effectiveness of energy management, FET apply IoT on multi-circuit meter and gateway in stores and connect to independent developed IoT platform. It is helpful to analyze and control the power consumption of each store, and establish a smart energy management system, which result in reduction of 10% in total power consumption and reduction of 200 hours per year in collecting and statisticing data.



TPKC buildings achieved diamond-level green building certification

TPKC (FET Cloud Computing Center) is FET's first IDC data center certified as uptime tier III by the international authoritative Uptime Institute. Many architectural techniques are implemented in TPKC to achieve better energy-saving effects. TPKC has also won the 2020 Taiwan green building Diamond Award and 2019 Taiwan excellent intelligent green building design Platinum Award.





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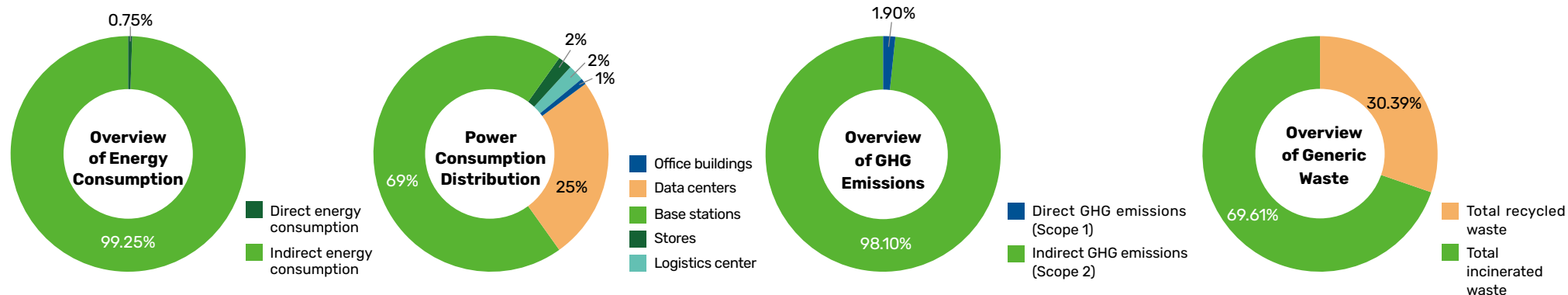
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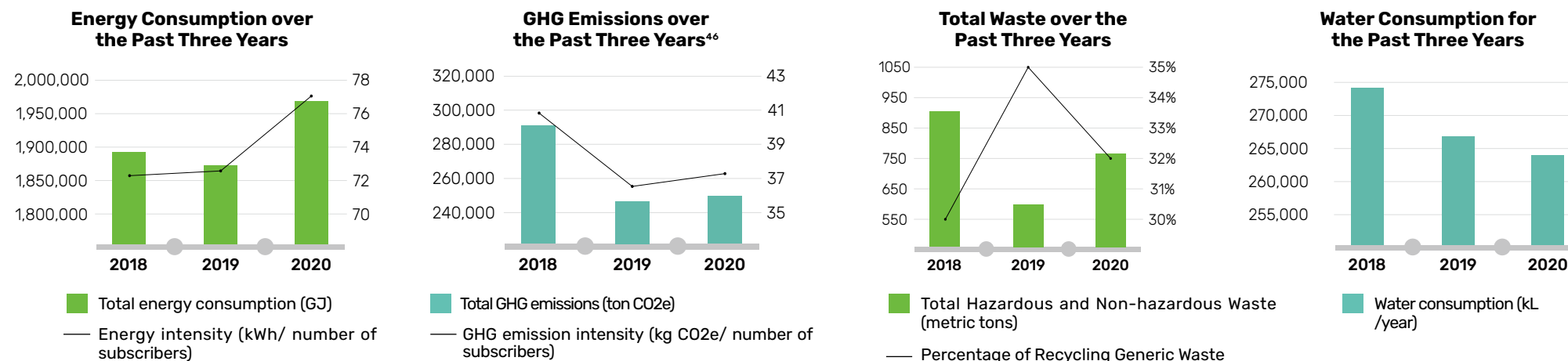
6.1 Overview of FET's Environmental Footprint

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 2020, including overall energy consumption, energy use distribution, GHG emissions, total waste generation, and water consumption.



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. FET's total water consumption volume have been reduced over the past three years, and we have continued to strengthen our management of environmental footprints in other areas to promote reduction measures. Please see the [Appendix for Environmental Aspect Data](#) for the past three years.



⁴⁶ 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.



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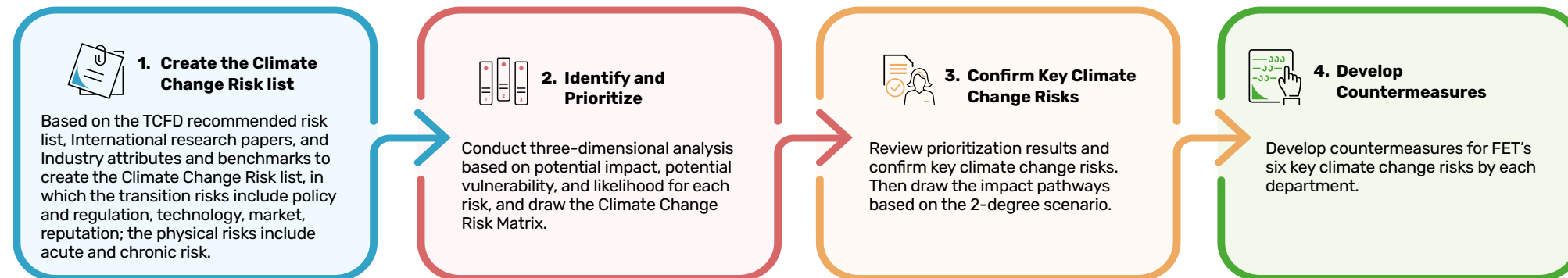
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6.2 Climate Strategy

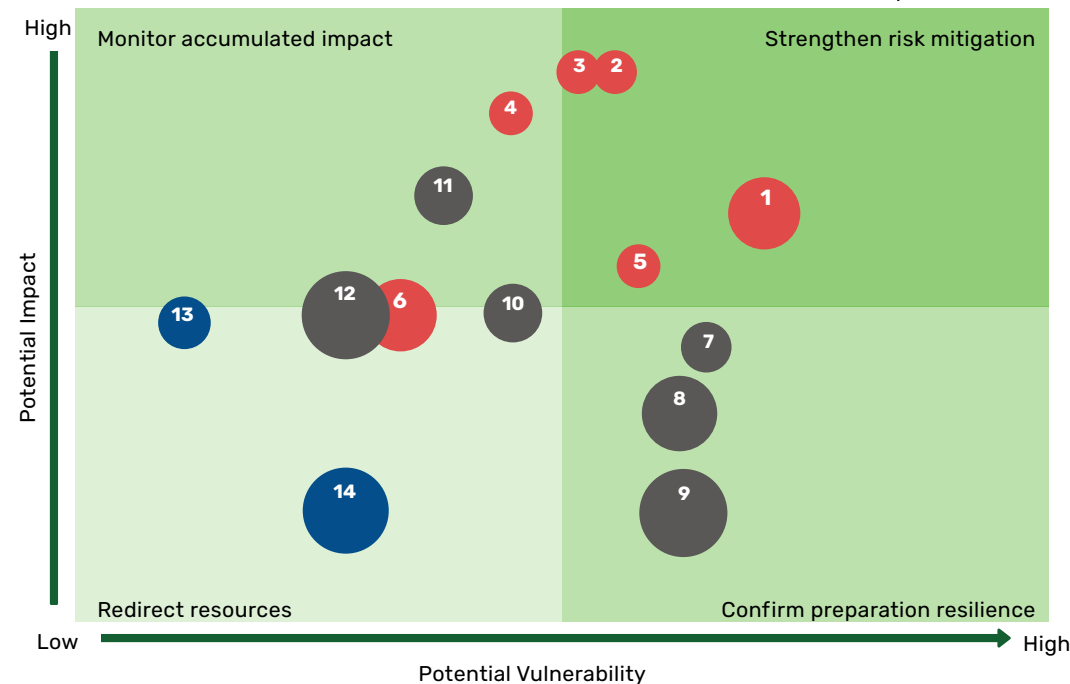
FET followed Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to present a comprehensive inventory of key climate changes, energy risks and FET management, with a focus on corporate governance, strategy, risk management, indicators and targets. FET identified potential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

Process of Risk Identification



Climate Change Risk Matrix

Size of the bubbles represent the likelihood of occurrence of potential risks



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



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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 2.1.3 Operational Risk Management](#). For more details on the Environment and Energy Management Committee see [section 6.3 Environmental and Energy Management](#).

Strategy

FET implements climate-related financial impact analysis on physical risk and transition risk to understand the potential impact of major climate risks on business strategies and decisions

Risk Factors	Increased frequency of severe typhoons, Increased frequency of extreme rains	Increased pricing of GHG emissions, Costs to transition to lower emissions technology, Uncertainty of energy policy
Scenario analysis of climate-related financial impacts	<ul style="list-style-type: none"> RCP 2.6⁴⁷ scenario: assuming annually increase 1.2 grade four typhoon⁴⁸ and 1.2 grade five typhoon⁴⁹, that is 7.96 server typhoon would attack Taiwan during 2020 to 2030. RCP 8.5⁵⁰ scenario: the hypothesis of rainfall reaches 650cm in 24 hours, and a flooding in depth of 0.5 to 3 meters or more 	<p>IEA 2DS⁵¹ and IEA B2DS⁵² 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</p>
Commercial strategy	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Strong winds cause damage to outdoor equipment — 93.63% Flooding leads to loss of equipment and assets — 4.09% Operation interruption leads to customer-related compensation costs — 1.28% Shortage of electricity leads to increased operating costs — 1.00% 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. 	<ul style="list-style-type: none"> 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\$10⁵³ 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.

⁴⁷ RCP 2.6: 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 transform associated reference scenarios

⁴⁸ Grade four typhoon has wind speeds above 58m/s and wind gusts above category 17

⁴⁹ Grade five typhoon has wind speeds above 70m/s and wind gusts above category 17

⁵⁰ 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.

⁵¹ IEA 2DS: 2 Degrees Scenario

⁵² IEA B2DS: Beyond 2 Degrees Scenario

⁵³ 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



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Risk Management



Transition Risk

Among the key climate change risks, the costs to transition to lower emissions technology includes the transmission of equipment that needs to be replaced in advance in response to the low-carbon transformation trend, improvement on GHG emissions management, development and cooperative research of energy-saving and low-carbon technologies. Uncertainty of energy policy and increased pricing of GHG emissions also have great impact on FET, such as 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. In addition, if FET adjusts its business model and is forced to forgo services with high levels of carbon emissions that will impact enterprise revenue, and If national renewable energy policy leads to an increase in electricity prices or unstable power supply, it could disrupt FET operations or services.

FET develop climate change adaptation plan for key transition risks, including 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, and renewable energy next to newly constructed data centers should be included as part of evaluations. 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. Also, strengthen energy monitoring and management systems, while 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. FET evaluate the impact and current implementation of important related laws, while conducting quarterly reviews of possible legal changes and planning countermeasures, and purchase related liability insurance and adopt other disaster prevention measures to improve business continuity management.

Physical Risk

Adaptation plan of physical risks (increased frequency of severe typhoons and extreme rains) is indicated in the following table, all of the countermeasures cover 100% of existing and new operating site.

Asset	Scope	Impact	Countermeasures	
			Technology	Policy
 Base station	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Strengthen structure of existing station and equipment, implement disaster-resistant construction on new base station, 142 base stations obtain certifications of structural engineers for scale 15 wind resistance in 2020 Replace and install air injector fans, already complete replacement for 273 stations in 2020 	<ul style="list-style-type: none"> Minimize the financial risk with insurance transfer Assess and 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
 Data Centers	<ul style="list-style-type: none"> Metropolitan area: Scale of wind reach or over 15, low-lying or poorly drained area results in flooding of 0.5 to 3 meters 	<ul style="list-style-type: none"> Loss of asset due to gale and flooding The supply route is interrupted due to flooding Insufficient cooling water due to drought 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Minimize the financial risk with insurance transfer Review and improve risk prevention for core machine rooms Investigate flood potentials 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



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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 also establishes management indicators and targets for energy use in those aforementioned areas of major energy consumption and promotes energy conservation. For more details see [6.3 Environmental and Energy Management](#).

Inventories of FET Telecom's 2020 GHG Emissions⁵⁴



GHG Inventory Categories	Item	Total GHG Emissions in C02e
		Tons/Year
Category 1: Direct GHG emissions	Former Scope 1	4,764.13
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)	244,834.33
Category 3: Indirect GHG emissions from transportation	Upstream logistics and product shipping, business travels	3,387.89
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)	98,655.05
Category 5: Indirect GHG emissions 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	18,253.61
Category 6: Emissions from other sources	-	0
Direct GHG emissions		4,764.13
Indirect GHG emissions		365,130.88

2020 GHG Emission Inventories (statistical data based on Scopes 1-3)

GHG emissions in C02e (tons/year)

	FET Telecom	Arcoa
Direct GHG emissions (Scope 1)	4,764.13	2.00
Indirect GHG emissions (Scope 2)	244,834.33	787.58
External GHG emissions (Scope 3)	120,296.55	NA
Statistics of GHG emissions in C02e	249,598.46	789.58



⁵⁴ 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



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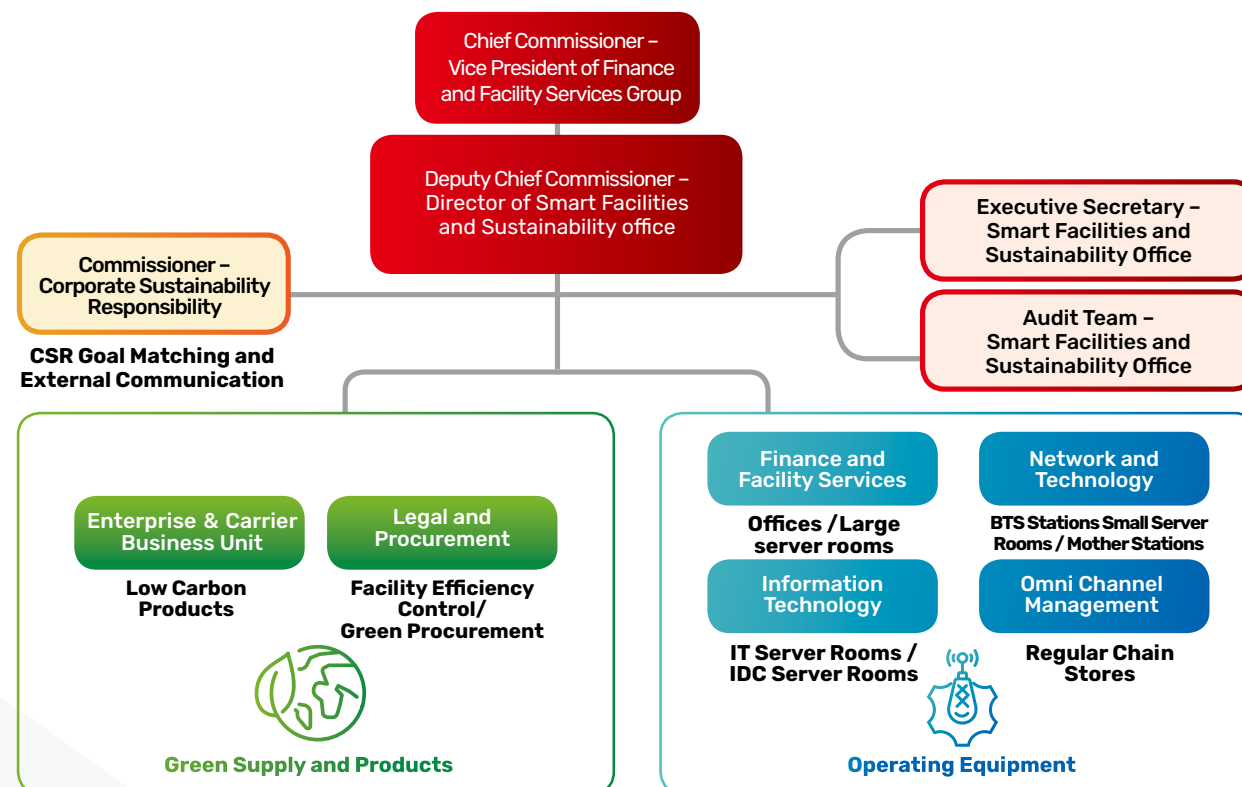
6.3 Environmental and Energy Management

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.

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



FET Environment and Energy Policy



Base station energy-saving setting



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
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 Taichoung and Tainan data centers. The main objective for ISO 14001 is to ensure over 300 companies completed CSR training, increase the rate of companies completing self-evaluating ESG questionnaire by 10%, decrease 200,000 purchases of SIM card, and enhance the usage rate of electronic bills to 80%. The objective for ISO 50001 is to conserve 1.41 million kWh.

Certification	Category (site of introduction)	Coverage Rate
ISO 50001 Energy Management System ⁵⁵	Taipei: 5 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: 5 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 ⁵⁶	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.

	2020 Targets	2020 Progress	Achievement	2021 Targets
 Base station	Decrease 5% power consumption per 1 GB of traffic volume (million kcal consumed/GB) at base stations per year	Annual reduction of 10.90%	✓ Achieved	Annual reduction of 5%
 Data centers	Annual reduction of 1% of PUE	Annual increase of 0.36%	⊖ Not Achieved	Annual reduction of 0.33%
 Stores	Annual reduction of 3% million kcal per store	Annual increase of 0.77%	⊖ Not Achieved	Annual reduction of 0.50%
 Offices	Annual reduction of 1.5% in EUI ⁵⁷	Annual reduction of 2.97%	✓ Achieved	Annual reduction of 0.5%

⁵⁵ Adopted ISO 14064-1:2018
⁵⁶ Adopted ISO 14064-1:2018
⁵⁷ Energy Use Intensity (EUI): power consumption in kWh/total floor area of the building (Unit: kWh/m2*year)





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Base Stations

Energy consumption at base stations account for nearly 70% 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. 24,463 4G base stations have executed energy saving plans with an estimation of saving NT\$ 55.09 million. The initial phase of 5G building invested in highly effective electricity operating equipments distributed through areas with high population density. In 2020, the energy consumption per signal unit (1 GB) dropped 10.9% compared to 2019. FET plans to successively build base stations based on renewable energy, and each year 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		Energy Saving Results and Effectiveness in 2020	
Short Term (Ongoing)	Long term		
<ul style="list-style-type: none"> Evaluate and manage 4G and 5G new station constructions (Benefit tracking of energy input) Install high-performance energy conversion equipment Modify base station heat and ventilation system (Replace air conditioner with ventilation fan) Organize the space of base stations and replace worn air conditions with inverter AC to enhance the efficiency of heat dissipation. Carry out parameters of 4G and 5G carrier wave Increase the solar capacity of base stations 	<ul style="list-style-type: none"> Initiate the implementation assessment of the gradual withdrawal of 3G equipments Build base stations that mostly run on renewable energies 	Expenditure (NT\$ 10,000)	4,765
		Energy saving benefits (in 10,000 kWh)	1,967
		Carbon emission reductions (in tons CO ₂ e) ⁵⁸	10,014



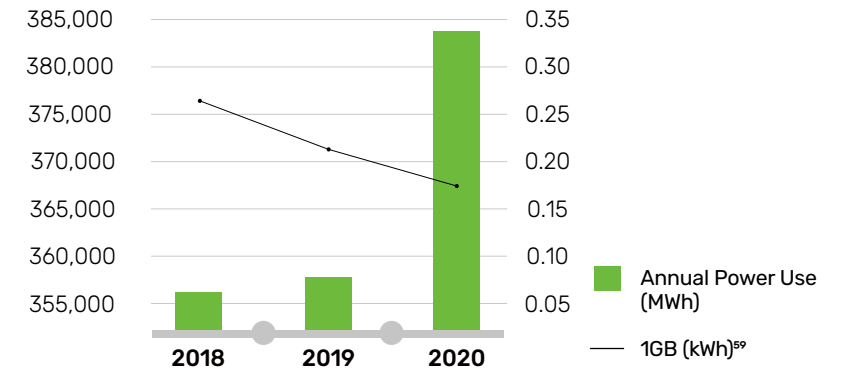
Data Centers

In 2020, FET's energy consumption from data centers slightly increase 0.82%, and the average PUE reached 1.76 with a year-on-year increase of 0.36%. Key programs implemented in 2020 include using magnetic bearing units with capacity of excess of 1,000 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 2020, FET spent NT\$9.784 million toward energy-saving programs at data centers, and NT\$21.20 million toward server virtualization. After introducing 612 new servers this year, the Company now has 5,464 virtual technology servers. Currently, the Company only needs 53 physical servers which was 11 servers less compared to 2019 and has helped to reduce over NT\$3.37 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 2020, FET strove to build its own power generation equipment in a limited field and increased the proportion of renewable energy utilization to 0.909%. We will also comply with Taiwanese energy policy, assess the introduction of other technologies, and increase the proportion of renewable energy use.

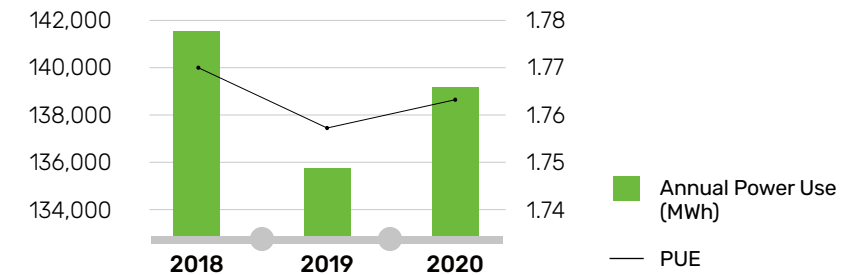
Data Centers Energy Saving Measures and Results

Energy Saving Measures		Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none"> Efficiency enhancement of cooling systems in data centers Optimization and replacement of air conditioner units Use of LED lighting Use high-efficiency power equipment 	<ul style="list-style-type: none"> Promotion of energy management control system Optimization of lighting control systems Server virtualization 	Expenditure (NT\$ 10,000)	3,098
		Energy saving benefits (in 10,000 kWh)	179
		Carbon emission reductions (in tons CO ₂ e)	912

Base Stations Energy Consumption



Data Centers Energy Consumption



⁵⁸ For the calculations of this year's carbon reductions, the electricity carbon emission coefficient in 2019, or 0.509 kg CO₂e/kWh, was used throughout this Chapter.

⁵⁹ Base station energy indicator is defined as the power consumption (kWh) from customer's Internet use per giga byte (GB).



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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 2020, 18 stores underwent renovation. Total energy consumption throughout all stores has been reduced by 2.38%, saving approximately 416,000 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 T5 energy-saving lighting equipment.

Stores Energy Saving Measures and Results

FET Telecom

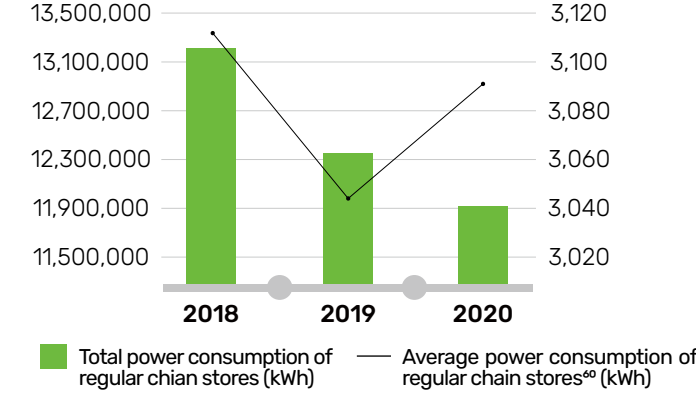
Energy Saving Measures	Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none">Continue to reform stores and expand the ratio of green storesSet the Energy Label equipment as standard when opening new stores and contracting workAdopt energy-saving equipment including T5 energy-saving lighting, energy-saving inverter air conditioners, and LED emergency exit signs in all new storesReplace traditional posters with digital, interactive multimedia equipment	Expenditure (NT\$ 10,000)	4,571
	Energy saving benefits (in 10,000 kWh)	41.6
	Carbon emission reductions (in tons CO2e)	222

Arcoa

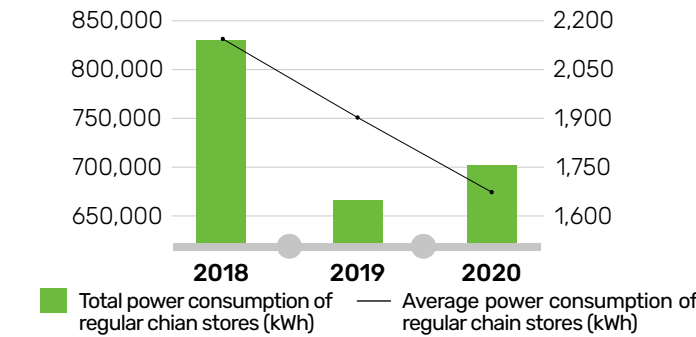
Energy Saving Measures	Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none">Replace worn air conditioners to enhance operating efficiencyReplace LED lights and alter and manage the lightning time of signals	Expenditure (NT\$ 10,000)	16.7
	Energy saving benefits (in 10,000 kWh)	0.676
	Carbon emission reductions (in tons CO2e)	3.44

Power Consumption of Stores

FET Telecom



Arcoa



⁶⁰ Average power consumption = total power consumption of regular chain stores / number of regular chain stores



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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 2020 has reached 116.27 (kWh/m²/year), representing an approximately 460,000 kWh of power consumption, or 2.97% 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 2020, Arcoa invested around \$1.19 million and expected to save 20,802 kWh in power consumption, achieving a 10.59 ton of carbon reduction benefits in 2021.

Offices Energy Saving Measures and Results

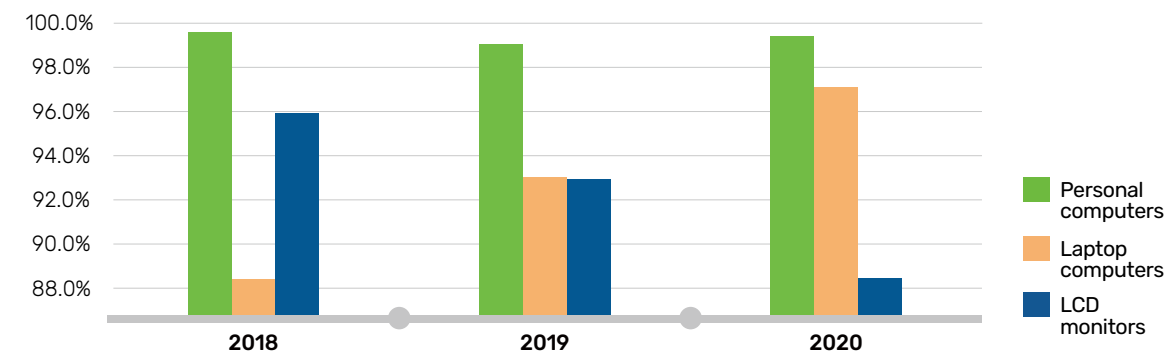
FET Telecom

Energy Saving Measures		Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none"> 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	Expenditure (NT\$ 10,000)	729.9
	Optimization of lighting control systems	Energy saving benefits (in 10,000 kWh)	157,000
	Replacement of freight elevator control and installation of kinetic energy recovery system	Carbon emission reductions (in tons CO ₂ e)	79.8
	Activation of leased equipment		

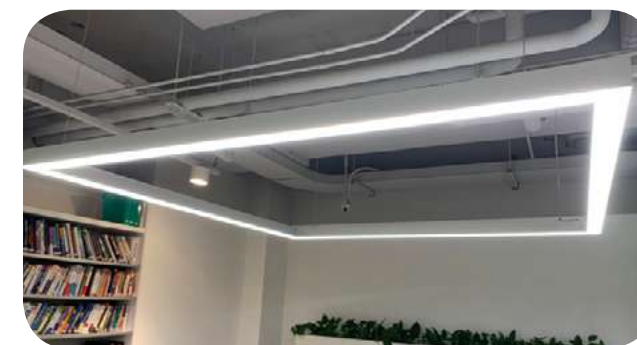
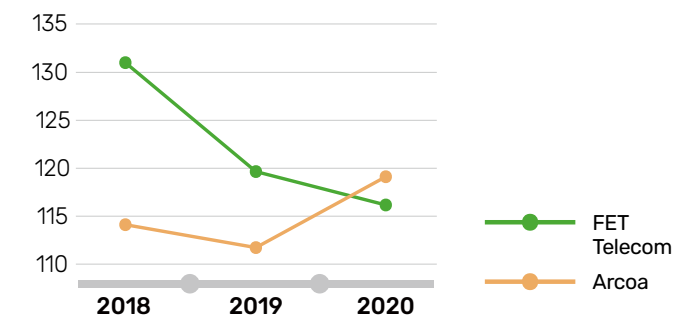
Arcoa

Energy Saving Measures		Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none"> 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	Expenditure (NT\$ 10,000)	119
	Promotions of energy-saving awareness	Energy saving benefits (in 10,000 kWh)	20,802
		Carbon emission reductions (in tons CO ₂ e)	10.59

Statistics of Leased Equipment



Office Energy Consumption-EUI



Low density lights at the office





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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. Arcoa focused on continuing to update energy-saving equipment at logistics centers and optimizing logistics routes. Since September logistic boxes has replaced one-time used paper boxes, with 21,000 less boxes in 2020.

Logistics and Packaging Energy Saving Measures and Results

Energy Saving Measures	Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none">Continue to optimize logistics routes through big data analysis of different store opening hoursRequire all deliveries to turn off engine when parked to reduce fuel consumptionPromote green product packaging to educe environmental impactsApply marketable merchandises⁶¹ orders combined processUse green packaging for all marketable merchandisesCentralize shipment for auxiliary merchandises⁶² from stores every month	Carbon reductions (tons CO2e)	256

Energy Saving Measures	Energy Saving Results and Effectiveness in 2020	
<ul style="list-style-type: none">Opt for energy-saving lighting, revieing lighting circuit, and adjusting power consumption processes in logistic centersPlan to replace the circuits and equipments of electricity system in logistic centers to improve energy efficiency and reduce lossesEstablish solar energy generation in 2019with the capacity of 499KW and operating in February 2020 to generate green energy oportunities and benefitsReplace one-time used paper boxes with logistics boxes through stores shipment	Carbon reductions (tons CO2e)	12.8



⁶¹ Marketable merchandises are cell phones and accessories purchased by customers.
⁶² Auxiliary sales products are filiers, point of sales materials (POSM) and SIM cards



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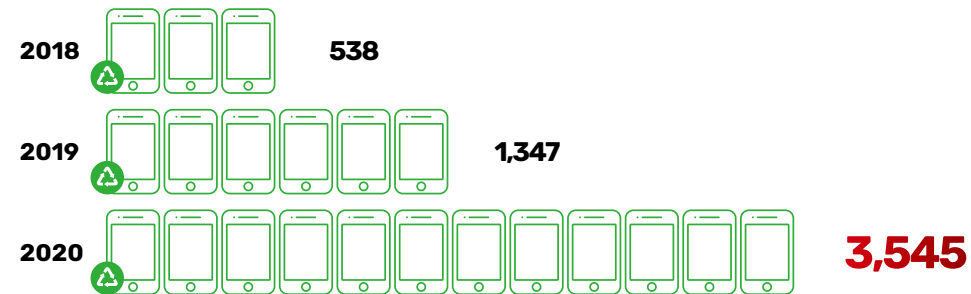
6.3.4 Environmental Resources Management

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.

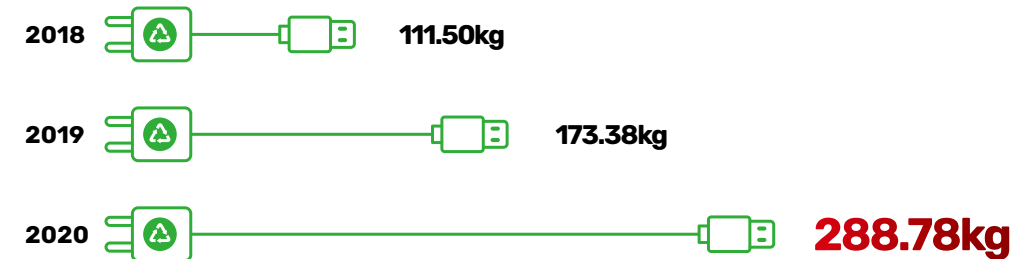
In-store Mobile Phone Recycling

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. In 2020, FET recycled a total of 344.66 kg of cell phones and 288.78 kg of accessories, as the waste products are then handed to qualified operators for reuse.

Recycled cell phones (piece)



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



Resale of Mobile Devices

FET strives to develop a secondary market to attract specific customer groups by reselling display products. In 2020, FET reused 260 cell phones, reducing carbon emissions by approximately 3 tons.⁶³

	Resale to Secondhand Equipment Dealers
Cell phones (piece)	260
Tablets (piece)	448
Accessories (piece)	52
Total (piece)	760
Energy saved from cell phone resale (kWh)	5,720
Carbon reductions from cell phone resale (tons)	3

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 2020, a total of 3.40 million subscribers are using e-bills, representing 75.24% usage rate. A total of 102 million pieces of paper can be saved in a year, equivalent to reducing 816 tons⁶⁴ of carbon emissions. We expect to increase e-bill use rate to 78% by 2021. In 2020, over 90% of all FET outlets are exclusively using e-forms to process customer information, which represents a reduction of papers by 5.77 million and carbon emissions by approximately 46.16 tons.

⁶³ According to the announcement of the Environmental Protection Administration of the Executive Yuan, the recycling of one mobile phone can save about 22 kWh. The electricity emission factor is 0.509 kg CO₂e / kWh in 2019

⁶⁴ According to the Carbon Footprint Information Platform from the Environmental Protection Administration of Executive Yuan, the CO₂ emissions per pack of A4 paper with 500 sheets is 4kg.

6.4 Base Station and Electromagnetic Fields Management

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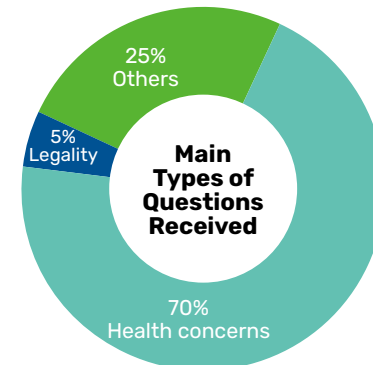
Base Station Management Regulations

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 2020, 54.25% of FET's base stations were shared stations⁶⁵ and 5.31% were independent stations, thus achieving a 40.43% shared structure⁶⁶ ratio. In 2020, FET was fined 1 time with a total of NT\$ 500,000 for violations related to base station installations. This represents 2 fewer cases, and a reduction of NT\$1 million 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, 49 advocacy / educational sessions were held in 2020, including 9 sessions organized by the TTIDA. FET has also provided electromagnetic fields measurement services with relevant expenditures of NT\$308,200. All test results passed Equivalent Isotropically Radiated Power (EIRP) and electric wave power density standards specified by NCC in mobile broadband base station verification technical regulations.

2020 Main Types of Questions Received by the Electromagnetic Fields Advice Service



- Standard values of electromagnetic fields and their likelihood of health impacts
- Base station legal standards (legality or building process and related laws)
- 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

Type of Measurement	2018	2019	2020
FET TTIDA measurement cases	64	66	58
FET's own measurement cases	8	12	9

Number of Media Coverage on Base Station Issues over the Years

Type of News	2018	2019	2020
✓ Positive News	69	57	49
✗ Negative News	31	21	17



⁶⁵ Shared location refers to one or more mobile service operators setting up base stations at the same building, same place or same construction.

⁶⁶ 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.



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- Material Operational Issues
- ESG Data
- GRI Standards Index
- Third-party Assurance Statement



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

STEP 1



Comparison of Benchmark

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

STEP 2



Review of Significant News Events

- Review news events important for FET in 2020, 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 correlates to the material issues including response to government policies and regulatory changes, corporate governance and integrity, 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.

STEP 3



Stakeholder Questionnaire Analysis

- A total of 582 stakeholder questionnaires were retrieved, FET analyzed the level of impact on FET's implementation of sustainable strategies and Level of impact on stakeholders' assessment and decision making on policies of each issues.

STEP 4



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.

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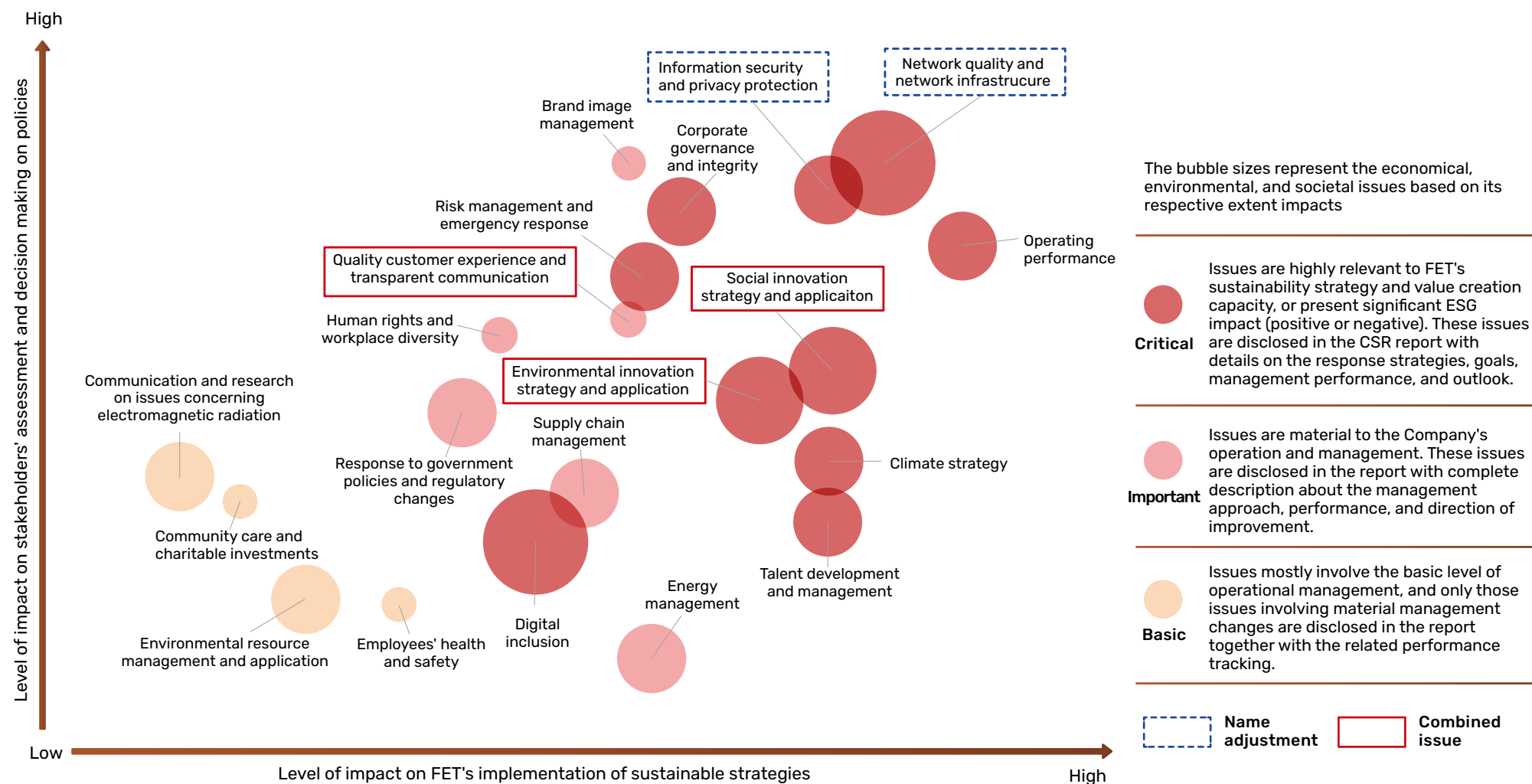
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Materiality Matrix and Definition of Materiality in 2020





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Implications and Changes of Critical Issues in 2020

Critical Issues	Adjustment of Critical Issues	Implications and Changes
Network quality and network infrastrucure	Name adjustment	Considering online communication have become the mainstream, we turned "Communications quality" into "Network quality". Good communication quality provides the foundation for telecommunication service and related applications and directly affect the customer experience and satisfaction.
Operating perormance	Unchanged	The display of results achieved by the company's operation, growth and development in the process of business management.
Information security and privacy protection	Name adjustment	Given the increasing popularity of mobile Internet, mobile payment and cloud technology, information security has become the primary issue for telecommunication service providers, which is highly relevant with company reputation and customer trust. In order to make the scope of privacy protection more comprehensive, changed "customer privacy protection" into "privacy protection"
Social innovation strategy and applicaiton	Combined issue	By providing innovative products and services beneficial to the society and environment, FET not only creates value but also improves lifestyle quality for the public. In order to make the theme more clearly correspond to related products or services, including the strategy and application, the name is adjusted.
Environmental innovation strategy and application	Combined issue	
Corporate governance and integrity	Unchanged	Robust corporate governance framework and trustworthy management provide the foundation for corporate sustainability.
Risk management and emergency response	Unchanged	Changes in the external environment have given rise to financial risk, business risk and other new forms of risk, which may cause potential impact on company's continuous operation.
Climate strategy	Unchanged	The Intergovernmental Panel on Climate Change (IPCC) issued a special report on warming up of 1.5 degrees, alarming the significant impacts of global warming and extreme climate. Therefore, the impact of typhoon and extreme storm weather on FET's operation will increase. In addition, to reach Paris Agreement's goal of controlling the global warming under 2 degrees, Taiwan government has set up the Intended Nationally Determined Contributions, which covers FET's operation under the regulation. At the same time, institutional investors also start to put attention on how telecom industry can utilize its core capability to response to the climate change issue. Thus, FET has to actively response to the demand of CDP and TCFD guidance.
Talent development and management	Unchanged	We re-examine the thoroughness and suitability of employee development plan in each year to ensure that employee training is tightly linked with the Company's strategies and operating goals
Digital inclusion	Unchanged	Digital inclusion is the issue that ICT industry has to consider when pursuing growth. It includes improving user friendliness and fairness of services and products, addressing the needs of the socially disadvantaged and narrowing the gap between them and the public.





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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
		Topic Serial No.	Topic	Caused Directly by FET		Caused by Business Relationship with FET			Caused by Other Indirect Relationship with FET		
				FET Including NCIC	Arcoa	Suppliers / Contractors / Developers	Enterprise Customers	Consumers	Competent Authorities	Community Groups / NGOs	
Network quality and network infrastrucure	Critical	203	Indirect Economic Impacts	●							5.1, 6.3.4
Operating perormance		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 applicaiton		N/A	N/A	●		●	●				2, 2.1.1
Environmental innovation strategy and application		N/A	N/A	●		●	●				6.3
Corporate governance and intergrity		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 Environmental Assessment / Supplier Social Assessment	●	●	●					2.3
Response to government policies and regulatory changes		307 419	Environmental Compliance / 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



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Material Issue	Level of Materiality	Corresponding GRI Topics		Location of Economic, Environmental, and Social Impact							Corresponding Chapters
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				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 and 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 Data

► Environmental Aspect Data

		2018	2019	2020
GHG emissions⁶⁷				
Direct GHG emissions (Scope 1)	GHG emissions (ton CO2e / Year)	4,999.63	5,975.93	4,766.13
Indirect GHG emissions (Scope 2)	GHG emissions (ton CO2e / Year)	288,817.78	242,639.66	245,621.91
GHG emissions in CO2e	GHG emissions (ton CO2e / Year)	293,817.41	248,615.59	250,388.04
	Emission intensity (Kg CO2e / number of subscribers)	40.97	35.05	35.42
External GHG emission (Scope 3)	GHG emissions (ton CO2e / Year)	94,558.02	141,232.35	120,296.55

⁶⁷ 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.



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		2018	2019	2020
GHG emissions				
Direct energy consumption	Gasoline (kL/year)	494.84	444.36	414.35
	MWh	4,486.55	4,028.88	3,756.82
	Diesel (kL/year)	94.80	48.12	37.35
	MWh	926.11	470.11	364.85
Indirect energy consumption	Overall power consumption (MWh)	521,398.73	515,754.56	544,815.34
Overall energy consumption	MWh	526,811.24	520,253.40	548,936.86
	Energy intensity (kWh/number of subscribers)	72.34	72.71	77.07
Waste⁶⁸				
Generic waste	tons	383.36	356.78	340.31
Recycled waste / Recycled percentage	tons / percentage	122.01 (32%)	125.94 (35%)	103.43 (30%)
Incinerated waste ⁶⁹	tons	261.35	230.84	236.88
Landfilled waste	tons	0	0	0
Water⁷⁰				
Water consumption	kL	274,502	266,544 ⁷¹	264,554

► Social Aspect Data

		2018	2019	2020
Human Resources Overview				
Full-time Employees ⁷²	Number of people	6,550	6,183	6,026
Male	Number of people	3,096	2,991	2,898
Female	Number of people	3,454	3,192	3,128

⁶⁸ Waste: sum of waste from office building of FET Telecom and NCIC, Arcoa's headquarter at Nei Hu, and all stores. Arcoa uses estimated data.

⁶⁹ All incineration plants in Taiwan are Energy Generation of Waste-to-Energy Plant

⁷⁰ Water consumption: sum of water consumption of FET Telecom, NCIC, and Arcoa's office building. Arcoa uses estimated data.

⁷¹ Correcting the disclosing data from the 2019 CSR Report

⁷² 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



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		2018	2019	2020
Human Resources Overview				
Part-time Employees ⁷³	Number of people	14	0	0
Male	Number of people	11	0	0
Female	Number of people	3	0	0
Temporary Workers	Number of people	9	57	73
Male	Number of people	6	39	47
Female	Number of people	3	18	26
Employment of Disabled People	Number of people (percentage)	46 (0.70%)	60 (1.03%)	43 (0.70%)
Percentage of females in management level	percentage	32%	32%	32%
Employee Training and Development				
Employee training cost - FET				
Total employee training costs	NT\$	31,243,164	24,971,847	19,696,832
Total employee training hours	hours	402,407.36	437,501.19	357,135.51
Total number of employee	Number of people	6132	5,841	5,623
Average employee training costs	NT\$	6,010.65	4,275.27	3,413.07
Average employee training hours	hours	65.62	74.9	62.72
Employee training cost - Arcoa				
Total employee training costs	NT\$	831,929	1,577,661	2,243,011
Total employee training hours	hours	5,940	7,756	7,540
Total number of employee	Number of people	418	399	405
Average employee training costs	NT\$	1,990	3,954	5,538
Average employee training hours	hours	14.2	19.4	18.6

⁷³ Part-time Employees: the working hours and practices are less than full-time employee defined by the operating region FET only operates in Taiwan.



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		2018	2019	2020
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 ⁷⁴	hours	2,816	38,078	150,000

⁷⁴ 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.



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Economic and Governance Data

Operating Financial Performance

Condensed Balance Sheet-by Consonlitedated

2021/03/31; Unit: NT\$ Thousand

Year Item		Financial Information in Recent 5 years					2021/01/01- 2021/03/31 (Note 1)
		2016	2017	2018	2019	2020	
Current Assets		26,557,388	26,284,153	23,940,125	27,257,217	25,152,457	22,742,091
Properties, Plants and Equipment		49,849,572	46,233,707	41,843,053	36,257,748	38,205,535	38,715,497
Intangible assets		52,458,457	56,109,371	53,122,685	50,534,517	89,389,771	87,962,116
Other Assets		3,941,905	4,079,124	7,910,646	20,113,454	20,681,557	20,818,180
Total Assets		132,807,322	132,706,355	126,816,509	134,162,936	173,429,320	170,237,884
Current Liabilities	Before Distribution	30,980,704	30,391,974	25,621,259	22,132,215	22,079,547	36,120,463
	After Distribution	43,262,310	42,657,587	37,910,661	32,806,792	(Note 2)	(Note 2)
Non-current Liabilities		30,104,017	31,868,168	27,159,067	41,424,301	83,102,564	64,025,641
Total Liabilities	Before Distributio	61,084,721	62,260,142	52,780,326	63,556,516	105,182,111	100,146,104
	After Distribution	73,366,327	74,525,755	65,069,728	74,231,093	(Note 2)	(Note 2)
Equity Attributable to Owners of Far Eas Tone	Before Distributio	71,006,018	69,758,412	73,317,498	69,763,955	67,313,694	69,130,604
	After Distribution	58,786,640	57,539,034	61,028,096	59,173,827	(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 Distributio	10,166,874	8,143,345	5,820,041	5,820,041	5,701,421	5,701,451
	After Distribution	8,143,345	5,820,034	5,820,041	5,686,442	(Note 2)	(Note 2)
Retained Earnings	Before Distributio	28,387,615	29,011,927	34,881,092	31,355,697	29,127,148	30,938,636
	After Distribution	18,191,766	19,115,860	22,661,714	20,899,168	(Note 2)	(Note 2)



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Year Item		Financial Information in Recent 5 years					2021/01/01- 2021/03/31 (Note 1)
		2016	2017	2018	2019	2020	
Other Equity		(133,479)	18,132	31,357	3,209	(99,883)	(94,491)
Non-controlling Interest	Before Distributio	716,583	687,801	718,685	842,465	933,515	961,176
	After Distribution	654,355	641,566	648,661	758,016	(Note 2)	(Note 2)
Total Shareholders' Equity	Before Distributio	71,722,601	70,446,213	74,036,183	70,606,420	68,247,209	70,091,780
	After Distribution	59,440,995	58,180,600	61,746,781	59,931,843	(Note 2)	(Note 2)

Note 1: The financial statements for the first quarter of 2021 have been reviewed by CPA.

Note 2: The distribution of the 2020 earnings has not been approved by the Shareholders' Meeting

Condensed Comprehensive Income Statement – by Consolidated

2021/03/31; Unit: NT\$ Thousand except for EPS in NT\$ dollar

Year Item		Financial Information in Recent 5 years					2021/01/01- 2021/03/31 (Note)
		2016	2017	2018	2019	2020	
Operating Revenues		94,344,266	92,069,681	86,634,971	83,865,872	79,500,965	20,835,775
Gross Profit		38,151,119	35,762,919	28,002,420	26,756,524	25,933,863	6,173,998
Operating Income		15,024,350	14,216,298	12,373,173	11,925,478	11,037,699	2,385,886
Non-Operating Income and Expenses		(1,235,015)	(1,053,726)	(503,743)	(913,959)	(845,231)	(169,173)
Income before Tax		13,789,335	13,162,572	11,869,430	11,011,519	10,192,468	2,216,713
Net Income from Operating Business		11,410,675	10,853,643	9,424,776	8,807,743	8,444,622	1,839,097
Net Income (Loss)		11,410,675	10,853,643	9,424,776	8,807,743	8,444,622	1,839,097
Other Comprehensive Income Loss (Net of income tax)		(42,178)	171,098	79,024	(14,847)	(135,736)	5,444

Note: The financial statements for the first quarter of 2021 have been reviewed by CPA.



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Year Item		Financial Information in Recent 5 years					2021/01/01- 2021/03/31 (Note)
		2016	2017	2018	2019	2020	
Total Comprehensive Income		11,368,497	11,024,741	9,503,800	8,792,896	8,308,886	1,844,541
Net Income Attributable to Owners of Far EasTone		11,391,303	10,856,682	9,381,351	8,734,984	8,354,128	1,811,488
Net Income Attributable to Non-Controlling Interest		19,372	(3,039)	43,425	72,759	90,494	27,609
Comprehensive Income Attributable to Owners of Far EasTone		11,347,860	11,027,319	9,459,897	8,720,589	8,218,606	1,816,880
Comprehensive Income Attributable to Non-Controlling Interest		20,637	(2,578)	43,903	72,307	90,280	27,661
Earning Per Share		3.50	3.33	2.88	2.68	2.56	0.56

Note: The financial statements for the first quarter of 2021 have been reviewed by CPA.

Financial Ratio Analysis- by Consolidated

Year Item		Financial Information in Recent 5 years					2021/01/01- 2021/03/31 (Note)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt to Asset Ratio	45.99	46.92	41.62	47.37	60.65	58.83
	Long-term Funds to Properties, Plants and Equipment Ratio	204.27	221.30	241.84	308.98	396.15	346.42
Liquidity Analysis (%)	Current Ratio (%)	85.72	86.48	93.44	123.16	113.92	62.96
	Quick Ratio (%)	73.85	67.94	74.87	106.01	96.07	53.63
	Times Interest Earned (times)	32.21	29.50	28.79	22.44	15.68	13.48

Note: The financial statements for the first quarter of 2020 have been reviewed by CPA.



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Item		Financial Information in Recent 5 years					2021/01/01~ 2021/03/31 (Note)
		2016	2017	2018	2019	2020	
Operating Performance	Accounts Receivable Turnover (times)	11.26	10.43	9.74	9.58	8.97	9.50
	Average Collection Days	32.41	34.99	37.47	38.1	40.69	38.42
	Inventory Turnover (times)	7.56	7.27	6.96	8.31	7.76	9.96
	Accounts Payable Turnover (times)	12.94	10.52	10.64	12.00	9.37	9.99
	Inventory Turnover Days	48.28	50.20	52.44	43.92	47.03	36.64
	Properties, Plant and Equipment Turnover (times)	1.85	1.92	1.97	2.15	2.14	2.17
	Total Assets Turnover (times)	0.70	0.69	0.67	0.64	0.52	0.49
Profitability Analysis	Return on Assets (%)	8.73	8.46	7.53	7.06	5.85	4.61
	Return on Equity (%)	15.81	15.27	13.05	12.18	12.16	10.64
	Income before Tax to Capital ratio (%)	42.32	40.39	36.43	33.79	31.28	27.21
	Net Income Ratio (%)	12.09	11.79	10.88	10.50	10.62	8.83
	Earnings per share (NT\$)	3.50	3.33	2.88	2.68	2.56	0.56
Cash flow	Cash Flow Ratio (%)	87.39	81.76	90.02	97.02	117.96	16.68
	Cash Flow Equivalent Ratio (%)	75.75	71.86	92.38	94.17	75.33	75.49
	Cash Reinvestment Ratio (%)	6.79	7.02	6.06	4.71	6.44	2.70
Leverage Ratio	Operating Leverage	2.25	2.41	2.64	2.62	2.69	3.06
	Financial Leverage	1.03	1.03	1.04	1.05	1.07	1.08

Note: The financial statements for the first quarter of 2021 have been reviewed by CPA.



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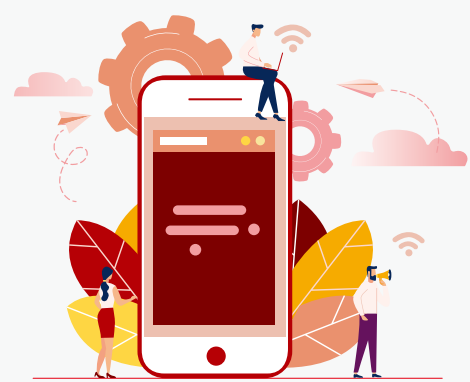
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GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	5.1 Industrial Infrastructure		80
	203-2 Significant indirect economic impacts	6.3.4 Environmental and Energy Management		103
Operating Performance				
GRI 103: Management Approach	103-2 The management approach and its components	2. Sustainable Strategy and Performance		17
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GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	2.1.5 Overall Financial Performance		30
	201-2 Financial implications and other risks and opportunities due to climate change	2.1.2 Key Emerging Risk 6.2 Climate Strategy		26 93
	201-3 Defined benefit plan obligations and other retirement plans	4.1.1 Human Resource Management		63
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Social innovation strategy and application				
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GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	2.2.2 Ethical Corporate Management		42
	205-3 Confirmed incidents of corruption and actions taken	2.2.2 Ethical Corporate Management	No such incidents in 2020	42
GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.2 Ethical Corporate Management		42
GRI 415: Public policy	415-1 Political contributions	2.2.3 External Participation	FET did not make any political donation in 2020	42
Environment innovation strategy and applicaiton				
GRI 103: Management Approach	103-2 The management approach and its components	6.3.4 Environmental and Energy Management		97
	103-3 Evaluation of the management approach			
Digital Inclusion				
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	103-3 Evaluation of the management approach	4.2.1 Zero Distance Services		73
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	4.2.2 Most Considerate Communication		74
	417-2 Incidents of non-compliance concerning product and service information and labeling	4.2.2 Most Considerate Communication	No such incidents in 2020	74
	417-3 Incidents of non-compliance concerning marketing communications	4.2.2 Most Considerate Communication	No such incidents in 2020	74
Talent development and management				
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GRI 401: Employment	401-1 New employee hires and employee turnover	4.1.1 Human Resource Managemet		61
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	404-2 Programs for upgrading employee skills and transition assistance programs	4.1.2 Talent Development		66
	404-3 Percentage of employees receiving regular performance and career development reviews	4.1.2 Talent Development	All FET employees undergo	19
Response to government policy and regulatory changes				
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	103-3 Evaluation of the management approach	2.2.2 Ethical Corporate Management		42
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	6.3.4 Environmental and Energy Management		104
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	2.2.2 Ethical Corporate Management	No such incidents in 2020	42
Supply-chain management				
GRI 103: Management Approach	103-2 The management approach and its components	2.3 Value Sharing		44
	103-3 Evaluation of the management approach	2.3 Value Sharing		44
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	2.3 Value Sharing		44
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	2.3 Value Sharing		45
	308-2 Negative environmental impacts in the supply chain and actions taken	2.3 Value Sharing		45
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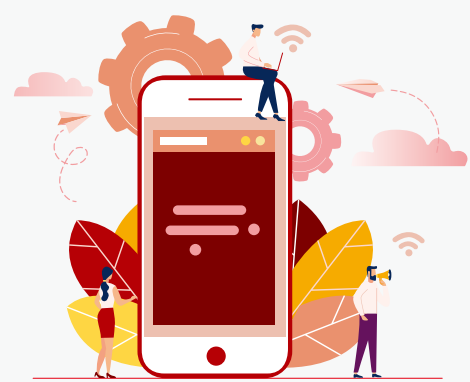
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	302-3 Energy intensity	6.1 Overview of FET's Environmental Footprint		92
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	103-3 Evaluation of the management approach	6.2 Climate Strategy		93
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	6.2 Climate Strategy		93
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	6.1 Overview of FET's Environmental Footprint		92
	305-2 Energy indirect (Scope 2) GHG emissions	6.1 Overview of FET's Environmental Footprint		92
	305-3 Other indirect (Scope 3) GHG emissions	6.1 Overview of FET's Environmental Footprint		92
	305-4 GHG emissions intensity	6.1 Overview of FET's Environmental Footprint		92
	305-5 Reduction of GHG emissions	6.1 Overview of FET's Environmental Footprint		92
Human Rights and Workplace diversity				
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GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.2.1 Corporate Governance Framework 4.1.3 Diversified Workplace		35 67
	405-2 Ratio of basic salary and remuneration of women to men	4.1.3 Diversified Workplace		62
GRI 406: non-discrimination	406-1 Incidents of discrimination and corrective actions taken	4.1.3 Diversified Workplace		67
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	2.3.2 Supply Chain Management		45
GRI 408: Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	2.3.2 Supply Chain Management		45
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.3.2 Supply Chain Management		45
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GRI Sustainability Reporting Standards (GRI Standards)

Account Ability 1000 (Account Ability 1000) Type 2

The International Integrated Reporting Framework (<IR> Framework)



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTONE TELECOMMUNICATIONS CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastone Telecommunications Co., Ltd. (hereinafter referred to as FET) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (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 on-site verification (07 Apr 2021–10 May 2021). 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 CSR Report of 2020 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		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation only)	High

Assurance has been conducted at a high level of scrutiny.

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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:

Select specific reporting criteria included in the contract

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)
3	International Integrated Reporting Framework (Chinese Version 2013)

- 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 2013) 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.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) have 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 10211, 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.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA 1000 Assurance Standard v3 Type 2, High level assurance. The report also appropriately responds to

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the content elements requirements of the IIRC International <IR> Framework.

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.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Specific performances related to material topic are recommended to be reported in a more balance way to address stakeholder concerns.

Impact

FET has performed processes to understand, measure, evaluate and manage the organization's impacts that are applied across the organization under the governance of senior management. Qualitative and quantitative monetized measurements are presented to communicate the specific performances. However, the sustainability context of each impact should be described more clearly to allow a better understanding of the potential direct, indirect, positive, and negative impacts.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FET's CSR Report of 2020, 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 future reporting, it is recommended to have more descriptions of FET's involvement with the impacts for each material topic (103-1), and the mechanisms for evaluating the effectiveness of the management approach for each material topic, such as GRI 206, GRI 407, and GRI 408.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
1 June, 2021
WWW.SGS.COM



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