



2022 Far EasTone Corporate Sustainability Report



About FET Report Cycle and Period

This is the twelfth Sustainability Report published by Far Eastone (FET) Telecommunications Co., Ltd. and its subsidiaries. FET publishes its Sustainability Report annually, disclosing financial and nonfinancial information of FET in 2022 (January 1, 2022 to December 31, 2022). The report includes management approach, major issues, performance, supply chain, environmental and social information, and is made publicly available on the FET's website.

- ▶ Previous report publication date: June 2022
- ▶ Current report publication date: July 2023
- ▶ Next report estimated publication date: June 2024

The reporting period of the report is consistent with the consolidated financial statements. For the sake of completeness and comparability of the report, some content will include information before January 1, 2022, and after December 31, 2022, with relevant notes provided in those sections to explain the details.

Reporting Boundary

The boundary of the report encompasses FET Telecom, 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 89.7% of FET's consolidated revenue. Financial data presenting the business performance included in the 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 2022 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 Management and Auditing

The report follows the " Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies " issued by the Taiwan Stock Exchange and the internally established "Sustainable Development Best Practice Principles" The FET ESG

Committee is responsible for the overall planning, communication, integration, and preparation of the annual sustainability report. The content of the report is reviewed by the heads of business units and finally approved by the company president before finalization. The overall management and execution process of the report also undergo internal audit procedures at FET to ensure compliance with regulatory requirements and proper implementation.

Reporting Guidelines and Third-party Assurance

The format of this report follows the international reporting standards and frameworks:

- ▶ The International Integrated Reporting(IR) Framework published by The Value Reporting Foundation.
- ▶ The GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI).
- ▶ The Sustainability Accounting Standards Board (SASB) guidelines for the telecommunications industry.
- ▶ The Task Force on Climate-Related Financial Disclosures (TCFD) recommendations published by the Financial Stability Board (FSB).

This report has been assured by the independent auditing firm, Green Mountain Sustainability Consulting Co., Ltd. to confirm that the disclosure content aligns with the GRI Standards and complies with the Taiwanese Assurance Standards on Non-Historical Financial Information (TWSAE 3000) "Limited Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (developed with reference to the international assurance standard ISAE 3000). The report also addresses the requirements of the International Integrated Reporting Framework.

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

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FET Stakeholders



FET CSR Website



FET CSR Survey



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Message from Management

Douglas Hsu, Chairman




Chee Ching, President




"FET Connects You and Your World, Enriches Your Life and Protects Our Earth." is FET's corporate vision. FET focuses on ESG (Environment, Society, Governance) and has planned three major sustainability strategies: "Driving the Environmentally friendly value chain", "Building a distance-free and inclusive Society", and "Embracing the future of smart sustainability". FET is also actively transforming and upgrading its core ICT capabilities, deeply cultivating key technological areas such as smart cities, smart manufacturing, digital transformation, low-carbon operations, consumer applications, and smart healthcare. By collaborating with seven key stakeholders, including customers and suppliers, FET aims to achieve a triple-win goal for the company, society, and the environment. In 2022, our efforts in promoting ESG have been recognized by various domestic and international sustainability rating agencies. We have achieved several accolades, including: Consistently ranking in the top 5% in the Taiwan Stock Exchange Corporate Governance Evaluation for eight consecutive years, demonstrating our commitment to good corporate governance. Being selected as a component stock of the Dow Jones Sustainability Indices (DJSI) for seven consecutive years, affirming our sustainability performance. Being the only telecommunications company in Taiwan to be recognized as a global "Leadership" telecommunications industry player in the CDP Supplier Climate Change Response Management Performance, placing in the top 8% globally for three consecutive years. Receiving the ESG Enterprise Sustainability Award Model Award from Common Wealth Magazine for six consecutive years, showcasing our excellence in ESG practices. Being the only telecommunications company in the industry to receive the 2022 "Outstanding Sustainable Resilience Award" from the British Standards Institution (BSI), highlighting our commitment to sustainability and resilience. Winning the 2022 Digital Transformation Revolution Awards for "Excellence in Operational Transformation - Model Award" and "ESG Special Award," recognizing our outstanding achievements in digital transformation. These exceptional achievements represent FET's ambitious goals and tangible results in promoting sustainable development.

Furthermore, thanks to the collective efforts of all FET employees, the operational performance in 2022 was impressive. The annual growth rates for consolidated total revenue, consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization), and net income were 4.5%, 9.3%, and 22.1% year-on-year growths, respectively. This amounted to NT\$89.15 billion, NT\$30.79 billion, and NT\$9.61 billion for the year. Both EBITDA and net income reached new highs in nearly five years. In 2022, FET's earnings per share (EPS) reached NT\$2.95, surpassing the financial forecast. The achievement rates for total revenue, EBITDA, and EPS financial estimates were 100.4%, 101.1%, and 104.2%, respectively. This indicates that FET's financial performance outperformed expectations across these key metrics. In addition to striving for revenue growth and continuously creating maximum value for shareholders, FET is committed to fulfilling its corporate social responsibility. In 2022, FET issued Taiwan's first-ever "Corporate Sustainability Bonds" in the telecommunications industry, amounting to NT\$2.7 billion. This bond issuance marked the largest single fundraising amount for social responsibility bonds in Taiwanese currency, demonstrating FET's determination to balance both "revenue growth" and "sustainable development."



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FET adheres to its core values of continuously providing innovative application services and delivering excellent customer experiences. In recent years, the company has been actively building its "FET 5G" network. FET's Mobile Circle app has surpassed 5 million downloads, and in 2022, the company achieved a 5G network coverage rate of 97% across Taiwan. Building upon this niche, FET focuses on two main pillars: "Consumer Digital Lifestyle" and "Enterprise Intelligent Transformation." The company continues to deepen its core capabilities and applications in 5G's "Big, AI, and IoT" (Big Data, Artificial Intelligence, and Internet of Things), achieving a high annual growth rate of 18% in new economy revenue. FET also collaborates with key enterprise partners to continuously develop innovative smart technologies and solutions. For example, in partnership with Ericsson, FET has launched the first 5G SA network slicing commercial case in Taiwan, known as the "5G Smart Patrol Cars". Additionally, in collaboration with the global cybersecurity technology giant Allot, they have introduced the "FET SecureNet Service". FET has also deepened its strategic alliance with Microsoft by joining forces in the Four-sided Initiative. Furthermore, in 2022, FET successfully mentored 20 startups through FET's 5G Metaverse Accelerator" in the areas of ESG, Telemedicine, Smart Factory, Smart Retail, Smart Finance and consumer applications where business potential totaled up to exceed NT\$100mn.

In the face of extreme weather conditions and global warming, FET is actively promoting "low-carbon operations" internally. After passing the review of the Science-Based Targets initiative (SBTi) in 2019, FET set more ambitious science-based targets in 2022 and once again obtained SBTi certification. It is the only telecommunications company in Taiwan that has set its target to limit the short-term temperature increase within the scenario of 1.5 degrees Celsius. FET has also joined the global RE100 initiative, committing to reach 100% renewable energy source for the entire company by 2040 and achieve net-zero emissions by 2048. This demonstrates FET's strong commitment to energy conservation, carbon reduction, and reducing environmental impact. FET also exerts corporate influence, and through cloud technology, big data analysis, IoT and other applications, it is used in smart cities, smart parking, air quality monitoring, big data crowd analysis, etc., to help government agencies solve traffic, air quality and other problems; and calls on suppliers to participate in the "FET Circular Economy Workshop" and "Carbon Inventory Guidance Meeting", becoming the first telecommunications industry player in Taiwan to join the Ericsson Global Product Take-Back Program, and the reuse rate of old recycling base stations reaches 98%. FET takes practical actions to integrate environmental protection into business considerations and fulfill corporate citizenship responsibilities.

In terms of social inclusion, FET focuses on three aspects: "Social Welfare," "Digital Inclusion," and "Environmental Education," aiming to create an inclusive society without boundaries. For 16 years, we have been raising funds for disadvantaged children, raising a total of 51 million NT dollars and assisting 15,923 underprivileged children. Additionally, for three consecutive years, we have rallied 77 suppliers to form the "Sustainability Vanguard Team" to contribute to hardware infrastructure development in remote areas,

providing services to an average of 5,300 people per month. FET has also pioneered to provide Taiwan's first 5G Telemedicine service, which has expanded to 12 counties, 35 townships in remote areas, and 27 specialized clinics, serving nearly 30,000 people. In addition, FET has taken the lead in initiating the Signals Boost up Project which has been running for seven years. The project aims to bring internet resources to remote and mountainous areas throughout Taiwan. In the past three years alone, FET has independently installed nearly 900 non-shared base stations in rural areas, achieving a network coverage rate of 98% in these underserved regions. This effort has helped to narrow the digital divide between urban and rural areas. FET has also collaborated with the Taiwan Youth Climate Coalition (TWYCC) to promote climate education projects. Building on FET's previous initiative of assisting the Executive Yuan's A/C in Every Classroom EMS (Energy Management Solution) Project, FET has designed the "FET Climate Change and Energy Conservation Curriculum" to guide elementary school students in practicing environmental protection in their daily lives. Through this collaboration, they aim to raise awareness and foster a sense of responsibility among young students towards climate change and energy conservation.

Looking ahead to 2023, FET will continue to prioritize smart energy conservation for internal operations and expand Home-grown solutions on Green ICT externally. FET will focus on steady growth in the 5G mobile communications business, develop more Green ICT solutions, and deepen strategic partnerships to accelerate corporate digital transformation and progress towards net-zero emissions. By doing so, FET aims to contribute to a smarter and more sustainable living experience for society as a whole. Furthermore, FET has obtained approval from the National Communications Commission (NCC) for the merger with Asia Pacific Telecom. Currently, they are actively cooperating with the regulatory authorities in the review process. They anticipate that this merger will accelerate the healthy development of the telecommunications industry in Taiwan, benefiting consumers and shareholders, while making a more significant and proactive contribution to sustainable development.



Awards and Recognitions

TCSA: Chairman Douglas Hsu won the "Corporate Lifetime Achievement Award" and was shortlisted for four special awards, including "Taiwan's Top 100 Sustainability Model Award"



Selected for the DJSI World Index for four consecutive years and Selected for the DJSI Emerging Market Index for seven consecutive years

Sustainability Award
Silver Class 2022

S&P Global

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Awarded with the "A grade leadership level" as the top 8 % globally by CDP Climate Change Collaborative Assessment supplier for three consecutive years based on its performance



As a **Supplier Engagement Leader**, we're working with our suppliers to cascade environmental action down our supply chain

FET won Global Views Monthly's CSR and ESG Corporate Social Responsibility Awards for "ESG Integrated Performance - Exemplary Award" for the fifth time



"Corporate Governance Assessment" won the top 5% for eight consecutive years



The only company to win the "Taiwan Service Industry Awards" 11 consecutive times



Won the "National Talent Development Award" "Large Enterprise Award" by the Ministry of Labor and the "Gold Award" of the 1111 "Happy Enterprise"



General Manager Jing Qi won the first place in the "Best CEO" in the Asian telecommunications industry from "Institutional Investor" for two consecutive years, and the "CEO of the Year Award" from "IDC 2022 Future Enterprise Awards"



First in the telecom industry, FET and its subsidiaries jointly won 19 awards in the "Excellent Customer Service Award"



Awards and Recognitions

FET's remote 5G telemedicine platform won the "Operational Excellence Transformation Award - Model Award" and "ESG Special Award"^A of the Harvard Business Review Digital Transformation Award, and was the only one in the telecommunications industry to obtain the "US HIPAA Information Security"^B certification, and won the "Medical Policy Council" "National Medical Quality Award"^C and "National Innovation Award" "Enterprise Innovation Award"^D



^B

First in the telecom industry, FET passed the "ISO 20400 Sustainable Procurement Guidelines", and its sustainable supply chain performance is the only company that has won the "BSI Sustainability Excellence Award"

Only telecom company to win the Silver Award of Best Management Innovation Award twice at the Innovation Commerce Awards



The only company in the information and communication industry to simultaneously win the "Benchmarking Enterprise Award" and "Benchmarking Project Award" of the "Project Management Award"



The only telecom company to be awarded the Most Outstanding Company in Taiwan in 2022 by Asia money



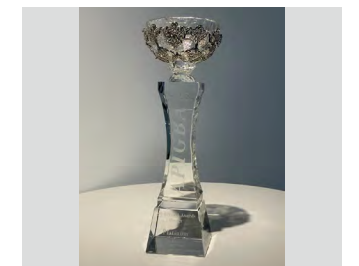
FET is the only company in Taiwan that has been awarded the "Best Social Contribution Award" for the first time in Taiwan's "YouTube Annual Advertising Awards"



FET receives "2022 Sports Enterprise Certification" from the Sports Administration, Ministry of Education



FET TPKC Cloud Computing Center has won the Platinum Award of Design category at the third APIGBA Awards for Excellent Smart Green Buildings and System Products"



Highlights of performance

Environmental

- ▶ Joins RE100, committing to **100% use of renewable energy** by 2040
- ▶ **The only telecom company in Taiwan to pass** the SBTi 1.5°C scientific reduction target review for net zero commitment
- ▶ Solar Photovoltaic Capacity 2,736.97kWp
- ▶ Breakthrough in telecommunications equipment reclaiming limit, **with a reclamation rate of 98.5%**
- ▶ **AI precise location selection, maximum network efficiency**, and intelligent frequency mixing and resting mode **can save up to 46% of electricity consumption**
- ▶ Wireless network energy efficiency **increased by 45%**



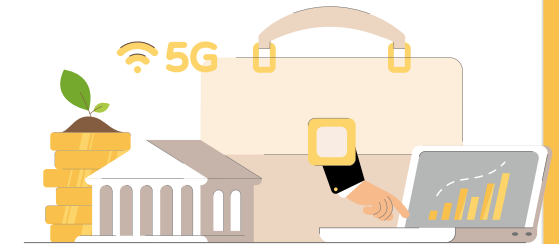
Social

- ▶ **98%** LTE coverage in remote areas
- ▶ ESG charity related projects have a cumulative **impact of 6.7 million people**
- ▶ Raised \$51 million **over 16 years to support 15,923 disadvantaged children**
- ▶ For the third consecutive years, 77 suppliers have formed a sustainable vanguard to provide resources for rural areas, **servicing an average of 5,300 people per month**
- ▶ In the first year, **more than 70% of employees participated** in the Employee Trust Shareholding Scheme



Governance

- ▶ The annual growth rates of consolidated EBITDA and after-tax net income in 2022 were 9.3% and 22.1%, respectively, reaching 30.79 billion NTD and 9.61 billion NTD, **a new high in the past five years**
- ▶ **Telecommunications service reaches 99.85% of population density**
- ▶ **First 5G availability in Asia, second in the World** (Open Signal Certification)
- ▶ 4G access success rate **99.95%**
- ▶ Issued the telecom industry's first "social responsibility bond"
- ▶ The first telecom company in Taiwan to obtain the certification of ISO 20400 Sustainable Procurement - Guidance
- ▶ **0 personal information leakage incidents**
- ▶ Taiwan's **first US HIPAA information security certified 5G telemedicine**





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Corporate Governance

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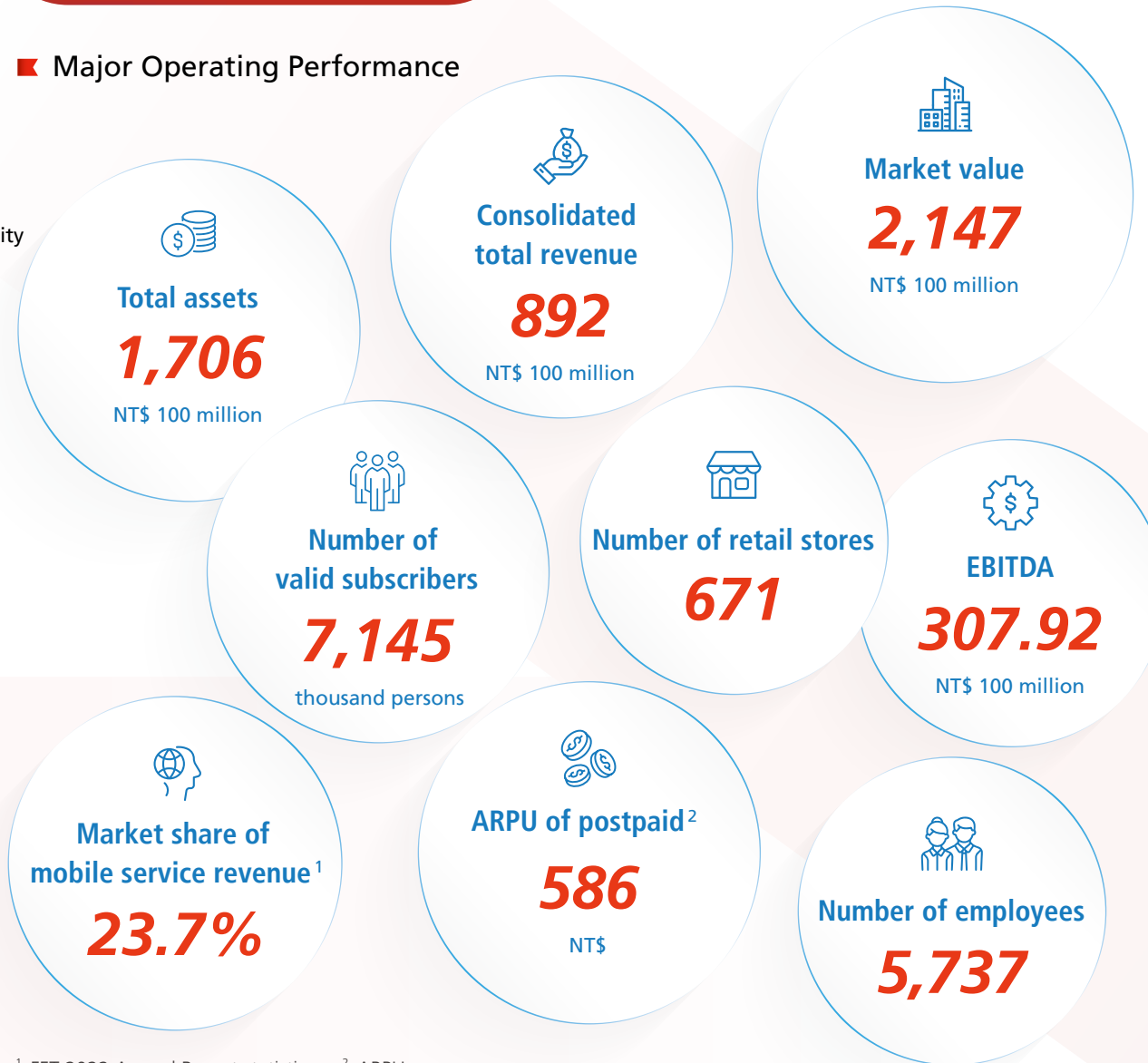
1.1 About FET

1.1.1 Company Information

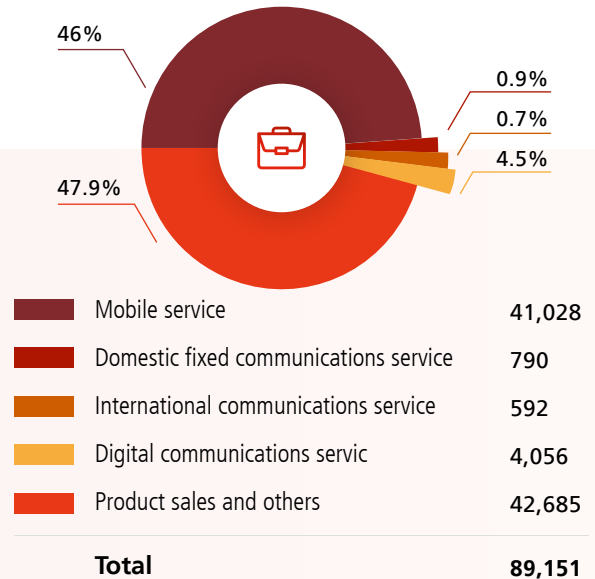
FET Information

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

Major Operating Performance



Proportion of Business (Unit: NT\$ Million)

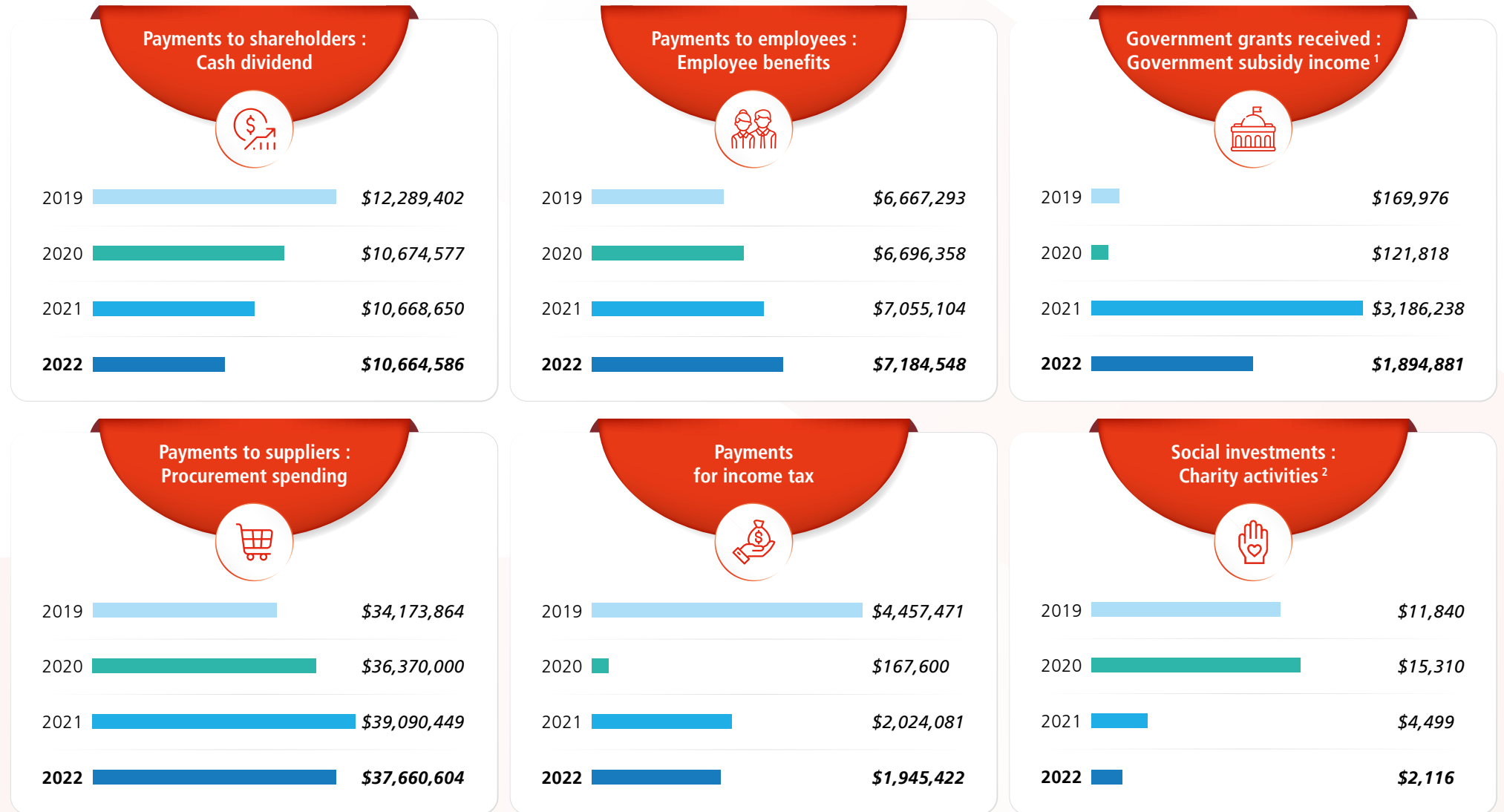


¹ FET 2022 Annual Report statistics ² ARPU: average revenue per user

Distribution of Economic Value

Unit: NT\$ Thousand

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.

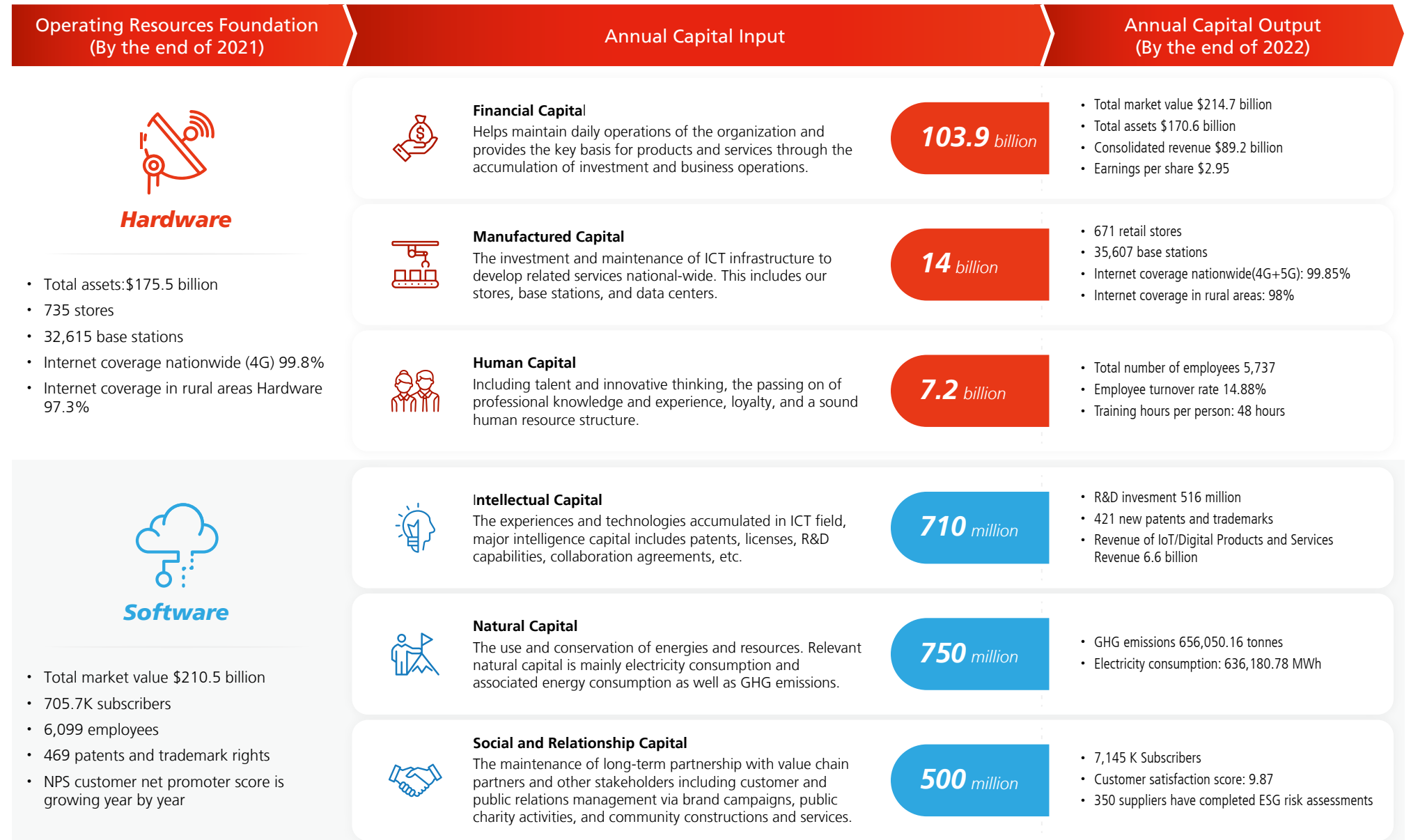


¹ National Communications Commission: NT\$ 1,851,569 thousand; Ministry of Communications: NT\$21,489 thousand; Ministry of Digital Affairs: NT\$13,039 thousand; Industrial Development Bureau of the Ministry of Economic: NT\$8,067 thousand; Ministry of Labor: NT\$ 717 thousand.

² Spending on public welfare includes expenditure on charitable projects in that year, public fundraising, and cash donations. Duplicated items are deducted to avoid double calculation.

1.1.2 Business Mode

Capital Input and Output



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



1.2 Sustainable Governance

1.2.1 Sustainable Development Strategy

FET has established its "[Sustainable Development Best Practice Principles](#)" to serve as the ultimate guiding principles for Sustainable Development conducts within FET. A "Sustainable Development Committee" was assembled to serve as the highest authority for matters concerning sustainable governance, strategy and planning. Within the Sustainable Development 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 Sustainable Development 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 Corporate Communications & Sustainability Responsibility Division as designated unit with the responsibility of enforcing Sustainable Development actions and measures within the organization.

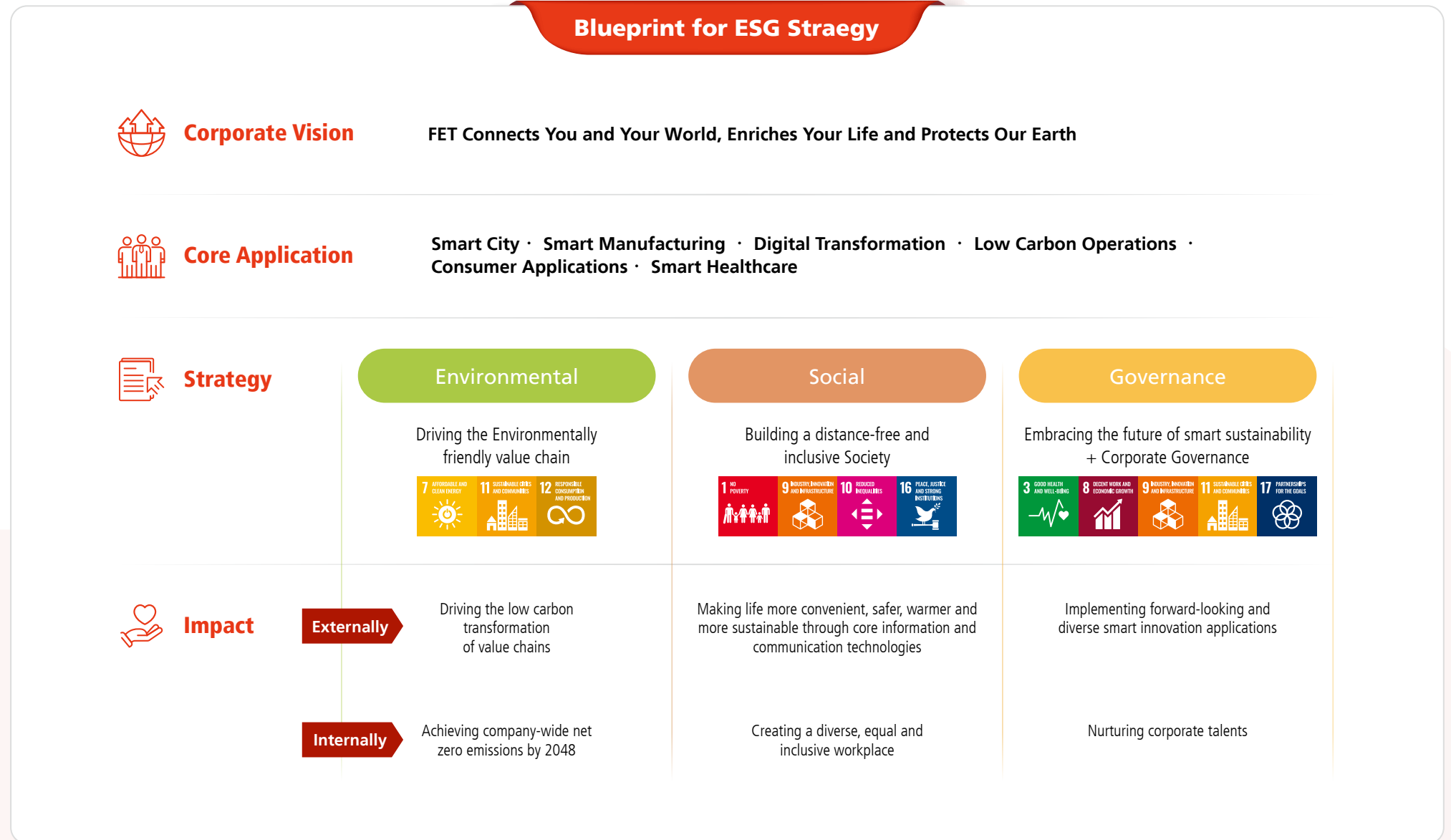
The Sustainable Development Committee convenes meetings on a quarterly basis and report relevant policies, decisions and the performance to the Board of the Directors from time to time. Meetings are hosted by the President while members of the executive management serve as conveners for the relevant task force. Matters such as progress of annual action plans, tracking of material issues and proposals are raised and discussed during Sustainable Development Committee meetings. The Sustainable Development Committee held a total of four meetings in 2022. For details on 2022 KPI and performances, please refer to each "[Sustainable Governance Performance](#)".

► Sustainable Development Committee Structure



Sustainable Vision and Strategy

FET has established the new vision of the "Sustainable Development Strategy Blueprint" in 2023. Covering the three major aspects of E-S-G, setting medium and long-term goals until 2030. 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.



Sustainable Governance Performance

FET develops and formulates the mid-to-long-term goals. This year the Company will continue to evaluate resources needed and amend the long-term goals and action plans accordingly.

Strategy	Impact	Indicators	2022 Goals	Performance	2023 Goals	2025 Goals	2030 Goals	Corresponding Material Topics
Driving the Environmentally friendly value chain	Net Zero by 2048	Proportion of renewable energy in total electricity consumption	New	new 0.49%	0.60%	5%	30%	<ul style="list-style-type: none"> Climate Strategy Environmental resource management and application
		Total greenhouse gas emissions (compared to the base year 2021)	Within +4.6%	✓ 3.01%	Increase not exceeding 0.75% (Category 1+2)	Decrease not exceeding 7.26% (Category 1+2)	Decrease not exceeding 34.44% (Categories 1+2)	
		Annual electricity consumption per square meter of office EUI (compared to the base year 2021)	-0.5%	✓ -2.46%	Decrease by 4.63%	Decrease by 6.25%	Decrease by 10.17%	
		IDC data center power usage effectiveness PUE (compared to the base year 2021)	-0.33%	✓ -3.68%	Decrease by 3.821	Decrease by 4.78%	Decrease by 7.14%	
		Electricity usage of directly operated stores (compared to the base year 2021)	-3.01%	✓ Decrease by 3.4%	Decrease by 2.31%	Decrease by 3.81%	Decrease by 8.83%	
		Base station 1GB service usage electricity consumption (compared to the reference year Y2021)	-5%	✓ -31%	Decrease by 35%	Decrease by 47%	Decrease by 59%	
		Continuous replacement with energy-saving equipment in stores	New	new LED lights in 29 stores, 232 inverter air conditioners with first-class efficiency	Proportion of LED lighting in stores: 50%	100% of store lighting replaced with energy-saving LEDs. 50% of aircon are inverter air conditioners with first-class efficiency	100% of stores use LED energy-saving lighting. Coverage rate of first-class efficiency inverter air-conditioning equipment is maintained at 50%	
		Cumulative number of mobile phones recycled (old + used) (base year 2018)	New	new Cumulative 44,605	Cumulative 69,605	Cumulative 123,355	Cumulative 281,755	
		Percentage of digital form usage in stores CCM	New	new More than 95%	95%	95%	95%	
		Percentage of users using electronic bills CCM	New	new 82.40%	82%	82%	82%	





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  	Driving low-carbon transformation of value chain	Annual addition of on-site audit by third-party units	30 companies	✓ 30 companies	30 companies	35 companies	35 companies	<ul style="list-style-type: none"> Supply Chain Management Electronic Product Waste Management and Application
		Annual addition of independent on-site audits	45 companies	✓ 45 companies	48 companies	55 companies	55 companies	
		Annual high ESG-risk supplier performance improvement ratio	90%	✓ 100%	90%	90%	90%	
		Proportion of signatories to the Biodiversity Commitment of the Top 100 suppliers in the supply chain	New	new To be implemented in 2023	80%	90%	Continued focus to reduce supply chain impact on biodiversity	
		Circular economy recycling rate	New	new To be implemented in 2023	Recycling rate is 25% of the total weight of retired equipment sold	Recycling rate is 50% of the total weight of decommissioned equipment	Gradual increase of recycling rate	



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  	Building a distance-free and inclusive Society In support of a more convenient, safer, comfortable and more sustainable lifestyle	Network coverage of remote villages	98%	✓ 98%	4G 98.3%, 5G 40%	4G 99%, 5G 80%	4G 99%, 5G 95%	<ul style="list-style-type: none"> Information security and privacy protection Network quality and infrastructure Digital inclusion Social care and public welfare engagement 	
		Increase the number of subsidized users of diverse tariff plans for vulnerable groups (such as parent-child plans, children's watches, the elderly, and disabled/low-income households)Based on the benchmark of 82K in 2018	New	new	Increase by 1.57 times (cumulative total 129K)	Increase by 2 times	Increase by 2.2 times		Increase by 2.4 times
		Stores promote local collaboration, closing the digital divide gap through organized events	New	new	2 events	20 events	20 events		20 events
		Obtain verification of information security management	Continuous ISO 27001 international standard verification for information security management	✓	passed	Continuous ISO 27001 international standard verification for information security management			
		Personal data management verification	Continuous BS 10012 Personal Information Management international standard verification	✓	passed	Continuous BS 10012 Personal Information Management international standard verification			
		Number of personal data leaks	0 incident	✓	0 incident	0 incident			
		Number of paid subscribers to FET SecureNet Service	New	new	New goals for 2023	100K	130K		300K
		Cumulative number of on-site care activities in stores	New	new	152 events	Cumulative total of 350 events from 2022 onwards	Cumulative total of 700 events from 2022 onwards		Cumulative total of 1500 events from 2022 onwards
		Number of people friDay Video reaches on digital platforms through public service projects	7K people	✓	7.2K people	8K people	10K people		15K people
		Expand the influence of "FET Public Welfare Platform" (Mobile Circle app homepage / Social Media / SMS promotion)	New	new	128,557 people	Cumulative 1 million people reached	Cumulative 3 million people reached		Cumulative 10 million people reached
Cumulative number of people reached by ESG activities (2016-2021: 5.52 million people)	Cumulative 6.25 million people	✓	Cumulative 6.7 million people	Cumulative 7.5 million people	Cumulative 11 million people	Cumulative 20 million people			



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  	Diverse, inclusive, and friendly workplace	Female supervisors as a percentage of all supervisors	Not less than 30%	✓ 32.52%	31%	32%	33%	<ul style="list-style-type: none"> • Human rights issues • Workplace diversity and inclusion • Employee health and safety
		Percentage of female senior executives (EMT)	New	new 45.45%	1/3	1/3	1/3	
		Employee communication coverage rate	100%	✓ 100%(4 times in total)	100%	100%	100%	
		Scores of recommended companies in employee eNPS surveys	eNPS that recommend FET reaches 50 or higher	✓ 77points	eNPS score >50	eNPS score >60	eNPS score >70	
		Conduct a Human Rights Due Diligence investigation every two years, covering employees, suppliers, and users/community residents	New	✓ Implemented in 2021, continued in 2022, and to be performed in 2023	Conduct human rights due diligence investigation	Conduct human rights due diligence investigation	Conduct human rights due diligence investigation	
		Coverage of maternity care and health education	New	✓ 100%	95%	95%	95%	
		Satisfaction score of health promotional activities	New	new 4.8 points	4.5 points	4.6 points	4.7 points	
		Employee participation in health promotional activities	New	new 4,621 people	4,800 people	5,000 people	5,200 people	



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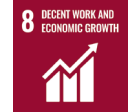
CH2 Smart Sustainability

CH3 Environmental Sustainability

CH4 Social Inclusion

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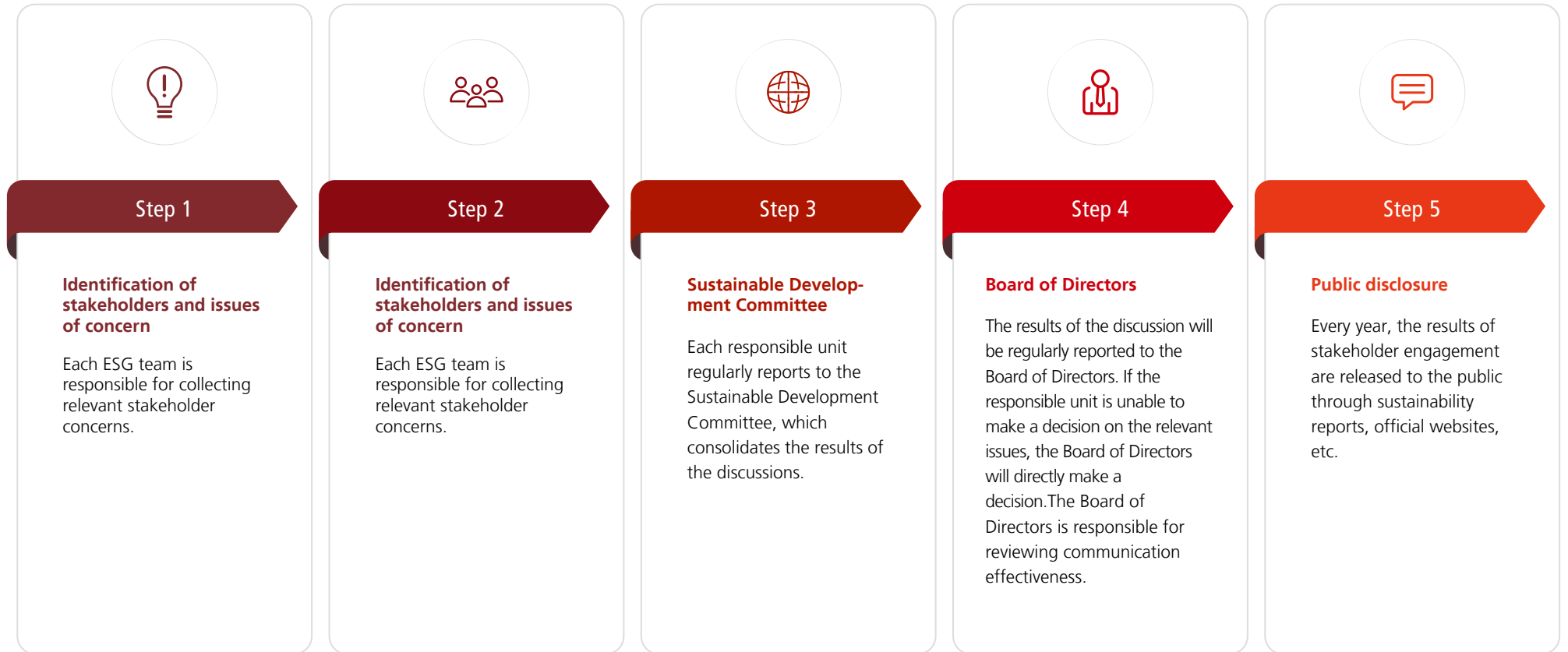
Strategy	Impact	Indicators	2022 Goals	Performance	2023 Goals	2025 Goals	2030 Goals	Corresponding Material Topics
Embracing the future of smart sustainability	Cultivating entrepreneurial talent	Average hours of education and training per employee per year	35 hours	✓ 48 hours	35 hours	35 hours	35 hours	• Talent development and management
		Number of trainees related to business operations and sustainability issues	New	new 59,259 people	60,000 people	70,000 people	75,000 people	
		Training coverage rate for employees currently employed for more than one year (at least one course taken)	New	new 100%	100%	100%	100%	
		Satisfaction scores for the learning and development category in the employee eNPS survey	New	new 4.58 (2022 2H)	eNPS score > 4.3	eNPS score > 4.4	eNPS score > 4.5	
		Performance KPI aligns with sustainable indicators	Adopted at manager level and above	✓ Adopted at manager level and above	Supervisors above manager level	All Employee	All Employee	
Smart innovative applications		Number of smart streetlights/poles installed	New	new 7,391 smart streetlights	Add 2,000 smart connected lights	6 municipalities plan to add 5,000 smart streetlights/shared poles	Assist 6 municipalities in achieving a reduction of more than 30% in carbon emissions by 2030, accelerate the electrification of transportation, and reduce carbon emissions in the transportation sector	• Social innovation strategy and application • Environmental innovation strategy and application
		Number of smart meters deployed	New	new 13,861 pieces	Estimated 1 million smart meters to be installed in collaboration with Asia Pacific Telecom	Install 1.5 million smart meters		
		Number of charging piles installed	New	new 16 units	Add 40 DC electric charging piles	650 units to be installed		
		Cumulative number of people using 5G Remote Healthcare Service	New	new 6,407 people	15,000 people	25,000 people	50,000 people	
		Cumulative number of remote video consultation services	New	new 21,122 people	20,000 people	40,000 people	100,000 people	
		Revenue from IoT services in a year	NT\$1,080 million	✓ 1,041M	Target annual IoT services revenue: NT\$920 million	Target annual IoT services revenue: NT\$1.5 billion	Create low-carbon and sustainable smart/resilient cities with technology	
		Percentage of ESG-related services in IoT services	New	new 64%	ESG-related services account for 70%	70%		
		Number of startups supported by FET's 5G Metaverse Accelerator	New	new 20 companies	60 companies	80 companies	100 companies	
		Cumulative number of collaborative indicator-based case studies completed	New	new 12cases	26 cases	40 cases	80 cases	
		Cumulative number of entrepreneurial consulting services provided	New	new 250 sessions	400 sessions	600 sessions	1,100 sessions	



1.2.2 Stakeholders Engagement

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 seven 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.

FET Stakeholder Management Procedure



The communication mechanisms and key issues of stakeholders in 2022 are summarized as follows:

Stakeholders	Importance to FET	Issues of concern	Communication channel	Communication frequency	Communication performance
Employees	Employees are important partners of FET. We ensure their job security and growth, establishing two-way communication to maintain harmonious relations	<ul style="list-style-type: none"> Talent development and management Business performance Workplace diversity and inclusion Employee health and safety 	Professional ethics, occupational safety & health education and training	Every year	Employee education and training were conducted in a total of 1,485 sessions, with an average training time of 47.5 hours per person
			Company-wide town hall meetings	Every season	A total of 4 meetings held, including 1 employee assembly (presided by the Chairman) and 3 town hall meetings (co-chaired by the general manager and the highest executives of each business group), allowing attendees to ask questions and interact in real-time through digital communication tools
			Employee satisfaction survey	Twice a year	eNPS(employee Net Promoter Score) Employee satisfaction: Conduct an eNPS (employee Net Promoter Score) survey twice a year, once in the first half and once in the second half. Survey results for the second half of the year show an eNPS score of 77 (recommended companies).
			Employee suggestions/complaints mailbox	Irregular	FET has received a total of 61 named responses in the Intranet "Colleague Suggestions" mailbox, as well as 10 cases in the complaints mailbox
			Performance evaluation and career development interview	At least twice a year	Percentage of employees receiving annual performance appraisals was 100%
			Lantern Legend Meeting	Every season	In 2022, a total of 5 Magic Lamp conferences were held, including discussions on the Company's profit situation, future expansion plans, office environment improvement, and related labor-management relationship issues
			Internal meetings of each business group and department	Irregular	Each business group holds at least two meetings every year
			FET e-Express/FET Intranet/FET latest news	Irregular	Through FET's intranet and newsletter, all employees are notified of updated operational process documents, page redesign notices, employee product discounts, welfare policies, and other announcements
			Activities of Employee Welfare Committee	At least 4 times a year	In 2022, a total of 9 meetings were held, including employee trips, hosting of Lunar New Year shopping street, and community management activities
Customers	As the main source of revenue, we listen to the needs of each customer in order to meet their expectations	<ul style="list-style-type: none"> Brand image management Customer experience and transparent communication Network quality and infrastructure Information security and privacy protection 	Face-to-face, in-store communication	Store operating hours	<ul style="list-style-type: none"> Overall satisfaction of store service: 9.87 out of 10. Outsourced customer satisfaction survey, store service reached 90%. Overall satisfaction of the telephone service center: 9.58; first-call resolution rate: 9.53
			The main channels for customer complaints are: official letter, coordination meetings, customer service hotline, FETnet website, and FET Mobile Circle app.	24 hours	
			Customer satisfaction survey	Every year	
			Telephone service center	Every year	
			Marketing activities	Irregular	
			Business visits	Irregular	



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Stakeholders	Importance to FET	Issues of concern	Communication channel	Communication frequency	Communication performance
Competent authority	Comply with the relevant regulations and inspections of the competent authority	<ul style="list-style-type: none"> Corporate governance and integrity, Network quality and infrastructure Information security and privacy protection Compliance with regulations, risk management response, and emergency response 	Meeting and administrative inspection	Irregular	
			Official document	Irregular	
			Public hearing	Irregular	
Suppliers/ Contractors/ Developers	Maintain stable partnerships with suppliers/contractors and conduct supply chain impact management. Co-develop new products and services with developers	<ul style="list-style-type: none"> Supply chain management Business performance Corporate governance and integrity 	Supplier conference	Every year	For details of communication performance, please refer to Chapter 3.4 Sustainable Supply Chain of this report
			On-site counseling and audit	Every year	
			Vendor project communication	Irregular	
			Supplier ESG Communication Meeting	Irregular	
			Satisfaction survey	Every year	
			Sustainability Pioneer Team meeting	Every year	
Shareholders/ Investors	Shareholders/ investors are all contributors to the company's capital. FET should transparently disclose the organization's operational status to maintain investor confidence	<ul style="list-style-type: none"> Business performance Corporate governance and integrity Information security and privacy protection 	Shareholders' meeting	Every year	<ul style="list-style-type: none"> Hold 1 regular shareholders' meeting. Hold 4 global corporate conference calls, allowing investors to directly communicate with senior executives. Participate in domestic and international teleconferences to communicate with investors. 12 monthly releases of revenue, profit, and operational statistics on the official website.
			Corporate briefing	Every season	
			Investor Relations section on the official website	Irregular	
Media	Media reports and evaluations of the Company will affect its reputation and image	<ul style="list-style-type: none"> Business performance Network quality and infrastructure Responses to government policies and regulations Risk management and emergency response 	Publish press release/hold press conference.	Irregular	For detailed information, please visit the FET official website: Latest News
			Dedicated units	Irregular	
Social welfare groups/NGOs	Maintain partner relationships, jointly promote social welfare projects, and create social value	<ul style="list-style-type: none"> Social innovation strategy and application Information security and privacy protection Communication and research on electromagnetic wave issues Community care and public welfare investment 	ESG project collaboration	Irregular	<ul style="list-style-type: none"> NT\$2,431,481 Total investment in public welfare activities: NT\$3,583,088. Donations raised: NT\$2,431,481. A total of 1,608 volunteers participated in social welfare activities, reaching 1,184,164 people. For detailed information, please refer to Chapter 5.2 "Investment in Public Welfare Care" of this report.
			Special group tariff discount program	Irregular	
			On-site care around the stores	Irregular	

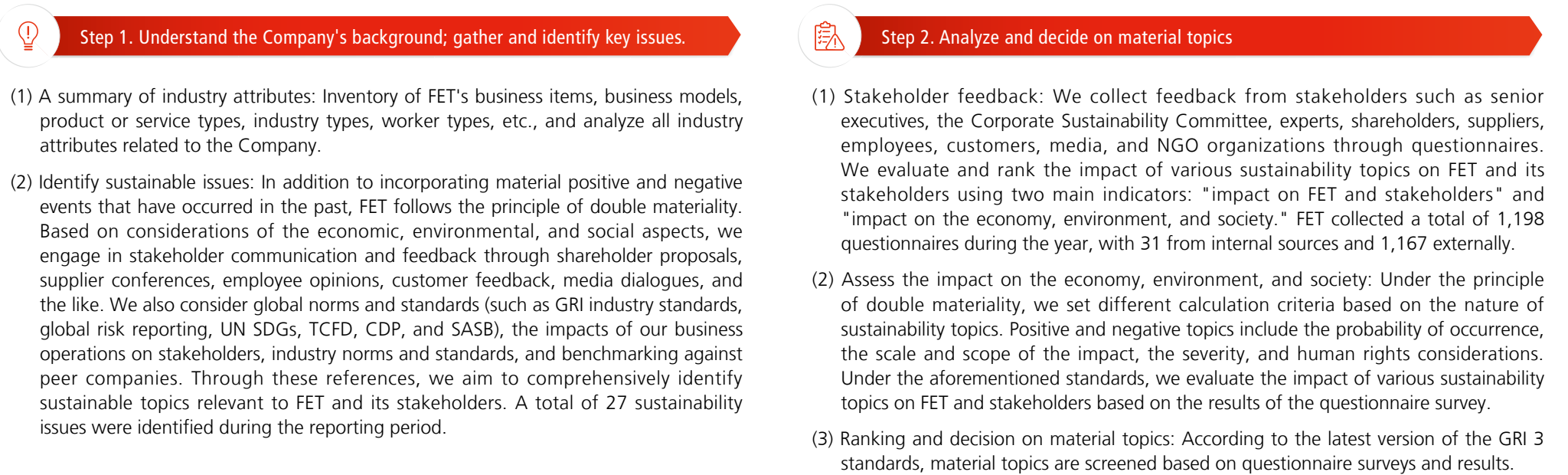
1.2.3 Management of Material Topics

Process for evaluating material topics

On an annual basis, FET conducts regular identification of material topics. Due to the impact of our business activities, industry type, value chain, and operational activities on stakeholders, we pay attention to the telecommunications industry topics that are highlighted through stakeholder engagement, expert consultations, global risk reports, the United Nations Sustainable Development Goals, TCFD, CDP, and SASB guidelines. We adhere to the materiality, completeness, and stakeholder inclusiveness factors required by the GRI 3 standards in the GRI 2021 version. Through stakeholder surveys and comprehensive assessments, we adjust our approach based on the analysis results. We report the identified significant topics that have a major impact on stakeholders to the Board of Directors, which then reviews and approves the results.

According to the GRI 3 standards published in 2021, FET has finalized the identification steps for material topics. This first requires an understanding of the Company's context, identifying actual and potential impacts, and evaluating the significant degree and possibility of positive and negative impacts on stakeholders. After determining the significance of the impact of the topic on the Company, the priority order of reporting with the most significant impact will be arranged.

The inventory process of assessing the significance and likelihood of positive and negative impacts in the aforementioned process is consistent with the concept of evaluating the extent of loss impact and probability in the risk management procedure. Therefore, FET identifies 9 material topics by using the GRI 3 guidelines and applying the double-materiality principle to determine the impact on the Company and its stakeholders, as well as the extent of impact on the economy, environment, and society. The detailed assessment process is as follows:

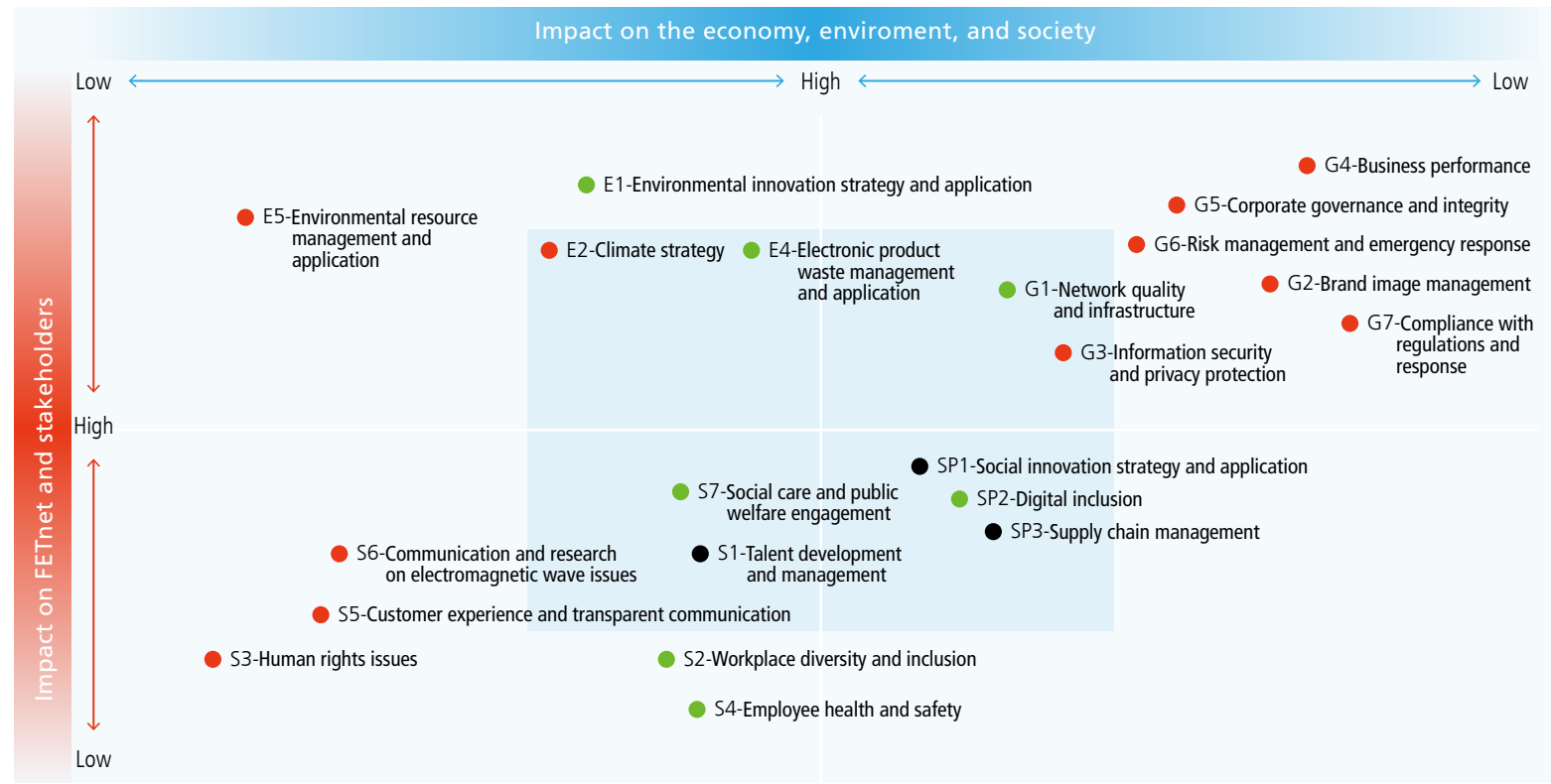


Step 3. Confirm and manage material topics

The Corporate Sustainability Development Committee then sets a threshold score for materiality, filters and then ranks the material topics for the period. The identification results of material topics are discussed and resolved, resulting in a total of 9 material topics being included.

The Corporate Sustainable Development Committee assesses the corresponding international standards for material topics, reviews management policies and objectives for major topics, and collects annual data to ensure that important sustainability information is fully disclosed in the report so as to respond to issues that concern stakeholders. For specific material issues, discussions and follow-ups are required among the Board of Directors. The identification results of the material topics are reported to the Board. After approval by the Board, the process is subject to external third-party verification.

Materiality Matrix and Definition of Materiality in 2022



Note.
 "Impact on FET and stakeholders" refers to the potential impact of each issue under the double-materiality principle. "Impact on the economy, environment, and society" refers to evaluation results of each issue considering the probability of occurrence in terms of the economic, environmental and social aspects, scale and scope of impact, severity, and human rights.

Step 4. Continuous review

The implementation of policies on major topics and the rate of achievement of targets every year are regularly reviewed to optimize our internal management policies and qualitative and quantitative targets. We also compare the differences between the previous and subsequent issues after identifying the major issues for the next period, investigate the reasons for the differences, and report them in the report.



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Compared to the identification results of material topics in the previous period, the topics were changed in the year under review due to the adoption of new standards for identifying material topics. During the year, due to the adoption of new criteria for identifying material issues, impact management was based on a remote and stakeholder perspective. The new topics added include environmental, social, and supply chain issues (such as electronic waste management and application, social care and public welfare engagement, supply chain management, and responsible procurement). The material topics that were not included in the previous year will be maintained in the existing management procedures, and will be optimized on a regular basis in accordance with the actual operating conditions and international trends. In addition, considering the double-materiality principle, FET also takes financial impact into account when considering major topics and discusses them with senior executives.

Impact event (risk/opportunity item)	Corresponding material topic	Financial impact level	Description (impact on finances)
<ul style="list-style-type: none"> Improve network service and reduce digital divide 	G1 network quality and infrastructure	High	Improving network service quality will affect user experience and increase telecommunications revenue
<ul style="list-style-type: none"> Information leakage, such as the leakage of customer privacy 	G3 Information security and privacy protection	High	Severe penalties due to information leakage
<ul style="list-style-type: none"> Provide education and training as well as employee career development planning High staff turnover 	S1 Talent development and management	Low	Implement employee education and training to promote career development, enhance the company's financial performance. High employee turnover will increase the company's recruitment and training costs.
<ul style="list-style-type: none"> Engage in social care and public welfare promotional activities 	S7 Social care and public welfare investment	Low	Strengthen the company's brand image to enhance operational performance
<ul style="list-style-type: none"> Integrating the core business of telecommunications, providing innovative services such as 5G healthcare, and promoting the well-being of the public. Unable to gain insight into technological changes and develop innovative technologies 	SP1 Social innovation strategy and application	High	Digital innovation and application will bring new business opportunities to FET, enhancing revenue and brand value. Failure to grasp new technologies will result in missed opportunities for innovation and a decrease in company revenue.
<ul style="list-style-type: none"> Promote digital inclusion and digital equity, reduce urban-rural disparities, and foster social integration 	SP2 Digital inclusion	Medium	Eliminating the digital divide is the social responsibility of telecommunications operators. If not properly promoted, it will not only be corrected by the competent authorities, but the company will also lose revenue.
<ul style="list-style-type: none"> Increase local and green procurement Suppliers fail to meet ESG assessment standards 	SP3 Supply chain management	Low	Local procurement can reduce supply chain risks, lower transportation costs, and reduce material waste.
<ul style="list-style-type: none"> Failure to implement effective energy management, leading to an increase in energy consumption, and falling short of meeting the set reduction standards Increase in greenhouse gas emissions 	E2 Climate strategy	Medium	Failure to effectively manage energy use will result in increased operating costs, decreased operational efficiency, and may also incur hefty penalties
<ul style="list-style-type: none"> Promote the recycling of discarded mobile phones, properly handle industrial waste, and do a good job in environmental resource management and utilization 	E3 Electronic waste management and application	Low	Failure to properly handle industrial waste will result in penalties



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Integrate materiality analysis and overall risk management procedures

Under the double-materiality principles assessment model, FET incorporates the management of significant sustainability topics into its risk management procedures. For material topics that have a significant impact on FET's operations in the survey, risk management strategies and plans are formulated. According to the survey results, emerging risks are identified, including those emanating from geopolitical sources and energy shortages. Based on the ISO 31000 risk management system principles, they become management policies and implementation actions. Every year, the risk management mechanism for the year under review is also regularly reported to the Board of Directors. A report was submitted in the ninth board meeting of the seventh session, which took place on November 11, 2022. Please refer to the "Risk Management" section and page 55 of the Annual Report for a detailed risk assessment and management strategy for important issues and related actions.

Impact management of material topics

► Material topic management strategy

The Board of Directors of FET is the highest decision-making and supervisory unit for managing material topics. The Public Relations and Corporate Sustainability Department is assigned to be responsible for managing major sustainability issues, including reviewing material topics management policies, proposing optimization and improvement suggestions. The Company also establishes diverse communication channels for stakeholders, and regularly consolidates the suggestions of stakeholders to determine the type and impact of the suggestions, and then draws up and reports on countermeasures or response policies to the Board of Directors. The Board of Directors and the Corporate Sustainability Committee hold at least one meeting each year to discuss the management of material topics and formulate the direction and strategic goals for sustainable development in the coming year.

Material topics that have an impact on FET and stakeholders	Impact level	Corresponding GRI topics	Scope and boundaries of economic, environmental, and social impacts							Corresponding chapter
			Internal		Business partnership			Other interest groups		
			FET, including NCIC	Arcoa	Suppliers/ Contractors/ Developers	Corporate customers	Consumers	Competent authority	Social welfare groups/NGOs	
Network quality and infrastructure	High impact	203 Indirect economic impact	●	●		●	●	●	●	4.6 Industrial Infrastructure
Information security and privacy protection		418 Customer privacy	●	●		●	●		●	1.3.3 Risk Management
Social innovation strategy and application		N/A	●				●			2. Smart Sustainability
Digital inclusion		N/A	●				●			4.7.2 Digital Inclusion
Supply chain management		204 Procurement practice 308 Supplier environmental assessment 414 Supplier social assessment	●	●	●					3.4 Sustainable Supply Chain
Climate strategy		201 Economic performance 302 Energy 305 Emission	●	●	●	●	●			3.1 Climate Strategy 3.2 FET Environmental Footprint Overview 3.3 Environmental and Energy Management



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			Internal		Business partnership			Other interest groups		
			FET, including NCIC	Arcoa	Suppliers/ Contractors/ Developers	Corporate customers	Consumers	Competent authority	Social welfare groups/NGOs	
Electronic Waste Management and Application		N/A	●		●	●	●			3.3.4 Environmental Resource Management
Talent development and management	High impact	202 Market position 401 Employment relationship 404 Training and education	●	●						4.1 Human Resources Management 4.2 Human Resources Development
Social care and public welfare engagement		N/A	●	●					●	4.7 Public Welfare Care Project Investment
Brand image management		N/A	●	●		●				1.4 The Most Attentive Service
Business performance		201 Economic performance	●	●	●	●				1.1.1 Company Overview
Corporate governance and integrity		205 Anti-corruption 206 Anti-competitive behavior 415 Public policy	●	●	●			●		1.3.2 Integrity Management 1.3.4 External Participation
Risk management and emergency responses		N/A	●	●						1.3.3 Risk Management
Compliance with regulations and response	General impact	2-27 Compliance with regulations	●	●				●		1.3.2 Integrity Management
Strategy and application of environmental resources		204 Procurement practice 308 Supplier environmental assessment 414 Supplier social assessment	●	●	●					3.3 Environmental and Energy Management 3.4 Sustainable Supply Chain
Environmental resource management and application		303 Water and effluents 305 Emission 306 Waste	●	●				●		3.2 FET's Environmental Footprint Overview



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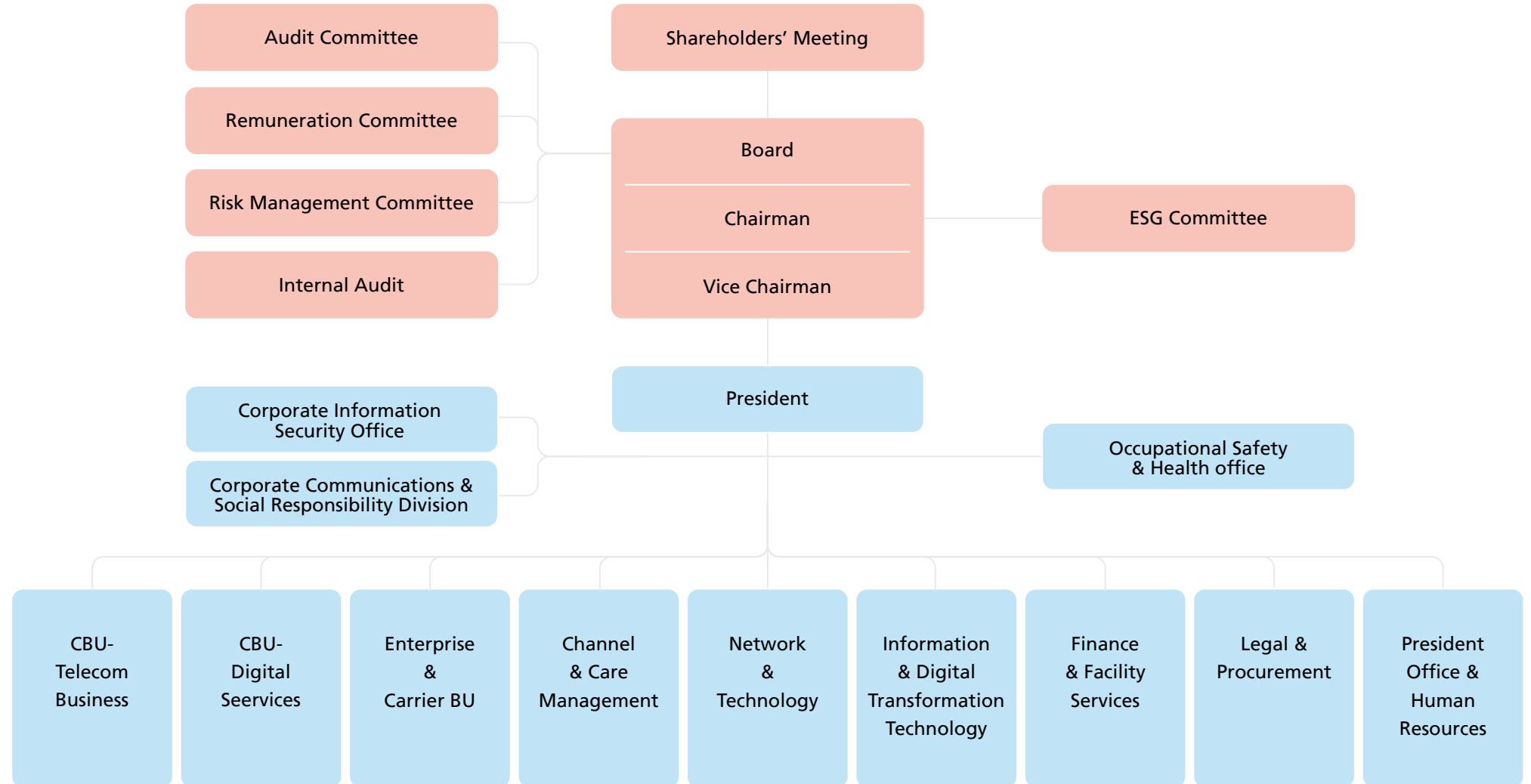
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			Internal		Business partnership			Other interest groups		
			FET, including NCIC	Arcoa	Suppliers/ Contractors/ Developers	Corporate customers	Consumers	Competent authority	Social welfare groups/NGOs	
Occupational diversity and inclusion	General impact	Employee diversity and equal opportunity Non-discrimination Freedom of association and collective bargaining Child labor Forced or compulsory labor	●	●						4.1 Human Resources Management 4.2 Talent Development 4.3 Human Rights Management 4.4 Employee Care and Communication
Human rights issues		Employee diversity and equal opportunity Non-discrimination Freedom of association and collective bargaining Child labor Forced or compulsory labor	●	●	●		●		●	4.1 Human Resources Management 4.2 Talent Development 4.3 Human Rights Management 4.4 Employee Care and Communication
Employee health and safety		Occupational safety and health	●	●	●		●			4.5 Employee Health and Workplace Safety
Customer experience and transparent communication		Marketing and labeling	●	●		●	●			1.4 The Most Attentive Service
Communication and research on electromagnetic wave issues		Local community Customer health and safety	●				●		●	3.5 Base Stations and Electromagnetic Wave Management

1.3 Corporate Governance

1.3.1 Corporate Governance Organization

The Board sits atop the managerial level of the company, with responsibility for appointing and supervising the management team, monitoring operating performance, preventing conflicts of interests and ensuring compliance with laws, regulations, and the Articles of Incorporation of FET. FET has "Audit Committee," "Remuneration Committee," "CSR Committee" and "Risk Management Committee" in place to support management of the organization. FET has a clearly defined organizational structure with different business groups under the President's management. The Chairman of the Board of Directors is isolated to establish a governance structure that is objective and independent from management. For detailed descriptions on the responsibilities of existing departments, please refer to [FET's 2022 annual report](#)





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Composition and Functionality of the Board of Directors

The term of the board of directors expires in 2021 for re-election, FET's 9th Board of Directors has 11 directors who serve a term of three years from July 22, 2021 until July 21, 2024. In order to implement and strengthen the functions of the Board of Directors and to exert its supervisory function, FET regularly conducts the re-election of directors. The average tenure of the members of the Board of Directors is 13 years. The Board of Directors includes three independent directors⁶ and one female director, whose presence ensures independence and brings diversity along with stakeholders' opinions to the Company's governance system. Board of Directors members are chosen through stringent selection procedures using the nomination system, in which shareholders are able to exercise rights to the fullest extent. Independent director candidates are required to comply with the independence criteria outlined in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The selection process takes into account not only candidates' personal professional capacity, but also their ethical behaviors and leadership reputation.

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

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



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Title	name	Nationality	Gender	Major Education & Experience	Current Position with Other Company
Independent Director	Ta-Sung Lee	R.O.C	Male	Provost, NYCU. ; Vice President for Research and Development, NCTU. ; Chairman of Telecom Technology Center. ; Vice President for Student Affairs, NCTU. ; IEEE Signal Processing Society Regional Director-at-Large. ; Commissioner of National Communications Commission (NCC). ; Chairman of Department of Communication Engineering, NCTU.	Distinguished Professor of Department of Electrical and Computer Engineering and Vice President (University System of Taiwan), NYCU; Director of IoT Intelligent Systems Research Center, NYCU.
Director	Champion Lee	R.O.C	Male	President of Yuan Ding Co. , Ltd. ; Sr. EVP of Far Eastern New Century Corporation	Director of Far Eastern New Century Corporation; Director of Asia Cement Co. , Ltd. ; Director of U-Ming Marine Transport Corp.
Director	Jeff Hsu	U.S.A.	Male	Worked as a Strategy and Design Consultant in the United States with clients ranging from hi-tech startups to Nestle, Denso Automotive, Kia Motors, and Target. ; Captain' s commission in the United States Marine Corps	Director of Far Eastern New Century Corporation; Chief Innovation Officer of Far Eastern Group; Director and Executive Vice President of U-Ming Marine Transport Corp
Director	JiannChyuan Wang	R.O.C	Male	Advisor of the Ministry of Economic Affairs; Committee of the Ministry of Economic Affairs; The 9th Chairman of the Taiwan AsiaPacific Industrial Analysis Professional Association.	Vice President of the Chung-Hua Institution for Economic Research and Director of the Third Research Institute; Independent Director, YEM CHIO CO. , LTD. ; Director of the Asia Pacific Emerging Industry Management Co. , Ltd. ; Supervisor of ECSY Network Co. , Ltd. ; Chairman of Smart Mobility
Director	Bonnie Peng	R.O.C	Female	Chairperson of the 2nd term of National Communication Commission; Professor, Department of Journalism (Graduate program), National Chengchi University, Taiwan	Adjunct Professor, College of Communication, National Chengchi University; Adjunct Professor, School of Communication, Ming Chuang University
Director	Toon Lim	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 27%, and female directors are 9% in FET. One independent director has a tenure of more than 9 years, two independent directors has a tenure of less than 3 years. In addition, 6 directors are over 70 years old, 4 are between 60 and 69 years old, and 1 are under 60 years old.

Diversity of Board Members

Name	Basic requirements and value		Professional knowledge and skills			Necessary knowledge, skill, and experience ^{Note}							
	Gender	Nationality	Professional background	Professional skills	Industry experience	Operational judgement	Accounting and financial analysis	Business management	Crisis management	International market perspective	Leadership	Decision making skills	Information skills
Douglas Hsu	Male	R.O.C	Business		●	●	●	●	●	●	●	●	●
Peter Hsu	Male	R.O.C	Business		●	●	●	●	●	●	●	●	●
Jan Nilsson	Male	Sweden	Telecom		●	●	●	●	●	●	●	●	●
Lawrence Juen-Yee LAU	Male	Hong Kong (China)	Economic	Professor of Economics	●	●	●	●	●	●	●	●	●
Jyuo-Min Shyu	Male	R.O.C	Technology	Professor of Electrical Engineering and Computer Science	●	●	●	●	●	●	●	●	●
Ta-Sung Lee	Male	R.O.C	Electrical Engineering / Telecom	Professor of Electrical and Computer Engineering	●	●	●	●	●	●	●	●	●
Champion Lee	Male	R.O.C	Finance		●	●	●	●	●	●	●	●	●
Jeff Hsu	Male	U.S.A	Business		●	●	●	●	●	●	●	●	●
Jiann Chyuan Wang	Male	R.O.C	Economic		●	●	●	●	●	●	●	●	●
Bonnie Peng	Female	R.O.C	Telecom	Professor of Journalism	●	●	●	●	●	●	●	●	●
Toon Lim	Male	Singapore	Telecom		●	●	●	●	●	●	●	●	●

Note: ● is referred to possessing partial ability.

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

Independent directors' opinions are fully taken into consideration in all Board of Directors discussions. Any disagreements or opinions from independent directors are reasoned and recorded in meeting minutes and disclosed to investors as material information. The Board of Directors held a total of 5 meetings from 2022 to Q1 of 2023. Among them, 5 meetings discussed ESG-related issues, such as amending partial provisions of the "Corporate Governance Best Practice Principles", remuneration of directors and employees, performance evaluation of the board of directors (self-evaluation and third-party evaluations), operation of the risk management committee, intellectual property management, tax policy, interests A total of 21 cases of related person communication, etc. Directors' attendance rate was 98% in terms of personal attendance, and 100% when including proxy attendance.



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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 outcomes of following the principle of self-discipline in 2022-2023 are illustrated as below:

Company	Date of Board Meeting	Proposal Contents	Status of the Conflict of Interest	Outcomes of Following Interest Avoidance
Century InfoComm Tech Co., Ltd.	May 4, 2022	The proposed capital loan to the parent company, Far EastOne, will not exceed NT\$11 billion	Chairman Douglas Hsu has conflict of interest since he also is the chairman of FET.	Except Chairman Douglas Hsu has conflict of interest in which he cannot participate in discussions and votes, all other participated directors vote for approval without objection.

Director Performance Evaluation

► Self-Valuation

FET's Board of Directors passed "Rules and Procedures for the Board of Directors' Performance Assessments" as a means to ensure ongoing improvement of board performance. FET's performance evaluation procedures require "Self-Evaluation Questionnaire for Board Members" to be completed by Board of Directors members and "Evaluation Form for the Agenda Working Group" to be completed by the Finance and Facility Services (F&FS) Group. Outcome of the evaluation is reported to the Board of Directors in the first quarter of the following year by the Finance and Facility Services Group. The company's 2022 Improvement Plans are (1) the company has amended articles of incorporation to increase the number of independent directors in 2022 to increase the number of independent director seats to four, starting from the 10th board of directors. (2) the company will carefully evaluate the possibility to set up nomination committee.

► 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 two following criteria: (1) An institution or management consulting company that specializes in organizing Board of Directors training courses and improving corporate governance. (2) An outside team consisting of experts and scholars specialized in Board of Directors matters or corporate governance affairs FET in 2021 commissioned risk consulting Taiwan Corporate Governance Association (TCGA) to evaluate Board effectiveness and performance and received evaluation report on December 9, 2021. The aforementioned results of external evaluations have reported to the 4th meeting of the 9th term of Board of directors on February 25. The future enhancement direction is mainly to study the increase in the number of independent directors and to evaluate the establishment of a nomination committee.

Board Performance Evaluation Result Conclusions:

1. The Company has been ranked in the top 5% of the Corporate Governance Evaluation among listed companies for seven consecutive years, and has been continuously selected as a component of the DJSI-World. The Company has excellent performance in corporate governance.
2. The Company took the initiative to upgrade the Risk Management Committee to a functional committee at the board level in accordance with actual operational needs. This shows that the Company is committed to risk and crisis management.
3. The Company arranges a pre-board meeting where board members are invited to communicate with the management team. The Board members have good interaction with the management team.
4. The Company set up the "2018-2025 Sustainable Development Strategy Roadmap" and proactively implement corporate responsibility for sustainability.
5. The Company has been regularly reviewing the succession status of senior managers. It's able to cultivate a succession pipeline and reserve talents for sustainable development.

Recommendation:

1. The Company may consider increasing the number of independent directors (currently has 3 independent directors) in the future to enhance the diversity of expertise of the independent directors and improve the independence of the board of directors.
2. The Company may consider setting up an official nomination committee to set an example for benchmark companies.

Improvement Plans:

1. The company has amended articles of incorporation to increase the number of independent directors in 2022 to increase the number of independent director seats to four, starting from the 10th board of directors.
2. The company will carefully evaluate the possibility to set up nomination committee.

[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 2022 by local and foreign directors are listed in the following table, and apart from training, the Company also updates directors on the latest corporate governance-related regulations every six months.

Organizer	Course	Training Hours	Number of Participants
Taipei Foundation Of Finance	Metaverse Development Opportunities and Financial Industry Case Sharing	2	1
Taiwan Stock Exchange Corporation \ Alliance Advisors \ Taiwan Corporate Governance Association	International Twin Summit	2	1
Taiwan Corporate Governance Association	Corporate Governance-Insider Trading & 3.0 Sustainable Development Roadmap	15	5
Taiwan Corporate Governance Association	Risks and Opportunities of Sustainability	15	5
Taiwan Corporate Governance Association	Strengthening digital resilience and constructing strategies for strengthening information security governance of listed companies	3	1
Taiwan Corporate Governance Association	Talking about the Legal Responsibilities of Enterprise Directors from the Perspective of Intellectual Property Rights Management	3	1
Securities and Futures Institute	Annual Insider Trading Prevention Promotion Conference in 2022	3	1
Securities and Futures Institute	The Challenges and Opportunities of Sustainable Development Roadmap and Introduction of Greenhouse Gas Inventory	3	1
Taiwan Academy of Banking and Finance	Corporate Governance	15	5
Taiwan Academy of Banking and Finance	Corporate Governance	15	5

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 5 meetings were held in 2022 to Q1 of 2023. Minutes are compiled after the end of each Audit Committee meeting with details of important discussions and resolutions, which are subsequently notified to directors, the President and members of the Company's executive management. Communications have been made to ensure they completely understood the way of conducting, the result, and proposed recommendations.

Audit Committee Communication Policy

Frequency	Participants	Responsibilities
Quarterly	Internal Audit Officers, Independent Directors	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	Certified Public Accountant, Independent Directors	The Certified Public Accountant will present to independent directors based on company's financial status, local and oversea subsidiaries' financial and overall operation status and internal audit status, and fully communicate about the status of whether major adjusting entries and legislative amendments affect the accounting status. The Certified Public Accountant also has the power to hold meetings immediately if important irregular events happened. Independent directors shall appoint Certified Public Accountant to audit the financial reports and provide the audit reports for discussion.

Risk Management Committee

FET restructured its risk management organization in 2018 and brought the Risk Management Committee (RMC) to the board level. The roles and responsibilities include: 1. reviewing risk management policies and structures, risk appetite or tolerance, 2. reviewing management reports on major risk issues, 3. reporting the risk management situation to the board of directors in due course. The committee meets at least twice a year and

may hold meetings at any time as needed. The members of the RMC are appointed by the board of directors. The number of members should not be less than three, and more than half of them must be independent directors. The members in 2022 are Jyuo-Min Shyu, Lawrence Juen-Yee LAU, and Bonnie Peng. For details, please refer to the "Board member diversity skill matrix". Two meetings were held in 2022. 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 purpose of the Remuneration Committee is to assist the Board of Directors in implementing and evaluating the Company's overall compensation and benefits policies, as well as the remuneration of directors and executives¹. FET's Remuneration Committee consists of three members, two of whom are independent directors of the Company. The disclosure of their independence is stated in the Annual Report. A total of three meetings were held in 2022 to Q1 2023. In addition to considering financial performance, FET's senior executives and all employee salaries align with customer loyalty. The compensation needs to be submitted for approval by the Board of Directors. At the same time, ESG performance is incorporated into the salary assessments of those in managerial-levels and above. Each year, ESG goals must be set based on the nature of the business, accounting for at least 5% of the overall performance evaluation. Regarding the remuneration of directors and executives, the Remuneration Committee regularly reviews and evaluates it based on the actual operating conditions and changes in the relevant laws, and submits it to the Board of Directors for discussion, so as to seek a balance between the sustainable operation of the Company and risk management.

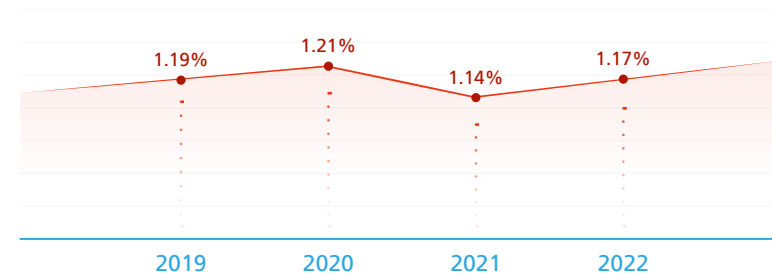
► Policies and procedures for payment of directors' remuneration

The remuneration of directors can be divided into three categories: compensation, remuneration from profit distribution, and business execution expenses, which are determined and handled by the Remuneration Committee and the Board of Directors. In addition to considering the Company's operational performance, the distribution of directors' remuneration also takes into account the representative equity held by each director and their dedication to the Company's affairs. The business execution expenses are mainly for transportation and are determined based on the standards of the high-tech industry. The standards, structure, and system for the distribution of remuneration will also be flexibly adjusted according to future risk factors.

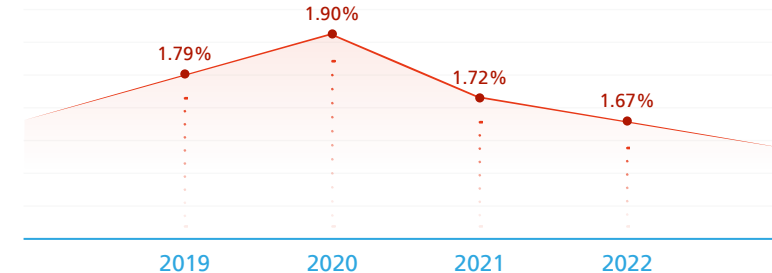
► CEO and Manager Compensation Policy and Practice

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 managers², 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 median of other employees is approximately 27.42: 1 in 2022. Please refer to the appendix for the CEO compensation performance indicators. 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.

Ratio of directors' compensation to after-tax net income



Ratio of managers' compensation to after-tax net income



¹ Managers include the President, executive vice presidents, senior vice presidents, and vice presidents.
² The CEO and senior managers of FET are local talents (nationality is Taiwan), and the senior managers are vice presidents (or above).

► Internal Audit System

FET has established its Internal Audit in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" by 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.

[Internal Audit Organization and Operation](#)



Shareholder Structure

As at December 31, 2022, Far Eastern New Century Enterprise and affiliated companies directly or indirectly held 38.33% shares of FET respectively. Since Far Eastern New Century and subsidiaries have jointly acquired more than half of total seats on FET's Board of Directors, Far Eastern New Century is deemed to exercise controlling influence over financial, operational and human resource policies in its parent company, and is therefore recognized as FET's ultimate parent company. Below is a list of FET's shareholder structure as at July 20, 2022.

[Investor Relations](#)



	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Foreigners	Total
Number of Shareholder	6	35	235	35,404	858	36,538
Number of Shares	117,328,411	658,453,512	1,538,761,098	126,906,049	817,051,740	3,258,500,810
Shareholders structure	3.60%	20.21%	47.22%	3.90%	25.07%	100%

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

► Top 10 Shareholders (As of July 20, 2022)

Name of Shareholder	Shareholder Structure (%)
Yuan Ding Investment Co., Ltd	32.73
Shin Kong Life Insurance Co., Ltd	7.17
Cathay Life Insurance Co., Ltd	6.66
NTT DOCOMO INC <small>Note</small>	4.71
Yuang Tung Investment Co., Ltd	3.08
Chunghwa Post Co., Ltd	2.76
An Ho Garment Co., Ltd.	1.25
Labor Pension Fund(New Scheme)	1.21
Taiwan Life Insurance Co., Ltd.	1.12
Kai Yuang Investment Corp	1.09



Note. The company has sold all of its shares to Asia Cement Corporation on March 8, 2023.



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Tax Policy and Management

► Tax Policy

Adhering to the core value of integrity, FET formulated [tax policies](#) and management measures, and paid taxes based on operation performance. We are committed to promoting corporate innovation and sustainable economic development to fulfill its corporate social responsibility.

Commitment:

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

► Tax Governance

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

► Tax Risk Management

Changes in tax laws and regulations will affect the effective tax rate and operating performance of the company. In order to effectively manage tax risks, Far Eastern has incorporated its tax policies into the Far Eastern Risk Management System. The processes of risk identification, measurement, monitoring and reporting are adjusted in response to changes in the Company's operating environment and business and operational activities, and are annually reported to the Audit Committee by the risk management organization. Please refer to "1.3.3 Risk Management" in this report for more details of the remote risk management system.

► Tax Overview

FET and its subsidiaries primarily operate in Taiwan. In addition to being exempt from income tax on dividends obtained from domestic investments and enjoying investment tax credit, FET pays corporate income tax based on 20% statutory tax rate in Taiwan. The effective tax rate for 2022 was 19.11%, and the cash tax rate was 16.21%, which is lower than the average effective tax rate (25.30%) and average cash tax rate (23.14%) for the "Telecommunication Services Industry" published by the SAM CSA Companion. This was mainly due to the fact that Taiwan's revenue accounts for more than 95% of FET's total revenue and is subject to Taiwan's statutory tax rate of 20%. The effective tax rate in 2022 is lower than 20% statutory tax rate due to the recognition of investment losses from capital reduction to write off losses and other adjustments under the tax law, the tax effect was approximately \$138.9 million. Excluding this tax impact, the effective tax rate for 2022 was about 20.27%, which is in line with the statutory tax rate. The cash tax rate is lower than 20% statutory tax rate, mainly because FET's subsidiary is exempt from income tax in accordance with Article 4 of the Income Tax Act on the sale of land in 2021, resulting in a tax benefit of approximately NT\$370 million.

Unit: NT\$ Thousand

The Effective Tax	2020	2021	2022
Income before Income Tax	10,192,468	11,080,785	11,999,081
Amount of income tax	1,747,846	1,846,904	2,293,193
Amount of income tax paid	167,600	2,024,081	1,945,422
Effective tax rate	17.15%	16.67%	19.11%
Cash tax rate	1.64%	18.27%	16.21%

1.3.2 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 labor 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 2022, FET organize "The Code of Business Conduct and the Code of Ethics" training to 5,311 staff members with 100% completion rate and a total of 1,770 person-hour. In 2022, there were no violations of anti-bribery, anti-competitive policies and monetary losses.

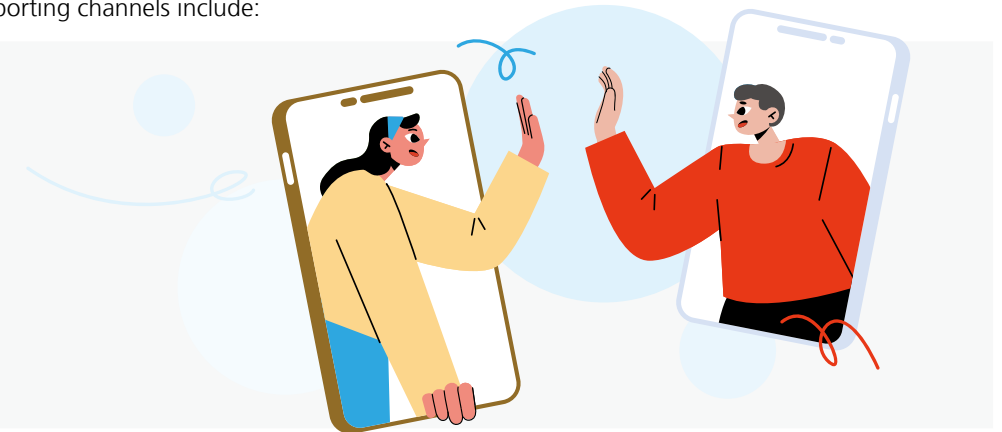
The Code of Business Conduct and The Code of Ethics

Both FET and Arcoa have in place "Integrity Management Procedures and Guidelines", "Whistleblowing Management Measures for Violations of Integrity Management", and "Code of Ethics". FET has established a comprehensive employee code of conduct system, covering aspects such as ethical integrity, data confidentiality, environmental safety and health, and anti-discrimination. FET implements integrity management through the "Code of Business Conduct" and "Code of Ethics", and regulates through human rights policies, anti-discrimination and anti-harassment policies. At the same time, FET promotes and arranges relevant training courses for new and all employees on topics such as anti-corruption, integrity management, and data confidentiality. Aided by core competency courses and legal case studies, FET strongly promotes these values and monitors them through daily internal control mechanisms. In 2022, there were no violations of the Code of Conduct, meaning that no occurrences of corruption, discrimination, information leaks, conflicts of interest, anti-competitive behavior, money laundering, or such similar matters took place.

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 2022. 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 whistle-blower internal email: connect@arcoa.com.tw
Arcoa external email: audit@arcoa.com.tw
4. The Far Eastern Group procurement management e-mail: http://www.ecome.com.tw/A00BG/ABG_Connection.aspx



Violation of laws and regulations

FET violated a total of 3 governance and economic regulations in 2022, an increase of 3 compared to 2021. The following is an explanation of the number of major violations, the nature of the penalties, the violations, and the improvement measures for the current year:

► Summary of breaches of external regulations in 2022

Category	No.	Entity	Description of violation	Article	Contents of the dispute		Improvement measures
					Fine (in NT\$)	Other sanctions	
Governance and economy	1	FET	The National Communications Commission determined that in the Gangshan District of Kaohsiung City, a radio station obtained a license without proper inspection and illegally used public telecommunications network base stations without authorization	Article 37, Paragraph 9 of the Telecommunications Management Act	300,000	None	Continuously communicate with customers and coordinate with the NCC to streamline the license application process and reduce the occurrence of fines due to the early launch of makeshift stations
	2	FET	The National Communications Commission received a petition from the public regarding a suspected unauthorized installation of a base station in Taoyuan District, Taoyuan City. After investigation, it was found that the site in question has not completed the registration process for the base station.	Article 37, Paragraph 9 of the Telecommunications Management Act	300,000	None	Continuously communicate with customers and coordinate with the NCC to streamline the license application process and reduce the occurrence of fines due to the early launch of makeshift stations
	3	FET	The National Communications Commission received a complaint from the Hsinchu County Government regarding the suspected illegal installation of a base station in Zhubei City, Hsinchu County. After investigation, it was found that the said location did not have a registered base station.	Article 37, Paragraph 9 of the Telecommunications Management Act	300,000	None	Continuously communicate with customers and coordinate with the NCC to streamline the license application process and reduce the occurrence of fines due to the early launch of makeshift stations

Note: This table discloses fines of NT\$300,000 or more.

► 2022 Summary of fines for violation of laws and regulations

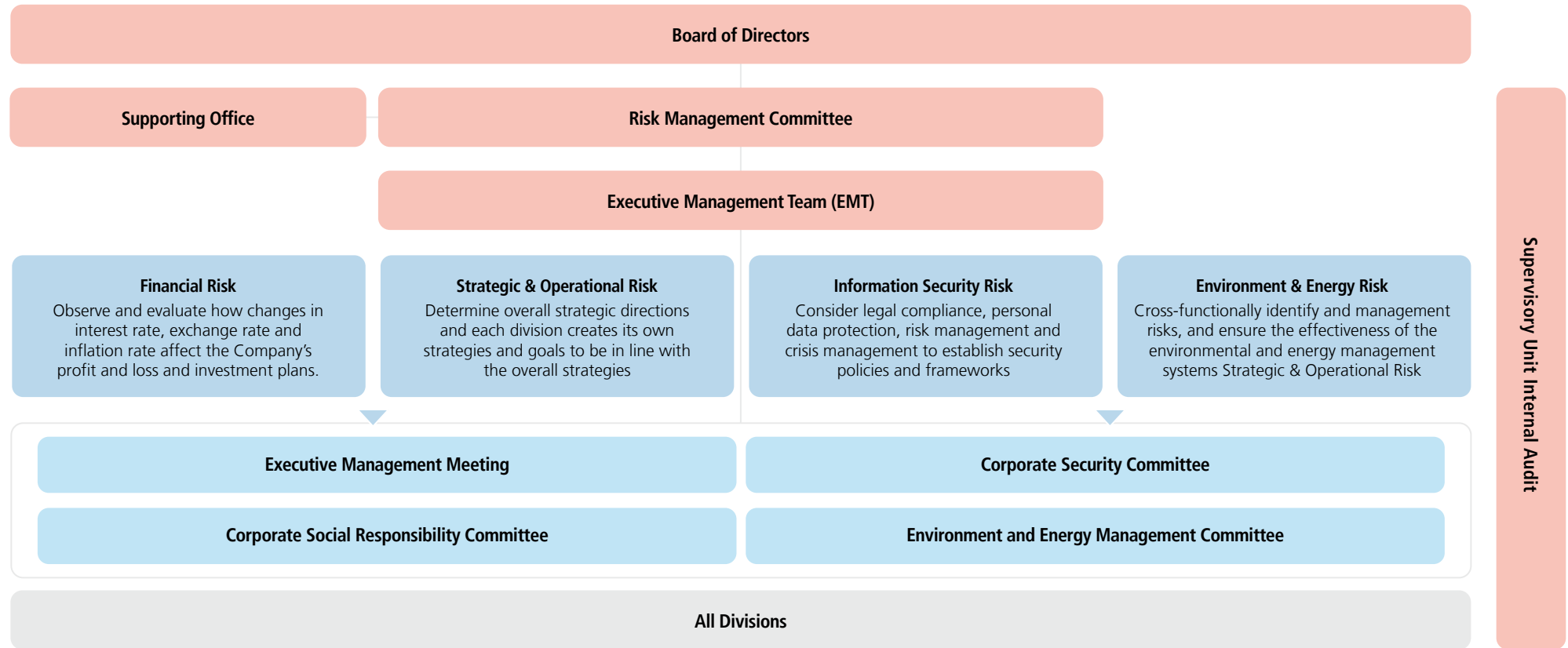
Fine payment status	Count	Amount
Prior financial year's fines	0	0
New fines	3 items	NT\$900,000
Fines paid	3 items	NT\$900,000
Year-end accrued fines	0	0

1.3.3 Risk Management

Risk Management System

FET’s Risk Management Committee is a functional committee at the board level, with its members appointed by the board and more than half of them being independent directors. To implement corporate risk management, FET refers to the international standard "ISO 31000 Risk Management - Principles and Guidelines" and follows the P-D-C-A (Plan-Do-Check-Act) model to formulate the "Risk Management Policy", which is approved by the board on November 5, 2018, and serves as the guiding principle for all divisions. The policy covers management objectives, organizational structure and responsibilities, and risk management procedures to effectively identify, measure, monitor, and control various risks, ensuring risks are kept within acceptable levels. Furthermore, FET reviews with the board on February 15, 2023 and continuously enhances the operation of its risk management mechanisms in accordance with "the Corporate Risk Management Best Practice Principles for TWSE/GTSM Listed Companies" announced by the Taiwan Stock Exchange.

FET categories and implements risk management in the following areas: Financial Risk, Strategic and Operational Risk, Information Security Risk, and Environment and Energy Risk. To achieve comprehensive risk management, the company has established a multi-level risk management framework that includes: (1) all divisions; (2) the Executive Management Team (the “EMT”); (3) the Risk Management Committee (the “RMC”); and (4) the Board of Directors and Internal Audit, featuring the flexibility of risk management, supervision, as well as risk response, to better control risks in a rapid-changing business environment while achieving the Company’s strategic goals. The responsibilities and corresponding authorities of each level are outlined in the following chart:



note. The roles and responsibilities of the risk management organization at various levels are detailed on p.67 of the 2022 annual report.

Risk Management Process and Operations

FET refers to the international standard "ISO 31000 Risk Management - Principles and Guidelines" to establish the risk management process.



As the highest risk management decision-making unit, the Board of Directors is in charge of approving the company's risk management policies and framework and supervising the effective operation of the mechanism. The Risk Management Committee (the "RMC") reviews risk appetite, risk tolerance levels, and major risk management reports, and reports on the risk management operation to the Board of Directors at least once a year.

The risk appetites by risk category are described as follows :

Financial Risks : FET is cautious for financial exposure or loss. We aim to have the right balance among prudent financial policies, sufficient business investments, and various stakeholders' interests, to optimize a high level of return in pursuing strategic objectives.

Strategic and Operational Risks : FET is willing to accept reasonable risks for innovative technology solutions to meet user demands in the rapid-changing business environment. Whilst, FET is committed to comply with relevant laws and provide high quality services to our customers. We implement strict policies to minimize the risks on business continuity to maintain market competitiveness and esteemed reputation.

Information Security and Privacy Risks : FET has no appetite (zero tolerance) for unauthorized access to systems and confidential data. We implement strong management and technical control measures to mitigate risks and keep information and communication infrastructures and customer data secured.

Environment and Energy Risks : FET minimizes environmental hazards and energy supply risks through innovative technology and Environmental Sustainable Development. We enhance facility resilience with backup planning and diverse renewable energy sources to reduce operational risks.

All Divisions identifies risks annually based on significance criteria, considering economic, environmental, and social governance issues, and potential significant impacts on customers, investors, and other stakeholders. Risk assessment is conducted based on operational impact and likelihood, and risk management plans are formulated with necessary responses. For high-risk issues, regular reports are provided to the EMT to strengthen control plans and are also submitted to the RMC for review. The RMC has held two meetings on February 22 and August 2, and reported on risk management oversight to the Board of Directors on November 11, 2022.



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In 2022, the Supporting Office coordinated the risk identification and assessment results of all Divisions, submitted them for approval by the EMT, and selected high-risk issues for review at the EMT meetings and the RMC. The topics covered major threat analysis, risk response strategies, and implementation status, including the following:

Risk Topics	Impact Analysis	Response Strategies and Countermeasures
Cyberattack Risk Management	FET constantly monitors and detects the trends in remote access, the widespread adoption of 5G and IoT-related services, and client applications such as mobile apps. These developments may lead to increased network traffics and pose risks of DDoS attacks and service interruptions.	FET continued to closely monitor new types of attacks. In 2022, we optimized our automated blocking mechanisms, strengthened DDoS detection, and enhanced Defense-In-Depth (DID) mechanisms. These efforts aim to enable quicker responses to sudden surges in network traffic and diverse attack behaviors, ensuring early detection and effective risk reduction.
Energy Supply and Regulatory Compliance Risk Management	<ul style="list-style-type: none"> Taiwan's energy relies on imports. Increasing use of renewable energy, discontinuity in supply, abolishment of nuclear power generation policy, inadequate grid resilience, and centralized power plants are factors that pose risks of energy shortages. According to the Ministry of Economic Affairs' future 5-year electricity supply and demand report, the reserve capacity rate will be below the legal standard in 2023-2024, making it the period with the highest risk of power outages. Low-cost power generation options are gradually phasing out, leading to an annual increase in generation costs. Energy transition and more stringent climate-related regulations are becoming apparent. Shortage of green energy, guaranteed purchase obligations, and regulatory restrictions make it challenging for businesses to obtain sufficient supply. 	<p>To address the highest risk of power shortages that may lead to power outages, FET are implementing the following measures:</p> <ul style="list-style-type: none"> Regular generator testing Maintaining reserves of backup fuel and signing emergency fuel transportation contracts Establishing a power management system for real-time monitoring of power and battery health <p>In addition, in response to the long-term energy trends, FET will continue to invest in diverse renewable energy sources to enhance our green energy capacity and reduce potential operational impacts.</p>
Government Policy Change Risk	The Ministry of Digital Affairs (referred to as MODA) has been established in 2022. Relevant regulations (guidance and incentives) are being adjusted to lower the entry barriers for the industry, such as satellite and enterprise private networks, which may impact existing operators, but it is within our control. The progress of adapting regulations for the new economy is somewhat slower, but the direction is towards deregulation.	FET continues to closely monitor the planning and content of regulatory adjustments by MODA and relevant government authorities. Through the operation of public associations, we will express industry opinions and promote the development direction that benefits the telecommunications and related industries' ecosystem.

Sensitivity Analysis and Stress testing

FET performs sensitivity analysis and stress testing for financial and non-financial risks, including operational, information security, environment and energy risks. The responsible unit is in charge of identifying and analyzing the potential threats and vulnerabilities, performing necessary sensitivity analysis and/or stress test every year, implementing control measures, and continuously monitoring and improving to ensure the effectiveness of risk management.

• Financial Risks

Risk Identification: FET's financial department regularly conducts risk identification every year and identifies two main financial risk factors, interest rate and exchange rate. Sensitivity analysis and stress test are conducted on the potential impact of fluctuations in the two major factors on the company's operating profit. For detailed analysis, please refer to FET 2022 Q4 Consolidated Financial Statement (p.62~63) and internal management report of "Financial risk& Sensitivity Analysis/Stress Test".

The testing method is to use hypothetical extreme values of interest rates and exchange rates to conduct sensitivity analysis and stress testing on exposure positions, evaluate the impact on the company's EPS based on the test results, and then adjust the hedging and financial risk management strategies to ensure the company's exposure is still within the controllable range.



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• Non-Financial Risks

For Environmental and Energy risks, FET follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to conduct a comprehensive inventory of the potential impacts of climate changes and energy risks. FET carries out disaster prevention drills for the main generator room every six months, simulating scenarios include typhoon, flooding and other natural disasters. Besides, FET also simulates the situations of possible power outages and power shortages, conduct loading stress testing on emergency generators in the main server room (no-load testing is conducted twice a month / on-load testing is conducted every six months), sign contracts and conduct drills with external oil suppliers.

For Information Security and Privacy risks, FET regularly conducts risk identification, analysis and assessment every year and formulates Business Continuity Plans (BCPs). Each responsible unit simulates natural disasters, cyberattacks and other scenarios, and plans several times of business continuity drills and tests on network services, core information systems, etc., and continues to review and improve the countermeasure and protection mechanism, so as to ensure the continuous operation of critical services and the protection of confidential and privacy information

Audit of Risk Management Process

FET continuously reviews and enhances the risk management mechanisms through external and internal audits. Externally, the company's internal control system is verified annually by external accountants to ensure no significant deficiencies. Besides, we have implemented international standard validations in various areas, including ISO 27001 for information security management, BS 10012 for personal information management, ISO 20000 for service management systems, ISO 50001 for energy management, ISO 14001 for environmental management, and ISO 14064-1 for greenhouse gas inventories, etc. Each year, the responsible unit initiate risk identification, analysis, assessment, risk treatment, and corrective and preventive actions. External third-party audits are conducted to ensure completeness and effectiveness, driving continuous improvement and optimization. Internally, the Internal Audit Division serves as the supervisory unit, regularly reviewing the operations of risk management in the audit plan and reporting the results to the Board of Directors. Through the multi-layered mechanisms designed and operated by all Divisions, the Executive Management Team, the Risk Management Committee, the Board of Directors, and the Internal Audit Division, FET maintains the flexibility to control risks, supervise operations, and respond promptly, ensuring timely risk control, swift response, and effective management to achieve corporate strategic objectives.

Emerging Risks

In response to domestic and international situations, FET continues to identify emerging risks in the environmental, social and governance aspects, assess the impact on operations, and formulate strategic measures to reduce the impact on the company. Annual emerging risks are as follows:

Key emerging risks	Risk domains	Potential impact analysis	Adaptation and mitigation measures.
Geopolitics	Geopolitical aspects	<p>According to the latest Global Risk Survey released by Oxford Economics on August 2, 2023, a survey of more than 100 international companies showed that the views of the international business community on major threats to the global economy have undergone significant changes, including the Taiwan Strait, North and South Korea, etc. Geopolitical tension is considered to be the top risk in the next five years.</p> <p>FET is a critical infrastructure provider in charge of important facilities such as base stations, mobile communication networks, and server rooms, in the face of unstable geopolitical conflicts, the potential impact assessments are as follows.</p> <ul style="list-style-type: none"> • Infrastructure attacks and cybersecurity threats: Geopolitical tensions may endanger the normal operation of mobile communication networks; for example, in recent years, the possibility of national-level cyberattacks triggered by technology has continued to exist, and the threat to critical infrastructure has increased significantly. This situation may lead to interruption of telecommunications services and disruption of business or personal communication links. • Supply chain disruptions: In the face of global geopolitical tensions, if the supply chain in some regions is interrupted due to geopolitical factors, it may cause delays in the timely supply of critical components for communication infrastructure or key networking equipment, leading to service disruptions or downgrades. 	<ul style="list-style-type: none"> • Redundancy, Backup, and Recovery Plans: Develop effective redundancy and backup mechanisms, establish disaster recovery site backup solutions, increase spare equipment components, and conduct regular drills to ensure the continuity of critical operations and the ability to respond quickly and restore normal service in emergency situations. • Enhance the resilience of Supply Chain: Establish diversified sources for the supply chain to reduce reliance on specific regions or suppliers.



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Key emerging risks	Risk domains	Potential impact analysis	Adaptation and mitigation measures.
Energy Shortage	Environmental aspects	<p>Energy shortages may impact FET's operations in terms of both primary power supply and water resources, which could result in the following potential risks: (Electricity and water costs account for about 10% of FET operating expenses)</p> <ul style="list-style-type: none"> • Unstable power supply or water shortage: This may lead to disruptions or decreased quality of communication services, potentially causing customer-related compensations and other issues. • Increased operating costs: Due to the demands of government energy transformation, the proportion of high-cost renewable energy continues to increase, international fossil fuel prices continue to rise, renewable energy supply is unstable due to weather or disasters, or energy shortages caused by government energy transformation failures, etc., the company may need to pay higher electricity bills in the future (it is estimated that the next three to five years may increase by 20% to 30%), or need to increase operating costs for backup solution due to energy shortages. • Impaired service quality and satisfaction: Malfunctioning base stations and equipment can result in poor call quality, slower or unstable network speeds, impacting customer experience and satisfaction, and potentially damaging the company's reputation. 	<p>FET regularly assesses its energy usage, formulates comprehensive long-term energy strategies, sets energy management objectives, and implements multifaceted measures to address and control energy-related challenges, including:</p> <ul style="list-style-type: none"> • Carbon Reduction Targets: FET aims to reduce Scope 1+2 and Scope 3 greenhouse gas emissions by 42% compared to 2021 levels by 2030. • Technological Innovation and Digital Transformation: Optimizing energy management control systems, adopting high-efficiency power conversion equipment, and replacing outdated equipment to improve energy efficiency and reduce energy costs and greenhouse gas emissions. • Backup Power Systems and Expansion of Water Storage Capacity: Regularly assessing backup capacity, establishing emergency support suppliers, and periodically replacing outdated backup equipment to meet future energy demands. • Implementation of Energy Storage Systems: Strengthening the application of energy storage technology to effectively utilize intermittent energy sources and provide temporary energy support during energy shortages, ensuring stable energy supply. • Diversification of Energy Sources: Establishing a diversified energy supply structure to reduce the risk of dependence on a single energy source.
Declining Birthrate Risk	Social	<p>According to the population statistics issued by the Ministry of the Interior, Taiwan, the birth rate has declined three years in a row. In 2020, there were 165,249 births and 173,156 deaths; in 2021, there were 153,820 births and 183,732 deaths; and in 2022, there were 138,986 births and 207,230 deaths. The population is declining, serving as a warning sign of a crisis for businesses.</p> <p>Based on the "Population Estimation Report (2018-2065)" published by the National Development Council, the proportion of the working-age population (15-64 years old) is projected to fall below two-thirds, marking the end of the demographic dividend. The impact of the emerging risk may begin as early as 2028.</p> <p>With the trends of population declining, Taiwan is expected to face a shortage of labor supply and a decrease in the working-age population. To sustain operations, businesses will need to develop solutions for attracting and retaining talents, such as education and training (Re-skill and Up-skill) for existing employees, and thereby mitigate the impact on the company's competitiveness. In 2022, the total amount of FET's employee training was \$19,666,000, with a training time of 255,313 person-hours. In response to the potential risks posed by declining birth rates, FET intends to increase the training budget or the number of personnel training hours to enhance employee skills.</p>	<ul style="list-style-type: none"> • Assist in career planning, and provide consultation and learning resources for talents. • Improve career development and training, cultivate skills, acquire professional certifications, and increase career competitiveness. • Cultivate leadership and management, establish a sound talent pool, expand talent base to reduce the risks caused by talent shortages or gaps. • Promote industry-academic collaboration to reduce the gap between education and practical application, and accumulate the company's human capital. • Develop measures and systems to support employees' work-life balance, create a humanized workplace to improve employee sense of belonging. • Build a career rotation system which employees and the organization can improve overall employee quality and retention. • Introduce AI system and service to mitigate the impact of labor shortages



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Information Security and Privacy Risk Management

► Information Security and Privacy Management Organization

To demonstrate FET's commitment to information security and customer privacy, the company has established a corporate security organization, consisting of the President and representatives from all business units, totaling over 30 members. Besides, FET has set up a dedicated security department - Corporate Information Security Office and the Chief Information Security Officer (CISO). The CISO is assigned and directly report to the President. Through various committees within the corporate security organization, FET promote and advocate for information security and personal data privacy affairs within each business unit. FET also coordinate responsibilities and tasks related to security maintenance across business units to ensure the comprehensive implementation and operation of information security throughout the entire company.

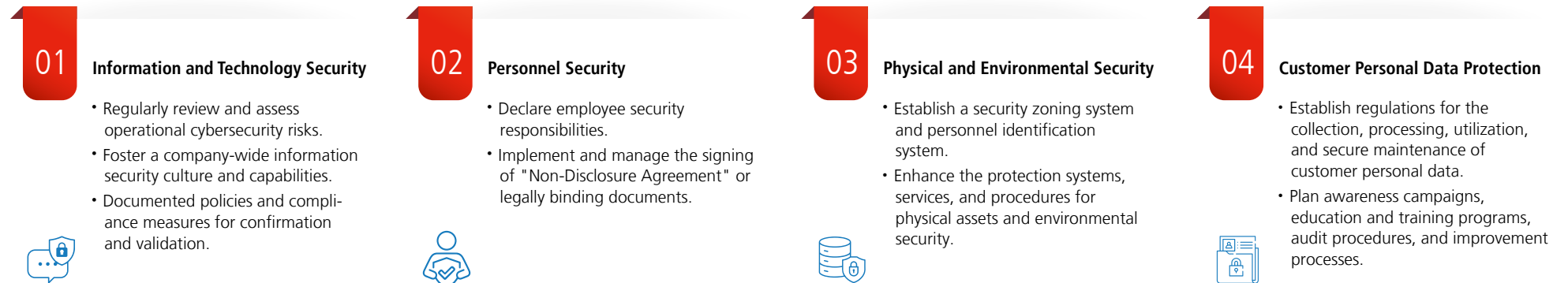
NOTE: The roles and responsibilities of each committee within the Corporate Security Organization are detailed on p.102 of the 2022 annual report.

► Information Security Control Mechanisms

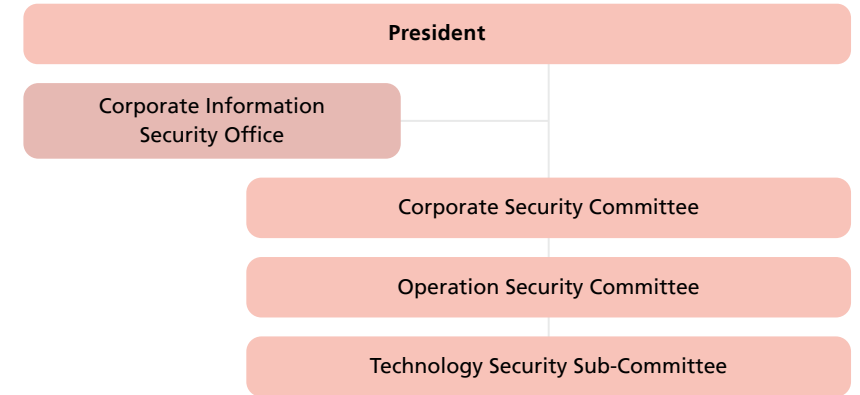
In response to the digital transformation driven by emerging network technology generation (including 5G, big data, AI, IoT, cloud/virtual/containerization technology), the integration of services, architectures, technologies, and existing networks, and cross-domain/cross-industry innovative applications in collaboration with the third parties in various modes will bring new challenges to information security and personal data privacy protection. Building upon the existing security management foundation, FET continues to strengthen technical, managerial, and personnel protection mechanisms in network construction, operation, and management. Resource allocation is adjusted as needed to ensure the implementation and enforcement of information security, personal data protection, business continuity, and other security-related management practices.

To provide secure and optimal experience, FET has developed its own intelligent monitoring platform with built-in multi-dimensional visualization dashboards and customized threat detection rules. This platform accurately identifies security risks and assists cybersecurity personnel in actively defending against potential threats before hackers can initiate any malicious actions. FET has also established a dedicated cybersecurity defense team and operates a 24*7 Security Operations Center (SOC) staffed with professionals holding cybersecurity professional certifications like CEH with more than 10 years of experience in the field. Various security assessments are conducted regularly, including vulnerability scanning, code review, and penetration testing. Any identified weaknesses must be promptly remedied within specified timeframes and retested for validation.

FET's information security monitoring system encompasses four major control domains: Information and Technology Security, Personnel Security, Physical and Environmental Security, and Customer Personal Data Protection. The key aspects of each control domain are outlined as follows:



FET Corporate Security Organization





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▶ **Personal Data Privacy Control Mechanism**

FET follows the domestic laws and regulations, including the Personal Data Protection Act, the Enforcement Rules of the Personal Data Protection Act, and the NCC's regulations on non-public agencies' personal data file security maintenance. Additionally, the company referred to the General Data Protection Regulation (GDPR) of the European Union to ensure the protection of privacy information. FET adheres to fundamental principles such as Privacy by Design and Data Protection by Design to safeguard privacy information.

[FET's Privacy Protection Policy](#) applies to the entire operational process of FET, including suppliers and partners. All employees of FET are required to comply with the "Management Regulations for Personal Data and Privacy Information Collection, Processing, and Utilization" set by the company. When collecting personal data and privacy information, it must adhere to the approved collection purposes and scope, and inform the data subjects about the collection. If any employee is found to violate the relevant policies and regulations, FET will take necessary disciplinary actions according to the code of conduct and may implement relevant legal measures as appropriate.

Data collection and preservation

FET collects customer personal information primarily through physical stores and telemarketing channels. During the data collection process, customers are informed about the collection of personal and privacy information. Upon understanding the information provided in the collection notice, customers are required to provide necessary personal data for telecom services and related value-added services in the Mobile Broadband Service Application form, and they must consent to the contents of the collection notice. Regarding customer data retention, FET regularly reviews the necessity of retaining personal data in compliance with legal regulations or contractual requirements. If the retention period has expired or the purpose of retention no longer exists, FET will proactively determine or perform data destruction and deletion upon request of the data subject. The destruction and deletion process will be conducted in a manner that makes the data irrecoverable or unidentifiable.

FET has successfully obtained the BS10012 Personal Information Security Certification for the 10th consecutive year. The certification covers various aspects, such as customer number application at retail stores, data collection from customers, billing processes, and data handling operations.

Data processing and utilization

Regarding the handling and utilization of personal data and privacy information, FET strictly follows regulations within the scope defined by data collection and user consent. In 2022, 79.9% of customers agreed to their data being used for secondary purposes. Unless informed and consented by the data subject or required by law, personal data and privacy information should not be processed or utilized by third-party organizations or individuals.

In terms of maintaining information file security, FET has established guidelines based on the life cycle of user personal data and privacy information. The company rigorously implements identity verification and access authorization, layered privacy protection, data minimization, and limited use of data for operational necessity. Data is also de-identified, and outputs are blurred (e.g., by ranges, aggregated statistics), with disclosure restrictions (e.g., minimum number of individuals in grid cells) to enhance information security and reduce privacy risks.

Complaint Channels and Legal Review Procedures

FET has a toll-free customer service hotline (0800-058-885) to handle customers' requests, complaints, and inquiries related to their personal data. Customers with privacy-related concerns can use the customer complaint mechanism, and FET will promptly address and investigate the issues, with the involvement of the Security Office convening an emergency response team if necessary. Due to telecommunications laws and other regulations, Taiwanese telecom operators must comply with government requests to access users' basic information and call detail records in accordance with the law. FET has established a standard operating procedure for "Call Detail Records and Basic Information Retrieval," ensuring secure and encrypted responses to queries and maintaining complete query records for inspection.

In 2022, FET received a total of 2 complaints related to personal data and privacy from regulatory authorities and customers. All cases were thoroughly investigated and resolved without any violation of personal data and privacy laws or resulting financial losses. Additionally, the company received 195,404 letters from government agencies, and all of them were handled in accordance with the prescribed procedures. To address concerns regarding unauthorized data leaks and improper use of personal data, FET actively promotes the importance of customer data protection within its departments, enforces operational traceability control, and advocates for strengthened data verification procedures as part of its proactive response measures.

► Awareness Training, Advocacy, and Cybersecurity Education

To cultivate a culture of cybersecurity and personal data protection awareness, FET regularly establishes a dedicated section on the intranet website for company-wide advocacy, aiming to internalize the awareness of cybersecurity risks among all employees. Additionally, in order to provide a secure service environment for customers and continuously strengthen and cultivate the cybersecurity expertise of colleagues, FET conducts professional and competency training for cybersecurity personnel and information technology staffs. This is to ensure that cybersecurity control measures are incorporated at every stage of the system development life cycle, enhancing overall security and resilience.

In 2022, FET organized more than 90 cybersecurity education and training sessions, with the participation of over 16,000 individuals and a total training duration exceeding 41,000 hours. Through internal cybersecurity training courses, system prompts, information advocacy, and various events, the company continuously fulfills its educational advocacy role. Notably, the annual mandatory courses and tests, " Personal Data Protection Act (PDPA) case analysis " and "Information Security Protection Fundamentals," achieved a 100% passing rate.

► Continuous Supervision and Management

To ensure the appropriateness and effectiveness of information security management and personal data protection mechanisms at all stages, FET continuously oversees and audits its operations through the Internal Audit Division. Additionally, we remain vigilant of international trends and standards, conducting annual external third-party verifications to meet international standards, actively reviewing and refining our practices, and incorporating the PDCA cycle into our corporate culture and daily operations. Furthermore, we annually conduct social engineering simulation drill to enhance staff awareness of cybersecurity, reducing human errors and strengthening proactive defense capabilities.

In 2022, the Internal Audit conducted audits of information security and personal data protection management mechanisms in the second and fourth quarters, and independent third-party verification agencies completed ISO certifications related to information security and personal data protection in the second quarter (certificates remain valid). FET continues to review and optimize processes, striving to deliver better services and enhanced security and protection for consumers.

► FET's Information Security and Personal Data Management Certifications by 2022

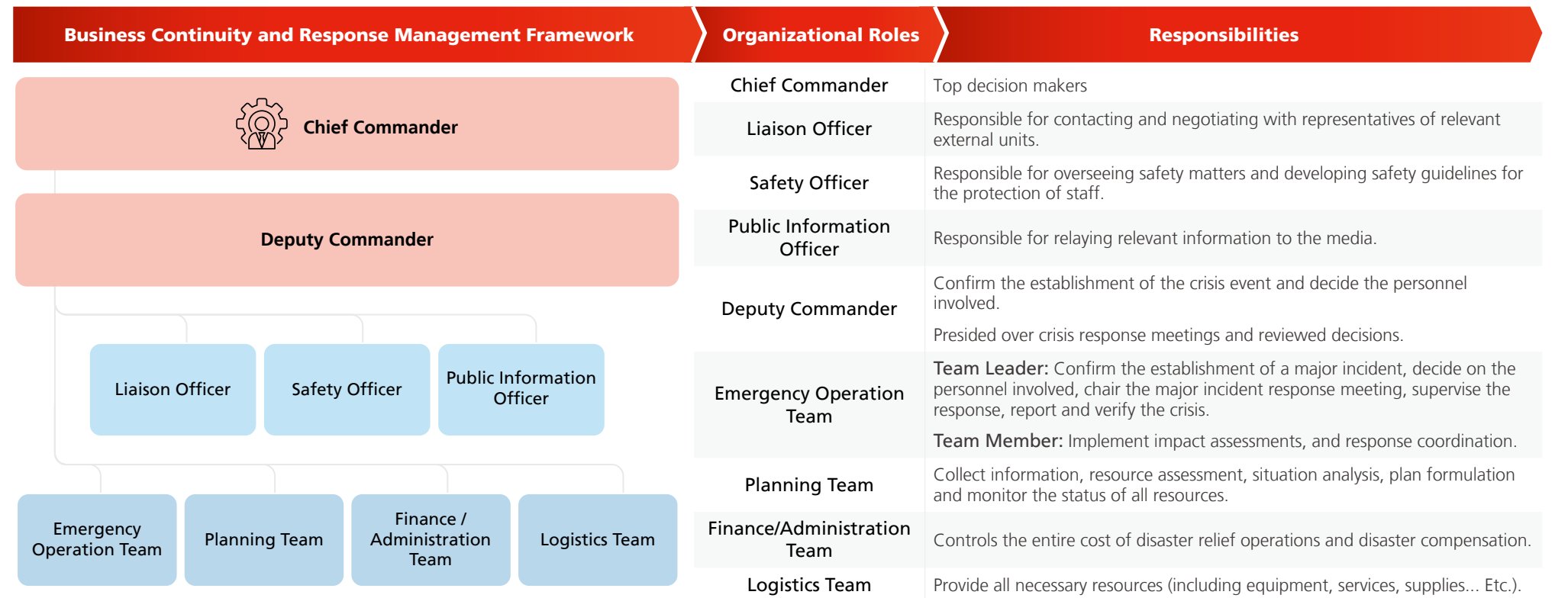


Emergency Response Management

FET's operational risk management mechanism is integrated with the Executive Yuan's Incident Command System (ICS) framework, and it is divided into two levels based on the severity of the events. Different levels of management oversee the response to ensure alignment with national-level emergency response frameworks. In case of emergencies or major incidents, the reporting unit informs the responsible supervisor and the incident response team leader according to the procedures. The team leader determines whether to activate the emergency response procedures and coordinates with relevant units to address the situation. The response team also keeps overseeing the impact on internal and external stakeholders, communicating as necessary to minimize risks and potential impacts on customers and the company.

Furthermore, every year, FET plans business continuity response training and drills to familiarize employees with emergency response procedures. In 2022, we conducted comprehensive disaster drills for scenarios such as floods, earthquakes, and fires, involving multiple departments. These drills aimed to educate relevant personnel on emergency response knowledge and skills, assess the applicability of emergency response plans, and ensure that all units, facilities, and personnel can effectively and safely handle emergency situations. These efforts effectively enhance the preparedness and response capabilities of our employees.

In response to emergencies and significant incidents, the Business Continuity Response Management Organization held two emergency response meetings in 2022. They discussed immediate responses to service disruptions caused by abnormal power equipment, successfully mitigating risks and crises. Through real-time communication and coordination across the company, the impact on customers and operations was minimized, and no severe consequences resulted from the emergency events in 2022. Regarding the pandemic, FET continued to prioritize the safety and health of its employees and the uninterrupted operation of critical infrastructure. In addition, the company closely monitored the latest COVID-19 developments and adjusted response strategies, emergency contact networks, and contingency plans in accordance with government announcements to ensure the preparedness and responsiveness of our business units.





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1.3.4 External Participation

FET continues to pay close attention to the latest sustainability developments and trends in domestic and international industries. We actively participate in telecommunications-industry and ESG-related public associations and organizations to ensure that we can effectively respond to important initiatives and actions both domestically and internationally, as well as the latest developments in the industry.

Evaluation for joining a public association requires the approval of the highest executive of each business group and is reported to the President on a monthly basis. In the face of global sustainability issues, FET actively engages in climate advocacy and carbon reduction actions. We support the Paris Climate Agreement and have set a goal of achieving net zero emissions by 2048. Additionally, FET utilizes digital technology to help solve urban carbon problems. FET's public policy participation and lobbying, as well as the participation of public associations align with the Paris Agreement. This principle applies to all of our operational locations. Therefore, before joining an association or participating in public policy and lobbying, in addition to ensuring that such participation can promote common development, one of the key points of the assessment is whether it can support the Paris Climate Agreement. FET also lobbies for the Paris Climate Agreement and climate-related actions. In the event of any inconsistency instance, FET will continue to communicate in order to jointly create a low-carbon environment.

► **2022 Amount Contributed for External Participation** Unit : NTD \$ thousands

Types of External Participation	2019	2020	2021	2022
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns/ organizations/ candidates	0	0	0	0
Telecommunications industry related association investment	8,543	8,527	9,062	10,475
Others	0	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	7,138
Emerging Technology Development	The nature of the association is to explore new business models, which can be used for the purpose of future business research and development	1,848
Others	Not belong to the above two types (e.g. sustainable development, corporate governance, transportation and other related organizations)	1,489

All membership fees FET paid in 2022 was NT\$10,475,224, accounting for 1% of the total revenue. FET did not support any lobby group in 2022. Also, no political donation was made in 2022. The following chart displays the associations in which FET occupied a position, or associations that are important.

Furthermore, since 2023, FET has started to investigate the positions of the public associations it has joined regarding the Paris Agreement. The following major organizations were investigated first: the Taiwan Telecommunication Industry Development Association, Groupe Speciale Mobile Association (GSMA), Taiwan Communication Society, Cloud Computing and IoT Association in Taiwan, Chinese Institute of Transportation, Taiwan Center for Corporate Sustainability (CCS), and Taiwan Net Zero Emissions Association, all publicly support the Paris Agreement. The Taiwan Network Information Center, Taiwan Internet Association, and Taiwan 5G Smart Pole Standard Promotion Alliance have not publicly stated their support for the Paris Agreement. FET is currently in ongoing discussions and will gradually confirm the positions of other public associations.

Unit : NTD \$ thousands

Name of Association	Nature of Association	Yearly amount contributed
Taiwan Telecommunication Industry Development Association (TTIDA)	Industry Development	4,015
GSMA (Groupe Speciale Mobile Association)	Industry Development	1,845
Taiwan Network Information Center	Industry Development	882
Taiwan Communication Society	Industry Development	108
Taiwan Internet Association	Industry Development	75
Cloud Computing & IoT Association in Taiwan	Emerging Technology Development	100
Chinese Institute of Transportation	Emerging Technology Development	100
5G Smart Pole Standard Promotion Alliance	Emerging Technology Development	100
Center for Corporate Sustainability	Others (Sustainability Initiative)	280
Taiwan Net Zero Emission Association	Others (Sustainability Initiative)	150

Note: Only the significant organizations are listed above



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1.4 Most Considerate Services

1.4.1 Zero Distance Services

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

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

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

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

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 152 digital courses was continuously used in 2022, and cumulatively have 872 courses. Store staff can access the e-library on their smartphones to self-study from anytime, anywhere. Currently, the courses have been accessed 29,146 times. "Microlearning" is a progressive movement in corporate education and training. In the third quarter of 2022, FET established an online microlearning platform called "Microlearning Workshop" with a total of 16 course modules on the shelves. This allows store staff to utilize small amounts of focused time for more diverse professional learning. By the fourth quarter of 2022, a total of 19,873 individuals completed the training.

In 2022, FET committed to strengthening the comprehensive training and growth of new recruits. The Company reorganized its learning schedule, allowing new recruits to feel FET care and be able to integrate into the workplace more quickly. We held 62 classes for new recruits, including a fast-track practical class and a professional practical course, with a total of 963 training sessions and 1,194 hours of training. In addition, FET also organizes various training courses throughout Taiwan for the development of customer care and community management skills. These courses include business transformation, self-improvement of service capability, and sales enhancement, with the aim of strengthening the market competitiveness of our store employees.

► FET "2x3" system training course



Customer Service Staff Training

Continuing the training program to identify personal strengths and weaknesses in 2021, a series of courses on service, sales, and professional skills was established in 2022.

The teaching materials in the training section of the Customer Interaction Center (CIC) platform can be accessed and viewed at any time. These include service, sales, and professional skills courses. The materials are integrated into the e-Learning system, allowing users to choose and watch them at their convenience, ensuring that training is not disrupted by sudden business demands. Additionally, the digital training tools are produced in a modular format, allowing individuals to focus on strengthening their specific areas of weakness. This saves time and effort while enhancing the effectiveness of the training.



1.4.2 Most Considerate Communication

FET values communication with its customers and provides comprehensive training and standards for store personnel who directly interact with customers. 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 FET's Mobile Circle 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 is in compliance with the NCC's regulations on warning labels as well as Specific Absorption Rate (SAR) criteria and actual measurements, and information on EMR is also fully disclosed to consumers. In terms of after-sale services, warranty services are provided for all mobile phones and peripheral products sold by FET. Consumers can also contact the warranty service providers or send the damaged products to agents or distributors for repair.

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 on FET's official website or through FET Mobile Circle App.

► FET Sales and Contract Signing Procedure





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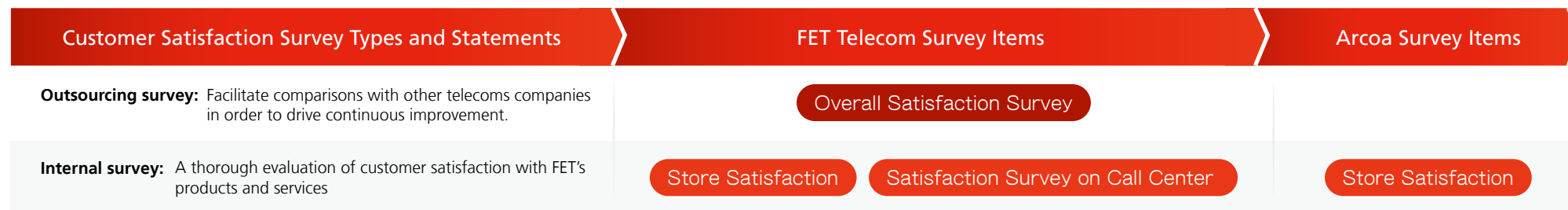
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Service Feedback and Improvement

▶ Customer Satisfaction

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



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, physical/digital channel, system support, contact center, and network departments to participate in the design and discussion of the questionnaire. Improvement plans are then developed once the survey results are known so as to continually strengthen customer relations management. FET opted for the even more challenging customer net promoter score (NPS) in the second half of 2022, and the grade improved continuously. Other details on the satisfaction survey are as follow:

Customer Net Promoter Score ¹

2019	2020	2021	2022
-29	-27	-23	-20

¹ The Net Promoter Score (NPS) of customers is calculated using an internationally accepted method. Customers are asked to rate their willingness to recommend the company on a scale of 0-10. The NPS is obtained by subtracting the percentage of respondents who rated 0-6 from the percentage of respondents who rated 9-10. FET adjusted the order of the customer recommendation questions in the questionnaire in 2020, so the data is only disclosed for 2020 to 2022.

Key Satisfaction Score ²

	2019	2020	2021	2022
Voice & Data network quality	71%	66%	70%	73%
Store Service	88%	90%	88%	90%
Contact center service	90%	88%	90%	89%
FETnet website	73%	71%	77%	78%
FET Mobile Circle App	76%	75%	79%	76%

² 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. 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".



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Satisfaction Survey on Call Center (Internal)

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

	2019	2020	2021	2022
Number of Texting	10,998,581	8,369,921	8,877,575	6,321,267
Number of Responded Texting	845,870	1,216,449	1,337,702	1,006,946
Satisfaction Rate	Jan - Feb (out of 5 possible points) 4.77 points	9.76	9.82	9.87
	Mar - Dec (out of 10 possible points) 9.66 points			

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. Customer satisfaction performance is tracked using the touchpoint Net Promoter Score (tNPS), with an achieved tNPS of 93% in 2022.

	2019	2020	2021	2022
24-Hours Engineer Reparability Rate	80%	92%	94.0%	94%
Over-5-days Reparability Rate	8.5%	2.8%	1.1%	2.4%
Touchpoint Net Promoter Score (tNPS)	-	69%	89%	92%

Satisfaction Survey on Call Center (Internal)

The survey items include overall satisfaction of telephone service operators, services attitude, problem resolution, and whether customers are willing to promote FET. In addition, as basis for subsequent improvement, customers who provided negative feedback are also followed-up with via telephone to listen to their causes of complaint.

	2019	2020	2021	2022
Valid call center satisfaction surveys on overall inbound calls ¹	14.6%	15%	16%	16%
Net promoter score (NPS) for call center satisfaction survey	Aug- Dec 40%	48	55	56
Overall satisfaction of call center satisfaction survey ²	Jan-Jul 4.75 Aug- Dec 9.12	9.4	9.55	9.58
First Contact Resolution ³	Jan-Jul 91% Aug- Dec 9.08	9.3	9.47	9.53

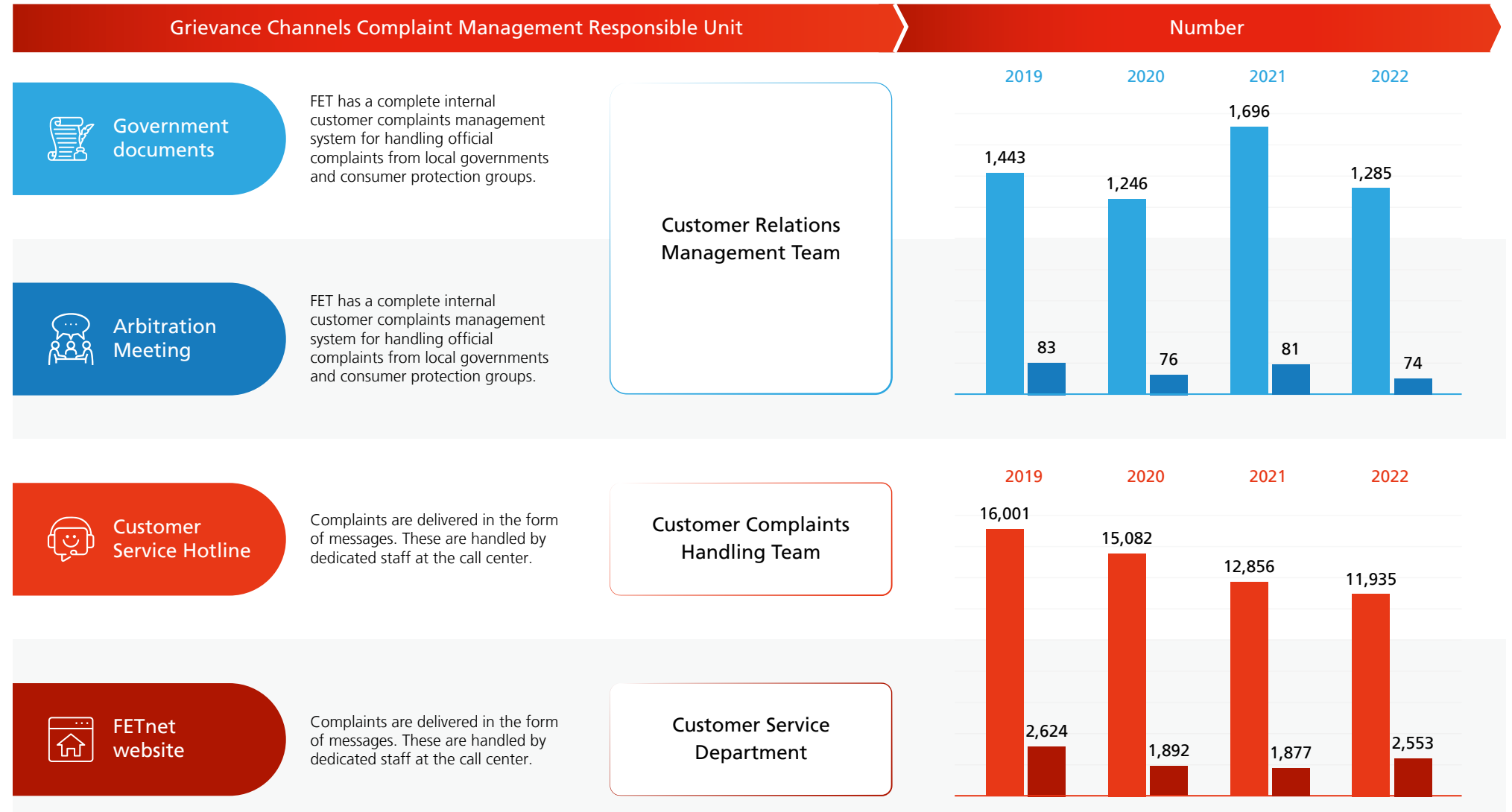
¹ The call center satisfaction KPI has been integrated into three times, in which "The number of call-outs of internal telephone customer service satisfaction" and "Valid questionnaires of telephone customer service satisfaction survey" have been combined into "Valid telephone customer service satisfaction surveys as percentage of overall inbound calls(%).

² 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.

³ Starting from August 2019, "overall satisfaction level" and "First Contact Resolution" have been adjusted to be an average point system.

Customer Complaint Mechanism

To strengthen customer center management, and to instantly and appropriately handle customer complaints through systematic means, FET has introduced the ISO 18295 Customer Contact Centers certification. FET provides six individually-managed grievance channels for customers, including official correspondence, arbitration meeting, customer service in bound, the FETnet website, FET Mobile Circle App and online chat, 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. Below is an overview on FET's statistics on the number of grievance cases:





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Environmental Sustainability

CHAPTER 2

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2.1 Sustainability Impact Assessment

During its digital transformation process, FET utilizes innovative technology to address challenges in urban governance and industries, while also mitigating social issues. FET has identified "Social Innovation Strategy and Application" as one of the material topics. As we continue our digital transformation and upgrade, we leverage our core ICT capabilities in Big Data, AI, and IoT to develop essential technologies such as smart cities, smart manufacturing, digital transformation, low-carbon operations, consumer applications, and smart healthcare. FET actively collaborates with seven major stakeholders, including customers and suppliers, to deliver benefits for the company, society, and the environment.

FET leverages its corporate influence to implement 5G, cloud technologies, big data analysis, and IoT in various areas such as telemedicine services, smart street lamps, smart cities, smart parking, air quality monitoring, and big data traffic analysis. This enables FET to support government agencies in tackling transportation and air quality challenges. FET has made long-term investments in 5G telemedicine services and smart street lamp installations, both of which have been acknowledged for their sustainable impact. These initiatives are also included in FET's sustainable development key performance indicators (KPIs).

Over the past few years, FET has consistently conducted qualitative and quantitative assessments to evaluate the sustainable impact of its key products and services. These assessments have included 5G telemedicine and smart street lamps, which account for 8% and 13% of the revenue generated from sustainable products and services, respectively.

Telemedicine

In 2020, FET successfully launched its own telemedicine platform, which is the first 5G telemedicine service in Taiwan. This platform showcases FET's successful integration of big data, AI, and IoT technologies, while also introducing a new profit model for the company. FET's telemedicine service tackles the issue of limited healthcare availability in rural regions, particularly in Taitung where there is a scarcity of doctors in fields such as ophthalmology, dermatology, and otolaryngology. Leveraging 5G technology for seamless and prompt transmission, FET offers real-time consultations across multiple disciplines. Additionally, we supported healthcare institutions in swiftly implementing video consultation services during the pandemic, enabling them to adapt to the new healthcare landscape. Through mobile healthcare, medical services transcend geographical limitations. In 2022, our telemedicine service expanded to encompass 15 counties and cities in Taiwan, including 41 rural health centers and 21 hospitals. Additionally, we successfully established 27 specialist clinics.





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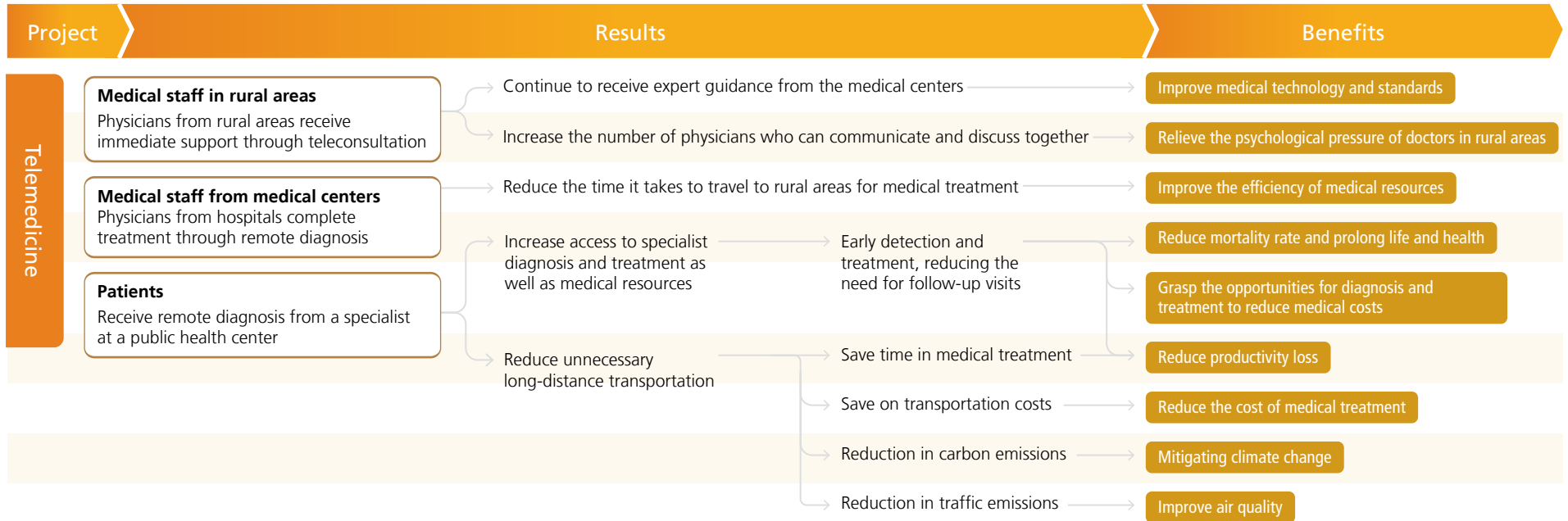
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FET recognizes telemedicine has significant positive economic, environmental, and social impacts.

- █ **Social:** Telemedicine reduces commute time for doctors and increases the efficiency of usage of medical resources.
- █ **Economic:** Rural residents can visit local health centers and receive medical center-level care, reducing travel time, preventing productivity loss from seeking medical treatment, and saving on transportation costs and healthcare expenses.
- █ **Environmental:** Telemedicine reduces the need for transportation and the use of fossil fuels, thereby reducing GHG emissions and air pollutants.

► **Impact Roadmap**



► **Impact Value Assessment**

Benefits	Output Indicators	Value	Assessment Methods	Impact Indicators	Value
Doctor	Reduced travel time to rural areas for consultations	NT\$4,182 / hourly wage saved per doctor	<ul style="list-style-type: none"> Based on the pilot study findings of telemedicine in Taitung County as presented in the 2020 Sustainability Report, we have developed financial proxy indicators for various stakeholders. These indicators enable us to effectively assess the environmental and social costs, as well as the value generated by our product/service. In 2022, 990 doctors provided remote consultations for rural areas, with a total of 6,407 patient consultations. 	Improved the efficiency of usage of medical resources	NT\$4,140,331
Patient	Saved time on hospital visits	NT\$1,178		Reduced productivity loss and healthcare costs	NT\$7,547,791
Environment	Reduced carbon emissions	NT\$23.26 / person		Mitigated climate change	NT\$149,085
	Reduced social cost of fossil fuel use	NT\$24.11 / person	Reduced air pollution	NT\$154,461	

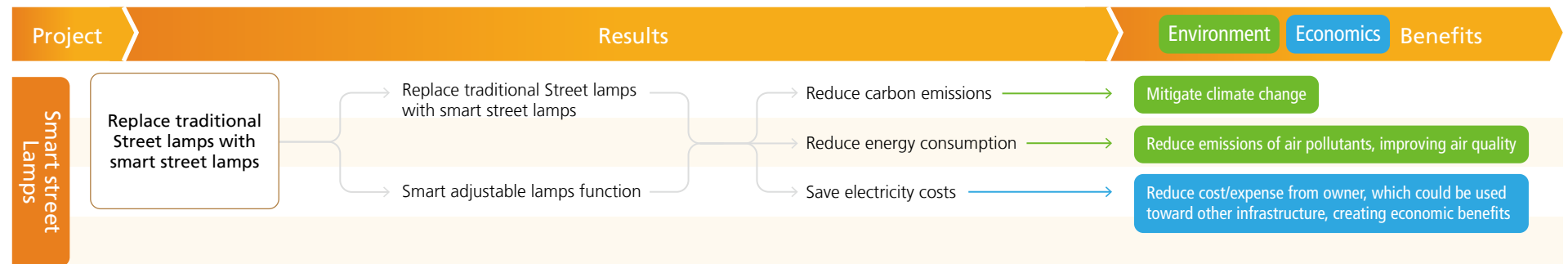
Smart Street Lamps

FET believes that the implementation of smart city solutions and core technologies can drive global low-carbon and green development. Since 2017, FET has invested in the development and testing of smart street lamps. The installation of these lamps not only enhances traffic safety, but also decreases energy consumption and carbon emissions from street lighting. Additionally, they function as 5G base stations and provide value-added services. In 2019, FET facilitated the complete implementation of smart street lamps in Taoyuan City, making it the first city in Taiwan to achieve this through the integration of 5G, IoT, big data, and AI. In 2021, FET became a member of the "5G Smart Pole Standard Promotion Alliance" with the aim of promoting the establishment of smart pole standards and conducting service verifications in different cities. This initiative is expected to contribute to the global progress of 5G smart poles. In 2022, a total of 80,541 smart street lamps were installed in Taoyuan City. These lamps not only save electricity and reduce carbon emissions, but also enhance public lighting, thereby reducing nighttime traffic accidents and improving public security. Additionally, we successfully collaborated with 46 Taiwanese companies to develop smart pole applications and complete the verification of 5G smart poles near the Taipei City Government.

FET recognizes smart street lamps have significant positive economic and environmental impacts.

- **Economic:** The money saved on electricity can be used for other municipal infrastructure projects, creating additional economic benefits.
- **Environmental:** Smart street lamps can effectively reduce electricity demand, thereby reducing carbon emissions and air pollutants, which can mitigate climate change and air pollution.

► Impact Roadmap



► Impact Value Assessment

Benefits	Output Indicators	Value	Assessment Methods	Impact Indicators	Value
Environment	Reduced carbon emissions	NT\$718 / lamp	<ul style="list-style-type: none"> Based on the pilot study findings from Taoyuan City's smart street lamp project, as presented in the 2019 Sustainability Report, we have developed financial proxy indicators. These indicators allow us to effectively assess the environmental and social costs and benefits associated with the product/service. In 2022, we installed 80,541 smart street lamps. 	Climate change mitigation benefits	NT\$63,399,415
	Reduced energy consumption	NT\$14 / lamp		Air pollution reduction benefits	NT\$1,264,873
Economy	Saved on electricity costs	NT\$966 / lamp		Potential additional economic benefits	NT\$85,249,097

2.2 Smart Applications

FET, guided by the spirit of using innovative technology to solve urban governance and industry pain points, combines core technologies such as "Big, AI, and IoT" (Big Data, Artificial Intelligence, and Internet of Things), cloud computing, and cybersecurity. By leveraging 5G and innovative applications, it drives the transformation of smart cities and industries. FET rapidly extends its experience in building smart cities to all counties and cities in Taiwan, aiming to drive industrial transformation and sustainable development. FET is also a strategic committee member of Go Smart, through which it engages in exchanges with smart city applications worldwide. Additionally, it actively participates in the Smart City Expo held annually in March.

Projects/Products/Services	Abstract Description	Key Benefits
<p>5G Telemedicine Service</p> 	<ul style="list-style-type: none"> • Telemedicine Consultation: During the pandemic, the remote diagnosis and treatment platform assisted the outpatients of the medical institutions to see the doctor through video, zero contact, reducing the risk of epidemic infection and the cost of medical treatment for the public to seek medical treatment in the hospital, and protecting the right of the public to seek medical treatment. The platform integrates the service processes of healthcare institutions, supports virtual health insurance card functionality, and integrates payment collection. Users only need to use a mobile app to complete online registration, payment, and video consultation services. In addition to health insurance consultations, the platform also offers diverse self-pay health advisory services, enabling healthcare institutions to provide personalized and efficient digital healthcare services with a human touch. • Specialist Consultation: In 2022, the expansion of Remote diagnosis services will continue to be deeply cultivated in Miaoli County and New Taipei City, extending the reach of telemedicine applications from south to north. Various artificial intelligence-driven innovative healthcare applications will be introduced in specialties such as ophthalmology, otolaryngology, dermatology, cardiology, gastroenterology, neurology, thoracic medicine, and metabolic disorders (diabetes management). The future goal is to extend the coverage to all 15 counties and cities in Taiwan, encompassing 41 health centers and 21 hospitals. 	<ul style="list-style-type: none"> ■ Obtained US HIPAA International Certification in 2022 ■ Received the '2022 National Innovation Award' ■ Received the '2022 Digital Transformation Excellence Award' ■ In 2022, a total of 27,529 consultations were conducted through 5G telemedicine. This included 21,122 video consultations and 6,407 remote consultations specifically for rural areas. These consultations covered 12 counties and cities and involved 35 rural health centers. The estimated social sustainability benefits of these consultations are as follows: a reduction in medical costs waste by NT\$4.14 million, a reduction in patient productivity loss and healthcare costs by NT\$7.55 million, and a reduction of 81.56 metric tons of carbon emissions. For more information, please refer to Section 2.1 Sustainability Impact Assessment.
<p>5G emergency medical assistance</p> 	<ul style="list-style-type: none"> • The 5G emergency medical assistance solution aims to improve the quality of pre-hospital emergency medical services: Through collaboration with the Taipei City Fire Department, the "5G Cross-Sea Emergency Medical Joint Defense" mechanism has been established to optimize the golden rescue time. Using smart devices and onboard cameras as a first-person perspective, emergency medical technicians equipped with bone conduction noise-canceling earphones can leverage FET's self-developed "5G Remote diagnosis platform" to instantly transmit high-definition images and information from the ambulance. This enables real-time remote collaboration with advanced paramedic teams, using 5G live video transmission to identify critical patients and provide immediate rescue. This solution enhances the chances of patient survival, helps frontline paramedics strengthen emergency procedures, and improves the success rate of emergency care. • Enhance the safety and medical quality of critically ill patients after arriving at the hospital: We collaborated with the Emergency Department of Cheng Kung University Hospital to launch the "Special Trauma Patient Island-Hopping Strategy" for pre-hospital transportation. The "Pre-hospital Ambulance 5G Intelligent Mobile Emergency Department Multidisciplinary Consultation Platform" has been established to integrate emergency medical information in real-time on the ambulance itself. Patients are transported to the nearest local hospital without being transferred onto a stretcher for immediate emergency treatment. Afterward, they are transferred to a medical center to receive optimal treatment, thereby reducing the time it takes for critically ill patients to reach specialized emergency care hospitals. 	<ul style="list-style-type: none"> ■ In late October 2022, the first "5G Emergency Medical Joint Defense Ambulance" was officially launched nationwide. This innovative ambulance is equipped with advanced paramedic teams (EMTP) providing remote guidance to frontline paramedics (EMT). The collaboration aims to identify critical cases and strengthen pre-hospital emergency care, thereby enhancing the quality of emergency medical services before patients arrive at the hospital. ■ By the end of December 2022, the 5G ambulance has successfully facilitated 200 cases of remote guidance for critical patient interventions. Moving forward, there are plans to expand its utilization to regions where there is a shortage of emergency medical resources nationwide. 

Projects/Products/Services	Abstract Description	Key Benefits
<p>Energy Management System (EMS)</p> 	<ul style="list-style-type: none"> FET has developed smart Energy Management System (EMS). In addition to introducing it to all FET stores in Taiwan, it also assists government and enterprise partners to achieve the goal of smart energy management and jointly create a low-carbon sustainable home. The system is also applied to the "Air Conditioner in Every Classroom" project, becoming the largest energy management system provider in the country. It actively expands its deployment in various cities and counties. In addition to assisting Taipower in integrating Open ADR 2.0b, it also introduced AI applications to reduce electricity consumption. 	<ul style="list-style-type: none"> The "Air Conditioner in Every Classroom" project was completed in 2022, and it assisted in managing air conditioning systems in 42,000 classrooms across nine cities and counties throughout Taiwan. It is estimated that the project will expand to approximately 2,500 additional classrooms in 2023, totaling around 44,500 classrooms that will receive energy management services. This is expected to result in a 4% reduction in air conditioning energy consumption.
<p>Smart Electricity Meter</p> 	<ul style="list-style-type: none"> Smart meters can automatically transmit electricity usage data, eliminating the need for manual meter reading processes. They can also help control peak electricity demand, contributing to grid balancing. In the event of a power outage, smart meters can instantly send notification messages, improving the efficiency of fault detection and repair processes. In addition to assisting in the installation, FET also performs routine monitoring and management to ensure that the connection quality and data transmission meet the expected targets. 	<ul style="list-style-type: none"> In 2022, a total of six new deployment areas were added, encompassing 450,000 households with smart meters. It is projected that a total of 12 deployment areas will be completed in 2023, encompassing approximately 697,000 households with smart meters.
<p>Smart streetlamps and 5G Smart Poles</p> 	<ul style="list-style-type: none"> FET and LITEON collaborated with Taoyuan City Government to promote the smart streetlamps project. FET was responsible for the construction and subsequent maintenance and operation of streetlights in the North District of Taoyuan City, and assisted the municipal government with streetlight deployment of the entire city using real-time remote monitoring and automated error reporting system. ET's smart streetlamps management solution combines LED lighting technology with its proprietary design brand of streetlight controllers and 4G/NB-IoT communication technology. It enables real-time collection of various data from streetlights and establishes a Virtual Private Network (VPN) to enhance the security of IoT applications. Combining AI platform and big data analysis of crowd flow, in Taipei City, carried out AI smart streetlights verification, able to actively monitor energy consumption and adjust lighting brightness. Based on the experiences in smart streetlamps, FET joined "5G Smart Pole Standard Promotion Alliance" in 2021, jointly promoting smart pole standard establishment and application service verification in cities and sites and pursuing the blue ocean business opportunities of global 5G smart poles. 	<ul style="list-style-type: none"> The Taoyuan streetlamps project completed the installation of 80,541 lamps in 2022, resulting in a total annual energy savings of 53,918,852.295 kilowatt-hours and a total carbon reduction of 27,175,102 kilograms. The "Taoyuan City Comprehensive Energy-saving streetlamps Replacement and Maintenance Project" in 2022 was honored with two awards: the "Government Team Award - Excellence" and the "Innovation Award". In 2022, we formed alliances with 46 Taiwanese manufacturers and collaborated with the Taipei City Government at the back gate (Songzhi Road section) to successfully complete the field verification of the 5G Smart Pole system. The estimated economic value of the environmental, social, and economic sustainability benefits is NT\$136.83 million. For more information, please see Section 2.1 Sustainability Impact Assessment.



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<p>Smart Intersection</p> 	<ul style="list-style-type: none"> FET has been dedicated to implementing smart intersection solutions. Intersection traffic safety has always been a pressing issue for government agencies. Traditional intersection has relied on warning signs and traffic signals to address conflicts. With the advancement of ICT technology, intersections are now moving towards smart solutions. FET has implemented a solution in non-signalized intersections in Taoyuan City that detects approaching vehicles and provides alerts. This solution effectively reduces vehicle speeds at intersections and enhances intersection safety. Kaohsiung Light Rail has implemented a solution for vehicle-to-vehicle network collision warning at the site, through real-time detection of entering vehicles at intersections, notifying the light rail driver through the vehicle-to-vehicle network, achieving real-time warning effects. 	<ul style="list-style-type: none"> Starting from 2022, a total of 32 collision warning intersections have been gradually established in Taoyuan. It is expected to reduce the driving speed of vehicles at non-signalized intersections by 20% and decrease the accident rate by 80%. In June 2022, intelligent intersection detection systems were implemented at the intersections of Kaixuan/Siwei Road and Kaixuan/Sanduo Road. These systems alert the light rail drivers of vehicles entering the intersection. It is expected to reduce the occurrence of light rail accidents at intersections by 80%.
<p>Smart Charging Service</p> 	<ul style="list-style-type: none"> FET has developed its own charging management platform, integrating various charging stations and connecting multiple payment systems. Since 2021, we have been deploying our self-operated charging services in retail and wholesale venues of affiliated businesses. As of May 2023, we have recorded over 6,000 charging sessions. In 2022, FET provided comprehensive one-stop charging services for communities, catering to both newly constructed developments and existing buildings' parking lots. In 2023, FET will actively participate in relevant bidding projects for charging stations initiated by the central and local governments, in alignment with the national development policies such as the Forward-looking Infrastructure Development Program for the years 2023-2024. 	<ul style="list-style-type: none"> In 2022, smart parking and charging stations were implemented at the Kaohsiung Port Terminal and Transportation Center. In the retail and wholesale sector, a total of approximately 76,000 kilowatt-hours of electricity were consumed for charging in 2022, resulting in a reduction of approximately 58 tons of carbon emissions. [FET Self-operated Sites] Starting from 2021, the following sites have been gradually established: <ul style="list-style-type: none"> A-Mart Nanya Store, ShuiNan Store Sogo Zhongxiao Store, Fuhsing Store, Tianmu Store Shin Kong Mitsukoshi Xinyi A13, Taichung Tiger City Mall, Banqiao New Station
<p>Telecommunication Big Data Innovation</p> 	<ul style="list-style-type: none"> FET continues to utilize Signal Data to develop various datasets related to FET users' Physical Footprint. After undergoing de-identification processes, the data is used for analysis in areas such as geospatial traffic and retail. Currently, various county and city government transportation bureaus, tourism offices, the Ministry of Transportation and Communications Information Office, the Ministry of Culture, academic institutions, transportation engineering consultants, and other agencies have achieved significant results in telecommunications big data projects. They have developed innovative services such as origin-destination distribution, network speed, travel routes, and hotspot analysis. Provide telecommunications data to observe crowd dynamics and mobility analysis, as academic units such as Academia Sinica, the National Science and Technology Center for Disaster Reduction, and public health agencies conduct research on the impact and prevention of epidemics. 	<ul style="list-style-type: none"> Since 2020, we have been continuously providing crowd analysis of administrative agency attractions in Hsinchu, Taichung, Changhua, Tainan, Kaohsiung, and other locations through telecommunications data. During the epidemic period, data has been utilized to assist in crowd control measures, and after the epidemic, it has been used to evaluate the recovery of attraction visitation, providing decision-making support. Crowd analysis: In 2022, through data analysis, we conducted crowd analysis of cultural and artistic venues, providing operational units of these venues with evaluations of venue performance and operational administrative recommendations. Transportation data innovation services: In 2021-2022, four innovative data services were launched on the Ministry of Transportation and Communications Data Exchange Platform. These services integrate data from both public and private sectors, aiming to enhance the platform's visibility and recognition. Epidemic research: In 2022, we provided data analysis for the National Health Research Institutes to conduct epidemic research. Transportation planning: In 2022, we provided telecommunications data and precise questionnaires to assist consulting firms in conducting transportation planning for the Yilan-Hualien-Taitung region.

Projects/Products/Services	Abstract Description	Key Benefits
<p>5G Network PILI Collaboration Performance and Co-creation Project</p> 	<ul style="list-style-type: none"> FET's 5G Network, combined with aerial projection and real-time special effects technology, made its debut on December 17, 2022, by connecting PILI stars from the Taipei ATT eLife first-floor theme exhibition area and the PILI Yunlin studio, creating a cross-location collaboration with seamless interaction and zero time difference. Additionally, players from Taipei and Kaohsiung's PILI flagship stores at Dream Mall can also engage in simultaneous VR game interactions, offering a pioneering experience of metaverse technology. By reinterpreting traditional puppetry through the use of 5G networks, it aims to create remote performances and VR interactions, providing a brand-new entertainment experience for puppetry enthusiasts and promoting traditional Taiwanese culture together. 	<ul style="list-style-type: none"> On December 17, 2022, traditional Taiwanese art was first combined with 5G technology to conduct cross-location performances and VR game interactions. It marked a significant milestone in integrating Taiwan's traditional arts with advanced digital technologies. During the project period from 2021 to the end of 2022, a total of three cross-location co-creation and collaboration events were held in Taipei, Yunlin, and Kaohsiung. The project involved the integration of two sets of VR experience devices and simultaneous participation of 40 audience smartphones, ensuring a seamless and enjoyable viewing and gaming experience for all participants.

2.3 Smart Living

With the advancement and integration of big data, artificial intelligence, and the Internet of Things (IoT) technologies, FET continues to launch innovative products and services, offering the public a more diverse smart lifestyle. These offerings aim to meet various needs, enhance quality of life, and ensure mobile network security, enabling individuals to enjoy high-speed, low-latency, and wide-ranging connections in their smart living services.

Projects/Products/Services	Abstract Description	Key Benefits
<p>FET Mobile Circle App</p> 	<ul style="list-style-type: none"> FET leads Taiwan's telecommunications industry by launching the exclusive "FET Mobile Circle" plan for its users. This plan expands the scope of benefits and rewards to cover convenience stores, transportation, dining, and more, providing exclusive privileges to users. FET has built the FET "Mobile Circle" app with two core principles: "Enhancing User Benefits" and "Carefully Selected User Offers." This app aims to provide customers with a one-stop mobile lifestyle hub that caters to their needs in life, entertainment, and telecommunications. In 2022, FET further evolved by introducing a new type of lifestyle media. This platform provides users with firsthand technology information and a wealth of diverse knowledge about life. Additionally, FET launched an online public welfare platform, allowing users to extend their love and support through charitable activities. 	<ul style="list-style-type: none"> The download count of the FET Mobile Circle App has surpassed 4 million. The Mobile Circle App's public welfare platform has raised approximately NT\$1.45 million for social welfare organizations, reaching a total of 128,557 individuals.

Projects/Products/Services	Abstract Description	Key Benefits
<p>FET SecureNet Service</p> <p>從網路端守護上網安全</p> 	<ul style="list-style-type: none"> Launched at the end of 2022, the FET SecureNet Service includes two services: Threat Protection and Parental Control. Threat protection service is a remote mobile network, free to download the app to enjoy protection. Anti-hacking protection service is designed for users who are concerned about mobile internet security. It actively blocks dangerous websites such as viruses, phishing attempts, and malicious programs, providing simple and secure protection. The Parental Control service is specifically designed for parents with children and teenagers at home. It offers dual features of internet time management and blocking of inappropriate websites for children and adolescents, allowing parents to easily safeguard their children's online safety. 	<ul style="list-style-type: none"> Nearly 60,000 subscribers
<p>360 children's smart positioning watch</p> 	<ul style="list-style-type: none"> In 2022, we continued to collaborate with the world's top three children's watch brands to launch new products. Additionally, we introduced a phonetic input method with Zhuyin symbols specifically tailored for the Taiwanese market, meeting the needs of Taiwanese children and establishing a unique market position. We continue to release a range of licensed cartoon-themed accessories for children's watches that are beloved by kids. 	<ul style="list-style-type: none"> Annual sales volume increased by nearly 60% over the previous year.
<p>friDay brand</p> 	<ul style="list-style-type: none"> friDay Video: In 2022, we adopted a "partnership alliance" strategy to invest in original high-quality Taiwanese dramas. We collaborated with Public Television Service (PTS) to create "On Marriage," catering to the viewing demands of a wide audience. Additionally, we have established "Mission Entertainment" with our partner, leveraging the expertise of various parties to support the local film and television industry and produce high-quality and diverse content. Simultaneously, we collaborated with system suppliers like LiTV to develop a new version of television channels that can be independently programmed. We integrate advertising mechanisms into the TV channels and free on-demand video content, transforming into a hybrid over-the-top (OTT) platform that combines subscription video-on-demand (SVOD) and advertising-based video-on-demand (AVOD) features. Wealth management: We integrate and provide multiple services, including banking accounts, online investments, financial products, data analytics, and lifestyle convenience services, aiming to offer consumers a convenient user experience. friDay Shopping: Through the synergy of FET and FET Group, we will provide hundreds of thousands of products in the categories of home, 3C and fashion, catering to the diverse needs of consumers. In 2022, we combined AI applications with exclusive development technologies to launch the "ReTurn" online shopping service. With this innovative business model, consumers can easily discover personalized discounted products recommended by AI with just a few taps, revolutionizing traditional online shopping habits. 	<ul style="list-style-type: none"> friDay shopping revenues grew by 11% 



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Environmental Sustainability

CHAPTER 3

3.1 Climate Strategy

3.2 Overview of FET's Environmental Footprint

3.3 Environmental and Energy Management

3.4 Sustainable Supply Chain

3.5 Base Station and Electromagnetic Fields Management

3.1 Climate Strategy

In response to the potential effects of climate change on our operations, FET adheres to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We implement a comprehensive approach to managing climate risks, focusing on corporate governance, strategy, risk management, indicators and targets. We continuously identify risks and opportunities related to climate impacts throughout our value chain. We evaluate the financial impact and scale of each risk factor under various scenarios, reviewing and implementing response measures accordingly. Additionally, we establish measurement indicators and objective management to ensure the progress and effectiveness of our action plan.

Governance

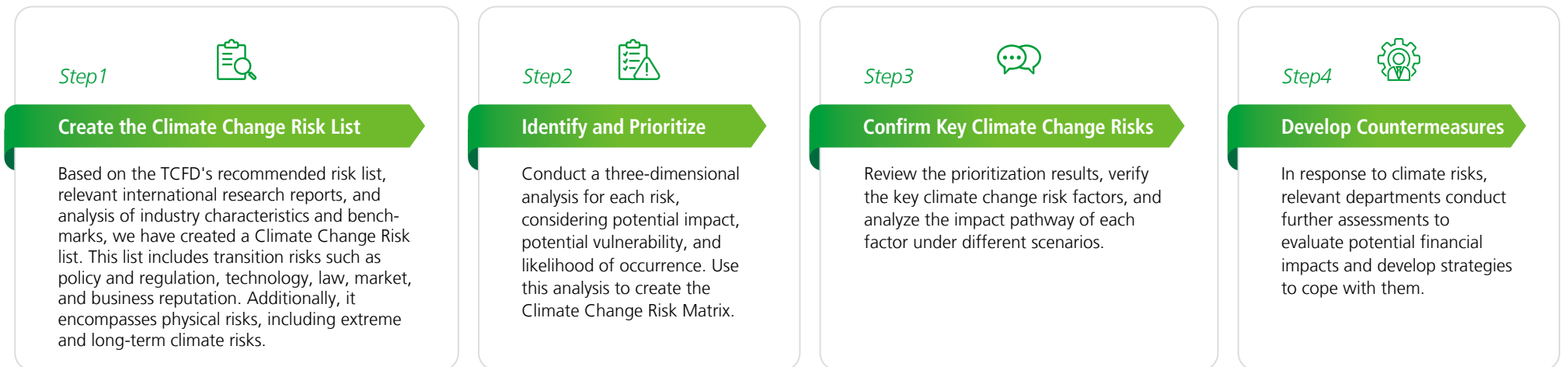
The Risk Management Committee, situated at the board level, serves as the foremost governing body for risk management within FET. Annually, the Committee engages in regular discussions with the Board of Directors regarding the management of various critical corporate risks, including those associated with climate change. Operating beneath the Risk Management Committee is the "Environment and Energy Management Committee," which assumes responsibility for promoting and implementing climate change-related policies. The specific structure and functions of the Risk Management Committee are outlined in Section 1.2.3 on Operational Risk Management, while the organizational framework and operational performance of the Environment and Energy Management Committee are detailed in Section 3.3, Environmental and Energy Management.

Strategy

FET consistently engages in discussions regarding climate issues, aligns with the objectives of the Paris Climate Agreement, and references global climate and industry trends to carry out internal and external surveys. These surveys aim to identify potential risks and opportunities to our business operations arising from short-, medium-, and long-term climate change, both in terms of transition and physical risks. We also propose countermeasures for the identified risks, and in the future, FET will further enhance its integration with financial information.

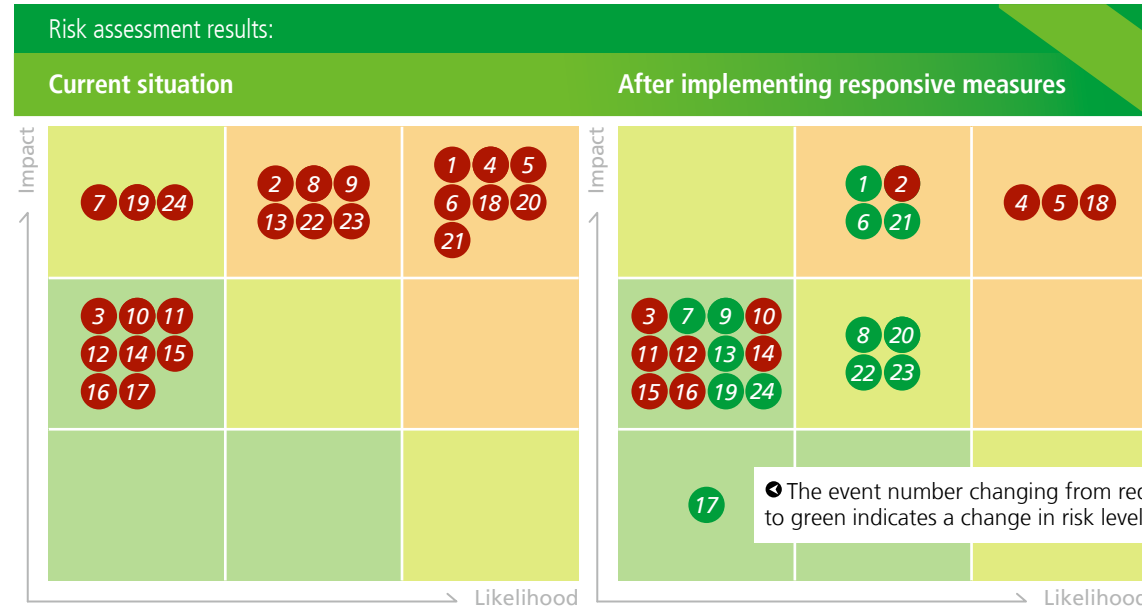


► Process of Risk Identification



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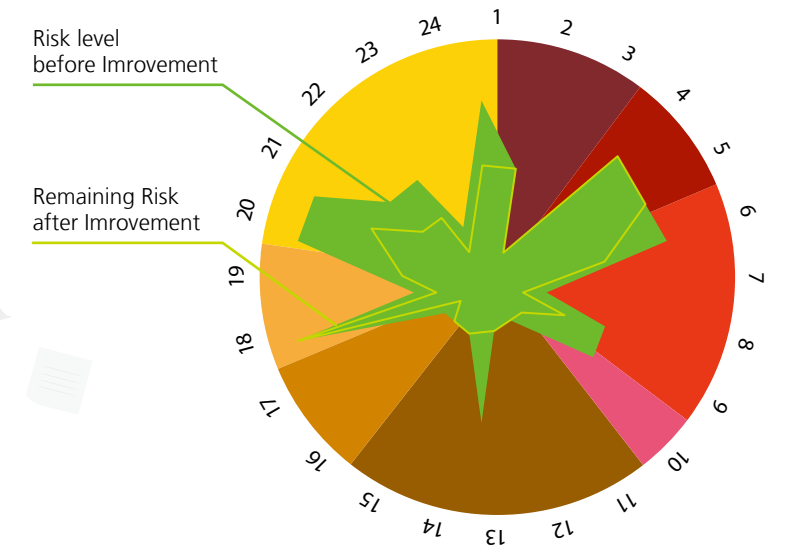
Climate Change Risk Matrix



Risk Type and Risk Level

This figure represents the product of the "likelihood of occurrence" and "impact" variables in the risk matrix, resulting in the risk level value. The enhanced outcomes demonstrate that FET has successfully mitigated existing regulatory, technology, market, and long-term physical risks. Furthermore, FET will continue to enhance its approach to emerging regulatory risks and extreme physical risks in the future.

- Existing Regulatory Risk
- Market Risk
- Emerging Regulatory Risk
- Reputation Risk
- Technology Risk
- Extreme Physical Risk
- Legal Risk
- Long-term Physical Risk



No.	Risk Event	Risk Type	Risk Type-Breakdown	Risk Level	Impact Time Frame ^{note}	Value Chain Affected
1	Increased pricing on GHG emissions results in higher operating costs	Transition	Policy and Regulatory (Emerging Regulatory)	6	Short, Medium, Long	Upstream, the Company, Downstream
2	Enhanced emissions reporting obligations result in increased costs from fines and sentences and / or lower demand for products and services	Transition	Policy and Regulatory (Emerging Regulatory)	6	Short, Medium, Long	Upstream, the Company, Downstream
3	Increased operating costs due to requirements and inspection of existing products and services	Transition	Policy and Regulatory (Emerging Regulatory)	2	Short, Medium, Long	Upstream, the Company, Downstream
4	Failure of government to reduce emissions (insufficient green electricity)	Transition	Policy and Regulatory (Emerging Regulatory)	9	Short, Medium, Long	Upstream, the Company



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No.	Risk Event	Risk Type	Risk Type-Breakdown	Risk Level	Impact Time Frame ^{note}	Value Chain Affected
5	Higher cost of power generation / higher electricity prices	Transition	Policy and Regulatory (Emerging Regulatory)	9	Short, Medium	Upstream, the Company, Downstream
6	Progress of corporate green energy development lags behind	Transition	Technology	6	Short, Medium, Long	the Company
7	Failure of the Company's energy conservation measures leads to multiple consequences (operating costs, compliance costs, emission reduction targets)	Transition	Technology	2	Short, Medium, Long	the Company, Downstream
8	Failure of the Company's development of green energy leads to multiple consequences (operating costs, compliance costs, emission reduction targets)	Transition	Technology	4	Short, Medium, Long	the Company, Downstream
9	The Company's SBTi project fails to effectively promote GHG emission reduction strategies in the value chain, resulting in multiple consequences (operating costs, compliance costs, emission reduction targets, share price)	Transition	Technology	2	Short, Medium, Long	Upstream, the Company, Downstream
10	Risk of litigation leading to increased costs of fines and sentences and/or reduced demand for products and services	Transition	Legal	2	Medium, Long	Upstream, the Company, Downstream
11	Substitution of existing products and services with low-carbon goods leads to a decrease in demand for products and services	Transition	Market	2	Medium, Long	Upstream, the Company, Downstream
12	Changes in customer behavior lead to lower demand for products and services	Transition	Market	2	Medium, Long	the Company, Downstream
13	Rising costs of raw materials and supply chain lead to increased operating costs	Transition	Market	2	Short, Medium, Long	Upstream, the Company, Downstream
14	5G development stalled due to supply chain impacts, and impacting revenue 入	Transition	Market	2	Short, Medium, Long	Upstream, the Company, Downstream
15	Shifts in consumer preferences lead to a decrease in demand for products/services	Transition	Market	2	Medium, Long	the Company, Downstream
16	Increasing attention and negative feedback from stakeholders (vendors) lead to a decrease in available capital	Transition	Reputation	2	Medium, Long	Upstream, the Company
17	Industry stigmatization that affects workforce management and planning (e.g. employee recruitment and retention)	Transition	Reputation	1	Medium, Long	the Company
18	Increased severity of extreme weather events such as typhoons and floods leads to production capacity reduction or disruption	Physical	Extreme Physical	9	Short, Medium, Long	Upstream, the Company, Downstream
19	Increased severity of extreme weather events such as typhoons and floods results in supply chain disruptions, causing new projects to not be completed on schedule and resulting in loss of revenue	Physical	Extreme Physical	2	Short, Medium, Long	Upstream, the Company, Downstream
20	Insufficient power supply backup leads to power rationing / power cuts	Physical	Long-term Physical	4	Short, Medium, Long	Upstream, the Company, Downstream
21	Increase and expansion of power consumption becomes difficult	Physical	Long-term Physical	6	Short, Medium, Long	Upstream, the Company, Downstream
22	Changes in rainfall (water) patterns and extreme changes in weather patterns lead to higher infrastructure costs (e.g. facility performance and protection)	Physical	Long-term Physical	4	Short, Medium, Long	Upstream, the Company, Downstream
23	Rising average temperatures lead to higher infrastructure costs (e.g. facility performance and protection)	Physical	Long-term Physical	4	Short, Medium, Long	Upstream, the Company, Downstream
24	Property and asset damage and disruption of production capacity due to sea level rise	Physical	Long-term Physical	2	Short, Medium, Long	Upstream, the Company, Downstream

Supplementary Note: Impact timeframe - short term (1-3 years), medium term (3-5 years), long term (more than 5 years)



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Risk Identification Countermeasures

The table below describes the impact period, response measures, and adaptation plans in light of the potential impact of key climate change transition risks, such as the failure of government emission reduction and higher power generation costs resulting in higher electricity prices. Additionally, the table addresses physical risks, including the increased frequency of strong typhoons and extreme rainfall. It is important to note that the relevant response measures cover 100% of both existing and new operating sites.

Risk Type	Risk	Asset	Potential Impact	Countermeasures		
				Technology	Policy	
Transition Risk	Failure of government to reduce emissions, leading to higher power generation costs/higher electricity prices	Base Station/ Data Center/ Store/ Office	<ul style="list-style-type: none"> Failure to achieve national GHG reduction and renewable energy use targets, resulting in the imposition of fines on FET or the need to buy carbon credits from other enterprises, impacting the image of the Company FET adjusts its business model and is forced to forgo services with high levels of carbon emissions that will impact business revenue National renewable energy policy leads to an increase in electricity prices or unstable power supply, causing disruption to FET's operations or services 	<ul style="list-style-type: none"> Roll out new business in renewable energy, develop renewable energy use goals and schedules, increase renewable energy installation capacity annually (including increasing the purchase of renewable energy certificates and increasing self-owned certificate production capacity), and plan to build solar energy base stations 	<ul style="list-style-type: none"> Renewable energy next to newly constructed data centers should be included as part of evaluations Evaluate the impact and current implementation of key regulations, while conducting quarterly reviews of possible legal changes and planning countermeasures Purchase related liability insurance and adopt other disaster prevention measures to strengthen continuous management of operations 	
Physical Risk	Increased frequency of strong typhoons and extreme rainfall	Base Station	<ul style="list-style-type: none"> Tower collapses and equipment is damaged by strong winds and flooding Operating costs increase due to power shortage Compensation costs to customers increase due to operational interruption 	<ul style="list-style-type: none"> Long-term climate scenarios for adaptation plan reference^{Note} Rural area: Scale of wind reaches 15 or above Located in low-lying or poorly draining urban and rural areas: Flooding between 0.5-3 meters 	<ul style="list-style-type: none"> Strengthen structure of existing tower equipment, implement disaster-resistant construction on new base stations; 24 base stations obtained certifications from structural engineers for scale 15 wind resistance in 2022 Prepare backup power Replace and install air injector fans 	<ul style="list-style-type: none"> Transfer some risks with product insurance Assess the wind resistance level of base stations and pursue improvements by zone Important base stations have wind resistance warranties and structure certifications secured
		Data Center	<ul style="list-style-type: none"> Strong winds and flooding lead to loss of assets such as equipment in the data center Supply routes disrupted due to flooding Drought and water shortage lead to insufficient supply of cooling water 	<ul style="list-style-type: none"> Long-term climate scenarios for adaptation plan reference^{Note} Metropolitan area: Scale of wind reach 15 or above, low-lying or poorly draining areas leading to flooding between 0.5-3 meters 	<ul style="list-style-type: none"> Maintain water consumption for at least 38 hours with water tower or reservoir Establish emergency response mechanism of air-conditioning and air-cooling for basic daily operations Store amount of backup fuel for more than 10 hours of power generation 	<ul style="list-style-type: none"> Transfer some risks with product insurance Review and improve risk prevention for core data centers Investigate flooding potential and improve weaknesses/year for core data centers Update site selection guidelines for low-carbon cloud data centers and include continuous and reliable water source as an important consideration for site selection

^{Note}: Adaptation measures are applicable to all (100%) existing and newly constructed base stations and data centers, both currently in use and planned for the next 50 years. These measures are designed to align with the use of base stations in conjunction with core data centers. Furthermore, they are reinforced in a timely manner per the principle of extending the service life to address potential impacts from long-term climate scenarios.

Scenario Simulation Analysis

In order to assess the potential effects of climate-related risks on business strategies and decisions, FET has conducted a financial impact analysis for climate scenarios. This analysis specifically examines the physical risk of more frequent severe typhoons and heavy rainfall, as well as the transition risk associated with government failure to reduce emissions and the resulting increase in power generation costs and electricity prices.

	Scenario Analysis: Transition Risk	Scenario Analysis: Physical Risk	
Financial Impact Assessment	<p>Risk: Government failure to reduce emissions</p> <p>▶ Below 2 degrees Celsius</p> <ul style="list-style-type: none"> The scenario used by FET is IEA B2DS¹. In this scenario, total people affected in Taiwan is about 1.1721 million, and the affected area is 1,331.05 square kilometers. FET's goal is to reduce greenhouse gas emissions by more than 42% in 2030 compared to 2021, which means that the total annual greenhouse gas emissions must be reduced by 4.67% compared to the previous year. If it is not reduced as expected, it will not meet the current Taiwanese total control target. For this reason, FET assesses the potential impact with fines or payment of carbon trading costs up to NT\$1,500 per metric ton; in addition, considering the uncertainty of Taiwan's carbon fee policy, FET also assesses related financial impact at a cost of US\$10² per metric ton. FET has also taken active measures and was reviewed and approved by the Science Based Targets Initiative (SBTi) in April 2023. It is also the only telecommunications company in Taiwan that aims to conform with the warming scenario of 1.5 degrees Celsius by the end of the century. <p>▶ Above 2 degrees Celsius</p> <ul style="list-style-type: none"> In the IEA STEPS³ scenario, the government will follow the existing policies and related countermeasures, but will not add relevant regulations; this scenario expects that the temperature will increase 2.6°C Celsius by 2100, and will continue to increase. FET has determined that there are two situations in this scenario: "most governments fail to reduce emissions" and "only a few governments fail to reduce emissions (including the Taiwan government)": <ol style="list-style-type: none"> Most governments fail to reduce emissions: In this situation, due to the deterioration of the environmental climate, sea and air transportation, raw material mining, and supply chain transportation will be comprehensively affected and indirectly bear the upstream raw materials and energy costs. The risk of environmental uncertainty has increased, insurance costs have increased significantly, and budgets have been constrained by rising costs. A few governments fail to reduce emissions (including Taiwan): This situation will put our government authorities under pressure from external governments, monitoring of public opinion will rise, and more regulatory measures will be implemented, moving from leniency to strictness. At this time, the cost of compliance will rise sharply, and FET will also be subject to stricter public opinion supervision, which will require FET to pay additional carbon emission fees or participate in the carbon trading market, which will greatly increase operating costs. 	<p>Risk: Higher cost of power generation/higher electricity prices</p> <p>▶ Below 2 degrees Celsius</p> <p>In the IEA B2DS scenario, FET will face a significant increase in electricity price-related costs, which will have the following impacts:</p> <ul style="list-style-type: none"> Budget constraints: If electricity prices rise, FET may need to consider higher electricity costs when making financial budgets and plans. This may lead to a reallocation of resources, such as reducing investments in other areas, or finding energy-saving solutions. Uncertainty factors: The increase in cost will bring both risks and opportunities. The costs will increase within the industry, but it will also attract more industry players and new technologies to stay in this field. FET may need to adapt to the new operating environment, re-evaluate its financial strategy, and respond to possible market fluctuations. <p>▶ Above 2 degrees Celsius</p> <p>In the IEA STEPS scenario, the government's existing policies and measures to respond to climate change will still be followed, and no relevant regulations will be added; this scenario expects that the temperature will increase 2.6°C Celsius by 2100, and will continue to increase. The estimated impacts on FET are as follows:</p> <ul style="list-style-type: none"> Scope 2 of FET itself accounts for 98%. Therefore, even if Taipower continues to follow the existing regulations, the cost of electricity will still rise, and Taipower's operating costs will increase, which will be reflected in the electricity price, thereby increasing FET's operating costs This scenario lacks an external environmental driving force, so much evidence and many hypothetical scenarios need to be put forward to convince the Board of Directors, employees, and stakeholders of all parties to prove the necessity of carbon reduction in multiple areas, including costs and impacts. FET continues to use the existing greenhouse gas reduction goal and compiles the relevant carbon costs as before, and this goal can be achieved without active measures. 	<p>Risk: Increased frequency of strong typhoons and extreme rainfall</p> <p>FET has made a quantitative assessment of the financial impact caused by extreme weather. The assessment found that "loss of equipment and assets due to strong winds" was the main potential loss (accounting for 93.63% of the total loss amount), followed by "loss of equipment and assets due to flooding" (accounting for 4.09% of the total loss amount).</p> <ul style="list-style-type: none"> 93.63% loss of equipment and assets due to strong winds 4.09% loss of equipment and assets due to flooding 1.28% increase in compensation costs for customers due to operational interruption Power shortages leading to operational disruptions or increased 1.00% operational costs <p>▶ Below 2 degrees Celsius</p> <p>In the RCP 2.6⁴ scenario, if the warming is close to 2°C, there will be an increase of 1.2 grade four typhoons⁵ and 1.2 grade five typhoons⁶ every year in the future; that is, 7.96 strong typhoons would hit Taiwan between 2020 and 2030. The area affected by these strong typhoons is expected to be 1,131.19 square kilometers, with 905,700 people affected. The source of risk suffered by FET is strong wind, and 93.63% of losses come from this. Among the losses caused by strong wind, the loss of the base station is the largest, accounting for 86.62% of the total loss.</p> <p>▶ Above 2 degrees Celsius</p> <ul style="list-style-type: none"> In the RCP 8.5⁷ scenario, the 24-hour rainfall reaches 650 cm, the flooding depth is 0.5 to 3 meters, the average typhoon wind speed increases by 8%, the affected area in Taiwan increases to 1,398.11 square kilometers, and the number of people affected increases to 1.2056 million. At present, the loss of equipment caused by flooding is about 4.09%. Since most base stations and data center equipment are located on the top floor of or inside buildings, they are less affected by flooding. For strong winds that directly damage base station equipment (such as antennas or power supply equipment) and data center equipment (such as generators, air cooled water chillers or cooling water towers), since the main source of risk is strong wind, FET has transferred the financial risk caused by the typhoon through insurance to reduce losses.

Scenario Analysis	Transition Risk	Physical Risk
Business Strategy Application	<p>▶ Below 2 degrees Celsius</p> <p>The main situation faced in this scenario is the booming demand for low-carbon and energy-saving products. This will significantly increase FET's own demand for low-carbon technology and create greater incentives for the development of related technologies, leading to increased investment in this field.</p> <p>▶ Above 2 degrees Celsius</p> <ul style="list-style-type: none"> FET has completed the risk assessment, which identified "loss of equipment and assets caused by strong winds" as the primary potential loss factor, followed by "loss of equipment and assets caused by flooding." Consequently, if the temperature increases by more than 2 degrees Celsius in the future, the following consequences will arise: <ul style="list-style-type: none"> A. Public image and reputation: If the government's effectiveness in reducing emissions is poor, the public will become more concerned about climate change-related matters, leading to increased scrutiny and criticism of FET's corporate reputation. Consequently, this will impact public trust and the company's reputation. B. Relevant enterprises will be affected: If the solar energy feed-in tariff policy is coming to an end, it will impact the solar energy industry and affect the business of FET's subsidiary "Prime Eco Power". 	<p>▶ Below 2 degrees Celsius</p> <p>According to the RCP 2.6 scenario, FET needs to improve the following items:</p> <ul style="list-style-type: none"> Strengthen business resilience: FET can incorporate extreme weather events into its business strategy, increase countermeasures, and strengthen business resilience to cope with the impact of strong typhoons and extreme rainfall. Environmental risk management: FET can further strengthen the management of extreme climate risks, including risk assessment and monitoring. This can help FET better understand the likelihood and impact of extreme weather events and formulate corresponding countermeasures to mitigate potential financial and operational risks. <p>▶ Above 2 degrees Celsius</p> <ul style="list-style-type: none"> Carbon neutral and net zero goals: FET can set carbon neutral and net zero goals, take corresponding measures to reduce carbon emissions in its own supply chain, and indirectly improve the stable operation and financing effect of the supply chain. Cooperation and partnerships: To address the issue of high carbon emissions, FET can proactively pursue collaboration with enterprises, governments, and non-governmental organizations across industries. This will not only facilitate the exchange of knowledge but also enhance technical cooperation and innovation to effectively tackle the challenges presented by climate change.

¹ IEA B2DS is the scenario where global warming is below 2 degrees Celsius in transition risk

² According to "Carbon pricing options for Taiwan" by the LSE Grantham Research Institute on Climate Change and the Environment, an important British research institute on climate change, and Vivid Economics, it is suggested that the starting rate of carbon fees can be US\$10 per ton

³ IEA STEPS is the scenario where global warming reaches 2.6 degrees Celsius in transition risk

⁴ RCP 2.6 is the warming mitigation scenario in the physical risk. This scenario assumes that the radiation per square meter will increase by 2.6W/m² in 2100, that is, the warming range in Taiwan may remain 1.17

degrees Celsius higher than the temperature before the industrial revolution

⁵ A grade four typhoon has a wind speed of 58 m/s or more and wind gusts of scale 17 or more

⁶ A grade five typhoon has a wind speed of 70 m/s or more and wind gusts of scale 17 or more

⁷ RCP 8.5 scenario is the scenario of maintaining the status quo in the physical risk; this scenario assumes that the radiation will continue to increase to more than 8.5 W/m², and the carbon dioxide concentration will be greater than 1,370 ppm, that is, the warming range in Taiwan may remain 3.49 degrees Celsius higher than the temperature before the industrial revolution

Risk Management

The FET Risk Management Committee implements risk management across various areas of the Company, including finance, strategy, operations, information security, and environmental and energy risks. This is achieved through the operation of different levels of organizations and responsibilities. FET has developed a "Risk Management Policy" based on the "ISO 31000 Risk Management Guidelines," which has been approved by the Board of Directors. This policy serves as the guiding principles for all business groups in their implementation of risk management. The risk assessment focuses primarily on the Company itself. Each business group conducts annual and regular risk assessments, formulates risk management strategies and plans, and considers the economic, environmental, and social aspects of corporate governance issues that have significant impacts on customers, investors, and other stakeholders. The results and performance of sustainability promotion in the current year are reported to the Board of Directors on a regular basis. The seventh report of the ninth session of the Board of Directors has been submitted. For more information on the organizational framework and operations of the Risk Management Committee, please refer to section 1.3.3 Risk Management. For more information on the organizational framework and operational performance of the Environment and Energy Management Committee, please refer to section 3.3.1 Environment and Energy Management Committee.



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Targets and Indicators

Energy use is the primary concern for the telecommunications industry when it comes to addressing climate change. FET has developed indicators, including greenhouse gas emissions, energy consumption, and water resources, to assess the effectiveness of our management practices. We not only establish medium- and long-term targets for each response measure mentioned above, but also conduct annual reviews to track our progress. Furthermore, we make ongoing adjustments based on external environmental trends, aiming to minimize the impact of climate change through target management.

FET has established a science-based reduction target in line with the global goal of limiting warming to below 1.5 degrees Celsius. The company aims to achieve net zero emissions by 2048. Additionally, FET has officially announced its participation in the international renewable energy initiative RE100. The objective is to fully transition to renewable energy sources in offices, stores, and major data centers by 2030, and achieve 100% renewable energy usage company-wide by 2040. FET will progressively increase the capacity of renewable energy installations to facilitate this energy transition. The company has also implemented management indicators and targets for energy consumption in the aforementioned energy-intensive areas, and is actively promoting energy-saving programs, as outlined in section 3.2 Environment and Energy Management.

Risk Type (reference)	Risk	Long-term Target	2022 Performance
Transition Risk	Failure of government to reduce emissions, higher power generation costs/higher electricity prices	<ul style="list-style-type: none"> 42% reduction in GHG emissions in 2030 compared to the base year 2021 Electricity consumption of 1GB traffic of the base station in 2030 reduces by 59% compared to the base year 2021 8.83% reduction in average electricity consumption per directly operated store in 2030 compared to the base year 2021 IDC room power usage efficiency (PUE) reduces by 7.14% in 2030 compared to the base year 2021 Office electricity consumption per square meter per year (energy use intensity, EUI) reduces by 10.17% in 2030 compared to the base year 2021 The share of renewable energy in the overall electricity consumption in 2030 increases by 30% compared to the base year 2021 	<ul style="list-style-type: none"> 3.01% increase in GHG emissions in 2022 compared to the base year 2021 2022 base station electricity consumption of 1GB reduced by 31.02% compared to the base year 2021 In 2022, the Power Usage Effectiveness (PUE) of the IDC data center decreased by 3.68% compared to the baseline year 2021 3.4% reduction in average electricity consumption per directly operated store in 2022 compared to the base year 2021 Office electricity consumption per square meter per year (EUI) reduced by 2.46% in 2022 compared to the base year 2021 The share of renewable energy in the overall electricity consumption accounted for 0.5% in 2022
Physical Risk	Increased frequency of strong typhoons and extreme rainfall	<ul style="list-style-type: none"> Maintain storage of at least 38 hours of water throughout the year Maintain at least 10 hours of generator backup oil throughout the year 	<ul style="list-style-type: none"> Targets achieved

Greenhouse Gas Emissions

Since 2015, FET has implemented the ISO 14064-1 Greenhouse Gas Inventory and established medium- and long-term goals for managing greenhouse gas emissions. By 2030, FET aims to reduce total greenhouse gas emissions in Scope I and II, as well as Scope III, by 42% compared to 2021 levels. For more details on greenhouse gas emissions, please refer to section 3.2, "Overview of FET's Environmental Footprint."

	ISO 14064-1		GHG Protocol	GHG Emissions	Percentage
Category 1	Direct GHG emissions and removal	Scope 1	Direct GHG emissions and removal	4,667.63	0.71%
Category 2	Indirect GHG emissions from purchased energy	Scope 2	Indirect GHG emissions from purchased energy	286,818.20	43.72%
Category 3	Indirect GHG emissions from transportation	Scope 3	Indirect GHG emissions	6,641.61	1.01%
Category 4	Indirect GHG emissions from products used			287,843.09	43.88%
Category 5	Indirect GHG emissions related to the use of products			70,079.63	10.68%
Category 6	GHG Emissions from other sources			0	0%

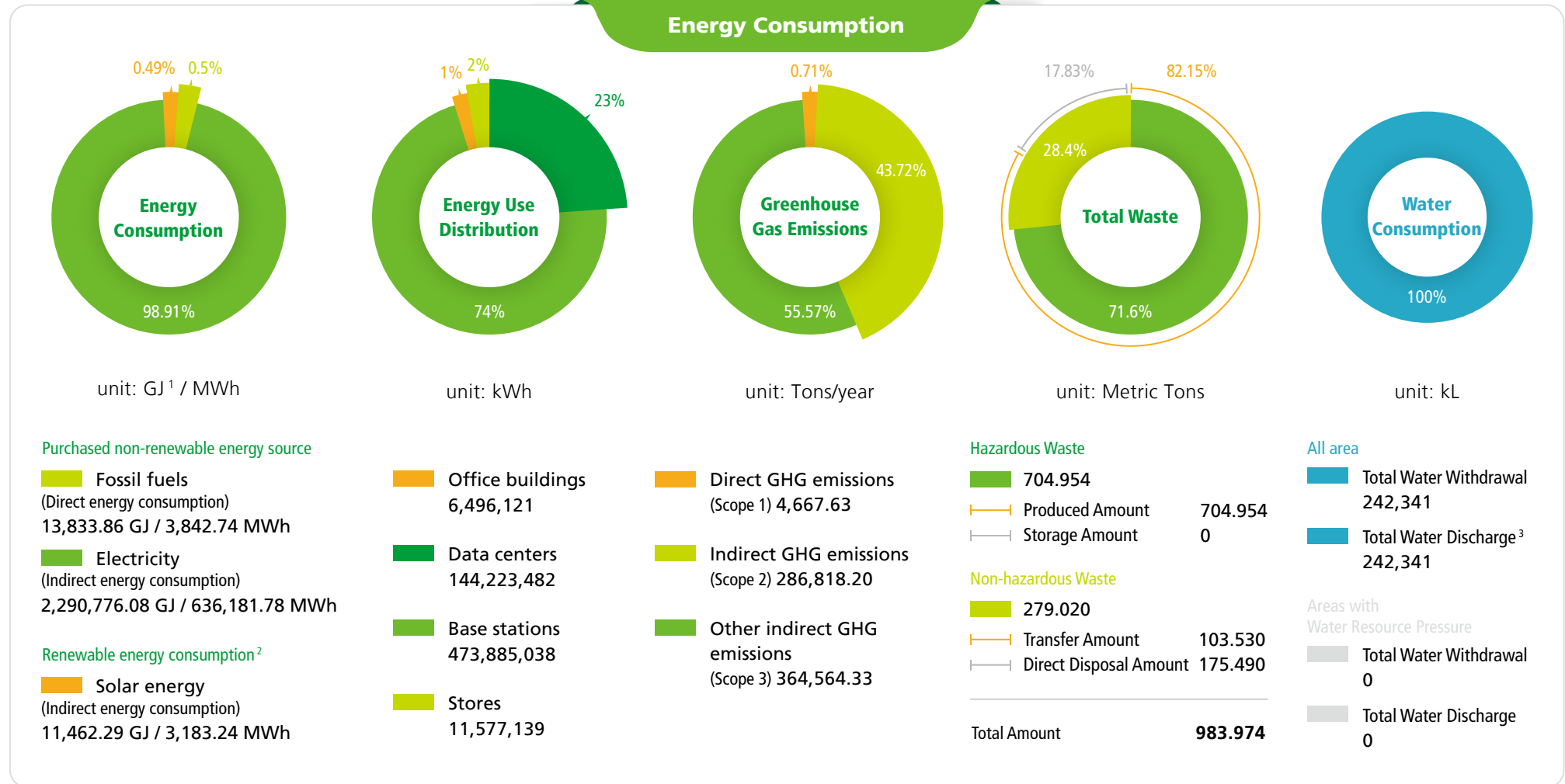
¹ FET adopted ISO 14064-1: 2018 for its 2019 GHG inventories. The table now includes six categories for types of GHG emissions, replacing the previous Scopes 1-3.

² The Scope 3 part has been verified by a third party.

3.2 Overview of FET's Environmental Footprint

The main environmental impacts of telecom services are primarily due to energy consumption and the resulting greenhouse gas (GHG) emissions. The following provides an overview of FET's environmental footprint in 2022, including overall energy consumption, distribution of energy use, GHG emissions, total waste generation, and water consumption. In 2022, the inventory scope was expanded, and the inventory locations remained consistent with those listed in the consolidated financial report.

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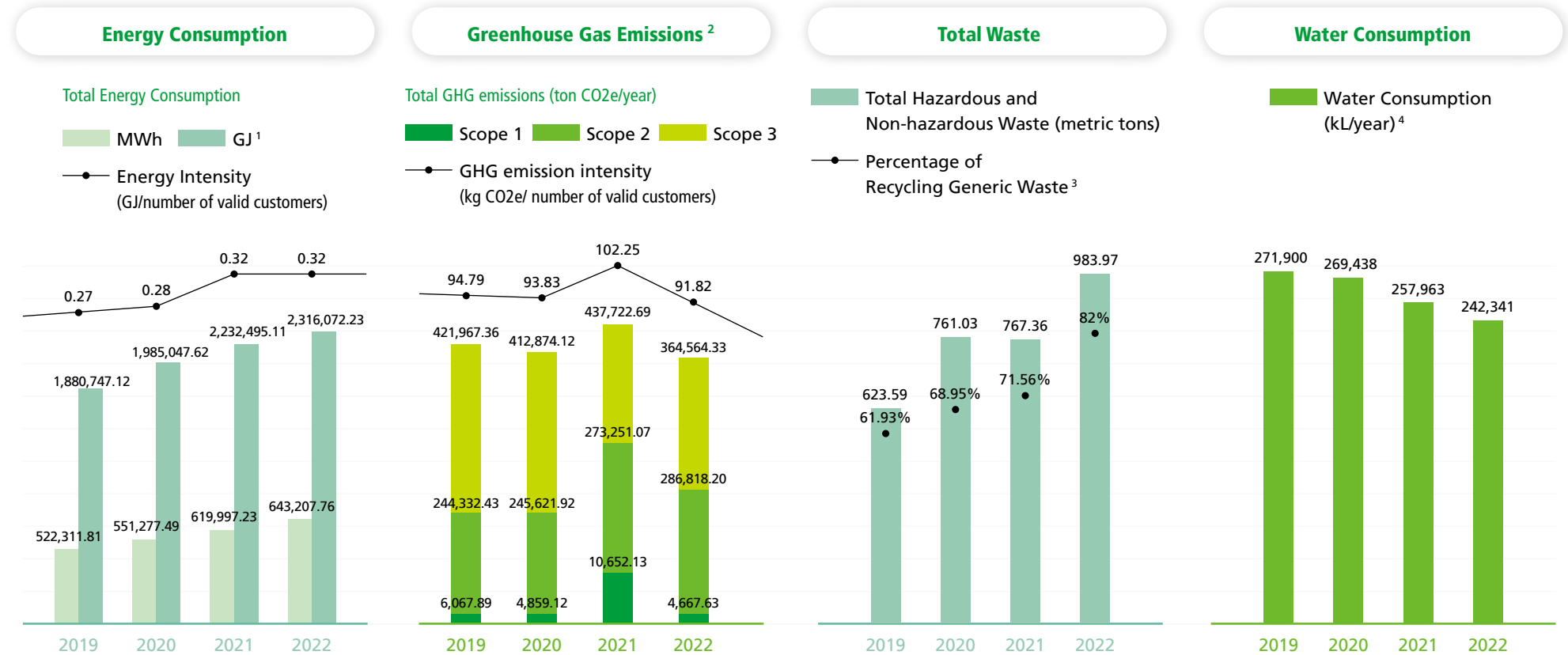
¹ The heating value is calculated by using the latest energy product unit heating value table announced on the website of the Bureau of Energy, Ministry of Economic Affairs. Energy consumption is calculated by multiplying energy usage by unit heating value and converting to gigajoules (GJ).

² The GJ consumption of renewable energy disclosed is estimated power generated for the construction of solar power generation.

³ The source of water withdrawal and the end point of discharge are classified as third-party water, and the water quality index is fresh water.

Environmental Footprint Trends Over the Past Four Years

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



¹ Giga-Joule (GJ) = 0.277778 MWh

² FET has adopted ISO 14064-1:2018 as the standard for GHG emissions inventory since 2019. Prior to 2018, the company had adopted the previous version, ISO 14064-1:2006. However, it is important to note that the new version has different scopes, and as a result, the GHG emissions from FET's rental data centers were not included in the inventory.

³ In 2022, the replacement of base station lead-acid batteries led to an increase in the quantity of hazardous waste, while general waste continued to decrease.

⁴ Data from 2019 to 2022 have been adjusted according to the scope of this annual report.

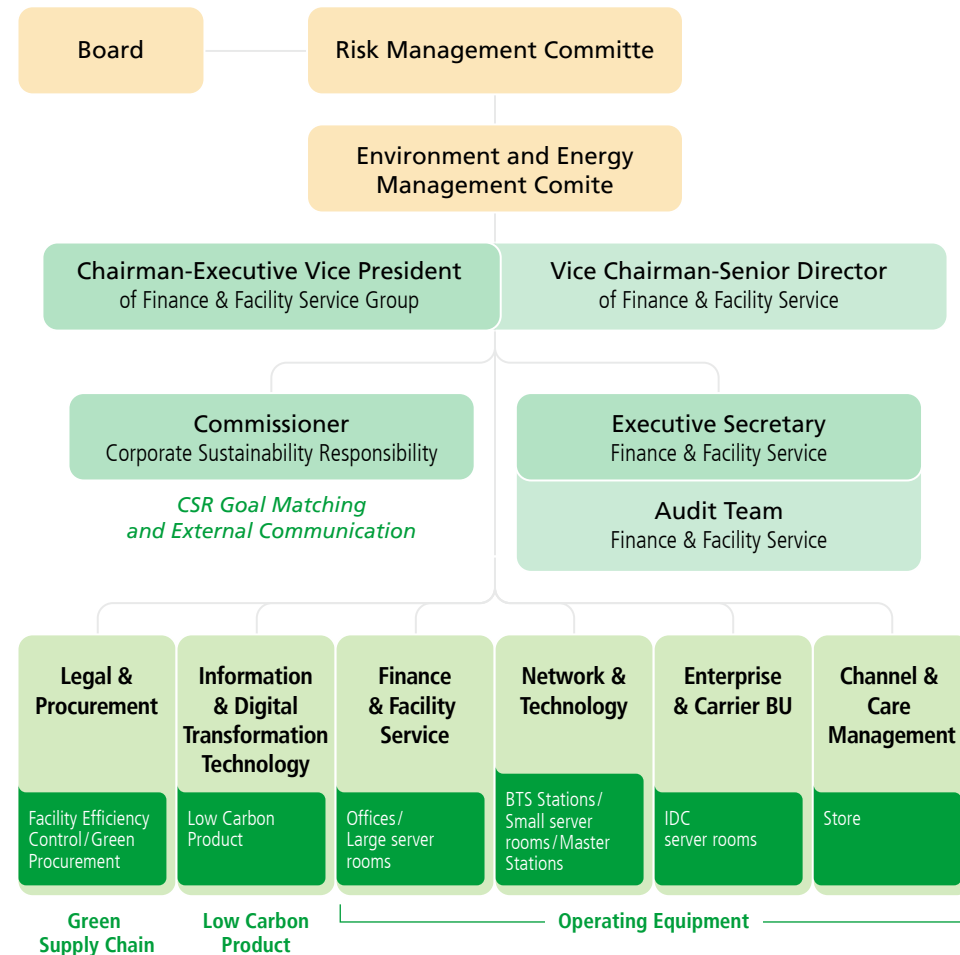
3.3 Environmental and Energy Management

FET is committed to improving energy efficiency by implementing the Energy Management System (ISO 50001) and Environmental Management System (ISO 14001) certification. We have also implemented the GHG Inventories (ISO 14064-1) to effectively manage the environmental impacts of energy consumption. To guide our efforts, we have established the "[FET Environment and Energy Policy](#)" and "Statement of GHG Management Policy." Our goal is to conserve energy and improve efficiency in all stages of telecom services, while actively contributing to climate change mitigation and adaptation.

3.3.1 Environment and Energy Management Committee

The FET "Environment and Energy Management Committee" operates under the "Risk Management Committee" and provides annual reports to the Board of Directors on significant environmental and energy matters. The committee is led by the Chief Financial Officer (CFO) and consists of department heads from various departments. Quarterly meetings are held to address energy and environment-related goals and performance. FET has also implemented measures for Environment and Energy Management, encompassing energy and environmental management, greenhouse gas reduction, and climate change response.

► Structure of Environment and Energy Management Committee



3.3.2 Environmental Management System

FET has already implemented ISO 14001 Environmental Management, ISO 50001 Energy Management, and ISO 14064-1 Greenhouse Gases, and also seeks external assurance. The coverage and results of each environmental management system are as follows. The primary objectives of ISO 14001 include reducing waste by 2%, decreasing water consumption by 1%, implementing ISO 46001 Water Efficiency Management Systems, establishing a carbon management platform, fulfilling the FET Biodiversity and Zero-Deforestation Commitment and Operational Methods, achieving an 80% questionnaire response rate for the Supply Chain ESG Sustainability Risk Self-Assessment of the top 500 suppliers, and attaining an 83% utilization rate of electronic bills. Additionally, the ISO 50001 goal is to conserve 7.87 million kWh of electricity, invest in or construct solar power plants, and participate in the RE100 initiative.

Certification	Category (site of introduction)	Coverage Rate
ISO 50001 Energy Management System ¹	Taipei: 4 points (offices / data centers / stores) New Taipei: 2 points (offices / data centers) Taichung: 2 points (offices / data centers) Tainan: 1 point (offices / data centers) Kaohsiung: 2 points (offices / data centers)	100% (telecommunication services revenue)
ISO 14001 Environmental Management System	Taipei: 4 points (offices / data centers / stores) New Taipei: 2 points (offices / data centers) Taichung: 2 points (offices / data centers) Tainan: 1 point (offices / data centers) Kaohsiung: 2 points (offices / data centers)	100% (telecommunication services revenue)
ISO 14064-1 Greenhouse Gases ²	FET and its 24 subsidiaries as listed in the Consolidated Financial Statements	100%

¹ The Energy Management System has adopted the ISO 50001:2018 version.

² The GHG inventory has adopted the ISO 14064-1:2018 version, and the scope included FET, New Century Infocomm Tech Co., Ltd., Kgex.com Co., Ltd., Information Security Service Digital United, Yuan Shi Digital Technology Co., Ltd., PrimeEco Power, FET Property Insurance Agency Co., Ltd., Yuan Cing Co., Ltd., Nextlink Technology Co., Ltd., Microfusion Technology, Mission Entertainment, Digital United Information Technologies Inc, Nextlink (HK) Technol Co., Limited, Microfusion (HK) Technology Co., Limited, FEIS, New Diligent Co. Ltd., New Diligent Hong Kong Co. Limited, Sino Lead Enterprise Limited, Digital United (Cayman) Ltd., Far Eastern New Diligent Company Ltd., Ideaworks Entertainment Co., Ltd., Nextlink (Shanghai) Technology Co., Ltd., ARCOA Enterprise Co., Ltd., Data Express Digital Technology Co., Ltd., Home Master Technology Ltd., etc.

3.3.3 FET Overall Energy Management and Conservation

In order to facilitate the transition to renewable energy, FET establishes yearly objectives and encourages energy-saving initiatives for key departments with high energy consumption. These departments include base stations, data centers, stores, offices, and logistics.

	2022 Targets	2022 Progress	Achievement	2023 Targets (vs. base year 2021)
Base stations	Decrease 5% power consumption per 1 GB of traffic volume (million kcal consumed/GB) at base stations per year	Annual reduction of 31%	Achieved	Reduction of 35 %
Data centers	Annual reduction of 0.33% of PUE	Annual reduction of 3.68%	Achieved	Reduction of 3.82%
Stores	Annual reduction of 3.01% million kcal per store	Annual reduction of 3.40%	Achieved	Reduction of 2.31%
Offices	Annual reduction of 0.5% in EUI ¹	Annual reduction of 2.46%	Achieved	Reduction of 4.63%

¹ Energy Use Intensity (EUI): power consumption in kWh/total floor area of the building (Unit; kWh/m²*year)

Base stations

In 2022, energy consumption at base stations accounted for approximately 75% of the total power consumption, making it the primary source of energy usage across FET's operating sites and facilities. The rise in overall energy usage of base stations primarily resulted from the ongoing expansion of 4G and 5G base stations, aimed at delivering superior mobile communication services to customers. FET has proactively developed and executed energy-saving initiatives. In the construction of 5G base stations, we have implemented an AI simulation mechanism to enhance the accuracy of inputting 5G equipment, thereby optimizing equipment energy efficiency. Additionally, we have introduced a dormant management mechanism for traffic system calculation in both 4G and 5G base stations. This mechanism enables each base station to adjust the traffic volume within its service area through internal calculations, facilitating rapid and automated resource allocation. As a result, the energy consumption of each unit's resources can be maximized. Furthermore, we will continue to utilize the latest cross-frequency and mixed-mode equipment technology. This will allow a single device to provide more than two energy-saving benefits, effectively managing the energy consumption of our base stations. In 2022, a total of 23,052 base stations implemented energy-saving initiatives, with an investment exceeding NT\$110 million. This resulted in an estimated reduction of 8,943 tons of carbon emissions, equivalent to the carbon sequestration of 23 Daan Parks. Additionally, it is estimated that these efforts led to cost savings of NT\$61.49 million.

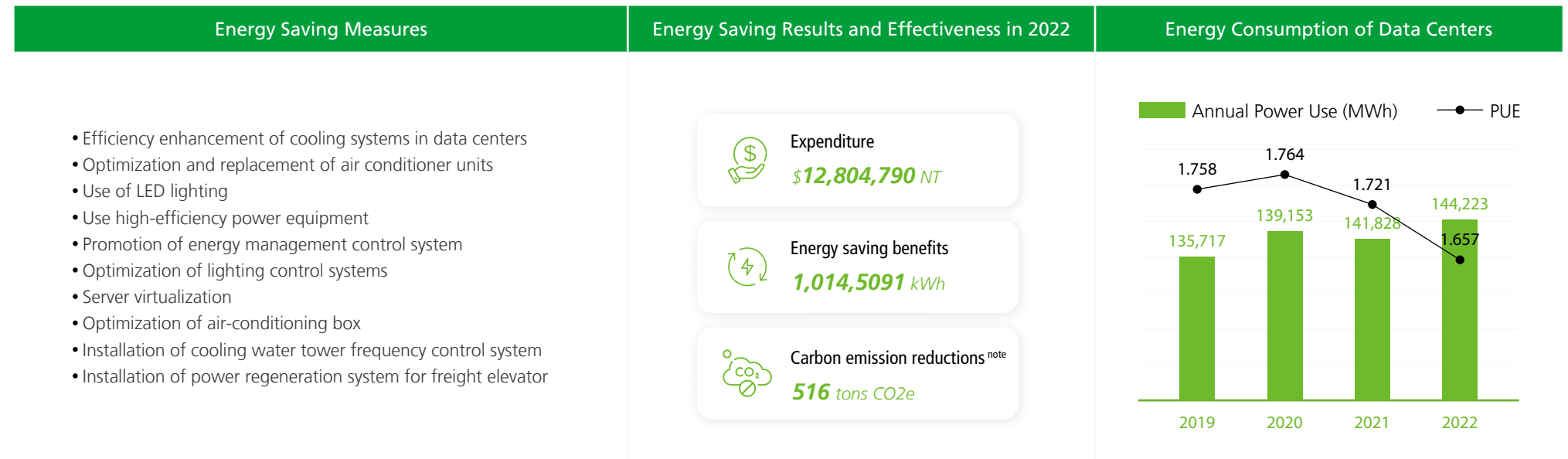
► Base Stations Energy Saving Measures and Results

	Energy Saving Measures	Results and Effectiveness in 2022	Energy Consumption of Base Stations
Short Term (Ongoing)	<ul style="list-style-type: none"> Continue to use the 5G AI station selection evaluation mechanism to manage the energy consumption efficiency of the new station construction Continue to use the dormancy management mechanism of 4G and 5G base station traffic system calculation Continuous replacement of low-efficiency power conversion equipment Continue to replace high power consumption air conditioning with ventilation systems to improve the circulation of base station heat dissipation Continuous adjustment of 4G spectrum optimization parameters Increase the solar capacity of base stations 	<p> Expenditure \$111,393,000 NT</p> <p> Energy saving benefits 17,570,141 kWh</p> <p> Carbon emission reductions² 8,943 tons CO₂e</p>	<p> Annual Power Use (MWh)</p> <p> 1GB kWh³</p> <p>2019: 358,711 MWh, 0.223 kWh/GB 2020: 384,887 MWh, 0.171 kWh/GB 2021: 455,154 MWh, 0.176 kWh/GB 2022: 473,885 MWh, 0.121 kWh/GB</p>
Long Term	<ul style="list-style-type: none"> Initiate successive 3G equipment exit execution Introduction of high performance, low power consumption mixed-mode equipment for base stations Continue to introduce new energy-saving technologies through upgrades Introduce green power or energy storage equipment using the field environment of specific base stations Manage the scheduling and use of station equipment and spectrum resources using AI technology 	<p>² The 2021 electricity carbon emission coefficient = 0.509 kg CO₂e/kWh, was used throughout this Chapter to calculate this year's carbon reductions</p>	<p>³ Base station energy indicator is defined as the power consumption (kWh) from customer Internet use per gigabyte (GB). Energy indicator = power consumption (kWh) / communication volume (GB)</p>

Data centers

In 2022, the average PUE in data centers reached 1.657, a decrease of 3.68% compared with the previous year. In 2022, the data center of our information centers implemented external air energy-saving technology to decrease energy consumption. By utilizing low-temperature external air and carefully adjusting and blending it, we were able to cool the servers, resulting in a reduction of over 50% in electricity usage for air conditioning during the autumn and winter seasons. This significant decrease in energy consumption also led to a substantial reduction in carbon emissions from our data centers, resulting in a continued decline in PUE. Furthermore, FET is actively expanding its server virtualization capabilities to accommodate ongoing business growth. This expansion aligns with our objectives of cost reduction, enhanced efficiency, streamlined management, and environmental sustainability. In 2022, FET implemented additional carbon reduction initiatives, investing NT\$12,804,790 in energy-saving programs for data centers and NT\$11.34 million in server virtualization. With the addition of 492 new servers this year, the Company now operates 6,160 virtual technology servers, resulting in energy savings of 1,060,000 kWh, equivalent to approximately 538 tons of carbon reduction. The number of physical servers purchased was reduced to 18 units, resulting in an estimated total reduction of over NT\$2.73 million in electricity bills. In 2022, FET made further advancements in energy efficiency and the utilization of renewable energy. The company acquired a 1.9 MW solar power plant, resulting in an increase of renewable energy usage to 3.3%. Additionally, FET will adhere to the national energy policy, evaluate the implementation of alternative technologies, and strive to further enhance the proportion of renewable energy utilization.

► **Data Center Energy Saving Measures and Results**



^{Note:} For the calculations of this year's carbon reductions, the electricity carbon emission coefficient in 2021, or 0.509 kg CO2e/ kWh, was used throughout this Chapter.

Stores

FET is actively enhancing the eco-friendliness of our stores by adopting the Energy Label as the benchmark for equipment during store renovations and contracting projects. Furthermore, we are gradually implementing energy-saving measures at our stores, such as utilizing inverter air conditioning units and energy-efficient lighting. All energy-saving eco-friendly stores have implemented energy-saving equipment and replaced traditional posters with digital, interactive multimedia equipment in order to minimize resource consumption. In 2022, a total of 23 stores were transformed into energy-efficient, environmentally-friendly establishments, resulting in a reduction of energy consumption by 12.24% and an annual power saving of approximately 1.38 million kWh. Arcoa has also embraced the concept of environmentally friendly stores and is actively replacing outdated air conditioner units with inverter models. Additionally, the company is transitioning to LED energy-saving lighting equipment.

► **Stores Energy Saving Measures and Results**

Energy Saving Measures	Energy Saving Results and Effectiveness in 2022	Average monthly power consumption of regular chain stores
<p>FET Telecom</p> <ul style="list-style-type: none"> Continue to reform stores and expand the ratio of green stores Set Energy Label equipment as standard when opening new stores and contracting work In 2022, lighting equipment in 29 stores was replaced and energy-saving devices such as LED lighting, inverter air conditioners, and LED emergency exit lights were adopted Replace traditional posters with digital, interactive multimedia equipment In 2022, a total of 232 old air conditioner units have been replaced with energy-efficient inverter air conditioners 	<p>Expenditure \$856 million NT</p> <p>Energy saving benefits 1,378,865 kWh</p> <p>Carbon emission reductions^{note} 701.84 tons CO₂e</p>	<p>Unit: kWh</p>
<p>Arcoa</p> <ul style="list-style-type: none"> Replace old air conditioners in stores to improve operating efficiency Stores continue to replace LED lights, and the activation time of store sign lights is adjusted and controlled 	<p>Expenditure \$28,650 NT</p> <p>Energy saving benefits 55,490 kWh</p> <p>Carbon emission reductions^{note} 28.24 tons CO₂e</p>	<p>Unit: kWh</p>

^{Note.} Average power consumption = total power consumption of regular chain stores / number of regular chain stores.

Offices

FET continues to reduce power consumption from offices through energy-saving and carbon reduction measures, renewing equipment and optimizing operational management. In 2022, the EUI reached 109.48 (kWh/m²/year), 2.5% lower than last year. FET also continued to select Green Mark-certified products to enhance the efficiency and green benefits of information equipment.

► **Statistics of Leased Equipment**

	2019	2020	2021	2022
Personal computers	99.07%	99.42%	99.78%	99.83%
Laptop computers	93.04%	97.08%	89.25%	91.97%
LCD monitors	92.56%	88.46%	96.21%	90.17%

► **Offices Energy Saving Measures and Results**

Energy Saving Measures	Energy Saving Results and Effectiveness in 2022	Office Energy Consumption (EUI)										
<p>FET Telecom</p> <ul style="list-style-type: none"> Optimization and replacement of air conditioner units Selection of smart microwave sensor lights Use high-efficiency power equipment Additional purchase of adsorption dehumidification equipment Promotion of energy management control system Improvement of ice machine operating efficiency Optimization of lighting control systems Replacement of freight elevator control and installation of kinetic energy recovery system Activation of leased equipment Optimization of EC fans for cooling water towers 	<ul style="list-style-type: none"> Expenditure \$2,049,353 NT Energy saving benefits 106,698 kWh Carbon emission reductions 54 tons CO₂e 	<table border="1"> <tr><th>Year</th><td>2019</td><td>2020</td><td>2021</td><td>2022</td></tr> <tr><th>EUI</th><td>119.83</td><td>116.27</td><td>112.29</td><td>109.48</td></tr> </table>	Year	2019	2020	2021	2022	EUI	119.83	116.27	112.29	109.48
Year	2019	2020	2021	2022								
EUI	119.83	116.27	112.29	109.48								
<p>Arcoa</p> <ul style="list-style-type: none"> Optimization and replacement of air conditioner units Use of LED lighting Regularly checking unnecessary energy sources are turned off Warnings and tracking system for abnormal monthly power consumption Promotions of energy-saving awareness 	<ul style="list-style-type: none"> Expenditure \$23,700 NT Energy saving benefits 24,792 kWh Carbon emission reductions 12.62 tons CO₂e 	<table border="1"> <tr><th>Year</th><td>2019</td><td>2020</td><td>2021</td><td>2022</td></tr> <tr><th>EUI</th><td>110.73</td><td>119.23</td><td>115.95</td><td>103.4</td></tr> </table>	Year	2019	2020	2021	2022	EUI	110.73	119.23	115.95	103.4
Year	2019	2020	2021	2022								
EUI	110.73	119.23	115.95	103.4								

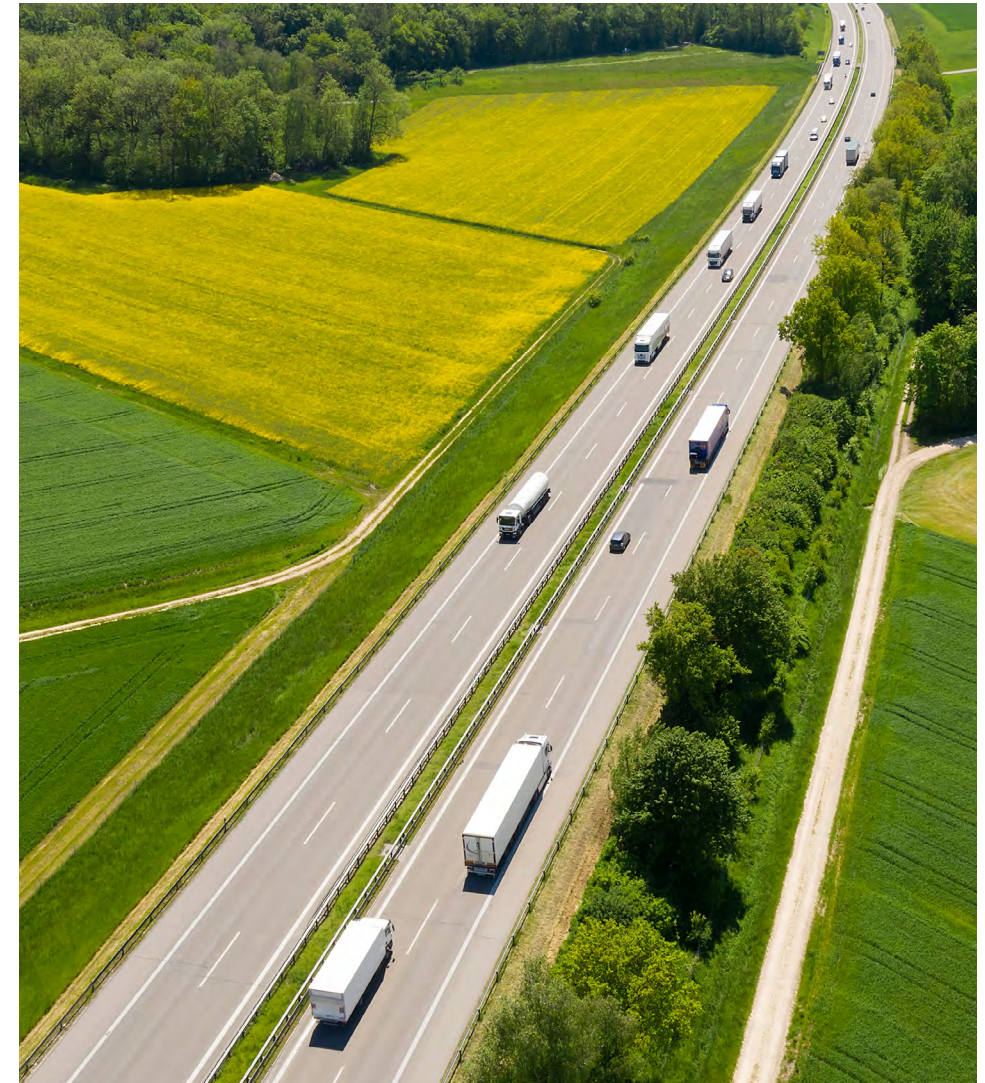
Green Logistics and Packaging

FET promotes environmentally-friendly logistics and utilizes data analytics to optimize logistics routes based on the varying opening hours of each store. This approach reduces transportation costs, minimizes environmental pollution related to products, and decreases the number of cardboard boxes used for logistics. In 2022, we achieved significant benefits, including a reduction of 52,800 kilometers in distribution mileage, which is equivalent to a carbon reduction of 11.8 metric tons. Arcoa has been consistently updating energy-saving equipment and optimizing logistics routes at its logistics centers. As part of these efforts, the company has replaced one-time use paper boxes with logistic boxes since 2020. This initiative has resulted in a reduction of approximately 64,718 cartons consumed in 2022.

▶ Green Logistics and Packaging Measures and Results

Energy Saving Measures	Energy Saving Results and Effectiveness in 2022
<p>FET Telecom</p> <ul style="list-style-type: none"> • Continue to optimize logistics routes through big data analysis and in line with different store opening hours • Require all deliveries to turn off engine when parked to reduce fuel consumption • Promote green product packaging to reduce environmental impacts • Apply marketable merchandise¹ orders combined process • Use green packaging for all marketable merchandise • Centralize shipment for auxiliary merchandise² from stores every month 	 <p>Carbon emission reductions</p> <p>11.8 tons CO2e</p>
<p>Arcoa</p> <ul style="list-style-type: none"> • Opt for energy-saving lighting, reviewing lighting circuit, and adjusting power consumption processes in logistic centers • Plan to replace the circuits and equipment of electricity system in logistic centers to improve energy efficiency and reduce losses • Replace one-time used paper boxes with logistics boxes through stores shipment • Total 574,759 kWh of solar power generation in 2022 	 <p>Carbon emission reductions</p> <p>39.48 tons CO2e</p>

¹: Marketable merchandise are cell phones and accessories purchased by customers.
²: Auxiliary merchandise are flyers, point-of-sale materials (POSM), and SIM cards.



3.3.4 Environmental Resources Management

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

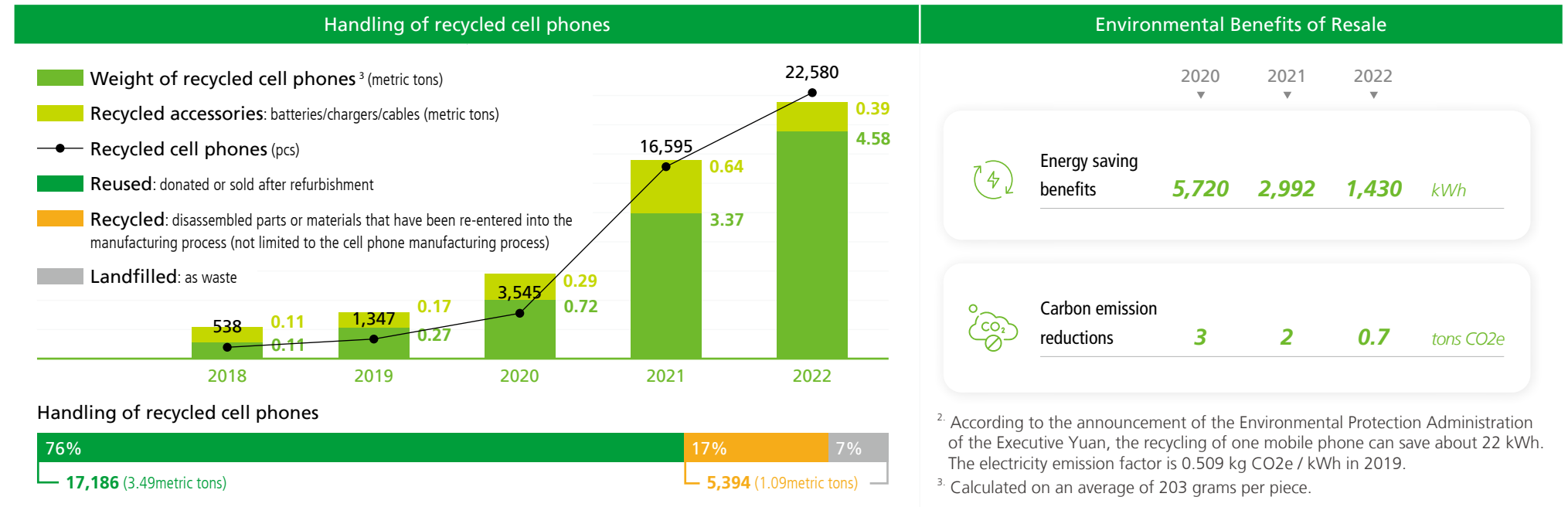
Paperless Services

FET is actively promoting digitalization projects, including the digitization of electricity bills and forms. We have developed systematic, modular, and streamlined paperless management systems, enabling the practical implementation of paperless telecommunications services. The digital billing system and FET's Mobile Circle App offer users a clear and user-friendly way to access billing and payment information, enabling them to easily understand their account details. In 2022, a total of 3.89 million users utilized digital bills, with 700,000 being new users, resulting in a usage rate of 82.4%. This led to a significant reduction in paper usage, saving a total of 116.7 million pieces of paper, which is equivalent to reducing the carbon footprint by 933.6 metric tons.¹ Our target for 2023 is to further increase the usage rate of digital bills to 83.7%.

¹ According to the Carbon Footprint Information Platform of the Environmental Protection Administration of the Executive Yuan, the carbon footprint of one pack of 500 sheets A4 paper is calculated as 4kg CO₂e.

Mobile Phone Recycling and Resale

Electronic waste remains a concern for the general public and requires attention from both telecommunications service providers and consumers. To facilitate consumer recycling of mobile communication products and promote resource conservation, FET has entered into a "Memorandum of Understanding on Cooperative Recycling of Waste Mobile Communication Products" with the Environmental Protection Administration (EPA). As part of this initiative, FET has established cell phone recycling points at various stores throughout Taiwan, where consumers can recycle their waste cell phones, PDAs, GPS devices, and charging devices free of charge. Additionally, FET has introduced an old cell phone exchange program, allowing individuals to redeem their used cell phones for shopping credit, thereby incentivizing the recycling of old devices. In 2022, FET successfully recycled a total of 4,583.74 kg of cell phones and 390.03 kg of accessories. These waste products are then transferred to qualified operators for reuse. In 2022, FET made efforts to establish a secondary market for reselling display products, targeting specific customer groups. During this period, FET successfully reused 65 cell phones, resulting in a reduction of approximately 0.7 tons of carbon emissions². Additionally, FET also resold 4 tablets and 37 pieces of accessories to thrift shops.



² 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.

³ Calculated on an average of 203 grams per piece.

3.4 Sustainable Supply Chain

3.4.1 Sustainable Supply Chain Performance

FET has proactively addressed the global trend of sustainable management in the supply chain and established its sustainable work goal for 2022 in 2021 (refer to page 42 of the 2021 FET Sustainability Report for more information). Through collaboration with colleagues in procurement and other departments, the procurement department has successfully achieved five significant outcomes. The details are as follows.

ISO 20400 Sustainable Procurement Guidelines Verification

01 FET is the first telecommunications company in Taiwan to obtain third-party verification of [ISO 20400 Sustainable Procurement Guidelines](#). FET is committed to implementing sustainable supply chain management in accordance with these guidelines.

Reformulated the Supply Chain Sustainable Management Policy

02 In response to the Institute of Supply Management's (ISM) focus on sustainable management and global trends, FET has revised its Supply Chain Sustainable Management Policy. The policy has been personally signed by the General Manager.

Organized Circular Economy Workshops

03 In 2022, FET organized the "[Circular Economy Workshop](#)" as part of its implementation of the circular economy concept. The workshop focused on the four categories¹ of products purchased by FET, and invited colleagues from FET as well as upstream and downstream manufacturers to participate in the discussion. The collaboration for circular economy recycling of network equipment was successfully concluded in the fourth quarter of 2022.



¹ The four categories are network equipment, facilities management equipment, information equipment, and mobile devices.

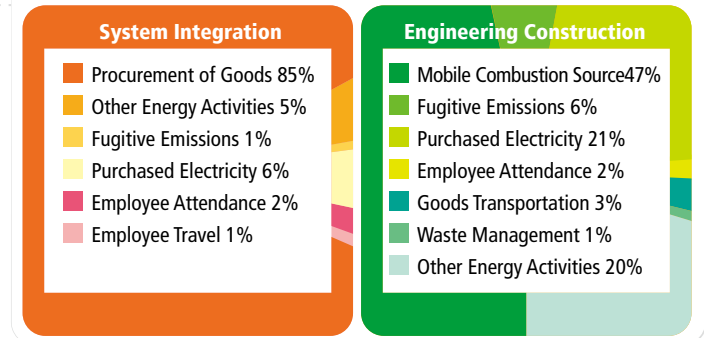
Completed Supply Chain Carbon Emission Estimation

05 We will adopt the accounting principles of the GHG protocol and utilize EEIO tools to estimate carbon emissions in our supply chain. This estimation will be based on purchases made from our top 100 suppliers in 2021, which account for approximately 94% of our total annual purchases.

Launched Supply Chain Carbon Footprint Verification

04 FET conducted a startup briefing to introduce carbon footprint verification, focusing on Apple Inc. and the top 40 suppliers, which are estimated to contribute to 94% of the total carbon emissions in the supply chain. The implementation of supply chain carbon footprint verification is scheduled for 2023. Initially, suppliers involved in system integration and engineering construction underwent carbon footprint verification².

² Result:



3.4.2 FET Supply Chain Management Policy

In 2022, FET became the first telecommunications industry player in Taiwan to obtain third-party verification of ISO 20400 "Sustainable Procurement Guidelines." FET has since implemented sustainable supply chain management in accordance with these guidelines. FET has developed four strategic directions and aligned its goals accordingly. In order to adhere to the global trend of sustainable management and in accordance with the sustainable guiding principles of the Institute of Supply Management (ISM), FET has updated the "FET Supply Chain Sustainable Management Policy" to further extend its impact to critical suppliers and other primary suppliers. To enhance the sustainable management of our procurement supply chain, FET has set annual assessment targets for our colleagues. These targets are tied to our incentive system. In 2022, we invited external consultants to provide 7 internal sustainable education training courses for our colleagues. These courses covered topics such as circular economy, ISO 20400, ISO 14064-1, SBTi supply chain carbon footprint verification, TCFD, and biodiversity. The total training hours amounted to 221.5 hours, allowing us to strengthen the sustainable empowerment of our internal procurement personnel.

Course Name	Year	Date	Course Hours	Number of Participants	Total Training Hours
ISO 20400 Introduction and Stakeholder Identification Training	2021	2021/12/29	2	5	10
SBTi Science-Based Carbon Reduction Scope 3 Supply Chain Carbon Inventory	2022	2022/5/24	3	3	9
Sustainable Manager Training	2022	10-day course	80	1	80
TCFD Training	2022	2022/7/25	1.5	1	1.5
FET Circular Economy Workshop	2022	2022/8/5	9	4	36
Annual Supplier Conference	2022	2022/10/31	15	3	45
Telecommunications Industry Biodiversity Workshop	2023	2023/3/22	5	8	40

► Four Policies for Sustainable Supply Chain Management

- Formulated in accordance with the 11 guiding "Principles of Sustainability and Social Responsibility" established by the Institute for Supply Management (ISM). These principles encompass anti-corruption, diversity and inclusion, environment, ethics and business conduct, financial integrity, global citizenship, health and safety, human rights, labor rights, supply chain sustainability, and transparency.
- According to the ISO20400 Sustainable Procurement Guideline, further enhance supply chain management in order to enhance supply chain market performance indicators such as quality, cost, delivery, and service performance (QCDS) as well as ESG performance. Additionally, collaboration with suppliers should be prioritized to establish a robust and high-quality supply chain.
- Actively address climate change and global net zero issues by guiding and assisting our supply chain in implementing tasks to reduce and neutralize carbon inventory; collaborate with suppliers to collectively work towards achieving the net zero goal.
- Collaborate with the supply chain to leverage our core capabilities, address Taiwan's sustainable risks, meet stakeholders' expectations, and fulfill our corporate citizenship responsibilities.



🎯 ISO 20400 certification

Supply Chain Type

FET defines suppliers who have had transactions for two consecutive years as its effective suppliers. In 2022, there were a total of 696 effective suppliers. Specifically, the procurement costs for handsets and ICT account for approximately 91.57% of all FET procurements. Among these, the largest number of suppliers are in the ICT category, making up 67.7% of all FET suppliers. FET has implemented a "Prefer Vendor" mechanism for its ICT-related business and has established key performance indicators (KPIs) for the use of preferred vendors. This has resulted in an increase in the number of collaborations with high-quality vendors and a reduction in operational risks. In 2022, the procurement amount from preferred vendors reached 76%, surpassing the KPI target of 73% (compared to a KPI of 72% in 2021).



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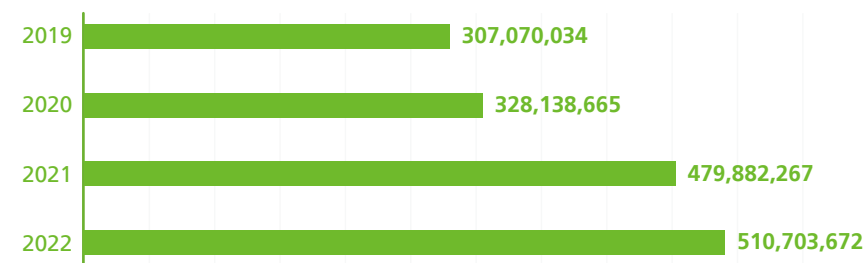
Appendix

Suppliers	Procurement Expenditure Percentage	Distribution of the Number of Suppliers
Handsets	58.86%	1.70%
Information and Communications Technology (ICT)	32.71%	67.70%
Construction	7.02%	14.50%
Sales and Marketing (Media/Non-Media)	0.94%	10.20%
General Administration	0.47%	5.90%
Total	100%	100%

Local and Green Procurement

In addition to promoting local economic development by encouraging foreign companies to establish offices in Taiwan, FET is also dedicated to supporting the local industry. In 2022, FET's purchases from local companies in Taiwan accounted for 99.71% of the total purchase expenditure, after deducting orders from overseas companies and foreign brands. To further support FET's "Environmental and Social Friendly Program" and promote a sustainable supply chain, FET encourages all suppliers and their respective supply chains to adhere to the green procurement regulations when making procurement decisions. When considering procurement bids, the Procurement Department also consults the Energy Saving Team for an assessment of energy efficiency. Additionally, energy-saving specifications are included as an open bid item. A monitoring mechanism is also established for all orders. In 2022, the total purchase amount of FET decreased by 3.7% compared to 2021. However, FET's green procurement amount was 6.4% higher than in 2021, demonstrating a commitment to sustainable procurement.

► FET Green Procurement



Note. The statistical period for green procurement amounts is from September to August of the following year. In 2022, this period was from September 1, 2021, to August 31, 2022.

3.4.3 Sustainable Supply Chain Management Standards

FET has implemented its "[Supply Chain Management Policy](#)" as the foundation for supplier management. Additionally, the introduction of the "[Supplier Code of Conduct](#)" ensures that economic, social, and governance requirements are encompassed in supplier standards. Suppliers are obligated to sign the "FET Supply Chain ESG Sustainable Operation Self Declaration" and the "Integrity Management Agreement," which include punitive penalties. Furthermore, starting from 2023, FET has incorporated suppliers' ESG performance into the supplier selection criteria, accounting for 10%.

All active suppliers are required to annually complete the online signing of the "Integrity Management Agreement" in order to enhance management. Failure to sign will result in the inability to utilize system functions for order reception and payment requests. Active suppliers must renew their contracts every 365 days to ensure their ongoing commitment to integrity management. New suppliers must complete the "ESG Quantitative Evaluation Form," and the FET Credit Management Office will assess their third-party credit reports. Since 2021, we have implemented a nine-level credit evaluation system. Suppliers with a credit evaluation between levels 8 and 9 will not be eligible to become FET suppliers. All FET procurement contracts explicitly state that vendors must adhere to relevant regional, environmental, and labor safety and health laws and regulations.

Construction suppliers must sign the "Contractors Occupational Safety and Health and Environment Commitment," the "Declaration on Announcement of Contractors Worksite Environmental Hazards," and carefully review the "Occupational Safety and Health Management Implementation Points for Contractors." Additionally, suppliers must fulfill relevant management and hazard prevention responsibilities in accordance with the "Regulations for Occupational Safety and Health Organization Management and Self-Check" to ensure the safety and health of workers and prevent occupational hazards. In addition to regularly assessing suppliers to ensure their compliance with the aforementioned regulations, FET also suspends the accounts of suppliers who have not conducted any transactions with the company for three years or more. This is done to ensure that the information regarding suppliers' creditworthiness and corporate social responsibility remains current.

FET Supply Chain ESG Sustainable Operation Self Declaration

FET mandates that all suppliers must sign the Integrity Management Agreement and the ESG Self Declaration within a specified timeframe. In 2022, the signing rate for new suppliers reached 100% (a total of 216), with a 100% signing rate for first-tier critical suppliers as well (a total of 72). Out of the top 200 suppliers, 197 have signed the Corporate Social Responsibility Self Declaration, resulting in a response rate of 98.5%. This exceeds the annual target of 95% and accounts for 96.6% of the total annual procurement amount.

Type of Supplier	Total Number of Suppliers	Total Number of Signings	Signage Ratio	% of Annual Procurement Amount
Active Suppliers	1,065	837	78.59%	98.81%
First-tier Critical Suppliers	72	72	100%	89.33%

3.4.4 Sustainable Management Mechanisms and Processes

To enhance supplier management and intensify management efforts, FET has implemented 16 action plans across three areas: threshold management, general management, and compliance management.

● Compliance Management

To ensure that suppliers follow the latest threshold management and general management mechanisms, timely consultation for improvement or suspension

- 281 suppliers have not been traded with for three years and have been put in forced suspension.
- Evaluated 294 new suppliers, 33 failed quantitative evaluations and have been put in forced suspension.
- Among the suppliers that were forcibly suspended due to failure to participate in the risk assessment, 15 have since completed restoration.
- Of suppliers that had been suspended due to high risk and had not improved, 100% of them have since made improvements.
- Among the suppliers that failed the annual performance assessment, 3 of them have improved and 2 of them have been suspended.



● Registration Threshold Management

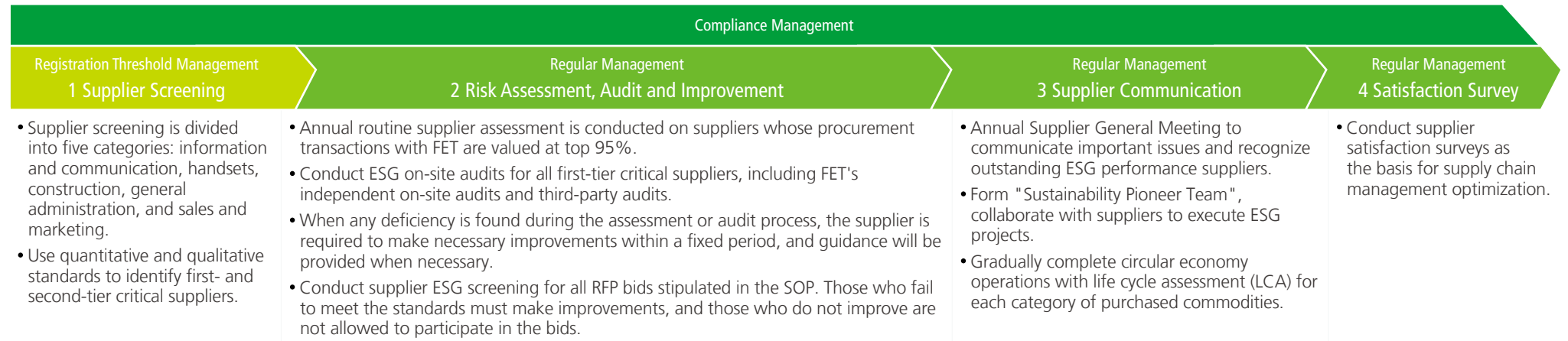
Focus on selecting suitable partners based on ESG criteria.

- New suppliers need to pass the 9-level credit evaluation of the credit department; levels 8 and 9 will not be qualified.
- Suppliers need to re-sign the Integrity Management Agreement every 365 days.
- 100% of the new suppliers signed the ESG Self Declaration (216 in total).
- 98.5% of the top 200 suppliers (96.6% of procurement amount) signed the ESG Self Declaration (197 in total).
- ESG quantitative evaluation of new suppliers, 294 suppliers were evaluated, 87% of them passed, and 3 suppliers that failed have made improvements.

● Regular Management

Regular evaluation, performance appraisal, on-site audit, training and investigation for cooperative suppliers.

- Provided 3 supplier education training sessions: a total of 954 suppliers participated
- Satisfaction Survey: 172 questionnaires were returned, and the satisfaction rate was over 90%.
- Annual Performance Assessment: 228 vendors in 12 categories were assessed and the results were included in the ESG score with 30% weight.
- ESG risk assessment was launched for bidding vendors for cases over NT\$3 million, with a total of 298 cases completed.
- Third-party on-site audits of 30 suppliers, FET's independent on-site audits of 45 suppliers.
- ESG Risk Assessment: 350 (93.7% of procurement amount), of which 14 found to be high-risk have all made improvements.





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Step 1: Supplier Screening Criteria

In 2022, FET's total procurement expenditure amounted to NT\$37.66 billion, representing 33.8% of the overall expenditure. The number of active suppliers reached 1065. The top 100 suppliers accounted for 93.7% of FET's annual procurement amount. FET has categorized supplier procurement into five distinct categories: information and communication, handsets, construction, general administration, and sales and marketing. FET has identified a total of 72 primary critical suppliers based on both quantitative and qualitative criteria. Additionally, 40 secondary critical suppliers have been selected through questionnaire surveys to further enhance supplier management.

FET Critical Supplier Screening Criteria		
First-tier Critical Suppliers	Quantitative Screening Criteria	<ul style="list-style-type: none"> ICT, construction, and sales and marketing: Two consecutive years of transactions totaling more than NT\$50 million. Handsets: Total amount exceeds NT\$100 million in two years. General administration: Total amount exceeds NT\$20 million in two years. (The original threshold was NT\$50 million, and the threshold was lowered in order to expand the management level of general administration suppliers.)
	Qualitative Screening Criteria	<ul style="list-style-type: none"> Irreplaceability, high replacement cost, limited qualifications, exclusive supply, equipment binding
Second-tier Critical Suppliers	Screening Method	<ul style="list-style-type: none"> Distribute questionnaires to first-tier critical suppliers and screen their upstream suppliers according to qualitative standards.
	Qualitative Screening Criteria	<ul style="list-style-type: none"> Whether the directly related products provided are exclusive, with limited qualifications, bound with important equipment, and the cost of replacing the brand is too high.

Step 2 Risk Assessment, Audit and Improvement

► Supplier Sustainability Risk Assessment

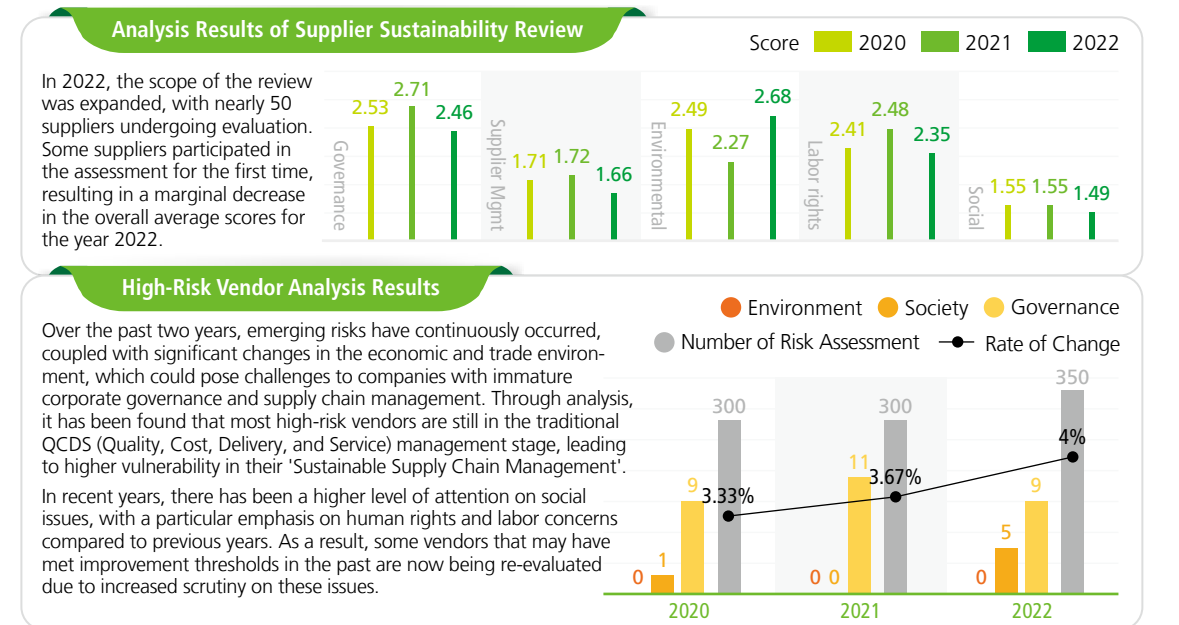
In 2022, FET conducted an ESG risk assessment for all new suppliers, evaluating a total of 294 suppliers. Out of these, 37 suppliers were disqualified for failing to meet the 60-point threshold. Among the disqualified suppliers, 4 have successfully made the necessary improvements by the end of March 2023. The remaining 33 suppliers who have not improved have been suspended and are unable to conduct transactions with FET until they complete the required improvements.

To enhance evaluation and identification efforts, FET has developed a sustainability self-assessment questionnaire in collaboration with Deloitte Taiwan, a third-party consultant. The questionnaire covers five key management aspects: sustainable governance, supplier management, environmental management, labor rights, and social impact. Over the years, the number of evaluation index items has increased, reaching 28 indicators in 2022. Each indicator consists of 3-6 sub-questions, resulting in a total of 108 questions for supplier sustainability risk assessment. Additionally, suppliers are required to submit supporting documents, which are reviewed by the third-party consultants to verify data credibility. In 2022, a total of 350 assessments were conducted, representing 93.7% of the annual procurement amount from the evaluated suppliers.

In 2022, a total of 14 high-risk vendors were identified. The main risks were related to confidentiality agreements, intellectual property protection, and labor rights. These risks included 1 vendor in the sales and marketing category, 3 vendors in the handset category, and 10 vendors in the information and communication integration category. FET has developed improvement plans for high-risk vendors and has requested that they make necessary improvements. As of January 2023, all suppliers have submitted their improvements, which have been verified by FET and third-party consultants to have achieved the expected progress. The improvement rate stands at 100%. FET will also ensure that all suppliers with high-risk profiles undergo a review in 2023 to verify significant improvements.

FET has implemented the ESG risk assessment and selection system for vendors participating in bidding processes^{Note}. The system is now fully operational for significant bidding cases exceeding NT\$3 million, in accordance with the SOP specifications. In 2022, a total of 298 cases were completed, representing 62.14% of the annual procurement amount (excluding the exclusive U.S. Apple procurement amount).

^{Note}: The ESG assessment period was from 8/1/2021 to 7/31/2022.





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► **Supplier ESG On-site Audit**



Since 2016, FET has conducted an annual on-site ESG audit, primarily focusing on first-tier critical suppliers. Additionally, important suppliers or second-tier critical suppliers are included in the audit based on the specific requirements of each year. This approach aims to broaden the scope of ESG verification within the supply chain and ensure that suppliers are effectively implementing their commitments to sustainable development in their day-to-day activities. The inspection methods include independent audits by FET and third-party expert audits. In response to the impact of COVID-19, a total of 75 audits were completed in 2022. 30 third-party audits were completed, and 45 independent audits were completed by FET. Regarding FET's independent audits, the same criteria as the annual risk assessment were employed to enhance the assessment's consistency. Over the years, the audited suppliers' ESG sustainability scores have shown a gradual improvement through on-site audits. In 2021, the average score was 65.1, while in 2022, it increased to 69.1. These results demonstrate FET's successful implementation of sustainable supply chain management.

Note: FET primarily conducts on-site audits for its main suppliers at the first-tier level. However, the number of on-site audits for important suppliers or second-tier critical suppliers will be increased annually to expand the scope of ESG audits in the supply chain. The statistics are the total number of unduplicated cases between FET's own audits and third-party audits.

► **Supplier Annual Performance Assessment Results**

FET conducts annual routine supplier assessments and audits. The 2022 assessment of supply chain performance followed the same 12 major supplier categories as in 2021. However, the number of suppliers evaluated increased to 228, while the total procurement amount remained at 95%. The ESG weighting is also included in the evaluation, and the previous weighting of 25% is increased to 30% to reinforce the importance of ESG. Suppliers that score 5% lower than the previous year and below 70 points on the annual assessment will be identified as needing priority guidance. They must implement an improvement plan and undergo a second assessment. One unqualified supplier has been suspended and listed as non-tradable. The assessment results were published at the external procurement system website and supplier general meeting.

Arcoa assesses suppliers on quality, cost, delivery, and service on an annual basis. The assessment list is chosen based on criteria such as transaction amount, transaction frequency, and importance in the previous year. The representative of the assessment unit will evaluate the overall performance of the suppliers during the evaluation period using the scoring items. Arcoa will increase procurement volume with suppliers who have excellent scores and develop long-term partnerships. In light of poor supplier performance, improvement plans are proposed and should be implemented accordingly. Unqualified vendors will be eliminated. In 2022, Arcoa successfully assessed 55 suppliers using our online supplier assessment system. These assessments accounted for 87% of Arcoa's total procurement expenditure, and we achieved a 100% survey recovery rate. The evaluation results for 2022 are as follows: There were no C-level suppliers that needed improvement, but there was one supplier that was deemed unqualified at the D-level.

Company	FET Telecom				Measures adopted	Arcoa	
	Supplier Assessment Result	Number of suppliers in				Number of suppliers in 2022	Measures adopted
	2019	2020	2021	2022			
Outstanding suppliers (90-100 points)	4	12	8	5	Awarded by FET President at the Supplier General Meeting	4	Increase procurement volume and develop long-term partnership
Qualified suppliers (70-89 points)	159	164	187	218	Resume normal procurement transactions	50	Resume normal procurement transactions
Suppliers in need of improvement (60-69 points)	5	6	4	3	The need for improvement has been communicated and improvement plan has been drafted; second assessment has been planned	0	Improvements will be required for deficiencies, and a secondary assessment will be given within six months
Unqualified suppliers (59 points or less)	1	2	1	2	Supplier has been suspended due to inability to meet quality, delivery schedule, and service standards during project execution period	1	Disqualified, and Arcoa will seek for potential substitute
Total	169	184	200	228		55	

Step 3: Supplier Communication

▶ Annual Supplier General Meeting

The CEO, Ms. Chee Ching, chaired the 2022 Supplier General Meeting. In order to address the COVID-19 pandemic and minimize in-person interactions, a combination of a physical award ceremony and an online conference was implemented. A total of 24 representatives from 15 suppliers attended the awards ceremony, with an additional 137 participants joining online. In addition to providing integrity management training and promoting occupational safety and health, we have also announced the results of the 2022 supplier risk assessment conducted by third-party consultants. Our expert consultants have further recommended sustainable transformation and shared insights on international net-zero and carbon emission trends. During the event, CEO Ms. Chee Ching presented awards to 15 suppliers. These awards included 5 "CSR Sustainability Assessment - Excellent Manufacturer Sustainability Model Award," 3 "CSR Sustainability Assessment - Sustainable Improvement Award," 5 "Annual Performance Assessment - Excellent Supplier Award," and 3 "Annual Performance Assessment - Achievement Improvement Award."



▶ Sustainability Pioneer Team

In 2020 and 2021, there was an ongoing emphasis on rural education. Beginning in 2022, FET has launched a project named "Careful Food, Sending Warmth and Spreading Love" to provide assistance to underprivileged ethnic groups in Hualien, eastern Taiwan. FET has collaborated with 22 supply chain manufacturers to develop refrigeration equipment for food banks. This equipment will facilitate the transportation of fresh supplies from Taipei to Hualien Station for freezing, benefiting the indigenous communities, churches, schools, associations, and other institutions in the Hualien-Taitung region. The Hualien Food Bank can store and freeze the agricultural products and homemade food from the indigenous communities in eastern Taiwan. These items can then be shipped to Taipei for consignment, providing support to indigenous farmers. This public welfare activity was carried out in accordance with the United Nations SDGs "No Poverty", "Zero



Hunger", "Good Health and Well-Being", and "Industry, Innovation and Infrastructure". In collaboration with the Sustainability Pioneer Team, FET will persist in utilizing the 17 Sustainable Development Goals (SDGs) as a guiding principle to support Taiwan's rural areas and marginalized communities.

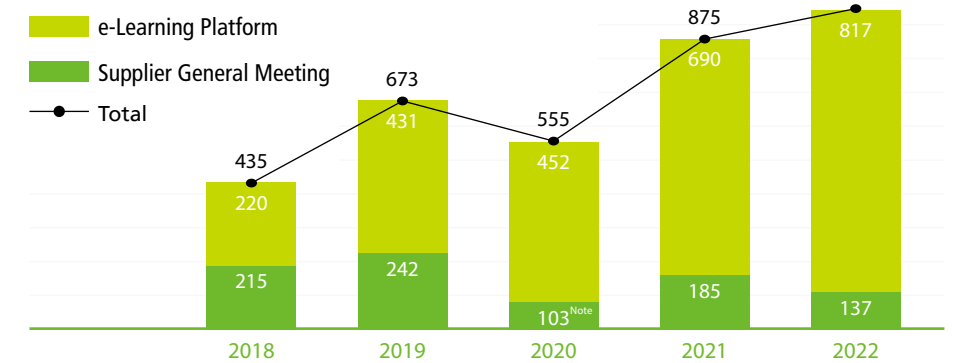
▶ Circular Economy Cooperation Program

FET collaborates with Ericsson, a prominent supplier, on a circular economy initiative for network equipment. In 2022, we successfully executed the inaugural circular economy contract for radio frequency network equipment in Taiwan. This contract involved the recycling of base station equipment and lead-acid batteries, as well as the cleaning, dismantling, and categorization of outdated base stations into electronic materials. As a result, we achieved an impressive recycling rate of 98%, surpassing the European Union Waste Electrical and Electronic Equipment Directive's recommended recycling standard of 80%. This exemplifies our commitment to implementing circular economy practices.

▶ Supplier Education and Training

To improve sustainability awareness and knowledge among our partners in the supply chain, FET utilizes the Supply Chain e-Learning Platform to provide supplier training. In 2022, we conducted two e-Learning sessions for our supply chain. These sessions included supplier sustainable ESG e-Learning, which had a total of 223 participants completing the course, and ISO 20400 Sustainable Procurement-Guidance online training, which had a total of 594 participants completing the course. In the ISO 20400 education and training, we communicated with our supply chain partners regarding the management actions implemented by FET's sustainable supply chain. These actions include integrity management, ESG risk assessment, supply chain carbon footprint verification, and more. We have adopted a progressive management approach, encompassing threshold management, general management, and compliance management. We expect our supply chain partners to remain committed to sustainable operations.

▶ Number of suppliers receiving CSR training



Note: Reduced attendance density in 2020 due to COVID-19.

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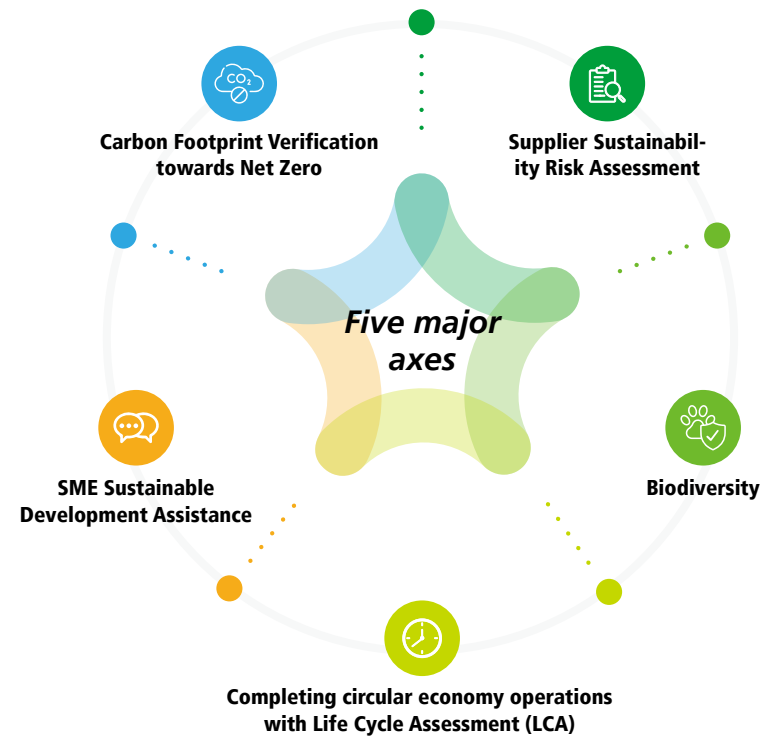
Step4 : Satisfaction Survey

FET Telecom

FET conducts an annual anonymous satisfaction survey for suppliers. In 2022, we continued to send satisfaction surveys to 300 major manufacturers. A total of 172 valid questionnaires were collected. Over 95.3% of respondents expressed satisfaction with the supplier screening policy and processes, while over 97.6% were satisfied with the fairness in supplier selection. Additionally, more than 94.6% reported being satisfied with their overall transaction experience with FET. This questionnaire also addressed the issue of a sustainable environment in the supply chain. The primary focus of the supply chain was on energy conservation and carbon reduction, as well as the development of methods related to environmental energy conservation. The greenhouse gas inventory was also included in these efforts. In 2023, the Procurement Department will conduct greenhouse gas inventory audits for approximately 40 key suppliers. With the support of FET, we aim to establish a sustainable and robust supply chain based on five key pillars.

3.4.5 Future Outlook

In 2023, the FET Procurement Department will focus on enhancing sustainable management practices and accomplishing the following tasks:



Arcoa

Arcoa's procurement satisfaction surveys utilize an open-ended response method. This allows for the collection of interactions between Arcoa's procuring units and suppliers or purchasing tasks. The purpose of this collection is to promptly identify any problems and make immediate improvements. Opinions and feedback were collected on 107 procurement cases involving 58 suppliers in 2022, and no significant negative impacts were identified.

- 1 **Supply chain on-site carbon footprint verification, estimated 40 suppliers**
- 2 **Continue to deepen circular economy actions (information/facilities and equipment)**
- 3 **Assisting the Company in the development of renewable energy sources**
- 4 **Conduct ISO 20400 for supply chain market resilience analysis and coaching for improvements - facilities suppliers**
- 5 **Auxiliary development of the Supply Chain Carbon Footprint Verification Platform**
- 6 **FET Supply Chain SME Sustainable Development Seminar**
- 7 **FET Supply Chain Biodiversity Workshop**
 FET has established clear biodiversity targets for 2023 and has invited the Biodiversity Research Center of Academia Sinica to host the first seminar on biodiversity in the telecommunications sector in Taiwan. The purpose of this seminar is to examine the effects of FET's base station construction and supply chain operations on biodiversity. In addition to the guidance of 7 experts and scholars from the Academia Sinica, over 30 colleagues from FET and more than 300 physical and online suppliers came together to discuss the protection of Taiwan's biodiversity. They will commence cooperation on Taiwan's biodiversity conservation plan in 2023. In addition, FET has set a goal of 80% of the top 100 suppliers signing the "[Biodiversity Commitment](#)" by 2023.



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3.5 Base Station and Electromagnetic Fields Management

► Base Station Management Regulations

In addition to complying with regulations set by the competent authority for base station and antenna installation, FET also aims to minimize the number of antennas required by utilizing shared structures, stations, and antennas. This approach reduces resource consumption and minimizes visual impact on the public. We also actively enhance the landscape around the base station antennas, so that the antenna can be integrated into the landscape of the regional environment. In 2022, 60% of FET's base stations were shared stations¹, 21% were shared structures², and 19% were independent stations. In 2022, the total amount of fines related to the installation of base stations was NT\$0.9 million, a total of 3 cases, an increase of 1 from the previous year, and the amount of fines increased by NT\$0.9 million. 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.

¹ Shared location refers to the practice of multiple mobile service operators establishing base stations in a single building, location, or construction site.

² Shared construction refers to the practice of multiple mobile service operators utilizing a common infrastructure, such as antennas, baseband equipment, or radio frequency equipment, to establish their respective base stations.

► Tracking Electromagnetic Radiation Issues and Services

FET remains an active participant in the Base Station Work Group, which was established by the Taiwan Telecommunications Industry Development Association (TTIDA). This group includes members from the NCC and other telecom operators. FET is committed to promoting and educating the public about the concept of base station electromagnetic waves. To address public concerns regarding the health and safety of these waves, FET offers electromagnetic wave home measurement services. In 2022, FET successfully resolved 223 cases of base station protests and conducted over 82 public advocacy and educational sessions on electromagnetic waves (including 2 sessions organized by TTIDA). Additionally, FET provided electromagnetic field measurement services, with associated expenses totaling NT\$402,600. All test results complied with the Equivalent Isotropically Radiated Power (EIRP) and electric wave power density standards specified by the NCC in the mobile broadband base station verification technical regulations. FET continues to utilize 5G station construction to consolidate 4G antennas or introduce multi-band antennas, thereby reducing the number of antennas used in base stations and alleviating public concerns about electromagnetic wave emissions. In areas with high sensitivity, FET deploys new small-size antennas or high-performance antennas, combined with beautification projects, to overcome the limitations of antenna engineering space and minimize visual impact on the public. In 2022, a total of 964 base station antenna integration projects were implemented, with a total cost of about NT\$29.5 million.

2022 Main Types of Questions Received by the Electromagnetic Fields Advice Service			Number of Measuring Services for Base Stations Accepted over the Years				Number of Media Coverage on Base Station Issues over the Years					
Main types of questions received	Percentage	Main problem	Measurement type	2019	2020	2021	2022	News type	2019	2020	2021	2022
Health concerns	55%	Standard values of electromagnetic fields and their likelihood of health impacts	FET TTIDA measurement cases	66	58	51	48	Positive news	57	49	45	54
Legality	14%	Base station legal standards (legality or building process and related laws)	FET's own measurement cases	12	9	7	11	Negative news	21	17	12	15



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CHAPTER 4

4.1 Human Resource Management

4.2 Talent Development

4.3 Human Rights Management

4.4 Employee Care and Communication

4.5 Employee Health and Workplace Safety

4.6 Industry Infrastructure

4.7 Charity Care Projects

4.1 Human Resource Management

4.1.1 Employee Structure Overview

In regards to the workforce composition at FET, the male employees slightly outnumber the female employees, with males comprising 50.05% and females comprising 49.95%. Among the senior management positions (assistant managers, managers, and above), females make up 34% of the total. 97.92% of FET's workforce consists of domestic citizens who hold indefinite contracts. In anticipation of the forthcoming 5G era, FET remains committed to recruiting fresh technical talent and making necessary adjustments to our HR structure. As of 2022, our total employee count stood at 5,737 individuals, representing a slight decrease of 3.32% compared to the previous year. Additionally, we employed 130 non-employee workers who were involved in project engineering, administrative, and logistics-related tasks, marking a slight decrease of 2.99% from the previous year. The Company's employee count is determined by the total number of employees at year-end.

Number of Employees by Type of Contract in 2022 ^{Note}

► Differentiated by Type of Contract

		FET Telecom	Arcoa
Indefinite Contract	Male	2,661	132
	Female	2,591	234
	Others	0	0
Number of Employees with Indefinite Contract		5,252	366
Temporary Contract	Male	80	0
	Female	38	1
	Others	0	0
Number of Employees with Temporary Contract		118	1
Total		5,370	367

Definitions: • Indefinite Contract: Employment contract with non-fixed term (indefinite contract).
• Temporary Contract: Employment contract with fixed term (fixed-term contract).

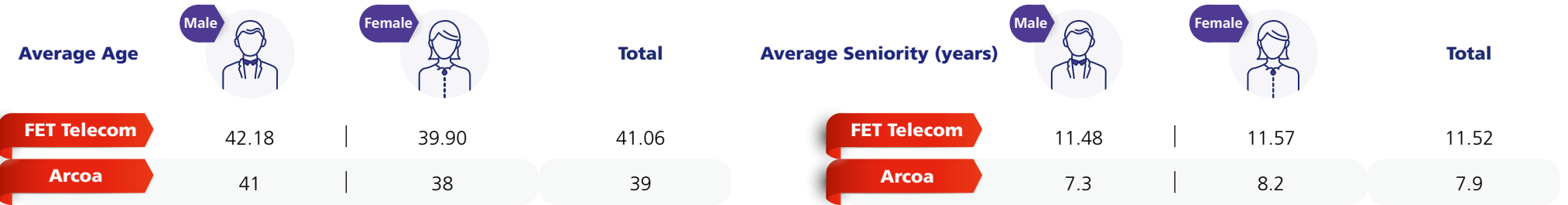
► Number of Employees by Type of Employment in 2022

		FET Telecom	Arcoa
Full Time Employees	Male	2,722	132
	Female	2,618	235
	Others	0	0
Number of Full Time Employees		5,340	367
Part-Time Employees	Male	19	0
	Female	11	0
	Others	0	0
Number of Part-Time Employees		30	0
Employees without Guaranteed Hours ^{Note}	Male	0	0
	Female	0	0
	Others	0	0
Number of Employees without Guaranteed Hours		0	0
Total		5,370	367

Definitions: • Full-time employees: Employees who work the number of hours required by local regulations to be considered full-time.
• Part-time employees: Part-time employees whose weekly working hours fall below the minimum threshold set by local regulations for full-time employees.
• Employees without guaranteed hours: Employees with variable working hours.

^{Note}: All employees work in Taiwan.

► Average Employee Age and Seniority



Indicators of Diversity

FET is committed to fostering a diverse, inclusive, and gender-equal workplace. We provide equal opportunities for recruitment and career advancement for all genders, with the aim of having female supervisors make up at least 30% of our total supervisor workforce. Compensation, bonuses, and promotions for employees are solely based on individual competencies and performance, and are not influenced by factors such as nationality, ethnicity, age, gender, marital status, sexual orientation, physical or mental conditions, beliefs, or political affiliation. FET has additionally implemented a Sexual Harassment Complaints Committee and a complaint procedure, which incorporates employee complaint mailboxes. Throughout 2022, neither FET nor Arcoa received any reports of sexual harassment.

Age and Gender of Employees by Levels of Positions (FET Telecom)						Age and Gender of Employees by Levels of Positions (Arcoa)					
	Total	Male	Female	Age	Age Ratio		Total	Male	Female	Age	Percentage
General Employee	4,878	49.38%	50.62%	Under 30 years old	13.61%	General Employee	308	32.47%	67.53%	Under 30 years old	18.83%
				30-50 years old	73.41%					30-50 years old	74.35%
				Over 50 years old	12.98%					Over 50 years old	6.82%
Primary Supervisor	140	71.43%	28.57%	Under 30 years old	0.00%	Primary Supervisor	55	50.91%	49.09%	Under 30 years old	-
				30-50 years old	57.14%					30-50 years old	70.91%
				Over 50 years old	42.86%					Over 50 years old	29.09%
Mid-Level Supervisor	306	66.67%	33.33%	Under 30 years old	0.00%	Mid-Level Supervisor	4	100.00%	-	Under 30 years old	-
				30-50 years old	46.73%					30-50 years old	25.00%
				Over 50 years old	53.27%					Over 50 years old	75.00%
Senior Executive	46	60.87%	39.13%	Under 30 years old	0.00%	Senior Executive	-	-	-	Under 30 years old	-
				30-50 years old	10.87%					30-50 years old	-
				Over 50 years old	89.13%					Over 50 years old	-
All Employees	5,370	51.04%	48.96%	Under 30 years old	12.37%	All Employees	367	35.97%	64.03%	Under 30 years old	15.80%
				30-50 years old	70.93%					30-50 years old	73.30%
				Over 50 years old	16.70%					Over 50 years old	10.90%



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► Other Indicators for Employee Diversity (FET Telecom)

	族群	Total	Ratio	Management Level Total	Ratio
Ethnicity / Nationality	Foreign Employee	8	0.15%	0	0.00%
	Local Employee – Indigenous	33	0.61%	0	0.00%
	Local Employee – Chinese	5,329	99.24%	492	100.00%
Physical and Mental Condition	Disabled Employee ^{Note}	38	0.71%	1	0.02%

^{Note.} The current count of employees with physical and mental disabilities stands at 38. As per regulations, individuals with severe and higher disabilities are considered as two employees each. Consequently, the weighted count amounts to 56, in full compliance with the regulations.

Other Indicators for Employee Diversity (FET Telecom)	Percentage of Total Employees
Women in the overall workforce	48.96%
Women in STEM-related positions	28.42%
Woman in junior management positions	33.16%
Women in management (assistant manager, manager, and director level) positions	32.34%
Women in revenue-generating functions (assistant manager, manager, and director level)	45.37%
Women in senior management (vice president level) positions	33.33%



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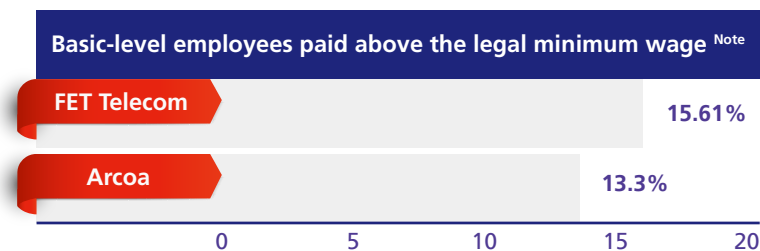
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4.1.2 Employee Salary and Welfare

FET firmly believes that offering employees equitable and competitive compensation packages and welfare benefits is crucial for talent retention in the materials and energy sectors. In regards to the compensation system, the initial salary is equal for both male and female employees across all levels. All positions, including non-employee workers, receive wages that exceed the government-mandated minimum wage, while ensuring a balanced average salary between male and female employees in all roles. FET also offers its employees annual bonuses, performance bonuses, sales bonuses, and special incentives as a means of recognizing outstanding performance and fostering a culture of high achievement within the company.

Note: Basic salary effective January 1, 2022 was NT \$25,250.



► Non-management¹ Employees' Salaries - FET Telecom

Item	Unit	2021	2022	Annual Difference
Number of non-management full time employees <small>Note</small>	Total	5,133	4,995	-2.69%
Total salary of non-management full time employees	NT\$ Thousand	4,940,108	4,969,167	0.59%
Average salary of non-management full time employees	NT\$ Thousand	962	995	3.43%
Median salary of non-management full time employees	NT\$ Thousand	837	872	4.18%

1 Number of non-management full-time employees can be calculated by subtracting the number of employees in management positions and the number of employees working part-time hours from the total number of employees employed for more than six months in the current year. Additionally, a weighted average of the number of days served should be conducted.

► Non-management² Employees Salaries - Arcoa



Item	Unit	2021	2022	Annual Difference
Number of non-management full time employees <small>Note</small>	Total	315	308	-2.22%
Total salary of non-management full time employees	NT\$ Thousand	200,569	209,172	4.29%
Average salary of non-management full time employees	NT\$ Thousand	637	679	6.66%
Median salary of non-management full time employees	NT\$ Thousand	605	632	4.61%

2 Non-management refer to those who are not disclosed in the annual report as supervisors



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▶ Average Salary by General Employees and Management



FET Telecom

	Male 	:	Female 
Basic Salary			
General Employee	1	:	0.83
Assistant Manager or above	1	:	0.94
Vice President or above	1	:	1.07



Arcoa

	Male 	:	Female 
Basic Salary			
General Employee	1	:	0.85
Assistant Manager or above	1	:	0.86
Vice President or above	-	:	-

FET Telecom

	Male 	:	Female 
Basic Salary and Bonus			
General Employee	1	:	0.84
Assistant Manager or above	1	:	0.94
Vice President or above	1	:	1.07

Arcoa

	Male 	:	Female 
Basic Salary and Bonus			
General Employee	1	:	0.94
Assistant Manager or above	1	:	0.83
Vice President or above	-	:	-



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Employee Welfare

In terms of welfare policy, aside from the mandatory statutory benefits, all employees are offered health check-up programs and cancer prevention screenings that surpass the legal requirements. To foster a harmonious work environment that promotes work-life balance, the Company has implemented a range of diverse benefits. These include employee group insurance, which extends coverage to employees' children, as well as pension plans, mobile phone subsidies, and other welfare programs. Additionally, an Employee Welfare Committee has been established to encourage social activities and organize employee outings.

Item	Description
Paid sick leave and paid leave for volunteer services	Employees are entitled to five days of paid sick leave annually, surpassing statutory requirements. Additionally, FET offers two days of paid volunteer leave per year, aiming to promote employee engagement in public welfare initiatives.
Employee canteen	Employee canteens are accessible, allowing employees to conveniently order and pay for meals online.
Employee Stock Ownership Trust	FET provides subsidies to its employees for the purchase of company shares, enabling colleagues to participate in the company's business performance and encouraging savings and investment. Currently, approximately 70% of colleagues have enrolled in the Employee Stock Ownership Trust.
Flexible work hours	There are four flexible working time slots available, allowing colleagues to choose the one that best suits their needs between 08:00 and 09:30. If members of a work team require a different start time, they may internally discuss the issue and submit a request for a modification to their work schedule.
Work from home	Employees have the opportunity to request remote work from home, up to a maximum of two days per week, based on job requirements and departmental business needs. Applications for an extended duration may be submitted in cases of special or urgent requirements.
Maternity / Paternity leave better than legal minimum	FET offers 60 days of maternity leave, as well as eight days of maternity checkup leave and eight days of paternity checkup and paternity leave, exceeding legal requirements. Maternity leave pay is provided and does not contribute to sick leave entitlement.
Childbirth compensation	Parental leave is provided in compliance with legal requirements. Additionally, the Company offers a monthly subsidy of NT\$2,000 for the "Mother-to-be Nutritional Allowance" starting from the third month of pregnancy. In 2022, a total of 138 individuals applied for this benefit, amounting to a total disbursement of NT\$1,994,000. In order to extend congratulations to colleagues on the birth of their child, male and female employees are eligible to apply for a childbirth subsidy. The subsidy amount is NT\$5,000 for the first child and NT\$10,000 for the second child or twins. In 2022, a total of 149 applications were received, resulting in a disbursement of NT\$975,400.



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Item	Description
Childcare program	<p>FET collaborates with local kindergartens and nurseries to offer after-school programs and childcare services for employees. This allows colleagues to conveniently arrange these services and benefit from discounted fees. Additionally, a parent-child club is available, offering various activities such as art appreciation, parent-child DIY courses, and health promotion activities. Regular health seminars on breastfeeding and infant and baby health are provided to support female employees with babies. Furthermore, our offices are equipped with excellent breastfeeding rooms, which have received multiple certifications and awards from regional health institutions.</p> <p>The "Christmas Parent Visitation Day" has been held multiple times. The President has personally attended each event and enjoyed spending time with the employees. Activities such as baby theater, magic shows, storytelling, fancy balloons, and parent-child racing will also be organized during the Parent Visitation Day.</p>
Exercise and health facilities	<p>FET places significant emphasis on maintaining a healthy work-life balance for its employees. We provide an exceptional leisure and sports environment, complete with various sports and fitness facilities such as flywheel, indoor golf, electric racing games, VR games, yoga area, electric massage chair area, and a table tennis room. These amenities offer our colleagues a space to relax and engage in physical activities. Additionally, we organize health competitions, including weight loss competitions, step counting competitions, and calorie burning competitions, to promote a healthy lifestyle. Through a range of online sports and health promotion activities, FET encourages employees to prioritize their well-being and foster a workplace culture defined by the LOHAS philosophy (Lifestyles of Health and Sustainability).</p> 
Employee health checkups	<p>The Company offers comprehensive health checkups that go beyond regulatory obligations. Older employees are provided with carotid ultrasound and cardiac ultrasound to evaluate the risk of stroke, coronary artery stenosis, and heart valve abnormalities. Additionally, fundus photography is available to detect macular lesions and diseases like fundus vasculature and glaucoma.</p>
Health+ App blood pressure measuring device	<p>FET has developed its own Health+ App, equipped with devices available at all office locations. This enables employees to conveniently measure their blood pressure at any given time and subsequently upload the recorded data onto the Health+ App for the purpose of self-monitoring and management.</p>
AEDs at workplaces	<p>All offices (stores) are equipped with Automated External Defibrillators (AEDs) and have trained first-aid personnel to ensure preparedness for emergencies. Regular education and training are provided to colleagues to enable immediate emergency response in case of any unforeseen events.</p>
Workplace stress management	<p>To support the mental well-being of our employees, contracted professional organizations provide counseling services for family, marital, stress, and interpersonal issues. This initiative aims to promote physical and mental equilibrium, as well as ensure work safety, quality, and productivity. Each employee is eligible for six complimentary psychological counseling sessions annually. Furthermore, our company intranet offers spiritual quotes and provides support to employees during stressful situations through articles, stories, film reviews, and book recommendations. FET alleviates workplace stress for employees through the organization of health promotion courses. These courses include topics such as "Mindfulness Stress Reduction Lectures," "What is Emotional Blackmail," "Is Being Easily Nervous Serious? - Addressing Anxiety Disorders," and "Psychologist's Insights on Relaxation - Introduction to Zentangle for Beginners."</p>
Outstanding breastfeeding room	<p>Each office is equipped with an outstanding breastfeeding room that has received certification and accolades from the regional health unit. Additionally, we conduct regular seminars to provide support to our female employees regarding breastfeeding and baby health information.</p>

► 2022 Parental Leave

(Unit: number of people)

FET Telecom			
	Male	Female	Total
Number of employees qualified for parental leave (A)	202	235	437
Actual number of applicants for parental leave (B)	37	186	223
Application rate (B/A)	18.32%	79.15%	51.03%
Number of employees to be reinstated in the previous year(C)	13	57	70
Applications to return to work (D)	11	42	53
Return to work rate (D/C)	84.62%	73.68%	75.71%
Number of employees reinstated in the previous year (E)	6	42	48
Number of employees returning to work for one year in the previous year (F)	6	30	36
Retention rate (F/E)	100.00%	71.43%	75.00%

Arcoa			
	Male	Female	Total
Number of employees qualified for parental leave (A)	3	6	9
Actual number of applicants for parental leave (B)	0	6	6
Application rate (B/A)	0%	100%	66.67%
Number of employees to be reinstated in the previous year(C)	0	10	10
Applications to return to work (D)	0	6	6
Return to work rate (D/C)	-	60%	60%
Number of employees reinstated in the previous year (E)	0	5	5
Number of employees returning to work for one year in the previous year (F)	0	4	4
Retention rate (F/E)	-	80%	80%

FET has implemented a retirement scheme in accordance with the "Labor Standards Act" for all its formally employed staff. Under this scheme, employees who decide to continue with the old pension scheme or choose the new scheme while maintaining their seniority from the old scheme will have 2% of their monthly salary allocated to the pension reserve. The Worker Retirement Reserve Supervisory Committee manages this reserve, which is deposited in the Bank of Taiwan under the committee's name. The new Labor Pension Act has been implemented since July 1, 2005. Under this act, employees who choose to participate in the new scheme will have 6% of their monthly salary allocated by FET to the Labor Insurance Bureau on a monthly basis.

The full allocation of the pension allowance is implemented to ensure that the pension reserve adequately covers the retirement expenses of eligible employees.

► Pension Statistic - FET Telecom

Unit: NT\$ Thousand

	2021	2022
Pension Liabilities	533,046	399,377
Pension Expenses	253,954	254,269

4.2 Talent Development

4.2.1 Recruiting and Retaining Talent

As the era of 5G dawns, FET is proactively enhancing its talent pool to adapt to the evolving telecommunications industry. We are actively recruiting professionals with expertise in telecommunications, digital media, information security, cloud computing, artificial intelligence (AI), and the Internet of Things (IoT). This strategic approach allows us to continuously accumulate human resources in the field of innovation, ensuring our ability to respond to industry revolutions. To further attract promising talents to the ICT industry, FET has initiated efforts to engage with universities and colleges that offer relevant disciplines. Through various collaboration models, we aim to leverage campus resources and cultivate skilled professionals across diverse fields. In addition to leveraging the Group's resources to foster industry-academia collaboration initiatives with Yuan Ze University and Asia Eastern University of Science and Technology, FET has also proactively broadened its cooperation with additional colleges and universities for industry-academia internships. Furthermore, in 2022, FET has strengthened its collaboration with Tamkang University and Takming University of Science and Technology. These efforts aim to provide valuable opportunities for student internships and industry-academia cooperation projects in the materials and energy sectors. Interns who demonstrate exceptional performance will be given the chance to transition into full-time roles upon completion of their internship or graduation from their respective educational institution. In 2022, a total of 37 internships were offered, with three of them transitioning into full-time positions.

New Hires in 2022

We possess a robust recruitment system that prioritizes the growth of both our employees and the company. Additionally, we value and support the career transition decisions made by our employees. In 2022, FET hired a total of 652 new employees, with 382 males and 270 females, primarily under the age of 30. Additionally, 799 employees resigned, including three retirees, with 412 males and 387 females. Reasons for resignation included family care, relocation, and career changes. To safeguard employee rights and enhance our recruitment system, supervisors from the respective departments conducted exit interviews with all departing employees. The purpose was to ascertain the reasons behind their resignations, which will serve as valuable references for future enhancements in our human resource management practices. If the Company undergoes substantial operational changes, such as adjustments to operational organization or manpower demand, force majeure events, or the identification of unsuitable employees, we will provide advance notice to employees in accordance with the notice period specified in the Labor Standards Act. Additionally, we will ensure timely payment of salaries and severance pay.

Worked for more than three months but less than one year: ten days in advance

Worked for more than one year but less than three years: 20 days in advance

Worked for more than three years: 30 days in advance

► Percentage of New Hires in 2022

FET Telecom				
Age	Male	Female	Other	Total
Under 30	171	160	0	652
30-35	190	105	0	
Over 51	21	5	0	
Subtotal	382	270	0	
Percentage of New Hires (%)	13.95%	10.27%	0.00%	

Arcoa							
Age	Male	Female	Other	Total			
Under 30	7	18	0	87			
30-35	25	33	0				
Over 51	2	2	0				
Subtotal	34	53	0				
Percentage of New Hires(%)	25.76%	22.55%	0.00%	23.71%			

► Resignations and Percentages in 2022

FET Telecom							
Age	Male	Female	Other				
Under 30	161	163	0	799			
30-35	228	213	0				
Over 51	23	11	0				
Subtotal	412	387	0				
Percentage of Resignations (%)	15.03%	14.72%	0.00%	14.88%			
Total				799			
Percentage of Resignations Total(%)				14.88%			

Arcoa							
Age	Male	Female	Other				
Under 30	10	20	0	101			
30-35	26	40	0				
Over 51	1	4	0				
Subtotal	37	64	0				
Percentage of Resignations (%)	28.03%	27.23%	0.00%	27.52%			
Total				101			
Percentage of Resignations Total(%)				27.52%			

Note: All new/resigned employees are based in Taiwan.

Note: New hire/resignation ratio = New hire/resignation (Male, Female) Employees ÷ Total (Male, Female) Employees



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► Internal Hire Rate

	Male	Female	Total
FET Telecom	6%	5%	11%
Arcoa	0.93%	1.87%	2.80%

FET Performance Management System

FET offers a comprehensive performance evaluation mechanism that encompasses various dimensions and aspects of each department. This includes goal setting, a two-fold evaluation of work performance and behavior performance, immediate feedback and review, and a multi-faceted feedback system, among others. At the start of each year, the company establishes annual performance targets for all employees and personal on-the-job learning growth goals. These targets and goals are reviewed and approved by the supervisor before being implemented. When establishing objectives, it is crucial to implement a goal-setting approach that is consistent and interconnected throughout the organization. This ensures that goals set by supervisors can be linked and developed hierarchically down to individual employees. Additionally, it is important to provide the option for goals that go above and beyond the original targets. This allows supervisors and colleagues to adapt flexibly to new goals and tasks that may arise during the execution process. Supervisors should also be able to provide immediate feedback to colleagues through various means such as meetings and one-on-one conversations. Performance evaluations should be conducted in a flexible and efficient manner as required.

In addition to providing immediate feedback, FET implements formal performance appraisals twice a year, in the middle and at the end of the year. These appraisals will assess both work performance and behavior performance. Colleagues will begin by conducting self-evaluations on their individual goals and overall performance. Subsequently, their direct supervisors will provide feedback. The appraisal process will be completed through the performance calibration process within each department. In 2022, all eligible colleagues successfully completed their Annual Performance Assessment, achieving a 100% completion rate.

FET offers various feedback mechanisms tailored to different job roles. For supervisory positions, FET facilitates a communication channel for subordinates to provide feedback to their supervisors. Human Resources administers anonymous questionnaires to all employees, enabling them to express their personal opinions and sentiments regarding the leadership and management practices of their immediate supervisors. This allows employees to provide feedback to their superiors anonymously.

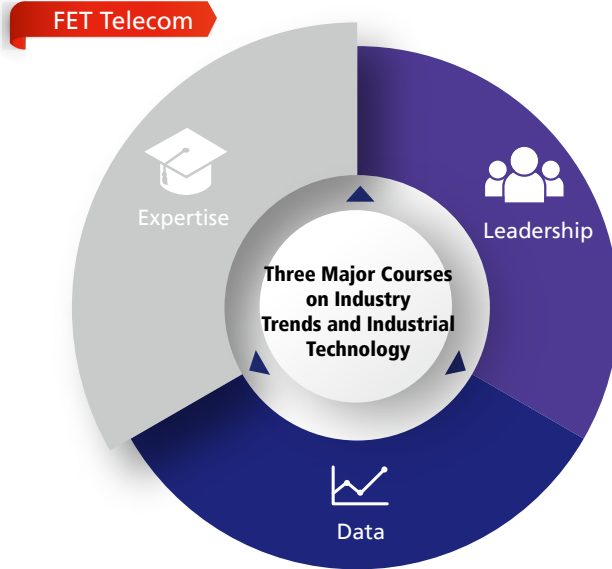
The Company is dedicated to offering supervisors (feedback recipients) with feedback that is derived from the employees' feedback. This feedback aims to provide a more objective understanding of how the feedback recipients are executing their management responsibilities. In 2022, a total of 482 FET supervisors at all levels actively engaged in receiving feedback from their subordinates. Supervisors can utilize the "Get Feedback" feature in the performance management system to solicit input from project leaders, supervisors from other departments who have collaborated with the employees, or other colleagues. This allows for a comprehensive range of perspectives and opinions regarding the performance of their colleagues.

Quarterly mystery visitor visits are conducted for front-line store staff, encompassing both FET's direct and franchised stores. Each store will receive at least two secret visits annually. This approach allows for a comprehensive assessment of overall service satisfaction, enabling enhanced follow-up improvement and training to continuously elevate the quality of service provided by the stores. Alongside the individual performance system for store staff, a group performance evaluation system is also in place to foster mutual cooperation among team members and collectively achieve work objectives. Furthermore, group performance outcomes will be tied to individual performance bonuses.

External independent entities have been engaged to conduct a comprehensive survey on the satisfaction of our call center customer service representatives. This survey aims to gather feedback from customers in order to assess the performance of our colleagues and identify areas for improvement in their education and training. The ultimate goal is to enhance the quality and satisfaction of our telephone customer service.

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4.2.2 Growth and Development

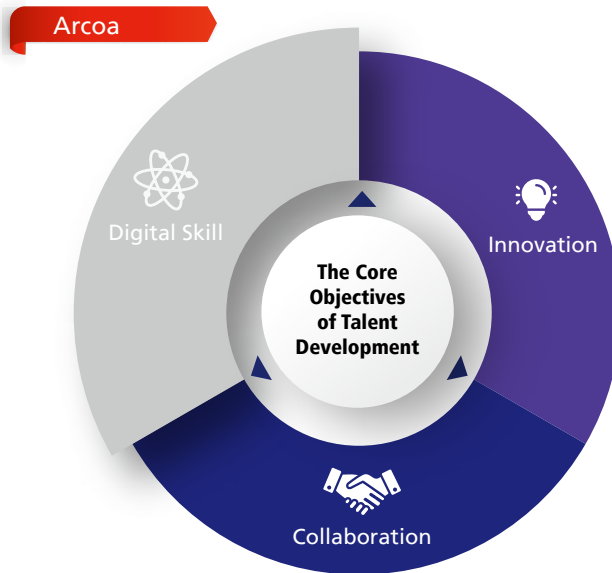


FET encompasses the necessary components for the Company's current and future training and development endeavors. This is achieved through internal diagnostics of the organization, analysis of market trends, and understanding customer needs. These efforts align with FET's 3-year digital transformation strategy and talent development direction. Since 2019, our development goal has been focused on cultivating "Big, AI, and IoT (Big Data, Artificial Intelligence, and Internet of Things) talent". Annually, we conduct thorough reviews of the course content to ensure its comprehensiveness and suitability, making adjustments as needed. This ensures a strong alignment between the Company's strategy and operational objectives.

In 2022, our company strategically planned three types of courses - leadership, data, and expertise - based on the key themes of work efficiency, industry trends, and industry technologies. Additionally, we have enhanced our management and professional skill courses.

Since 2020, we have implemented internal lecturer training and courses, established internal reading clubs and technical salons, and fostered a culture of organizational learning. Furthermore, recognizing the growing demand for personalized and digital learning methods, we have introduced a comprehensive learning resource platform. This empowers our colleagues to independently tailor their learning courses to meet their individual needs. In 2021, a total of 15 colleagues were chosen to partake in the extensive four-month training programs offered by the AI School. These programs included the AI School Manager Class and the Technology Leader Class. Both classes were successfully completed in 2022, achieving a 100% completion rate. The primary objective of these courses was to introduce cutting-edge external knowledge and foster the development of internal talent within our organization.

In 2022, FET employees received an average of 47.5 training hours, with a total cost of NT\$19,666K and an average cost of NT\$3,662 per person. To address the challenges posed by digital transformation and the pandemic, the learning content developed and invested in during this period was strategically focused, adopting a more digital learning model and offering a wider range of learning resources. These efforts have laid a solid foundation for the digital transformation of our training initiatives.



Arcoa considers "leveraging digital technology and innovative thinking to become a valued business partner in sales, logistics, and after-sales service" as the central objective for talent development. The company aims to establish a highly skilled team that embodies "digital skill," "innovation," and "collaboration." Arcoa implemented its annual operational strategy plan for each business group by conducting functional interviews and gap analysis with each department. As part of this process, the company specifically devised five major talent development strategies and six major training categories. In 2022, a total of 87 internal and external training sessions were conducted, with an average duration of 19.7 hours per staff member. The total cost incurred for these training sessions amounted to NT\$236,500.



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Main Aspects	Target	2022 Highlights
Management and Professional Talent Cultivation	Cultivate the management and professional talent needed in the era of digital transformation	<ul style="list-style-type: none"> Experience improvement and New Hire Journey optimization Re-examine the needs and weakness of incoming employees, optimize the existing newcomer registration process, training courses and buddy system, and help accelerate newcomers' familiarization with the organization and culture. The overall average satisfaction rate of newcomers on New Hire Journey was 4.46, an increase of 4% compared to the previous year. This optimization project will continue in 2023, continuing to review and re-design the Journey to meet the needs of newcomers at the time of entry. Personalized Learning: Enhance self-learning and digital transformation growth In light of the personalized learning trend and the pandemic's effects, all colleagues are being equipped with individualized learning plans. These plans encompass personal soft skills, industry trend awareness, and professional technical expertise. Throughout the year, the total number of course participants amounted to 4,476, with an average satisfaction rate of 4.45. Furthermore, we implemented a range of diversified learning tools in our organization, specifically tailored to the materials and energy sectors. These tools include a digital library for reading, Podcast micro-learning for listening, and reading clubs for group learning. Additionally, we consistently published monthly learning and development reports to facilitate resource coordination, time management, self-improvement, and the cultivation of a learning-focused organizational culture. Continuously promotion of managerial training To support the advancement of professional staff into managerial roles and ensure their competence, transition preparation courses have been developed. These courses encompass essential knowledge and skills for supervisors, including internal audit and control concepts, authorization, counseling, and decision-making at the management level. Additionally, the effectiveness of these courses will be evaluated annually through performance assessments and feedback. As of 2022, six cohorts of newly promoted or new managers have undergone training, with a total of 140 managers completing the program. The average satisfaction rate stands at 4.8. Two seminars and sharing sessions were conducted to promote and appreciate the diversity and unique perspectives of female managers in the workplace. A total of 41 managers actively participated in these events, aiming to foster a more inclusive, equitable, and diverse environment within the company.



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Main Aspects	Target	2022 Highlights
Becoming Diverse Learning Partners	Construct physical and online learning channels through internal experts to transform into a learning organization	<ul style="list-style-type: none"> Knowledge creation: In-house lecturers as the driving force for training <ol style="list-style-type: none"> Since 2021, FET has developed 47 internal instructors and conducted 136 courses. These courses cover various topics such as presentation skills, communication and coordination, and industry trends in big data/AI/IoT, VBA, RPA, and Tableau industrial technology. In 2022, the internal instructors further provided training to 2,514 participants through the "Individual Training Plan." The courses received highly positive feedback with an average satisfaction rating of 4.7 points. To ensure the smooth operation of our stores, address customer issues, and deliver exceptional sales and service amidst the ongoing pandemic, our assistance is crucial in achieving the Company's sales expansion objectives. In 2022, supervisors and functional demand stakeholders collaborated to discuss and evaluate the behavioral indicators and functional capabilities necessary for store colleagues. Internal instructors served as lecturers for the "Franchise Outbound Sales Training Program." A total of 14 sessions were conducted, with 430 participants successfully completing the training. The course satisfaction rate reached 97%. This initiative not only enhanced the functional capabilities of colleagues but also resulted in 3,880 outbound sales opportunities, with a completion rate of 91.8%. As a result, the organization successfully expanded its business sales channels. Knowledge dispersion: internal/external education and training <p>Building on the ongoing digital transformation efforts of the past three years, the training program for 2022 focused on three key areas: enhancing work performance, staying abreast of industry trends, and mastering industry technologies.</p> <p>A total of 102 sessions comprising 66 physical and online courses were conducted by both internal and external instructors. These sessions attracted 7,530 participants, resulting in an average satisfaction rate of 4.63.</p> Knowledge sharing: Encouraging the forming of study groups to create the culture of reading and sharing <p>Continue to encourage colleagues to cultivate the practice of sharing novel knowledge and technologies. Over the past two years, our colleagues have taken the initiative to form study groups, resulting in the establishment of a total of 24 groups. The website showcasing the outcomes of these study groups is accessible to all colleagues within the company.</p>
Encouraging Innovation and Skill Inventory	Promoting digital transformation and innovation based on the Big data/AI/IoT	<ul style="list-style-type: none"> Skill inventory: Construction and analysis of professional function data <p>Conduct functional database construction to establish the foundational model for the subsequent professional function inventory and system. Additionally, utilize the system to facilitate the construction and management of professional licenses, aiding in personnel skill development and digital transformation.</p> Data is king: Continuing to offer data and software skills courses <p>To promote digital transformation, we have conducted a total of 50 training courses, both internally and externally, aimed at enhancing data analysis skills, knowledge of data analysis and machine learning, and understanding of cloud computing concepts. These courses have been completed by a total of 1,285 individuals. The topics covered in the courses include Tableau Desktop, data analysis, RPA, Splunk, and others. Through practical and hands-on learning, these courses have assisted colleagues in applying their knowledge in practical settings, thereby improving their digital knowledge and skills.</p> Creativity and innovation: Encouraging breakthroughs to create more differences <p>In 2022, our company successfully organized ten courses on creative innovation, problem analysis, and solution strategies for our colleagues in the materials and energy sectors. These courses aimed to enhance work efficiency by equipping participants with innovative design thinking methods. We are pleased to report that a total of 197 individuals successfully completed the training, furthering their skills in creative innovation and marketing.</p>



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Arcoa

Main Aspects	2022 Highlights
Executive Management and Digital Thinking Talent Training	Build a highly intelligent team that embodies "digital power," "innovation," and "collaboration." Additionally, continue the series of courses aimed at cultivating primary and mid-level management talent in recent years to further develop the leadership skills of key talents in the future.
Smart Logistics Talent Academy Training Program	To align with the FEDC business model, we have established a comprehensive training system for logistics professionals. This system includes an inventory of various logistics skills and aims to cultivate the necessary skills for managers and colleagues at all levels. These preparations are essential for the successful implementation of our new smart logistics blueprint.
Sales Channel Talent Training	Establish a culture of teamwork and mutual support among all colleagues in the store, fostering an environment of high performance for the store channel team. Additionally, enhance the understanding of job responsibilities for each store employee, with a focus on improving customer relationship management skills. Furthermore, develop the operational and managerial competencies of deputy store managers to effectively fulfill their duties and responsibilities.
High Quality Maintenance Service Training	Enhance the quality of maintenance services, foster colleagues' telephone etiquette and coping abilities, and foster a positive work environment to enhance the team's overall adaptability and cohesion.
Internal Instructor Group Training	To enhance the organization's knowledge capacity and promote the expertise of internal instructors, professional courses have been developed to extract relevant knowledge, including the professional skills of various departments. Additionally, retraining seminars are conducted to further support knowledge inheritance and shape the image of internal instructors.

▶ Employee Training in 2022 by Type of Training

FET Telecom

Type of training	Description	Number of classes	Participants in the training	Training hours (person-hours)
Compliance & risk	Courses about standards and rules, such as internal audits, a zero-violence workplace, integrity, ethical corporate management, and compliance.	123	23,450	17,895
Management	Management competency training essential for managers.	2	977	2,455
Specific employees / managers training	Training or talent development projects for new hires, new managers, and internal lecturers.	18	1,285	2,028
Vocational competency	Courses related to work efficiency, industry trends, industry technologies, and professional competencies required for digital transformation.	1,090	133,774	199,907
Information and technology security	Information communication security, social security, personal data protection, etc.	54	25,155	25,491
Personal development training	External training and in-service training.	198	374	7,537
Total		1,485	185,015	255,313



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Type of training	Description	Number of classes	Participants in the training	Training hours (person-hours)
Manager and backbone reserve management talent	Developing teams with a positive management style to foster a constructive cycle of communication going both ways.	3	125	148
General training for all staff	Developing a fundamental understanding of each department through basic professional courses for each department of the Company, and using internal lectures to pass on this knowledge effectively.	30	2,910	2,868
Digital application and IT professional training	Introducing digital application and IT professional skills in various fields, cultivating digital talents in each department, and preparing for the Company's digital optimization.	3	12	60
Logistics operation collaboration training	To facilitate seamless collaboration following the integration of the two warehouses' operations, enhance the core competencies of workflow reengineering and project management among key personnel through external training.	7	14	93
Direct sales channel management training	To enhance job responsibility awareness and foster optimal performance, develop specialized training programs for store managers, assistant store managers, and store personnel focusing on their respective roles and responsibilities within the company.	43	1,800	3,988
Professional training in maintenance service	Strengthen the basic practice of maintenance, as well as the ability to promote maintenance services, and develop the diverse skills of maintenance service engineers to expand the new service territory.	1	58	58
Total		87	4,919	7,215

Training hours is the actual number of hours attended by full-time (including former) staff members who have participated in the training courses.

► 2022 Total Employee Training Cost and Hours of Training

	Unit	FET Telecom		Unit	Arcoa
Total employee training costs	NT\$	19,666,000	Total employee training costs	NT\$	236,500
Total employee training hours	Hours	255,313	Total employee training hours	Hours	7214.5
Total number of employees	Number of people	5,370	Total number of employees	Number of people	367
Average training costs per employee ¹	NT\$	3,662.2	Average training costs per employee ^{Note1}	NT\$	644
Average training hours per employee ²	Hours	47.5	Average training hours per employee ^{Note2}	Hours	19.7

¹Average employee training cost per employee = Total employee training costs/total number of employees

²Average employee training hours per employee = Total employee training hours/total number of employees



► Total Number of Employees Trained, Hours of Training, and Gender Distribution in 2022

FET Telecom

Gender	Female		Male		Total	
	Total	Average hours of training	Total	Average hours of training	Total	Average hours of training
General Employee	2,469	52	2,409	45	4,878	49
Primary Supervisor	40	46	100	40	140	41
Mid-Level Supervisor	102	34	204	35	306	35
Senior Executive	18	17	28	10	46	13
Total	2,629	51	2,741	44	5,370	47.5

Arcoa

Gender	Female		Male		Total	
	Total	Average hours of training	Total	Average hours of training	Total	Average hours of training
General Employee	212	23.3	102	10.4	314	19.1
Primary Supervisor	16	40.4	17	21.9	33	30.9
Mid-Level Supervisor	7	15.9	11	12.5	18	13.8
Senior Executive	0	0	2	3	2	3
Total	235	24.1	132	11.8	367	19.7

Note: Training hours: the actual number of hours attended by full-time (including former) staff members who have participated in the training courses.

Note: The number of people does not include employees with temporary contract and employees who failed in the courses.

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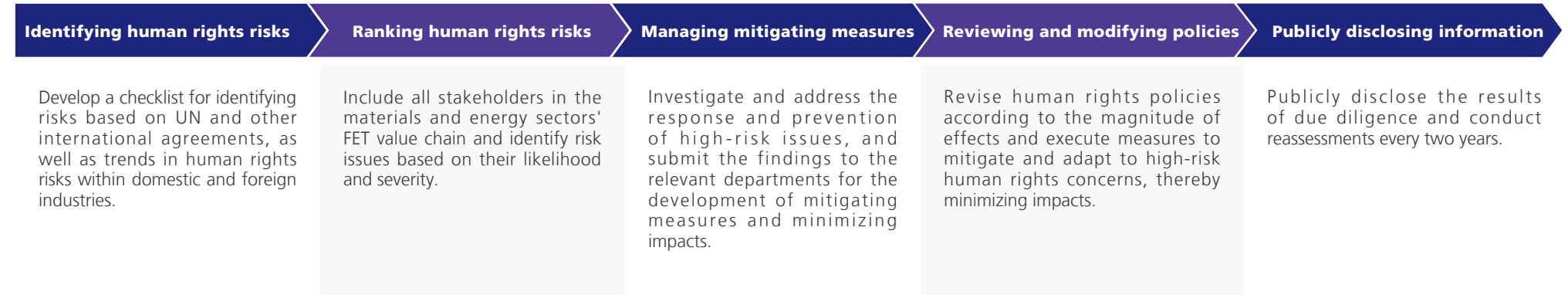
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4.3 Human Rights Management

Human Rights Policy

FET has implemented the "[Human Rights Commitment and Policy](#)" to safeguard the fundamental human rights of its employees. The Company adheres to pertinent labor regulations and laws, and fully supports and complies with international human rights agreements such as the "Universal Declaration of Human Rights (UDHR)", the "United Nations Global Compact (UNGC)", the "United Nations Guiding Principles on Business and Human Rights", and the "Declaration of Fundamental Principles and Rights at Work" by the International Labor Organization (ILO). This commitment extends to FET, its subsidiaries, suppliers, and business partners. FET has also implemented the "FET Supplier Corporate Social Responsibility Guidelines," which require partner vendors to adhere to the same standards and fundamental principles of human rights commitment. FET also assesses significant human rights concerns, evaluates management effectiveness, and implements plans to enhance progress through a biennial "human rights due diligence investigation." This investigation is publicly disclosed to raise awareness of human rights among stakeholders, including employees, partners, suppliers, and customers. The most recent investigation occurred in the first half of 2023, encompassing all aspects of the value chains, such as employees, suppliers, customers, and community residents.

▶ Human rights due diligence investigation process



Human Rights Due Diligence Results

Based on the investigation findings, the primary high-risk human rights concern for FET employees encompass personal freedom, safety, privacy protection, and rights pertaining to family life. Suppliers face challenges related to safeguarding work and labor conditions, health rights, and preventing forced labor. Customers are concerned with the protection of user privacy, personal freedom and safety. Lastly, community residents prioritize personal freedom and safety, and autonomy. Appropriate management measures have been implemented to mitigate the impact of these issues. For comprehensive details on the complete identification methods, results, and plans for mitigating and enhancing human rights, kindly consult the [FET human rights due diligence investigation report](#).



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4.4 Employee Care and Communication

In order to foster a culture of transparent and open communication, FET has implemented a range of communication channels to facilitate positive engagement with employees and proactively safeguard their rights and interests. The following section outlines the primary communication channels and their corresponding performance:

FET Telecom

Communication Channels	2022 Communication Content
Lantern Legend Meeting (Capital/Labor Meeting)	Lantern Legend Meetings are conducted on a quarterly basis. In 2022, a total of five meetings were convened. These meetings encompass discussions on the Company's profitability overview, future expansion strategies, enhancements to the office environment, and pertinent employment relations matters. 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 either nominated by employees or selected by various groups.
Employee Welfare Committee	The committee will convene on a quarterly basis and may hold additional meetings as needed. In 2022, a total of nine meetings were held to discuss various benefits plans for our company. These plans included the company trip, New Year's shopping festival, club management, and vendor discounts. All benefits are regularly communicated on the company's intranet website, accessible to all employees. A mailbox is also provided for two-way communication.
Town Hall Meeting	Four Town Hall Meetings were held in 2022, consisting of one employee meeting and three all-staff communication meetings. The President chaired an employee meeting to discuss the accomplishments of the past year and the current state of the competitive market. The meeting emphasized the importance of collaboration among employees in tackling future challenges and expressed gratitude for the valuable contributions of senior colleagues through public recognition. The President and senior executives from all departments co-chaired the communication meetings, where they shared management performance and new strategic plans. FET addressed employee concerns, and participating employees were able to raise management-related issues for discussion using digital communication tools. The President and senior executives promptly provided answers to these issues, promoting effective two-way communication.
Supervisor Communication Meeting	FET periodically conducts communication meetings with supervisors. The President and HR Director discuss the company's operational performance, strategic plans for the upcoming year, and HR matters, including performance management, goal setting, and organizational changes. Supervisors attending the meeting will have the opportunity to ask questions in real-time, with the President and HR Director providing immediate responses.
Communication Meetings Between Departments and Subsidiaries	The President actively engages in employee communication meetings conducted by every department and subsidiary. In 2022 alone, the President has attended over 20 such meetings, providing colleagues from each department and subsidiary with a valuable opportunity for direct interaction with the President.
Internal Newsletter	Every Friday, FET distributes its internal newsletter to highlight the events of the week. The newsletter covers significant occurrences, departmental introductions, project highlights, and employee concerns, among other topics. Its purpose is to embody the brand ethos of FET and foster closer relationships among colleagues.
Survey of Employee Opinions	FET upholds the fundamental principle of compassion and actively engages with its employees. In 2022, the eNPS (employee net promoter score) survey was conducted twice, resulting in a total of 5,236 questionnaires distributed during H2. Out of these, 4,436 individuals responded, yielding a completion rate of 85%. In addition to the employee net promoter score survey, the management team has also developed a satisfaction survey consisting of 27 multiple-choice questions and eight open-ended questions. These 27 questions have been categorized into four aspects: Purpose, Job satisfaction, Happiness, and Stress. The objective is to gain a deeper understanding of our colleagues' working conditions and offer support where needed. A total of 2,356 pieces of eNPS survey feedback were received in 2022, all of which have been addressed. The improvement items were categorized into six areas, encompassing performance evaluation, promotion management and system, departmental communication, education and training, working environment, and hardware and software equipment.



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FET Intranet

Communication Channels	2022 Communication Content
FET Intranet	<p>In addition to publishing the most recent news, FET also shares updates through its e-Newsletter and Intranet, providing employees with information about company activities. Furthermore, FET has established two channels for employee feedback: "Employee Suggestions" and "Employee Grievances Mailbox". These channels ensure that employee responses are treated with utmost confidentiality and are managed by dedicated units. They serve as effective communication platforms for employees to express their opinions.</p> <ul style="list-style-type: none"> ■ In 2022, the "Employee Suggestions" channel received a total of 61 responses, primarily addressing administrative facilities, product suggestions, remuneration benefits, and safety and health concerns. These matters have been promptly addressed and publicly documented on the Company's website. ■ The "Employee Grievances Mailbox" received ten cases in 2022. Dedicated project teams were established to investigate these cases and effectively engage with the employees involved, in accordance with corporate regulations and procedures. All cases have been successfully resolved as of December 31, 2022.

Arcoa

Communication Channels	2022 Communication Content
Annual Employee Conference	<p>At the start of the year, our attention was directed towards motivation and expectations, as we shared new strategic guidelines for 2022 and recognized exceptional employees. In the middle of the year, our focus shifted to communication and active listening. Throughout 2022, the President and supervisors conducted six interactive face-to-face meetings with colleagues from each department, aiming to gain a comprehensive understanding of employee needs and challenges, and propose subsequent improvement measures. As the year drew to a close, our emphasis turned to responsiveness and collaboration, as we celebrated the achievements of 2022 and fostered a sense of unity and camaraderie among all employees.</p>
Employee Welfare Association	<p>Four quarterly meetings will be held in 2022, primarily focusing on enhancing benefits and fostering organizational cohesion. In 2022, a website platform was planned to be developed for employee travel subsidy projects in collaboration with travel agencies. This initiative aims to offer colleagues an alternative option to utilize their travel subsidies amidst the ongoing pandemic. Additionally, in line with the cultivation of a sports-oriented corporate culture, the organization has also planned the execution and recognition of bowling competitions.</p>
Arcoa E-Newsletter	<p>Published quarterly, a total of four times in 2022. The primary focus of this report is on the company's activities, updates from the parent company and subsidiaries, sharing of training courses, experience sharing, and activity columns. These initiatives aim to enhance organizational learning and knowledge sharing within the materials and energy sectors.</p>
"I Want to Complain" Mailbox	<p>If efforts to engage with relevant authorities and managers have not yielded tangible outcomes, employees may submit their concerns to the complaint mailbox for assistance. No complaints were received in 2022, and there were no instances of labor and human rights laws and regulations violations.</p>

4.5 Employee Health and Workplace Safety

FET Telecom

FET has established the "Labor Health and Safety Committee" (LHS Committee) and a specialized unit for occupational health and safety. These initiatives aim to enhance the work environment and guarantee the well-being of our employees. The LHS Committee is structured in accordance with applicable laws and regulations, consisting of 18 members. This includes nine labor representatives, who constitute 50% of the committee's membership. The Committee convenes on a quarterly basis to present an occupational health and safety management plan and an automatic inspection plan. Additionally, it engages in discussions, investigations, and analyses of pertinent occupational hazards, and evaluates matters pertaining to the enhancement of occupational health and safety. The objective is to effectively communicate and manage hazard prevention measures. The occupational health and safety unit also actively promotes awareness of hazard prevention among employees and contractors. In 2022, a total of 164 rounds of diverse occupational health and safety training were conducted, with 12,424 participants. Meanwhile, the Company has also launched the "Health and Safety" website to effectively communicate information on hazard prevention and enhance employees' awareness of preventive measures. In 2022, the Company was honored with the prestigious "Gold Award" by the Industrial Safety and Health Association of the R.O.C. for its outstanding performance in maintaining a safe working environment with zero occupational accidents.

FET "Occupational Health and Safety Policies" are authorized by the Board of Directors and approved by the President.



Compliance with Laws and Related Requirements

Ensure compliance with applicable laws, regulations, and international standards or norms regarding occupational health and safety. Regularly assess the level of compliance to fulfill the obligations of occupational health and safety laws and satisfy stakeholders, thereby preventing occupational accidents.



Full Participation and Implementation

Workers and labor representatives are invited to participate in the Labor Health and Safety Committee. The purpose of this committee is to collaboratively develop occupational health and safety policies, actively engage in relevant occupational health and safety operations, and effectively implement risk management strategies to ensure full participation and achieve our goals.



Continuous Improvement of System Performance

We are committed to continuously enhancing the performance of our occupational health and safety management system, as well as fostering a culture of occupational health to support our objective of sustainable corporate operations.



Providing a Safe Working Environment

Implement hazard identification and risk assessment, establish project implementation priorities, action plans, and quantitative targets, and regularly monitor relevant indicators. Implement effective management practices to consistently promote and maintain a safe and healthy working environment.



Risk Management and Health Promotion

Enhance employee risk management, mitigate work-related accidents and illnesses, implement health promotion initiatives, promote the principles of occupational medicine, and heighten employee consciousness regarding occupational safety and health.

FET has implemented an ISO 45001-compliant management system that encompasses the entire operation of the Company, including all employees, contracted workers, and those under the Company's supervision. FET diligently adheres to laws and regulations to prevent occupational accidents. The company conducts thorough hazard identification and risk assessments, prioritizes improvement projects, and implements action measures. Additionally, FET enhances employee risk control measures to prevent work-related injuries and illnesses. The company also conducts health promotion activities to consistently foster and sustain a safe and healthy working environment.



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Building a Healthy Workplace Environment

FET actively fosters a sports culture among its employees, upholds its corporate social responsibility to care for its workforce, and strives to create a "happy and healthy workplace." In recognition of these efforts, FET was awarded the "Sports Enterprise Certificate" by the Sports Administration of the Ministry of Education in 2022, with a validity period extending until 2025. The Neihu Office, Banqiao Office, Taichung Office, and Kaohsiung Office have once again been awarded the "Healthy Workplace Certification" and "Health Activation Label" by the Health Promotion Administration of the Ministry of Health and Welfare. Details of the fitness initiatives are outlined below:

Name of Activity	Scope of activity
Weight Loss Competition	Launched in 2018, the competition has been held for four consecutive years. In 2022, a total of 420 participants successfully completed the challenge, resulting in a cumulative weight loss of 949 kilograms. FET awarded prizes worth a total of NT\$150,000 to the winners. To date, the total number of participants in this event stands at 2,870 individuals, with a combined weight loss of 5,237 kilograms.
FET Long-term Health Club Activities	A total of 32 clubs have been established at FET, 23 of which are sports-oriented. FET provides an annual subsidy of up to NT\$80,000 for club activities. In 2022, a total of 446 club activities were conducted, with a cumulative participation of 5,109 individuals.
App Step Counting Competition	FET prioritizes the well-being of its employees and promotes the cultivation of regular exercise routines. This not only helps to alleviate physical and mental stress but also enhances immunity. In 2022, we organized a step counting competition, which garnered a remarkable response with 1,157 participants. Collectively, they took an impressive 278,930,646 steps, equivalent to approximately 139,465 kilometers or 122 laps around Taiwan.
Online Fitness Classes	In response to the COVID-19 pandemic, FET took measures to enhance employee awareness of pandemic prevention. Additionally, the company provided online courses on physical and mental health, including topics such as online sports, nutrition, and psychology. Throughout 2022, a total of 42 courses were conducted, with a participation count of 3,464 employees.
Organize Fitness Activities	In line with the Ministry of Labor's "Workplace Health Week" initiative, the Sports Administration assigned the "Technology Fitness Project Office" to oversee physical fitness activities in 2022. A total of 90 employees from the Neihu office participated in these activities, which included assessments of body composition (height, weight, waist-to-hip ratio), muscle strength and endurance, flexibility, and cardiorespiratory endurance. These assessments provided participants with insights into their own physical conditions and emphasized the significance of maintaining fitness.
Epidemic Prevention LOHAS Exercise	In order to address the COVID-19 pandemic prevention measures, instructional videos on nutrition and exercise were published on the "Health and Safety Webpage" to enhance colleagues' understanding of sports nutrition and boost their self-immunity. These videos garnered a total of 1,800 views in 2022.
Blood Drive Event	As a result of the COVID-19 pandemic, blood banks in Taiwan experienced shortages. In response, blood drives were organized, resulting in a total donation of 79,250 cc of blood in 2022.
Office Area Massage Room	FET has engaged the services of 16 massage therapists who are visually impaired. These therapists offer complimentary massage sessions to our employees, aiming to alleviate work-related stress and relieve muscle tension. Over the course of one year, approximately 11,727 individuals have benefited from these massage therapies.

Safeguarding Occupational Safety

FET is committed to creating a stress-free work environment for all employees and stakeholders. In 2018, we introduced the "ISO 45001 Occupational Health and Safety Management System." The following year, the British Standards Institute (BSI), an external independent audit unit, conducted on-site audits to assess our implementation of ISO 45001 standards. FET successfully met various audit criteria and received the international ISO 45001:2018 and the CNS 15506:2011 (TOSHMS) Taiwan Occupational Safety and Health Management System certificates, which are valid until January 24, 2025. In 2022, BSI verified that our audit objectives were accomplished, confirming the continuous and effective implementation of the ISO 45001 management system. The system has also successfully passed the renewal assessment. The majority of FET employees are based in office and retail settings, resulting in a relatively low level of occupational risk. In order to uphold workplace safety, inspections were conducted on various work environments and construction sites, encompassing offices, data centers, base stations, and stores. A comprehensive total of 243 workspaces were inspected, with a diligent tracking of areas requiring improvement. As a result, the improvement rate achieved a commendable 100%. As base stations and associated communication infrastructure projects are outsourced to contractors, FET has established regulations pertaining to occupational safety and health for these contractors. When contractors are engaged for communication facility projects or maintenance, the agreement includes labor safety requirements. Additionally, relevant training is provided to prevent any harm resulting from improper construction and to ensure the well-being and safety of workers. No safety-related accidents were reported by contractors in 2022.



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► FET Telecom 2022 Occupational Safety and Health Performance

	2021	2022
Number of fatalities as a result of work-related injuries	0	0
Rate of fatalities as a result of work-related injuries ¹	0	0
Number of high-consequence work-related injuries	0	0
Rate of high-consequence work-related injuries ² (excluding fatalities)	0	0
Number of recordable work-related injuries	1	2
Rate of recordable work-related injuries ³	0.018	0.037
Working hours	11,023,488	10,776,936

¹ Rate of fatalities as a result of work-related injuries = Number of fatalities as a result of work-related injuries / Working hours x 200,000

² Rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities) / Working hours x 200,000

³ 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

Arcoa

Arcoa has established a Labor Health and Safety Committee and a specialized unit for health and safety. The LHS Committee at Arcoa consists of 11 members, selected in compliance with applicable laws and regulations. This includes four representatives from the labor sector, accounting for 36% of the committee's composition. The primary responsibility of the LHS Committee is to enforce and guarantee a secure working environment for employees, as well as address other issues pertaining to environmental health enhancements. The LHS Committee convenes on a quarterly basis to propose and review Arcoa's occupational health and safety management plans, as well as its automatic inspection plan. Additionally, it oversees the implementation of various annual occupational health and safety plans by the Occupational Safety Office. Arcoa has successfully installed Automated External Defibrillator (AED) devices at seven key operational sites and obtained the necessary certification for AED Placement. Arcoa's occupational health and safety unit successfully conducted 35 diverse training sessions focused on occupational health and safety. These sessions attracted a total of 1,255 participants, ensuring a comprehensive dissemination of knowledge and best practices within the company. Arcoa conducts regular fire drills at its major operating sites to enhance employees' crisis response capabilities and mitigate the risk of fire to personnel and assets. Furthermore, in order to guarantee the safety of our logistics center, we consistently provide training and enhance the certification qualifications of our factory administration staff, machinery operators, first-aid personnel, AED management, and OHS management staff. We offer on-the-job training and establish an automated inspection mechanism.

Training Courses	Number of Sessions	Total Number of Employees
Employee stress-relief course	6	148
Employee care and assistance course	5	109
AED and CPR emergency rescue training	5	143
Occupational health and safety training	19	855

4.6 Industry Infrastructure

4.6.1 Communication Infrastructure and Quality

In order to consistently improve customer satisfaction, FET is actively investing in the construction and maintenance of telecommunications infrastructure and facilities. Through monitoring and analyzing network performance and resource usage of base stations, we can identify high traffic usage based on factors such as time period and number of connected users. By utilizing carrier aggregation technology, we can expand the radio frequency bandwidth to alleviate congestion. These communication infrastructure investments contribute to maintaining a stable network speed, which has been recognized and accredited by international speed tests. In order to enhance 5G coverage, FET has undertaken functional experiments and validation testing for the 5G standalone architecture (SA) and 5G core network (5GC) since 2021. As of 2022, a total of 11,200 NR 3.5G base stations have been constructed in Taiwan, resulting in a 97% expansion of 5G service coverage. In 2022, FET successfully maintained a stable network and upheld net neutrality principles by ensuring consistent download speeds regardless of content. The company experienced no significant service disruptions or financial losses. The system average interruption frequency stood at 0.4%, while the customer average interruption duration was 0.0222 hours. Overall, the network availability reached 99.92%, marking a 0.04% improvement compared to the previous year. In the event of a service interruption, we assess the impact on affected customers and determine whether to activate the Business Continuity Plan (BCP) and initiate emergency response. This assessment involves collaboration between decision makers, the network department, customer service, public relations, and finance departments to evaluate the risk of the incident and potential losses.

Project	Content	Social/Environmental/Business Benefit KPIs
5G	<ul style="list-style-type: none"> By the end of 2022, a total of 11,200 NR 3.5G base stations were built in Taiwan 	<ul style="list-style-type: none"> The coverage rate of 5G services was expanded to nearly 97%, and the average download speed of users was 316.32Mbps According to the latest "5G Global Mobile Network Experience Report" and "Taiwan Mobile Network Experience Report" released by OpenSignal in September and December 2022, the "5G Availability Rate" (the time users spend connected to 5G) was ranked second in the world and the best in Taiwan³
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 four core switch rooms and added 240G processing capacity to meet the mobile data needs of users Built 792 base stations including 700/1800/2100/2600 frequencies in 2022 to increase network speed through quad-band carrier aggregation (CA) 	<ul style="list-style-type: none"> Achieved an user average download speed of 82.2Mbps with a remarkable 125% increase⁴ The 4G successful connection rate reached a stable performance level of more than 99.95% in all areas The 4G signal covers 368 townships in Taiwan, with a population coverage rate of 99.8%
Voice communication services	<ul style="list-style-type: none"> performed practical 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 0.16% dropped call rate (DCR) across 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 Used the self-developed Customer Experience Management (CEM) system for data analysis to improve the quality of network services Adjusted spectrum resources for remote areas to enhance 4G and 5G signal coverage and communication quality 	<ul style="list-style-type: none"> Completed 4G construction in more than 740 outlying islands and remote villages In May 2022, the National Communications Commission (NCC) approved the spectrum exchange between FET and Asia Pacific Telecom. FET utilized the 15MHz bandwidth and low-frequency properties of the 700MHz spectrum to enhance and optimize it. As a result, the average indoor network speed increased by 22% and the average outdoor network speed increased by 10%. Additionally, network usage during peak hours decreased by 15%, leading to an improved network experience for users. This positive outcome has been well-received by users Achieved more than 98% 4G signal coverage in remote area

¹ System average interruption frequency = Number of service interruption users / Total number of users

² Customer average interruption duration = Total service outage time / Number of affected users

³ Data from [OpenSignal Taiwan Mobile Network Experience Report](#)

⁴ Data from [Speedtest award Q3—Q4 2022](#)

4.6.2 Investment in Construction in Remote Areas

FET is committed to fully complying with NCC's "Telecommunications Universal Service Regulations" and remains dedicated to promoting telecommunications services. Our focus is on improving data access speeds in remote areas to match those found in metropolitan areas. In order to enhance the quality and coverage of communication services in remote regions, as well as to ensure the stability of these services during times of disaster, FET continues to apply for subsidies to construct base stations for public service agencies in high-risk disaster areas and in public buildings that have been vacated in rural areas across Taiwan. Since 2014, the construction of 4G infrastructure has been successfully accomplished in over 740 remote islands and villages, with a projected 4G signal coverage of over 98% by 2023.

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

- FET Enhances "Signals Boost Up Project" for Mountainous Areas: Communication signals in mountainous regions are often disrupted by terrain obstacles, adverse weather conditions, and various other factors. Effective communication and accurate location information are crucial for successful mountain rescue operations.

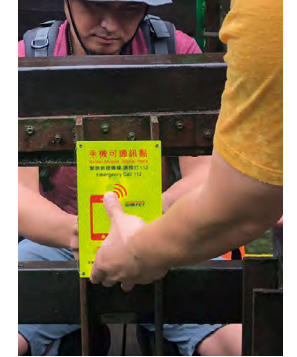
Since 2015, FET has independently executed the signals enhancement project for mountainous regions, aiming to optimize the communication quality of Taiwan's 100 Mountains and popular hiking trails. As part of this initiative, FET has installed approximately 900 communication noticeboards. Apart from offering communication services for mountain climbers, the project enables hikers to utilize their mobile phones to report their location in case of emergencies, facilitating effective assistance. Moreover, it supports the government's rescue operations in mountainous areas.

In May 2022, FET collaborated with the Tourism and Travel Department of the New Taipei City Government to conduct network signal measurement and optimization for the "Smile Trails." These trails are a well-liked parent-child hiking route located near the New Taipei Metro stations, connecting Shulin, Yingge, Sanxia, Tucheng, Zhonghe, Xindian, Shiding, Shenkeng, Xizhi, and Pingxi. In total, there are eight hiking trails, and along the way, a total of 87 communication noticeboards were installed.



- "Open Mountain and Forest Policy" by the Executive Yuan: FET has actively collaborated with NCC's guidance and coordinated with management agencies like the Forestry Bureau and the National Park Management Office. As a result, FET has successfully established mobile communication base stations at strategic locations, including popular hiking trails and mountain cabins, to enhance signal coverage. Apart from offering communication services and information inquiries for hikers in mountainous and forested areas, FET has also prioritized emergency rescue communication to expedite search and rescue operations.

By the conclusion of 2022, enhancements have been made to mobile communication signals in various mountain cabins and trails, namely Shuiyang Forest, Qika Lodge, Mount Lilong Trail, Mount Daito, Jialuo Lake of the Taijia Vertical Trail, Ruisui Forest Trail, Smangus, and Liding Mountain.



► Investment in Construction in Remote Areas

KPI	2018	2019	2020	2021	2022
Amount of investment in infrastructure construction in remote areas (unit: NT\$ Thousand) ^{Note}	31,000	48,000	66,000	168,200	232,000
LTE signal coverage in remote areas	96%	96.5%	96.7%	97.3%	98%
Strengthening the communication infrastructure of disaster prevention and relief operations (unit: station)	16	34	14	13	26
Expanding the infrastructure of remote broadband access bases (unit: station)	12	14	6	45	54
Amount invested in the expansion of telecommunication services (unit: NT\$ Thousand) ^{Note}	132,304	186,000	66,359	31,600	34,600

^{Note}: Correcting 2021 Corporate Sustainability Report data

4.7 Charity Care Projects

FET's public charity input strategy encompasses three key aspects: environmental education, digital inclusion, and social engagement. Through these initiatives, we align with the United Nations Sustainable Development Goals (UN SDGs) and strive to achieve the following visions: eradicating poverty (SDG 1), promoting good health and well-being (SDG 3), ensuring quality education (SDG 4), reducing inequalities (SDG 10), and taking action on climate change (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.
People with Physical and Mental Disabilities	Genial Plan	We provide cost-effective plans for disabled individuals that are more affordable than market rates. Alongside the 499 mobile number only and the 599 4G full-speed internet access with mobile phone plans, we also offer 299 mobile number only plans or plans tied with mobile phone light internet usage. These plans provide unlimited usage for the initial six months and are accessible to all users.
Seniors over the age of 60	Evergreen Plan	For individuals aged 60 and above who prioritize phone calls over internet usage, FET offers the value-added monthly rental plan priced at \$149/199. This plan includes limited internet access and provides 20 minutes of on-net and 20 minutes of off-net calls free of charge every 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\$)

Type of Resource Input	2019	2020	2021	2022	Type of Public Charity Project Input	
Direct investment into public charity projects	5,393,246	5,710,537	2,531,955	674,657	<p>Total Investment (NT\$)</p>	<p>Number of People Reached ^{Note}</p>
Amount translated from employee volunteer services	14,417,265	18,584,404	912,282	2,101,329		
Value of in-kind donations	1,254,331	7,392,436	1,621,184	2,908,431		
Other personnel and administrative expenses	4,566,000	3,527,805	3,563,937	4,016,250		
Total	21,051,121	35,215,182	8,636,463	9,607,917		

^{Note:} "Number of people reached" includes the number of volunteers and media contacts (including interactive contacts).




4.7.1 Environmental Education

Since 2015, FET has been actively promoting public awareness of environmental issues through the implementation of environmental education programs centered around the "Cherish the Earth, Spread Love Far" initiative. The company places great emphasis on three key actions: fostering a green culture within FET, promoting environmental education, and encouraging consumer responsibility towards the environment. These actions align with the United Nations' Sustainable Development Goals (SDGs), particularly SDG 4 (Quality Education) and SDG 13 (Climate Action).

Project	Content	Social/Environmental/Business Benefit KPIs
FET Sustainable Zero Leftovers Campaign 	<p>To promote carbon reduction awareness among employees and the public, FET organized several initiatives. These included the zero leftovers challenge, a vegetarian week in the staff canteen, and a collaboration with the Society of Wilderness to host a seminar titled "Climate Change on the Dining Table" in conjunction with World Food Day (October 16). Additionally, we arranged an immersive farming experience event in Yilan, aimed at encouraging both employees and the public to minimize food waste in their daily lives and make a positive contribution to carbon reduction efforts.</p>	<ul style="list-style-type: none"> • Number of employee participants: 117 • Zero Leftovers Challenge Participants from the FET Facebook Page: 376 people • Social media engagement: 10,021 times
FET Climate Change and Energy Saving and Carbon Reduction Courses 	<p>In response to the global trend towards achieving net-zero emissions, FET Smart Energy Management System (EMS) has made an investment in the "air-conditioning for all classes" project. FET is dedicated to promoting environmental education and has partnered with the Taiwan Youth Climate Coalition (TWYCC) to launch the "FET Climate Change and Energy Saving and Carbon Reduction Courses". TWYCC volunteers have been involved in designing the course structure and serving as instructors, while FET has provided information on EMS energy-saving technology. After several rounds of discussion, both parties have successfully developed teaching materials. In order to engage students in an interactive and captivating manner, the volunteers visited Zhongzheng Elementary School in Xindian District, New Taipei City, and Shenkeng Elementary School in Shenkeng District, New Taipei City, to deliver lessons on climate change and daily carbon reduction.</p> 	<ul style="list-style-type: none"> • Campus promotions: 10 sessions • Teachers and students reached: 350
Earth Hour 	<p>In 2022, FET participated in the inaugural "Earth Hour" event organized by the World Wildlife Fund (WWF). Collaborating with over 400 government agencies and enterprises in Taiwan, FET joined the initiative by switching off lights for one hour on March 26 at 8:30 p.m. This included seven office buildings and 290 FET stores located in Taipei, Taichung, and Kaohsiung. A total of 35,000 lights were turned off during this collective effort. President Chee Ching also recorded a video, urging the public to support the "Earth Hour" campaign.</p> 	<ul style="list-style-type: none"> • Turned off the lights in the office areas of 7 office buildings and 290 FET stores • Total of 1,543 employees participated • 4,798 people were reached
Second-hand Makeup Collection Campaign 	<p>We collaborated with the SheAspire Association, committed to assisting underprivileged women, in collecting gently used cosmetics and skincare items for mothers facing unique circumstances and financial hardships, who have been unable to indulge in makeup since getting married. This initiative not only extends the lifespan of these products but also empowers disadvantaged women to reclaim their beauty, fostering resilience and determination to progress in life.</p>	<ul style="list-style-type: none"> • A total of 1,404 cosmetics were collected. • An estimated 281 colleagues participated (counting 5 donations per colleague) • Expected to help 140 women




4.7.2 Digital Inclusion

In recent years, Taiwan has experienced a growing urban-rural divide, resulting in limited educational opportunities for children living in remote areas. As we enter the digital age, the significance of lifelong learning in digital technology has become increasingly apparent. To promote educational equity and quality, FET leverages its core business capabilities to address UN Sustainable Development Goals (SDGs) 4 and 10, namely Quality Education and Reduced Inequalities. By doing so, we aim to enhance the overall educational standards for children in Taiwan and contribute to the reduction of social disparities.

Project Category	Content	Social/Environmental/Business Benefit KPIs
<p data-bbox="742 683 963 770">General science education and knowledge sharing</p> <div data-bbox="795 837 909 1082">   </div>	<p data-bbox="1050 416 1548 523"> █ The International Green and Smart Mobility Forum-To construct intelligent infrastructure and advance towards sustainable development with a net zero approach. </p> <p data-bbox="1050 533 1548 770"> Leveraging the power of information and communication technology (ICT), particularly the integration of artificial intelligence (AI) and the Internet of Things (IoT), we can drive the adoption of eco-friendly transportation and foster the creation of smart cities. To ensure the successful implementation of the net zero policy, esteemed professionals from both industry and academia have been invited to contribute their expertise. </p>  <p data-bbox="1050 858 1369 884"> █ Digital Technology Education </p> <ul data-bbox="1050 895 2083 1217" style="list-style-type: none"> • "Elementary School Learning Activities - Innovative Digital Camp" Online Public Welfare Teaching Service: We maintained our partnership with National Taiwan Normal University and Asia Eastern University of Science and Technology to implement a teaching program for elementary schools. Through online classes, students engaged in hands-on activities to explore the realms of 5G, AI, IoT, and Big Data. A total of nine sessions were conducted across various locations, including Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Chiayi, Kaohsiung, Pingtung, and Hualien, with each session spanning two days. • Two AI digital courses were provided for schools and companies, with the theme of AI/IoT for smart homes. • "5G, 6G and Low-Earth Orbit Satellite" lecture: Popularize 5G-related knowledge in colleges and universities. 	<ul data-bbox="2136 580 2620 1078" style="list-style-type: none"> • A total of 587 people participated • Reached a total of 212 elementary school teachers, external lecturers, teaching assistants, students, and parents

4.7.2 Digital Inclusion





In recent years, Taiwan has experienced a growing urban-rural divide, resulting in limited educational opportunities for children living in remote areas. As we enter the digital age, the significance of lifelong learning in digital technology has become increasingly apparent. To promote educational equity and quality, FET leverages its core business capabilities to address UN Sustainable Development Goals (SDGs) 4 and 10, namely Quality Education and Reduced Inequalities. By doing so, we aim to enhance the overall educational standards for children in Taiwan and contribute to the reduction of social disparities.





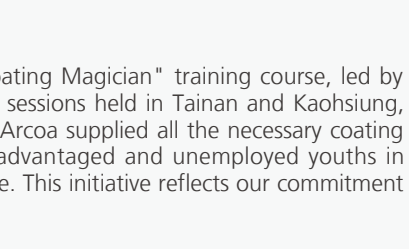
Project Category	Content	Social/Environmental/Business Benefit KPIs
Rural digital education and digital public welfare investment  	<p>▀ friDay Video Charity Project</p> <p>The friDay Video Charity Project collaborated with the Hematology Society to raise awareness about leukemia through films, enhance publicity and exposure, and encourage the public to be vigilant and seek early treatment.</p>	<ul style="list-style-type: none"> • Reached 7,200 potential customers
	<p>▀ Teach for Taiwan Sponsored Communication Services & Distance Learning Internet Support Program</p> <p>FET has been sponsoring Teach for Taiwan's communication services and at-home learning program. This initiative aims to address the educational needs in remote areas. FET has provided 20 numbers at discounted rates, indirectly benefiting over 6,000 rural schoolchildren since 2015.</p>	<ul style="list-style-type: none"> • Supported communication fees of 22 TFT logistics administrators • Over 50 rural families have online resources for ongoing learning during the pandemic • 5,727 people benefited from the sponsorship
	<p>▀ Publishing Charity General Science Textbooks</p> <p>In 2022, we actively engaged in the Ministry of Education's "Rural Digital Application Promotion Project" and "Technology Assisted Independent Learning Project".</p> <p>We have compiled the public welfare book titled "AI Farming, Safe Farming" as a means to educate elementary and middle school students, individuals residing in rural areas, and the general public about the role of technology in addressing food safety concerns. This book specifically highlights the experiences of technological farmers. Furthermore, we have donated copies of this book to digital opportunity centers, as well as rural junior high schools and elementary schools.</p>	<ul style="list-style-type: none"> • 965 books were donated to 110 rural area digital learning centers and 42 elementary and junior high schools
Digital inclusive public service 	<p>▀ Mobile voice charity donation</p> <p>FET continues to offer mobile phone e-donation methods to foundations and associations, aiming to raise additional funds for social welfare groups in the materials and energy sectors.</p>	<ul style="list-style-type: none"> • A total of 692 donors donated via mobile phone • A total of NT\$351,700 was raised

4.7.3 Social Engagement

FET extends its commitment to social issues and stakeholders, such as rural health care, local care, children and teens protection, and art and culture equality, through the integration of online and offline platforms. This aligns with the United Nations Sustainable Development Goals of eradicating poverty (SDG 1), promoting good health and well-being (SDG 3), and reducing inequalities (SDG 10).

Project Category	Content	Social/Environmental Benefits KPIs
<p>Healthcare</p>  	<p>Telemedicine Project</p> <p>FET offers a cloud-based telemedicine platform that utilizes 5G low-latency transmission. This platform enables real-time multi-party consultations across different disciplines, addressing medical inequality in rural areas. Additionally, in response to the pandemic, FET assists medical institutions in swiftly providing video outpatient services. This helps them adapt to the new normal in medical and healthcare models following the pandemic.</p> <p>In 2022, the company expanded the telemedicine applications to include ambulances, developed "5G emergency rescue" medical innovation applications, and enhanced the effectiveness of first aid and the survival rate of cases.</p>  <p>Text Message Care</p> <p>FET has collaborated with the Suicide Prevention Center at Far Eastern Hospital to deliver compassionate SMS messages during significant holidays. These messages serve as a timely source of support and serve as reminders for individuals to seek medical attention.</p>	<ul style="list-style-type: none"> Assisted 27,529 people (including video outpatient service: 21,122, remote consultation in rural areas: 6,407) A total of 39,351 people were reached Provided care for 692 individuals at risk of suicide and sent a total of 1,266 supportive SMS messages

Project Category	Content	Social/Environmental Benefits KPIs
<p style="text-align: center;">Social inclusion</p> <div style="display: flex; flex-direction: column; align-items: center;">   </div>	<p>█ Elderly Living Alone Care Program</p> <p>In Pingtung County, FET offers TCL adult watches free of charge to low-income and single-living elders as part of our initiative to care for the elderly living alone. This program has garnered significant support from compassionate individuals in the county, fostering a widespread sense of love and community.</p>	<ul style="list-style-type: none"> • 5,280 seniors were reached
	<p>█ Construction of Food Bank Freezers</p> <p>For three consecutive years, FET has urged suppliers to join the "Sustainability Pioneer Team" initiative. In 2022, a group of 15 suppliers were invited to collaborate with the Alliance of Taiwan Food Banks in constructing frozen storage facilities at the Hualien Food Bank site. The aim is to provide greater assistance to indigenous communities, churches, schools, associations, and other social organizations in Hualien. This action is expected to benefit approximately 6,000 individuals, including 30 rural elementary and junior high schools and indigenous communities.</p>	<ul style="list-style-type: none"> • A total of 19 FET employees and suppliers • Approximately 1,338 beneficiaries in December
	<p>█ Hearing-impaired co-creation project and baby theater promotion</p> <p>FET leverages its core information and communication technology to support promotion across various channels, including SMS and the "FET" s Mobile Circle app". Additionally, the company has allocated space on the first floor of its headquarters as a performance venue, encouraging both FET customers and employees to engage in high-quality art and cultural activities such as "Dance in Silence" and "Baby Sound Wave". This initiative aims to promote equality in the realm of art and culture.</p> <div style="display: flex; justify-content: space-around;">   </div>	<ul style="list-style-type: none"> • Audience of "Dance in Silence": 718 • Audience of "Baby Sound Wave": 241
	<p>█ Arcoa "Coating" Magician</p> <p>Arcoa fulfills its corporate social responsibilities by leveraging its knowledge of professional coating techniques to assist disadvantaged and unemployed teenagers through The Mustard Seed Mission. This initiative aims to help these individuals learn valuable skills, uncover their potential, and develop self-confidence.</p>	<ul style="list-style-type: none"> • Two training sessions were held • 51 participants were reached

Project Category	Content	Social/Environmental Benefits KPIs	
Protecting children and teens 	<p>FET Public Welfare Platform</p> <p>Under the initiatives of "Collecting Love, Spreading Love," "Donation with Love," "Giving with Love," and "Shopping with Love," our company has been actively providing appropriate resource donations to various public welfare organizations. These efforts aim to connect suppliers, consumers, employees, and other stakeholders in assisting social welfare groups. In 2022, the "Collecting Love, Spreading Love" Project successfully supported the Chung Yi Social Welfare Foundation in raising medical funds for unsupported children and teenagers. Through this project, a total of NT\$1.15 million was raised, benefiting 1,971 individuals.</p>		<ul style="list-style-type: none"> • A total of 2,428 people donated • A total of 1,971 beneficiaries • A total amount of NT\$1,448,681 raised • A total of 128,557 people reached
	<p>Taitung Ruiyuan Elementary School Archery Team Sports Sponsorship Project</p> <p>FET has sponsored the archery team of Ruiyuan Elementary School in Luye Township, Taitung County. The sponsorship includes providing consumable equipment such as bow bodies, bow arms, professional sports clothing, and sighting equipment. This support enables the students to compete in archery competitions without any concerns and showcase their skills, ultimately leading to outstanding achievements.</p>		<ul style="list-style-type: none"> • Archery team members supported: 16 (15 students & 1 coach)
	<p>"Teach for Taiwan" Project</p> <ul style="list-style-type: none"> • Pen Pal Project: FET employees are encouraged to collaborate with a rural elementary school in Hualien for a pen pal project. This initiative involves volunteering to become pen pals with elementary school children. Through the exchange of letters, the children will have the opportunity to enhance their writing skills and broaden their horizons beyond their hometown. • Career Sharing Day: FET volunteers visited a rural elementary school in Hualien to organize a Career Sharing Day. The purpose of this event was to share their personal growth and career development experiences with the students through engaging activities. The aim was to inspire the students and broaden their horizons regarding future career possibilities. 	 	<ul style="list-style-type: none"> • Number of students participated: 37 • Number of employees participated: 19 • 7 months of letter correspondence • Social media engagement: 4,071
	<p>2022 "Yes, I Can. Youth Employment Cultivation" project</p> <p>Arcoa and the Mustard Seed Mission collaborated to organize the "Arcoa Coating Magician" training course, led by two highly skilled coating instructors from Arcoa. The course consisted of two sessions held in Tainan and Kaohsiung, each spanning four days of intensive professional coating technology training. Arcoa supplied all the necessary coating materials for each student, facilitated practical exercises, and supported disadvantaged and unemployed youths in acquiring valuable skills, uncovering their potential, and fostering self-confidence. This initiative reflects our commitment to fulfilling our corporate social responsibility.</p>		<ul style="list-style-type: none"> • A total of 6 volunteers including lecturers participated during the training period • A total of 20 students participated in the two sessions



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ESG Data

Environmental Aspect Data

ISO 14064-1		GHG Protocol		GHG emissions (Unit: ton CO2e)		Emissions calculation method and exclusion		
Category	ISO 14064-1	Scope	GHG Protocol	Emissions	%			
Category 1	Direct GHG emissions and removals	Scope1	Direct GHG emissions and removals	4,667.630	0.71%	• Activity data x emission factor x GWP value		
Category 2	Indirect GHG emissions from imported energy	Scope1	Indirect GHG emissions from imported energy	286,818.203	43.72%	• Electricity usage x emission factor		
Category 3	Indirect GHG emissions from transportation	Scope3	Indirect GHG emissions	Category 4	Upstream transportation and distribution	868.086	0.13%	Scope: Products transported from the central warehouse to company-owned stores. • FET conducted a detailed analysis of upstream transportation and warehousing, including transportation distances, modes of transportation, and shipping weights of products received from suppliers. Emission calculations were made based on transportation distances and shipping weights for each supply-chain segment.
				Category 6	Business travel	449.025	0.07%	Scope: All • According to a travel expense reimbursement system, information on the means of transportation (including taxi, HSR, car, airplane, and rail) and mileage traveled by employees for business trips are obtained. • The greenhouse gas emissions from business trips are calculated based on this data and the corresponding carbon coefficients.
				Category 7	Employee commuting	4,014.099	0.61%	Scope: All • All employees' means of commuting and mileage are estimated based on the Ministry of Transportation and Communications' (MOTC) survey on the daily use of transportation by the public. • The greenhouse gas emissions from staff commuting are calculated based on this data and the corresponding carbon emission coefficients.
				Category 9	Downstream transportation and distribution	1,310.400	0.20%	Scope: All • FET evaluates the carbon footprint of the product's downstream transportation and warehousing, including the distance and mode of transportation of the goods to the customer's end. • The greenhouse gas emissions from downstream transportation and storage activities are calculated based on this data.
				Category 1	Purchased goods and services	187,114.047	28.52%	Scope: All • The economic value of all purchased goods and services for the year is multiplied by the corresponding secondary (e.g., industry average) emission factor (e.g., average emissions per unit monetary value of goods) to derive the resulting carbon dioxide emissions.
Category 4	products used by organization			Category 2	Capital goods	50,680.536	7.73%	Scope: All • The economic value of all purchased capital assets for the year is multiplied by the corresponding secondary (e.g., industry average) emission factor (e.g., average emissions per unit monetary value of the asset) to derive the resulting carbon dioxide emissions.



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GHG emissions (Unit: ton CO2e)							
ISO 14064-1	GHG Protocol		Emissions	%	Emissions calculation method and exclusion		
Category 4- products used by organization	Category 3	Fuel-and-energy-related activities (not included in Scopes 1 or 2)	49,972.296	7.62%	Scope: All • FET assesses the carbon footprint arising from upstream fuel and energy supply activities, including the procurement of electricity, gasoline, and diesel. • The greenhouse gas emissions from upstream fuel and energy activities are calculated based on this data.		
	Category 5	Waste generated in operations	73.760	0.01%	Scope: All • ET categorizes all waste generated from its operational/business premises. • For each category of waste, FET records the amount of waste generated, the disposal method, the transportation distance, and the associated emission factors, which are used to calculate the greenhouse gas emissions generated from operations.		
	Category 8	Upstream leased assets	2.447	0.0004%	Scope: All • FET records and calculates refrigerant leakage amounts from all leased assets at its operational/business premises, including leased company vehicles and office water dispensers. • The greenhouse gas emissions from leased assets are calculated based on this data.		
	Category 10	Processing of sold products	-	0%	Not applicable.		
Category 5- Indirect GHG emissions associated with the use of products from the organization	Scope3- Indirect GHG emissions	Category 11	Use of sold products	47,085.539	7.18%	Scope: All • FET refers to external research reports to understand the energy consumption and utilization of a product during its use phase. • The greenhouse gas emissions from product usage are calculated based on this data and emission factors.	
	Category 12	End-of-life treatment of sold products	19.372	0.003%	Scope: All • FET refers to external research reports and the Environmental Protection Agency's waste statistics to understand how products are disposed of at the end of their life, including recycling and reuse, incineration, and landfill. • The greenhouse gas emissions from the final processing of product disposal are calculated based on this data and emission factors.		
	Category 13	Downstream leased assets	16,055.343	2.45%	Scope: All • FET records the usage of assets leased from other parties, such as server room lighting and air conditioning. • The greenhouse gas emissions from other-party leased assets are calculated based on this data, emission factors, and leasing time.		
	Category 14	Franchises	6,919.378	1.05%	Scope: All • FET estimates the greenhouse gas emissions of franchised stores by multiplying the average single-store greenhouse gas emissions of Category 1 and Category 2 directly operated stores by the number of franchised stores.		
	Category 15	Investments	0	0%	Not applicable. All FET's consolidated subsidiaries have completed greenhouse gas inventories, and the related emission values have been consolidated into Category 1 direct emissions and Category 2 indirect power emissions.		
Category 6- Others			0	0%			



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GHG emissions in Recent 4 years		2019	2020	2021	2022
GHG emissions ¹					
Direct GHG emissions (Scope 1)	GHG emissions (ton CO2e / Year)	6,067.89	4,859.12	10,652.13	4,667.63
Indirect GHG emissions (Scope 2)	GHG emissions (ton CO2e / Year)	244,332.43	245,621.92	273,251.07	286,818.20
GHG emissions in CO2e	GHG emissions (ton CO2e / Year)	250,400.32	250,481.04	283,903.20	291,485.83
	Emission intensity (kg CO2e / number of subscribers)	35.30	35.43	40.23	40.80
external GHG emission (Scope 3)	GHG emissions (ton CO2e / Year)	421,967.36	412,874.12	437,722.69	364,564.33
Energy consumption					
Direct energy consumption	Gasoline (ekL/year)	444.36	414.35	381.73	373.85
	MWh	4,031.18	3,758.96	3,463.00	3,391.55
	Diesel (kL/year)	47.75	37.27	55.01	46.18
Indirect energy consumption	MWh	466.54	364.08	537.45	451.19
	MWh	517,523.52	546,462.37	615,001.45	636,181.78
Total consumption non-renewable energy	MWh	522,021.23	550,585.40	619,001.90	640,024.52
Total consumption - renewable energy	MWh	290.58	692.09	995.33	3,183.24
Total energy consumption	MWh	522,311.81	551,277.49	619,997.23	643,207.76
	intensity (kWh / number of subscribers)	73.64	77.98	87.85	90.02

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



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Waste in Recent 4 years ²		2019	2020	2021	2022
Non-hazardous Waste					
Total waste generated	Tons	356.78	338.54	329.81	279.02
Waste disposed – Incineration ³	Tons	230.84	235.11	215.28	175.49
Waste disposed – Landfill	Tons	0	0	0	0
Hazardous Waste					
Generic waste ⁴	Tons	260.23	421.29	434.62	704.95
Recycled waste (Recycled percentage)	Tons (%)	260.23 (100%)	421.29 (100%)	434.62 (100%)	704.95 (100%)
Water ⁵					
Water consumption	Million cubic meters	0.2719	0.2694	0.2580	0.2423

² Waste: sum of waste from office building of FET Telecom and NCIC, Arcoa’s headquarter at NeiHu, and all stores. Arcoa uses estimated data.

³ All incineration plants in Taiwan are Energy Generation of Waste-to-Energy Plant.

⁴ The replacement of aging base station lead-acid batteries resulted in an increase in hazardous waste generation, while general waste continued to decrease in 2022

⁵ Water consumption: sum of water consumption of FET Telecom, NCIC, and Arcoa’s office building, Arcoa uses estimated data.

Revenue and emission reduction benefits from FET's low-carbon products

Type	Products/Services	Percentage of Annual Total Revenue	Estimated Annual Emission Reduction (tCO ₂ e)
Low carbon product(s)	Low Carbon IDC	1.04%	7,119
Avoided emissions for third-parties	1.Taoyuan Smart NB-IoT Streetlights Project 2.FET 5G telemedicine 3.Prepaid eChannel 4.E-commerce 5.Energy Management Service	4.90%	31,413.1



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Social Aspect Data

Human Resources Overview (Number of people)	2019	2020	2021	2022
Full-time Employees ¹	6,183	6,026	5,836	5,618
Male	2,991	2,898	2,867	2,793
Female	3,192	3,128	2,969	2,825
Part-time Employees ²	0	0	0	0
Male	0	0	0	0
Female	0	0	0	0
Temporary Workers	57	73	98	119
Male	39	47	65	80
Female	18	26	33	39
Employment of Disabled People	60 (1.03%)	43 (0.7%)	49 (0.8%)	40 (0.7%)
Percentage of females in management level	32%	32%	33%	34%
Total employee turnover rate	19.81%	16.35%	16.06%	16.10%

¹ 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.

² Part-time Employees: the working hours and practices are less than full time employee defined by the operating region : FET only operates in Taiwan,

Employee training cost	2019		2020		2021		2022	
	FET Telecom	Arcoa	FET Telecom	Arcoa	FET Telecom	Arcoa	FET Telecom	Arcoa
Total employee training costs (NT\$)	24,971,847	1,577,661	19,696,832	2,243,011	14,475,000	495,500	19,666,000	236,500
Total employee training hours	437,501.19	7,756	357,135.51	7,540	199,065	4,971	255,313	7,214.5
Total number of employee (people)	5,841	399	5,623	405	5,463	375	5,370	367
Average employee training costs (NT\$)	4,275.27	3,954	3,413.07	5,538	2,600.00	1,321	3,662.2	644
Average employee training hours	74.9	19.4	62.72	18.6	36.4	13.3	47.5	19.7



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Employee Development Programs

Human Resources Overview (Number of people)	Program 1 - ITP(Individual Training Plan)	Program 2 - Franchise Store External Sales Training Program
Name & Description of the program	<p>Program Objectives:</p> <ul style="list-style-type: none"> Enhance the company's annual satisfaction scores in the "Learning and Development" category. Strengthen internal trainers' abilities and cultivate necessary knowledge and skills among colleagues. Reduce the company's annual training costs Foster a culture of knowledge sharing and a learning-oriented organization. <p>Target Audience: All FET employees.</p> <p>Program Content: Taking on the capabilities required by FET's "Big Data, AI, IoT" strategy, after integrating internal and external instructor resources to plan courses, discussions will be facilitated with managers and colleagues to formulate the "Annual Personal Training Plan." This plan will primarily be delivered by internal instructors, offering them abundant teaching opportunities and experiences. Through knowledge extraction, it will foster an organizational atmosphere of knowledge sharing and mutual learning while concurrently reducing training costs associated with hiring external instructors. This approach aims to achieve the goals of sustainable business operations and employee satisfaction.</p>	<p>Program Objectives:</p> <ul style="list-style-type: none"> Aligning with FET's franchise store annual strategic priorities, assist in expanding sales distribution channels. Aid in maintaining efficient store operations and executing store operation plans/initiatives. Proactively engage to resolve customer issues and provide optimal sales and service to customers. Train store clerks in professional sales competencies, thereby enhancing their commitment to the company. <p>Target Audience: Franchise store managers or experienced clerks.</p> <p>Program Content: In 2022, the inaugural "Franchise Store External Sales Training Program" was introduced. This program offered telephone sales training courses for franchise store colleagues. Not only does this help maintain effective store operations amid the pandemic's impact, but it also contributes to executing store operation plans/initiatives, resolving customer issues, and providing excellent sales and service to customers. This assistance contributes to the company's expansion of sales business objectives.</p>
Description of program objective/ business benefits	<ul style="list-style-type: none"> Enhance employee satisfaction. Cultivate internal talents. Reduce annual training costs. 	<ul style="list-style-type: none"> Foster a learning-oriented organization. Attract external talents to join.
Quantitative impact of business benefits (monetary or non-monetary)	<p>Employees satisfaction with company training has improved, supporting career development opportunities for employees and also attracting external talent to join. The satisfaction rating for Y22 training courses is 4.63 out of 5, showing an improvement of 0.13 points compared to Y21. The Y22 employee satisfaction in the "Learning and Development" aspect is 4.58 out of 5, indicating an increase of 0.06 points compared to Y21. Internal instructor teaching effectiveness has improved, achieving the goal of cultivating internal talent.</p> <p>Number of Course Sessions: In Y22, a total of 84 course sessions were conducted, an increase of 32 sessions compared to Y21 (+62%).</p> <p>Number of Participants: In Y22, a total of 2,514 participants were taught by 1,493 instructors, marking an increase of 1,826 participants taught by 650 instructors compared to Y21 (+265% / +77%).</p> <p>Internal Instructor Teaching Satisfaction: In Y22, the satisfaction rating for internal instructor-led courses is 4.7 out of 5, showing an improvement of 0.1 points compared to Y21.</p> <p>Cultivated internal talents to serve as instructors, achieving the goal of reducing annual training costs for the company. In Y22, internal instructors collectively delivered 295 hours of teaching. Compared to hiring external instructors, this has led to a cost reduction of approximately \$3,500,000 in training expenses. Shaping a culture of knowledge sharing and a learning-oriented organization. A total of 102 course sessions were conducted for the "Big Data, AI, IoT" strategy, out of which 84 were taught by internal instructors, accounting for 82% of the total sessions. This highlights that through the internal instructor system, a culture of sharing and mutual learning has been established, aiding the company in talent cultivation.</p>	<p>Successfully expanded organizational business sales channels. The Y22 external allocation completion rate reached 91.8% (target: 90%), surpassing the set goal by +1.8%. This achievement fulfills the objective of expanding telephone sales channels. Achieved the goal of enhancing business sales closing opportunities. In Y22, the total number of external allocation transactions was 3,880, with an average closing rate of 2.2%. In addition to increasing business sales closing opportunities, this has also generated contract value benefits for the company, amounting to at least \$69,723,600.</p> <p>Successfully trained employees' professional competencies.</p> <p>Number of Course Sessions: A total of 14 course sessions were conducted, achieving a 100% course offering target. Number of Participants: A total of 430 participants completed the training, meeting the 100% course participation target. The anticipated outcome is for these trained individuals to expand their acquired knowledge and skills, thereby enhancing the effectiveness of their learning.</p> <p>Satisfaction: The satisfaction rating is 97 out of 100, reaching the course effectiveness target. Successfully proactively understanding customer issues and resolving them.</p> <p>The total number of external allocation completions reached 169,173, which also signifies the successful engagement with customers, understanding their needs and feedback, thereby enhancing customer satisfaction.</p>
FTEs participating in the program(%)	48.4% (2,541÷ 5252)	8.2% (430÷ 5252)



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Human Capital Return on Investment

Year	2022
a) Total Revenue	89,151,365,000
b) Total Operating Expenses Currency:	15,006,751,000
c) Total employee- related expenses (salaries + benefits) Currency:	7,184,548,000
Resulting HC ROI (a- (b-c)) / c	11.32
Total Employees	5,737

CEO performance metrics

CEO performance metrics		2022 Performance	Proportion of Variable Pay Distributed
Financial metrics	<ul style="list-style-type: none"> Operating income EBITDA New economic revenue growth Net profit after tax ROE 	<ul style="list-style-type: none"> Consolidated total revenue NT\$89.15 billion Consolidated EBITDA NT\$30.79 billion Net profit after tax NT\$9.61 billion New economy revenue growth is 18% ROE is 14.97 EPS is NT\$ 2.95 EPS financial target achievement rate is 104.2% 	Considering the performance results, FET distributed 30.01% of variable pay.
Relative financial metrics & non-financial metrics	<ul style="list-style-type: none"> Customer net promoter score Achievement of sustainable development goals 	<ul style="list-style-type: none"> NPS for general customers and corporate clients increased by 3 and 11 points. The sustainable development goals reached 100%. (Please refer 1.2.1 Sustainable Governance Performance) 	Considering the performance results, FET distributed 7.68% of variable pay.

Climate-Related Management Incentives

Climate-Related Management Incentives	Type of incentive	Incentivized KPIs (Y2025 Goals)	KPI Proportion
Chief Executive Officer (CEO)	Monetary	<ul style="list-style-type: none"> Ratio of revenues from new businesses on overall revenues 20% Renewable energy capacity 25,000KWp (2,500X from base year in 2016) "Driving the environmentally friendly value chain" Goals is associated with climate change 	5%
Other Named Executives Officers <ul style="list-style-type: none"> Executive Vice President and Executive Director of the Environment and Energy Committees 	Monetary	<ul style="list-style-type: none"> Monitoring climate change risks and opportunities Focuses on mitigating the Company's impact on the environment, including GHG emission reduction and energy efficiency enhancement Aims to seize opportunities brought by climate change concerning products and services to increase green procurement Conduct supply chain management 	10%
Business Unit Managers <ul style="list-style-type: none"> Network and Technology Facility Services Procurement 	Monetary	<ul style="list-style-type: none"> Facility Services Department: PUE = 1.5 or below in newly built IDC/Annual office power consumption EUI : 98.5 or below Network and Technology Department: the power consumption for every 1GB data flow will be 0.173 kWh (a 58.7% decrease compared to the base year of 2016) Procurement Department: Implement supplier ESG management to enhance suppliers' sustainable performance/Complete onsite audit for all identified tier-one critical suppliers 	20%

Creating Social Value	2019	2020	2021	2022
Amount invested in of construction in remote areas (NT\$ Million)	48	66	168	232
Amount invested in social public welfare				
Amount invested in public welfare (NT\$ Thousand)	7,363	6,151	4,153	3,583
Amount raised (NT\$ Thousand)	4,476	2,075	3,219	2,431
Total amount invested in social public welfare (NT\$ Thousand)	11,840	8,226	7,372	6,014
Number of social public welfare volunteers				
Number of volunteers involved (Number of people)	3,311	6,846	3,742	1,608
Total committed hours ^{Note}	38,078	150,000	1,421	3,141

Note: Volunteer contributions are recorded and totaled based on the time spent for each activity, which varies depending on the nature of the activity.

Economic and Governance Data

Financial information in Recent 4 years (Unit: NT\$1000)					
	2019	2020	2021	2022	2023/01/01-2023/03/31 ^{note1}
Current Assets	27,257,217	25,152,457	26,174,565	26,182,722	26,166,143
Properties, Plants and Equipment	36,257,748	38,205,535	40,142,014	40,328,499	39,173,514
Intangible assets	50,534,517	89,389,771	83,848,280	78,605,757	77,144,434
Other Assets	20,113,454	20,681,557	25,378,722	25,521,721	25,875,946
Total Assets	134,162,936	173,429,320	175,543,581	170,638,699	168,360,037
Current Liabilities (Before Distribution)	22,132,215	22,079,547	33,398,206	28,940,943	35,113,852
Current Liabilities (After Distribution)	32,806,792	32,748,197	44,062,792	note 2	note 2
Non-current Liabilities	41,424,301	83,102,564	76,044,595	77,509,580	66,074,828
Total Liabilities (Before Distribution)	63,556,516	105,182,111	109,442,801	106,450,523	101,188,680
Total Liabilities (After Distribution)	74,231,093	115,850,761	120,107,387	note 2	note 2
Equity Attributable to Owners of FarEasTone (Before Distribution)	69,763,955	67,313,694	65,135,716	63,267,457	66,181,746
Equity Attributable to Owners of FarEasTone (After Distribution)	59,173,827	56,723,566	54,545,589	note 2	note 2
Capital Stocks	32,585,008	32,585,008	32,585,008	32,585,008	32,585,008
Capital Surplus (Before Distribution)	5,820,041	5,701,421	2,389,840	26,365	14,320
Capital Surplus (After Distribution)	5,686,442	2,390,784	14,393	note 2	note 2
Retained Earnings (Before Distribution)	31,355,697	29,127,148	30,995,246	32,429,860	35,183,668
Retained Earnings (After Distribution)	20,899,168	21,847,657	22,780,566	note 2	note 2
Other Equity	3,209	(99,883)	(834,378)	(1,773,776)	(1,601,250)
Non-controlling Interest (Before Distribution)	842,465	933,515	965,064	920,719	989,611
Non-controlling Interest (After Distribution)	758,016	854,993	890,605	note 2	note 2
Total Shareholders' Equity (Before Distribution)	70,606,420	68,247,209	66,100,780	64,188,176	67,171,357
Total Shareholders' Equity (After Distribution)	59,931,843	57,578,559	55,436,194	note 2	note 2
Operating Revenues	83,865,872	79,500,965	85,320,008	89,151,365	22,305,352



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Financial information in Recent 4 years (Unit: NT\$1000)					
	2019	2020	2021	2022	2023/01/01-2023/03/31 ^{note1}
Gross Profit	26,756,524	25,933,863	25,438,004	27,056,839	6,959,023
Operating Income	11,925,478	11,037,699	10,361,121	12,633,523	3,398,255
Non-Operating Income and Expenses	(913,959)	(845,231)	719,664	(634,442)	1,741
Income before Tax	11,011,519	10,192,468	11,080,785	11,999,081	3,399,996
Net Income from Operating Business	8,807,743	8,444,622	9,233,881	9,705,888	2,777,797
Net Income (Loss)	8,807,743	8,444,622	9,233,881	9,705,888	2,777,797
Other Comprehensive Income Loss (Net of income tax)	(14,847)	(135,736)	(710,716)	(836,480)	172,588
Total Comprehensive Income	8,792,896	8,308,886	8,523,165	8,869,408	2,950,385
Net Income Attributable to Owners of FarEasTone	8,734,984	8,354,128	9,123,795	9,607,895	2,753,808
Net Income Attributable to Non-Controlling Interest	72,759	90,494	110,086	97,993	23,989
Comprehensive Income Attributable to Owners of FarEasTone	8,720,589	8,218,606	8,413,094	8,764,038	2,926,334
Comprehensive Income Attributable to Non-Controlling Interest	72,307	90,280	110,071	105,370	24,051
Earnings Per Share	2.68	2.56	2.8	2.95	0.85
Debt to Asset Ratio	47.37	60.65	62.35	62.38	60.10
Long-term Funds to Properties, Plants and Equipment Ratio	308.98	396.15	354.11	351.36	340.14
Current Ratio (%)	123.16	113.92	78.37	90.47	74.52
Quick Ratio (%)	106.01	96.07	65.51	76.69	61.30
Times Interest Earned (times)	22.44	15.68	17.36	19.76	19.15
Accounts Receivable Turnover (times)	9.58	8.97	9.08	8.49	8.42
Average Collection Days	38.1	40.69	40.19	42.99	43.34
Inventory Turnover (times)	8.31	7.76	9.04	9.34	9.25
Accounts Payable Turnover (times)	12	9.37	9.11	9.20	9.36
Inventory Turnover Days	43.92	47.03	40.37	39.07	39.45
Properties, Plant and Equipment Turnover (times)	2.15	2.14	2.18	2.22	2.24



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Financial information in Recent 4 years (Unit: NT\$1000)					
	2019	2020	2021	2022	2023/01/01-2023/03/31 ^{note1}
Total Assets Turnover (times)	0.64	0.52	0.49	0.52	0.53
Return on Assets (%)	7.06	5.85	5.6	5.90	6.91
Return on Equity (%)	12.18	12.16	13.75	14.90	16.92
Income before Tax to Capital ratio (%)	33.79	31.28	34.01	36.82	41.74
Net Income Ratio (%)	10.5	10.62	10.82	10.89	12.45
Earnings per share (NT\$)	2.68	2.56	2.8	2.95	0.85
Cash Flow Ratio (%)	97.02	117.96	105.74	93.57	19.35
Cash Flow Equivalent Ratio (%)	94.17	75.33	84.18	90.90	90.46
Cash Reinvestment Ratio (%)	4.71	6.44	10.53	6.89	2.94
Operating Leverage	2.62	2.69	2.9	2.56	2.46
Financial Leverage	1.05	1.07	1.07	1.05	1.06

¹ The financial statements for the first quarter of 2023 have been reviewed by CPA.

² The distribution of the 2022 earnings has not been approved by the Shareholders' Meeting

Alignment with Sustainability Taxonomies

1. Framework of Sustainability Taxonomies

FET utilizes "Taiwan Sustainable Taxonomy" as the mapping criteria for sustainable economic activities.

2. Aggregate Mapping

Aggregate of Eligibility & Alignment	Revenue		Capital Expenditure (Cash Capex without spectrum spending)		Operational Expenditure (COGS + Opex - D&A)	
	Amount (\$M)	%	Amount (\$M)	%	Amount (\$M)	%
Total Figure	\$89,151.4	100.00%	\$9,947.9	100.00%	\$58,943.3	100.00%
Total of which is Taxonomy-Eligible	\$963.4	1.08%	\$779.8	7.84%	\$1,013.6	1.72%
Total of which is Taxonomy-Aligned	\$963.4	1.08%	\$636.2	6.40%	\$971.2	1.65%
Total of which is not Taxonomy Eligible	\$88,188.0	98.92%	\$9,168.1	92.16%	\$57,929.7	98.28%



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3. Activity-Level Breakdown of Mapping

► Revenue

Eligible activities	Alignment with Items from Taiwan Sustainable Taxonomy
FET offers energy management platform applications and operates solar power plants as a service	1. Construction of renewable energy from Forward-Looking Economic Activities (FLEAs)
FET offers comprehensive low-carbon sustainable solutions in alignment with the government's "air conditioning in every classroom" policy, leveraging FET's self-developed "Energy Management System". FET implements the system on campuses to create environmentally friendly and low-carbon school environments.	10. Professional services related to energy conservation of buildings, such as technical consultations for improving the energy efficiency of buildings (energy consulting, energy simulation, assistance with building energy-related contracts), building performance assessments, energy management services, and Energy Service Companies (ESCOs) from Forward-Looking Economic Activities (FLEAs)
FET delivers a smart green light management system to enhance the efficiency of street lighting.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
FET assists Taiwan Power Company (TaiPower) in establishing a smart meter data management system with communication modules, and enabling remote electricity data retrieval. This project helps Taipower to promote time-based pricing to balance peak usage and stabilize the power grid.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
FET combines networked charging stations and platform systems to offer comprehensive electric vehicle charging services with real-time information to vehicle owners and facility managers for effective management.	5. Application of low carbon transportation technologies from Forward-Looking Economic Activities (FLEAs)

► Capital Expenditure & Operational Expenditure

Eligible activities	Alignment
FET establishes and acquires solar power installations, and offers energy management platform services.	1. Construction of renewable energy from Forward-Looking Economic Activities (FLEAs)
Green smart data center construction incorporates Free Cooling natural intake cooling systems to enhance power efficiency, and reduce data center energy consumption.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
FET constructs Solar-powered base station in remote mountainous areas, and spearheads the "Hualien Tribal Base Station" project. This innovative initiative combines wind and solar power generation and employs microwave variable-frequency technology to further reduce power usage by 66%, safeguarding communication quality in mountainous regions and promoting green energy sustainability.	1. Construction of renewable energy from Forward-Looking Economic Activities (FLEAs)
Utilizing AI-driven power-saving technology, FET decreases energy consumption of base stations for carbon reduction	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
Replacing outdated base station equipment with newer models featuring excellent power-saving technology achieves a 50% energy saving benefit on base stations.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
Upgrading old mobile and fixed voice systems with high-efficiency equipment and promoting VoLTE for voice calls contributes to energy reduction, and facilitating the eventual shutdown of 3G networks.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)
Base stations and stores adopt energy-efficient variable-frequency air conditioning and LED lighting, resulting in energy and carbon savings.	4. Energy-efficient equipment manufacturing and applications of energy efficient technologies from Forward-Looking Economic Activities (FLEAs)



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GRI Standards index

Statement of use: FET Telecom has reported in accordance with the GRI Standards for the period 2022/01/01 to 2022/12/31

GRI 1 used: Foundation 2021

Applicable GRI Sector Standard(s): Not applicable

General Disclosures

GRI Standards	Disclosure	Corresponding Chapter	Page
GRI 2 : 2021 General Disclosures	2-1 Organizational Details	1.1.1 About FET	09
	2-2 Entities included in the organization's sustainability reporting	About This Report	01
	2-3 Reporting period, frequency and contact point	About This Report	01
	2-4 Restatements of information	The reorganization of information in 2022 has been revealed in each chapter	-
	2-5 External assurance	About This Report	01
	2-6 Activities, value chain and other business relationships	1.4.2 Most Considerate Communication	52
	2-7 Employees	3.4 Sustainable Supply Chain	82
	2-8	4.1.1 Employee Structure Overview	92
	2-9 Governance structure and composition	4.1.1 Employee Structure Overview	92
	2-10 Nominating and selecting the highest governance body	1.3.1 Corporate Governance Organization	29
	2-11 Chair of the highest governance body	1.3.1 Corporate Governance Organization	29
	2-12	1.3.1 Corporate Governance Organization	29
	2-13 Delegation of responsibility for managing impacts	1.2.3 Management of Material Topics	23
	2-14 Highest governance body' s role in sustainability reporting	1.3.1 Corporate Governance Organization	29



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GRI 2 : 2021 General Disclosures	2-15 Conflicts of interest	1.2.3 Management of Material Topics	23
	2-16 Communicating critical concerns	1.3.1 Corporate Governance Organization	29
	2-17 Collective knowledge of highest governance body	1.3.1 Corporate Governance Organization	29
	2-18 Evaluating the highest governance body' s performance	1.2.3 Management of Material Topics	23
	2-19 Remuneration policies	1.3.1 Corporate Governance Organization	29
	2-20 Process for determining remuneration	1.3.1 Corporate Governance Organization	29
	2-21 Annual total compensation ratio	4.1.2 Employee Salary and Welfare	95
	2-22 Statement on sustainable development strategy	Message from the Chairman and the President	03
	2-23 Policy commitments	1.3.2 Ethical Corporate Management	38
	2-24 Embedding policy commitments	1.3.2 Ethical Corporate Management	38
	2-25 Processes to remediate negative impacts	1.2.3 Management of Material Topics	23
	2-26 Mechanisms for seeking advice and raising concerns	1.3.2 Ethical Corporate Management	38
	2-27 Compliance with laws and regulations	1.3.2 Ethical Corporate Management	38
	2-28 Membership associations	1.3.4 External Participation	49
GRI 3 : 2021 Material Topic Disclosure	2-29 Approach to stakeholder engagement	1.2.2 Stakeholders Engagement	20
	2-30 Collective bargaining agreements	FET has no labor union, this disclosure is not applicable.	-
	3-1 Process to determine material topics	1.2.3 Management of Material Topics	23
	3-2 List of material topics	1.2.3 Management of Material Topics	23



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Specific Topic

Material	Disclosure	Corresponding Chapter	Chapter	Page
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	GRI 201 : 2016 Economic Performance	201-1 Direct economic value generated and distributed 201-2 Financial implications and other risks and opportunities due to climate change	1.1.1 Company Information 3.1 Climate Strategy	09 66
	GRI 202 : 2016 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.1.2 Employee Salary and Welfare	95
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	GRI 203 : 2016 Indirect Economic Impacts	203-1 Infrastructure investments and services supported	4.6 Industry Infrastructure	116
	GRI 204 : 2016 Procurement Practices	204-1 Proportion of spending on local suppliers	3.4.2 FET Supply Chain Management Policy	83
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	GRI 302 : 2016 Energy	302-1 Energy consumption within the organization	3.2 Overview of FET' s Environmental Footprint	73
		302-3 Energy intensity	3.2 Overview of FET' s Environmental Footprint	73
		302-4 Reduction of energy consumption	3.3.3 FET Overall Energy Management and Conservation	76
		302-5 Reductions in energy requirements of products and services	3.3.4 Environmental Resources Management	81
GRI 303 : 2018 Water	303-3 Water withdrawal	3.2 Overview of FET's Environmental Footprint	73	
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	GRI 305 : 2016 Emissions	305-1 Direct (Scope 1) GHG emissions	3.1 Climate Strategy	66
		305-2 Energy indirect (Scope 2) GHG emissions	3.1 Climate Strategy	66
		305-3 Other indirect (Scope 3) GHG emissions	3.1 Climate Strategy	66
		305-4 GHG emissions intensity	3.2 Overview of FET' s Environmental Footprint	73
305-5 Reduction of GHG emissions		3.1 Climate Strategy	66	



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	GRI 306 : 2020 Effluents and Waste	306-3 Waste generated	3.2 Overview of FET' s Environmental Footprint	73	
		306-4 Waste diverted from disposal	3.2 Overview of FET' s Environmental Footprint	73	
		306-5 Waste directed to disposal	3.2 Overview of FET' s Environmental Footprint	73	
◀	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23	
		GRI 308 : 2016 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	3.4 Sustainable Supply Chain	82
			308-2 Negative environmental impacts in the supply chain and actions taken	3.4 Sustainable Supply Chain	82
	GRI 401 : 2016 Employment	401-1 New employee hires and employee turnover	4.1.1 Employee Structure Overview	92	
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.2 Employee Salary and Welfare	95	
		401-3 Parental leave	4.1.2 Employee Salary and Welfare	95	
	GRI 403 : 2018 Occupational Health and Safety	403-1 Occupational health and safety management system	4.5 Employee Health and Workplace Safety	113	
		403-3 Occupational health services	4.5 Employee Health and Workplace Safety	113	
		403-5 Worker training on occupational health and safety	4.5 Employee Health and Workplace Safety	113	
		403-6 Promotion of worker health	4.5 Employee Health and Workplace Safety	113	
		403-9 Work-related injuries	4.5 Employee Health and Workplace Safety	113	
		403-10 Work-related ill health	4.5 Employee Health and Workplace Safety	113	
◀	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23	
		GRI 404 : 2016 Training and Education	404-1 Average hours of training per year per employee	4.2.2 Growth and Development	103
			404-2 Programs for upgrading employee skills and transition assistance programs	4.2.2 Growth and Development	103
			404-3 Percentage of employees receiving regular performance and career development reviews	4.2.2 Growth and Development	103
	GRI 405 : 2016 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	1.3.1 Corporate Governance Organization	29 92	
		405-2 Ratio of basic salary and remuneration of women to men	4.1.1 Employee Structure Overview	95	



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■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	4.1.2 Employee Salary and Welfare	23
	GRI 413 : 2016 LOCAL COMMUNITIES	413-1 Operations with local community engagement, impact assessments, and development programs	1.2.3 Management of Material Topics	118
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	4.7 Charity Care Projects	23
		414-1 New suppliers that were screened using social criteria	1.2.3 Management of Material Topics	82
	GRI 414 : 2016 Supplier Social Assessment	414-2 Negative social impacts in the supply chain and actions taken	3.4 Sustainable Supply Chain	82
	GRI 417 : 2016 MARKETING AND LABELING	417-1 Requirements for product and service information and labeling	3.4 Sustainable Supply Chain	52
		417-2 Incidents of non-compliance concerning product and service information and labeling	1.4.2 Most Considerate Communication	52
		417-3 Incidents of non-compliance concerning marketing communications	1.4.2 Most Considerate Communication	52
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	GRI 418 : 2016 CUSTOMER PRIVACY	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.3.3 Risk Management	40
■	GRI 3 : 2021 Material Topic Disclosure	3-3 Management of material topics	1.2.3 Management of Material Topics	23
	Custom Topic	Digital Innovation Strategy and Application	2.2 Smart Application	60



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SASB index

Statement of use: FET Telecom has reported ESG information for the period from January 1st to December 31st, 2022, in accordance with SASB guidelines. SASB Industry Categories:

Metrics	SASB Code	Topic	2022 Accounting Metric	Note	Chapter	Page
Accounting	TC-TL-130a.1	Environmental Footprint of Operations	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) Total energy consumed : 2,316,072.22 GJ, (2) percentage grid electricity :98.91%, (3) percentage renewable:0.49%	3.2 Overview of FET's Environmental Footprint	73
Accounting	TC-TL-220a.1	Data Privacy	Description of policies and practices relating to behavioral advertising and customer privacy	Please refer to " 1.3.3 Risk Management" .	1.3.3 Risk Management	40
Accounting	TC-TL-220a.2		Number of customers whose information is used for secondary purposes	79.9%	1.3.3 Risk Management	40
Accounting	TC-TL-220a.3		Total amount of monetary losses as a result of legal proceedings associated with customer Privacy	No such incidents in 2022	1.3.3 Risk Management	40
Accounting	TC-TL-220a.4		(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	The Number of government requests for customer information is 195,404 in 2022, all requests were duly replied.	1.3.3 Risk Management	40
Accounting	TC-TL-230a.1	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	No such incidents in 2022.	1.3.3 Risk Management	40
Accounting	TC-TL-230a.2		Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Please refer to " 1.3.3 Risk Management" .	1.3.3 Risk Management	40
Accounting	TC-TL-440a.1	Product End-of life Management	1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) Landfilled	(1) In 2022, FET recycled a total of 22,580 cell phones, (2) 76% reused, (3) 17% recycled, (4) 7% Landfilled	3.3.4 Environmental Resources Management	81
Accounting	TC-TL-520a.1	Competitive Behavior & Open Internet	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	No such incidents in 2022.	1.3.2 Ethical Corporate Management	38
Accounting	TC-TL-520a.2		Average actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content	FET provides consistent download speeds for all types of content, with a 5G download speed of 316.32Mbps and an average download speed of 82.2Mbps for 4G users.	4.6.1 Communication Infrastructure and Quality	116
Accounting	TC-TL-520a.3		Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	The management of paid interconnection support is carried out in accordance with the Telecommunications Regulatory Act, and we continue to pay attention to issues related to net neutrality and zero rating.	-	-
Accounting	TC-TL-550a.1	Managing Systemic Risks form	(1) System average interruption frequency and (2) customer average interruption duration	(1) System average interruption frequency 0.004 and (2) customer average interruption duration : 0.0222 hours	4.6.1 Communication Infrastructure and Quality	116
Activity	TC-TL-550a.2		Discussion of systems to provide unimpeded service during service interruptions	In case of service interruption, we decide whether to active the Business Continuity Plan(BCP) and initiate emergency response depending on the status of the affected customers by integrating the company' s decision makers, network department, customer service, public relations and finance departments to assess the risk of the incident and potential losses.	4.6.1 Communication Infrastructure and Quality	116



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TCFD Index

	Code	Recommended Disclosures	2022 Disclosures	Page
Governance	TCFD 1(a)	Describe the board* s oversight of climate-related risks and opportunities,	FET has formulated the Risk Management Policy based on ISO 31000 Risk Management- Guidelines, which has been approved by the Board of Directors to be the guiding principles and basis for all business groups.	71
	TCFD 1(b)	Describe management' s role in assessing and managing climate-related risks and opportunities. Strategy	FET' s Board-level "Risk Management Committee" has 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.	75
Strategy	TCFD 2(a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	FET had identified and prioritized climate-related risks. Please refer to "3.1 Climate Strategy."	69
	TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organizations businesses, strategy, and financial planning	FET has implemented financial impact analysis for climate scenarios, focusing on the physical risk of "increased frequency of severe typhoons" and the transition risk of "increased pricing of GHG emissions". Please refer to "3.1 Climate Strategy" .	70
	TCFD 2(c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	RCP2.6 and RCP8.5 scenario analysis for physical risk "increased frequency of severe typhoons" . IEA 2DS and IEA B2DS scenario analysis for transition risk" Failure of government to reduce emissions "and "Higher power generation costs" Please refer to "3.1 Climate Strategy" .	70
Risk Management	TCFD 3(a)	Describe the organizations processes for identifying and assessing climate-related risks.	Please refer to "3.1 Climate Strategy" .	66
	TCFD 3(b)	Describe the organization" s processes for managing climate related risks.	Please refer to "3.1 Climate Strategy" .	
	TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization' s overall risk management.	The members of the Risk Management Committee are appointed by the board of directors, and more than half of them are independent directors. Committee aims to enforce management of financial risks, strategic and business risks, information security risks, and environmental and energy risks within the organization from a more comprehensive perspective and scope and through collaboration among different levels to implement enterprise risk management. Please refer to "1.3.3 Risk Management" .	40
Metrics and Targets	TCFD 4(a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	GHS emissions, annual office power consumption EU per ping, IDC average power efficiency PUE, average power consumption from FET directly operated stores, base station power consumption per 1GB transmission, total renewable energy generated. Please refer to "1.2.1 Sustainable Vision and Strategy" .	15
	TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1: 4,667.63 ton CO2e, scope 2: 286,818.20 ton CO2e, scope 3: 364,564.33 ton CO2e. Please refer to Appendix ESG Data.	72
	TCFD 4(c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	GHG emissions, annual office power consumption EU per ping, IDC average power efficiency PUE, average power consumption from FET directly operated stores, base station power consumption per 1GB transmission, total renewable energy generated. Please refer to "1.2.1 Sustainable Vision and Strategy" .	15

Appendix A

Summary of Assurance Subject Matters

ESG Topics	Subject Matters	Selected standards (the Criteria)	Page																
Governance related indicator	The format of this report follows the international reporting standards and frameworks: The International Integrated Reporting (IR) Framework published by The Value Reporting Foundation. The GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI). The Sustainability Accounting Standards Board (SASB) guidelines for the telecommunications industry.	The structure of this report is based on the International IR Framework for use, guiding principles, and content elements. It also adheres to the nine requirements of GRI 1: Foundation 2021, disclosure requirements of GRI 2: General Disclosures 2021, and materiality assessment process of GRI 3: Material Topics 2021. Additionally, the report complies with the requirements of the Telecommunication Services industry standards published by SASB.	1																
Environmental related indicator	Energy Consumption (unit: GJ ¹ /MWh) Purchased non-renewable energy source: <ul style="list-style-type: none"> Fossil fuels (Direct energy consumption) 13,833.86 GJ / 3,842.74 MWh Electricity (Indirect energy consumption) 2,290,776.08 GJ / 636,181,78 MWh Renewable energy consumption ² : <ul style="list-style-type: none"> Solar energy (Indirect energy consumption) 11,462.29 GJ / 3,183.24 MWh ¹ The heating value is calculated by using the latest energy product unit heating value table announced on the website of the Bureau of Energy, Ministry of Economic Affairs. Energy consumption is calculated by multiplying energy usage by unit heating value and converting to gigajoules (GJ). ² The GJ consumption of renewable energy disclosed is estimated power generated for the construction of solar power generation	Energy consumption is reported based on GRI 302-1: Energy consumption within the organization, and SASB TC-TL-130a.1 reporting requirements. For fossil fuels, the data is based on third-party verified Greenhouse Gas Inventory; For electricity, the data is obtained from external supplier payment invoices, which calculate the total electricity consumption, and the allocation logic or certificate of electricity expenses for each site's property owner; For renewable energy, the data is based on the solar photovoltaic capacity factor announced by external suppliers for each county and city, multiplied by the solar photovoltaic installation, and further multiplied by 365 days. For heating value, the data is based on the energy product unit heating value table issued by Bureau of Energy, Ministry of Economic Affairs, R.O.C..	73																
Environmental related indicator	Mobile Phone Recycling and Resale <table border="1" data-bbox="848 922 1758 1217"> <thead> <tr> <th>Handling of recycled cell phones</th> <th>Total quantity (pcs)</th> <th>Weight (metric tons)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Reused: donated or sold after refurbishment</td> <td>17,186</td> <td>3.49</td> <td>76</td> </tr> <tr> <td>Recycled: disassembled parts or materials that have been re-entered into the manufacturing process (not limited to the cell phone manufacturing process)</td> <td>5,394</td> <td>1.09</td> <td>17</td> </tr> <tr> <td>Landfilled: as waste</td> <td></td> <td></td> <td>7</td> </tr> </tbody> </table> ² Calculated on an average of 203 grams per piece.	Handling of recycled cell phones	Total quantity (pcs)	Weight (metric tons)	Percentage (%)	Reused: donated or sold after refurbishment	17,186	3.49	76	Recycled: disassembled parts or materials that have been re-entered into the manufacturing process (not limited to the cell phone manufacturing process)	5,394	1.09	17	Landfilled: as waste			7	The weight and percentage of mobile device recycling and resale are based on the reporting requirements of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports, SASB TC-TL-440a.1. According to the record of AROCA and the third party, each mobile phone counted by 203 grams, converting into metric tons. Recycled accessories counted by kilograms, converting into metric tons.	81
Handling of recycled cell phones	Total quantity (pcs)	Weight (metric tons)	Percentage (%)																
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Recycled: disassembled parts or materials that have been re-entered into the manufacturing process (not limited to the cell phone manufacturing process)	5,394	1.09	17																
Landfilled: as waste			7																
Social related indicator	FET received a total of 2 complaints related to personal data and privacy from regulatory authorities and customers. All cases were thoroughly investigated and resolved without any violation of personal data and privacy laws or resulting financial losses.	Complaints of personal information and privacy received from authorities and customers are based on GRI 418 and Telecommunication consumer mediation center monthly report of November 2022. Based on SASB TC-TL- 220a.3 there is on monetary losses as a result of legal proceedings associated with customer privacy, according to FMS and National Communications Commission platform.	46																



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Appendix

Social related indicator	<p>The system average interruption frequency stood at 0.4%, while the customer average interruption duration was 0.0222 hours</p> <p>[1] System average interruption frequency = Number of service interruption users / Total number of users</p> <p>[2] Customer average interruption duration = Total service outage time / Number of affected users</p>	<p>The System average interruption frequency and customer average interruption duration are based on internal statistic system.</p> <p>The total number of users is based on the statistics of December 2022 announced by National Communications Commission.</p>	116																																																	
Social related indicator	Achieved an user average download speed of 82.2Mbps	The user average download speed is based on SASB TC-TL-520a.2 reporting requirements and relies on the Speedtest Awards 2022 report, which provides evaluations and results of Taiwan's telecommunications companies.	116																																																	
Social related indicator	<p>Total Number of Employees Trained, Hours of Training, and Gender Distribution in 2022</p> <table border="1"> <thead> <tr> <th>Gender</th> <th colspan="2">Female</th> <th colspan="2">Male</th> <th colspan="2">Total</th> </tr> <tr> <th>Job Grade</th> <th>Total</th> <th>Ave-rage hours of train-ing</th> <th>Total</th> <th>Ave-rage hours of train-ing</th> <th>Total</th> <th>Ave-rage hours of train-ing</th> </tr> </thead> <tbody> <tr> <td>General Employee</td> <td>2,469</td> <td>52</td> <td>2,409</td> <td>45</td> <td>4,878</td> <td>49</td> </tr> <tr> <td>Primary Supervisor</td> <td>40</td> <td>46</td> <td>100</td> <td>40</td> <td>140</td> <td>41</td> </tr> <tr> <td>Mid-Level Supervisor</td> <td>102</td> <td>34</td> <td>204</td> <td>35</td> <td>306</td> <td>35</td> </tr> <tr> <td>Senior Executive</td> <td>18</td> <td>17</td> <td>28</td> <td>10</td> <td>46</td> <td>13</td> </tr> <tr> <td>Total</td> <td>2,629</td> <td>51</td> <td>2,741</td> <td>44</td> <td>5,370</td> <td>47.5</td> </tr> </tbody> </table>	Gender	Female		Male		Total		Job Grade	Total	Ave-rage hours of train-ing	Total	Ave-rage hours of train-ing	Total	Ave-rage hours of train-ing	General Employee	2,469	52	2,409	45	4,878	49	Primary Supervisor	40	46	100	40	140	41	Mid-Level Supervisor	102	34	204	35	306	35	Senior Executive	18	17	28	10	46	13	Total	2,629	51	2,741	44	5,370	47.5	<p>Number of employees trained, hours of training, and gender distribution in 2022 is based on GRI 404-1: Average hours of training per year per employee reporting requirements.</p> <p>For the number of employees, the data is obtained from the year-end on-duty staff statistics compiled by the internal human resources management group.</p> <p>The average training hours are calculated based on the total training hours of employees categorized by gender and job grade, as recorded in the internal education and training system, and divided by the number of on-duty employees at the year-end.</p>	109
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note: Training hours: the actual number of hours attended by full-time (including former) staff members who have participated in the training courses.

note: The number of people does not include employees with temporary contract and employees who failed in the courses.

Third-Party Assurance Statement



Independent Limited Assurance Report

To Far EasTone Telecommunications Co., Ltd.:

We were engaged by Far EasTone Telecommunications Co., Ltd. (Far EasTone) to provide limited assurance with the selected standards (the Criteria) on the Subject Matter of the 2022 Far EasTone Sustainability Report.

Subject Matter and Criteria

In preparing the Subject Matter of the 2022 Far EasTone Sustainability Report and following selected standards (the Criteria), as set out in the Appendix A: Summary of Assurance Subject Matters. The reporting scope of the Subject Matter is described in the "Boundary and Scope" section of the Sustainability Report. The scope of assurance includes governance, environmental and social related indicators, the selected indicators are detailed in Appendix A.

Far EasTone applied the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, relevant questions and answers, relevant laws and regulations, Global Reporting Initiatives ("GRI") Standards, Sustainability Accounting Standards Board ("SASB") Telecommunication Services industry standards, the International IR Framework ("IR"), and the definitions by Far EasTone as stated in the Report.

Responsibilities of Management

The directors of Far EasTone are responsible for the preparation, content and presentation of the non-financial indicators prepared in accordance with the "Subject Matter and Criteria". This responsibility includes the design, implementation and maintenance of the internal control that is considered necessary to enable the non-financial indicators to be free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we performed and evidence we obtained.

GREEN MOUNTAIN SUSTAINABILITY UNITED ACCOUNTING FIRM



We conducted our work in accordance with the Standards on Assurance Engagement 3000 (TWSAE 3000), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Accounting Research and Development Foundation in Taiwan. TWSAE 3000 is compiled with reference to the International Assurance Engagement Standard 3000 (ISAE 3000). As such, we planned and performed our work in order to provide limited assurance with respect to the selected sustainability information. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Due to the inherently lower level of assurance obtained in limited assurance compared to reasonable assurance, the nature and timing of procedures performed in limited assurance are different, and the scope is also narrower.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report to inquiries about the design and implementation of the internal control systems and methods used to collect and report.
- Obtaining the original supporting documentation, quantitative or qualitative, obtained from the information management systems of Far EasTone's main operators or from external sources, used in the preparation of the non-financial indicators.
- Based on our understanding of the above matters and the identified areas, we conducted inquiries, observations, examinations, and re-performance tests on the selected samples of the subject matter to obtain limited assurance evidence.
- Verification, by means of tests, based on the selection of a sample of quantitative information on the non-financial indicators of Far EasTone's main operators. We have also checked that they are adequately compiled from the data supplied by the information sources of Far EasTone's main operators.
- Obtainment of a management representation letter from the directors and the management of Far EasTone.

This report does not provide any assurance on the effectiveness of the design or implementation of internal control systems related to the 2022 Sustainability Report.

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Our Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting as related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm also applies the Standards on Quality Control 1 (TWSQC 1), Quality Control for Public Accounting Firms and therefore has in place a quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

Inherent Restrictions

There are inherent limitations in this project, particularly in relation to non-financial indicators, which are subject to more inherent restrictions compared to financial information. The qualitative interpretation of data, including its relevance, materiality, and accuracy, depends more on individual assumptions and judgments.

Conclusion

Based on our procedures and the evidence obtained as described in this report, nothing has come to our attention that causes us to believe that the materiality assessment process, the selected sustainability information is not, in all material aspects, presented fairly using the Subject matter and criteria for the year ended December 31, 2022.

Other Matters

The maintenance of Far EasTone's website is the responsibility of Far EasTone's management. Following the publication of our assurance report on Far EasTone's website, we do not assume responsibility for performing further assurance procedures on any subsequent changes to the subject matter information or applicable criteria disclosed on Far EasTone's website.

GREEN MOUNTAIN SUSTAINABILITY UNITED
ACCOUNTING FIRM

Alfred Du



30 June 2023

GREEN MOUNTAIN SUSTAINABILITY UNITED ACCOUNTING FIRM



遠傳電信股份有限公司

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