

# Ethical Corporate Management Best Practice Principles for UNI-PRESIDENT ENTERPRISES CORP.

## **Article 1 (Purpose and scope of the application of these principles)**

These Principles have been adopted according to the *Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies* to assist this Corporation in fostering a corporate culture of ethical management and robust risk control and management systems, to achieve sound sustainable management and development.

The subsidiaries as well as any institutions or juristic persons and other conglomerates and organizations that this Corporation exercises substantial control over shall all uphold the spirit of these Principles and adopt their own ethical corporate management best practice principles.

## **Article 2 (Prohibition of unethical conduct)**

When engaging in commercial activities, directors, managers, employees, and mandataries of this Corporation or persons having substantial control over this Corporation (hereinafter referred to as “substantial controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public officials, political candidates, political parties or their staffs, state-run or private-owned enterprises or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.

## **Article 3 (Types of benefits)**

“Benefits” in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

#### **Article 4 (Legal compliance)**

This Corporation shall comply with the *Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest*, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 5 (Policies)**

This Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

#### **Article 6 (Prevention programs)**

This Corporation shall, in its own ethical management policy, clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (hereinafter referred to as “prevention programs”), including operational procedures, guidelines, and training.

In the course of developing the prevention programs, this Corporation will negotiate with its staff, labor union, important trading counterparties, or other stakeholders.

#### **Article 7 (Scope of the prevention programs)**

When establishing the prevention programs, this Corporation shall analyze business activities within its business scope that are possibly at a higher risk of being involved in an unethical conduct, and strengthen the relevant preventive measures.

The prevention programs adopted by this Corporation shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.

3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive activities.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

#### **Article 8 (Commitment and implementation)**

This Corporation shall clearly specify in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

#### **Article 9 (Ethical corporate management of commercial activities)**

This Corporation shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, this Corporation shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, this Corporation shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, this Corporation may at any time terminate or rescind the contracts.

**Article 10 (Prohibition on the offering and acceptance of bribes)**

When conducting business, this Corporation and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

**Article 11 (Refusal of offering political donations)**

This Corporation shall not offer any political donations.

**Article 12 (Prohibition of improper charitable donations or sponsorships)**

When making or offering donations and sponsorships, this Corporation and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

**Article 13 (Prohibition on the offering or acceptance of unreasonable presents, hospitality, or other improper benefits)**

This Corporation and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

**Article 14 (Prohibition on the misappropriation of intellectual property)**

This Corporation and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, this Corporation's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

### **Article 15 (Not engaging in unfair competitive activities)**

This Corporation shall engage in business activities in accordance with the *Fair Trade Law* and other applicable competition laws and regulations and not engage in any unfair competitive activities.

### **Article 16 (Preventing products or services from damaging stakeholders)**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, this Corporation and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations to ensure the transparency of information about, and safety of, its products, product labeling, and services. This Corporation shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with the view of preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall, in principle, recall those products or suspend the services immediately.

### **Article 17 (Organization and responsibility)**

The directors, audit committee, managers, employees, mandataries, and substantial controllers of this Corporation shall exercise the due care of good administrators to urge this Corporation to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, this Corporation shall establish an ethical corporate management task force under the board of directors. This task force shall be responsible for promoting and supervising the implementation of the ethical corporate management policies and prevention programs. This task force shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into this Corporation's business policy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Promoting and adopting programs to prevent unethical conduct. (All prevention programs adopted by the relevant unit shall be carried out in accordance with *operational procedures and guidelines* stipulated in Article 21 hereof.)
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating educational activities with respect to ethics policy.
5. Operating and supervising the whistle-blowing system in order to ensure its operating effectiveness.
6. Assisting the board of directors and management in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in relevant operating procedures.

**Article 18 (Legal compliance of business operation)**

This Corporation and its directors, audit committee, managers, employees, mandataries, and substantial controllers shall comply with laws, regulations, and prevention programs when conducting business.

### **Article 19 (Recusal due to conflicts of interest)**

This Corporation shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of this Corporation.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of this Corporation, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of this Corporation, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

This Corporation's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in this Corporation to obtain improper benefits for themselves, their spouses, parents, children or any other person.

### **Article 20 (Accounting and internal control)**

This Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure the continuing effectiveness of the said systems' design and enforcement.

This Corporation's auditing office shall periodically examine this Corporation's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

## **Article 21 (Operational procedures and guidelines)**

This Corporation shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide its directors, audit committee, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines shall at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. The principle for not offering any political donations.
3. Procedures and relevant approval standards for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these ethical corporate management best practice principles.
8. Disciplinary measures to be taken against offenders.

## **Article 22 (Education, training, and assessment)**

This Corporation shall organize training and awareness programs for its directors, managers, employees, mandataries, and substantial controllers or encourage their participation in such activities held internally or by external agencies, and invite this Corporation's commercial transaction counterparties to participate so they understand this Corporation's resolve to implement ethical corporate management, the related policies, prevention programs, and the consequences of committing unethical conduct.



This Corporation shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

**Article 23 (Whistle-blowing system)**

This Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow this Corporation's insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or the audit committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to this Corporation comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and submit a written notice to the independent directors or audit committee.

#### **Article 24 (Disciplinary and appeal system)**

This Corporation shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on this Corporation's internal website of the title and name of the offender, the date and details of the violation, and the actions taken in response.

#### **Article 25 (Disclosure of information)**

This Corporation shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. This Corporation shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its official websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

#### **Article 26 (Evaluation and updating of the ethical corporate management policy and measures)**

This Corporation shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, audit committee, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken shall be reviewed and improved in order to better this Corporation's implementation of ethical management.

#### **Article 27 (Implementation)**

This Corporation's ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be submitted to the audit committee. The same procedure shall apply to amendments to these Principles.

This Corporation has appointed independent directors, and when the ethical corporate management best practice principles are submitted for discussion by the board of directors

pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express his or her objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

**Article 28 (Time of adoption and amendment)**

These Principles have been adopted on 24th June 2014. The first amendments have been passed on 26th March 2015.