

## **Taiwan FamilyMart Co., Ltd**

### **Ethical Corporate Management Best Practice Principles**

#### **Article 1.**

The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency. To implement ethical corporate management policy and actively prevent unethical conduct, these Practice Principles are established in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations adopted in the place of business of the Company, its group enterprise, and organization to regulate matters that the personnel of the Company must pay attention to when performing business activities.

The Principles are applicable to the Company's subsidiaries, foundations to which the Company's direct or indirect contribution of donation exceeds 50% of the total funds received, and any other institutions and organizations which are substantially controlled by the Company.

#### **Article 2.**

The Company's directors, managerial officers, employees, consignees, or persons having substantial control (hereafter referred to as "substantial controllers") shall comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 3.**

When engaging in commercial activities, directors, managers, employees, and consignees of the Company or 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 ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, consignees, substantial controllers or other interested parties.

#### **Article 4.**

"Benefits" in these Principles means any items of value, 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 5.**

The Company's Board of Directors and management shall be committed to the effective implementation of ethical corporate management policy and implement such policy during internal management activities and external commercial activities.

**Article 6.**

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

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with other parties, the Company shall include in such contracts provisions regarding ethical corporate management.

**Article 7.**

When conducting business, the Company and its directors, managers, employees, consignees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any forms of improper benefits to or from clients, agents, contractors, suppliers, public servants, or other interested parties.

**Article 8.**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, consignees and substantial controllers, shall comply with the Political Donations Act and the Company's relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

**Article 9.**

When making or offering donations and sponsorship, the Company and its directors, managers, employees, consignees and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not covertly engage in bribery.

**Article 10.**

The Company and its directors, managers, employees, consignees 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 11.**

The Company and its directors, managers, employees, consignees and substantial controllers shall comply with applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property; and the Company may not use, disclose, dispose, or damage intellectual property or otherwise conduct activities that might infringe intellectual property rights without the prior consent of the owners of intellectual property rights.

**Article 12.**

The Company shall engage in business activities in accordance with applicable fair trade/competition laws and regulations, and may not conduct price fixing, bid rigging, establishment of output restrictions or quotas, or share or divide markets by allocating clients, suppliers, territories, or lines of commerce.

**Article 13.**

In the course of research and development, procurement, provision, or sale of products and services, the Company and its directors, managers, employees, consignees and substantial controllers shall comply with applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of clients or other interested parties, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of clients or other interested parties. Where there are sufficient facts to determine that the Company's products or services are likely to jeopardize the safety and health of clients or other interested parties, the Company shall, in principle, recall those products or suspend the services immediately. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

**Article 14.**

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and consignees on a regular basis.

The directors, managers, employees, consignees, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, inspect its implementation effectiveness and continuous improvements, and incorporate into employees' performance evaluation so as to ensure thorough implementation of its ethical corporate management policies.

**Article 15.**

The Company 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 that the design and enforcement of the systems are showing results.

To strengthen the integrity management of the Company, the Company shall regularly organize applicable education and training programs. The Company's audit unit shall incorporate compliance with these Principles into the scope of review. In addition to devising audit plans based on risk assessment results, the Company shall also periodically present review results to the Board of Directors. The Company may engage accountants to conduct review and may engage professionals to assist where necessary.

**Article 16.**

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 the Company, 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 the company, 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 exercise self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, consignees, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

**Article 17.**

The Company's personnel shall follow various confidentiality regulations of the Company, and may not disclose to any other party any business secrets, trademark rights, patent rights, and copyrights of the Company of which they have learned, nor may they inquire about or compile any business secrets, trademark rights, patent rights, and copyrights of the Company unrelated to their individual duties.

**Article 18.**

Company personnel shall comply with the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information which they may have been exposed to engage in insider trading. Company personnel are also prohibited from divulging such undisclosed information to any other party in order to prevent the use of such information to engage in insider trading.

**Article 19.**

When the Company's directors, managers, employees, consignees, and substantial controllers discover any violations of integrity management, they shall report immediately to the Board of Directors, Audit Committee or audit unit. The Company shall keep the reporter's identity and contents of the report confidential.

Reported cases in the preceding paragraph shall be verified and understood by an acceptance unit. Cases that are verified to be true shall be subject to laws and regulations and disciplinary regulations applicable to the company.

Following the preceding provision, if disciplinary action is taken against the personnel of the Company, the Company shall disclose on the company's internal website the title and name of the violator, the date and details of the violation, and the actions taken in response.

**Article 20.**

The Company shall disclose the measures taken for implementing ethical corporate management prescribed herein, the status of implementation, and the effectiveness of promotion on the company's websites and annual reports. The Company shall also disclose its ethical corporate management best practice principles on the Market Observation Post System.

**Article 21.**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers and employees, consignees, and substantial controllers to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with the goal of achieving improved implementation of ethical management.

**Article 22.**

These Principles shall be established upon approval of the Board of Directors. The same applies to all subsequent amendments.

**Article 23.**

These Principles were established on March 24, 2015.