



Managing a Transparent and Ethical Enterprise









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1.1 Transparent and Ethical Enterprise Commitment

GRI 102-16, GRI 103-2-103-3

As “integrity and hard work, innovation and improvement” is our management motto, we handle matters by adhering to the principle of “integrity” and follow our corporate spirit of “hard work.” At Uni-President, we constantly “innovate and improve” our products and management system to cope with trends and increase our competitiveness. This way, not only can the public’s material and quality needs be fulfilled, but their needs of the spirit, culture and mind can also be met.

 <p>Material Topic</p>	<p>Ethical management and regulatory compliance</p>
 <p>Policy and Commitment</p>	<ul style="list-style-type: none"> • Carry out business activities based on principle of fairness, honesty, trustworthiness and transparency. • Abide by the laws and regulations of the countries and regions in which we operate our businesses, with regulatory compliance being the minimum standard. • Allocate sufficient manpower and financial resources and establish a dedicated Ethical Management Implementation Team to promote ethical management
 <p>Goal</p>	<ul style="list-style-type: none"> • Deeply plant the Ethical Corporate Management Principles into the Company’s corporate ethics and culture to enhance its reputation, while pursuing sustainable management. • Create a sound regulatory compliance culture, and uphold integrity and discipline so as to foster the Company’s robust operations.
 <p>Action Plan</p>	<ul style="list-style-type: none"> • Set up a corporate culture and sound risk control mechanism based on ethical management, and formulate Ethical Corporate Management Principles, Procedures for Ethical Management and Guidelines for Conduct and Uni-President Management Overview of Insider Trading Prevention • Proactively focus on the development of foreign and local ESG measures and regulations, and adjust the Company’s internal systems and business operations accordingly. • Pay attention to internal and external ethical management-related cases and strengthen related inspections and promotions when necessary. • Enhance the promotion of ethical management and implement it in daily task execution. <ul style="list-style-type: none"> - To the Board of Directors: Routine annual promotion at the board meeting. - To all employees: Launch related courses at the Uni-President Corp. Training Institute to reinforce regulatory compliance concepts. At the same time, the Ethical Management Practice Team sends ethical management-related measures and cases to all employees through emails.
 <p>Evaluation Mechanism</p>	<p>Report to the Board of Directors on the implementation status of ethical management and regulatory compliance on an annual basis</p>
 <p>Grievance Mechanism</p>	<p>An independent internal reporting email (6487@mail.pec.com.tw) and hotline have been set up for internal and external personnel.</p>

1.2 Implementation of Corporate Governance

GRI 102-18

A sound corporate governance system helps reduce a company's operational risks and improve its corporate competitiveness, and is a foundation for sustainability. The competitiveness of a company is based on a robust board structure and transparent and real-time financial information, as well as its existing ethical culture and effective internal audits.

Corporate governance poses a certain degree of importance to the stakeholders and Uni-President. Stakeholders are concerned if a company has comprehensive and transparent corporate governance in order to strengthen company performance while taking into account the interests of each stakeholder and protecting the rights and interests of shareholders.



[Uni-President Enterprises Corporation Corporate Governance Principles]

The Uni-President Enterprises Corporation Corporate Governance Principles aim to enhance and implement corporate governance, while responding to the development trends of international and domestic corporate governance systems. These Principles are reviewed and updated on a regular basis in order to improve the effectiveness of corporate governance. The contents of these Principles are based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies jointly formulated by Taiwan Stock Exchange and Taipei Exchange, hoping to establish a robust company system.



1.2.1 Corporate Governance



Board of Directors

In order to strengthen the supervision and management functions, the board members consist of diverse expertise spanning operations management, accounting and finance, business and economic, crisis management, international marketing, leadership, and decision making. Board members continue their education each year targeting corporate governance, business operations, regulations and finances. Their courses include: The Board's Response to Corporate Governance Evaluation and its Application, the Group's Governance and Performance Management, How to Prepare for the Next Decade of Talent Transformation in the Face of Digital Economy.



Number of Board of Directors

There are 13 directors in the Board, including 10 general directors (2 female directors) and 3 independent directors (1 female independent director).

For more information on the background of board member, please see the Company's 2021 Annual Report. Available for download at <https://www.uni-president.com.tw/invest/index.html>




2021 Hours of the Board's Further Education and Meeting Situation

- The total hours of the Board's further education is 105, an average of 8.07 hours per director.
- A total of 8 meetings were held, with an average attendance rate of 99.03% for all directors

(Period: from 2021/1/1 to 2022/3/15)

Director Performance Evaluation

We have formulated the “Rules for Performance Evaluation of Board of Directors” to implement corporate governance while improving the functions of the Board of Directors. We also establish performance targets to strengthen operational efficiency. Many evaluation indicators are highly linked to corporate governance and corporate sustainable development to ensure the sustainability of the Company.

 <p>Board of Directors</p>	<ul style="list-style-type: none"> • Participation in the operation of the company • Improvement of the quality of the Board of Directors’ decision making • Composition and structure of the Board of Directors • Election and continuing education of the directors • Internal control
 <p>Individual board members</p>	<ul style="list-style-type: none"> • Alignment of the goals and missions of the company • Awareness of the duties of a director • Participation in the operation of the company • Management of internal relationship and communication • The director’s professionalism and continuing education • Internal control
 <p>Compensation Committee and Audit Committee</p>	<ul style="list-style-type: none"> • Participation in the operation of the company • Awareness of the duties of the functional committee • Improvement of quality of decisions made by the functional committee • Makeup of the functional committee and election of its members • Internal control

2021 Director Performance Evaluation Results

The overall evaluate shows that each director has provided suggestions and views according to their expertise and views and made effective contributions to the Board of Directors. The operations of the Board as a whole are vigorous to promote and strengthen the Company’s sustainable development and operations, meeting and continuing to implement the standards and spirit of corporate governance.



Corporate Governance Manager

To improve the effectiveness of the Board, we set up a “Corporate Governance Supervisor” in 2018 as the top supervisor in charge of corporate governance-related affairs. The Supervisor’s duties include handling matters associated with board and shareholders’ meetings in accordance with laws, preparing minutes of board and shareholders’ meetings, assisting in at least six hours of continuing education of each director and providing information required for directors to carry out duties.

In 2021, the corporate governance manager received 21 hours of corporate governance courses, in order to not only improve and enrich the relevant professional knowledge, but also to develop and implement the corporate governance practice. For more information on the Corporate Governance Supervisor, please see Corporate Governance Framework Disclosure on Uni-President’s official website on <https://www.uni-president.com.tw/invest/index.html>

Compensation Committee

According to its expertise, the Compensation Committee formulates and regularly reviews the policies, systems, standards and frameworks of the performance evaluation and remuneration of directors and managerial officers. Based on the Company’s business performance and the impact of the organization’s management on the social environment, the remuneration for directors and managerial officers are regularly evaluated and formulated to deepen Uni-President’s corporate ethics and culture, pursuing sustainable management.



2021 Compensation Committee Meetings

- A total of 3 meetings were held
- Actual attendance rate of the convener and members was 100%
(Period: from 2021/1/1 to 2022/3/15)

Audit Committee

The main duty of the Audit Committee is to assist directors in fulfilling their roles in compliance with the Company Act, the Securities and Exchange Act and other related laws. It also assists directors in improving the supervision of the Company's accounting, financial reporting and internal control practices.

Secretariat to the Board of Directors

The duty for the Secretariat to the Board of Directors is to convene annual general meetings, board meetings, Audit Committee meetings, Compensation Committee meetings, as well as their elections, operations and related affairs concerning corporate governance.

Ethical Management Team

The Ethical Management Team is responsible for promoting ethical management, anti-corruption, anti-bribery and regulatory compliance, while also reporting to the Board of Directors on the implementation status and performing advocacy. Launch related courses at the Uni-President Corp. Training Institute to reinforce regulatory compliance concepts. At the same time, the Ethical Management Practice Team sends ethical management-related measures and cases to all employees through emails.

1.2.2 Real-Time Disclosure of Transparent Information

Uni-President's operation closely connects with the situation of overall social economics. In order to protect the rights of the cooperation's stakeholders, transparency and integrity are crucial factors to the company. We must do our best to provide diverse channels to deliver the message to and communicate with stakeholders, and present significant information in various, transparent, and instant ways, so as to consolidate the connection and communication between the company and its stakeholders. Open, transparent and timely financial and non-financial information are disclosed in both Chinese and English, enabling language-barrier-free access for all stakeholder to the Company's information.

Financial Information

A financial report is published on a quarterly basis in both Chinese and English; it is also disclosed on the MOPS. Annual reports, shareholders' meeting handbook and shareholders' meeting minutes are available in both Chinese and English for stakeholders.

Please see the website:

<https://mops.twse.com.tw/mops/web/t146sb05>

Non-financial Information

The ESG report is compiled in accordance with the GRI Standards and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. The Chinese version of the report is disclosed on the MOPS and the English versions on the Company's dedicated ESG Website for all stakeholders.

Please refer to the Company's website:

<https://www.uni-president.com.tw/ESG/index.html>

Other

We prepare both Chinese and English versions of important resolutions of the Board and the Company's rules (e.g. Charter, Procedures for Election of Directors) and disclose them on the Company's official website for users' reference.

Please refer to the Company's website:

<https://www.uni-president.com.tw/invest/index.html>



2021 Audit Committee Meetings

- A total of 8 meetings were held
- Actual attendance rate of the convener and members was 100%

(Period: from 2021/1/1 to 2022/3/15)

Audit Office

An "Advisory Service Group" and "Risk Management Group" have been established in the Audit Office. Each year, the Audit Office proposes an annual audit plan based on the risk assessment results to ensure the effective continuous operation of the internal control system, strengthen corporate governance and establish corporate risk assessment and risk management mechanisms. The Audit Office conducts monthly audits and produces an audit report consisting of working drafts and related information, while also promoting corporate governance from the perspective of sustainable corporate development.

1.3 Insist on Ethical Management

GRI 103-2-103-3, GRI 205-2-205-3

Ethical management is extremely important to stakeholders and companies. Unethical practices of a company may result in lower operating efficiency, loss of capital, and affect the trust between stakeholders, further seriously damaging a company’s sustainability.

To establish a corporate culture and risk control system based on ethical management, a dedicated Ethical Management Team was formed to report to the Board of Directors the implementation status of ethical management on an annual basis. An independent internal reporting mailbox and hotline have been set up for internal and external personnel. We keep a close eye on the changes in the management environment, while reviewing and amending principles, operating procedures and conduct guidelines related to ethical management on par with the government’s policy. At the same time, we emphasize domestic and foreign case studies through education and training and emails. We integrate the promotion of ethical management concepts into our daily operations and shape a compliance culture of internal regulations and adhere to integrity and discipline in order to pursue sustainability.



2021 Ethical Management-Related Implementation

Signing of the Letter of Commitment for anti-bribery

- 4,015 suppliers (including raw materials, maintenance, repair and operation services) signed the Letter of Commitment to prohibit bribery and bribery issues.
- 808 engineering plants signed of the Letter of Commitment for anti-bribery

Inspection of compliance with prevention of the unethical conduct program

- A total of 65 ethical management-related audit reports
 - Among these audit reports, 38 plants have proposed improvement plans by formulating preventive measures and the Audit Office is regularly tracking their improvement status
 - The remaining 27 audit reports were regular audit reports
- In 2021, there were no reports of any facilitation fees or political contributions received by the Audit Office.

Internal and external education and training related to ethical management issues ^{Note}

- A total of 55,664 employees received training
- A total of 127,060.3 training hours
- Related promotion:
 - To the Board of Directors: Routine annual promotion at the board meeting.
 - To all employees: Launch related courses at the Uni-President Corp. Training Institute to reinforce regulatory compliance concepts. At the same time, the Ethical Management Practice Team sends ethical management-related measures and cases to all employees through email.

Note: The courses are of ethical management regulatory compliance, food safety and hygiene management and testing, accounting systems and internal controls.

1.4 Strict regulatory compliance

GRI 103-2-103-3, GRI 307-1, GRI 419-1

Uni-President takes a proactive approach on ESG laws and regulations and adjusts its internal systems and operations accordingly. We also abide by the laws and regulations of the countries and regions in which we operate our businesses, with regulatory compliance being the minimum standard. In addition, we also strive for the implementation of the “5S standards,” namely food safety, occupational safety, environmental safety, information safety and financial safety in order to create a sound regulatory compliance culture, and uphold integrity and discipline so as to foster the Company’s robust operations.



Violations and Subsequent Improvement in 2021

Violation Aspect	Violation of Regulations	Plant	Reason	Fine	Improvement
Environmental safety	Waste Disposal Act	Hukou plant	<ol style="list-style-type: none"> The output of organic waste liquid (C-0301) from January to August 2020 and October to December 2019 was not declared. The storage method for organic waste liquid (C-0301) did not have labels for classification number, business name, storage date, quantity or composition. 	A NT\$120,000 fine was imposed.	<ol style="list-style-type: none"> The staff received education and training and quality control staff also took part in courses organized by the Environmental Protection Bureau. The QC Section takes inventory of waste liquid and sends it to the Resource Group to ensure that the quantity is correct with a form. A bottle of container is used each month, with a number, business name, storage date, quantity and composition labeled.
Occupational safety	Occupational Safety and Health Act	Yongkang General Plant 2	A worker’s hand was caught by the equipment during the cleaning operation, violating paragraph 1 of Article 6 of the Occupational Safety and Health Act.	A NT\$60,000 fine was imposed.	<ol style="list-style-type: none"> A safety interlock device was added on the cleaning equipment for automatic power off. Education and training on maintenance, cleaning and troubleshooting operations was provided to all workers.
Occupational safety	Occupational Safety and Health Act	Hukou plant	A worker’s hand was caught by the equipment when picking up items in the equipment, violating paragraph 1 of Article 6 of the Occupational Safety and Health Act.	A NT\$120,000 fine was imposed.	<ol style="list-style-type: none"> The equipment’s window has been changed to the type that cannot be opened. Education and training on maintenance, cleaning and troubleshooting operations was provided to all workers.

1.5 Risk Management Control

GRI 102-11

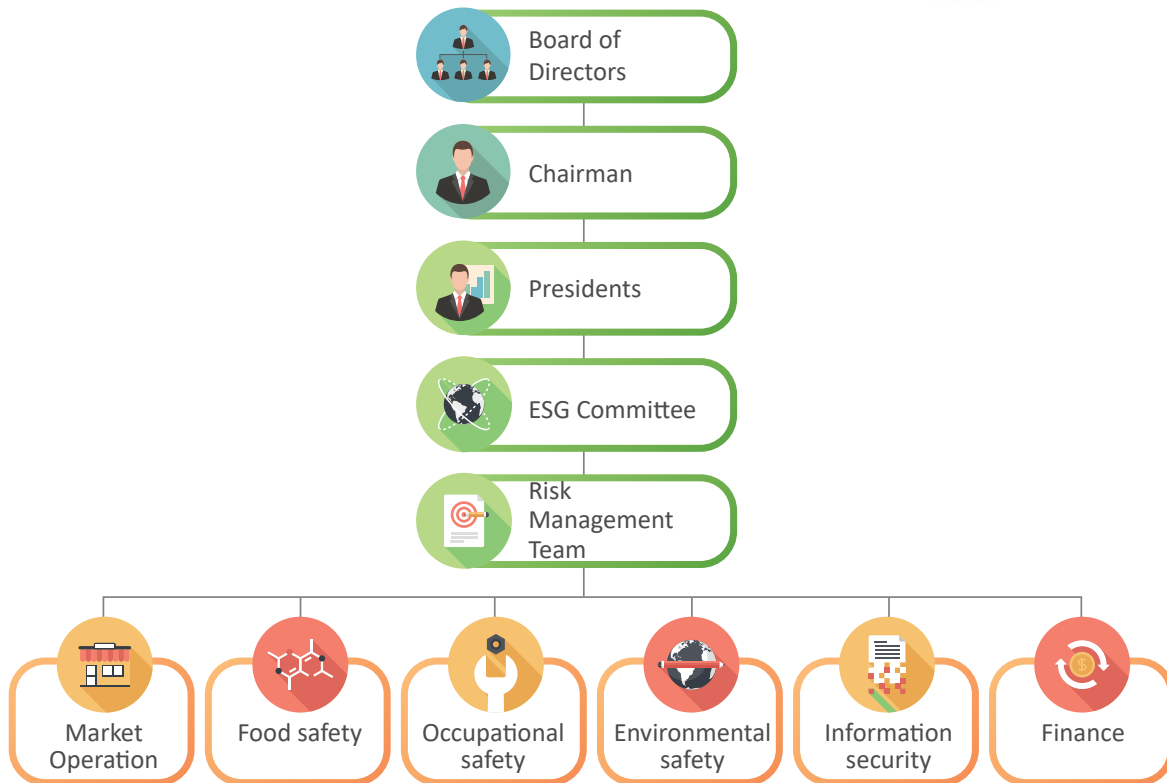
Our risk management covers governance, environmental and social aspects. According to potential risks of each related unit, we identify, analyze and measure risks so as to be able to further respond to them through adequate management methods. By supervising and improving the risk management plan, risk control is centrally managed and hierarchically executed according to the characteristics of risks and their impact levels, ensuring that they are effectively controlled at all times.

1.5.1 Risk Management Mechanism

In 2020, the Board of Directors passed the “Risk Management Policy” to be used as the main basis for Uni-President’s risk management.



Risk Management Organizational Structure



- Board of Directors: The top unit of the Company’s risk management in charge of approving, reviewing and supervising the Company risk management policy. Its objective is to ensure the effectiveness of risk management in accordance with laws and regulations, while promoting and implementing overall risk management.
- ESG Committee: The Committee is responsible for overall risk management. It sets risk control priorities according to internal and external changes and resolutions made by the Board of Directors. It is also responsible for reporting the implementation status of the risk management policy to the board

of director each year, as well as proposing necessary advice for improvement.

- Risk Management Team: The Team reviews the risk control report of all units and follows up the progress of implementation and improvement. It also summarizes the execution status of each unit’s risk management and submits a report to the ESG Committee.

Policy and Procedures


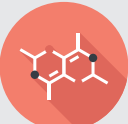
Uni-President performs periodic risk assessment each year and formulates a risk management policy for various risks, covering mechanisms such as management objectives, organizational structure, authority and responsibility attribution, and risk management procedures which are implemented accordingly. By doing so, the Company's risks can be effectively identified, balanced and controlled so that risks arising from operating activities are controlled within an acceptable range.




Management Mechanism and Its Operation

The Risk Management Team evaluates internal and external risk environment on a regular basis to establish risk management priorities, sets up implementation plans and countermeasures. Through regular evaluation, the authority and responsible unit of each risk category is responsible for risk monitoring in order to prevent and control related risks. The Risk Management Team reports to the Board of Directors on the risk environment and the adopted risk control measures as well as the state of operations of risk management.

Scope and Measures

The risk management policy of Uni-President manages all potential strategic, operational, financial and hazard risks that may affect operations and profitability. The management scope includes but is not limited to the following categories: operational risk, market risk, food safety risk, environmental and industrial safety risk, legal compliance risk, financial risk, human resources risk.

Risk Category	Risk Description	Risk Management Procedures and the State of Its Operations	Corresponding Chapter
 <p>Market Operation</p>	<ul style="list-style-type: none"> Not being able to respond to changes in consumer behavior in a timely manner, impacting performance. If the business model does not progress on par with trends, new generations of consumers or retailers will be lost, posing an unfavorable situation to the company's sustainable business operation. 	<ol style="list-style-type: none"> Disease outbreaks (e.g. influenza, avian influenza, dengue fever, SARs and COVID-19) have brought about changes in people's buying habits and increased demand for e-commerce and home delivery sales. Apart from sales behaviors of existing distribution systems and physical shops, mobile shops and e-commerce business (to develop online shopping, group shopping businesses or work with e-commerce platforms) must be increased to ensure stable revenue and growth. Master the difference of each consumer group and region in the market and develop and select suitable fast moving consumer goods to meet the needs of consumers. Change the business model of the retail industry to respond to the technology development on youth consumption by introducing a new retail ordering system in the channel distribution system and provide end-consumer online shopping choices. 	About Uni-President Enterprises, 2021 Annual Report "Operation Highlights"
 <p>Food Safety</p>	<ul style="list-style-type: none"> Fail to properly control food safety and hygiene that leads to potential hazards to consumer health and safety. Fail to update information associated with food laws and regulations that leads to the labeling of food packaging not complying with legal regulations. 	<ol style="list-style-type: none"> The Food Safety Committee is established and holds regular meetings to review and resolve matters related to food safety and quality management. Fortify the control on the risks of food safety. Since 2018, Uni-President has focused on tracking different levels of consumer complaints and drug residue Management Targets. Formulate the audit policy of affiliates to improve their food safety management. Install the Food Safety Center Rapid Alert System (FSCRA) to collect related information on the Company's products. All responsible units are notified immediately so that a response can be made accordingly. The "Product Regulatory Change Management Process" has been established to evaluate the impact of regulatory changes and adopt the corresponding measures to ensure that all of Uni-President's products are in compliance with relevant law and regulations to avoid damage to consumers' health and our goodwill. 	Chapter 2. Shaping a Safe and Healthy Food and Drink Culture

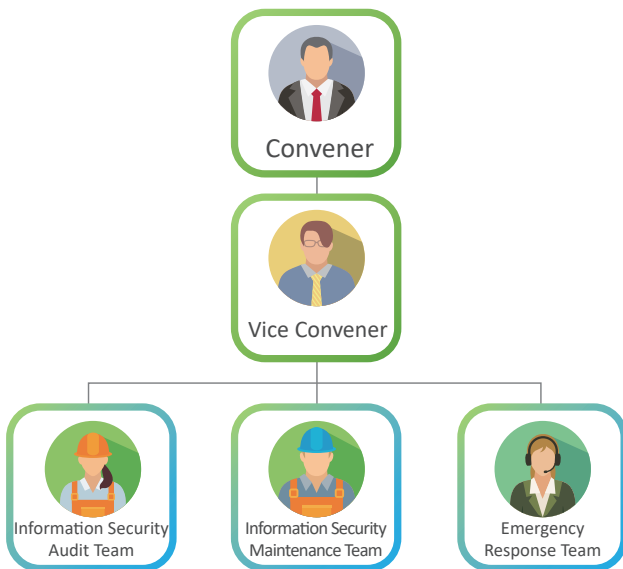
Risk Category	Risk Description	Risk Management Procedures and the State of Its Operations	Corresponding Chapter
 Environmental Risk	<ul style="list-style-type: none"> Fail to comply with environmental protection regulations, posing a negative impact on the Company's production and sales. A major violation of environmental protection regulations will impact the image of the enterprise and brand. 	<ol style="list-style-type: none"> Conduct education and training and issue related information promotion to increase environmental protection awareness. Implement internal environmental inspections in three levels, and make improvement on issues concerning air pollution, wastewater, waste, toxic chemicals, and drinking water to ensure regulatory compliance. Meet pollution prevention requirements through engineering and management approaches to improve the operating environment and the use of raw materials. Promote various energy conservation and waste reduction projects to achieve air pollution, waste and wastewater Management Targets, reducing the impact of operations on the environment. 	Chapter 3. Commitment to Environmental Sustainability
 Occupational Safety (industrial safety)	<ul style="list-style-type: none"> Fail to comply with the Standard Operating Procedures (SOP) that results in employee injuries. Fail to comply with the requirements stipulated in the Occupational Safety and Health Act. 	<ol style="list-style-type: none"> Introduce ISO 45001/CNS 45001 occupational safety and health management systems to ensure the management of the employee's safety and health. Promote different types of occupational safety education and training, as well as case promotion to increase the employee's awareness of occupational safety. Occupational Safety Office and General Plant/Industrial Park conduct an industrial safety inspection on a periodic basis to jointly prevent occupational hazards through guidance and inspections. Regularly implement inventories on safety and health-related regulations. By doing this, the requirements or related matters of amendments to regulations are conveyed to each unit to perform regulatory identification for amendments to related standards. 	Chapter 4. Building a Healthy and Happy Workplace
 Information Security	<ul style="list-style-type: none"> Systems or devices with EOS lead to hacking, causing company losses. Abnormalities of information security equipment or system authority, leading to information security protection mechanism vulnerability. 	<ol style="list-style-type: none"> Develop the information security management system, and acquire the certification from the trusted third party. Formulate and announce information security policies as well as set up the "information security team" to fortify security protection. Information risk management is conducted according to the information security risk assessment and management operating procedures on an annual basis to identify and analyze information security risks and evaluate their levels. Improvement plans are also proposed for high-risk items. Replace systems and devices with EOS. Perform backup exercises and account inventories to ensure the effectiveness of the information security protection mechanism. 	1.5.2 Information Security, p.157–158 on the 2021 Annual Report
 Financial Risk (Financial Safety)	<ul style="list-style-type: none"> Market risk, credit risk and liquidity risk may pose adverse effects on the Company's financial status and financial performance. 	<ol style="list-style-type: none"> Relevant risk management policies have been formulated to manage financial risks through close cooperation of internal operating units. We adopt a prudent manner regarding changes in interest rates and exchange rates and keep a close eye on the trend of domestic and foreign market interest rates as well as capital needs. We also allocate a floating/fixed financing ratio and pay close attention to exchange rate fluctuations, while controlling foreign currency exposure in a stringent manner. 	1.5.3 Financial risk, p.183 on the 2021 Annual Report

1.5.2 Information Security

At Uni-President, we formulated and announced our information security policy in July 2012. Furthermore, we have built an information security management system and constructed a four-step information security management system to manage documents used as a basis for the current information security management operations. Our management system are in compliance with ISO/IEC 27001: 2013 information security management standard which was certified by a third-party verification company. The original ISO 27001 validity period was 2019/4/16–2022/4/16 and the new validation period is 2022/4/24–2025/4/16.

At the same time, we have formed an “Information Security Team” in which the manager of the Information Department serves as the convener. An Information Security Audit Team, Information Security Maintenance Team and Emergency Handling Team are also in place to strengthen information security protection. Furthermore, we implement information security risk assessment and management operating procedures to ensure the confidentiality, integrity and availability of the Company’s information assets as well as protecting personal data.

Information Security Team



We conduct information risk management according to the information security risk assessment and management operating procedures on an annual basis to identify and analyze information security risks and evaluate their levels. If the acceptable level is exceeded, risk handling and improvement measures are adopted to reduce possible risks. According to the results of the information security risk assessment carried out in December 2021, there were no significant operational risks.

As the promotion of information security concepts is our priority, we engage a consulting company to perform education and training on a regular basis. By taking this approach, we raise the awareness of information security to our employees and implement information security control.



The total training hours for personal information security and information security-related courses was 2,945 in 2021.

1.5.3 Financial Risk

Financial risks include market risk (exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. We have formulated relevant risk management policies to manage financial risks through close cooperation of internal operating units. We adopt a prudent manner regarding changes in interest rates and exchange rates and keep a close eye on the trend of domestic and foreign market interest rates as well as capital needs. We also allocate a floating/fixed financing ratio and pay close attention to exchange rate fluctuations, while controlling foreign currency exposure in a stringent manner.

The Board of Directors has set up a written policy towards the overall risk management, and provided written policies for specific scope and matters, such as the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instrument, and utilization of the remaining current fund. In accordance with the policy approved by the Board of Directors, risk management is carried out by the Finance Group through working closely with the Company’s internal operating units to identify evaluate and hedge financial risks. For more information on financial risks, please refer to the p.183 on the 2021 Annual Report.