



**Taiwan Mobile Co., Ltd.**

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

Officially resolved by the board of directors on January 27, 2011

First amendment was approved by the board of directors on October 27, 2011

Second amendment was approved by the board of directors on April 30, 2015

Third amendment was approved by the board of directors on July 27, 2016

Fourth amendment was approved by the board of directors on February 1, 2018

### **Article 1 (Purpose of Enactment and Applicable Scope)**

Subject to the operation principles of integrity, transparency, and responsibility, Taiwan Mobile Co., Ltd. (the “Company”) enacts and executes “The Ethical Corporate Management Best Practice Principles” (“Principles”) to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices, risk management mechanism, and to create a sustainable business environment.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

### **Article 2 (Prohibition of Unethical Conduct)**

When engaging in commercial activities, directors, managers, employees, mandataries of the Company or persons having substantial control over the Company (“Substantial Controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or maintaining Benefits (see Article 3).

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

### **Article 3 (The Types of Benefits)**

The "Benefits" mentioned in the 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 4 (Legal Compliance)**

The Company 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 Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 5 (Prevention Program)**

In order to exercise in business operation, the Company shall stipulate the "Operation Rules of Ethical Corporate Management Best Practice Principles" and comply with the relevant laws and regulations in the country where the Company, affiliates, group enterprises or organizations have business operations.

#### **Article 6 (The Commitment and Execution)**

The Company shall clearly specify ethical corporate management principles in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce ethical management for internal management and external commercial activities.

#### **Article 7 (Engaging in Commercial Activities under Ethical Corporate Management Policies)**

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

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether they have conducted Unethical Conduct before, if any, and avoid having any dealings with persons who have or have been involved with any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such

contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in or involved with Unethical Conduct, the Company may at any time terminate or cancel the contracts.

When engaging in business activities, the Company shall follow the relevant environmental laws, regulations and international standards to properly protect the environment and achieve the goal of a sustainable environment.

The Company shall prevent from polluting water, air and land when engaging in business activities. Under consideration of cost effectiveness and technology feasibility, the Company shall make the best effort to reduce adverse effects on human health and environment, and take the best and practicable measures for pollution control.

The Company shall comply with the domestic labor laws and regulations, safety and health laws and regulations, and International Bill of Human rights, provide for employees with safe, healthy and clean work environment, protect employees' lawful rights and interests, and shall not endanger basic rights of labors.

The Company shall not discriminate in any type (including races, genders, disabilities, religions etc.) against agents, suppliers, customers, other transaction partners, or employees

#### **Article 8 (Prohibition of Offering and Accepting Bribes)**

When conducting business, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

#### **Article 9 (Prohibition of Offering Illegal Political Donations)**

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, mandataries and Substantial Controllers shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### **Article 10 (Prohibition of Improper Charitable Donations or Sponsorship)**

When making or offering donations and sponsorship, the Company 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 11 (Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

**Article 12 (Prohibition of Intellectual Property Infringement)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, internal process procedures, and applicable contracts pertaining to intellectual property. The Company shall not use, disclose, dispose, destroy, or make any other infringement to intellectual property without prior written consent of the owners of the intellectual property rights.

**Article 13 (Prohibition of Unfair Competition)**

The Company shall follow the applicable competition laws and regulations when engaging in business activities, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

**Article 14 (Prohibition of Damages on Products or Services against Stakeholders)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the applicable laws and regulations and international standards governing its products and services to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of the products and services. The Company shall adopt and announce a policy on the protection of the rights and interests of the consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of the consumers or other stakeholders. 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 the consumers or other stakeholders, the Company

shall recall those products or suspend the services immediately.

### **Article 15 (Organization and Responsibility)**

The directors, managers, employees, mandataries and Substantial Controllers of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjustments.

To achieve sound ethical corporate management, the internal legal office shall be in charge of the enactment of the ethical management policy, the prevention of the Unethical Conduct, the execution and supervision of the ethical management as follows, and report to the board of directors on a regular basis:

1. Stipulate the “Operation Rules of Ethical Corporate Management Best Practice Principles”.
2. Promoting and coordinating awareness and educational activities with respect to ethics policy.
3. Developing the whistleblowing mechanism and ensuring its operating effectiveness.
4. Assisting the board of directors and management team in auditing and assessing whether ethical management is effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

### **Article 16 (Legal Compliance for Conducting Business)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, the internal principles and obligation of confidentiality for confidential and business sensitive information when conducting business.

### **Article 17 (Avoiding Conflicts of Interest)**

The Company shall establish regulations for preventing conflicts of interest, to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests, and offer appropriate means for directors, managers, and any other stakeholders attending or present at the board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.

A director, manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.

The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

#### **Article 18 (Accounting and Internal Control)**

The Company shall establish effective accounting and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

The internal audit department of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.

#### **Article 19 (Operational Procedures and Guidelines)**

The operational principles and rules established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers.

#### **Article 20 (Training and Reviews)**

The chairman, general manager, or senior management shall communicate the importance of ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training or awareness programs for its directors, managers, employees, mandataries and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.

#### **Article 21 (Whistleblowing, Punishment and Appeals Process)**

In cases where the Company's directors, manager, employees, mandataries or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the Audit Committee, managers, internal audit officer or other appropriate channels of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall investigate and deal with such report actively. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

#### **Article 22 (Disclosure of Information)**

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

#### **Article 23 (Review and Amendment to the Principles)**

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

#### **Article 24 (Enforcement)**

The Ethical Corporate Management Best Practice Principles of the Company shall be

implemented after the Principles are reviewed by the Audit Committee and resolved by the board of directors, and then the Principles shall be submitted at the shareholders' meeting. The same procedure shall apply to any amendment thereto.