

GRAND OCEAN RETAIL GROUP LIMITED

Sustainable Development Best Practice Principles

Chapter 1 General Principles

Article1 In order to realize the corporate social responsibility, as well as to improve the economy, environment and social progress, the Company aims at sustainable development, therefore we follow the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to stipulate the principles to manage the risks and influence in regard with economy, environments, and society incurred by the Company.

Article2 The principles are applicable to all the operating activities of the Company and the Enterprise Group.

The Company shall initiatively fulfill the sustainable development along with the enterprise operations to comply with the development of international community, to make contribution to improve the national economy, as well as to improve the life quality of the employee, community and society, developing the advantage of competition of the Company based on sustainable development.

Article3 The Company shall look after the rights and equity of the stakeholders when fulfilling the promotion of sustainable development, pursuing sustainable operation and profit, as well as emphasizing environment, society and corporate governance, where these elements shall be included into the management policies and operating activities of the Company.

The Company accords with the material principles to execute the risk assessments in regard with the issues of environment, society and corporate governance in regard with the operation, and formulates the relevant policies or strategies for risk management.

Article4 To implement sustainable development initiatives, the Company follows the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.

3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

Article5 The Company shall consider the relativity between the development trend of sustainability for domestic/oversea and the corporate core business, as well as the influence to the stakeholders through the comprehensive operating activities of the Company itself and the Enterprise Group, to stipulate the strategies, systems or relational administrative policies in regard to sustainable development, and the concrete promotion projects, as well as to report in the shareholders' meeting after the Board approves.

When the shareholder makes any proposals concerning sustainable development, the Board of the Company shall take them into consideration and classify them as the bills in the shareholders' meeting.

Chapter 2 Practice Corporate Governance

Article6 The Company shall obey the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, as well as Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies, to establish the effective governance framework and related ethical codes to strengthen the overall corporate governance.

Article7 The Directors of the Board of the Company shall be fully obligated to the administrators with goodness and honesty, urging the implementation of sustainable development, as well as examining the performance and continual improvement thereof whenever, to ensure the full practice of sustainable development.

The Board of the Directors of the Company will plentifully consider the interests of the stakeholders when promoting the sustainable development goal, which include the items as follows:

1. To provide the mission or prospects of sustainable development, as well as to stipulate the strategies, systems or relational administrative policies in regard to sustainable

development.

2. To bring sustainable development into the operating activities and developing direction of the Company, as well as to formulate the concrete promotion projects related to sustainable development.
3. To ensure the promptness and correctness of the disclosed information in regard with sustainable development.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article8 The Company will regularly organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article9 To improve the management of sustainable development, the Company will establish corporate governance frameworks for promoting sustainable development and establish an exclusively dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the Board of Directors on a periodic basis.

The Company will formulate the reasonable policies for compensation and remuneration to guarantee that the relevant schemes can match the strategic target of the organization and the interests of the stakeholders.

The system of employee performance examination of the Company shall be tied to the sustainable development strategies, and the precise and effective system of reward and punishment shall be established.

Article10 The Company shall respect to the rights and equity of the stakeholders, and identify the stakeholders. Also, the specific zone for stakeholders will be founded on the website of the Company. Through the appropriate communication, we shall understand the reasonable expectations and requirements from

the stakeholders, and properly answer the material sustainable development issues about what have been concerned.

Chapter 3 Develop Environmental Sustainability

Article11 The Company shall follow the environment-related regulations and international standards to appropriately make efforts to protect our natural environment, as well as to devote to accomplishing the target of environmental sustainability while performing the operating activities and internal management.

Article12 The Company will make efforts to increase energy utilization efficiency, and to use recycled materials with lower burden and impact towards the environment, realizing sustainable utilization of the resources belonging to the Earth.

Article13 The Company will build the suitable environmental administration system based on the characteristics of each industry, including:

1. To collect and estimate sufficient and real-time information about the outcomes of our natural environment influenced by the operating activities.
2. To build the measurable target for environmental sustainability, as well as to periodically review the sustainability and relativity of the development thereof.
3. To stipulate concrete plans, actions or projects, as well as to periodically review the implementation and performance thereof.

Article14 The Company will designate the specific organ or personnel to be responsible for environmental administration, as well as to draw up, promote and maintain the operation of the related environmental administration system and concrete actions and projects thereof; also, environmental education program will be periodically held for the management and employees.

Article15 The Company will consider the influence of the corporate operation towards ecological efficiency, as well as promoting and propagandizing the concept of sustainable consumption. In addition, any operating activities including R&D, purchase, production, task and service will comply with the principles as

follows to reduce the impact towards our natural environment and humanity incurred by the corporate operation:

1. Reduce consumption of resource and energy of products and service.
2. Reduce and well treat emissions of pollutant, toxic substance and waste.
3. Improve recyclability and reuse of crude materials and products.
4. Expand sustainable utilization of recyclable resources to the max level.
5. Expand product durability.
6. Improve effectiveness of products and service.

Article16 The Company shall utilize the water resource properly and sustainably, and stipulate the related administrative measures to raise the usage efficiency of water.

The Company shall build and enhance the treatment facilities concerning environmental protection to prevent pollution on water, air and lands. Also the Company shall make the best efforts to reduce all the disadvantageous influences which might impact human health and environment, and to adopt the optimal and practical measures of pollution prevention and control.

Article17 The Company will assess the potential risks and opportunities brought by climate change towards the enterprise for now and for the future, to adopt the related countermeasures.

The Company will adopt the standards or guidelines applicable to both the domestic and oversea regions, in order to examine the emissions of the corporate greenhouse gases (GHGs) and to have them disclosed, where the categories include:

1. Direct GHG Emissions: The sources of GHG emission owned or controlled by the Company.
2. Indirect GHG Emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: The emissions generated by company activities are not indirect energy emissions, but come from emission sources owned or controlled by other

companies.

The Company will calculate the GHG emissions, volume of water consumption, and total weight of the waste, to formulate the policies in regard with energy saving and reduction of GHGs and water consumption, as well as management of other waste. Furthermore, acquisition of Carbon Rights will be introduced into the strategies and schemes for carbon reduction of the Company, and be pushed to ease the impact caused by the corporate operating activities towards climate change.

Chapter 4 Defend Public Welfare

Article18 The Company shall fully accord with all the related laws, regulations and the International Bill of Human Rights, protecting the fundamental human rights such as gender equity, right to work, prohibition of discrimination, etc.

The Company shall stipulate the related administrative policies and procedures to fulfill its responsibility to protect human rights, which include:

1. To provide the corporate policies or statements in regard with human rights.
2. To estimate the influence caused by the corporate operating activities and internal management towards human rights, as well as to formulate the corresponding treatment process.
3. To regularly review the actual performance of the corporate policies and statements in regard to human rights.
4. The treatment process to the stakeholders who are involved shall be disclosed when the fundamental human rights have been encroached.

The Company shall follow the labor rights recognized by international community, e.g. freedom of association, right to collective bargaining, care for underprivileged groups, forbiddance of child labor, as well as elimination of every kind of forced labor and discrimination by hire and employment. Also, the Company shall guarantee there will be no discrimination due to gender, race, social and economic hierarchy, age, marriage and family status by the strategies in regard with utilization of human resources, in order to approach fairness and justice for occupation, recruitment conditions, compensation and

remuneration, labor welfare, training, performance appraisal, as well as promotion.

The Company shall provide the appeal system with effectiveness and appropriateness for any matters concerning encroachment on labor rights, to ensure the appeal process to be fair and transparent. The appeal channel shall be easy, quick and fluent, where the answers to the appeals deriving from the employees shall be adequate.

Article19 The Company shall provide the information to the employees to let them understand the local labor laws as well as the rights they have in the countries where the corporate operation is located.

The Company will create the safe and healthy working environments for the employees, which include health and first-aid facilities in need, and make the efforts to lower the hazard factors affecting the safety and health of the employees, preventing occupational injury.

The Company will regularly launch the training and education programs of safety and health to the employees.

Article20 The Company will create the good environments and establish the effective training programs of occupational abilities for the employees to develop their own careers.

The Company shall stipulate and implement the rational employment welfare systems (including compensation and remuneration, vacation and others), as well as adequately reflecting the operational performance or outcomes to the remuneration belonging to the employees, to ensure the optimal operation of human resources, e.g. recruitment, post retaining and encouragement, as well as to approach our target at sustainable operation.

Article21 The Company shall establish the channels to periodically communicate with the employees, making them capable of claiming their rights to acquire the information as well as to represent their ideas on the activities and strategies of the corporate operation and management.

The Company shall respect the rights of the employee representative to negotiate due to the working conditions, as well as providing the necessary information, hardware and facilities

to the employees, in order to improve the consultation and cooperation between the Company, employees and employee representative.

The Company shall inform the employees any operational change that might cause material influence in the rational way.

Article 21 Section 1 The Company will treat the customers or consumers who purchase our products or utilize our service in the fair and reasonable way, which include several principles such as fair and good faith contract, duty of care and loyalty, customer attraction with non-exaggerated advertisement, conformity of commodity and service, notification and disclosure, balance of remuneration and sales performance, appeal protection, and professionalism of sales, as well as formulating the related execution strategies and concrete measures.

Article 22 The Company shall be obligated to the products and service, as well as emphasizing sales ethics. Where the R&D, purchase, production, task and service flow shall ensure the information transparency and safety in regard to the products and service; also the policies concerning consumer rights shall be stipulated, open, and practiced in the operating activities, to prevent the encroachment on the rights, health and safety of the customers by our products or service.

Article 23 The Company shall guarantee the qualities of the products and service in accordance with the related laws and regulations enacted or defined by the governments and industries.

The Company shall follow the related regulations and international standards to look after the health and safety of the customers, consumer privacy, marketing and labeling of the products and service. There will be no tolerance on deception, misleading, fraud, or, any other behaviors which may break consumers' trust or encroach consumer rights.

Article 24 The Company will appraise and manage various risks which might interrupt the corporate operation to lower the impact incurred thereof on the consumers and society.

The Company will provide the transparent and effective

procedure of consumer appeal for our products and service, where the consumer appeals shall be dealt with by fairness and promptness, also the Personal Data Protection Act shall be accorded, to truly respect the consumer privacy as well as to protect the personal information provided by the consumers.

Article25 The Company will assess the influence brought by the purchase on the community environment and society of the source, and cooperate with the suppliers together to devote to fulfilling the CSR.

The Company will formulate the policies of supplier administration, and request the suppliers to obey the relevant regulations in regard with environmental protection, occupational safety and health as well as labor rights. Before the commercial interactions, the Company will estimate whether the suppliers have had any records of notorious deeds on environment or society, to avoid transacting with those who violate the CSR.

The content of all the contracts cosigned by the Company and its major suppliers shall include the CSR policies which both parties must follow, as well as the article to set the prerequisite that enables the Company to terminate or release the contracts anytime if the suppliers violate the policies and therefore cause significant influence on the community environment and society of the source.

Article26 The Company shall assess the influence of the corporate operation on the community, and properly recruit the local manpower where the operation takes place to arouse the identification by the community.

The Company will launch the resources into the organizations which solve social or environmental problems by business model, or, partake in the relational activities launched by the civic organizations involving community development and education, charitable organizations or organs of government, to improve community development through equity investment, commercial event, donation, enterprise volunteer and other professional public welfare services.

Information

Article 27 The Company shall comply with the relevant regulations as well as the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies to disclose information, and sufficiently disclose all the related sustainable development information with relativity and reliability, to raise the transparency of information.

The Company discloses the sustainable development related information, which is as follows:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development, as resolved by the Board of directors.
2. The risks and effects on the corporate operation and financial status which are incurred due to practicing corporate governance, developing environmental sustainability or defending public welfare.
3. Goals and measures for realizing the sustainable development initiatives established by the Company, and performance in implementation.
4. The issues concerning and concerned by the major stakeholders.
5. The disclosure of the management and performance of the major suppliers in regard to material environmental and social issues.
6. Other relational sustainable development information.

Article 28 The Company shall adopt the standards or guidelines which have broadly been approved by international community to compile the Sustainability Report, which disclose the situations of sustainable development promotion; also, the Company will acquire the confirmation or guarantee from a third party to raise the information reliability. The content thereof shall contain:

1. The strategies, systems, relevant administrative policies or concrete promotion projects in regard with sustainable development implementation.
2. The issues concerning and concerned by the major stakeholders.
3. The implementation and performance as well as the review

in regard with practicing corporate governance, developing environmental sustainability, defending public welfare and improving economic development.

4. The directions and targets of improvement in the future.

Chapter 6 Supplementary Provision

Article29 The Company shall pay attention to the development of the related principles by domestic and oversea sustainable development as well as the change of enterprise environment, review and improve the sustainable development system built by the Company to increase the effectiveness of promoting sustainable development.

Article30 The principles shall be performed after the Board ratifies them, so shall be the amendments.