

## Taiwan Corporate Conduct and Ethics Implementation

Assessment Item	Implementation Status
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?</p> <p>(2) Does the company establish relevant policies that are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?</p> <p>(3) Does the company establish appropriate compliance measures for the business activities prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with high risk of unethical conduct?</p>	<p>(1) Based on the policy being a prudent administrator; the board of directors and management are engaged in good management, loyalty, and honesty to implement the business. We've set Ethical Corporate Management Best Practice Principles, Please refer to Market Observation Post System or the Epistar's official website.</p> <p>(2) The Company strictly prohibits corruption, bribe and blackmail, establishes effective accounting system and internal control system, includes such promotional documents as employee handbook and employee reward &amp; punishment regulations into the relevant anti-corruption guidelines and punishment against rule breakers, and provides employees with related educational training to ensure that each of the employees understand the related agreement and rules. The internal auditors will audit the status of compliance with said system. The Company also establishes the ethical corporate management best-practice principles, ethical code, operating procedure for prevention of insider trading and employees' complaining channels. For the relevant complaining mechanism, channel, and procedure, please visit the Company's official website.</p> <p>(3) The company abides by the laws and regulations in running business. Before the official information is announced, anyone involved is required to sign confidentiality agreement and shall not disclose important internal information to others. We also have strict control and precaution system about information security (IT).</p>
<p>2. Ethic Management Practice</p> <p>(1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p>	<p>(1) The company conducts business activities in a fair and transparent manner and carefully assesses the objects of the transaction before engaging in commercial activities so as to prevent dealing with the objects of dishonesty, good faith principles are incorporated into the contract when signing commercial contract to ensure mutual rights and interests.</p>

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<p>(2) Does the company set up a unit, which is dedicated to or tasked with promoting the company's ethical standards, and reports directly to the Board of Directors with periodical updates on relevant matters?</p> <p>(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>(4) To implement relevant policies on ethical conducts, does the company establish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?</p> <p>(5) Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	<p>(2) In order to well found the ethical corporate management, the Company has Human Resources Center responsible for planning and executing various functions, and reporting to the board of directors from time to time. President will also delegate related units to help establishment of the ethical corporate management policies and prevention programs.</p> <p>(3) We've established effective accounting and internal control system and operated smoothly. Complaints or reporting system also runs well so as to prevent corruption.</p> <p>(4) The company has established an effective accounting and internal control system and operated smoothly. Internal audit members conduct regular audit as the planned schedule and make audit reports. Audit reports are sent for directors and independent directors for inspection so as to prevent corruption.</p> <p>(5) The Company will implement the online educational training on the Company's intranet "CANG JING GE" from time to time, and precisely record and implement the result on test. The Company upholds the management philosophy of integrity, transparency, and responsibility to plan and establish the fair corporate governance and risk control mechanism to create the management environment for sustainable development. The colleagues from various departments engage in various business activities in an honest, fair, and transparent manner, and comply with related laws and internal regulations in order to fulfill the ethical corporate management.</p>
<p>3. Implementation of Complaint Procedures</p> <p>(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	<p>(1) The Company sets up the independent email box and hotline available to complainants at the Company's internal portal website and official website. Any person who suspects or finds any violation of laws or ethical code may report the case to any of the following units and also provide sufficient information. If necessary, the Company will privately form a dedicated committee consisting of related department's supervisor, legal office supervisor, and Human Resources Center supervisor. The process of investigation and information related to the committee members, concerned parties shall be kept confidential, and the complainants' safety must be secured. The process shall also be reported to the Chairman of Board.</p>

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<p>(2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	<p>(1.1) Immediate supervisor  (1.2) Audit dept. supervisor, Human Resources Center/Employee Relations department supervisor or legal office &amp; intellectual property right supervisor  (1.3) The opinion response mechanism set up by the Company internally  (1.4) The channel available to stakeholders  (1.5) or other eligible personnel</p> <p>The opinion response mechanism not only offers the employees' complaining hotline but also sets up the opinion mailbox exclusive for employees. Employee Relations department acts as the dedicated unit responsible for organizing seminars for employees periodically, installing the sexual harassment hotline and mailbox, and organize the "Heart Communication Meeting" chaired by President from time to time. Additionally, the complaint may be filed with Audit department. Investor relations mailbox, CSR mailbox, customer service mailbox or channel available to stakeholders may serve as the external communication channel. The Company establishes SHE communication and consultation management procedure to enable the SHE management system to reach the consensus within the Company, and also establishes the SHE consultation and communication channel available to the Company's external stakeholders. Any complaint will be processed as a special case promptly, and the process thereof will be reported to the Chairman of Board. Given this, the Company's complaining channels are considered perfect.</p> <p>(2) Employee complaint and reporting shall abide by the relevant internal control system, kept in confidentiality and subject to the relevant protection mechanism.</p> <p>(3) Strictly keep the complainant's identity in confidence, and the process of investigation and related information; if necessary, privately form a dedicated committee to conduct the related investigation.</p>
<p>4. Information Disclosure</p> <p>Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?</p>	<p>The Company discloses the information related to the Company in the investor service section and stakeholder section on the Company's official website at: <a href="http://www.epistar.com.tw">http://www.epistar.com.tw</a>.</p>