

## **ENNOSTAR Inc.**

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

Approved by a resolution of the Board of Directors meeting on August 12, 2021

Article 1 (The Purpose and Scope)

The Principles are formulated to foster a corporate culture of ethical management and sound development, and establish good commercial practices.

The principles scope is applied to the Company and its subsidiaries.

Article 2 (Forbidden of the Unethical Conduct)

When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over such Company ("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.

Article 3 (Benefits)

"Benefits" in these Principles means any valuable things, including money, endowments, presents, commissions, positions, services, preferential treatment or rebates, facilitation payments, hospitality and entertainment 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 Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Policies)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, formulate the policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention Program, Operation Procedure and Behavior Codes)

When establishing the prevention programs, including operation procedure, behavior codes and education training, the Company shall communicate with interested parties and comply with relevant laws and regulations of the territory where the companies and their business group are operating.

Article 7 (The Scope of the Prevention Program)

When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the Company shall include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Promise and Enforcement)

The Company and the respective business group shall clearly specify the ethical corporate management policies and the commitment by the board of directors and the management on rigorous in internal rules, official website, and external documents and thorough implement such policies in internal management and in commercial activities; meanwhile, the Company shall document such information and properly preserve.

Article 9 (Ethical Conduct the Commercial Activities)

The Company shall engage in commercial activities in a fair and transparent manner. 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, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Forbidden of the Bribe)

When conducting business, the Company and the directors, managers, employees, mandataries, and substantial controllers, shall not directly or indirectly offer interested parties promise, request or accept any improper benefits.

Article 11 (Forbidden of Illegal Donation to Political Parties)

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

Article 12 (Forbidden of the Improper Donations and Sponsorship)

When making or offering donations and sponsorship, the Company and the 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 13 (Forbidden of Uneasonable Gift, Hospitality or Other Improper Benefits)

The Company and the directors, managers, employees, mandataries, 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 14 (Forbidden of IP Infringement)

The Company and the directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and shall not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Forbidden of Unfair Competition )

The Company shall engage in business activities in accordance with applicable competition laws and regulations, 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 16 (The Prevention of Damage)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and the directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, the products and services, health, and safety of 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 consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 (The Organization and Responsibilities)

The company and its directors, managers, employees, servants and substantive controllers shall exercise due care and attention over their duties, urge the company to prevent acts of against integrity and review its implementation effectiveness and continuous improvement at any time to ensure the integrity of its operating policies. For sound management of integrity, the company should set up a dedicated unit who is responsible for formulating and supervising the implementation of integrity management policies and prevention plans, and reports to the board of directors regularly (at least once a year).

Article 18 (The compliance to Business execution, the prohibition of insider trading and confidentiality agreements)

The company and directors, managers, employees, persons in charge and substantive controllers shall abide by the laws and regulations and preventive measures when carrying out business.

The company's personnel shall abide by the provisions of the Securities Exchange Law, and shall not use known undisclosed information to engage in insider trading or disclose it to others to prevent others from using the undisclosed information to engage in insider trading.

The personnel or institution of the company who involved in the merger, division, and the acquisition of shares of the transferee, memos, strategic alliances, business cooperation plan or other important contract shall sign a confidentiality agreement with the Company, to promise that not to disclose the Trade secrets or other material information to others, and this information must not be used without the prior consent of the company.

Article 19 (Avoid the Conflict of Interest)

For preventing conflicts of interest, the Company has set up the "Ethical Conduct ", and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, and likely to prejudice the interest of the Company, the concerned director may state the opinion and respond, but shall not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and shall not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

A director's spouse, second relatives, or other blood relatives, or a company that has a controlling affiliation with a director, who has interest conflict in the matter of the previous meeting shall be deemed to have a stake in the matter.

The Company' directors, managers 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 20 (Accounting system and Internal Control System)

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.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.

Article 21 (Training and Evaluation)

The Company shall organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers , so they understand the importance amd determination of ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 22 (The system of whistle-blower, disciplinary and appeal )

The Company provides a legitimate prosecution access and keeps confidential of the identity of whistle-blowers and the content of reported cases.

The Company shall establish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 23 (Disclosure)

The Company will disclose the execution status of the Ethical Corporate Management Best Practice Principles on website, annual report and prospectus.

Article 24 (Review and Amendment)

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 to make suggestions, to review the adopted Ethical Corporate Management Best Practice Principles and achieve better implementation of ethical management.

Article 25 (Enforcement)

The Rules shall enter into force after it has been approved by the board of directors. The same as in the revision.