

Human Rights Due Diligence Report

Compal Electronics, Inc.

Compal Electronics, Inc. Human Rights Due Diligence Report

1. Human Rights Policy

Compal is committed to establishing a working environment that respects human rights and with dignity, and includes commitment as one of its core values. Compal insists that all business development processes must comply with local labor-related laws and regulations of the place where the business operation is located, and conducts its operations according to several international agreements, including the “International Bill of Human Rights”, “United Nations Guiding Principles on Business and Human Rights”, “International Labour Organization Declaration of Fundamental Principles and Rights at Work”, “Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises” and “The United Nations’ Ten Principles of United Nations Global Compact” (UNGC)”. In addition, Compal has also adopted the Responsible Business Alliance Code of Conduct (RBA), in order to treat all personnel with dignity and respect through consistent action.

1.1 Applicable Scope

1. All employees, including official employees, part-time personnel, interns and contract personnel of the Group’s office and plant sites.
2. The scope also includes subsidiaries, suppliers, customers, cooperating partners, and joint ventures.
3. Other institutions or juridical persons having substantial control power.

Compal has also established a “Supply Chain Code of Conduct” to request that supply chain partners comply with one consistent standard, thereby eliminating any conduct that may infringe or violate human rights.

1.2 Policy

- Prohibition of any form of forced labor or human trafficking. With advance notice according to the law, employees may resign or terminate the employment relationship freely.
- Prohibition of child labor.
- Respect of employees' freedom of association and right of collective bargaining, and provision of channels to express opinions freely.
- Compliance with applicable laws and regulations related to salary and working hours, provision of fair and reasonable remuneration and working conditions.
- V: Elimination of all forms of discrimination and inhumane treatment, to ensure that all personnel have equal job opportunities.
- VI: Provision of a safe and healthy working environment, and assistance in maintaining physical and mental health for employees.
- Commitment to responsible purchasing of minerals.
- Compliance with local regulations and accepted international standards.
- Provision of independent and anonymous complaint filing mechanism, allowing internal and external stakeholders to provide timely feedback and opinion.
- Implementation of periodic review and assessment of human rights risk, adoption of effective remedial and mitigation actions, and periodic communication of outcomes with external bodies.

1.3 Human Rights Protection Topic Training

All employees of Compal, regardless of whether they are direct or indirect employees, receive education and training on human rights related topics in order to prevent human rights issues occurring and enhance their awareness of such matters. Based on consideration of factors regarding the employee workplace and working hours, online course delivery has been adopted, as it offers greater flexibility.

The human rights education and training content includes:

1. Introduction to human rights related laws and regulations: “International Bill of Human Rights”, “United Nations Guiding Principles on Business and Human Rights”, “International Labour Organization Declaration of Fundamental Principles and Rights at Work”, “Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises”, “The United Nations’ Ten Principles of the United Nations Global Compact” (UNGCC) and the “Responsible Business Alliance Code of Conduct (RBA)”.
2. Policy education: Compal’s human rights policy, internal and external communication and complaint channels, future strategy and development goals.

1.4 Implementation Subject

Course	Subject	Course Content	Plant						
	New employees	All employees	TPE	PCP	KS	KSD	CQ	CD	CQA

Compal Sustainable Development		v	Sustainable Development Goals	v						
Responsible Business Alliance (RBA) Employee Educational Course	v	v	Assist employees in understanding the Responsible Business Alliance Code of Conduct		v					
CSR General Rules Training	v	v	Focus on the value of people, emphasis of contribution to the environment, consumers and society, protection of employees' legitimate rights and interests				v			v
Compal Corporate Social Responsibility, Knowledge and Explanation	v	v	Enhance employees' understanding of corporate social responsibility related matters			v	v	v	v	
Labor rights and interests	v	v	Protect employees' legitimate rights and interests							v
Human Rights Training	v	v	Introduction to relevant human rights of International Human Rights and RBA, and introduction to human rights policy	v	v	v	v	v	v	v

1.5 Human Rights Management Organizational Structure

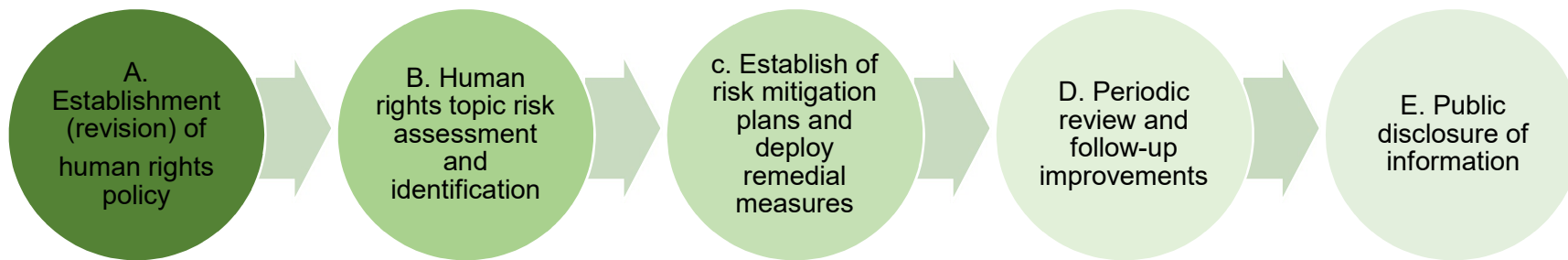
To implement corporate social responsibility (CSR) policies, to establish a proper governance system, to take account of international trends, and to move towards sustainable development goals, Compal’s senior officers lead the Sustainable Development Committee. They establish sustainable development and human rights related policy, annual plans, strategic direction, policy and implementation plans. In addition, responsible units have also been established, the Sustainable Development Office and Sustainable Development Task Force, in order to implement corporate social responsibility for Compal for all of its employees, from top to bottom. The Sustainable Development Office has established ten major functional teams with responsibility for the four aspects of Economy, Environment, Society and Governance (referred to as "EESG"), and relevant business supervisors have been assigned, in order to manage sustainable development and human rights related matters, as well as to implement various sustainable development and human rights related plans.



2. Due Diligence Process

Compal conducts human rights impact assessments at all plant sites in accordance with the RBA Code of Conduct, and also reviews and establishes human rights related policies, procedures and plans. In addition, human rights topic risk levels of each plant site are identified, and periodic reviews and follow-up improvements are also performed, in order to ensure the comprehensive implementation of human rights protection work through this due diligence. Due diligence is conducted at least once every three years.

The present due diligence was conducted in 2022.



No.	Item	Description
A	Establishment (revision) of human rights policy	Establish human rights commitment and implementation policy according to the internationally accepted human rights conventions of the “International Bill of Human Rights” and the “United Nations Guiding Principles on Business and Human Rights”, etc. Determine whether the policy needs to be revised, according to implementation status, in order to conform with the annual strategy and goals.

B	Human rights topic risk assessment and identification	For potential human rights risk as part of operational processes, the risk level is evaluated in order to find major risk topics requiring management. In addition, through analysis of relevant information, the risk distribution status of human rights topics within the Company is determined.
C	Establishment of risk mitigation plans Deployment of remedial measures	For major risk topics and groups that may be affected, risk mitigation measures are implemented in order to eliminate risks on a best efforts basis. Establish a range of action plans and mitigation measures according to the human rights risk level, as assessed periodically.
D	Periodic review and follow-up improvements	After risk management measures are implemented, the outcome and achievement status are tracked continuously in order to ensure the effectiveness of remedial measures. Appropriate action plans are adopted in order to reduce human rights risk.
E	Public disclosure of information	The human rights due diligence results are disclosed publicly and used as the basis for communication with stakeholders.

Human Rights Due Diligence Responsible Unit

No.	Item	Responsible Unit	Duty Allocated, According to Current Scope of Work of the Sustainable Development Task Force
A	Establishment (revision) of human rights policy	Social aspect task force	Establish human rights commitment and implementation policy

B	Human rights topic risk assessment and identification		Following establishment of human rights policy, Social aspect task force: Perform risk assessment and identification for social aspect topics, establish mitigation and remedial measures, and implement periodic review and follow-up.
C	Establishment of risk mitigation plans and deployment of remedial measures	Social aspect task force	
D	Periodic review and follow-up improvements	Environmental aspect task force Economic aspect task force	Environmental aspect task force: Perform risk assessment and identification for environmental aspect topics, establish mitigation and remedial measures, and implement periodic review and follow-up. Economic aspect task force: Perform risk assessment and identification for economic aspect topics, establish mitigation and remedial measures, and implement periodic review and follow-up.
E	Public disclosure of information	Social aspect task force	Publicly disclose human rights due diligence results

3. Risk Matrix of Human Rights Topic Identification Results

To identify, assess and reduce the impact of human rights matters on Compal and its supply chain, a risk assessment framework has been established according to the RBA Code of Conduct. Compal performs risk assessment on plant sites based on the two quantitative risk matrices of occurrence probability and severity, in order to understand what risks may lead to human rights related risks.

3.1 Risk Definition

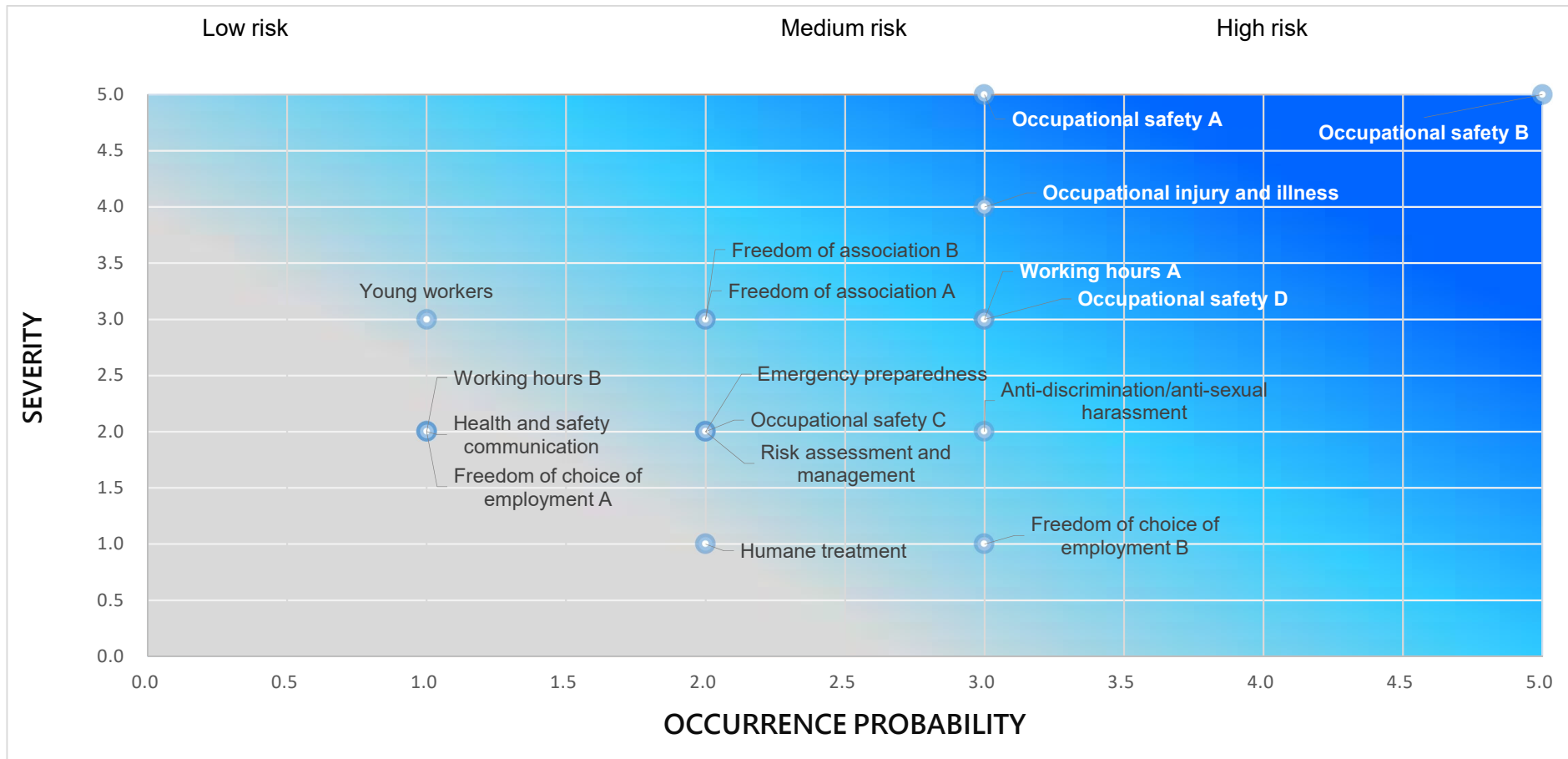
Likelihood/Occurrence Probability: Qualitative or quantitative evaluation, performed weekly, monthly, quarterly, semi-annually or annually.

Level	Level Classification	Qualitative Description	Quantitative Description	Quantitative Description
1	Extremely low	No occurrence under normal conditions	<10%	Occur no more than once annually
2	Low	Occur rarely	10%~30%	Occur more than once, semi-annually
3	Medium	Occur under certain conditions	30%~70%	Occur more than once quarterly
4	High	Occur relatively often	70%~90%	Occur more than once monthly
5	Extremely high	Occur frequently	>90%	Occur more than once weekly



Severity/Level: Classified according to the property selection scale (Scale, Scope, Remendability) of the topic, impact of the topic on physical and mental health & safety, and time to recover the original state and eliminate its impact.

Level	Level Classification	Scale	Remendability
1	Extremely minor	Extremely minor impact to physical health & safety	Can be recovered to the original state, or impact can be eliminated, in one year
2	Minor	Minor impact to physical and mental health & safety: minor injury or illness (without loss of working hours)	Can be recovered to the original state, or impact can be eliminated, over a period of one~three years
3	Medium	Moderate impact to physical and mental health & safety: causing injury and requiring rehabilitation (with loss of working hours)	Can be recovered to the original state, or impact can be eliminated, over a period of three~five years
4	Major	Serious impact to physical health & safety: causing physical or mental disablement	Can be recovered to the original state, or impact can be eliminated, over a period of five~ten years
5	Extremely major	Major impact to physical health & safety: causing death	Recovery to the original state or elimination of impact is not likely to be achieved



3.2 Human Rights Risk Topic Explanation

Risk Level	Human Rights Risk Field	Human Rights Risk Topic Explanation
High risk	Working hours A	Weekly working hours not exceeding 60 hours
	Occupational safety A	Solvent-related hazard
	Occupational safety B	Machinery-related hazard
	Occupational safety D	Overhead operations-related hazard
	Occupational injury and illness	Occupational injury and illness
Medium risk	Freedom of association A	Whether there are currently any relevant labor organizations: independent unions, government unions, or other external organizations formed by employee representatives
	Freedom of association B	Whether there are any collective bargaining agreements
	Occupational safety C	Whether enclosed spaces may be entered (enclosed conditions and restricted access causing difficulty in the installation of emergency exits)

	Risk assessment and management	Whether a plan has been implemented to assess the risk related to labor arrangements of suppliers (including any contractors or labor agents) and to manage any such type of risk discovered
	Anti-discrimination/anti-sexual harassment	Whether accessible facilities (such as workplace entrances, toilets, elevators, cafeteria, etc.) have been installed for the disabled
	Emergency preparedness	Whether there are sufficient qualified medical / first-aid staff and equipment
Low risk	Freedom of choice of employment B	Among employed workers, what is the proportion of contract or dispatched workers
	Freedom of choice of employment A	Among employed workers, what is the proportion that have signed the written employment agreement or contract in their own language
	Humane treatment	Prior to investigation of improper conduct of employees, methods such as demotion or downgrade, temporary suspension or termination of employment is used as the disciplinary action, and remedial measures including discussion, explanation, training and progressive punishment are implemented
	Health and safety communication	Whether workers may be exposed to extreme noise
	Young workers	What is the proportion of employees under the age of 18 years old, in relation to the total number of employees
	Working hours B	Whether there is any limit set for the number of working hours per day/week/month for workers

4. Human Rights Risk Mitigation and Remediation

Low risk and medium risk human rights topics will be tracked continuously and possibilities of increased risk will be actively prevented. For high risk and material human rights topics, corresponding mitigation and remedial measures will be established in order to reduce the risk of human rights-related issues occurring.

Human Rights Risk Field	Human Rights Topic	Mitigation Plans
Working hours	Weekly working hours shall not exceed 60 hours	1. Communicate and negotiate with customers effectively, provide appropriate delivery period in advance
		2. Implement employee pre-job skills training periodically, in order to increase the production efficiency and work skills of employees, and reduce the occurrence of overtime.
		3. Gather production line staff to inform them that working hours shall not exceed 60 hours, and arrange for department assistants to perform internal audits
		4. Utilize the working hour control system, and send daily messages to inform each department about overtime status
		Remediation Actions
		1. According to business operation status, use reserve employees or temporary workers

		2. According to current orders and manpower, perform production schedule optimization and arrange for the shortest feasible period of time for work attendance, within the maximum acceptable limit, in order to achieve regulatory overtime compliance
		3. When the working hour control system exceeds 60 logged working hours, the system will not accept further completion of the overtime sheet.

Human Rights Risk Field	Human Rights Topic	Mitigation Plans
Occupational Safety	Hazards relating to solvents, machinery and overhead operations	1. Perform relevant operations according to the “Rules Governing Hazardous Operations”
		2. Provide qualified protective equipment to operators performing hazardous operations, and ensure that operators wear such protective equipment properly and have the relevant occupational training qualification certificates, prior to perform any operation.
		3. Before conducting overhead operations in the plant, it is necessary to obtain EHS approval and the approval of the Factory Director of the site.

	<p>4. Depending upon the actual conditions, use other materials or other manufacturing processes as alternatives wherever possible. If alternative materials or processes are not available, engineering control will be adopted as the primary method of risk mitigation, along with personal protective equipment and administrative measures as secondary methods, in order to reduce risk of injury</p> <p>5. The plant and its suppliers regularly inspect the operational status of machinery and equipment</p> <p>6. Centralized storage of hazardous solutions in a controlled area, with designated personnel for management</p>
<p>Remediation Actions</p>	
	<p>1. Implement occupational safety drills and “Forklift Truck Safety Training” and “Machinery Safety Training” for employees periodically, and convene supervisor safety production meetings in order to share and discuss typical safety incident case examples</p> <p>2. Enhance the promotion and regulation of field employees’ wearing of protective equipment, and implement field staff inspection of employees’ wearing of protective equipment</p> <p>3. Perform detailed inspection before, during and after operations, according to the Safety and Health Rules</p> <p>4. Reduce hazardous operations for employees and outsource such operations to external contractors</p> <p>5. Plant site is staffed with designated nurses and first aid personnel in order to provide timely emergency and first-aid measures in case of emergencies</p>

Human Rights Risk Field	Human Rights Topic	Mitigation Plans
Occupational injury and illness	Occupational injury and illness	1. Set up the workplace in reasonable manner and centralize operations presenting occupational hazardous as much as possible, in order to facilitate the monitoring and reduction of the scope of hazard
		2. Implement physical examination and monitoring for employees in job positions subject to occupational hazard before, during and leaving their job positions
		3. For occupational-injury incidents that occur at work, classify the risk level for workplace job positions of the Company according to the “Four Essential Principles”, in order to implement controls according to the risk level. For equipment and facilities with existing risk, install effective measures in order to reduce the probability of occupational injury
		Remediation Actions
		1. Enhance safety education and training with regard to human-error related occupational injury incidents, in order to prevent such errors upon discovery. For occupational injuries related to equipment, infrared sensors are installed to reduce the occurrence of incidents
		2. Perform department review, feedback and summarization training for occupational injury incidents that occur, in order to prevent occurrence of similar situations
		3. Utilize relevant results from periodic health examinations of employees to discover issues early, implement treatment early, and improve the situation as regards workplace health hazards
4 . When an employee is subject to an occupational injury incident, car accident or major illness, etc., the Company provides necessary assistance		

5. Implementation and Results

5.1 Internal Implementation Inspection Status

The Company's Sustainable Development (SG) Function Team qualifies periodic internal and third party reviews in order to inspect the internal implementation status and due diligence report in internal audits, including internal commitments, human rights projects and improvement goals, etc. We comply with the RBA self-assessment questionnaire (SAQ), and perform periodic internal and external reviews of plant sites. The purpose of such reviews is to ensure the integrity and appropriateness of sustainability actions and human rights management. According to the results of the human rights risk assessment survey, topics and subjects likely to involve human rights risk are identified and corresponding human rights risk mitigation plans and remediation content are established. According to the assessment result, "Working hours", "Occupational safety", "Occupational injury and illness" are determined to be high risk human rights topics, and we have established mitigation plans and remediation actions. In addition, through human rights education and training, awareness of these issues is enhanced. Compal is committed to protecting the rights and interests of employees, complies with ethical management principles and implements supply chain management, protection of environmental sustainability and occupational safety & health in order to establish a safe workplace and an efficient management system. For external value chain partners (customers and suppliers, etc.), human rights questionnaire surveys are also conducted periodically.

5.2 External Implementation Inspection Status

As a member of the Responsible Business Alliance, in its cooperation with suppliers Compal requests that they fulfill relevant responsibilities regarding the environment, workers rights, management systems and ethical conduct. In addition, Compal also requests that suppliers sign Compal's "Supply Chain Code of Conduct" and comply with the standards commitments specified by RBA Code of Conduct, such that suppliers are able to understand and to follow Compal's implementation steps and philosophy, in order to jointly take the necessary care regarding social topics related to environment, workers, health and safety. The assessment content includes the aspects of environment,



safety, product liability, human rights and society.

5.3 Public Disclosure Status

Compal discloses relevant due diligence policy, processes and activities related information on its company website in both Chinese and English versions. The results of the Human Rights Due Diligence Report and the Corporate Social Responsibility Report are used to identify and resolve actual or potential unfavorable factors in the value chain. All information is disclosed on the company website, including actions adopted to prevent or mitigate risks, an estimated improvement timetable, standard results under possible conditions and implementation of follow-up measures.