

In response to the growing adoption of artificial intelligence, Compal has integrated AI development and application security considerations into its information security governance process. Through ongoing reviews and risk assessments, Compal continues to strengthen its AI governance framework to ensure secure, compliant, and responsible AI usage across the organization.

The risk owner of an Artificial Intelligence (AI) development project shall define the objectives, scope, and boundaries of the AI application. Based on the defined objectives, cross-functional collaboration involving Information Technology, Legal, Ethics, and other relevant professional functions shall be engaged to perform the following activities:

Identify risks throughout the AI lifecycle, including Initiation → Design and Development → Verification and Validation → Deployment → Operation and Monitoring → Reassessment → Retirement.

Conduct impact assessments and establish appropriate limitations and controls for identified risks. Risk impact assessments shall address Confidentiality, Integrity, and Availability (CIA) considerations, while also evaluating potential impacts on individuals, groups, and society as a whole. Based on the results of the risk assessment, appropriate mitigation measures shall be proactively implemented to ensure that the development and use of AI systems are aligned with Compal's policies, governance requirements, and organizational values.

The Responsible AI Program includes the following elements:

Limit Access to Sensitive AI Capabilities

Compal shall establish and maintain controls to limit access to sensitive AI capabilities, such as facial recognition, biometric identification, and surveillance-related functionalities.

Where an AI application involves sensitive personal data or utilizes sensitive AI capabilities, prior approval from the senior executive responsible for personal data governance shall be obtained before the project proceeds to a security assessment.

In the absence of such approval, Compal shall limit or prevent system access to sensitive AI capabilities and sensitive information.

At the current stage, AI systems implemented within Compal are intended solely to improve operational productivity (e.g., document translation, intelligent assistants, email summarization, and meeting summarization). These systems utilize approved corporate FAQs and non-sensitive operational documentation as data sources.

The deployed Retrieval-Augmented Generation (RAG) architecture ensures that AI models can access only reviewed and de-identified internal knowledge repositories. Access to confidential business information, ERP platforms, payroll systems, and other sensitive environments is prohibited unless specifically authorized and assessed.

Clearly Label AI-Generated Content and AI-Driven Decisions

Compal shall ensure that all productivity-oriented AI systems clearly label AI-generated content and AI-driven outputs within the user interface.

Each AI system shall display a disclaimer stating: "This information is generated by an AI system and may contain inaccuracies. Users should exercise their own judgment and verify the information before making decisions."

If a user submits a query that falls outside the defined scope of the AI system, such as topics related to politics, entertainment, or other non-business matters, the AI system shall provide the following standardized response: "Sorry, I am unable to answer this question."

These measures are implemented to ensure transparency, communicate the limitations of AI-generated outputs, and support appropriate human review and decision-making.

Detect and Correct AI Model Drift or Performance Degradation

Compal has established mechanisms to detect and address AI model drift and performance degradation over time. Platform Monitoring: Azure Monitor is used to continuously monitor API response latency and error rates. When abnormal performance indicators are detected, corrective actions are promptly taken to ensure that system performance remains stable and does not degrade over time.

Regularly Assess Deployed AI Models for Fairness and Potential Bias

Compal's current AI applications primarily serve as productivity tools. AI-generated responses are based on internal corporate knowledge documents, and outputs are strictly limited to information provided and approved by the requesting business unit. The AI models are not permitted to use publicly available Internet content as a source of responses beyond the approved knowledge repositories. For example, prior to the deployment of the SCM Intelligent Assistant, model outputs are cross-validated against an internally developed test set (the Golden Dataset) by the Procurement team to verify that responses meet expected accuracy and business requirements. These controls help reduce the risk of unfair, inaccurate, or biased outputs.

To continuously ensure the accuracy and reliability of AI-generated responses, Compal conducts periodic reviews of conversation logs on a monthly or quarterly basis. The reviews verify whether AI outputs remain accurate, consistent with current information, and aligned with business expectations. Where potential bias, inaccuracies, or other concerns are identified, Compal will further evaluate the underlying knowledge sources, prompt design, and system configurations, and implement appropriate corrective actions and improvements as necessary.

Initiatives to Reduce the Environmental Footprint of AI Data Centers and Model Hosting Environments (Internal or Supplier-Supported)

Compal utilizes enterprise-grade AI model hosting services provided by Microsoft Azure, which supports sustainability initiatives aimed at reducing the environmental footprint of AI data centers and computing environments. According to the *2025 Microsoft Environmental Sustainability Report*, Microsoft continues to improve the energy efficiency of its data center operations through measures such as power efficiency optimization (e.g., power harvesting), low-power server operating modes, and enhanced workload and resource management practices (e.g., CPU oversubscription) to increase equipment utilization. These initiatives help reduce overall energy consumption and associated carbon emissions.

Through its partnership with Microsoft, Compal is able to leverage Microsoft's data center decarbonization practices and apply relevant energy-efficiency and carbon-reduction mechanisms to the AI model operating environment. This collaboration contributes to reducing the overall environmental footprint associated with Compal's AI services and computing resources.

Provide a Process for Users and Affected Third Parties to Appeal AI Decisions or Outcomes

Compal's AI systems are currently designed as productivity and advisory tools and do not have the authority to make or execute decisions independently.

Users may submit feedback, complaints, or concerns regarding AI-generated outputs through the IT Helpdesk for review and follow-up actions.

Quantify the Impact of AI Initiatives and Tools on Sustainability Outcomes

To improve energy efficiency and support sustainable operations, Compal has implemented digital intelligent management tools for its air-conditioning and power systems through an Energy Management System (EMS). By leveraging data collection and analytics, the EMS enhances overall energy efficiency and has been progressively deployed across Compal's manufacturing sites,

establishing a scalable and replicable framework for sustainable manufacturing.

Compal has introduced AI-enabled energy-saving initiatives, including a Digital Power Management System and an Intelligent Air-Conditioning Management System, to improve the monitoring and management of electricity consumption across manufacturing operations.

Digital Power Management System:

Digital meters are connected through IoT technologies to collect real-time energy consumption data. The system analyzes energy flows, usage statistics, and variance reports, enabling users and consultants to develop more effective energy management strategies. This approach significantly reduces manual meter-reading efforts, improves data collection efficiency, and enhances the quality and accuracy of energy-related data.

Intelligent Air-Conditioning Management System:

The system integrates data mining, performance alerts, and weather forecasting technologies to proactively manage air-conditioning energy consumption. Through AI-driven optimization of operating strategies, the system achieves more efficient HVAC operations, resulting in energy savings of approximately 5% to 12% in chilled-water air-conditioning systems.

These AI-enabled initiatives contribute to measurable sustainability outcomes by improving energy efficiency, reducing operational costs, lowering carbon emissions, and supporting Compal's long-term sustainability objectives.

Provide Training on Ethical AI Use and/or AI Security for Employees

Compal has provided AI-related training to employees involved in AI development and deployment. Designated personnel have successfully obtained the ISO/IEC 42001:2023 Lead Auditor certification. Through internal training programs, employees in various AI-related roles are trained to understand AI risk management, compliance requirements, transparency principles, and governance practices. This training helps enhance effective communication, implementation, and oversight throughout the AI system lifecycle.