

Risk Management Committee

1. Risk Management Policies and Procedures

The risk management policy has been resolved by the Board of Directors on March 15, 2022 as the highest guideline of risk management of the Company. The policy follows international standards and takes learning from benchmark companies. This policy is a realization of regulatory compliance to ensure Compal's sustainable operations.

Compal adopts a management system for finances, business and accounting pursuant to the FSC's Regulations Governing the Establishment of Internal Control Systems by Public Companies; and evaluates and monitors risk in operating activities. Managerial personnel ensure that any such risk is within an acceptable range by drawing up a risk management plan and response guidelines.

The Company adheres to regional government policies and regulations of its critical production base.

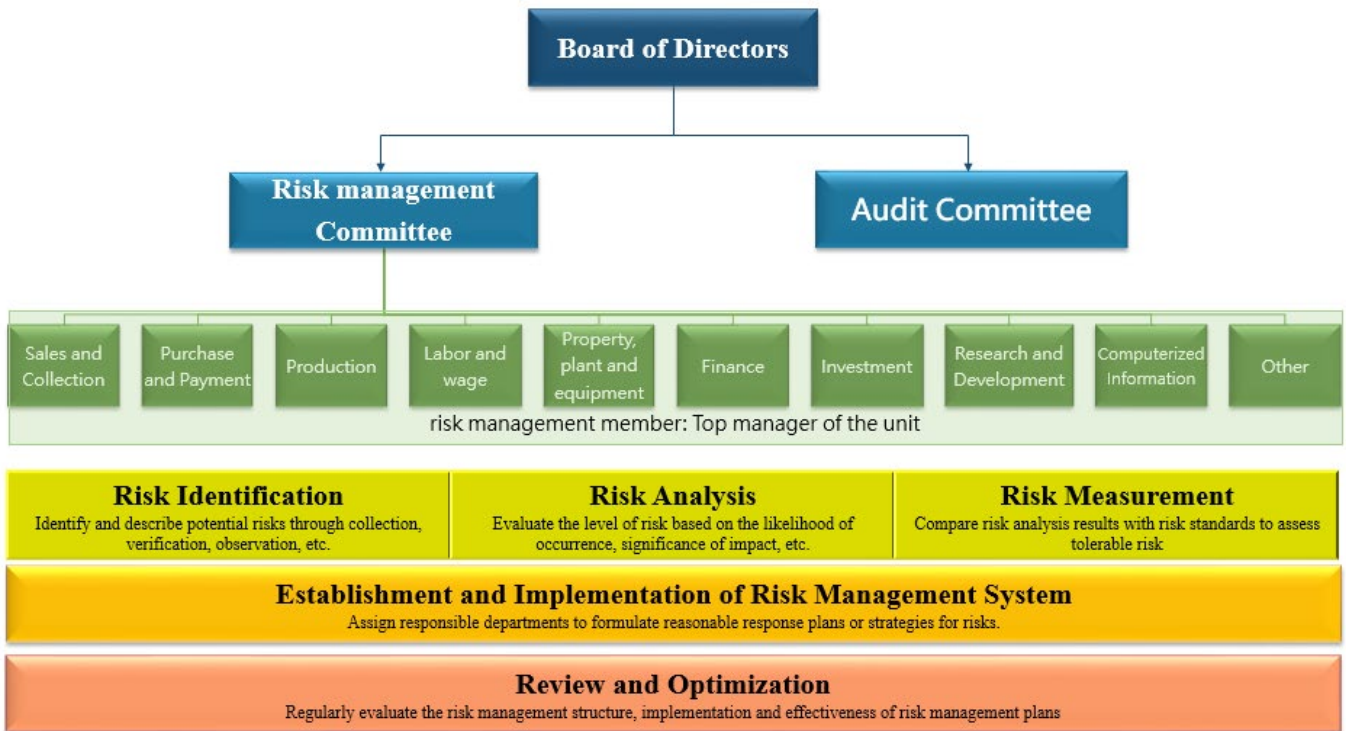
2. Risk Management Category

Compal performed Identification, Analysis and Evaluation based on the ISO 31000 framework and methodology, and determined 24 risk issues in five areas: Strategy, Finance, Operations, Regulatory Compliance, and the Environment. Considering the Company's resources, these issues were then prioritized in a risk matrix.

3. Organization Structure and Authority

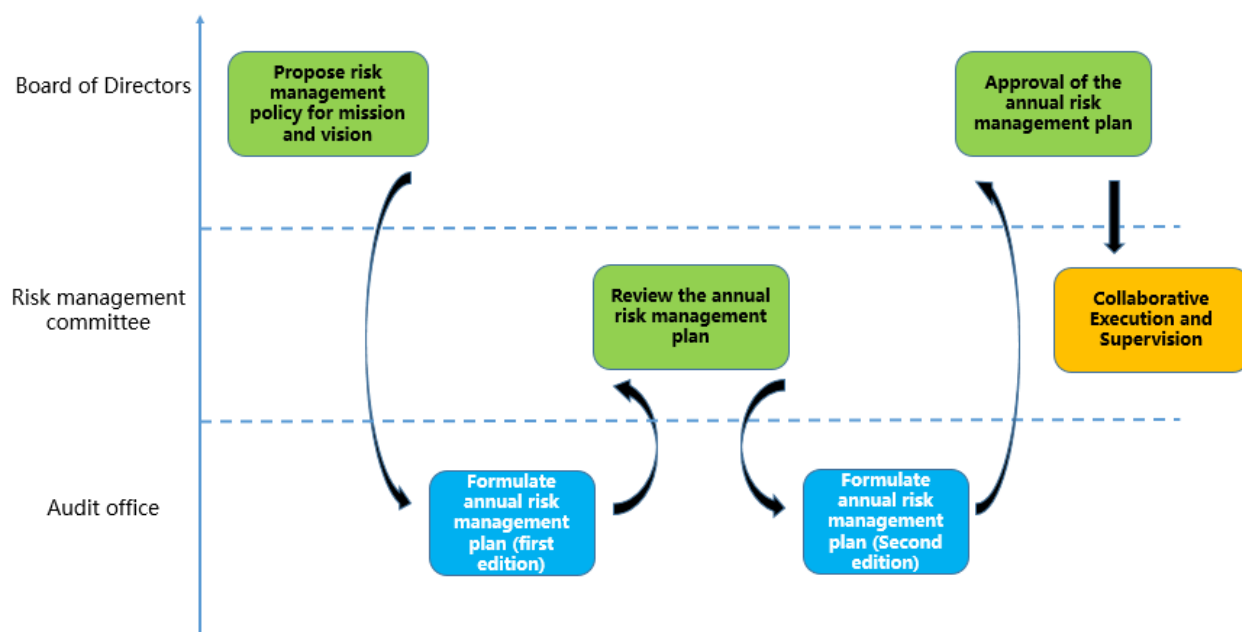
- (1) Compal follows the "Risk Management Best Practices Principles for TWSE/TPEX Listed Companies" announced on August 8, 2022. It establishes the "Risk Management Committee" under the Board of Directors, appointed by Board resolution, with a membership of no less than three individuals. Over half of the committee members must be independent directors, and the chairman should be designated from the independent directors. The Risk Management Committee is accountable to the Board of Directors and submit proposals to the Board of Directors for resolution. The committee's functions are as follows:
 1. Review risk management policies, procedures and structures, and assess review their applicability and effectiveness regularly.
 2. Approve the risk appetite (risk tolerance), and guide resource allocation.
 3. Review management reports on significant risk issues.
 4. Determine risk prioritization and levels of risk control.
 5. Review the implementation of risk management and propose improvement suggestions; provide an annual report to the Board of Directors on a regular basis (at least once a year), and disclose risk management-related information in the annual report, corporate social responsibility report, and company website.
 6. Execute the risk management decisions of the Board of Directors.

(2) The Risk Management Committee is a governance body under the Board of Directors, working with the Audit Committee to assist each operational unit in improving the risk management system. The operational processes are detailed in the figure below.



(3) The Board of Directors proposes risk management policies based on its mission and vision. These policies are reviewed annually by the Risk Management Committee, and submitted to the Board of Directors for approval. Once approved, the operational units are responsible for implementing the plan and regularly supervising the progress of the projects.

Risk management annual plan and major projects [initial review and decision]



4. The actual performance of the Risk Management Committee

(1) Committee Appointment

On May 10, 2023, Compal established the Risk Management Committee with the approval of the Board of Directors. According to the regulations, the first session of the Risk Management Committee consists of all independent directors Min Chih Hsuan, Duei Tsai, Wen-Chung Shen and director Chung-Pin Wong. Independent director Min Chih Hsuan was elected by all members as the convener and chairman of the meeting.

(2) Attendance of Members at Risk Management Committee Meetings :

- The term of the 1st committee is from May 10, 2023 to August 26, 2024.
- In 2023, the Risk Management Committee held two meetings (A) and the qualifications and attendance of Committee members are as follows:

Title	Name	Major	Actual attendance (B)	Number of delegated attendances	Attendance Rate (%) [B/A]
Convener	Min Chih Hsuan	Business Management, Performance Management, Investment, Mergers and Acquisitions	0	1	0%
Committee Member	Duei tsai	Operation Management, Information Security	2	0	100%
Committee Member	Wen-Chung Shen	Business Management, Risk Management	2	0	100%
Committee Member	Chung-Pin Wong	Business Management, Performance Management, Risk Management	2	0	100%

(2) Management System:

In response to regulatory requirements and to implement corporate risk management, Compal revised the Risk Management Practice Principles, Risk Management Policies and Procedures, and Corporate Governance Practices Principles at the board meeting on May 10, 2023.

(3) Reporting Process:

On November 10, 2023, Compal reported the annual risk management performance to the Risk Management Committee, and submit it to the Board of Directors for review.

(4) Digital system:

Compal has completed the establishment of a risk management digital system, utilizing information technology to quantify risk appetite. The implementation of digital systems will enhance the protection of the rights and interests of investors and defend the company.