

# 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; 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 [in](#) its critical production base.

## 2. Risk Management Category

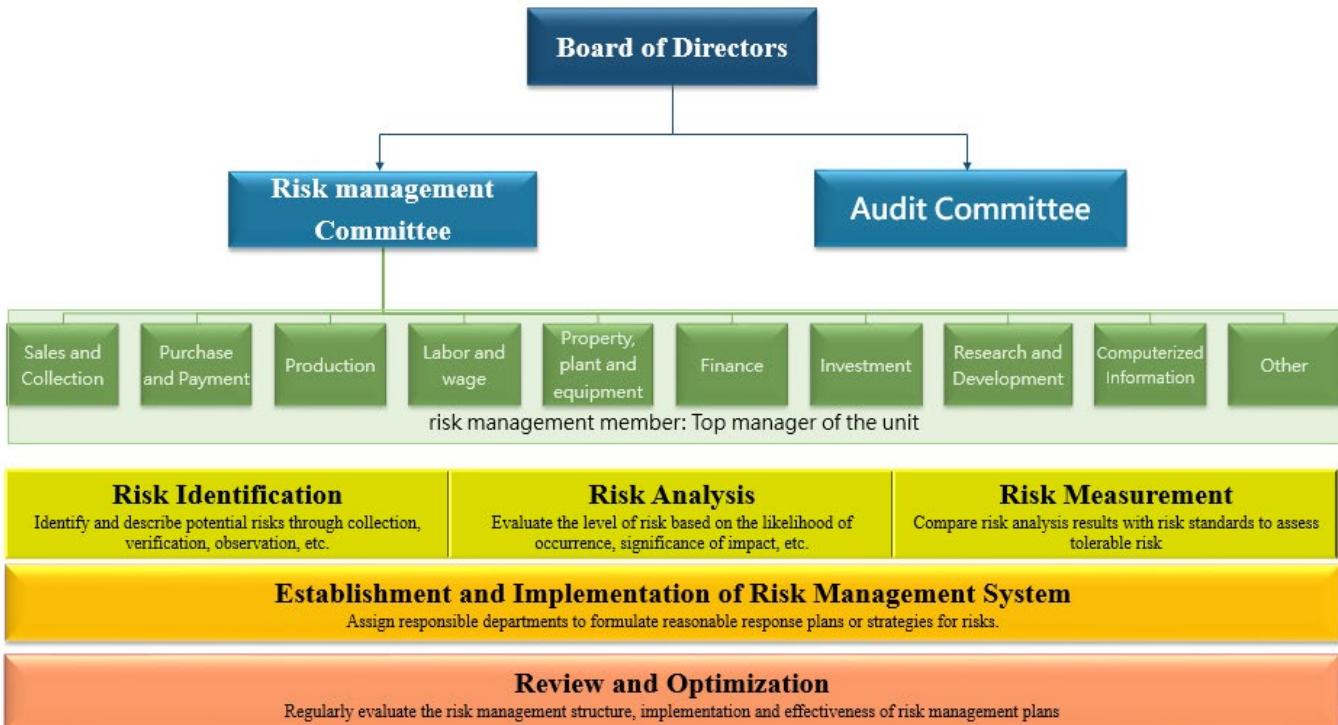
Compal performed Identification, Analysis and Evaluation based on the ISO 31000 framework and methodology, and determined 24 risk issues in five areas: Strategy, Finance, Operations, Regulatory Compliance, and the Environment. With considering the Company's resources, these issues were then prioritized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

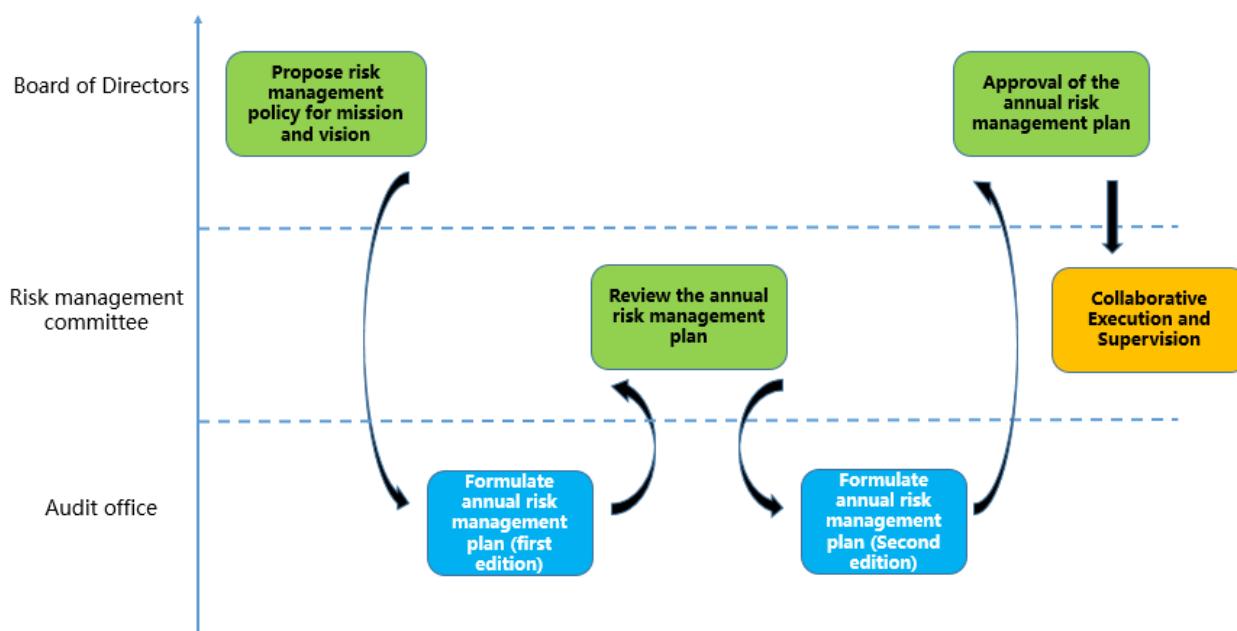
1. Review risk management policy and procedure, Charter and practice principles, and regularly review their applicability and execution effectiveness
2. Approve the risk appetite (risk tolerance), and guide resource allocation.
3. Review management reports on significant risk issues.
4. Determine risk 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. Due to the re-election of the board of directors, on May 31, 2024, the board resolved to appoint the second term of the Risk Management Committee, consisting of all independent directors Wen-Chung Shen, Duh Kung Tsai, Lee-Chiou Chang, Shui-Shu Hung, Tzu-Ting Huang and director Sheng-Hua Peng. The committee unanimously elected independent director Wen-Chung Shen as the convener and meeting chairman.

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

- The term of the 2nd committee is from May 31, 2024 to May 30, 2027.
- In 2025, the Risk Management Committee held Two (A) meetings. The qualifications and attendance of Committee members were as follows:

Title	Name	Major	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]
Convener	Wen-Chung Shen	Operation Management and Risk Management	2	0	100%
Committee Member	Duh Kung Tsai	Operation Management, Risk Management and Mergers and Acquisitions	2	0	100%
Committee Member	Lee-Chiou Chang	Operation Management and Strategic Planning	2	0	100%
Committee Member	Shui-Shu Hung	Operation Management and Risk Management	1	1	50%
Committee Member	Tzu-Ting Huang	Operation Management, Information Security and Risk Management	2	0	100%
Committee Member	Sheng-Hua Peng	Operation Management and Risk Management	2	0	100%

##### (3) Resolutions and Follow-up Actions of the Risk Management Committee:

Meeting Date	Subject Matter	Resolution and Follow-up
3 <sup>rd</sup> Meeting (2 <sup>nd</sup> Term) 2025.3.20	1、Report the implementation result of Risk Management for the year 2024.	The implementation results of Risk Management for the year 2024 were reviewed by all the Committee Members and reported to the Board of Directors.
4 <sup>th</sup> Meeting (2 <sup>nd</sup> Term) 2025.11.12	1、To approve the risk management objectives for the year 2026.	Unanimously approved without objection by all the Committee Members present and submitted to the Board of Directors for resolution.

##### (4) Reporting Process:

The Risk Management Committee formulates an annual plan for the Board of Directors' resolution and reports on the implementation of risk management to the Board at least once a year. The 2025 implementation reported to the Board is planned on March 27, 2026.

<h3 style="text-align: center;">The Implementation Result of Risk Management in 2025</h3>					
Medium and High Risk Control				Risk Management of Sustainability Issues	
In 2025, two high risks—overseas expansion and supply chain shortages—were mitigated by the responsible units through appropriate measures to achieve risk control. In addition, nine medium risks were managed with mitigation measures, thereby achieving effective risk management.	In 2025, a risk management audit was conducted. The information technology risk, classified as medium in 2024 and showing an upward trend, was reviewed for mitigation measures, with no significant issues identified.	The risk management course was implemented for all employees at the Taiwan plants who had been employed for three months or more and were at or below the division level, with 100% participation achieved in 2025.	Operational audits of overseas subsidiaries including those in China, Vietnam, the United States, and Mexico were carried out to identify risks and Implement appropriate controls measures..	The management of sustainability Information has been incorporated into the 2025 annual audit plan and audited, with no significant issues identified.	<p>1. The implementation progress of the IFRS Sustainability Disclosure Standards and the relevant results (including the identification of sustainability risks and opportunities as well as financial quantification) have been completed in accordance with the planned schedule and reported to the Board of Directors.</p> <p>2. Revise the internal control procedure 'Sustainability Information Management Operations,' and submit it to the Board of Directors.</p>

#### **(5) Digital system:**

Compal has completed the establishment of a risk management digital system, utilizing information technology to identify and evaluate risks. The implementation of this system will more effectively safeguard the rights and interests of investors and of the Company.