

The actual performance of the risk management

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.

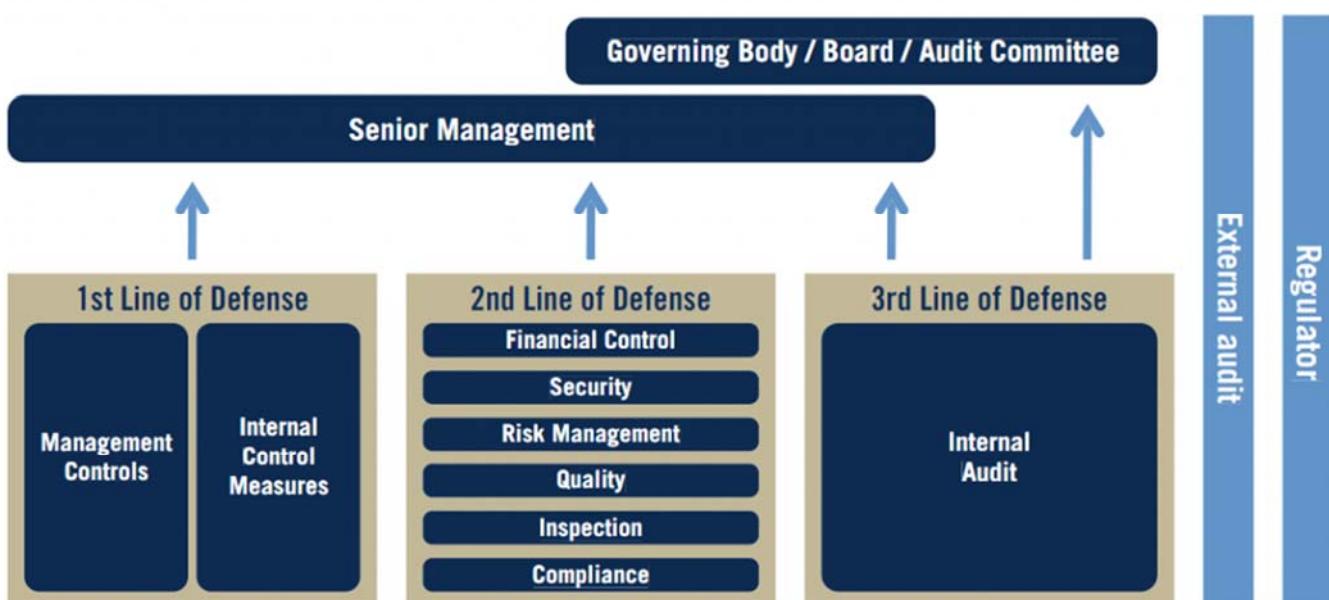
The Company adheres to regional government policies and regulations of its critical production base.

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

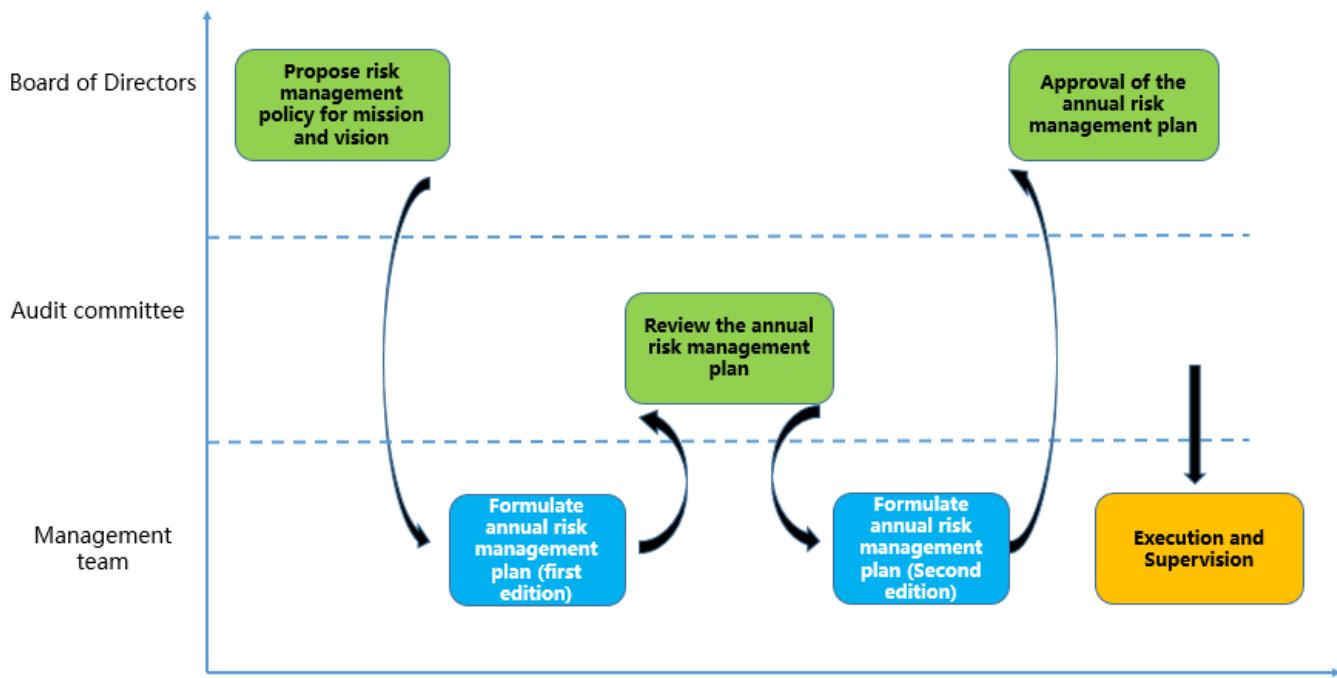
(1) Compal has refer to our organizational chart and the concept of three lines of defense model for risk management issued by the IIA. The specific operation structure and process are shown in the figure as follows:



Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41

(2) We design the risk management planning and strategy development process based on the Strategic Management: A New Perspective for Analysis which was published by professor Dah-Hsian Seetoo. The specific operation structure and process are shown in the figure as follows:

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4. The actual performance of risk management in 2022

The risk management policy of Compal group has been approved by the Board of Directors on March 15, 2022. And the business continuity management policy has been approved by the Board of Directors on August 12, 2022. Comply with the risk management policy, formulate annual plans and gradually improve the risk management mechanism. The relevant work has reported to the Board of Directors on November 11, 2022.

The “Risk Management Policy of Compal Group” has been approved by the Board of Directors on March 15, 2022. And the “Compal Group's Business Continuity Management Policy” has been approved by the Board of Directors on August 12, 2022. With respect to complying the risk management policy, formulating annual plans and gradually improving the risk management mechanism, the relevant implement has reported to the Board of Directors on November 11, 2022.