

# **Compal Electronics, Inc. & its subsidiaries**

## **Procedures for Ethical Management and Guidelines for Conduct**

### **Article 1 Purpose of adoption and scope of application**

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement a policy of ethical management and actively and prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for Corporation and related laws and regulations of the principal place of business of this Corporation and or its group enterprises and organizations with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

### **Article 2 Applicable subjects**

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, or person having substantial control, of this Corporation or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits in whatever form or name by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

### **Article 3 Unethical conduct**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### **Article 4 Types of benefits**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

## Article 5 Responsible unit and duties

This Corporation designate the Legal Affairs Office, HR & ADM Group, and Auditing Office as the solely responsible unit (hereinafter, "responsible unit") , provide it with sufficient resources and competent personnel. Legal Affairs Office and HR & ADM Group are in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and Auditing Office, under the board of directors , is monitoring of implementation, and also submit regular reports (at least once a year) to the board of directors.

The responsible unit shall be in charge of the following matters

1. To help implementing honest and moral values into the corporate business strategy, and according to the laws and regulations, set up related measures to ensure ethical corporate management.
2. To analyze and assess the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. To plan internal organization, make work portfolio, and place monitor and check procedure for works with higher risk that dishonest might happen.
4. To promote the integrity policy and related training.
5. To plan reporting system, and assure its effectiveness.
6. To assist the Board and the management team in inspecting and evaluating the efficiency of measures implemented pursuant to integrity of business and periodically evaluate the compliance in course of regular business and make reports regularly.
7. To prepare and retain properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

## Article 6 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, the benefits set forth in Article 4, the conduct of the given personnel of this Corporation shall be in compliance with the provisions of the Ethical Corporate Management Best Practice Principles for Corporation and these Procedures and Guidelines as well as the relevant procedures:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of this Corporation.

## Article 7 Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, the benefits set forth in Article 4 by a third party, the following procedures shall be applied:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible units of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, regarding returning, accepting on payment, giving as public possessions, making a charitable donation, or handling in another appropriate manner. Such proposal shall be implemented after being reported to and approved by President & CEO and Chairman.

#### Article 8 Prohibition of and handling procedure for facilitating payments

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### Article 9 Procedures for handling political contributions

Political contributions by this Corporation shall be made in accordance with the following provisions, reported to President & CEO and Chairman for approval, and a notification given to the responsible unit:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10 Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to President & CEO and Chairman for approval, along with a notification given to the responsible units. In case the amount of such political contributions meets the criteria of the Rules and Procedures for Board of Directors Meetings, the approval of Board shall be obtained before making such contributions:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 Recusal

When a director, supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12 Special unit in charge of confidentiality regime and its responsibilities, prohibition of disclosing business secrets.

This Corporation shall set up a special unit to take responsible for establishing and implementing the procedures for managing, preserving, and maintaining the confidentiality of its trade secrets, trademark, patent, copyright and other intellectual property, and shall also periodically conduct a review on the results of implementation to ensure the sustained effectiveness of such procedures.

Personnel of this Corporation should obey the procedures of intellectual property specified above, and shall not reveal to any third party any corporation's trade secrets, trademarks, patents, copyrightable works and other intellectual properties, and shall not inquire or collect

any trade secret, trademark, patent, copyrightable work and other intellectual property note related to their duties at work.

**Article 13 Prohibition against unfair competition**

This Corporation shall comply with the Fair Trade Act and related competition laws in course of business activities, and will not refrain in price, manipulate bidding, limit production and quotas, or allocate customers, suppliers, operational territory or business types and the like to share or divide markets

**Article 14 Prevention of caused by products and services to stakeholders**

This Corporation shall collect and have the knowledge of the relevant laws, regulations and related international standards for the products and services provided, and shall summarize and announce the precautions so that its personnel will be able to ensure transparency and security of the information of products and services in course of development, procurement, manufacture, supply or sales thereof.

This Corporation develops and announces on the corporation's website the protection policies of interested party in order to prevent the interested party from directly or indirectly suffering damages in interest, health or safety, arising out of products or services.

**Article 15 Prohibition against insider trading and Non-disclosure agreement**

Personnel of this Corporation shall obey the Securities and Exchange Act, will not engage in insider trade by utilizing the non-public information known to such personnel, and will not disclose such information to any third party for preventing him/her from utilizing such information to engage in insider trade.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

**Article 16 Compliance and announcement of policy of ethical management**

The Corporation's directors and senior management should issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

**Article 17 Ethical management evaluation prior to development of commercial relationships**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive

knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of unethical conduct such as bribery or illegal political contributions.

**Article 18** Statement of ethical management policy to counterparties in commercial dealings  
Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including rebates, commissions, facilitating payments, or other improper benefits provided or accepted through other channels.

**Article 19** Avoidance of commercial dealings with unethical operators  
All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty that may be involve in any unethical conduct in commercial interactions. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

**Article 20** Stipulation of terms of ethical management in contracts  
Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of ethical management part of the terms and conditions of the appropriate contract, stipulating the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been damage suffered by either party therefrom, the party may claim compensation for the damages from the other party, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

**Article 21** Handling of unethical conduct by personnel of this Corporation  
The Corporation encourages internal and external personnel report of unethical conduct and

inappropriate action, if any inappropriate action happened because of false report or malicious accusation made by internal personnel, they should be subject to certain punishment; if those events are serious, they should be dismissed from corporation.

The Corporation has established an internal announcement and independent mailing system and hotline on the corporation's website and internal website which allow internal and external personnel to report. Reporter should provide at least the following information:

1. Reporter 's name, identity card number (whistleblowing reports may be submitted anonymously) and address can be contacted reporter, the telephone number, e-mail
2. Name or other information sufficiently identify characteristic of identity of the reported person.
3. Evidences that need to evaluated.

This Corporation undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:

1. Matters that involved with the general staff should be reported to the head of department. If it involved with directors or executives, should be reported to the independent directors or supervisors
2. Director or officer of the reported of the preceding paragraph and the dedicated units shall be subject to immediate identification of the relevant facts, and will be assisted by other departments when necessary.
3. As proven that the reported personnel is in violation of the relevant laws or indeed the integrity of the Corporation's operating policies and regulations, related actions of such personal should be stopped immediately , and appropriate disposition should be taken. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or the request for damages through legal proceedings should be taken, in order to maintain the company the reputation and interests.
4. Report accepted, the investigation process, the findings should be a written document retention and kept for five years, which can be electronically stored . Before the retention period has not expired, the proceedings related to the content of the report occurs, the relevant information should continue to be kept until the end of the proceedings.
5. If reported violations is verified, the Corporation should ask related units for reviewing the relevant internal control systems and operating procedures, and propose improvement measures to prevent the recurrence of the same behavior.
6. The corporation responsible units should report the reported violations, its treatment and follow-up review of the improvement measures, to the Board of Directors.

#### Article 22 Actions upon event of unethical conduct by others towards this Corporation

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

#### Article 23 Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The Corporation responsible unit should provide written awareness materials annually, to deliver the importance of integrity to the directors, employees and appointees.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and

complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation. This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 Set-up, revise and execution

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

The provisions of the Principles concerning supervisors shall apply *mutatis mutandis* to the independent director members on the audit committee.

Article 25 Ancillary Rules

The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval on May 11, 2015.

The 1st amendment shall be effective subject to the resolution of the board of directors on August 11, 2015.

The 2nd amendment shall be effective subject to the resolution of the board of directors on May 12, 2021.