

Ethical Corporate Management Best Practice Principles for Compal Electronics Inc.

Article 1 Purpose

These Principles are established to assist COMPAL ELECTRONICS, INC. (the "Company") to foster a corporate culture of ethical management and sound development, and construct a reference framework for business operation. The scope of these Principles shall apply to the Company and its subsidiaries.

Article 2 Restriction on Unethical Conduct

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as the "unethical conduct") for purposes of acquiring or maintaining benefits.

Article 3 Types of Benefits

"Benefits" described in these Principles mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 Legal Compliance

The Company complies with the regulations of the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, which is served as the underlying basic premise for the implementation of ethical corporate management.

Article 5 Policies

The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 Preventive Solution

The Company, in accordance with the preceding article philosophy and policies, establishes relevant provisions of the programs to forestall unethical conduct. The Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

Article 7 Scope of Prevention

During the establishment of the prevention programs, the Company shall analyze which business activities within their business scope which are relatively at a higher risk of being involved in an unethical conduct, and shall also strengthen the preventive measures.

Article 8 Undertaking and Execution

The company and its subsidiaries shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy. The company and its subsidiaries shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The company and its subsidiaries shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 Ethical Business Activities

The Company engages in commercial activities in a fair and transparent manner based on the principles of ethical management.

Prior to any commercial transactions, the Company shall consider the legality of their agents, suppliers, clients, or other trading counterparties and determine whether any of such personnel are involved in unethical conduct, and shall also avoid any dealings with personnel having any unethical records.

When entering into contracts with the agents, suppliers, clients, or other trading counterparties of the Company, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 Restriction on Bribery and Acceptance of Bribes

When conducting business, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other interested parties.

Article 11 Restriction on Offering of Illegal Political Contributions

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Restriction on Offering of Improper Charitable Donations or Sponsorships

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 Restriction on Accepting Unreasonable Gifts, Treats or other Improper Interests

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Restriction on Infringement of Intellectual Property Rights

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and shall not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 Restriction on Conducts of Unfair Competition

The Company shall engage in business activities in accordance with applicable

competition laws and regulations, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevent Products or Services from Damaging Interested Parties

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also establish and announce policies on the protection of the rights and interests of consumers or other interested parties, and implement the policies in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other interested parties. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other interested parties, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and Responsibility

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company shall establish a dedicated unit and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and shall report to the board of directors on a regular (at least once a year) basis.

Article 18 Legal Compliance for Duty Execution

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when executing duties.

Article 19 Recusal of Conflict of Interest

The Company establishes policies for preventing conflicts of interest to identify, monitor, and manages risks possibly resulting from unethical conduct, and also

provides appropriate means to directors, supervisors, managers, and other interested parties attending or present at board meetings to voluntarily explain whether their interests are potentially in conflict with those of the Company. When a proposal at a given board of directors meeting is related to the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other interested parties attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. In case where his or her participation is likely to prejudice the interest of the Company, the concerned person shall not participate in discussion of or voting on the proposal and recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 Accounting and Internal Control

The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the company shall base on the assessment of the risk of involvement in unethical conduct and executive the audits. The results of examination shall be reported to senior management and the ethical management dedicated unit and the board of directors.

Article 21 Precautions

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on matters requiring attention during execution of duties.

Article 22 Educational Training and Performance Evaluation

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the Companies' commercial transaction counterparties in order

to allow them to understand the Companies' determination on the implementation of ethical corporate management, relevant policies, prevention programs and the consequences of committing violation and unethical conduct.

Article 23 Violation-Reporting System

The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced to allow company insiders and outsiders to submit reports.
2. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.

When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24 Disciplinary and Appeal System

The Company establishes a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and discloses the details of the violation, and the handling status on the Company's internal website.

Article 25 Information Disclosure

The Company discloses the execution status of the principles of ethical management on its website, annual report and prospectus.

Article 26 Review and Correction of Ethical Management Policies and Measures

The Company monitors the development of relevant local and international regulations concerning ethical corporate management at all times and encourages its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will

be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 Establishment, Amendment, and Implementation

The principles of the company shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the principles have been amended.

When the company submits its principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting.

An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

The provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.

Article 28 Supplementary Provisions

These Principles were established and approved by the board of directors for implementation on 23th, December, 2014.

The first revision was made and approved by the board of directors for implementation on 11th, August, 2015.

The second revision was made and approved by the board of directors for implementation on 11th, November, 2019.