

COMPAL ELECTRONICS, INC.

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1 In order to fulfill corporate social responsibility initiatives and to promote economic, social and environmental balance and sustainable development, COMPAL ELECTRONICS, INC. hereby adopts the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” to be followed.

Article 2 The Principles apply to COMPAL ELECTRONICS, INC. (the “Company”) including the entire operations. The Company actively fulfills corporate social responsibility in the course of business operations to follow the international trend and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3 The Company gives due consideration to the environment, society and corporate governance while pursuing sustainable operations and profits, and also gives due consideration to the rights and interests of the stakeholders in its corporate management and operations.

Article 4 To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
 2. Foster a sustainable environment.
 3. Preserve public welfare.
 4. Enhance disclosure of corporate social responsibility information.
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Article 5 The Company takes into consideration the development of domestic and international corporate social responsibility, the correlation of corporate core business and influences to stakeholders operation as a whole in establishing the policies, systems or relevant management protocols and promotion plans of

corporate social responsibility, which shall be approved by the board of directors.

Chapter 2 Exercising Corporate Governance

Article 6 The Company follows Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies, Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Guidelines for the Adoption of Codes of Ethical Conduct by TWSE/GTSM Listed Companies to establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.

Article 7 The board of directors of the Company exercises the due care of good administrators to urge the company to perform its corporate social responsibility initiatives and examines the results of the implementation and continually makes adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of Compal is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:

1. Identifying the Company's corporate social responsibility mission or vision and declaring its corporate social responsibility policies, systems or relevant management protocols.
2. Making corporate social responsibility programs of the company's operations and development.
3. Assuring to disclose corporate social responsibility information in time and correctly.

The Senior management of the Company is authorized by the board of directors to deal with issues of economy, environment and society generated from operation and reports to the board of directors.

[Article 8](#) The Company is advised to hold educational training for execution of corporate social responsibility regularly.

[Article 9](#) For the purpose of managing corporate social responsibility initiatives, the Company establishes an exclusively dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems or relevant management protocols and programs of the company and reports to the board of directors on a periodic basis regularly.

The Company should establish fair salary remuneration policy to assure salary remuneration planning complying with organization's strategic goals and rights and interests of stakeholders.

Employee performance appraisal system should integrate with corporate social responsibility policies to establish a clear and effective reward and discipline system.

[Article 10](#) The Company respects the rights and interests of stakeholders, should establish stakeholders special region on official website and identifies and understands the reasonable expectations and demands of them through proper communication, and adequately responds to the important corporate social responsibility issues which stakeholders are concerned about.

Chapter 3 Fostering a Sustainable Environment

[Article 11](#) The Company follows relevant environmental laws and regulations and international standards to properly protect the environment and endeavors to promote a sustainable environment when engaging in business operation and inner management.

[Article 12](#) The Company should endeavor to utilize all resources more efficiently and use renewable materials which have low impacts to environment to improve sustainability of natural resources.

[Article 13](#) The Company establishes proper environment management systems based on the following:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable environmental sustainability goals and examining whether such goals should be maintained and whether they are still relevant regularly.
3. Establishing programs or executive measures and examining the achievement regularly.

Article 14 The Company establishes a dedicated unit or assigns dedicated personnel for setting up, promoting and maintaining the environment management system and should hold environment education courses for their managerial officers and employees regularly.

Article 15 The Company should take ecological efficiency into account for operation. Promote and educate the concept of sustainable consumption, and conduct research and development, procurement, production and services in accordance with the following principles to reduce the impact on the natural environment from business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services

Article 16 To improve water use efficiency, the Company should properly and sustainably use water resources and establish relevant management measures.

The Company should establish and improve related environmental protection measures to avoid polluting water, air and land. The Company should use best

effort to reduce adverse impact on human health and environment by adopting correct and executable pollution prevention and control technology measures.

Article 17 The Company adopts international and domestic standards or protocols to perform corporate greenhouse gas inventory and disclosure, the scopes are including the following:

1. Direct Greenhouse Gas Emission: Emission from the Company owned or controlled
2. Indirect Greenhouse Gas Emission: Emission from energy generated by outside of the Company.

The Company should monitor the impact of climate change on operations and should establish company strategies for energy conservation and greenhouse gas reduction based upon operations and the result of greenhouse gas volume check. Such strategies should include obtaining carbon credits to promote and minimize the impact of business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18 The Company complies with related laws and follows International Bill of Human Rights, including gender equity, working rights and discrimination forbiddance.

The Company establishes related management policies and procedures to take responsibility of human rights protection, including the following:

1. Proposing corporate human rights policies or statements.
2. Evaluating the impact from operation activities and inner management to human rights and establishing corresponding handling procedures.
3. Examining the effectiveness of corporate human rights policies and statements regularly.
4. If violating human rights, the Company should disclose the handling procedure of related stakeholders.

The Company complies with internationally recognized principles of the labor force's human rights, including the freedom of association, the right of collective bargaining, caring vulnerable groups, forbidding child labors, eliminating all forms of forced labor, eliminating recruitment and employment discrimination and so on. And the Company should ensure that employment policies do not

contain differential treatments based on gender, race, age, marital and family status to achieve equality and fairness in terms of employment conditions, compensation, welfare, training, evaluation and promotion opportunities.

About violence of labor rights, the Company supplies effective and proper appealing mechanism to assure the fairness and transparency of appealing process. The appealing mechanism should be simple, clear, quick and convenient to feedback properly to appeal from employees.

Article 19 The Company provides information for employees so that the employees have knowledge of their rights under the labor laws of the countries where the company has business operations.

Article 20 The Company provides safe and healthy work environment for employees, including necessary health and first-aid facilities and endeavors to curb dangers to safety and health of employees to prevent from occupational accidents.

The Company should force training on safety and health for employees regularly.

Article 21 The Company creates an environment conducive to the development of employees' careers and establishes effective training programs to foster career skills. The Company should reflect corporate operational performance or outcomes to employees' salary remuneration policies properly to make sure the hiring, remaining and promoting of human resources to achieve the goal of sustainable operation.

Article 22 The Company establishes platforms to facilitate two-way communication between the management and the employees for the employees to obtain relevant information and express their opinions on the company's operations, management and decisions.

The Company should respect the employee representatives' rights to bargain for the working conditions, and should provide employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company should inform employees of operation changes that might have material impacts.

[Article 22-1](#) The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

[Article 23](#) To maintain products and services responsibility and uphold marketing ethics, the Company should assure the transparency and safety of products and services information through research and development, procurement, production and services procedure. And the Company should establish and disclose policies on consumer rights and enforce such consumer rights into operation activities to prevent from damages to consumer rights, health and safety from products and services.

[Article 24](#) The Company ensures the quality of products and services by following the laws and regulations of the government and relevant standards of related industries.

The Company should follow the relevant laws and regulations of the government and international guidelines when marketing or advertising products and services and shall not deceive, mislead, commit fraud or engage in any other activities which would betray customers' trust or damage consumers' rights or interests.

[Article 25](#) The Company should evaluate and manage any kinds of risks which may interrupt operation and lower the impact to customers and society.

The Company should provide a clear and effective appealing procedure to products and services. The Company should handle customers' complaints fairly and timely and should comply with relevant personal information laws and regulations and respect customers' privacy right for sure and protect personal data provided by customers.

[Article 26](#) The Company should assess the impact of procurement on society as well as the environment of the community that the Company is procuring from, and should cooperate with suppliers to jointly foster a stronger sense of corporate social responsibility.

The Company should evaluate whether or not the suppliers have records of impacts on environment and society to avoid contracting with betrayers of corporate social responsibility

The Company's contract with major suppliers should include the conditions that suppliers should comply with corporate social responsibility policies, if there is major impact on environment and society of community where supplying is from, the Company can stop and terminate the contract at any time.

[Article 27](#) The Company should evaluate the impact of business operations on the community and employ qualified personnel to enhance community acceptance. The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information

[Article 28](#) The Company discloses the correlation and reliability of corporate social responsibility information base on related laws and Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies to improve the transparency of information.

[Article 29](#) The Company adopts standards or protocols accepted internationally to produce corporate social responsibility reports to disclose the status of implementation of corporate social responsibility and get the assurance from fair authorization. The contents should be including:

1. The policies, systems or management protocols and programs of implementing corporate social responsibility initiatives.
 2. Major stakeholders and their material aspects.
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3. Results and reviews of exercising of corporate governance, developing sustainable environment, maintaining public welfare and fostering economic development.
 4. Future improvements and goals.
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Chapter 6 Supplementary Provisions

[Article 30](#) The Company should at all times monitor the development of domestic and international corporate social responsibility framework and the change of business environment so as to examine and improve established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility.

[Article 31](#) The Principles take effect after approval of the board of directors and also could be revised as the same approval.

[Article 32](#) The Principles engage to take effect after approval of the board of directors on 23th, December, 2014.
The first revision engage to take effect after approval of the board of directors on 9th, November, 2016.
