



### Article 1 (Purpose)

To ensure the sustainable, stable and healthy development of the company's businesses and operations, we regularly analyze and evaluate business activities with higher risks. Develop risk management policies or counter measures to achieve the company's sustainable operations, good corporate governance, corporate social responsibility and other goals. This policies and procedures are formulated for everyone to follow.

### Article 2 (Scope of operational risk management)

The Company values stakeholders' concerns with material topics in environment, society and corporate governance. The scope of risk management corresponding to the nature of the industry includes the operations, finances, environment, hazards, regulations and the management of other international laws and initiatives, and the risk items include but are not limited to the list below:

1. Ethical management and anti-corruption
2. Shareholders' rights and interests
3. Socioeconomic compliance
4. Operational and market risks
5. Financial, liquidity, credit
6. Interest rate and exchange rate changes
7. Information security management
8. Intellectual property management
9. Climate change and management
10. Wastewater and waste management
11. Occupational safety
12. Product safety
13. Supplier management

### Article 3 (Risk management organizational structure)

The risk management organizational structure includes the board, Corporate Governance and Sustainability Committee, Audit Office, and the management team.

1. Board of directors: The top-level decision-making unit for risk management policies. It confirms the overall effectiveness of risk management and internal control systems.
2. Audit Committee: The company's risk management supervision unit for supervising the overall performance effectiveness of the company's risk management system and provides recommendations on reviewing current situations.
3. Corporate Governance and Sustainability Committee: Promotes and evaluates corporate governance, environment, social responsibility and other related affairs. Reviews and evaluates the Company's risk management policies and objectives for operation, and the appropriateness



Risk Management Policies and Procedures

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Version	2

of the relevant internal control procedures and scope adopted by the Company.

- 4. Audit Office: Formulate audit plans and implementations according to the Company's risk management policies and assessments. Provide improvement suggestions in a timely manner. Promotes the annual self-directed evaluation of the Company's internal control system for each unit to facilitate the Company's risk control.
- 5. Management team: Plan and revise the risk management system in response to the internal and external environment and regulatory changes, and takes corresponding countermeasures for risk management and internal control.

Article 4 (Operation of Risk management)

The Company takes an active and cost-effective approach to manage all potential strategy, operational, financial and hazard risks which may affect the operations and profits, and uses a risk matrix to assess the severity of impact on the Company's operations. The risk levels are defined and put in order, and then adopt the corresponding risk management strategy.

Article 5 (Risk identification)

Each operating unit or responsible department of the company reviews factors such as internal and external environmental, political, economic, or changes in legal regulations during operations, which may adversely affect the achievement of corporate goals.

Article 6 (Risk Analysis)

Each unit must analyze the identified risk events based on actual situations, use various information to judge the possibility of risk events, and determine the impact of the results on the company. The result information of risk analysis shall be used as the basis for risk assessment and solution.

Article 7 (Risk assessment)

Risk assessment refers to comparing the risk level determined by the risk analysis results with the risks that the company's operating scale can manage or the risks that should be reduced or avoided, considering whether the company's operational management systems or operations can prevent risk events, and setting the risk ranking. The results of the risk assessment will serve as the basis for further risk counter measures.

Article 8 (Risk Countermeasures)

Based on the risk analysis and assessment results, we will formulate risk management policies or counter measures for major risk events. Risk management strategies or counter measures include ways to avoid risks, reduce the probability of occurrence, reduce damage, transfer risks and bear residual risks.



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Article 9 (Monitoring)

The company's management implements the internal control and risk supervision and manage according to the business scope of its responsibilities through operational management mechanisms; the audit unit inspects the design and implementation of the internal control system and provides timely improvement suggestions.

The company's risk assessment work should be carried out regularly every year. The Corporate Governance and Sustainable Development Committee will compile a risk management questionnaire based on the company's risk management scope, responsible units, and risk management operations and send it to each responsible unit for risk assessment and summarize the company's risk management operations. and implementation status are reported to the Audit Committee for review and reported to the Board of Directors.

If there are sudden and unpredictable new major risks, a meeting should be held promptly to conduct risk assessment and discuss contingency plans. Relevant forms and meeting minutes should be saved and archived as supporting information. Major risks, risk contingency plans and action plans must be continuously monitored, tracked and reviewed to respond to changes in the environment.

Article 10 (Approval and revision)

This procedure will be implemented after it is approved by the board of directors. The same applies to amendments.