

## Risk Management Policies and Procedures

### Article 1 (Purpose of establishment)

In order to establish a complete risk management system and steadily operate the business towards the goal of sustainable development, the company formulates the company's risk management policies with reference to the "Practical Code of Risk Management for Listed Over-the-Counter Companies" formulated by the Securities OTC Trading Center of the Republic of China. and procedures to strengthen risk management systems.

### Article 2 (Enterprise Risk Management Objectives)

The goal of enterprise risk management is to consider and manage various risks that may affect the achievement of corporate goals through a complete risk management structure, and to achieve the following goals by integrating risk management into operational activities and daily management processes:

1. Achieve corporate goals;
2. Improve management efficiency;
3. Provide reliable information;
4. Effectively allocate resources.

### Article 3 (Establishment of Risk Management Policies and Procedures)

The company should consider the overall scale, business characteristics, risk nature and operating activities of the company and its subsidiaries to formulate applicable risk management policies and procedures, which may cover the following items:

1. Risk management objectives;
2. Risk governance and culture;
3. Risk management organizational structure and responsibilities;
4. Risk management procedures;
5. Risk reporting and disclosure.

The above-mentioned risk management policies and procedures can be reviewed at any time based on changes in the company's internal and external environment to ensure that the design and implementation of the system continue to be effective.

### Article 4 (Risk Management Organizational Structure and Responsibilities)

1. The board of directors is the highest governance unit for risk management. Its responsibilities include:
  - (1) Approval of risk management policies, procedures and structures;
  - (2) Ensure that the operational strategic direction is consistent with the risk management policy;

- (3) Ensure that an appropriate risk management mechanism and risk management culture have been established;
  - (4) Supervise and ensure the effective operation of the overall risk management mechanism;
  - (5) Allocate and assign sufficient and appropriate resources to enable risk management to operate effectively.
2. The Audit Committee shall supervise the operational mechanisms related to risk management. Its responsibilities include:
- (1) Review risk management policies, procedures and structures, and regularly review their applicability and implementation effectiveness;
  - (2) Supervise the risk management mechanism to handle the risks faced by the company and integrate it into the daily operation process;
  - (3) Determine the priority and risk level of risk control;
  - (4) Review the implementation of risk management and make necessary improvement suggestions.
3. The risk management team is responsible for planning, promoting and executing risk management-related matters. The general manager serves as the convener. The team members are designated by the general manager. The team may consider the company's size, business characteristics, risk nature and operating activities, and assign dedicated units or tasks. Composed in a grouping manner, responsibilities include:
- (1) Formulate risk management policies, procedures and structures;
  - (2) Analyze and identify the sources and categories of company risks, and regularly review their applicability;
  - (3) Compile and submit reports on the company's risk management implementation on a regular basis (at least once a year);
  - (4) Assist each department in the implementation of risk management activities;
  - (5) Coordinate cross-departmental interaction and communication in risk management operations;
  - (6) Implement the risk management decisions of the board of directors;
  - (7) Plan risk management-related training to enhance overall risk awareness and culture.
4. Each operating unit is responsible for analyzing and monitoring relevant risks within its affiliated units to ensure that risk control mechanisms and procedures can be effectively implemented. Responsibilities include:
- (1) Responsible for risk identification, analysis, evaluation and response of affiliated units, and establishing relevant crisis management mechanisms when necessary;
  - (2) Regularly report risk management information to the risk management promotion and execution unit;
  - (3) Ensure that the risk management and related control procedures of affiliated units are effectively implemented to comply with risk management policies.

#### Article 5 (Risk Management Procedure)

The risk management process includes five major elements: risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanism, as well as the procedures and methods for the actual implementation of each element.

#### Article 6 (Risk Sources and Categories)

Risk sources and categories can generally be summarized into the following aspects , mainly including: strategic risks, operational risks, financial risks, information security risks , legal compliance risks, labor risks, occupational safety risks , and other emerging risks ( such as climate change or infectious diseases). related risks ) , etc.

The risk management promotion and execution unit should conduct risk analysis based on the company's size, industry, business characteristics, and operating activities, and consider corporate sustainability (including climate change), analyze and identify the sources and categories of risks applicable to the company, and define the company's own risks. Category, carry out relevant detailed risk situation identification for each risk category, and regularly review its applicability.

#### Article 7 (Risk Identification)

Each operating unit should conduct risk identification on the short, medium and long-term goals and business management of its affiliated units based on the company's strategic objectives and the risk management policies and procedures approved by the board of directors.

#### Article 8 (Risk Analysis)

Each operating unit should consider the completeness of existing relevant control measures, past experience, peer cases, etc. for the identified risk events, analyze the probability of occurrence and impact of the risk event, and calculate the risk value accordingly.

#### Article 9 (Risk Assessment)

Each operating unit may plan and implement subsequent risk response plans based on risk analysis results and risk levels.

#### Article 10 (Risk Response)

Each operating unit may formulate relevant treatment plans in response to risks and continuously monitor the implementation of relevant treatment plans.

It is advisable to consider the strategic objectives of the enterprise, the views of internal and external stakeholders, and available resources to determine the risk response method, so that the risk response plan strikes a balance between achieving goals and cost-effectiveness.

#### Article 11 (Risk Supervision and Review)

Risk supervision and review mechanism to review whether the risk management process and related risk countermeasures continue to operate effectively and incorporate relevant review results into performance measurement and reporting matters.

#### Article 12 (Risk Record)

The process and results of risk management execution should be recorded, reviewed and reported through appropriate mechanisms and properly retained for future reference, including risk identification, risk analysis, risk assessment, risk response measures, relevant information sources and risks in the risk management process. Assessment results, etc.

#### Article 13 (Risk Reporting)

The risk management promotion and execution unit should compile the risk information provided by each unit and issue a report on the relevant implementation status of risk management to the board of directors at least once a year.

#### Article 14 (Information Disclosure)

The company should disclose the following risk management-related information on the company website or public information observatory, provide reference to external stakeholders, and update it continuously.

Specific items that should be disclosed include:

1. Risk management policies and procedures;
2. Risk management scope and organizational structure;
3. Risk management operation and execution status (including the frequency and date of reporting to the board of directors).

#### Article 15 (Pay Attention to Domestic and International Developments)

The company should always pay attention to the development of domestic and international enterprise risk management mechanisms, and review and improve the risk management structure established by the company accordingly to enhance the effectiveness of corporate governance.

#### Article 16 (Implementation and Amendment)

These policies and procedures shall come into effect after being approved by the Board of Directors, even if amended.

These policies and procedures were established on August 10, 112, the Republic of China.