

RISK MANAGEMENT POLICIES AND PROCEDURES

● Purpose

In order to manage risks that the company may face various internal or external uncertainties in the course of operation, and ensure stable operation and sustainable development, the "Risk Management Policies and Procedures" are formulated and approved by the board of directors.

● Risk Management Organizational Structure and Responsibilities

- I. Board of Directors: The Company's board of directors is the highest unit of corporate risk management. It aims to comply with laws and regulations, promote and implement the company's overall risk management, understand the risks faced by operations, ensure the effectiveness of risk management, and bear the ultimate responsibility for risk management.
- II. Audit Committee: The committee assists the board of directors in performing risk management responsibilities, reviews risk management policies, procedures, and implementation, reviews their applicability and execution effectiveness, and puts forward necessary suggestions for improvement.
- III. General Manager's Office : The general manager's office is responsible for risk management and is responsible for drafting, analyzing and monitoring related risks and execution reports to ensure the effectiveness of risk control mechanisms and procedures.
- IV. Various business units : The management of each business unit should make every effort to make each employee understand the importance of risk management, carefully evaluate and discover possible risks in the promotion of various businesses, strictly abide by the various risk management systems formulated by the company, and effectively control the risks arising from the execution of various businesses within the scope of authorization.

● Risk Management Process and Scope

The company's risk management mainly considers various types of risks based on risk management practices, materiality principles, and identification of exposed risk factors, and properly manages them in accordance with monitoring, disclosure, reporting, and management procedures.

Summarize possible risk types:

Review Aspect	Risk Type	Risk Factor (Including but not limited to the following factors)
Corporation Governance	Regulation Compliance	<ul style="list-style-type: none"> ● Liability risk of directors and supervisors ● Risk of insufficient information disclosure ● Ethical corporate management ● Internal control operational risks ● Legal norms and major legal litigation cases
Society	HR Risk	<ul style="list-style-type: none"> ● Staff turnover ● Talent Development Management ● Labor issues ● Workplace Harassment / Discrimination ● Bad moral behavior
	Product Safety / Occupational Hazard Risk	<ul style="list-style-type: none"> ● Major labor safety and health incidents ● Occupational Safety and Health and Health Hazards ● Raw materials comply with environmental safety
Economy	Strategy / Policy Objective Risk	<ul style="list-style-type: none"> ● Targeted market ● Innovation service ● M & A integration strategy
	Information Risk	<ul style="list-style-type: none"> ● Information system damage ● Leakage of Confidential Information ● Malware attack
	Financial Risk	<ul style="list-style-type: none"> ● Exchange Rate / Interest Rate Fluctuations ● Credit limit risk ● Financial management commodity trading risk

	Environment	Environmental protection (Climate Change and Natural Disasters)	<ul style="list-style-type: none"> ● Pollution/Flood/Fire/Typhoon ● Greenhouse gas emissions, energy consumption standards ● International / Local environmental laws
	Others	External Factors Risk	Refers to risks other than those mentioned above, but such risks cause major losses to the company, such as epidemic diseases, etc.

● **Risk Monitoring / Management**

Each business unit monitors the business risks of its subordinate departments, and proposes countermeasures, and communicates and reports to the risk management authority and responsibility unit from time to time for management reference.

● **Disclosure of Risk Information**

In addition to disclosing information in accordance with the regulations of the competent authority, the company also discloses information related to risk management in its annual report and website.

● **Execution Operation**

In 2023, based on risk management practices and the principle of materiality, the company will conduct operations related to the environment, society/economy and corporate governance of the company's operations as follows:

Material Issue	Risk evaluation	Execution of Risk Management Operations
Environment	Environmental protection	<ul style="list-style-type: none"> ● The company continues to promote ISO14001 environmental management system certification, and has changed from passively complying with environmental laws and regulations to proactively reducing environmental impact.

			<ul style="list-style-type: none"> ● Promote waste / scrap separation and recycling. ● Continue to implement e-operations (including electronic document management and online systems to reduce paper consumption). ● Greenhouse gas emissions : Continue to implement energy-saving measures to reduce electricity consumption, such as energy-saving air-conditioning, regular maintenance and lighting equipment, and gradually replace LED lamps with higher energy-saving efficiency. 	
	Society / Economy	Product Safety / Information Risk	<ul style="list-style-type: none"> ● Do our best to protect the sustainable development of the earth's environment, reduce the use of harmful substances in product development, and require suppliers to provide raw materials that meet environmental protection. 	

			<ul style="list-style-type: none"> ● The company continues to promote IECQ QC080000 (process management system for motors, electronic parts and products without hazardous substances) to ensure that the company's products comply with environmental safety. ● Continue to promote occupational safety training and publicity. ● Implement ISO27001 information security system certification guidance to improve information security management.
	Corporation Governance	Regulation Compliance	<ul style="list-style-type: none"> ● Ensure that all employees abide by relevant laws and regulations. The company has established relevant organizations and procedures, and conducts education and publicity on integrity management / prevention of insider trading and human rights protection from time to time every year to implement corporate governance

			goals.	
<ul style="list-style-type: none">● After the completion of the implementation at the end of each year, the company will regularly (at least once a year) report the implementation of risk management operations to the board of directors before the first half of the next year.● The implementation status of risk management operations has been reported to the board of directors on January 21, 2022 / January 13, 2023, and next time will be on January 30, 2024.				