Risk Management Execution in 2024

1. The Board of Directors serves as the highest decision-making body for risk management. In alignment with business strategies and environmental changes, the Board approves risk management policies and frameworks to ensure the effectiveness of risk management. On August 7, 2024, the Board of Directors approved the Risk Management Policies and Procedures, which serve as the highest guiding principles for the company's risk management.

2. The Audit Committee is responsible for reviewing risk management policies and procedures, periodically assessing their applicability and execution effectiveness, approving risk tolerance levels, guiding resource allocation, ensuring that the risk management mechanism adequately addresses the risks faced by the company, and reviewing the implementation of risk management to propose necessary improvements.

3. The purpose of risk management operations is to mitigate potential impacts from various risks (such as operational environment, management, finance, accounting, environmental, and occupational safety and health) while enhancing the company's awareness of risk management and strengthening its risk management capabilities.

4. A Risk Management Promotion and Execution Committee has been established as the highest entity for risk management. The committee is led by the General Manager as its highest officer. It plans preventive measures and evaluates the execution effectiveness of plans addressing risks identified by different business units. Additionally, the committee considers the overall company perspective to assess the effects of various risks, facilitates cross-departmental risk management and communication, and achieves the goal of preventing and reducing risks.

5. Risk Management Organizational Structure

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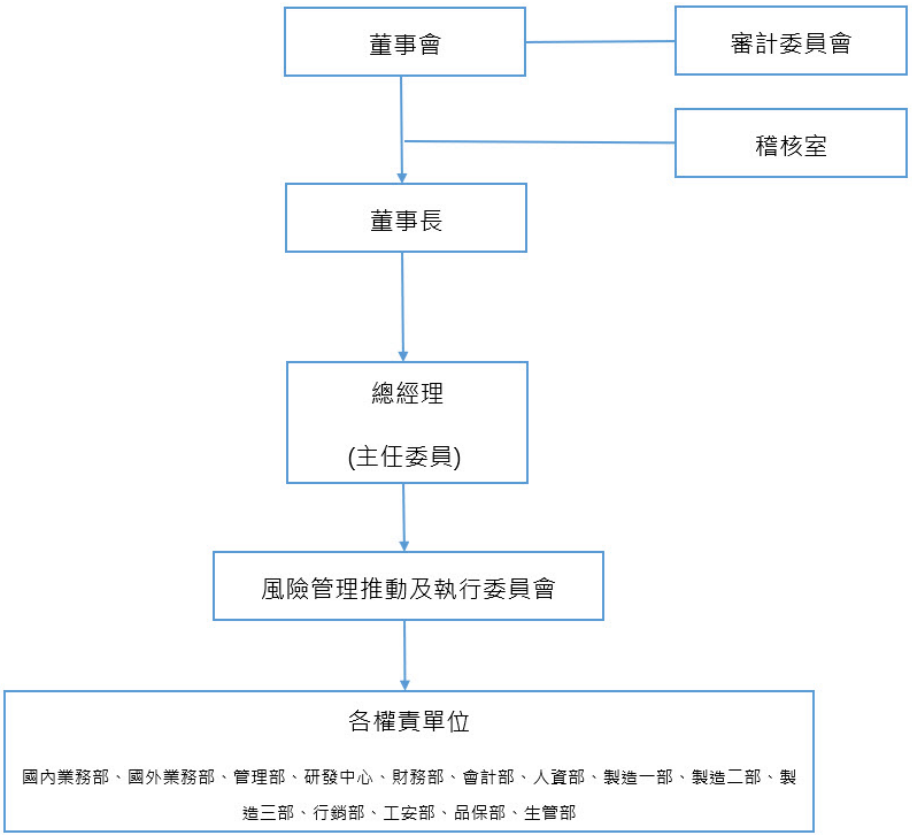

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Risk Identification

- Risk identification refers to the process of analyzing the company's operating environment to determine which events may occur, why they may occur, and how they may occur.

Risk Assessment

- After identifying the potential risk factors it may face, the assessment methods include
- 1. Definition of the Scope of Risk.
- 2. The people, events, and objects affected, the timing of the impact, and the degree of the impact.
- 3.Quantification: Issues, root causes, and impacts.

Risk Monitoring

- Based on risk quantification, develop response strategies to the fullest extent possible and actively implement them to mitigate risks.
- 1.Response strategies and execution options include avoiding the risk, accepting the risk, eliminating the root cause of the risk, altering its likelihood or consequences, sharing the risk, or retaining the risk through an informed decision.
- 2. Response strategies and execution must reduce or eliminate the degree of impact before the affected people, events, or objects are impacted.
- 3. Response strategies and execution must continue until the risk factors are effectively controlled. ◦
- 4. Continuously monitor the effectiveness of execution, and if the measures fail to achieve the expected results, the response strategies must be reviewed and adjusted until the crisis is resolved.

Risk Reporting

- To fully document the risk management process and its execution results, the company should regularly report the risk status to the Board of Directors for management reference.

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Major Risk Management and Response Strategies Identified for 2024

Types of Risks	Causes of Risks	Response Strategies
Climate-Related Risks	Financial Impacts of Climate Change-Related Regulations on Company Operations	1. Establish systems in compliance with regulatory requirements set by governing authorities. 2. Continuously monitor and stay informed about changes in energy and carbon reduction-related policies and regulations. Actively participate in public hearings and discussions on the enactment or amendment of relevant regulations, such as the Climate Change Response Act, to assess the impact of regulatory changes and develop appropriate response measures.
Environment and Climate Change	Extreme weather and natural disasters, such as floods or hurricanes, can cause damage to buildings, injuries to personnel, and disruptions to normal operations.	1. Establish a disaster response mechanism, including prevention, detection, response, and post-disaster recovery, to ensure operational continuity. 2. Continuously prioritize the management and improvement of issues related to energy, water resources, waste, and air pollution. Enhance employees' knowledge through training programs to improve the company's emergency response capabilities and reduce the risk of operational disruptions caused by natural disasters, environmental incidents, and climate change. 3. Appropriately insure company assets to mitigate the impact on operations and minimize profit losses in the event of a hazard.
Market Risk	The impact of industry and technological changes will affect revenue and future competitiveness.	1. Continue prioritizing quality and price in market promotion, avoiding unreasonable practices such as reducing quality for price-cutting sales. 2. Despite reduced demand and numerous competitors for micro-scale products, maintain a certain level of gross profit. 3. Focus future product development on niche areas, such as micro-sized, ultra-large, customized, or specialized products.
Talent Attraction	Shortages in production workforce and the loss of key	1. Develop talent recruitment and retention strategies, along with a succession planning program, to ensure

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Types of Risks	Causes of Risks	Response Strategies
and Retention	talent, creating labor gaps and impacting operations.	seamless workforce transitions and sustainable operations. 2. Implement automation in production lines to reduce dependence on manual labor.
Cybersecurity Risk	● Information System Malfunctions: Abnormalities in information systems may cause operational disruptions, leading to delays in project timelines. ● Loss of Critical Operational Data:	1. Utilize data encryption, authentication, USB disabling, internet access control, and strict access control for confidential company information. 2. Strengthen firewall mechanisms and anti-virus/anti-hacking systems. 3. Conduct regular training sessions and awareness campaigns to promote information security knowledge, enhance cybersecurity education, and increase employee awareness to protect data security. 4. Expand the scope of sensitive data monitoring systems and control portable storage devices (e.g., USB flash drives) to prevent unauthorized access or leakage of sensitive data. Additionally, enhance monitoring for abnormal network access behavior to ensure strict access security controls.

The major risk management and response strategies identified in the year 2023 have been reported to the Audit Committee and the Board of Directors on November 6, 2024.

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