

## **Chicony Power Technology Co., Ltd.**

### **Risk Management Operations**

In order to improve corporate governance, implement risk management in business operations, and ensure the integrity of the company's risk system, the company's board of directors approved the establishment of "Risk Management Policies and Procedures" on August 5, 2011 as the highest guiding principle for the company's risk management.

#### **Risk Management Category**

The Company's risk management at all levels includes the Company's business activities involving operations, finance, environment, hazardous events and climate change. The processes of identifying, measuring, monitoring and reporting various risks should be adjusted in a timely manner in line with changes in the business environment, business and operational activities.

#### **Risk Management Responsibilities**

##### **Board of Directors:**

The Company's Board of Directors is the highest unit responsible for the Company's risk management. Its goal is to comply with laws and regulations, promote and implement the Company's overall risk management, clearly understand the risks faced by the Company's operations, and ensure the effectiveness of risk management.

##### **Audit Office:**

The Company's Audit Office is an independent department under the Board of Directors. It is responsible for implementing internal audits to assist the Board of Directors and managers in examining and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. It also provides timely improvement suggestions to ensure that the internal control system is continuously and effectively implemented and serves as a basis for reviewing and revising the internal control system.

##### **General Manager:**

The General Manager is the convener of the company's risk management plan and coordinates and directs all responsible units to carry out various tasks of the risk management plan; is responsible for business decision-making risk assessment and implementation of response strategies, media public relations and external liaison matters, and the allocation and response of human resources.

##### **Finance Center:**

The Company's Finance Center is responsible for the assessment of financial risks.

##### **Information Office:**

The Information Technology Department of our company is responsible for strengthening information security management and controlling the confidentiality, integrity, availability and possible risks of non-compliance with relevant regulatory requirements of information assets, so as to effectively and reasonably reduce corporate operating risks.

##### **All business and management units:**

Each departmental and unit supervisor should conduct risk assessment and control in daily management operations, emphasize comprehensive risk control by all employees, and implement prevention measures at all levels on a regular basis to help the company control the risks involved within an acceptable range.

The main operations in 2013 are as follows:

(a) The Board of Directors has110Year8moon5(ii) Each executive unit shall identify risks and propose control strategies and practices for potential risks. (See the table below) (iii) The Audit Office shall conduct unit supervision to ensure the risk management awareness and implementation strength of all employees.

Risk Type	Potential Risks	Control strategies and practices
Climate Risk	Weather Pattern Change Drama strong: Natural disasters, water shortages, and water shortages Electricity affects production	1. Each factory area communicates and coordinates with the local government to list the factory area as a priority area for power and water supply 2. Implement disaster prevention measures and regular maintenance 3. Regional risk effectiveness assessment of raw material suppliers 4. Each plant will introduce relevant energy management systems to assess the feasibility of renewable energy installations 5. Each factory area shall be equipped with waterproofing and drainage systems and emergency response measures
Environmental Risk	Global temperature rise (Greenhouse gas emissions Increased volume)	1. Conduct greenhouse gas inventory and pass third-party verification. Taipei Head Office, Dongguan Plant, Suzhou Plant and Chongqing Plant have all completed ISO-14064 verification. 2. Set science-based reduction targets (SBT). The reduction target review was completed on August 10, 2022. The Taipei headquarters and various factories will continue to implement various energy-saving and carbon reduction measures. 3. Increase investment in R&D of energy-efficient products to reduce carbon emissions from products 4. Increase the proportion of environmentally friendly materials in products and reduce the generation of non-recyclable waste
Occupational Safety and Health Insurance	Employee Workplace Safety	1. Taipei Head Office, Dongguan Plant, Suzhou Plant, Chongqing Plant and Thailand Plant have all completed ISO 45001 Occupational Safety and Health Management System Certification 2. Taipei headquarters and factory environmental safety teams conduct regular on-site inspections to reduce hazard risks 3. Implement work environment monitoring to ensure that the workplace environment does not affect the health of employees
	Fire and explosion risk	1. Regarding the safe use of electric soldering irons and high-temperature heating equipment (such as hot air guns, hot melt glue guns, etc.), relevant regulations have been formulated and regularly promoted, requiring colleagues to pay attention to the risks of fire and explosion. 2. In addition to the existing control measures for electric irons, a real-name system for electric irons is implemented to ensure that each electric iron is kept and maintained 3. If the existing high-temperature heating equipment cannot automatically cool down, it is necessary to install an automatic power-off countdown timer and a foolproof cover to reduce the possibility of accidental touch.
	Employee Health Management	1. Health checkup for senior employees: In 2022, the senior health checkup package for supervisors will be expanded to senior employees with more than 15 years of service, and will be opened to employees with more than 10 years of service in 2023 and more than 5 years of service in 2024. This will be done every three years, so that employees can enjoy comprehensive health care. 2. Provide health care and tracking for high-risk employees and always pay attention to the health of colleagues 3. Regularly implement environmental disinfection to provide a healthy environment for colleagues 4. Flu vaccination 5. Healthy Workplace Certification
Information Risk	<ul style="list-style-type: none"> <li>Information system abnormality</li> <li>External attacks</li> <li>Intentional intrusion and destruction</li> <li>General</li> </ul>	1. Obtain ISO 27001 information security management certification in August 2023 2. The system is equipped with firewalls, anti-virus software, cloud ATP (Advanced Threat Protection), email protection and other security measures. Information personnel conduct regular inspections and tests to build a complete anti-intrusion and anti-virus mechanism. 3. Detect the destination websites of company users and block abnormal connections 4. Conduct firewall and internal network vulnerability scans quarterly and patch the vulnerabilities reported 5. Strengthen disaster prevention, monitoring, reporting mechanisms, abnormal management, regular disaster recovery drills and implementation of backup mechanisms 6. Conduct cybersecurity education quarterly to enhance employees' cybersecurity awareness
Financial Risk	Exchange rate fluctuation risk	We adopt natural hedging by offsetting the USD receivables and payables from sales and purchases. We continue to pay attention to the international economic situation and grasp the trend of international exchange rates for hedging by undertaking forward foreign exchange transactions at appropriate times for the net USD position after offsetting and the future flows that may be generated.

The Company's Corporate Sustainability Committee has112Year11moon2The Company shall report on major environmental, social and corporate governance issues related to the Company's operations and the related operations and implementation of risk management at the daily Board of Directors meeting.