

凌巨科技股份有限公司  
GIANTPLUS TECHNOLOGY CO., LTD.

**Risk Management Policies and Procedures**

**Article 1 Purpose**

It is hoped that this Policies and Procedures will provide Giantplus (including all subsidiaries of the group) with the correct concept of risk management, unified communication language and integrated structure, so as to successfully establish, promote risk management and enhance the energy of risk management, and effectively reduce the possibility of operational risks , and avoid the negative effects of various operational risk events on the organization, so as to effectively achieve the organization's goal of assisting customers and suppliers in development, and the organization's sustainable operation.

**Article 2 Basis**

This Policies and Procedures follows the relevant provisions of the "Risk Management Practice Code for Listed and OTC Companies" promulgated by the Financial Supervisory Commission to formulate risk management policies and procedures to strengthen the risk management system.

**Article 3 Scope of Risk Management**

The company's risk management includes the five aspects of the company's operating environment (including climate), society, economy and technology, and others. It follows the relevant laws and regulations, and evaluates, handles, and monitors its major risk impacts.

**Article 4 Risk Governance and Culture**

The company has established a sound risk governance and management structure. Through the participation of the board of directors, the risk management committee, the risk management team and various responsible units, the risk management is linked with the company's strategies and goals, and the company's major risk projects are set. Improve the comprehensiveness, forward-looking and completeness of the risk identification results, and publicize downwards and launch corresponding risk control and response, so as to reasonably ensure the achievement of the company's strategic goals and shape the risk and crisis management culture.

**Article 5 Risk Management Organizational Structure and Responsibilities**

The company's risk management organizational structure includes the board of directors, risk management committee, risk management team and various responsible units. The relevant responsibilities are as follows:

**Board of Directors:** The highest responsible unit for risk management of the company, responsible for approving the company's risk management policies and related norms, supervising the overall implementation of risk management, and ensuring effective risk management and control.

**Risk Management Committee:** The company has set up a risk management committee subordinate to the board of directors to supervise the operation mechanism related to risk

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management and report to the board of directors on a regular basis every year.

**The risk management team**, with the general manager as the convener, conducts a comprehensive assessment of the company's operational risks and emerging risks and submits a risk management report to the risk management committee.

**All responsible units**: The management of each business unit and functional unit regularly conducts relevant risk assessments in operating meetings, and formulates countermeasures and reviews. The managers of each unit are responsible for risk management, and should analyze, monitor, and report the relevant risks of their units, and implement risk control mechanisms and procedures.

**Internal Audit Office**: Responsible for assessing the internal risks of the organization or company in operation, through a series of cyclical audits to ensure that all operating units properly manage risks, and provide suggestions and guidance on risk affairs of the operating department.

#### Article 6 Risk Management Procedures

The company's risk management procedures include risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanisms.

##### 1. Risk identification

1.1 The risk management team of the Risk Management Committee, based on the principle of materiality, considers the possibility of risk occurrence, the degree of impact and other variables, and conducts the identification and analysis of key and emerging risks related to the company's operating environment (including climate), society, economy, technology and others. Evaluate.

1.2 Conduct enterprise-level risk identification at least once a year and report to the Risk Management Committee.

##### 1.3 Risk items and types:

Risk Item	Risk Type
Economic crisis	Credit crisis, near bankruptcy, financing difficulties, fund allocation problems
Natural disasters	Earthquake, storm flood, volcanic eruption, typhoon, tsunami, meteorite strike
Social events	Outbreaks of national epidemic diseases (SARS, H1N1...), travel restrictions and isolation needs caused by diseases
Technical events	Mistakes in production process control, material changes, power supply interruptions, communication problems, information system intrusion (including viruses, old systems)
Political events	wars, civil strife, political changes, trade sanctions, terrorist attacks, racial discrimination
Labor events	Wage inflation, worker strikes, loss of talents in key positions, changes in trade union policies, labor safety and health issues (occupational accidents, car accidents...)
Supply chain risk	Withdrawal from cooperation, interruption of cooperation, joint monopoly, joint vertical and horizontal boycotts, shortage of raw materials, insufficient secondary supply chain, rising cost of raw

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	materials
Competition risks	Price cuts, dissemination of false information, joint monopoly, joint vertical and horizontal suppression
Customer risk	Communication, credit crisis, order risk
Legal events	Changes in legislation, cancellation of relevant tax exemption policies, new restrictive policies, stricter company management review, intellectual property disputes, product confidentiality
Equipment and facilities	Failure of equipment and facilities, new construction of equipment and facilities, alteration or removal of equipment and facilities

**1.4 Classification of risk probability:**

**1.4.1 Classification of risk impacts** - In order to facilitate the identification of the degree of harm brought by risks, the severity of risks is divided into the following three categories:

Level	Occurrence impact /consequence impact	說明
1	Slight	<ol style="list-style-type: none"> <li>1. It affects the company's ability to guarantee energy (achieve the goal) within a reasonable range, and still have the ability to cooperate with the implementation of operational goals and policies.</li> <li>2. It is expected that the economic climate will gradually recover after a short-term recession, and the overdue rate of accounts is still under control. A few financial institutions have delayed payment due to operational problems or other reasons, which will slightly affect the company's operations.</li> </ol>
2	Serious	<ol style="list-style-type: none"> <li>1. The company's ability to guarantee (achieve the goal) is reduced, which affects the ability to cooperate with the implementation of operational goals and policies.</li> <li>2. It is expected that the recession will last for a period of time, and some financial institutions will stop providing assistance. The company will have difficulties in operating and obtaining financing, which will affect the company's operations.</li> </ol>
3	Very Serious	<ol style="list-style-type: none"> <li>1. The company's guaranteed energy (to achieve the goal) has dropped sharply, unable to cooperate with the implementation of operational goals and policies.</li> <li>2. The company lacks financing assistance and cannot develop and operate soundly.</li> <li>3. The affected employees are affected by unemployment, affecting industrial development and social stability.</li> </ol>

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		4. The economy continues to decline, the overdue rate of accounts has risen sharply, financial institutions have stopped providing assistance, and the company's guarantee capacity has dropped sharply, which affects the company's operational development and growth.
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1.4.2 Classification of risk probability - risk occurrence probability refers to the probability of potential risks. For the convenience of identification and definition, the risk probability is defined as 3 levels, as follows:

Level	Probability/ likelihood category	Description
1	Low	It will only occur under special circumstances.
2	Possible	It may happen in some cases.
3	Almost certain	It will happen in most cases.

## 2. Risk analysis

- 2.1 The quality assurance policy guides the process, and each responsible unit should comprehensively assess risks through the process of risk identification, assessment, analysis and evaluation every year, and continuously review and improve and track control.
- 2.2 Using the process performance indicators-risk assessment summary form, according to the content of risk items and types in Item 3 of Article 6, Paragraph 1, and based on the organization's goals and core functions, through internal and external environmental monitoring, analyze the potential of the organization's main operations Possibility and extent of loss, scope of influence, etc.
- 2.3 After identification, for the possible risks, the impact degree is scored according to the three directions of quality, delivery time, and cost. The scoring is filled in according to the risk impact classification in item 1.4.1 of Article 6, Paragraph 1, and the impact is calculated. The total score, and then fill in the current control method.
- 2.4 After identification, evaluate the probability of risk occurrence for possible risks. The evaluation basis refers to the classification of risk probability in Subparagraph 1.4.2 of Article 6, Paragraph 1.
- 2.5 After identification, confirm the calculated total risk score, and take measures to deal with the risk when the risk coefficient reaches a certain value; total risk score = (quality + delivery + cost) \* probability of occurrence.

## 3. Risk assessment

- 3.1 Properly select and evaluate effective methods to deal with risks based on forecasting and measuring the possible harm caused by risks, such as avoiding risks, preventing risks, self-insurance risks, transferring risks, etc. Refer to the red, yellow and green table of risk assessment and the description of the comparison table of risk response measures.

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3.2 The following table shows the range of risk probability, and the risk assessment red, yellow and green tables are reference values.

風險評估紅黃綠表			
衝擊 機率	1	2	3
1	1	2	3
2	2	4	6
3	3	6	9
4	4	8	12
5	5	10	15
6	6	12	18
7	7	14	21
8	8	16	24
9	9	18	27

3.3 Using the risk coefficient as a reference value, the risk response method should be screened according to the actual situation, and the risk response measures should be taken to determine the risk level. The following table shows the range of the risk coefficient and the risk response when the risk coefficient reaches a certain value.  
Measures:

風險應對措施對照表			
風險影響等級	風險發生機率		
	幾乎確定	可能	發生機率低
非常嚴重	高風險	高風險	低風險
嚴重	高風險	一般風險	低風險
輕微	低風險	低風險	低風險

  

風險等級及應採取的措施	
風險等級	風險措施
高風險	應立即採取措施規避或降低風險
一般風險	需採取採取措施降低風險
低風險	風險較低，當採取措施消除風險引起的成本比風險本身引起的損失較大時，接受風險

#### 4. Risk response

For risk response, each responsible unit should formulate relevant treatment plans to ensure that relevant personnel fully understand and implement them, and continuously monitor the implementation of relevant treatment plans.

#### 5. Risk supervision and review

To ensure that risk management is thoroughly implemented, ongoing reviews should be conducted to ensure the effectiveness of the management plan:

5.1 Regular inspection and regular, special monitoring of the progress of the risk management plan.

5.2 The risk report must include the progress of the risk management plan and whether it is still applicable to the internal and external environmental conditions of the organization.

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5.3 To maintain review of the effectiveness of the risk management process, the suitability of controls should be included.

**Article 7 Risk reporting**

In order to implement honest management and corporate governance and strengthen information transparency to meet the expectations of stakeholders, the risk management team should submit a risk management report to the risk management committee at least once a year. And the risk management committee reports to the board of directors.

**Article 8 Risk Information Disclosure**

Risk management reports or annual risk management operations and related implementation are disclosed and continuously updated on the company website or public information observatory.

**Article 9 Risk Record**

Records related to risk management should be implemented in accordance with the GPT-05/0001 document and data control operating procedures, and their retention period should be at least five years.

**Article 10 Implementation and Amendment**

These policies and procedures have been submitted to and adopted by the board of directors. Subsequent amendments thereto shall take effect in the same manner. These policies and procedures are set to take effect on November 9, 2022.