



Document No	P-GM-I-002	Release Date	20201104
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# Risk Management Procedures



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Revise History

Version	Owner	Review	Release Date	Release Explain
A	Chu,Jui-Yang	Chang, Sheng-Shih	201104	First Release



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## 1. Purpose :

This procedure is established to strengthen the Company's governance and enhance its risk management operations.

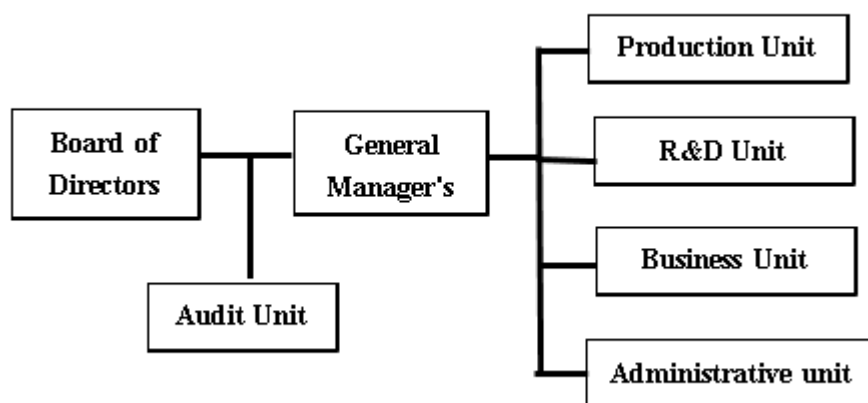
## 2. Scope :

All risk management activities at all levels of the Company shall be governed by the provisions of this procedure.

## 3. Responsibilities :

- 3.1 Board of Directors: Approve risk management policies and frameworks to ensure effective risk management.
- 3.2 General Manager's Office: Implement risk management decisions and coordinate cross-departmental risk management interactions and communications.
- 3.3 Each Department: Department heads shall plan and revise their risk management systems based on internal and external circumstances and regulatory changes. They shall also conduct risk assessments and controls in their daily management operations, implementing a multi-layered approach to effectively manage risk.
- 3.4 Organizational Structure :

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#### 4. Definition :

Formulate strategies and establish effective risk management mechanisms to assess and monitor risk-bearing capacity, determine risk response strategies and the severity of impact on the company's operations, prevent potential losses, and continuously adjust and improve best risk management practices to protect the interests of employees, shareholders and customers and increase corporate value.

#### 5. Assignment Details :

5.1 The Company's risk management scope includes operational risk, market risk, financial risk, and information security risk, including but not limited to other risks that could result in significant losses to the Company. Subsidiaries should establish risk management systems appropriate to their business portfolio, scale, and capitalization, in accordance with the Company's "Risk Management Procedures" and the regulations of local authorities, to effectively manage the various risks they assume. The Company continuously reviews the risk management policies of each subsidiary to ensure they are effectively managing the various risks they assume.

If a subsidiary's risk management scope includes risks not covered in Item 1, the uncovered operating units should also undergo a risk management assessment in accordance with this procedure.

5.2 Risk Categories: Include but are not limited to the following risks



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Operational Risks: These include operating models, strategies, procurement and sales concentration, legal compliance, talent, corporate image, etc.

Market Risks: These include political and economic factors, domestic and international industry competition, etc.

Financial Risks: These include fluctuations in financial markets (interest rates, exchange rates), cash flow, credit and solvency, accounting policies, etc.

Information Security Risks: These include hackers, malware, system failures, and technical risks, etc.

5.3 To fully document the risk management process and its implementation results, the company should report its operational status and risk profile to the board of directors at least annually for reference, ensuring the proper functioning of the management structure and risk control functions.

5.4 Each department shall analyze identified risk events based on practical situations, utilize various information to determine the likelihood of the risk event occurring, and assess the impact of the outcome on the company. When conducting risk analysis, identification, monitoring, and measurement must be carried out in accordance with the company's relevant policies and internal control systems. The results of the risk analysis and the corresponding improvement measures must be reported.

5.5 The Company's risk management is implemented at three levels :

5.5.1 The first level consists of departmental business leaders, who must perform daily risk management activities and conduct risk control assessments in accordance with the internal control systems and internal regulations of the relevant business.

5.5.2 The second level consists of departmental unit managers. Unit managers are responsible for risk management of their respective businesses and should review operating procedures or manuals based on actual business operations. They should also be aware of the latest regulatory amendments and related orders issued by the competent authorities and may amend relevant internal regulations as necessary.

5.5.3 The third level consists of the General Manager's Office, which must review the integrity of the Company's



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key risk management mechanisms, including those related to hazard, operations, finance, strategy, and compliance. They must monitor the relevant risks of each unit in accordance with this procedure and relevant risk management measures, and submit a summary assessment report to the Board of Directors.

- 5.6 Oversight of Risk Management Implementation: Internal auditors will oversee each implementing unit's compliance with approval authority and relevant methods and procedures to ensure risk management awareness and implementation by all employees.
- 5.7 The Company's risk management operations shall be conducted in accordance with the relevant policies and procedures of the competent authority for internal control, except as otherwise provided in these procedures.
- 5.8 In addition to disclosing relevant information as required by the competent authorities, the Company shall also disclose risk management information in its annual report or on its website.
- 5.9 The Company's risk management procedures shall be implemented after approval by the Board of Directors, and this applies to any revisions.

## 6. Reference Document :

Aleees Subsidiary "Risk Management Assessment"

## 7. Related Forms :

- 7.1 Risk Management Assessment Form" of Subsidiary Aleees (D-GM-I-026)
- 7.2 "Risk Management Assessment Summary Form" (D-GM-I-004A)

## 8. Attachments :

None.