

**ThinTech Materials Technology Co., Ltd.**  
**Risk Management Policies and Procedures**

**Chapter 1 General Principles**

Article 1 In order to enhance the Company's stable operation and sustainable development, and to establish a sound risk management mechanism to reasonably ensure the achievement of the Company's strategic objectives, I hereby establish a Risk Management Committee in accordance with Article 27 of the “Code of Corporate Governance Practices for Listed Companies” and formulate the risk management policies and procedures for compliance.

Article 2 These Regulations shall be the basis for the execution of risk management at all levels of the Company. Unless otherwise provided for by law or by the Company's rules/standards, risk management and execution at all levels of the Company shall be conducted in accordance with these Regulations.

**Chapter 2 Risk Management Policy and Scope**

Article 3 The Company's risk management policy is as follows:

- I. Establish and maintain an effective risk management structure to ensure the integrity of risk management operations and implement checks and balances to enhance the effectiveness of segregation of duties.
- II. Establishment of a comprehensive risk identification, measurement, monitoring and control mechanism to keep risks within the company's reach and achieve the goal of rationalizing risks and rewards in order to continuously enhance corporate value.

- III. Establishing communication channels to appropriately communicate and negotiate with internal and external stakeholders to ensure the continuous application and effective operation of risk management.
- IV. Shape the risk management culture and enhance the awareness of risk management in order to fully implement the risk management program.

Article 4 The significant risks involved in each of the Company's businesses are summarized below:

- I. Operational risk: The risk that uncertainties in the Company's production and operation process will affect the Company's normal operations, including but not limited to the following risks:
  - i. Production risk, including major equipment investment, capacity adjustment, utilities, equipment maintenance, industrial safety and other risks.
  - ii. Sales Risk
  - iii. Supply Chain Risks
  - iv. Technology Risk
  - v. Intellectual Property Rights and Patent Risks
  - vi. Reinvestment Risk
  - vii. Human Resources Risk
  - viii. Community Relationship Risk
- II. Financial Risks
- III. Information Security Risks
- IV. Environmental Risks
- V. Compliance Risks
- VI. Other risks: If there are risks other than those listed above that could cause the Company to incur losses, the Company should establish appropriate risk assessment procedures based on the characteristics of the risks and the degree of impact.

## Chapter 3: Risk Management Organizational Structure and Business Execution

Article 5 The organizational structure of the Company's risk management includes the Board of Directors, the Risk Management Committee, the Audit Office, and the Business Execution Unit.

### I. Board of Directors

The Board of Directors is the highest decision-making body for the Company's risk management and is ultimately responsible for the Company's overall risk exposure. The Board of Directors is responsible for approving risk management policies and important risk management systems, and supervising the implementation of the risk management systems to ensure the effective operation of the risk management mechanism.

### II. Risk Management Committee

The Risk Management Committee assists the Board in carrying out its risk management responsibilities and is responsible for reviewing various risk management issues. A “Risk Management Staff Executive Team” has been established under the RMC to assist the RMC in carrying out its risk management duties. The Risk Management Staff Executive Team is responsible for overall risk management issues, including the presentation of risk management reports, integration and coordination of common risk management issues across departments, advocacy and communication of key risk management issues, and implementation and tracking of risk management resolutions referred by the Board or the Risk Management Committee.

### III. audit room

The Audit Office is subordinate to the Board of Directors and assists the Board of Directors and managers in examining

and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. An annual audit plan is prepared based on the risk assessment results and the results of the audit are reported to the Audit Committee and the Board of Directors on a regular basis.

#### IV. Business Execution Units

Each business unit is the direct unit for initial risk identification, assessment and control. The supervisors of the business execution units have the responsibility for risk management and are responsible for supervising and controlling the relevant risks within their respective units to ensure that the Company's risk management system is complete and effective in controlling the relevant risks.

### Chapter IV. Risk management procedures

Article 6 The Company's risk management program consists of the process of identifying, measuring, responding to, monitoring, and reporting on various risks. °

Article 7 When the Company identifies risks, it shall analyze the business environment in which it operates, cover all business and operating activities, and manage each type of risk qualitatively or quantitatively.

Article 8 When the Company and its business units take stock of and identify possible sources of risk, the Company and its business units should consider external and internal environmental factors and other factors in their assessment.

Article 9 After identifying the risks that the Company may be exposed to, the Company should determine the appropriate measurement methodology for risk management depending on the type of risk.

Article 10 Risk measurement includes the analysis and evaluation of risks, which may be quantitative, qualitative or semi-quantitative, with the primary consideration being the effectiveness of the response to the relevant risks. °

Article 11 After assessing and summarizing the risks, each business execution unit should take the following measures to respond appropriately to the risks faced so that the risks can be controlled at an acceptable level.

- I. Risk Avoidance: Adopting an approach of not engaging in activities that may create risks.
- II. Risk Reduction: Measures taken to reduce the impact and/or likelihood of a risk occurring.
- III. Risk Transfer: The transfer of a risk to another person in whole or in part.
- IV. Assumption of Risk: No measures are taken to change the likelihood of the occurrence of the risk and its impact.

Article 12 Each business unit should monitor and control its own business risks according to the scope of its duties and the nature of its business, and in the event of significant or abnormal risks, it should immediately notify and propose countermeasures and provide a report on significant risk management to the risk management staff executive team for regular reporting to the Risk Management Committee, and then report the risk status to the Board of Directors on a regular basis after deliberation. °

## Chapter V. SUBSIDIARY PROVISIONS

Article 13 These bylaws shall come into force after the resolution of the Board of Directors, and shall be amended at the same time. °

Article 14 Amendments to these Regulations (including the Company's Risk Management Policies set forth in Article 3) may be made by the

Risk Management Staff Executive Team by first studying the direction or content of the amendment, submitting the proposal to one of the designated level units, and then sending it to the Vice President and President for review in accordance with the Amendment Procedures of the Regulations, and then after approval by the Chairman of the Board Mr. Chen, the amendment shall be implemented by submitting it to the Risk Management Committee and the Board of Directors for approval in the same order. °

These Articles of Incorporation shall come into force after they have been approved by the Board of Directors and shall be amended accordingly.  
These Articles of Incorporation were established on July 28, 2011, in the Republic of China.