



Powertech Technology Inc.
Risk Management Policy

Approved by the Board meeting on May 7, 2021

Article 1 Objective:

Powertech Technology Inc. (the “Company”) hereby set Risk Management Policy (the “Policy”), in order to implement corporate governance obligation, achieve sustainable development and control the possible internal and external economic, social and environmental risks, and set the Policy as the foundation of risk management.

The risk management policy of the Company is to effectively identify and clarify risks, control risks accordingly, monitor for prevention and reporting, perform risk management on indefinite factors which may threaten the operations of the Company, in order to raise the awareness from employees. The policy aims to control risks within an acceptable range, protect shareholders’ rights, enhance competitiveness and to ensure the attainment of corporate sustainable operations and development.

Article 2 Risk Management Scope:

Various risks involved the Company's current operations include the following:

- I. Macroeconomic risks refer to (1) global politics and economics (2) technological innovations and industry trends (3) changes in the market demand (4) technological R&D process and competition analysis (5) changes in policies, laws, etc.
- II. Operational risks refer to (1) price fluctuations of production operations, supply chain, raw materials, and product (2) customer contract execution (3) human resources or taxation (4) changes in various operating factors such as corporate image and operational rights changes.
- III. Financial risks include (1) market changes and fluctuations such as currency exchange rates, interest rates, taxation, inflation, etc. (2) insufficient liquidity of strategic investment and market transaction volume (3) credit default risks from counterparties transaction (4)

whether the liquidity of financing ability or asset realization is sufficient.

- IV. Hazard risks include (1) sudden natural disasters or damages caused by climate changes, such as typhoons, earthquakes, etc. (2) supply interruption from water, electricity, or other public utilities (3) epidemic (4) social hazards, industrial safety accidents, strikes, etc.
- V. Other risks refer to risks that are not included in the above, but may cause the Company significant losses, such as (1) information security (2) policies, regulations, etc. (such as labor laws, safety, sanitary, environmental protection, trade secrets, personal information protection, corporate governance, trade laws, fair trading laws, and other operating regulations) (3) intellectual property rights, litigation procedures, or other risks.

Article 3 Risk Management Structure and Accountability:

The responsibility of risk management of the Company belongs to all employees, each employee should be aware of risks and perform risk identification, evaluation, and implement control procedures in relation to his/her job. The internal structure and duties of the Company are as follows:

- I. Board of Directors: Board of Directors supervise the risk management operations. The key objective of the Board is to ensure execution of regulation compliance and risk management procedures. The Board shall have a clear understanding from the risks of operations and maintain the validity of the risk management operations.
- II. Each risk group is led by head of each task group unit who are responsible for promoting and supervising the implementation of work by each risk task group. Main responsibilities include: (1) formulate various corresponding risk management policies and related regulations, and submit to the Risk Management Committee for approval (2) establish operating mechanism of risk management of the Company (3) assist and monitor each unit to effectively perform risk management and internal control procedures (4) schedule risk management training programs to strengthen the risk awareness and educate of all employees (5) coordinate cross departmental communication on matters related to risk management.
- III. Audit Department: an independent department under the Board of Directors, is responsible for implementing internal audits to assist the

Board of Directors and managers to check and review the deficiencies of the internal control system and measure the effectiveness and efficiency of operations. It also gives timely improvement recommendations to ensure the internal control system stay effective and efficient, and can be used as a guidance for reviewing and evaluating the internal control system.

Article 4 Risk Management Procedures and Control Mechanism:

For each risk management group facing risk management procedures, the Company establishes risk allowance and tolerance, or stress tests for high risk items to effectively control and manage risks and other processes, including identifying operational process risks, evaluating risk factors, establishing risk indicators, and prevention mechanisms based on the nature of the business.

- I. Risk Identification: Each obligatory risk group should identify the potential risks that the Company may face within its region of responsibility.
- II. Risk Assessment: Each obligatory risk group should have identified potential risk factors and implement adequate assessment methods to provide a basis for risk management.
- III. Risk Monitor: Each obligatory risk group should monitor risks in its business activities. Risk groups should propose countermeasures as appropriate, and submit the risks and their countermeasures to the Risk Management Committee to be presented in related meetings.
- IV. Risk Response: Each obligatory risk group, having assessed and summarized risks, should take appropriate actions in response accordingly. Such as risk identification and clarification, evaluation report and implementation of contingency control project, etc.
- V. Risk Reporting and Disclosure: To record risk management procedures and results in detail, the Risk Management Committee should update the Board of meeting regularly on relevant risks.

Article 5 Support for Execution:

Regarding the uncertainty that may threaten the corporate operations or sustainable development, each obligatory risk group should discuss with related departments, and ask for opinions from external experts to evaluate the risks, give precautionary advice, and have it approved, before taking the corresponding management measures and actions.

Article 6 Basis for Performing Contingency Obligations:

To lower the major artificial, natural disasters or other incidents that occur from time to time, and to avoid the aforementioned to affect the Company's reputation and endanger normal operations, the Company has set the "Regulations for the Implementation of Emergency Response to Plant Disasters" as the basis for compliance. The Company hopes to reduce the damage in time and resume normal operations.

Article 7 Enforcement and Amendment of the Risk Management policies:

The Policy and any amendments hereto shall take effect after adoption by a resolution of the Board of Directors.

The Policy shall come into force from May 7, 2021.