

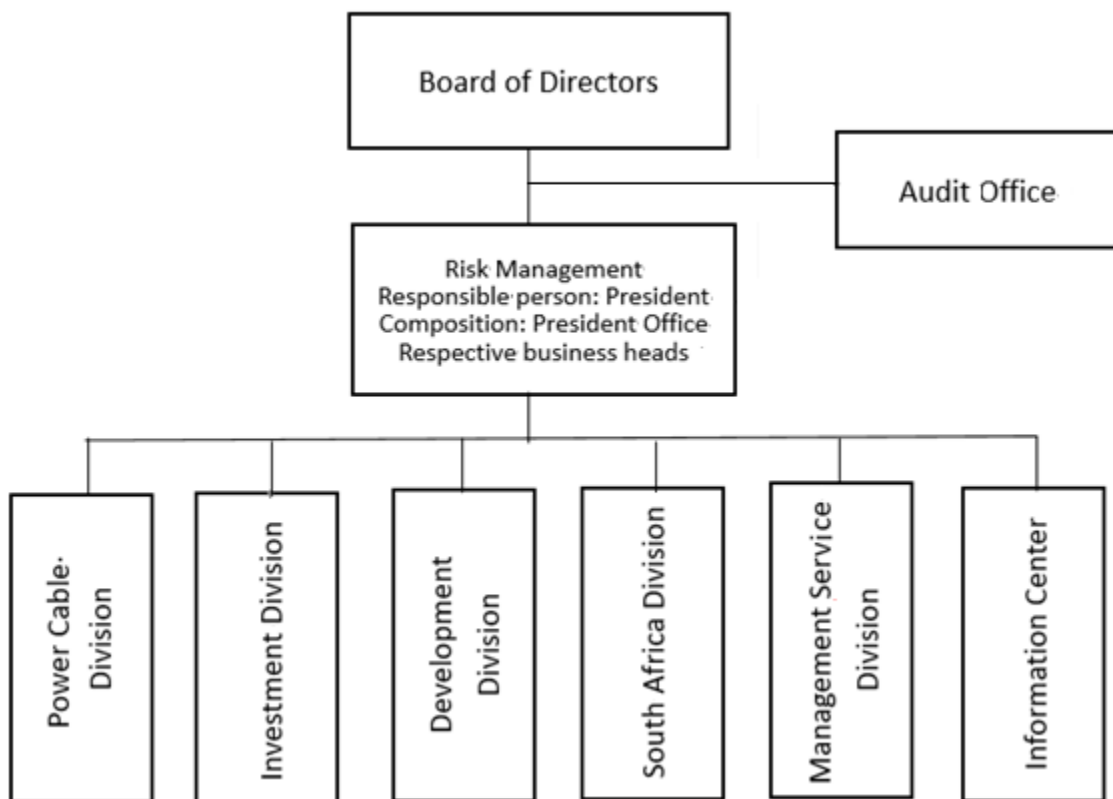
Risk management

Risk Management Policy and Procedures:

In 2022, our company established the "Risk Management Policy and Procedures," which was approved by the board of directors, serving as the highest guiding principle for our company's risk management. Through a framework of risk governance and management, we aim to align risk management with the company's strategies and objectives. With the participation of various units, we integrate risk management awareness into daily decision-making and operational activities, promoting a comprehensive corporate risk management culture.

(For detailed procedures, please refer to our company's website => Investor Services => Corporate Governance => Risk Management Policy and Procedures)

Risk Management Organizational Structure:



Risk Management Processes and Scope:

Our company ensures the functionality of risk management through five major operations: risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanisms. The risk items of our company are categorized into six major categories: strategic, operational, financial, informational, compliance, and others. Each business unit analyzes the probability and impact of identified risk events, compares the risk level with the existing risk tolerance, establishes a risk matrix by setting risk priorities, and plans and executes subsequent risk response strategies based on the risk level.

Risk Item	Responsible Unit	Risk Identification Issue	Impact Level	Impact: Operational	Impact: Financial	Likelihood	Mitigation Strategies
Strategy	Power Cable Division	Copper Price Volatility	High	Causes customers to hesitate and delay purchases. A decrease in copper price affects sales.	Leads to potential losses and delayed payments.	High	<ol style="list-style-type: none"> 1. Quickly adjust pricing and hedge copper purchases in sync with procurement. 2. Expand annual contract customers to maintain baseline sales. 3. Launch copper price charts and sign engineering contracts 4. Introduce time-limited, limited-quantity product sales.
Operations	Power Cable Division	Increase in Raw Material Procurement Costs	High	Affects customer orders as cost quotes rise.	Increases operational expenses.	High	Continuously communicate with suppliers or set pricing based on volume and agree on cost prices for a set period.
	Audit Department	Inaccurate Accounting Operations	High	Mismatch between accounting records and physical inventory.	Financial Losses	High	Supervisors should thoroughly review and support colleagues' operational difficulties and make improvements to increase execution accuracy.
Finance	Investment Division	Trading of Listed and Unlisted Stocks	High	Causes delays in capital movement and operational efficiency.	Investment Losses	High	Carefully evaluate changes in industry conditions and operational status, and establish stop-loss mechanisms.
	Investment Division	Impact of Federal Reserve Interest Rate Policy on Stock, Bond, and Currency Markets	High	Large fluctuations in product value affecting profitability.	Investment Loss or Capital Backlog	High	Monitor economic data and interest rate policies, and diversify products to appropriately spread risks.
Information	Power Cable Division	Deficient System Development and Integration Capabilities	High	Delays or errors in information processing.	1. Additional manpower expenses due to inefficiencies. 2. Unseen costs that could impact profitability.	High	The project office and ITC should integrate systems for improvement.
	ITC	Network Security	High	Risks of internal data theft, hijacking, or system service interruptions.	Risk impact varies depending on the scope of the issue, needing	High	Strengthen internal and external network security, expand projects, and enforce usage regulations for personal information products.
Others	Power Cable Division	Extreme Weather Leading to Natural Disasters and Severe Damage to Plants	High	Affected by natural disasters leading to production delays, and risks to product and raw material storage.	Rising transportation and maintenance costs due to environmental or operational disruptions.	High	<ol style="list-style-type: none"> 1. Pay attention to climate change issues. 2. Ensure timely completion of drainage and factory repairs 3. Properly plan the storage locations for products and raw materials.
	Power Cable Division	Sudden Temperature Increases Due to Climate Change	High	Leads to higher energy costs and the need for carbon credits.	Higher electricity usage and increased costs for purchasing carbon credits due to environmental regulations.	High	<ol style="list-style-type: none"> 1. Improve equipment efficiency and replace with low-energy consumption equipment. 2. Implement carbon reduction plans to lower emissions, reduce carbon credit purchase costs, and enhance operational cost performance.