

Risk assessment and countermeasures

The Company takes an active and cost-effective approach to manage all potential strategy, operational, financial and hazard risks which may affect the operations and profits, and uses a risk matrix to assess the severity of impact on the Company's operations. The risk levels are defined and put in order, and then adopt the corresponding risk management strategy. The management strategies or countermeasures for the major risks items assessed are listed as follows.

Material Topics	Risk Assessment Items	Risk Management Policy or Countermeasures
Corporate Governance	Ethical management and anti-corruption	<ul style="list-style-type: none"> ■ Formulate the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, and establish communication channels for external stakeholders.
	Shareholders' rights and interests	<ul style="list-style-type: none"> ■ Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website.
	Socioeconomic compliance	<ul style="list-style-type: none"> ■ Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control. ■ The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.
Operation	Operational and market risks	<ul style="list-style-type: none"> ■ Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.
	Financial, liquidity, credit	<ul style="list-style-type: none"> ■ Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.
	Interest rate and exchange rate changes	<ul style="list-style-type: none"> ■ Use online exchange rate real-time reporting systems and improve the interactions with financial institutions to determine the trends of exchange rates. Before providing quotations to customers, we first assess the future exchange rate trends and factors which may affect the exchange rates.
	Information security management measures	<ul style="list-style-type: none"> ■ The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From system to application and individual to overall, we fully implement the information security management and control

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		measures to ensure the correctness, integrity and security of information and communication, to achieve information security risk management and protect the results of the Company's operations.
	Intellectual property management measures	<ul style="list-style-type: none"> ■ We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights.
Environment	Climate change and management	<ul style="list-style-type: none"> ■ By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction. ■ We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.
	Wastewater and waste management	<ul style="list-style-type: none"> ■ Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources. ■ The Company specializes in assembly and manufacturing, and only domestic waste water is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce waste water. ■ According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.
Society	Occupational safety	<ul style="list-style-type: none"> ■ Establishment of various strategies according to laws and execution thereof ■ Employee health examinations are held regularly ■ The production workshops are regularly inspected for their noise intensity ■ Promote labor safety education, lectures on fire protection and fire drills.
	Product safety	<ul style="list-style-type: none"> ■ The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements. ■ Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local

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		regulations.
	Supplier management	<ul style="list-style-type: none"> ■ We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers.