

Ennostar Inc. Risk Management Policies & Procedures

Duly resolved by the Board of Directors on February 24, 2022

Article 1 Objectives

These Regulations are duly enacted to launch risk management against the uncertain factors amidst business management that tend to challenge the Company and all key subsidiaries thereunder (hereinafter referred to as “Ennostar”).

Article 2 Scope and authority

The scope of risks and definitions of the categories are primarily under the descriptions of Article VI of these Regulations as the major scope.

These Regulations are duly enacted in compliance with the relevant articles of the “Regulations Governing Handling of Internal Control System by Public Companies” promulgated by the Financial Supervisory Commission: A company listed to public shall duly enact the Risk Management Policies & Procedures to set up valid risk management mechanism to evaluate and supervise its capability to tolerate risks,, the status quo of risks being borne to resolve the strategies to deal with risks and make sure of the performance in compliance with the risk management procedures.

Article 3 Targets

Where carrying out a variety of businesses, Ennostar shall assure effective identification, measurement, supervision and control over all sorts of risks and shall further conduct appropriate appraisal and handling process to have all potential risks put within the tolerable scope so as to accomplish the goals of rational risks and remuneration.

Article 4 Risk management policies

Under its risk management policies, Ennostar defines a variety of risks pursuant to the Company's overall operating policies, set up sound risk management mechanism to identify risks, accurately measure, effectively oversee and strictly control potential risks. Within the scope of tolerable risks, Ennostar tries by all means to prevent potential losses. On the grounds of the environmental changes, both internally and externally, it continually adjusts and enhances the optimal risk management practice to safeguard the sound interests for employees, shareholders, cooperative partners and customers to maximize values to the

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entire company. Ennostar aims at the key points as enumerated below as the top guideline principles in terms of risk management.

1. The management of Ennostar shall be vigilant of the risk management know-how and integrate risk management into its managerial strategies and organizational cultures.
2. Toward major potential risks, Ennostar shall duly set up a sound countermeasure mechanism to identify, evaluate, oversee, control and manage the risks and shall duly set up sound benchmark for measurement
3. The Company shall set up appropriate risk management system and shall, unceasingly, check up and assure that whenever a business is carried out, it could effectively manage the risks within its tolerable scope.

Article 5

The organizational framework and duties in risk management

1. Board of Directors

The Board of Directors shall assume the responsibilities to approve of these Regulations, oversee existent or potential risks of all sorts in accordance with these Regulations and shall further carry out rational layout of resources to assure effective control over risks.

2. ESG Enterprise Sustainability Committee

ESG Enterprise Sustainability Committee is the very unit to take charge of overall risk management related activities. Chairman plays the role as the ipso facto Committee member to convene and chair the Committee conferences. The Chairman shall nominate 2~5 Committee members. The duties and responsibilities are as enumerated below:

- (1) Enact relevant risk operating rules, set up risk management benchmarks and, on a regular basis, oversee and make sure whether Ennostar has put into implementation thoroughly the risk management mechanism, evaluation of categories of risks to assure continued refinement.
- (2) Implement the decisions and policies on risk management as resolved by the Board of Directors and, on a regular basis, check and make sure of sound development, setup and performance in implementation of the overall risk management mechanism in Ennostar.
- (3) Ratify risk feedback strategies and action plans and demand all powers and responsibilities related units of Ennostar to effectively identify, oversee and control a variety of risks.
- (4) Convene ESG Enterprise Sustainability Committee conferences twice

per year as the minimum and invite the ESG-Risk Management Task Force to present reports.

- (5) Examine a variety of risk management reports of Ennostar and, on a regular basis every year, submit the reports to the Board of Directors and respond to the Board of Directors about implementation of risk management in real time.

3. ESG Enterprise Sustainability Committee Risk Management Task Force

- (1) Assist ESG Enterprise Sustainability Committee in carrying out relevant risk management actions.
- (2) Assure that Ennostar identifies risks effectively with sound control activities to accomplish the targets of risk management.
- (3) Convene ranking management of Ennostar into identification of all key risks and newly emerging risks of Ennostar.

4. Internal audit

The Audit Office shall carry out auditing duties independently and shall carry out audit over Ennostar in performance of risk management once per annum as minimum and submit a report about the audit result to the Board of Directors.

5. Board of directors of key subsidiaries

The board of directors shall guide key subsidiaries with sound risk management operations toward all sorts of businesses and shall set up risk management task forces for key subsidiaries to carry out risk management activities.

6. All sorts of functional units

All units concerned shall implement thoroughly implementation of risk management, report and improve the operating process and carry out risk management operations inside respective departments and report the facts of improvement to the risk management task force.

Article 6

Process of risk management

Process of risk management in the Company includes notably: Identification of scope of risks, risk measurement, risk control, risk report & disclosure and feedbacks about risks.

1. Identification of scope of risks

In terms of enterprise risk management procedures inside Ennostar, the high-ranking management level shall, on a regular basis, identify key risks and newly emerging risks and convey the results to key subsidiaries.

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Besides, through risk identification related activities carried out by the key subsidiaries, provide the facts of risk identification and control results to the “ESG Committee, risk management task force” for consolidation and further report to the ESG Enterprise Sustainability Committee to enhance the overall performance related policymaking process.

Ennostar shall, once per annum as the minimum, carry out the enterprise level risk identification the assemble the past hands-on experiences and evaluate the risks likely to occur in the future.

2. Risk measurement

After identification of the risk Ennostar is likely to face up, it shall work out appropriate measurement methods to function as the very grounds of risk management. Besides, Ennostar shall further evaluate risk levels in three aspects as enumerated below:

- (1) Likelihood to occur
- (2) The impacts of a risk are including but not limited to continuity in business operation, financial concern, corporate image and goodwill.
- (3) Validity of control

The Company shall adopt relative analyses to look into and make sure of the possible high interrelationship among the risk factors. Where necessary, the Company shall take a further step to work out risk alleviation plans to minimize risks.

3. Risk feedback and monitoring

After all business related units identify and measure risks, the Company shall set up appropriate feedback mechanism to launch prevention, early warning, countermeasures, risk management and uninterrupted business operation plans to alleviate, transfer or avoid risks and shall further work out relevant records.

Ennostar shall closely monitor control and correction of all sorts of risks. Whenever a risk shows a sign of likely exposure, it shall report to the ESG Enterprise Sustainability Committee in real time.

4. Risk report & disclosure

To adequately record risk management procedures and the results of implementation, the “ESG Committee, Risk Management Task Force “shall submit a report to the ESG Enterprise Sustainability Committee on a semiannual basis as the handy reference to the management.

5. Response to a risk

All functional units shall, after evaluation and assembling of risks, take responsive measures toward the actions the Company is advised to take against the risks it faces.

Article 7

Execution of risk management

1. Risk management hierarchy

Risk management hierarchy	Operation in risk management
The first line responsibilities	All functional units shall play the role held responsible for the risks linked up with the business operation (known as Risk Owner) as the earliest risk finder amidst the internal control system and implementation of the internal specifications, as the direct unit to evaluate and control such risks. The Company emphasizes the comprehensive risk control by entire staff and shall implement layer-by-layer prevention routinely to assure effective risk management.
The second line responsibilities	<p>The competent heads of all functional units or the designated functional/departmental risk management staff shall assume the responsibility toward risk management on the relevant business operation and shall, on the grounds of hands-on business operation, examine the operational rules or working handbooks. Meanwhile, they shall stay vigilant on the up-to-date amendment (revision) of laws and ordinances concerned promulgated by the competent authority and business related laws. Where necessary, they shall update (amend) the internal specifications concerned.</p> <p>Whenever a risk is noticed within the covered business operation, the functional units shall work out and offer countermeasures and shall submit such countermeasures to the Risk Management Task Force and, in turn, submit the same to the ESG Enterprise Sustainability Committee after compilation.</p> <p>Toward the uncertain factors/risks likely to challenge the business management, the Company shall convene the competent and relevant units into discussion before implementation. As the</p>

	actual circumstances may justify, the Company shall consult with the outsourced consultant(s) for their opinions to further evaluate the risks and offer countermeasure proposals before too late.
The third line responsibilities	The convener of the ESG Enterprise Sustainability Committee shall examine the integrity of the key risk management related mechanisms likely to challenge business operation, finance, strategies and law compliance of the Company and its key subsidiaries and shall further, pursuant to these Regulations and relevant risk management rules, monitor all relevant risks of the respective units.

2. Execution of risk management

Toward examination and control of a variety of managerial procedures, the Company shall duly act exactly in accordance with the requirements promulgated by the competent authority(ies) other than implementation in accordance with the operating rules and relevant regulations currently prevalent.

The internal audit personnel shall conduct evaluation to make sure whether the acts taken by the personnel toward risk management have been effectively implemented to assure faithful implementation and compliance in full.

Article 8 Disclosure of risk-related information

The Company shall duly disclose the relevant information as required under the rules promulgated by the competent authority(ies) and shall furthermore disclose such information concerning risk management through the Annual Report, the Company's webpages

Article 9 Amendment to Regulations Governing Risk Management

The ESG Committee, Risk Management Task Force shall, on an annual basis, examine the contents of these Regulations and shall stay vigilant on the update development of risk management systems at home and abroad and, accordingly, evaluate and update these Regulations so as to upgrade the performance of risk management in the Company.

Article 10 These Regulations shall be put into hands-on enforcement after being resolved by the Board of Directors. The same is required in case of an amendment.