

Title : Risk management policies and procedures

Date : 2022.11.04 (Amended)

Article 1 (Purpose of enactment)

These principles are enacted to manage the risks that the company may face from various internal or external uncertainties during its operations and to ensure stable operations and sustainable development.

Article 2 (Objective of risk management)

The objectives of enterprise risk management are to manage through a sound risk management structure various types of risks which may affect an enterprise's accomplishment of objectives and to incorporate risk management in operating activities and the day-to-day management routine for the following purposes:

1. realization of enterprise objectives;
2. enhancement of management efficiency;
3. provision of reliable information;
4. effective allocation of resources.

Article 3 (Risk Governance and Culture)

It is advisable for ALLTOP to, taking into consideration the scale, business features, risk nature, and operating activities of the company, develop a sound risk governance and management structure whereby risk management are linked to the company's strategy and objectives through the participation of the board of directors, functional committees, and senior management. In this way, the company's material risk items are identified, the results of risk identification become more comprehensive, perspective oriented, and complete, and corresponding risk control and measures are promoted and initiated in a top-down manner, to ensure reasonably accomplishment of the company's strategic objectives.

It is advisable for ALLTOP to promote a top-down risk management culture whereby awareness of risk management is integrated in day-to-day decision making and a comprehensive corporate risk management culture is fostered through express risk management representations and undertakings of the governance unit and senior management, the establishment and support of a risk management unit, and the offer of professional training in risk management across the board.

Article 4 (Organization Structure and Duties of Risk Management)

1. Board of Directors : The board of directors is being the top governance unit of risk management. The goal is to comply with laws and regulations and promote and implement ALLTOP's overall risk management. The duties and role of the board of directors are as approve the risk management policy, procedures, and structure; ensure consistency between the direction of

operational strategy and the risk management policy; ensure an appropriate risk management mechanism and risk management culture have been established; understand the risks faced by operations; oversee and ensure effective operation of the entire risk management mechanism; allocate and designate adequate and appropriate resources for effective operations of risk management; and bear ultimate responsibility for risk management.

2. Audit Committee : To assist the Board in executing risk management responsibilities. It shall examine the risk management policy, procedures, and structure, and review their applicability and the effectiveness of their enforcement on a regular basis; approve the risk appetite (risk tolerance) to facilitate allocation of resources; determine the priority order and risk level of risk control; ensure the risk management mechanism is able to address adequately risks faced by the company and incorporate the mechanism in day-to-day operating procedures; examine the enforcement of risk management, propose necessary recommendations for improvement, and report to the board of directors on a regular basis (at least once a year); enforce the risk management policy of the board of directors.
3. General Manager Office : It is duties and role of the risk management promotion and enforcement unit. It shall devise the risk management policy, procedures, and structure; determine the risk appetite (risk tolerance) and develop qualitative and quantitative metrics; analyze and identify sources and types of company risks and review the relevant applicability on a regular basis; compile and present a company risk management enforcement report on a regular basis (at least once a year). In addition to risk management policy making and execution, assist with and oversee the conduct of each department's risk management activities; coordinate interdepartmental interaction and communication in regard to risk management; devise risk management related training programs to enhance overall risk awareness and culture.
4. Various Business Units : The management of each operating unit should make every colleague understand the importance of risk management. These units shall responsible for identification, analysis, and assessment of, and response to, risks of the unit to which it belongs, and create the relevant crisis management mechanism where necessary; present risk management information to the risk management promotion and enforcement unit on a irregular basis; comply with various risk management systems formulated by the company, ensure effective enforcement of risk management and relevant control procedures of the unit to which it belongs, to ensure compliance with the risk management policy.

Article 5 (Risk Management Procedures)

ALLTOP's risk management procedures include risk category identification, risk measurement (analysis, evaluation), risk response, supervision and review, etc.

1. Risk category identification: The Company's main considerations for risk management are based on risk management practices, materiality principles and identification risk factors exposed. Summarize various types of risks and properly manage them according to monitoring, disclosure, reporting and management procedures.

Summarize the possible risk types:

Review Aspect	Risk Types	Risk Factors (including but not limited to the following factors)
Corporation Governance	Regulation Compliance	<ul style="list-style-type: none"> ● Liability risk of directors and supervisors ● Risk of insufficient information disclosure ● Ethical corporate management ● Internal control operational risks ● Legal norms and major legal litigation cases
Society	HR Risk	<ul style="list-style-type: none"> ● Staff turnover ● Talent Development Management ● Labor issues ● Workplace Harassment / Discrimination ● Bad moral behavior
	Product Safety / Occupational Hazard Risk	<ul style="list-style-type: none"> ● Major labor safety and health incidents ● Occupational Safety and Health and Health Hazards ● Raw materials comply with environmental safety
Economy	Strategy / Policy Objective Risk	<ul style="list-style-type: none"> ● Targeted market ● Innovation service ● M & A integration strategy
	Information Risk	<ul style="list-style-type: none"> ● Information system damage ● Leakage of Confidential Information ● Malware attack
	Financial Risk	<ul style="list-style-type: none"> ● Exchange Rate / Interest Rate Fluctuations ● Credit limit risk ● Financial management

		commodity trading risk
Environment	Environmental protection (Climate Change and Natural Disasters)	<ul style="list-style-type: none"> ● Pollution/Flood/Fire/Typhoon ● Greenhouse gas emissions, energy consumption standards ● International / Local environmental laws
Others	External Factors Risk	Refers to risks other than those mentioned above, but such risks cause major losses to the company, such as epidemic diseases, etc.

2. Risk measurement (analysis, evaluation): After each business unit of the Company identifies the risk factors it may face, it should develop appropriate measurement methods as a basis for risk management.
 - (1) The measurement of risk includes the analysis and evaluation of risk, which is to evaluate the impact of risk on the company through the analysis of the possibility of risk events occurring and the degree of negative impact they will have when they occur, as a priority for risk management and Reference basis for selecting response measures.
 - (2) For quantifiable risks, rigorous statistical analysis methods and techniques should be adopted for analysis and management.
 - (3) Other risks that are difficult to quantify are measured in a qualitative manner. Qualitative metrics express the probability of occurrence and degree of impact of a risk event through textual description.
3. Risk response: After assessing and summarizing the risks, each business unit should adopt relevant response plan measures to deal with the risks it faces.
4. Risk oversight and examination: Each business unit monitors the business risks of its affiliated departments and proposes countermeasures from time to time. Communicate and report to the risk management promotion and execution unit for management review reference.

Article 6 (Risk Reporting and Disclosure)

The risk management promotion and enforcement unit shall consolidate the risk information provided by various units, issue risk management related reports to the Audit committee and board of directors on a regular basis, and develop a dynamic management and reporting mechanism, to oversee the effective enforcement of risk management.

In addition to disclosing information in accordance with the regulations of the competent authorities, the company also discloses the following risk management related information on the company website or Market Observation Post System for external stakeholders' reference and shall update said information on an ongoing basis.

Article 7

Attachments and forms: None.

Article 8 (Implementation and revision)

This Charter shall take effect after having been submitted to and approved by Board meeting. Subsequent amendments thereto shall be effected in the same manner.