

Risk Management Policy and Procedures

1. Purpose

In order to strengthen the Company's corporate governance, enhance organizational resilience, and ensure the effective implementation of business strategies, the Company hereby establishes a sound risk management system and operational mechanism to serve as the basis for operational decision-making and sustainable development. These Policy and Procedures are formulated in accordance with the *Risk Management Best Practice Principles for TWSE/TPEx Listed Companies* and relevant regulations.

2. Scope

These Policy and Procedures shall apply to the Company and all of its subsidiaries.

3. Definitions

3.1 Risk

“Risk” means events arising from human factors, natural disasters, climate change, global economic conditions or political situations that may adversely affect the Company’s operations. Risk magnitude is measured based on the frequency of occurrence and the severity of impact.

3.2 Categories of Risk

3.2.1 Strategic Risk

Risks arising from, including but not limited to, insufficient information collection, misjudgment of circumstances, failure to comply with applicable laws and regulations or to respond in a timely manner to regulatory changes, improper execution of legal documents, domestic or international economic or policy factors, technological and industry changes, market demand, and competitive conditions that may have a material impact on the Company.

3.2.2 Operational Risk

Risks arising from, including but not limited to, improper internal operations, systems or personnel (such as production, R&D, quality control, information security, and

talent recruitment), or over-concentration in sales or procurement, which may result in personal injury, asset loss, liability exposure, or net profit loss.

3.2.3 Financial Risk

Risks arising from, including but not limited to, insufficient protection of financial assets and transactions, improper presentation of financial statements, failure to respond in a timely manner to interest rate and foreign exchange fluctuations, insufficient liquidity, inappropriate financing or investment activities, or default by customers or suppliers, which may materially impact the Company.

3.2.4 Compliance Risk

Risks arising from, including but not limited to, non-compliance with applicable laws and regulations, discrepancies between domestic and foreign regulatory requirements, or government investigations, penalties, and external incidents, resulting in damage to the Company's reputation or financial loss.

3.2.5 Integrity Risk

Risks arising from, including but not limited to, fraud, acceptance or provision of improper benefits, conflicts of interest, insider trading, or violations of the Company's ethical business conduct policies and related rules by employees, management or business partners, which may cause the Company to incur legal liabilities, financial losses, or reputational damage.

3.2.6 Other Emerging Risks

Risks not falling into the above categories but which may cause the Company to suffer material losses, such as geopolitical risk, reputational risk, or other emerging risks, including but not limited to natural disasters, infectious diseases, climate change, interruption of utilities (water, electricity or gas), fire, chemical leaks, or other events caused by inadequate preventive or response measures.

3.3 Risk Appetite

The total amount and types of risk that the Company is willing to accept in pursuit of its strategic objectives.

4. Organizational Structure and Responsibilities

4.1 Board of Directors

- 4.1.1 Approve the risk management policy, procedures and framework, and ensure alignment between business strategy and risk management policy.
- 4.1.2 Establish and maintain the risk management culture and mechanisms to ensure overall effectiveness.
- 4.1.3 Regularly supervise the operation of the risk management system and review the handling of material risks.

4.2 Sustainability and Risk Management Committee

- 4.2.1 Review the appropriateness of the risk management policy, procedures, framework and risk appetite.
- 4.2.2 Approve qualitative and quantitative risk tolerance levels and, in accordance with Board resolutions, allocate resources and determine priorities for risk control.
- 4.2.3 Oversee the operation of the Company's risk management mechanism, review implementation status, and propose improvement recommendations.
- 4.2.4 Report risk management performance to the Board of Directors at least once a year.

4.3 Enterprise Sustainability Division

- 4.3.1 Identify, assess and manage risks within its scope of responsibility and establish crisis management mechanisms when necessary.
- 4.3.2 Formulate unit-level risk appetite and measurement standards for review and approval by the Committee.
- 4.3.3 Plan and implement risk management training to enhance risk awareness and culture.
- 4.3.4 Conduct periodic analysis and evaluation in coordination with relevant departments, consolidate results through meetings, and report risk management implementation status to the Sustainability and Risk Management Committee, and cooperate with relevant audits and reviews.
- 4.3.5 Review and revise relevant documents in a timely manner.
- 4.3.6 Consolidate stakeholders' concerns and discuss corresponding key performance indicators (KPIs) with relevant departments.

4.4 Quality Assurance Division

- 4.4.1 Integrate business continuity-related information provided by the emergency response teams and various departments.
- 4.4.2 Convene relevant departments to establish the Business Continuity Management Committee.
- 4.4.3 Integrate business continuity objectives of all emergency response teams and relevant departments and conduct regular audits.
- 4.4.4 Discuss, revise and maintain documents related to the business continuity management system.
- 4.4.5 Cooperate with the Enterprise Sustainability Division in consolidating risk management implementation results.

4.5 Operating Units (see Attachment Form 7.1 – Major Risk Management Summary Table)

- 4.5.1 Be responsible for identifying, analyzing, evaluating and responding to risks within their respective units, and establishing necessary crisis management mechanisms.
- 4.5.2 Regularly report risk management information to the Enterprise Sustainability Division.
- 4.5.3 Ensure the effective implementation of risk management and related control procedures in compliance with this Policy.

4.6 Risk Management Task Force

The Task Force shall be composed of the heads of relevant units. The member roster shall be submitted by the Enterprise Sustainability Division for approval by the President. Any change to the membership shall be subject to the approval of the President and the member roster shall be recompiled and updated in the document entitled “MA-339-01 Organization Chart of the Sustainability and Risk Management Working Group.”

The Chairperson shall be the President or a senior executive designated by the President, and the head of the Enterprise Sustainability Division shall concurrently serve as the Executive Secretary.

4.6.1 Consolidate stakeholders’ concerns and, together with relevant departments,

discuss and determine corresponding risk management objectives.

4.6.2 Consolidate risk events and risk objective management information of all units.

4.6.3 Formulate and revise operating standards, forms and relevant plans in a timely manner.

4.7 Heads of Departments

4.7.1 Assign responsible personnel to execute risk management and business continuity-related tasks.

4.7.2 Review the appropriateness of risk strategies, KPIs and solutions within their units.

4.7.3 Confirm risk management strategies and solutions.

4.8 All Departments

4.8.1 Establish risk management KPIs.

4.8.2 Analyze and assess relevant risk categories and formulate risk management strategies and solutions.

4.8.3 Participate in relevant meetings and supervise staff participation.

4.8.4 Conduct analysis, assessment, planning, implementation and result review at each stage.

4.8.5 Perform other required coordination and support tasks.

5. Operational Content

5.1 Risk Management Objectives

Through a comprehensive risk management framework, the Company manages all types of risks that may affect the achievement of corporate objectives and integrates risk management into daily operations and management processes to achieve the following objectives:

5.1.1 Achieve corporate objectives.

5.1.2 Enhance management effectiveness.

5.1.3 Provide reliable information.

5.1.4 Allocate resources effectively.

5.2 Risk Governance and Culture

The Company establishes a sound risk governance framework and, through the participation of the Board of Directors and senior management, links risk management with corporate strategy and objectives. The Company promotes a top-down risk culture through explicit commitments, dedicated responsible units and employee training programs, so that risk awareness is embedded into daily decision-making and operations.

All units perform their respective duties in coordination and are provided with appropriate resources, thereby jointly implementing comprehensive risk management to reasonably ensure the achievement of the Company's strategic objectives.

5.3 Principles of Risk Management

The Company establishes its risk management system in accordance with the following principles:

5.3.1 Integration

Risk management shall be regarded as an integral part of all activities.

5.3.2 Structured and Comprehensive

Risk management shall be promoted in a structured and comprehensive manner to achieve consistent and comparable results.

5.3.3 Customization

The Company shall establish an appropriate risk management framework and process based on its environment, scale, business characteristics, risk nature and operational activities.

5.3.4 Inclusiveness

The needs and expectations of stakeholders shall be taken into consideration to enhance their understanding of the Company's risk management and, where possible, meet such needs.

5.3.5 Dynamic

The Company shall appropriately and timely predict, monitor, understand and respond to changes in the internal and external environment.

5.3.6 Effective Use of Information

Historical, current information and future trends shall serve as the basis for building

risk management, and relevant information shall be provided to stakeholders in a timely and clear manner.

5.3.7 People and Culture

The Company shall enhance the attention paid to risk management by governance and management units, and through comprehensive training mechanisms at all levels, strengthen overall risk awareness and culture, integrating risk management into corporate governance and daily operations.

5.3.8 Continuous Improvement

The Company shall continuously improve its risk management and related operational processes through learning and experience.

5.4 Risk Management Process

5.4.1 Risk Identification

Identify the risks involved in various business operations and operational processes.

5.4.2 Risk Analysis

Analyze the attributes and impact levels of identified risk factors, and establish appropriate quantitative or qualitative measurement indicators to assess risk levels, risk appetite and tolerance.

5.4.3 Risk Evaluation and Response

Based on the results of risk analysis and considering the cost-effectiveness of resource allocation, determine the priority of risk treatment, control standards, response measures, limitations and exception management mechanisms, implement risk prevention activities, and promptly identify and respond to abnormal situations.

5.4.4 Risk Monitoring

Establish risk monitoring mechanisms and performance indicators to ensure the efficiency and effectiveness of risk management operations, and make timely and appropriate adjustments for continuous improvement.

5.5 Risk Reporting and Disclosure

The Company maintains continuous communication and engagement with stakeholders regarding its risk management policy. In accordance with the approved authorization hierarchy, relevant risk information shall be consolidated into reports

and submitted to the responsible supervisors and relevant meetings for reporting, review and oversight purposes.

Where necessary, material risk matters shall, based on their nature and level of impact, be submitted to the Board of Directors for review and resolution.

The Company shall disclose its risk management policy, organizational structure and operational status in its annual report and on the Company website or in its sustainability report to ensure information transparency and to respond to stakeholders' expectations.

6. Related Documents

6.1 MA-339-01 Organization Chart of the Sustainability and Risk Management Working Group

7. Attachment Forms

7.1 Major Risk Management Summary Table

Risk Category	Risk Description	Operating Unit	Operating Approach and Control Mechanism
Strategic Risk	Risks affecting the Company's operations or financial performance arising from insufficient information, misjudgment of circumstances, inadequate legal compliance, improper execution or performance of legal documents, changes in domestic or international economic or policy environments, technological or industry changes, and changes in demand or competition.	President Office	Discussed and resolved regularly through the Management Committee and implemented in accordance with the internal control system.
Operational Risk	Risks of personal injury, asset loss, liability exposure, or net profit loss arising from improper internal operations, systems or personnel, or concentration of sales and procurement, including management systems for quality, environment and energy resources, occupational safety and health, intellectual property, business continuity and information security, as well as supply	Business Unit Management Teams and Functional Divisions	Annual risk assessments are conducted by the Quality Assurance Division and the Enterprise Sustainability Division, and the results are reported to the respective management system committees.

	chain, inventory, accounts receivable, assets and human resources management.		
Financial Risk	Risks of financial loss arising from insufficient protection of assets and transactions, improper financial statement presentation, interest rate or foreign exchange fluctuations, insufficient liquidity, inappropriate financing or investment activities, or counterparty default.	Finance and Accounting Division	Analyze, evaluate and implement countermeasures in accordance with applicable laws, policies and market changes, and execute in compliance with the internal control system.
Compliance Risk	Risks of reputational or financial loss arising from non-compliance with laws and regulations, regulatory discrepancies, or government investigations or penalties.	All Plants and Functional Units	Each unit monitors regulatory developments within its scope of authority and implements corresponding actions; the Enterprise Sustainability Division consolidates and reports the information.
Integrity Risk	Risks of legal liability, financial loss or reputational damage arising from fraud, acceptance of improper benefits, conflicts of interest, insider trading, or violations of the ethical corporate management policy by employees, management or business partners.	Heads of Departments and All Employees	Implemented through promotion of the ethical corporate management policy, training programs, whistleblowing channels and audit mechanisms, with regular tracking and reporting by the Ethical Corporate Management Office.
Other Emerging Risks	Risks of significant loss arising from natural disasters, infectious diseases, climate change, geopolitical events, interruption of water, electricity or gas supply, fire, chemical leaks, or inadequate preventive or response measures.	President Office and Functional Divisions	Each unit reports to the Management Committee or the Sustainability and Risk Management Committee based on the latest information, formulates response plans and implements countermeasures.