

Chapter 1 General Provisions

Article 1 (Purpose and legal basis)

To ensure the company's stable operation and sustainable development, establish a sound risk management mechanism to reasonably ensure the achievement of the company's strategic goals, this "Risk Management Policies and Procedures" is formulated in accordance with Article 44 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and with reference to "Best Practice Principles on Risk Management for TWSE/ TPEX Listed Companies"

Chapter 2 Risk Management Policy and Scope

Article 2 (Risk Management Policy)

Based on the company's strategic objectives, the Company identify various risks, prevent possible losses, and rationally allocate resources to achieve the goals of protecting the rights and interests of shareholders and stakeholders and the sustainable operation of the company. The company's risk management policies are as follows:

- (1) Construct and maintain an effective risk management structure to ensure the integrity of risk management operations.
- (2) Establish and improve risk management procedures to control risks within the Company's tolerable range, achieve the goal of rationalizing risks and rewards to enhance corporate value.
- (3) Shape and deepen the risk management culture, strengthen risk management awareness of all employees through education, training and performance management, and fully implement risk management.

Article 3 (Scope of Risk Management)

The Company identifies risk categories based on the significance principle of risk. After reviewing the Company's operating characteristics, the main operational risk items are as follows:

- (1) Strategic risks: including changes in the international political and economic situation, industrial development trends, industry competition, technological development directions, changes in important laws, and changes in corporate image and intellectual property rights, which may have an impact on the Company.
- (2) Operational risks: including possible impacts on operations, thereby causing losses to

the company, specifically reflected in:

1. Natural and man-made disasters
 2. New factory construction and production capacity expansion
 3. Key product development and R&D plans
 4. Sales and purchasing are highly concentrated
 5. Litigation and non-litigation events
 6. Intellectual property rights
 7. Planning and inheritance of high-level talents
 8. Change of management rights
 9. Changes in corporate image and improper crisis management
 10. Major product quality customer complaints
- (3) Financial risks: including interest rates, exchange rates, liquidity risks, and credit risks.
- (4) Hazard risks: including greenhouse gas emissions, carbon rights, energy management in response to issues related to climate change, as well as risks in compliance with international and local environmental protection laws and regulations.
- (5) Legal compliance risks: including failure to comply with laws, failure to respond to changes in laws in a timely manner, or improper signing and execution of legal documents, which may harm the company's image or cause significant losses for the company.
- (6) Information security risks: including maintenance and management systems, networks, computers, hosts and related equipment, as well as integrated application, development and maintenance of automated systems, software and other information security risks.
- (7) Other risks: Risks that are not included in the above items and are determined by the risk management team to cause significant losses for the Company.

Chapter 3 Risk Management Structure, Management Procedures, Reporting and Disclosure

Article 4 (Risk Management Structure)

(1) Board of Directors

The company's highest risk management responsible unit is the Board of Directors, which approves risk management policies and related regulations, supervises the effective operation of the risk management mechanism, and allocates appropriate resources.

(2) Audit Committee

Audit Committee is responsible for supervising and ensuring the execution of risk management and reporting the overall risk management results to the Board of Directors at least once a year.

(3) Risk management team

The heads of each responsible unit serve as risk management members, responsible for risk

identification, measurement and control planning, ensuring that each unit implements the risk management system, supervising and monitoring the implementation of risk control of each operating unit, and reporting to the corporate governance officer.

(4) Corporate governance officer

Plan, lead and supervise the risk identification, measurement, control and monitoring of each operating unit, and make timely improvement suggestions.

Supervise the implementation of risk control by each responsible unit, and compile the group's risk matrix based on the response information from each unit, as well as the implementation status of the current year and the risk management plan for the next year, and report to Audit Committee at least once a year.

Article 5 (Risk Management Procedure)

The Company's risk management process includes risk identification, risk measurement, risk control and risk monitoring.

(1) Risk identification

The responsible unit shall identify possible sources of risks for the risk items listed in Article 3 of these Policies and Procedures based on the operating environment, various operating activities and materiality principles, and shall also consider internal and external environmental factors.

(2) Risk measurement

After the company's responsible units identify the risk types and items they may face, they should establish appropriate measurement methods based on different risk types and items. The measurement method can be by quantitative or qualitative analysis to effectively reflect the relevant risks, which serves as the basis for risk management. The measurement of risk includes risk analysis and risk assessment. By analysis of the probability of occurrence of risk events and the degree of impact, the impact of the size of the risk value on the company is assessed, which serves as the basis for subsequent formulation of risk control.

(3) Risk control

After measuring and summarizing the risks, the responsible unit should adopt the following risk management strategies to deal with the risks faced so as to control the risks to an acceptable level.

1. Risk avoidance: Adopt activities that may not involve risks.
2. Reduce risks: Take measures to reduce the impact of risks and/or the possibility of their occurrence.
3. Risk transfer: Transfer part or all of the risk to others.
4. Retain risks: Do not take any measures to change the possibility and impact of risks.

(4) Risk monitoring

The responsible unit should monitor the risks of its business and propose countermeasures, and provide the risks and countermeasures to the risk management team. The risk management team will compile and issue a risk management report, which will be compiled by the corporate governance officer and submitted to the Corporate Sustainable Development Committee.

Article 6 (Risk Reporting and Disclosure)

In addition to disclosing relevant information in accordance with the regulations of the competent authorities, the Company also discloses risk management-related information in the annual report and the company website.

Chapter 4 Enforcement and amendments

Article 7 These Policies and Procedures and any amendments hereto, shall be implemented after adoption by the board of directors.

Article 8 These Policies and Procedures are established on August 12, 2024.

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