

## **Risk Management Policy, Procedures, and Operations**

In order to provide guidelines for risk management operations and ensure the effective management of risks within our company, the "Risk Management Policy and Procedures" were established in 2021. The policy content is regularly reviewed and serves as the company's highest guiding principle.

The Audit Department conducts regular monitoring based on the latest internal audit development requirements and guidelines each year to identify potential risks and implement preventive measures, thereby strengthening risk management. Strategies for managing various risks are formulated, encompassing management objectives, organizational structure, responsibilities, and risk management procedures, which are then implemented to control the risks arising from business activities within acceptable parameters.

### **Scope of Risk Management**

To ensure the Company's sustainable operation and success, the Company actively integrates and manages various strategies, operations, financial aspects, and potential hazards that may impact its operations and profitability in a cost-effective manner. Through regular risk assessments to gauge the severity of operational impacts, the Company defines risk priorities and levels. It then implements corresponding risk management strategies based on these risk levels.

Categorized by risk characteristics, while the Audit Department consolidates all risk management-related affairs, general operational risks are initially identified, assessed, and controlled by respective business units. Projects involving significant risks undergo scrutiny based on their nature and monetary value. They are presented for review by designated project evaluation committees in accordance with company regulations and guidelines. Upon meeting the defined standards, these projects are then submitted for approval to the Board of Directors.

Business units conduct periodic risk factor identification and control, fostering more efficient risk management through better coordination, self-assessment, and execution within the risk management for the organization. Additionally, an annual report on the previous year's risk assessment and risk management operations is presented to the Board of Directors.

### **The organizational structure and responsibilities of our company are as follows:**

#### **1. Board of Directors:**

The highest governance body for risk management in the Company. Aligned with overall operational strategies and business environments, the Board aims to comply with regulations and implement comprehensive risk management. Their responsibilities include:

- 1) Establishing risk management policies, procedures, and frameworks
- 2) Ensuring alignment between operational strategies and management policies
- 3) Guaranteeing the establishment of appropriate risk management mechanisms and culture
- 4) Overseeing and ensuring the effectiveness of the overall risk management mechanisms

5) Allocating adequate resources for effective risk management

2. Audit Department: An independent department under the Board of Directors that regularly audits various units' compliance with internal control systems and audit plans.

3. President of the Company: Responsible for executing risk management decisions and coordinating interdepartmental risk management interactions and communications.

4. Operational Business Unit Managers: Responsible for risk management at various levels. Their roles include:

- 1) Identifying risks within their respective units, analyzing and evaluating them, and establishing relevant crisis management mechanisms when necessary
- 2) Regularly reporting risk management information
- 3) Ensuring the effective execution of risk management-related procedures within their units in accordance with risk management policies

#### Operational Overview:

The Company's risk management process includes cross-departmental communication and data collection to aggregate the various risk' potential impact to the Company, also, it links to the degrees of risk impact to the company's short-, medium- and long-term operational goals to better understand the Company's tolerance for risk influences.

To implement the risk management mechanism, an annual group risk assessment is conducted. The results of these assessments are regularly reported to the Audit Committee and the Board of Directors. (The most recent assessment with result was reported on November 12, 2025, "the Assessment in Year 2026.")

The reports include summaries of the risks faced by the Company of the year, risk response measures, and anticipated improvement plans. Subsequent quarterly tracking and notification to the Audit Department ensure the effective execution and operation of the company's risk management.