

Prospect, Policies, and Procedures for Risk Management

The risk management system and risk transfer planning under corporate governance are the focus of the Company's risk management. The Risk Management Committee (RMC) manages the strategic, financial, operational, and hazard risks. The Company's prospect, policies, and procedures for risk management are documented for the effective management of the risk of exceeding the Company's risk appetite. Risk management tools are used to optimize the total cost of risk management.

I. Risk Management Prospect:

1. Constant provision of products and services to create long-term value for customers, shareholders, employees, and society.
2. Risk management requires systematic organization and operating procedures for risk management; timely and effective identification, assessment, handling, reporting, and monitoring critical risks affecting corporate survival; and strengthening the risk awareness of employees.
3. Instead of pursuing "zero" risks, risk management aims to maximize interest to optimize the risk management cost within the risk appetite.

II. Risk Management Policy:

1. To ensure sustainable development, each year the RMC shall identify, assess, handle, report, and monitor the risks that may cause negative impact on the achievement of the Company's operational goals.
2. Identify and control risks before an accident, inhibit loss during accidents, and restore product and service provision quickly after accidents. Formulate business continuity plans for critical risk scenarios determined by the RMC.
3. Consider the management cost of risks within the Company's risk appetite and handle such risks with different management tools, except for the following circumstances.
 - Risks with negative impact on the life and safety of employees.
 - Risks involving violations of laws and regulations.
 - Risks with negative impact on the Company's reputation.

III. Risk Management Procedure:

1. Establish the RMC and operating procedures for the RMC according to the Company's risk management policy. Hold the RMC meeting once per half year or convene extraordinary meetings in critical situations.
2. Produce the risk radar chart based on the four major risk categories: strategic, financial, operational, and hazard risks.
3. The RMC chief shall define the enterprise-level critical risks. RMC members shall identify risks in each unit and establish risk countermeasures and report, discuss, and determine the risks and countermeasures at the RMC meeting. RMC members shall also follow up the effectiveness of countermeasures.
4. Report the status of risk management to the Audit Committee and Board every year.

IV. These Policies and Procedures shall be implemented upon the approval of the Board. The same shall apply to amendments thereto.

These Policies and Procedures were established on August 5, 2021.