TA YA Electric Wire & Cable Co., Ltd.
Risk Management Principles

Chapter 1: General Provisions

Article 1 (Purpose of Establishment)

This company aims to establish a comprehensive risk management system to steadily conduct business towards sustainable corporate development. With reference to the Risk Management Practical Guidelines for Listed Companies, this guideline is established for compliance. The company should establish its own risk management policies and procedures based on the relevant provisions of these guidelines to strengthen the risk management system.

Article 2 (Enterprise Risk Management Objectives)

The objective of enterprise risk management is to manage various risks that may affect the achievement of corporate goals through a comprehensive risk management framework. By integrating risk management into operational activities and daily management processes, the following objectives can be achieved:

1. Achieve corporate objectives.
2. Enhance management efficiency.
3. Provide reliable information.
4. Efficiently allocate resources.

Article 3 (Enterprise Risk Management Principles)

The company's risk management system should adhere to the following principles:

1. Integration: Treat risk management as part of all activities.
2. Structured and Comprehensive: Promote risk management in a structured and comprehensive manner to achieve consistent and comparable results.
3. Customization: Develop suitable risk management frameworks and processes based on the environment, scale, business characteristics, risk nature, and operational activities of the company.
4. Inclusiveness: Consider the needs and expectations of stakeholders to enhance understanding and meet stakeholders' expectations of enterprise risk management.
5. Dynamism: Predict, monitor, grasp, and respond to changes in the internal and external environment of the enterprise in a timely and appropriate manner.
6. Effective Use of Information: Base risk management on historical, current information, and future trends, and provide information to stakeholders in a timely and clear manner.
7. Personnel and Culture: Promote the importance of risk management at the governance and management levels through comprehensive training mechanisms to enhance the company's overall risk awareness and culture.

8. Continuous Improvement: Continuously improve risk management and related processes through learning and experience.

Article 4 (Establishment of Risk Management Policies and Procedures)
The company should consider the scale, business characteristics, risk nature, and operational activities of the company and its subsidiaries to formulate applicable risk management policies and procedures, which should at least cover the following items:
1. Risk management objectives.
2. Risk governance and culture.
3. Risk management organizational structure and responsibilities.
4. Risk management procedures.
5. Risk reporting and disclosure.
These risk management policies and procedures should be reviewed and adjusted as needed based on changes in the internal and external environment to ensure their continued effectiveness.

Article 5 (Review and Implementation of Risk Management Policies and Procedures)
The risk management policies and procedures formulated by the company should be reviewed by the designated risk governance unit and implemented upon approval by the board of directors. Relevant policies and procedures should be disclosed on the company's website or the Market Observation Post System.

Chapter 2: Risk Governance and Culture

Article 6 (Establishing a Comprehensive Risk Governance and Management Framework)
The company should consider its scale, business characteristics, risk nature, and operational activities to establish a comprehensive risk governance and management framework. Through the participation of the board of directors, functional committees, and senior management, risk management should be linked to the company's strategies and objectives. This framework should define major risk items and ensure comprehensive, forward-looking, and complete risk identification results.

Article 7 (Enhancing Risk Culture)

The company should promote a top-down risk management culture. Through clear risk management statements and commitments by governance units and senior management, the establishment and support of risk management units, and the provision of professional risk management training for all employees, risk management awareness should be integrated into daily decision-making and operational activities, shaping a comprehensive corporate risk management culture.

Article 8 (Providing Adequate Resources and Support)

The company's risk governance and management units should prioritize and support risk management by providing appropriate resources to ensure its effective operation. They are also responsible for the proper functioning of risk management.

Article 9 (Integration and Coordination)
The company should integrate the responsibilities of all internal units when promoting risk management. Execution should involve collective efforts across all units, with effective communication, coordination, and collaboration between units to implement comprehensive business risk management.

Chapter 3: Organization Structure and Duties of Risk Management

Article 10 (Risk Management Organizational Structure)
In addition to having the board of directors as the highest governing body for risk management, the company may consider its scale, business characteristics, risk nature, and operational activities to establish a Risk Management Committee under the board of directors and designate appropriate units to promote and implement risk management.

Article 11 (Establishment of the Risk Management Committee)
To improve and strengthen risk management functions, the company should consider its scale, business characteristics, risk nature, and operational activities to establish a Risk Management Committee under the board of directors. This committee supervises the operation of the risk management mechanism, and more than half of its members should be independent directors, with one serving as the chairperson.
The Risk Management Committee is accountable to the board of directors, and its proposals are subject to board resolution. The committee should establish organizational guidelines, approved by the board, which include details on the number of members, terms of service, duties, rules of procedure, and resources required to exercise its authority.
Alternatively, the company may use other functional committees or task forces to replace the functions of the Risk Management Committee, depending on its scale.

Article 12 (Designation of Risk Management Promotion and Execution Units)
The company should designate or establish appropriate units responsible for planning, executing, and supervising risk management-related affairs. These units may be specialized departments or task forces formed according to the company's scale, business characteristics, risk nature, and operational activities.

Article 13 (Duties and Roles of the Board of Directors)
The board of directors' duties and roles include:
1. Approving risk management policies, procedures, and frameworks.
2. Ensuring alignment between business strategies and risk management policies.
3. Establishing a suitable risk management mechanism and culture.

4. Supervising and ensuring the effective operation of the overall risk management mechanism.
5. Allocating sufficient and appropriate resources for effective risk management.

Article 14 (Roles and Responsibilities of the Risk Management Committee)
The roles and responsibilities of the Risk Management Committee are as follows:

1. Review risk management policies, procedures, and frameworks, and regularly assess their applicability and effectiveness.
2. Approve risk appetite (tolerance) and guide resource allocation.
3. Ensure the risk management mechanism adequately addresses the company's risks and integrates into daily operational processes.
4. Approve the prioritization of risk controls and the classification of risk levels.
5. Review the implementation of risk management, provide necessary improvement recommendations, and report to the Board of Directors periodically (at least once a year).
6. Execute the Board of Directors' decisions on risk management.

Article 15 (Roles and Responsibilities of Risk Management Promotion and Execution Units)
The roles and responsibilities of risk management promotion and execution units are as follows:

1. Develop risk management policies, procedures, and frameworks.
2. Establish the company’s risk appetite (tolerance) and create qualitative and quantitative measurement standards.
3. Analyze and identify the sources and categories of company risks and regularly assess their applicability.
4. Regularly (at least once a year) consolidate and report the status of the company's risk management implementation.
5. Assist and supervise the execution of risk management activities in each department.
6. Coordinate cross-departmental interaction and communication for risk management operations.
7. Implement the Risk Management Committee's decisions on risk management.

8. Plan risk management-related training to enhance overall risk awareness and culture.

Article 16 (Roles and Responsibilities of Operational Units)
The roles and responsibilities of operational units are as follows:

1. Identify, analyze, evaluate, and respond to risks within their respective units, and establish relevant crisis management mechanisms as needed.

2. Regularly report risk management information to the risk management promotion and execution units.

3. Ensure the effective execution of risk management and related control procedures within their units to comply with risk management policies.

Chapter 4: Risk Management Procedures

Article 17 (Risk Management Procedures)
Risk management policies should include risk management procedures, which must cover at least the following five key elements: risk identification, risk analysis, risk assessment, risk response, and monitoring and review mechanisms. Each element should specify the procedures and methods for practical implementation.

Article 18 (Analysis and Identification of Sources and Types of Company Risks)
Risk sources and categories can generally be summarized into the following dimensions: strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, and other emerging risks (e.g., climate change or epidemic-related risks).

Article 19 (Risk Identification)
Each operational unit should identify risks based on the company's strategic objectives and the risk management policies and procedures approved by the Board of Directors. The identification process should align with the unit's short-, medium-, and long-term goals and responsibilities.
Risk identification should utilize feasible analytical tools and methods (e.g., process analysis, scenario analysis, surveys, PESTLE analysis) based on past experiences and information. Internal and external risk factors, as well as stakeholders' concerns, should be considered. A comprehensive identification process combining "bottom-up" and "top-down" approaches should be employed to pinpoint potential risk events that may hinder the achievement of the company's goals or cause losses or negative impacts.

Article 20 (Risk Analysis)
Risk analysis primarily involves understanding the nature and characteristics of identified risk events and analyzing their likelihood of occurrence and potential impact, thus calculating risk values.
Each operational unit should evaluate identified risk events by considering the

completeness of existing control measures, past experiences, industry cases, and other relevant factors. This evaluation helps determine the likelihood and impact of the risk events to calculate their risk values.

Article 21 (Metrics of risk analysis)

Risk management promotion and execution units should establish appropriate quantitative or qualitative measurement standards based on the company's risk characteristics. These standards will serve as the basis for risk analysis.

- **Qualitative standards**: Express the likelihood and impact of risk events through descriptive terms.
- **Quantitative standards**: Use measurable indicators (e.g., days, percentages, monetary amounts, numbers of people) to express the likelihood and impact of risk events.

Article 22 (Risk Appetite)

Risk management promotion and execution units should propose the company's risk appetite (tolerance) for approval by the Risk Management Committee. This determines the acceptable risk limits for the company. Based on the risk appetite, corresponding risk levels and response measures for various risk values should be developed. These measures will serve as a reference for subsequent risk assessments and responses.

Article 23 (Risk Evaluation)

The purpose of risk assessment is to provide a basis for corporate decision-making. By comparing the results of risk analysis with the approved risk appetite, priority risk events requiring attention can be identified. These results will inform the selection of response measures.

Operational units should plan and execute subsequent risk response measures based on the results of risk analysis and the risk appetite approved by the Risk Management Committee. All risk analysis and assessment results should be properly documented and submitted to the Risk Management Committee for approval.

Article 24 (Risk Response)

Appropriate risk response plans should be developed to ensure that relevant personnel fully understand and implement them. The execution of these plans should be continuously monitored.

Enterprises should consider their strategic objectives, the perspectives of internal and external stakeholders, risk appetite, and available resources when selecting risk response measures. This ensures a balance between achieving objectives and cost-effectiveness.

Article 25 (Risk Oversight and Examination)

Monitoring and review mechanisms should be clearly defined within the risk management procedures to ensure that risk management processes and related countermeasures continue to operate effectively. The review results should be incorporated into performance

measurement and reporting.
Risk management should be linked with critical organizational processes to effectively monitor and enhance the benefits of risk management implementation.

Chapter 5: Risk Reporting and Disclosure

Article 26 (Risk Documentation)
The processes and results of risk management should be properly recorded, reviewed, and reported through appropriate mechanisms. These records should include risk identification, risk analysis, risk assessment, risk response measures, sources of related information, and risk evaluation results.

Article 27 (Risk Reporting)
Risk reporting is an essential part of corporate governance. It should consider different stakeholders' specific information needs and requirements, the frequency and timeliness of reporting, reporting methods, and the relevance of the information to organizational goals and decision-making. This supports senior management and governance units in making informed risk decisions and fulfilling their risk management responsibilities.

Article 28 (Risk Disclosure)
The company should disclose the following risk management-related information on its website or the Market Observation Post System for external stakeholders' reference and ensure continuous updates:
1. Risk management policies and procedures.
2. Risk governance and management organizational structure.
3. Risk management operations and implementation status (including reporting frequency and dates to the board of directors and committees).

Chapter 6: Supplementary Provisions

Article 29 (Attention to Domestic and International Developments)
The company should continuously monitor domestic and international developments in corporate risk management mechanisms to review and improve its risk management framework and enhance corporate governance effectiveness.

Article 30 (Implementation)
This guideline shall be implemented upon approval by the board of directors, with the same applying to any amendments. This guideline was established on November 1, 2022.