

Coretronic Corporation Risk Management Policy

Article 1. To ensure the integrity of the Company's risk management system, effectively manage various internal and external risks faced during business operations, and guarantee the achievement of operational goals, this Risk Management Policy is hereby established to protect shareholder equity and pursue corporate sustainable development.

Article 2. Risk Management Organizational Structure and Responsibilities

1. The Board of Directors and the Audit Committee: Responsible for formulating risk management policies, frameworks, and culture, and ensuring the overall effectiveness of the risk management mechanism.
2. The Internal Audit Office: Based on the Company's internal control and audit plans, the office shall regularly audit whether each business unit effectively executes risk controls, generate audit reports based on the findings, and track the progress of subsequent improvements.
3. The Risk Management Team: Responsible for executing the risk management decisions made by the Board of Directors, coordinating cross-departmental risk management interactions and communication, managing operational decision-making planning, and evaluating medium-to-long-term investment benefits to mitigate strategic risks. The “Risk Management Team” integrates all risk management units, falls under the ESG Committee, and is led by the Chief Financial Officer (CFO). The team identifies risk factors and implements risk controls in accordance with this Policy to enhance the efficiency of command, self-assessment, and execution within the risk management organization, and regularly reports risk management implementation status to the Audit Committee and the Board of Directors.
 - Display Business Group: Responsible for executing day-to-day risk management activities and conducting self-assessments on risk control activities.
 - Corporate Headquarters Units: Responsible for financial risk assessments, human resource allocation and contingency planning, execution of various insurance operations, media public relations and external communications, as well as the review and establishment of legal compliance and intellectual property rights.
 - Crisis Management Team: Responsible for setting crisis management objectives, detecting and analyzing potential crises, identifying, assessing, and preventing crises, as well as resolving crises and managing post-crisis recovery.



Article 3. Risk Management Scope and Identification Procedures

To implement risk management and effectively detect, analyze, and identify relevant risk items, the Company categorizes its risk identification scope into six major categories based on global economic, financial, environmental, and industrial changes, combined with sustainable development goals, annual material topics, and stakeholder concerns: Corporate Risk, Financial Risk, Information Risk, Operational Risk, Human Resources Risk, and Emerging Risk. Through discussion and analysis, the Company synthesizes past experiences and forecasts future scenarios to systematically identify and classify risks, serving as a reference for subsequent measurement, monitoring, and management.

In the first stage, managers at or above the middle management level complete surveys regarding the probability of occurrence and degree of impact for each risk item across the short, medium, and long term, filtering out the top 20 risk topics. In the second stage, executive management evaluates these top 20 risk topics to further select the top 10 risk topics and generate a Risk Matrix. Risks are then managed hierarchically based on their probability of occurrence and degree of impact, with corresponding mitigation measures formulated and executed.

Article 4. Risk Monitoring

Continuous monitoring of risks during operational activities helps maintain real-time grasp of risks, evaluate various risk exposure conditions, and ensure appropriate reporting. This enables the adoption of proper response measures and serves as a reference for improving relevant operational processes.

Article 5. Risk Management Reporting

The Office of the Chief Financial Officer (CFO Office) shall regularly report the status of risk management implementation to the Audit Committee and the Board of Directors.

Article 6. Risk Information Disclosure

In addition to disclosing relevant information in accordance with regulatory authority requirements, the Company shall also disclose risk management-related information in its Annual Report and on the corporate website.

Article 7. The Company shall constantly monitor domestic and international developments in risk management, utilizing them to review and improve the risk management policy established by the Company in order to enhance risk management effectiveness.

Article 8. This Policy shall be implemented upon approval by the Board of Directors, and the same procedure shall apply to any subsequent amendments.