



## Winbond Electronics Corporation Risk Management Policy and Procedure

### **Article 1 (Purpose of Establishment)**

In order to operate steadily and sustainably, the company has formulated the company's risk management policy and procedures in accordance with the Risk Management Practice Guidelines jointly formulated by the Taiwan Stock Exchange Corporation and the Taiwan Securities Association.

### **Article 2 (Establishment of Risk Management Policy and Procedure)**

The company's risk management policy and procedures include, but are not limited to, the following items:

1. Risk management objectives;
2. Risk management organizational structure and responsibilities;
3. Risk management procedures;

### **Article 3 (Risk Management Objectives)**

The company intends to manage various risks that may affect the achievement of the company's objectives through a sound risk management framework, and to achieve the following objectives by integrating risk management into operational activities and daily management processes:

1. Achieve company goals;
2. Improve management efficiency;
3. Provide reliable information;
4. Effectively allocate resources.

### **Article 4 (Risk Management Organizational Structure and Responsibilities)**

1. Board of Directors:  
The company's board of directors is the highest governance unit for the company's risk management, approving the risk management mechanism and ensuring its effective operation.
2. Risk Management Committee:  
Subordinate to the board of directors, it is responsible for the overall management of the risk management mechanism and other matters. Its responsibilities are clearly stipulated in the Risk Management Committee Charter.
3. Risk Management Team established by the senior management level appointed by the board of directors:  
Responsible for identifying and assessing risks, implementing risk control plans, establishing qualitative and quantitative management standards, and improving risk control practices. Regularly report the results of risk management to the Risk Management Committee.
4. The company's various functional units and subsidiaries:  
The person in charge of the company's various functional units and subsidiaries is responsible for risk management, responsible for identifying, assessing, and monitoring relevant risks within their respective units, and ensuring that the risk control mechanism and procedures can be effectively implemented.
5. The company emphasizes comprehensive risk management for all employees, implementing preventive measures at all levels to effectively manage risks.

## Article 5 (Risk Management Procedures)

The company's risk management procedures include at least the following five elements: risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanisms. The actual implementation procedures and methods of each element are as follows:

### 1. Risk Identification

Each functional unit and subsidiary should conduct risk identification based on the company's strategic goals and the risk management policy and procedures approved by the board of directors, based on its short, medium, and long-term goals and business operations.

Risk identification should use various feasible analysis tools and methods (such as process analysis, scenario analysis, questionnaire surveys, PESTLE analysis, etc.), based on past experience and information, and consider internal and external risk factors, stakeholder concerns, etc., through "bottom-up" and "top-down" analysis and discussion, combining strategic risks and operational risks, comprehensively identify potential risk events that may prevent the company from achieving its goals, cause company losses or negative impacts.

### 2. Risk Analysis

Each functional unit and subsidiary should analyze the probability and impact of the identified risk events, taking into account the completeness of existing relevant control measures, past experience, industry cases, etc., to calculate the risk value.

#### (1) Risk analysis measurement standards

The risk management team should formulate appropriate quantitative or qualitative measurement standards based on the company's risk characteristics as the basis for risk analysis.

The qualitative measurement standard refers to expressing the probability and impact of risk events through text descriptions; the quantitative measurement standard refers to expressing the probability and impact of risk events through specific calculable numerical indicators (such as days, percentages, amounts, number of people, etc.).

#### (2) Risk Appetite

The risk management team should formulate a risk appetite (risk tolerance) and report it to the Risk Management Committee and the board of directors to determine the company's risk limit. And based on the risk appetite, discuss the risk levels corresponding to each risk value, the risk response methods for each risk level, as the basis for subsequent risk assessment and risk response.

#### (3) Risk Assessment

Each functional unit and subsidiary should plan and implement subsequent risk response plans based on the risk level, based on the risk analysis results and the risk appetite approved by the Risk Management Committee and the board of directors. Relevant risk analysis and assessment results should be accurately recorded and reported to the Risk Management Committee.

#### (4) Risk Response

After evaluating the business risks of the company's various functional units and subsidiaries, they should propose response measures and adopt appropriate control operations for the risks they face, and provide the risks and response measures to the risk management team for reporting in the Risk Management Committee.

#### (5) Risk Supervision and Review

The risk management team should regularly report the risk management procedures and their implementation results to the Risk Management Committee for management



reference. In the event of a major risk event, it should be immediately reported to the Risk Management Committee and the board of directors.

#### Article 6 (Scope of Risk Management)

The types of risks referred to in this procedure are as follows, including but not limited to:

1. Strategic risks:
  - (1) Political and economic changes
  - (2) Technological changes
  - (3) Industry changes
  - (4) Climate change
2. Operational risks:
  - (1) Operational planning, execution, and emergency management
  - (2) Product quality management
  - (3) Environmental, safety, and health and carbon rights management
  - (4) Global human resource management
  - (5) Intellectual property management
  - (6) Internal control management
3. Financial risks:
  - (1) Exchange rate and interest rate
  - (2) Financial operations
  - (3) Investment
4. Information and communication security risks:
  - (1) Information management
  - (2) Information security protection

#### Article 7: Amendment of the Risk Management Mechanism

The risk management team should pay attention to the development of international and domestic risk management systems at any time, and adjust the control mechanism according to changes in the internal and external operating environment, report to the Risk Management Committee and the board of directors for approval, and improve the effectiveness of the company's risk management implementation.

#### Effective and Revised

This procedure is approved by the Risk Management Committee and implemented after being passed by the board of directors. The same applies to amendments.