

AUO Corporation

Risk Management Policies and Procedures

Article 1 Goals

The Board of Directors of our company serves as the top governing body for risk management. It establishes enterprise risk management objectives and implements appropriate management mechanisms to measure and monitor potential risks. When carrying out operational activities, both the company and its subsidiaries consider them from the perspective of corporate sustainability. We adhere to this risk management policy and related procedures to establish operational guidelines. The management team and all employees are required to possess the principles and attitudes of risk management and implement them in their daily operations to achieve sustainable corporate responsibility.

Article 2 Risk Management Organization

The company's risk management organization and responsibilities are as follows:

Board of Directors

The Board of Directors acts as the decision-making body for risk management mechanisms and promotes a risk management culture. It establishes the risk management policy based on the company's business strategy and industry environment. The Board supervises and ensures the effective operation of management mechanisms while optimizing the allocation of resources.

Risk Governance

The company establishes a dedicated committee, the Risk Governance Team, under the Board of Directors. This team is responsible for implementing the risk management policy and ensuring the alignment of risk strategies with corporate policies. The Risk Governance Team considers the company's business operations and corporate culture in designing suitable processes and measures. It reviews risk-related

issues, approve risk appetite (risk tolerance), and adjusts risk categories in response to environmental changes. The team manages overall risk control, provides objective supervision, executes risk management operations, and coordinates activities. It promotes a risk-aware culture among all employees, communicates risk management objectives, regularly reviews the development, establishment, and effectiveness of the company's overall risk management mechanisms, and reports comprehensive risk analysis, prevention, monitoring, and significant risk control issues to the Board of Directors at least once a year.

Article 3 Risk identification and management

The company employs various management approaches, including risk identification, risk analysis, risk assessment, risk response, supervision, and review, to identify the scope of risks. It formulates appropriate risk strategies focusing on financial, strategic, operational, and disaster aspects. Each department is responsible for conducting risk identification activities in areas such as strategy, operations, finance, information, compliance, and emerging risks. The Risk Governance Team formulates risk control plans based on the results of risk identification. The company understands various types of enterprise risks, evaluates risk preferences, determines the range of risk tolerance, and delegates responsibilities to respective departments for implementing improvement measures specified in the risk control plans. The company is committed to continuous operation, resource allocation, and the development of strategies and plans to mitigate or avoid risks. The Risk Governance Team oversees and tracks progress, manages overall risk for the company, and reduces the impact of risk volatility to safeguard stakeholders' rights and interests.

Article 4 Approval and Amendment

This risk management policy and its guiding principles become effective upon approval by the Board of Directors. Any amendments to this policy shall follow the same procedure.