

# **WNC Corporation**

## **Risk Management Policy and Procedures**

### **Article 1 Scope of Application**

This policy and procedures (hereinafter “this P&P”) are applicable to WNC Corporation (hereinafter “WNC”) and its subsidiaries.

### **Article 2 Purpose**

WNC and its subsidiaries have established this P&P in order to pursue sustainable corporate development and establish a risk-aware corporate culture. In addition to complying with organizational management mechanisms and internal control systems at all levels, WNC and its subsidiaries are committed to improving their risk management practices through Board-level participation in initiatives and promotion of a top-down risk management culture. The overall goal is to implement corporate governance, achieve sustainable operations, and protect the rights of stakeholders.

### **Article 3 Basis**

This P&P is formulated with reference to the Regulations Governing Establishment of Internal Control Systems by Public Companies published by the Financial Supervisory Commission and the relevant provisions in the Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies published by the Taiwan Stock Exchange Corporation. The purpose of this P&P is to establish effective risk management mechanisms to assess and monitor WNC’s risk-bearing capacity, the current level of risk being undertaken, risk response strategies, and the degree of compliance with risk management procedures.

### **Article 4 Risk Management Goals**

The risk management goals of WNC include managing risks that may impact the achievement of its objectives through a sound risk management framework, as well as integrating risk management into its operational activities and daily management processes to achieve the following goals:

1. Achieve operational objectives
2. Improve management effectiveness

3. Provide reliable information
4. Allocate resources effectively

## **Article 5 Scope of Risk Management**

WNC aims to use cost-effective means to compile the material risks that arise during the course of its business operations, including but not limited to strategic risks, operational risks, financial risks, information risks, legal compliance risks, integrity risks, and other emerging risks (e.g., risks related to climate change, biodiversity loss, deforestation, water-related challenges, or infectious diseases). WNC will identify, analyze, assess, respond to, monitor, and disclose the impacts caused by these material risks in accordance with applicable laws and regulations.

## **Article 6 Risk Management Units and Responsibilities**

1. Board of Directors: The Board is WNC's highest risk management authority. It is responsible for approving risk management policies and related regulations, supervising implementation of risk management measures, and ensuring the effective operation of risk management mechanisms.
2. Audit Committee: Assists the Board of Directors in fulfilling the Board's risk management responsibilities. The committee's responsibilities include reviewing risk management policies and procedures and providing guidance on matters such as risk identification, WNC's risk appetite, and risk prioritization.
3. Risk Management Team: Top-tier managers of functional units serve as members of the Risk Management Team, and the Chairperson of WNC shall appoint a convener for the team. The Risk Management Team is responsible for conducting comprehensive assessments of WNC's material risks, and team members shall designate personnel from their respective units to serve as risk management administrators. The aforementioned administrators work with relevant personnel from business units to handle matters regarding risk identification, risk impact assessment, and implementation of risk management measures.

The convener of the Risk Management Team shall regularly convene team meetings to review risk assessments as well as discuss matters related to the establishment, implementation, maintenance, and review of risk management mechanisms. The convener shall give a report to the Audit Committee and the

Board of Directors on the current status of risk management at WNC at least once a year.

## **Article 7 Risk Management Procedures**

WNC's risk management procedures comprise risk identification, analysis, assessment, response, and monitoring, as well as reporting and disclosure.

### **1. Risk Identification**

Pursuant to the materiality principle, WNC's strategic objectives, and this P&P, the Risk Management Team identifies key and emerging operational risks by analyzing previous experiences, information, internal and external risk factors, and stakeholder priorities.

### **2. Risks Analysis**

For all identified risks, the Risk Management Team analyzes the likelihood of occurrence and the potential impact on WNC. The risk appetite and risk-bearing capacity of WNC are also evaluated to prioritize risks and determine appropriate response measures for subsequent risk management actions.

### **3. Risk Assessment**

Risk management administrators, in collaboration with relevant personnel from business units, prioritize risks based on analysis results and the effectiveness of existing internal controls. By benchmarking against the risk appetite and risk levels approved by the Risk Management Team, they determine priority risk items to serve as the basis for determining subsequent response measures. All relevant risk analysis and assessment results are submitted to the Risk Management Team for approval.

### **4. Risk Response and Monitoring**

Risk management administrators, in collaboration with relevant personnel from business units, determine risk response strategies or implement risk mitigation plans based on WNC's strategic objectives, internal and external stakeholder's concerns, risk appetite and available resources. As necessary, they also formulate plans for prevention, contingency, risk management and business continuity, while establishing indicators for ongoing risk management monitoring. The aforementioned strategies, plans and indicators are submitted to the Risk Management Team for approval to ensure effective risk

management through risk response measures and to achieve a balance between operational objectives and cost effectiveness.

5. Risk Reporting and Disclosure

The Risk Management Team compiles a comprehensive report detailing assessment results, key risk management areas, and relevant response measures at least once a year. This report shall be submitted to the Audit Committee and the Board of Directors.

This P&P, information on risk management units and the status of annual risk management implementation are disclosed in WNC's Annual Reports or Sustainability Reports, and on WNC's official website. This information is updated as necessary.

**Article 8 Implementation and Revision**

This P&P is implemented after approval by the Board of Directors. The same applies to any amendments.

This P&P was enacted on November 5, 2025.