

# Risk Management Policy

## Far EasTone Telecommunications Co., Ltd.

Approved by Board of Director Meeting on 2024/05/03

Article 1	<p>(Purpose and applicable scope)</p> <p>In order to fulfill corporate governance and strengthen corporate risk management, the Far EasTone Telecommunications Co., Ltd. (the “Company” ) hereby, referring the Corporate Risk Management Best Practice Principles for TWSE/GTSM Listed Companies and relative regulations, to set up the Risk Management and Information Security Committee and adopt the Risk Management Policy (the “Policy” ).</p> <p>The Policy is applicable to the entire business operations of the Company and subsidiaries of the Company.</p>
Article 2	<p>(Risk Management Objectives)</p> <p>To safeguard Company assets, reduce impact on business, maximize business gains and ensure the sustainability of the Company, the Company shall appropriately evaluate the risks and opportunities presented, effectively identify, measure, monitor and control the risks when carry out various business operations, and shall control the risks that may arise in an acceptable level in order to achieve the objectives of rationalizing risk and return.</p>
Article 3	<p>(Risk Types)</p> <p>For the risks that the Company engage in the business operations, taking into account the economy, the natural environment, geopolitics, society, technology and other aspects, are mainly categorized into:</p> <ol style="list-style-type: none"> <li>1. Financial risk: including the risks of domestic and foreign interest rates, exchange rate fluctuations, credit and other factors that affect the financial objectives.</li> <li>2. Strategic and operational risk: including the risks of business strategy, domestic and global market competition, industrial cooperation, changes in government policies and regulations.</li> <li>3. Information security risk: contains the risks that threaten the confidentiality, integrity, or availability of the Company's information assets by natural, human, or technical factors.</li> <li>4. Environment and energy risk: arising from global climate change, geographic resources, government energy and related tax policies.</li> </ol> <p>All types of risk management should take the reputation risk into account when the risk issue is relevant.</p> <p>The above mentioned risk types should be regularly reviewed and adjusted appropriately to cope with changes in internal and external</p>

	environment and the development of the Company's business.
Article 4	<p>(Organizational structure and responsibilities)</p> <p>The risk management organization of the Company includes the Board of Directors, the Risk Management and Information Security Committee (the “Committee”), Executive Management Team (EMT), and all of the business units.</p> <ol style="list-style-type: none"> <li>1. Board of Directors: is the highest decision-making unit of the Company, main responsibilities: <ol style="list-style-type: none"> <li>1-1. Approve risk management policies and framework.</li> <li>1-2. Ensure the consistency of the operational strategy direction and the Policy.</li> <li>1-3. Supervise the effective operation of the overall risk management mechanism.</li> </ol> </li> <li>2. Risk Management and Information Security Committee: The Committee members are appointed by resolution of the board of directors. (Please refer to “The Charter of the Risk Management and Information Security Committee”) Main responsibilities of the Committee: <ol style="list-style-type: none"> <li>2-1. Review policies &amp; framework, risk appetite or tolerance level.</li> <li>2-2. Review major risk issues and management report.</li> <li>2-3. Review information security and privacy protection strategies, major plans and management effectiveness.</li> <li>2-4. Periodically report to the Board.</li> </ol> </li> <li>3. Executive Management Team (EMT): composed of the President and all Division Heads, main responsibilities: <ol style="list-style-type: none"> <li>3-1. Develop policies and framework, set risk appetite, tolerance and goals.</li> <li>3-2. Implement the Board’s and the Committee’s decisions.</li> <li>3-3. Allocate resources and manage overall risks.</li> <li>3-4. Approve the priority of risk control and risk level.</li> <li>3-5. Establish risk management culture.</li> </ol> </li> <li>4. The supporting office (risk management promotion and execution unit): assigned by the President, main responsibilities: <ol style="list-style-type: none"> <li>4-1. Assist the Committee operations.</li> <li>4-2. Assist in the formulation, promotion and training of the Policy.</li> <li>4-3. Regularly review the Company's risk category, coordinate the risk assessment results and report for approval.</li> <li>4-4. Assist in supervising the implementation of business units’ risk management activities and cross-unit coordination and communication.</li> </ol> </li> </ol>

	<p>4-5. Periodically compile and report the implementation status of the Company's risk management.</p> <p>5. Business units: are responsible units of risk control implementation and management, main responsibilities:</p> <p>5-1. Responsible for the identification, evaluation, management and reporting of the daily risks and take the necessary countermeasures.</p> <p>5-2. Monitor the risk situation, ensure the effective implementation of the control procedures, and timely report risk information to comply with the relevant laws and regulations and corporate policies.</p> <p>5-3. Facilitate and promote relevant policies and regulations.</p> <p>In addition to the above organizations, in the event of a risk, a contingency management team should be setup quickly to respond to various risk situations and communicate with relevant internal and external stakeholders to ensure that the Company is compliant with statutory requirements and minimize potential losses and impacts.</p>
Article 5	<p>(Risk management culture)</p> <p>All employees of the Company are responsible for identifying and managing risks. The Executive Management Team (EMT) shall establish a risk management culture to guide all staffs to implement to all the activities which they are engaged, from the formulation of strategies to routine and daily operations in order to encourage advanced and proactive management.</p> <p>To continuously enhance the staffs' risk management capabilities, and internalize into the corporate culture, the relevant units need to regularly promote or arrange training activities.</p>
Article 6	<p>(Risk management principles)</p> <p>The risk management should be based on the Company's business strategies and objectives, taking into account business growth, risk and return and other factors, setting risk limit and level of authority, regularly assess and monitoring the risk level, establishing risk indicators and early warning mechanism, and simulating future context change in a quantitative way as far as possible, so as to be the basis for management and response.</p> <p>In addition, the following principles need to be upheld:</p> <ol style="list-style-type: none"> <li>1. Explicitly consider and deal with uncertainty, make choice of feasible options and priorities based on the best information can get.</li> <li>2. Effectively allocate and utilize the resources.</li> <li>3. Establish the necessary protective mechanism and emergency response plans.</li> <li>4. Continue to detect and respond to changes.</li> </ol>

	<p>5. Comply with the relevant laws and regulations.</p> <p>6. Strengthen the confidence and trust of the interested parties.</p>
Article 7	<p>(Risk management procedures)</p> <p>The processes of identification, assessment, monitoring and reporting of risks shall be adjusted in accordance with the changes in the business environment and operation activities of the Company.</p>
Article 8	<p>(Risk assessment)</p> <p>Risk assessment should cover the Company's business and operational activities to fully understand the risk profile and consider internal and external environment to master the situations of risk change.</p> <ol style="list-style-type: none"> <li>1. Risk identification: should understand the internal and external links, grasp the whole pictures, identify the risk sources and issues. Relevant links may include, but not limited to, international or domestic economic, social, natural environment, legal and regulations, technical trends, etc.</li> <li>2. Risk analysis: should analyze the risk threats, the existing and potential weaknesses of the Company, the likelihood of occurring and impact to determine the level of the risk.</li> <li>3. Risk evaluation: based on the risk analysis result, comprehensively evaluate the nature, scale and complexity of the business and operation activities, develop the risk acceptable level according to the cost-benefit analysis and opportunity costs, and prioritize by importance for determining how to treat the risk.</li> </ol>
Article 9	<p>(Risk Treatment)</p> <p>The options of risk treatment include: avoid risk, reduce risk, transfer risk, and accept risk. Except the risks being determined to accept, all business units should take appropriate measures and control actions according to the risk assessment result and priority, and collaborate with relevant parties. The control measures can be built on the operational, management and technical sides, and are tailored and implemented for different risks to appropriately control and eliminate the risks.</p> <p>Risk treatment options:</p> <ol style="list-style-type: none"> <li>1. Avoid risk: try to avoid and block the risk which has extremely great impact.</li> <li>2. Reduce risk: take appropriate control measures in order to reduce the loss when the risk occurs.</li> <li>3. Transfer risk: consider to purchase appropriate insurance or transfer the risk to the supplier.</li> <li>4. Accept risk: tolerate the risk within the Company's acceptable level.</li> </ol>

Article 10	<p>(Communication and consultation)</p> <p>The business units should continuously pay attention to and analyze the relevant risk information from their responsible business areas, consult opinions with relevant units and experts, refer to professional research reports, regularly or promptly report to the management team according to the policy. The transmission and notification of risk management information, including upward report, downward communication and cross-department integration, should be timeliness and effectiveness.</p> <p>The Company shall comply with the regulations of the competent authority, publicly disclose and report risk management related information on the Company’s website, etc. In case of significant risk occurs, it should be reported immediately and timely communicated with the relevant internal and external stakeholders.</p>
Article 11	<p>(Monitoring and review)</p> <p>The business units should establish risk monitoring procedures, keep observing or measuring its status, and submit monitoring reports on a regular basis. If a significant risk exposure is found and threatens financial, business conditions or the compliance of the laws, the business unit should immediately take appropriate measures and report to the relevant supervisors.</p> <p>The business units should review and improve based on the monitoring and review results and the occurred risk events.</p> <p>The risk management implementation process and its results should be recorded through an appropriate mechanism and kept for future reference.</p> <p>The Company should keep paying attention to the development of domestic and international risk management mechanisms, reviewing and improving the Company’s risk management framework to enhance the effectiveness of corporate governance.</p>
Article 12	<p>(Implementation)</p> <p>The Policy shall come into enforcement after being approved by the Board of Directors and any future amendments applies the same procedure.</p>