

Acer Incorporated

Risk Management Policy and Procedure

Article 1 Purpose

The company and its subsidiaries are committed to realizing enterprise sustainable development and fostering a corporate culture with risk management awareness. In addition to adhering to the organizational management system and relevant risk management measures in operational procedures at various levels, the company pledges to continuously enhance the risk governance and management framework through active participation of the board of directors, the risk management committee, and senior management. The goal is to drive and shape a comprehensive enterprise risk management culture from top to bottom, ensuring the protection of stakeholders' rights, implementing effective corporate governance, and guaranteeing the achievement of sustainable operations and strategic objectives. Therefore, this policy and procedure have been enacted.

Article 2 Source of Law

The company has enacted this policy and procedure in accordance with Risk Management Best Practice Principles for TWSE/TPEX Listed Companies to establish an effective risk management mechanism for assessing and monitoring the company's risk-taking capacity, current risk exposure, determining risk response strategies, and ensuring compliance with risk management procedures.

Article 3 Goals

The goal of the company's risk management is to ensure that the risks faced by the company are identified and properly controlled within the scope of risk appetite (risk tolerance) through the establishment of a comprehensive risk management system. By integrating risk management into operational activities and daily management processes, the company aims to achieve the following objectives while balancing the effective utilization of opportunities and the minimization of risks:

1. Achievement of operational objectives;
2. Enhancement of managerial efficiency;
3. Providing reliable information; and
4. Effective allocation of resources.

Article 4 The Scope of Risk Management

The scope of the company's risk management includes major risk categories such as strategic risk, operational risk, financial risk, disaster risk, cyber risk, climate change-related risk, and other emerging risks. The company complies with the relevant regulations and laws, and follow a cyclical process of identification, analysis, assessment, response, monitoring, and review in conducting risk management. Through continuous learning and experience, the company strives for ongoing improvement in risk management practices.

Article 5 Risk Management Organizational Structure and Responsibilities

1. Board of Directors/ Risk Management Committee (RMC):

- serves as the company's highest authority of risk management;
- promotes and implements the company's overall risk management policy based on the overall business strategy and business environment to ensure the effectiveness of risk management;
- reviews and approves risk management policy, procedure, and framework, and conducts regular reviews of its applicability and performance;
- determines and approves risk appetite (risk tolerance) and oversees the allocation of resources proposed by Risk Management Executive Committee (RMEC) and Risk Management Working Group (RMWG);
- monitors the risk management mechanisms to ensure they can adequately address the risks faced by the company and integrate into daily operational processes;
- approves the priority and levels of risks identified;
- reviews the execution of risk management, provides necessary improvement recommendations, and reports to the board regularly (at least annually); and
- executes risk management decisions made by the board.

2. Risk Management Executive Committee (RMEC):

- comprises highest-level officers of various business units/ functional teams;
- regularly reports to Risk Management Committee (RMC) and Board of Directors;
- summarizes the risk environment, risk management priority, the results of the risk assessment and relevant mitigation actions;
- formulates the priority and risk levels for risk management;
- supervises the continuous improvement of the performance of the Risk Management Working Group (RMWG); and
- approves or provides guidance on crisis management-related operational procedures and supervises the exercises.

3. Risk Management Working Group (RMWG):

- comprises the director representatives of various business groups/ functional teams;
- Identifies risks, analyze, and assess potential risk scenarios along with the severity of their operational impacts and likelihood of occurrence;
- develops and executes risk response measures based on the identified risk scenarios, including risk prevention and mitigation actions;
- continuously improves risk management practices and ensure their effectiveness;
- consolidates enterprise risk management reports and presents to the Risk Management Executive Committee (RMEC); and

- establishes crisis management-related operational procedures and conduct exercises.

4. Internal Audit:

As an independent unit under the Board of Directors of the company, this entity formulates an annual audit plan based on this policy, procedures, and various risk management systems. It independently audits the effectiveness of risk management activities, provides improvement recommendations, and periodically reports the audit results to the Board of Directors. This process assists in ensuring the proper management of critical operational risks and the effective operation of internal control systems.

Article 6 Risk Management Procedure

The company's risk management procedure includes risk identification, analysis, assessment, response, and supervision and review.

1. Risk Identification:

Risk identification utilizes risk management tools and is based on experiences, intelligence, internal and external risk factors, and stakeholders' focal points. This process involves comprehensive identification through both "bottom-up" and "top-down" analyses and discussions. It aims to identify potential risk events that could lead to the failure of the company's business objectives, causing losses, or having negative impacts.

2. Risk Analysis:

In accordance with the company's risk characteristics, appropriate quantitative or qualitative measurement criteria are formulated as the basis for risk analysis. The Risk Management Working Group (RMWG) should understand the nature and features of identified risk events, considering the integrity of existing relevant control measures, past experiences, industry cases, etc. The RMWG calculate the value at risk based on the analyses of probability and impact of the risk events identified.

3. Risk Assessment:

The purpose of risk assessment is to provide the enterprise with a basis for decision-making. By comparing the results of risk analysis with the company's risk appetite, it determines which risk events need to be prioritized for treatment. This serves as a reference for subsequent formulation of response measures.

The Risk Management Working Group (RMWG) should, based on the results of risk analysis, align with the risk appetite approved by the Risk Management Committee (RMC). According to the risk levels, RMWG plans and executes risk response measures. The relevant results of risk analysis and assessment should be accurately documented and submitted to the Risk Management Committee for verification.

4. Risk Response:

The Risk Management Working Group (RMWG), based on the company's strategic objectives, perspectives of internal and external stakeholders, risk appetite, and available resources, selects risk response strategies or implements risk mitigation plans. As necessary, it establishes loss prevention, emergency response, crisis management, and business continuity plan to ensure the effective control of risks with a balance between achieving goals and cost-effectiveness. To ensure all risks are within controllable range, Key Risk Indicators (KRI) should be determined and established. The Risk Management Working Group, in collaboration with relevant risk owners from various operational units, should continuously monitor these KRIs. Timely reporting to the Risk Management Executive Committee is required, and it is essential to accurately establish and retain relevant records.

5. Risk Supervision and Review:

The risk supervision and review mechanism should thoroughly examine whether the risk management process and related risk measures continue to operate effectively. It ensures the integration of risk management with critical processes within the organization, thereby effectively overseeing and enhancing the realization of risk management benefits.

Article 7 Practice and Disclosure of Risk Management

In order to implement corporate governance and enhance information transparency to satisfy the requests and expectations of relevant stakeholders, the processes and results of the risk management execution should be recorded, reviewed, and reported through appropriate mechanisms, and properly preserved for reference. This includes risk identification, risk analysis, risk assessment, risk response, risk supervision and review, relevant information sources, and risk assessment results within the risk management process. The Risk Management Executive Committee should regularly submit reports on the operational status of risk management to the Risk Management Committee. Information related to this policy and procedure, the risk management organization, and the annual risk management operations and execution status should be publicly disclosed and continuously updated in the company's annual report, official website, or corporate sustainability report.

Article 7 Execution and Revision

This Policy and Procedure shall be carried out after the approval of the board of directors. This shall apply in the event of amendment of this Policy and Procedure.

This Policy and Procedure was enacted on March 16, 2022.

The first amendment was made on August 3, 2023.