

SynPower Co., Ltd.

Risk Management Policies and Procedures

Approved at the Board of Directors on held on December 19, 2024

Article 1 Scope of Application

These Risk Management Policies and Procedures (hereinafter referred to as “the Policies and Procedures”) apply to SynPower Co., Ltd. (hereinafter referred to as “the Company”) and its subsidiaries.

Article 2 Purpose

The Policies and Procedures are established to ensure that the Company and its subsidiaries implement sustainable corporate development. In addition to complying with the Company’s management systems and internal control systems at all levels, they are intended to manage the risks that may arise during operations. Through Board-level involvement and systematic management, the Company is committed to assessing the potential impact of various risks on its operations, thereby strengthening corporate governance, achieving sustainable operation objectives, and protecting the rights and interests of stakeholders.

Article 3 Basis

The Policies and Procedures are established in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” promulgated by the Financial Supervisory Commission, and relevant provisions of the “Risk Management Best-Practice Principles for TWSE/TPEX Listed Companies” issued by the Taiwan Stock Exchange. They are intended to establish an effective risk management mechanism to assess and monitor the Company’s risk tolerance, current risk exposure, determine risk response strategies, and ensure compliance with the risk management procedures.

Article 4 Objectives of Risk Management

The objective of the Company’s risk management is to manage various risks that may affect the achievement of business goals through a sound risk management framework. By integrating risk management into operational activities and day-to-day management processes, the Company aims to achieve the following:

1. Achieve operational objectives
2. Enhance management efficiency
3. Provide reliable information

4. Allocate resources effectively

Article 5 Scope of Risk Management

The Company's risk management encompasses four major dimensions related to its operations: corporate governance, environmental protection (including climate and natural resources), social inclusion, and value innovation. It primarily includes the following types of risks: strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, and other emerging risks such as those related to climate change, biodiversity, forests, water, or infectious diseases. Risk management shall be conducted in accordance with applicable laws and regulations through identification, analysis, assessment, response, monitoring, and review processes.

Article 6 Risk Management and Business Continuity Policy

Upholding the philosophy of sustainable operations, the Company establishes, implements, and maintains a proactive risk management mechanism to continuously monitor internal and external issues and environmental changes. Through business impact analysis and the development of effective and flexible response capabilities, the Company regularly conducts self-assessments and continuously enhances organizational resilience to fulfill its commitment to uninterrupted business operations and to safeguard the best interests of customers and stakeholders. In addition, the Company strives to cultivate a risk-aware culture by continuously optimizing mechanisms such as education and training, performance management, risk assessment, early warning and notification systems, and public disclosure, thereby effectively managing operational risks.

Article 7 Risk Management Organizational Structure

1. The Board of Directors is the highest authority responsible for risk management. It approves the risk management policies and related guidelines, supervises the overall implementation of risk management, and ensures that risks are effectively controlled.
2. To assist the Board of Directors in fulfilling its risk management responsibilities, a Risk Management Task Force is established under the Audit Committee. The Task Force is convened by the Chief Financial Officer and is responsible for conducting comprehensive assessments of operational and emerging risks. It reports on the status of risk management operations to the Audit Committee and the Board

of Directors at least semi-annually.

3. Risk Management Task Force: Members of the Risk Management Task Force consist of the highest-level managers of each department, who are responsible for ensuring that risk management systems are effectively implemented within their respective units. Each unit shall designate personnel to act as risk management officers and coordinate with relevant operational staff to carry out the implementation of risk management procedures.
4. Risk Management Office: The Risk Management Office is designated by the convener of the Risk Management Task Force. It is responsible for handling matters assigned by the convener and for assisting the Task Force in the establishment, promotion, maintenance, and review of the risk management framework.
5. Internal Audit Office: The Internal Audit Office is an independent unit under the Board of Directors. It formulates the annual audit plan in accordance with the Policies and Procedures and various risk management systems. It conducts independent audits to assess the effectiveness of risk management activities, provides recommendations for improvement, and regularly reports audit results to the Board of Directors. This helps ensure that key operational risks are properly managed and that the internal control system functions effectively.

Article 8 Risk Management Procedures

The Company's risk management process includes risk identification, risk analysis, risk assessment, risk response, and risk monitoring and review.

1. Risk Identification

The Risk Management Task Force under the Audit Committee identifies key and emerging risks across four major dimensions—corporate governance, environmental protection (including climate and natural resources), social inclusion, and value innovation—based on the principle of materiality, the Company's strategic objectives, and the risk management policies and procedures approved by the Board of Directors. Comprehensive risk identification shall be conducted at both the corporate and operational levels at least once a year and reported to the Audit Committee. Risks under each dimension include, but are not limited to: operational risks, market risks, compliance risks, information security risks, environmental risks (including those related

to climate change, biodiversity, forests, and water), operational process risks, and other risks related to the Company's operations. Risk identification shall utilize appropriate risk management tools and be based on past experience, available information, internal and external risk factors, and stakeholders' concerns. A comprehensive identification of potential risk events that may hinder the achievement of Company objectives or result in loss or negative impact shall be conducted through both bottom-up and top-down analysis and discussion.

2. Risk Analysis

Identified risks shall be analyzed considering the Company's risk appetite and risk tolerance as a basis for management:

- a. Analyze the likelihood and severity of each risk event to evaluate its potential impact on the Company, which will guide the prioritization of risks and the formulation of response measures.
- b. For quantifiable risks, statistical methods and techniques shall be used for data-driven risk management.
- c. For risks that are more difficult to quantify, qualitative methods (e.g., narrative descriptions) shall be used to assess likelihood and severity.
- d. Risk Appetite: The overall level and type of risk the Company is willing to accept in pursuit of its strategic objectives. For risks exceeding this threshold, appropriate and sufficient resources shall be prioritized to improve and control them, and relevant control measures shall be enforced during daily operations.
- e. Risk Tolerance: The maximum level of risk the Company is capable of bearing or managing.

3. Risk Assessment

Risk management officers, together with relevant operational personnel, shall assess and prioritize risks based on the results of the risk analysis and the effectiveness of existing internal controls. This process shall refer to the Company's approved risk appetite and risk levels. Prioritized risk items shall serve as the basis for selecting appropriate response strategies. All analysis and assessment results shall be properly documented and submitted to the Risk Management Task Force for approval.

4. Risk Response

Risk management officers and relevant operational personnel shall determine appropriate response strategies or implement risk mitigation plans based on the Company's strategic objectives, stakeholder perspectives, risk appetite, and available resources. Where necessary, prevention measures, contingency plans, crisis management, and business continuity plans shall be established to ensure effective risk control and a balance between achieving objectives and cost-efficiency.

5. Risk Monitoring and Review

To ensure that all types of risks remain within controllable limits, risk management indicators shall be established and jointly monitored by risk management officers and relevant operational personnel. Significant findings shall be reported in a timely manner to the Risk Management Task Force, and all monitoring and review records shall be properly maintained.

Article 9 Risk Reporting and Disclosure

To uphold integrity in business operations and corporate governance, and to enhance information transparency in response to stakeholder expectations, the risk management process and its results shall be properly documented, reviewed, and reported through appropriate mechanisms, with records duly maintained for future reference. This includes risk identification, risk analysis, risk assessment, risk response, risk monitoring and review, related information sources, and risk evaluation results. The Risk Management Task Force shall report the status of risk management operations to the Audit Committee and the Board of Directors at least semi-annually.

The Policies and Procedures, risk management organizational structure, and the annual risk management operations and implementation status shall be publicly disclosed and regularly updated through the Company's annual report, official website, or corporate sustainability report.

Article 10 Monitoring Domestic and International Developments

The Company shall continuously monitor developments in risk management mechanisms both domestically and internationally. Based on these observations, the Company will review and improve its established risk management framework to enhance the effectiveness of corporate governance.

Article 11 Implementation and Revision

The Policies and Procedures shall take effect upon approval by the Board of Directors. Any amendments shall also require approval by the Board of

Directors.