Sino-American Silicon Products Inc.

2025 Risk Management Organizational Structure and Implementation Status

- **Risk Management Policy and Procedures**

To respond to the rapidly changing business environment and ensure the Company's sound operations and sustainable development, the Board of Directors has established the "Risk Management Policy and Procedures" to build an effective risk management mechanism, evaluate and supervise risk-bearing capacity and current risk exposure, determine risk response strategies, and monitor compliance with risk management procedures.

The Company's risk management process includes risk identification, risk assessment, risk monitoring, risk reporting, and risk response. Through the effective implementation of this process, the Company carries out its risk management strategies.

- **Scope of Risk Management**

The risks faced by the Company are broadly classified into seven categories, as described below:

Risk Type	Risk Details (including but not limited to the following risk items)
Hazard Risk	Refers to the risk of losses to the Company caused by major natural or man-made disasters, such as typhoons, earthquakes, fires, chemical leaks, and epidemic infectious diseases.
Operational Risk	Refers to the risk that uncertainties in the Company's production and operations may affect normal business operations, such as excessive concentration of sales or procurement, supply chain management, intellectual property protection, information security, recruitment and retention of talent, occupational safety and health, and the establishment and maintenance of corporate image.

Financial Risk	Refers to credit risk, market risk, liquidity risk, operational risk, investment risk, and other related risks.
Strategic Risk	Refers to the risk of losses arising from business strategies, including excessive concentration in a single region, excessive customer concentration, impacts on product lines, industry competition, mergers and acquisitions, and other related factors.
Compliance Risk / Contractual Risk	Compliance risk refers to the risk arising from failure to comply with relevant laws and regulations of competent authorities. Contractual risk refers to potential losses caused by the invalidity of a contract due to lack of legal effect, unauthorized acts, omission of terms, inadequate provisions, or other deficiencies.
Environmental Risk	Includes risks related to greenhouse gas emissions management, carbon rights management, energy management, and other issues associated with climate change and natural disasters, as well as risks related to compliance with international and local environmental laws, regulations, or environmental impact assessment requirements, such as air pollution, wastewater, noise, and toxic substance emissions management.
Other Risks	In addition to the risks described above, if other risks arise, appropriate risk control and handling procedures shall be established based on the nature of the risk and the extent of its impact.

- **Risk Management Organizational Structure**

A. Board of Directors: As the highest authority for the Company's risk management, the Board aims to promote and implement the Company's overall risk management in compliance with laws and regulations, based on its overall operational strategies and business environment. The Board clearly understands the risks faced by the Company's operations, ensures the effectiveness of risk management, and assumes ultimate responsibility for risk management.

B. Senior Management: Responsible for planning, directing, and coordinating the implementation of the Board's risk management decisions, as well as facilitating cross-departmental risk management interaction and communication to reduce strategic risks.

C. Functional Units: Responsible for analyzing, managing, and monitoring risks within their respective units to ensure the effective implementation of risk control mechanisms and procedures.

D. Internal Audit: As an independent unit under the Board of Directors, Internal Audit assists the Board in supervising the implementation of the risk management mechanism, reviews the execution of risk response and control measures by each functional unit, and provides recommendations for improving risk monitoring.

E. Supervisory Unit: The Audit Committee is responsible for supervising the operating mechanisms related to risk management.

- **Implementation of Risk Management**

The Company implements risk management based on a three-line risk management responsibility structure.

Risk Management Level	Risk Management Operation
First Line of Responsibility	Each functional unit or business handler serves as the risk owner for the business under its responsibility and shall conduct operations in accordance with the relevant internal control systems and internal regulations. They are the direct units responsible for initial risk identification, assessment, and control.
Second Line of Responsibility	Supervisors of functional units or designated risk management personnel of functional units shall be responsible for risk management related to their respective business activities. Based on actual operations, they shall review operating rules or manuals, monitor the latest regulatory amendments and relevant official directives announced by competent authorities, and, when necessary, establish or revise relevant internal regulations.

Third Line of Responsibility	Senior management shall review the completeness of the Company's risk management mechanisms, supervise the implementation status and effectiveness of risk management, and report regularly to the Board of Directors.

- **Risk Management Implementation Procedures**
  - ✓ Monthly regular meeting discussions: The Company regularly convenes various types of management meetings each month, during which responsible department heads may promptly raise relevant issues for discussion.
  - ✓ Annual collection of relevant issues: During the annual planning process at the end of each year, responsible units of each department collect issues of concern to internal and external stakeholders and assess whether such issues constitute risks or opportunities for the Company. For issues identified as risks or opportunities, corresponding strategies and implementation plans shall be proposed, and their execution status shall be tracked at management review meetings held once every six months.
  - ✓ Annual reporting to the Audit Committee and the Board of Directors: Each year, the Company's Corporate Sustainability Development Committee reports to the Audit Committee, which consists of four independent directors, and to the Board of Directors on the operation and implementation status of major environmental, social, and corporate governance issues related to the Company's operations, as well as related risk management matters.

- **2025 Risk Management Implementation Status**

  In 2025, the Company implemented risk management in accordance with the risk management procedures described above:

  - ✓ Relevant issues were raised and discussed during monthly regular meetings.
  - ✓ The implementation status of risk items and countermeasures proposed by each unit in the previous year was tracked during

management review meetings. During the annual planning process, each unit also collected and assessed risk items and countermeasures for the new year.

- ✓ The Company's Corporate Sustainability Development Committee reports annually to the Board of Directors on the implementation status of corporate sustainability-related matters. It also reports to the Audit Committee, which consists of four independent directors, and to the Board of Directors on the operation and implementation status of major environmental, social, and governance issues related to the Company's operations, as well as related risk management matters. The most recent report was submitted on May 9, 2025, and included a summary of the ESG risk issues identified by the Company for the year.
- ✓ The risk issues identified by the Company include environmental aspects, such as climate change risks and environmental protection risks; social aspects, such as occupational safety and health risks, employee health risks, and labor relations risks; and corporate governance aspects, such as risks related to operations and investments, challenges in maintaining and communicating with internal and external stakeholders, enhancement of Board functions, and compliance risks. In addition, the Company identified two major emerging risks—errors and pollution—while information security remains a high-risk issue. The Company has formulated corresponding risk strategies and implementation mechanisms for the potential impacts on various aspects of business operations to ensure that risks are effectively controlled.
- ✓ The Company continues to focus on climate change response and management. In accordance with the TCFD framework, the Company promotes low-carbon transition and climate adaptation through four pillars: governance, strategy, risk management, and metrics and targets. Through the Climate Change Professional Committee, the management process is integrated into the Company's management system, and through interaction between management and each unit, the Company implements its climate change governance and operating mechanisms.
- ✓ To strengthen risk awareness among Group employees and incorporate risk control concepts into daily operations, the Company

also organized risk management training. In 2025, the Company conducted courses including “Information Asset Collection and Risk Management Methodology” with 1.5 training hours, “Email Social Engineering Security Awareness” with 1 training hour, and “Corporate Information Security Awareness Training” with 1.5 training hours. A total of 673 participants attended these courses. From the perspective of corporate sustainability, the training addressed risk management and used practical risk management cases to strengthen the Company’s risk management mindset and implementation capabilities.

- **Major Risks**

Material Topic	Risk Description	Risk Management Scope	Risk Mitigation and Response Measures
Corporate Governance Risk	Competent authorities have introduced new requirements related to corporate governance issues, such as the minimum proportion of directors of a single gender and internal control systems for sustainability information management. Failure to meet regulatory requirements and comply with applicable laws	Operational Risk	✓ Participate in the corporate governance evaluation each year to comprehensively review indicators required by competent authorities and plan implementation measures. ✓ Strengthen Board diversity and independence, and conduct regular director elections.

	and regulations may expose the Company to the risk of penalties.		
Ethics and Integrity	Without a control environment based on ethics and integrity, fraud may occur, resulting in losses to the Company and investors, increased management costs, and legal risks such as litigation and penalties.	Compliance Risk	✓ Establish channels for employee grievance reporting and whistleblowing on misconduct, and enhance the internal audit system.
Talent Attraction and Retention	A lack of fair and sustainable talent strategies may exacerbate workplace inequality and affect employee morale and mental health. Excessive competition in employee benefits may also increase the Company's financial burden and reduce operational effectiveness.	Operational Risk	✓ Conduct annual salary surveys to assess market salary levels and macroeconomic indicators, make appropriate salary adjustments for employees, and provide competitive starting salaries. ✓ Provide Employee Assistance Programs (EAPs), offering employees free, professional, and highly confidential consultation services from external professional consultants in five areas: psychology, management, legal affairs, health, and finance. ✓ Conduct regular health examinations for current

			employees. ✓ Establish dedicated teams and provide comprehensive occupational safety and health education and training. ✓ Establish the Regulations Governing the Prevention of Unlawful Workplace Harm, regularly assess the risk of unlawful workplace harm, and conduct related education and training.
Workplace Health and Safety	Employees may sustain occupational injuries at the plant, or major occupational injuries may occur, resulting in penalties imposed by competent authorities.	Operational Risk	✓ Regularly conduct plant inspections, communicate occupational safety matters, and introduce safety devices in plant areas. ✓ Regularly strengthen, review, and establish contractor safety management measures. ✓ Establish EHS organizations and occupational safety and health committees led by the highest-ranking executive of each plant. ✓ Continue to maintain ISO 45001 occupational health and safety management system certification to ensure the operation of the occupational health and safety system, such as establishing hazard assessment and hierarchical

			management mechanisms and setting up emergency response units at each plant.
Carbon Fees	In response to carbon-related regulations, the Company may be required to pay carbon fees or bear carbon fee costs passed through by suppliers, which may affect operating costs.	Financial Risk	✓ Sign green power purchase agreements and purchase renewable energy certificates, supported by a renewable energy roadmap, to achieve renewable energy usage targets in phases.

- **Emerging Risks**

Material Topic	Risk Description	Potential Impact	Risk Mitigation and Response Measures
Risk of Failure in New Technology Investment or Reinvestment	1. Risks of increased capital expenditures and failure costs associated	If new technology development or reinvestment targets fail to deliver expected commercialization results or operational synergies, the Company may be unable to recover R&D expenditures,	Continue to identify investment targets that can enhance the Group's renewable energy synergies and allocate R&D resources to the development of low-carbon products.

	with reinvestment targets that may enhance the Group's renewable energy synergies. 2. Increased operating expenses due to continuous R&D of new technology processes.	capital expenditures, and related acquisition or investment costs, which could adversely affect profitability and capital utilization efficiency. In addition, delays in technology development, weaker-than-expected market adoption of new products, or underperformance of investment targets may result in asset impairment, investment losses, and reduced resource allocation efficiency, thereby negatively affecting the Company's long-term growth and competitiveness.	
Information Security and Personal Data	Leakage of confidential information	Information security incidents may cause financial losses to the Company or affect overall	✓ Through the establishment and certification of the ISO 27001 information security management system, the Company continues to strengthen its information security

Protection	and private data	business operations. In addition, incidents such as leakage of confidential information or cyberattacks may damage the Company's reputation and undermine the trust of stakeholders in the Company.	management mechanisms. It also regularly updates and upgrades software and hardware, conducts information security training, and carries out annual information security tabletop exercises to enhance overall information security protection capabilities. ✓ To strengthen risk awareness among Group employees and incorporate risk control concepts into daily operations, the Company also organized risk management training. In 2025, the Company conducted courses including "Information Asset Collection and Risk Management Methodology" with 1.5 training hours, "Email Social Engineering Security Awareness" with 1 training hour, and "Corporate Information Security Awareness Training" with 1.5 training hours. A total of 673 participants attended these courses. From the perspective of corporate sustainability, the training addressed risk management and used practical risk management cases to strengthen the Company's risk management mindset and implementation capabilities.

Exchange Rate and Interest Rate Risk	Changes in interest rates, exchange rates, and inflation may affect the Company's profit or loss.	Geopolitical developments and international financial market volatility may lead to higher interest rates, which could increase the Company's borrowing costs and finance expenses, compress profit margins, and affect flexibility in fund utilization. Exchange rate fluctuations may affect the valuation and gains or losses of foreign-currency assets, liabilities, and import/export transactions, thereby increasing operating costs and financial statement volatility. In addition, inflation may push up raw material, energy, and operating costs. If such increases cannot be promptly reflected in selling prices or procurement terms,	✓ When evaluating borrowing arrangements, the Company primarily considers the cost of funds and repayment terms. The Company will adjust its financing instruments in a timely manner based on interest rate fluctuations to reduce the risk of interest rate changes. ✓ The Company mitigates the impact of inflation by establishing multiple suppliers and actively negotiating to reduce upstream procurement costs, while also adjusting end-market selling prices to preserve profitability.

		the Company's gross margin and overall profitability may be adversely affected.	