GlobalWafers Co., Ltd.

Risk Management Policies and Procedures

Article 1 Purpose of Formulation

To ensure stable management and sustainable development of the Company and to serve as a basis for various types of risk management and execution, this Risk Management Policy and Procedure (hereinafter referred to as "this Policy") is hereby formulated.

Article 2 Legal Basis

This Policy complies with the regulations of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" announced by the Financial Supervisory Commission (FSC), specifying that publicly listed companies shall formulate appropriate risk management policy and procedure and establish effective risk management mechanism, in order to assess and supervise its risk bearing capability, current status of risk borne, and to determine appropriate risk response strategies and monitor the adherence to risk management procedures.

Article 3 Risk Management Organizational Structure

I. Board of Directors: It serves as the Company's highest risk management supervisory unit, the Board of Directors aims to ensure legal compliance according to the overall business strategy and environment, promote and implement the Company's overall risk management, and clearly understand the risks faced by the Company's operations, supervise and ensure risk management effectiveness, and take the ultimate responsibility for risk management.

II. Senior Management: It is responsible for planning and executing the Board of Directors' risk management decisions and coordinating cross-departmental risk management interactions and communications to reduce strategic risks.

III. Functional Units: The functional units are responsible for analyzing, managing, and monitoring related risks within the subordinate units and ensuring that risk control mechanisms and procedures are effectively implemented.

IV. Internal Audit: It is an independent unit under the Board of Directors to assist the Board of Directors in supervising and executing the risk management mechanisms, to inspect the implementation and control of risk response by each functional unit, and to also provide suggestions for improvement in risk monitoring.

Article 4 Risk Management Process

The risk management process of the Company includes: Risk identification, risk measurement, risk monitoring, risk report, and response to risk.

I. Risk identification:

In general, the risks faced by the Company can be classified into the following seven main types, as described in the following:

Risk Type	Risk Detail (including but not limited to the following risk items)
Hazardous Risk	Risk of major natural or man-made disasters (such as a typhoon, earthquake, fire or chemical leakage and pandemic infectious disease, etc.) that may cause company loss.
Operational Risk	Risks of disruptions to normal business operations caused by uncertainties in the production and management processes. such as over-concentration in sales or procurement, supply chain management, intellectual property protection, information security, talent recruitment and retention, occupational safety and health, corporate image creation and maintenance, etc.
Financial Risk	Credit risk, market risk, liquidity risk, operating risk, and investment risk, etc.
Strategy Risk	Risk of loss due to business strategies, including over-concentration in one single region or customer base, production line impact, industry competition, and mergers and acquisitions, etc.
Compliance Risk/ Contract Risk	Compliance risk refers to risk arising from noncompliance with relevant laws and regulations of the competent authority. Contract risk refers to potential losses resulting from contracts that lack legal validity due to issues such as unauthorized actions, omissions, vague terms, or inadequate provisions.
Environmental Risk	Environmental risk includes issues related to greenhouse gas emission management, carbon credit management and energy management associated with the response to climate change and natural disaster. It also includes risks related to compliance with international and local environmental protection laws or environmental impact assessment requirements, such as air pollution, wastewater, noise, toxic substance discharge management.
Other Risks	In addition to the aforementioned risks, any other risks shall be managed through appropriate risk control procedures based on the nature of the risk and the extent of its impact.

II. Risk Measurement

After identifying potential risk factors, each functional unit of the Company shall establish appropriate measurement methods to serve as the basis for risk management.

(I) Risk measurement includes risk analysis and risk assessment. The former involves analyzing the likelihood of risk events occurring and the potential negative impact if they do occur, in order to understand their effect on the company. The latter uses this analysis to determine the priority of risk control measures and to select appropriate response actions.

(II) For quantifiable risks, relatively rigorous statistical analysis and technical methods shall be adopted to perform analysis management.

(III) For risks that are currently difficult to quantify, a qualitative approach shall be used for the measurement. Qualitative risk measurement refers to the use of narrative description to express the likelihood of risk occurrence and the extent of its impact.

III. Risk Monitoring

Each functional unit shall monitor the risk of its business, and relevant unit shall propose response strategies, and risk and response strategies shall be reported to the senior management.

IV. Risk Report

To fully record the risk management procedures and their execution results, the Company shall report the risk status to the Board of Directors periodically as management reference.

V. Response to Risk

After evaluating and consolidating the risks, each functional unit shall adopt appropriate response measures to address the risks it faces.

Article 5 Implementation of Risk Management

The Company's risk management implementation is operated based on the risk management three-level work allocation structure.

Risk Management Level	Risk Management Operation
Tier-1 Responsibility	Each functional unit or business handler shall be the Risk Owner for the business handled, and it must execute the operations according to the internal control system of relevant business and internal regulations, and also serves as a direct unit for the initial risk discovery, assessment and control.
Tier-2 Responsibility	Supervisors or designated personnel of each functional unit or the assigned risk management personnel of the functional unit

	shall be responsible for the risk management of the relevant businesses. It shall review the operation rules or operation manuals according to the actual business operations, and shall pay attention to the latest regulations, revisions, or amendments issued by competent authorities and business-related circulars. Revisions to internal regulations shall be made when necessary.
Tier-3 Responsibility	Senior management must review the integrity of the Company's risk management-related mechanisms, supervise risk management implementation and effectiveness, and report to the Board of Directors periodically.

Article 6 Assessment of Risk Management Implementation

The internal auditor shall perform assessment on whether relevant risk management is implemented effectively, in order to ensure proper system implementation and compliance.

Article 7 Risk Information Disclosure

The Company shall disclose relevant information specified by the competent authority, and is also encouraged to disclose risk management-related information in the annual report and on the Company's website.

Article 8 Amendment of Risk Management Policies and Procedures

The Company shall review the content of this Policy periodically and shall also monitor international and domestic risk management system development status at all times, in order to review and improve this Policy and to improve the risk management implementation outcome of the Company.

Article 9 This Policy shall be reviewed and approved by the Audit Committee, followed by reporting to the Board of Directors for approval in order to be implemented. The same requirements shall be applied to the amendments of this Policy.

Article 10 This Policy was established on November 2, 2021.