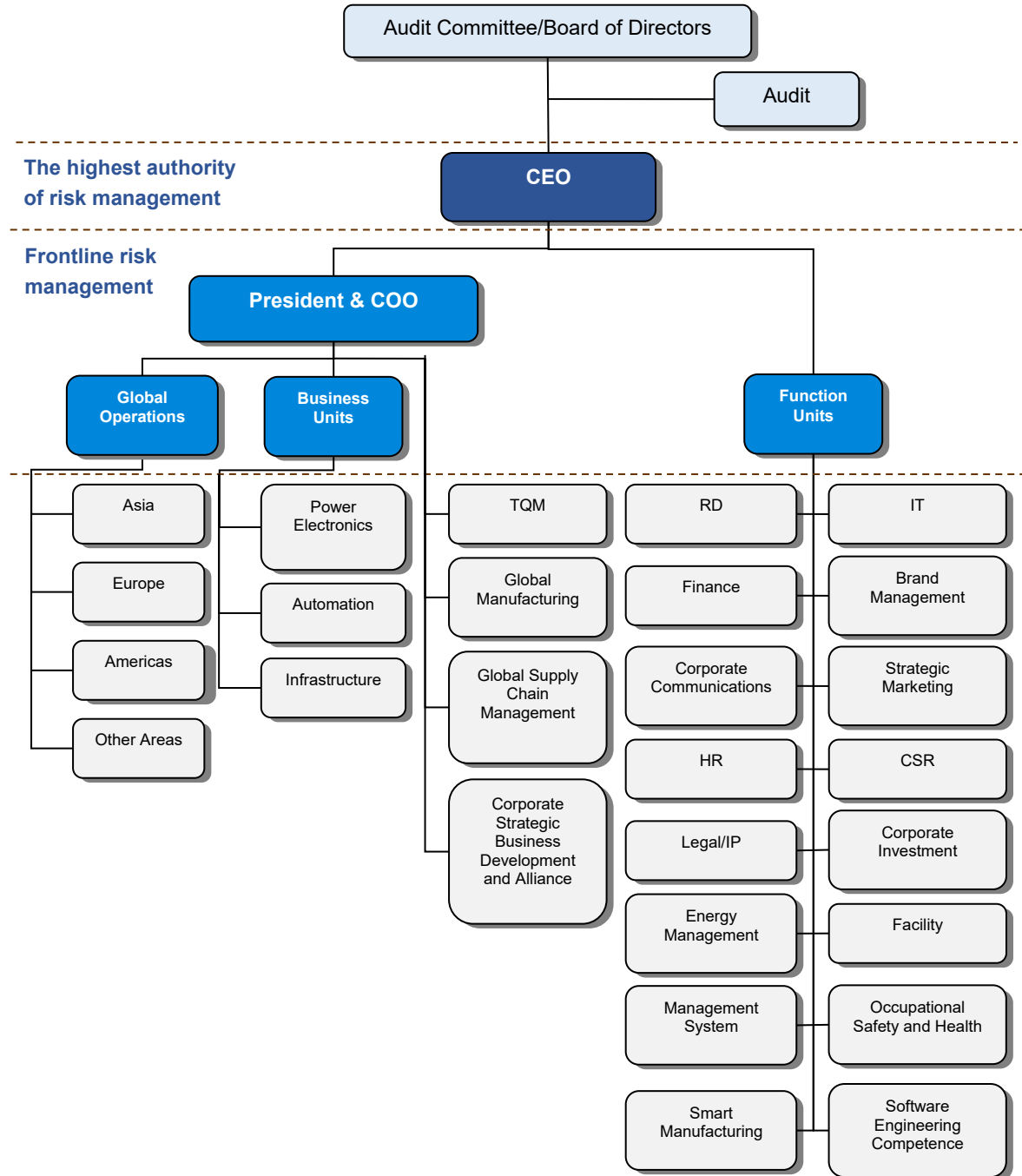


# Implementation of Delta Group Risk Management Policy

## Organization of Risk Management





## Scope of Risk Management

Responsibility of departments for each risk factor is identified in the Delta Group Risk Management Policy, and each department shall implement a sound risk management mechanism, the following procedures of risk management, including risk identification, risk assessment, risk control, risk monitoring and communication, apply to each risk factor and the formulation of action plans towards appropriate risk management. For crisis events involving cross-departments or cross-plants, CEO or the person designated by CEO shall be responsible for direction and coordination to identify feasible strategies to prevent crisis events and formulate crisis management procedures and recovery plans.

The Group has identified risk factors including strategic, operational, financial, hazardous events and compliance:

- A. Strategic
  - a) Changes in industry
  - b) Changes in technology
  - c) Establishment of business models
  - d) Responsiveness of organizational structure
- B. Operational
  - a) Market demand and capacity expansion
  - b) Business continuity operation (Business interruption risk including supply chain disruption or production disruption)
  - c) Information security
  - d) Supply chain management
  - e) Intellectual property rights
  - f) Customer concentration
  - g) Corporate image
  - h) Talent attraction, recruitment and training of personnel
  - i) Strategic investment
- C. Financial
  - a) Interest rate, foreign exchange rate and inflation
  - b) Taxation
  - c) Credit
  - d) Liquidity
  - e) High-risk and/or highly leveraged financial investments, derivative transactions
- D. Hazardous Events



- a) Climate change
  - b) Occupational safety and health
  - c) Fire or other man-made disaster (inclusive of restriction of hazardous substances in products or manufacturing)
  - d) Natural disaster
- E. Compliance
- a) Environment regulations (inclusive of carbon pricing, energy tax, renewable energy regulations, and others.)
  - b) Antitrust, anti-corruption and fraud
  - c) Personal data protection

## Implementation of Risk Management

CEO of the Company proposed the establishment of the Delta Group Risk Management Policy to the Board of Directors for approval in 2020. Regarding the implementation of the Group's risk management, CEO or the person designated by CEO reports to the Board of Directors once a year. Delta top management team established an internal global command center at the end of January 2020 responsible for the COVID-19. The command center has developed "Delta's Novel Coronavirus Prevention Plan" for the Company's global sites, and satellite teams led by regional heads from our key regions, such as Mainland China, South East Asia, North East Asia, EMEA (Europe, Middle East & Africa) and the Americas. Delta's global command center actively monitors the epidemic outbreaks and assists all regions in implementing relevant prevention strategies, meanwhile, in every regular meetings of Board of Directors, Delta's Chief Sustainability Officer reports to all directors about the COVID-19 updates, number of confirmed cases of employees and epidemic prevention materials, etc.