



Implementation of Delta Group Risk Management Policy

1. Organization of Risk Management



2. Purpose of Risk Management and Responsibility for Risk Management

The purpose of the Delta Group Risk Management Policy ("Policy") is to reduce various risks to a tolerable and controllable range through identification, analysis, tolerance, evaluation, response, supervision and review, and report of potential risks from the perspective of the Group by qualitative or quantitative management methods, as well as to provide a reference for developing operational strategies. The Policy has been formulated to achieve the Group's strategic goals in a reasonable manner, protect Group's core values, and create opportunities.

A. The role of the Board of Directors:

- To approve the risk management policy, procedure, and organization;
- To approve the risk appetite (risk tolerance);
- To ensure that the risk management policy is consistent with the operational strategy;
- To ensure that establishment of a proper risk management mechanism and risk management culture;
- To ensure that effective operation of the Group's risk management mechanism;
- To ensure the adequate and appropriate resources are allocated and designated to ensure the effective operations of risk management.

B. The role of the Audit and Risk Committee:

- To review the risk management policy, procedures and frameworks;
- To review the risk appetite (risk tolerance);
- To supervise the alignment of risk management policies with operational strategic directions;



- d. To supervise the establishment of appropriate risk management mechanisms and risk management culture;
- e. To oversee the effective operation of the overall risk management mechanism.

C. The role of the CEO and the COO:

- a. To examine the risk management policy;
- b. To examine the risk appetite (risk tolerance);
- c. To examine the alignment of risk management policies with operational strategic directions;
- d. To guide the establishment of appropriate risk management mechanisms and risk management culture;
- e. To guide the allocation of resources when there are inadequate resources.

D. The role of the Risk Management Implementation Committee:

- a. To devise the risk management policy, procedures, and structure;
- b. To determine the risk appetite (risk tolerance) and develop qualitative and quantitative metrics;
- c. To allocate and designate the appropriate and adequate resource to ensure the effective operations of the risk management and report to the CEO and the COO on a regular basis; when there are inadequate resources, the CEO and the COO guide the allocation of resources.
- d. To ensure the risk management mechanism is able to address adequately risks faced by the Company and incorporate the mechanism in day-to-day operating procedures;
- e. To determine the priority order and risk level of risk control;
- f. To examine the enforcement of risk management and propose necessary recommendations for improvement; to report to the CEO, the COO, the Audit and Risk committee and the Board of Directors on a regular basis for the management of major risk;
- g. To enforce the risk management policy of the Board of Directors and to deliver the risk management information in a timely and accurate manner;
- h. To determine the risk levels and suggest response plans according to the changes in the external environment and internal strategies;
- i. To design risk management related training programs on a regular basis to enhance overall risk awareness and culture;
- j. To analyze and identify sources and types of the Company risks and review the relevant applicability on a regular basis.

E. The role of the Operating Units:

- a. To be responsible for identification, analysis, and assessment of, and response to, risks of the unit to which it belongs, and create the relevant crisis management mechanism where necessary;
- b. To present risk management information to the Risk Management Implementation Committee on a regular basis;
- c. To ensure effective enforcement of risk management and relevant control procedures of the unit to which it belongs, to ensure compliance with the risk management policy.



3. Implementation of Risk Management

In conjunction with the Dow Jones Best-in-Class Indices (DJ-BIC) assessment and with reference to ISO 31000, COSO-ERM, and the “Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies” promulgated by Taiwan Stock Exchange, the Group Risk Management Implementation Report and the status of adoption of the International Financial Reporting Standards (IFRSs) Sustainability Disclosure Standards was presented to the Board of Directors of the Company in 2025. The implementation results for the year of 2025 are summarized as follows:

- A. February 26 – Board of Directors Meeting: the implementation plan for the IFRSs Sustainability Disclosure Standards was reported and the revisions to the Group Risk Management Policy was approved. The revised policy clearly stipulates the requirement to regularly plan and conduct risk management-related training to enhance overall risk awareness and strengthen the risk management culture.
- B. April 29 – Board of Directors Meeting: the operation of the risk management framework was reported, including
 - a. Group Risk Radar / Risk Map: based on the results of risk voting conducted by management, risk identification activities were carried out across business units. Risk control and mitigation actions were implemented across strategic, financial, operational, hazard, and compliance risk dimensions, with a total of 157 new risk control measures planned.
 - b. Major Risk Events: updates were provided on the handling and response to major risk events, including the earthquake incident at the Thailand facility and the U.S. reciprocal tariff policy.
 - c. ISO 22301 Business Continuity Management Implementation: the planned implementation for the current year covers the corporate headquarters and Chungli Plant 5 reports were presented on recovery time objectives, drill activities, and subsequent action plans.
- C. July 30 – Board of Directors Meeting: the implementation status of the IFRSs Sustainability Disclosure Standards was reported and the Group's risk appetite (risk tolerance) was approved:
 - a. IFRSs Sustainability Disclosure Standards Implementation: identification of sustainability-related risks and opportunities and their financial impacts, as well as the assessment of material sustainability-related financial information.
 - b. Risk Appetite (Risk Tolerance): the Group's risk appetite was approved. The assessment indicates that the risk appetite falls between a conservative and stable level. Risk tolerance indicators were established for monitoring purposes, and the monitoring results are expected to be reported to the Board on an annual basis.
- D. October 29 – Board of Directors Meeting: the implementation status of the IFRSs Sustainability Disclosure Standards was reported and the establishment of functional key risk indicators was approved:
 - a. IFRSs Sustainability Disclosure Standards Implementation: identification and collection of required information in accordance with the four core pillars of TCFD-Governance, Strategy, Risk Management, and Metrics and Targets.
 - b. Company-Level and Function-Level Key Risk Indicators (KRIs): key risk indicator activities were conducted to reduce risks and potential impacts. Mitigation measures will be activated if risks exceed the acceptable tolerance range.
- E. Training and Awareness: Enterprise Risk Management (ERM) education and training programs are held



on a regular basis to enhance employees' awareness and understanding of risk management.