



Delta Electronics, Inc. (the “Company”)
Delta Group Risk Management Policy
(Translation)

Passed by the Board of Directors on July 29, 2020

Amended by the Board of Directors on October 31, 2023

Amended by the Board of Directors on July 31, 2024

Article 1 (Purpose)

The purpose of the Delta Group Risk Management Policy (“Policy”) is to reduce various risks to a tolerable and controllable range through identification, analysis, appetite, evaluation, response, supervision and review, and report of potential risks from the perspective of Delta Group (“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.

Article 2 (Scope)

The Policy shall be applicable to risk management operations at all levels of the Group.

Article 3 (Organization of Risk Management)

- A. The Board of Directors of the Company as the highest risk governing body is responsible for supervising that the Group is compliance with laws, promoting and implementing the overall risk management of the Group.
- B. The Audit and Risk Committee assists the Board of Directors in supervising the implementation and effectiveness of risk management.
- C. The CEO and the COO review the effectiveness of the Risk Management Implementation Committee’s implementation and guide the allocation of resources when there are insufficient resources.
- D. Risk Management Implementation Committee, convened by the Group Chief Financial Officer, guides and formulates various risk management policy organizations, procedures, structures and risk appetites.
- E. Heads of each business group (BG Heads), heads of each functional unit (Operating Units) and heads of each region (Region Heads) accept the guidance of the members of the Risk Management Implementation Committee to carry out

the implementation of risk control activities and set up sub-committees in different regions according to the situation.

- F. From the perspective of the internal controls system, the internal audit department is responsible for auditing the implementation of risk management. Risk Management Implementation Committee may set up relevant contingency teams according to different incidents and assign different responsible officers to co-ordinate the response.

Article 4 (Responsibility for Risk Management)

- A. The role of the Board of Directors:
- a. To approve the risk management policy, procedure, and organization;
 - b. To approve the risk appetite (risk tolerance);
 - c. To ensure that the risk management policy is consistent with the operational strategy;
 - d. To ensure that establishment of a proper risk management mechanism and risk management culture;
 - e. To ensure that effective operation of the Group's risk management mechanism.
 - f. To ensure the adequate and appropriate resources is allocated and designated to ensure the effective operations of risk management.
- B. The role of the Audit and Risk Committee:
- a. To review the risk management policy, procedures and frameworks;
 - b. To review the risk appetite (risk tolerance);
 - c. 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 of 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 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.

Article 5 (Procedures of Risk Management)

To implement a sound risk management mechanism, the following procedures of risk management, including risk identification, risk analysis, risk assessment, risk response, oversight and examination, apply to each risk factor and the formulation of action plans towards appropriate risk management and efficient resource allocation.

A. Risk Identification

To identify risk factors which may prevent the accomplishment of Company's short-, mid-, and long-term objectives.

B. Risk Analysis

a. The Company shall analyze and identify risk factors within the scope of risk management defined by the Company. After identifying the risk factors faced to achieve the operation objective, the Company shall analyze the probability and degree of negative impact of risk events to realize the impact of such risk and set as the basis for risk management.

b. The Operating Unit shall conduct qualitative analysis for the risk factors faced to achieve the operation objectives at least once a year. When there are significant changes in internal and external environment, the Operating Unit shall conduct the analysis again.

C. Risk Appetite

The Risk Management Implementation Committee shall set a risk appetite (risk tolerance) and submit it to the Audit and Risk Committee and the Board of Directors for review and approval in order to determine the risk limit acceptable to the Company.

D. Risk Assessment

a. The results of risk analysis conducted by Operating Units shall be prioritized and compared with risk appetite so the risk events can be addressed on a priority basis.

b. The prioritized risk event and result of risk analysis result shall be submitted and registered with the Risk Management Implementation Committee for approval and control.

E. Risk Response



The Company shall devise risk response plans and ensure relevant personnel has full understanding and enforcement of the risk response plans. The enforcement of such plans shall be overseen on an ongoing basis.

F. Oversight and Examination

- a. The risk management plan shall be designed based on the result of the risk analysis and the cost-effectiveness of the Company's resources allocation. After enforcing the risk management plan, the residual risk analysis shall be conducted to ensure the enforcement result is lower than the risk appetite.
- b. The risk comes from daily operation shall be controlled and managed by Operating Units.
- c. The Risk Management Implementation Committee shall review and oversee the enforcement of the registered prioritized risk events on a regular basis (at least twice a year). When major internal or external risk events occur, the Risk Management Implementation Committee shall hold an extraordinary meeting to handle such event.
- d. Key risk indicators shall be developed and monitored so control measures can be taken in a timely manner.
- e. When cross-plants or cross-functions risk events occur, a cross-plants or cross-functions risk analysis shall be conducted. The person designated by the Risk Management Implementation Committee shall be in-charge and coordinate related personnel and to identify the feasible strategies to prevent crisis events and outline crisis management procedures and recovery plan.

G. Risk Reporting

The Risk Management Implementation Committee shall consolidate the risk information provided by Operating Units and issue risk management related report to the Audit and Risk Committee on a regular basis. The Risk Management Implementation Committee or its designated person shall report to the Board of Directors at least once a year.

Article 6 (Others)

Unless otherwise provided by the Policy, risk management of the Group shall follow the Group's internal control policies and the applicable regulations shall be promulgated by the competent authority.

Article 7 (Implementation)



The Policy shall be implemented subject to the approval of the Audit and Risk Committee and the Board of Directors. Subsequent amendments shall be effective in the same manner.