



Delta Electronics Thailand

Delta Group Enterprise Risk Management Policy

Article 1 (Purpose)

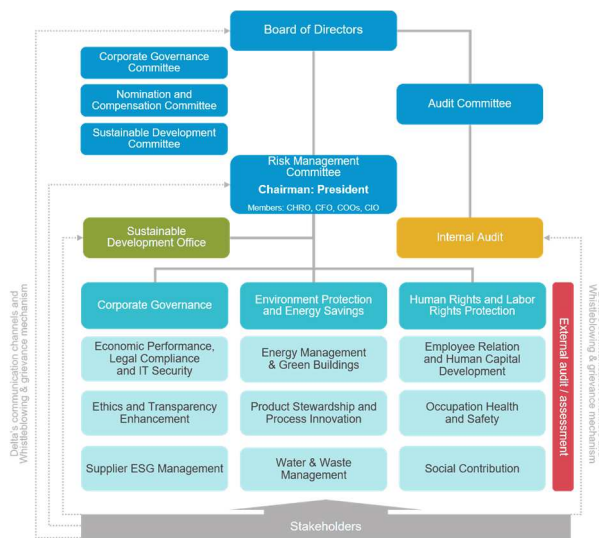
The purpose of the Delta Group Risk Management Policy (“Policy”) is to reduce various risks to a tolerable and controllable range through identification, assessment, control, monitoring and communication of potential risks from the perspective of Delta Group (“Group”). By qualitative or quantitative management methods, as well as to provide a reference for developing operational strategies, and effective risk management process will allow Delta Group to achieve long-term strategic goals and deliver mutual benefit to our stakeholders. The policy has been formulated in order to achieve the Group’s strategic goals in a reasonable manner.

Article 2 (Scope)

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

Article 3 (Organization of Risk Management)

Delta's risk Management Committee (RMC) is independent from other business functions, departments, or divisions, and serves as a means to address risks throughout the entire organization and not just within a specific department reports directly to the CEO. RMC’s structural independence allows for objective monitoring and control of various risks, in the best interest of the entire organization and without the pressure of a potential conflict of interest coming from other business priorities.



Delta’s Risk Management Committee Organization



- A. The CEO is the highest authority in the field of risk management, CFO, CHRO, CIO, COO and heads of each business group (BG Heads), heads of each functional unit (Function Heads) and heads of each region (Region Heads) are responsible for frontline risk management to perform their duties for risk detection, identification, assessment and development of risk response strategies. They shall review and monitor risk in a regular manner in Risk Management and Sustainable Development Committee Meetings.
- B. For different types of risks, the CEO shall form risk response teams for different events, and designate personnel to be responsible for overall coordination.
- C. From the perspective of the internal controls system, the internal audit department is responsible for auditing the implementation of risk management.

Article 4 (Responsibility for Risk Management)

- A. The role of the highest authority of risk management
The highest authority of risk management shall recognize the impact of different types of risks on the Group and ensure the effectiveness of risk management. The ultimate responsibility for risk management rests with the highest authority.
- B. The role of risk management units:
The CFO, CHRO, CIO, COO and Heads, Function Heads and Region Heads are responsible for frontline risk management, and their main responsibilities are as follows:
 - a. To ensure the delivery of risk information in prompt and accurate manner,
 - b. To ensure that risk management shall be effectively implemented within a unit.
 - c. To determine the risk factors and suggest response plans according to the changes in the external environment and internal strategies.
- C. The role of Sustainable Development Office as the Secretary to the Committee.
 - a. Revisit WEF Global risk trend
 - b. Consolidate Stakeholders interest/ concern.
 - c. Prepare risk profile and encourage the RMC member to revisit at least twice a year.
 - d. Pursue silo-break synergy.
 - e. Arrange expert consultation if required.
 - f. Disclosure.



Article 5 (Procedures of Risk Management)

To 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 and efficient resource allocation.

A. Risk Identification:

To control all risk factors, the Group has identified the following risk factors:

- a. Strategic
 - i. Changes in industry
 - ii. Changes in technology
 - iii. Establishment of business models
 - iv. Responsiveness of organizational structure
- b. Operational
 - i. Market demand and capacity expansion
 - ii. Business continuity operation (Business interruption risk including supply chain disruption or production disruption)
 - iii. Information security
 - iv. Supply chain management
 - v. Intellectual property rights
 - vi. Customer concentration
 - vii. Corporate image
 - viii. Talent attraction, recruitment and training of personnel
 - ix. Strategic investment
 - x. Ethics, integrity and anti-corruption
 - xi. Natural resources and energy conservation
 - xii. DEI promotion & Human rights protection
- c. Financial
 - i. Interest rate, foreign exchange rate and inflation
 - ii. Taxation
 - iii. Credit
 - iv. Liquidity
 - v. High-risk and/or highly leveraged financial investments, derivative transactions
- d. Hazardous Events
 - i. Climate change
 - ii. Occupational safety and health
 - iii. Fire or other man-made disaster (inclusive of restriction of hazardous substances in products or manufacturing)



- iv. Natural disaster
- e. Compliance
 - i. Environment regulations (inclusive of carbon pricing, energy tax, renewable energy regulations, and others.)
 - ii. Antitrust, anti-corruption and fraud
 - iii. Personal data protection
 - iv. Other ESG standards/ regulation that matters to the company' competitive advantage and long-term strategic goals.

B. Risk Assessment:

Business groups, functional units and regions shall analyze and identify risk factors within the scope of risk management defined by the Group. By analyzing the degree of negative impact and the likelihood of occurrence of risk events, the Group shall realize the impact of the risk and set a basis for risk management.

C. Risk Control and Monitoring

- a. Risks generated from daily operations shall be controlled and monitored by relevant operation units based on their nature.
- b. For crisis events involving cross-departments or cross-plants, the 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.
- c. A table of department responsibility for each risk factor is provided in Appendix 1. Any adjustment due to organizational changes of the table set forth in Appendix 1 need not be approved by the Board of Directors.
- d. Any deficiency found in risk control and monitoring should be reported through normal channels pursuant to relevant policies.

D. Risk Communication

- a. 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.
- b. The highest authority for risk management or the person designated by the highest authority for risk management shall report the implementation of the Group's risk management to the Board of Directors once a year.
- c. As part of BOD; CG Committee, NCC Committee, SD Committee and AC Committee will provide their feedback/ consultations for continuous improvement.



Article 6 Stakeholders participation promotion

- A. For all employee:
- a. To promote risk tolerance and risk accountability, Delta's employees are responsible for report actual and potential risk in connection with the company's activities to the following persons/ department.
 - i. Head of department of the individual employee
 - ii. Head of Internal Control, Human Resources or Legal
 - iii. Feedback box
 - iv. Via email at risk@deltaww.com
 - v. Via email at Whistleblow@deltathailand.com
 - b. The company will provide training for all employees.
 - c. Company will incentivize both monetary and non-monetary incentives to encourage our employees to feedback potential risks
 - d. For those risks related to other individuals/ parties, confidentiality employees who provide their feedbacks will be protected accordingly to Delta Human rights policy.
- B. For all stakeholders: Delta's stakeholders is able to communicate their concerns and interest through suggested approaches and frequency as listed in Delta's Stakeholder Engagement Guideline, Table 2: Summary of stakeholder engagement approaches with frequency.

Article 7 (Implementation)

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

Reference:

1. [Allianz Risk Barometer](#)
2. [COSO Internal Control Integrated Framework](#)
3. [Delta Electronics Inc.'s Risk Management Policy](#)
4. [International Standard ISO 31000 Risk management — Guidelines](#)
5. [Integrated GRC \(A\) Governance, Risk, Compliance](#)
6. [ISO 31000 vs COSO Enterprise Risk Management Standards](#)
7. [Risk Assessment in Practice](#)
8. [The World Economic Forum Risk Report](#)
9. [Wbcds's Enterprise Risk Management](#)



Appendix 1. Department responsibility for Each Risk Factor

Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Strategic	Change in Industry	<ul style="list-style-type: none"> • Overall • Economic performance and compliance • Environment Protection and Energy Saving • Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> • Sustainable Development Office • Management • Sales • Government relation • Legal • IMS • All engineering functions • Production • EnMs • EHS • PIT • Employee relation & Human Capital Development • EHS • Corporate communication



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Strategic	Change in Technology	<ul style="list-style-type: none"> • Overall • Economic performance and compliance • Environment Protection and energy saving • Human rights and labor rights protection 	<ul style="list-style-type: none"> • Sustainable Development Office • Management • Sales • Government relation • Legal • IMS • All engineering functions • Production • EnMs • EHS • PIT • Employee relation & Human Capital Development • EHS • Corporate communication



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Strategic	Establishment of Business models	<ul style="list-style-type: none"> Economic performance and compliance Human rights and labor rights protection 	<ul style="list-style-type: none"> Management Sales Government relation Legal IMS All engineering functions Employee relation & Human Capital Development EHS Corporate communication
	Responsiveness of organizational structure	<ul style="list-style-type: none"> Economic performance and compliance Human rights and labor rights protection 	<ul style="list-style-type: none"> Management Employee relation & Human Capital Development



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Operational	Market demand and capacity expansion	<ul style="list-style-type: none"> • Overall • Economic performance and compliance • Environment Protection and energy saving • Human rights and labor rights protection 	<ul style="list-style-type: none"> • Sustainable Development Office • Management • Sales • Government relation • Legal • IMS • All engineering functions • Production • EnMs • EHS • PIT • Employee relation & Human Capital Development
	Business continuity operation	<ul style="list-style-type: none"> • Overall 	<ul style="list-style-type: none"> • All functions
	Information security	<ul style="list-style-type: none"> • Economic performance and compliance • Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> • IT • Employee relation & Human Capital Development
	Supply chain management	<ul style="list-style-type: none"> • Supplier ESG Management 	<ul style="list-style-type: none"> • CPC • VQA • CE



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Operational	Intellectual properties rights	<ul style="list-style-type: none"> Economic Performance Legal & Compliance Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> R&D Legal Employee Relation & Human Capital Development
	Customer concentration	<ul style="list-style-type: none"> Economic Performance Legal & Compliance 	<ul style="list-style-type: none"> R&D Sales & service Corporate Communication
	Corporate image	<ul style="list-style-type: none"> Economic Performance Legal & Compliance 	<ul style="list-style-type: none"> Corporate communication Investor relation Government relation Volunteer team
	Talent attraction, recruitment, and training of personnels	<ul style="list-style-type: none"> Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> Employee relation & Human Capital Development



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Operational	Strategic investment	<ul style="list-style-type: none"> • Overall • Economic performance and compliance • Environment Protection and energy saving • Human rights and labor rights protection 	<ul style="list-style-type: none"> • Sustainable Development Office • Management • Sales • Government relation • Legal • IMS • All engineering functions • Production • EnMs • EHS • PIT • Employee relation & Human Capital Development • EHS • Corporate Communication
	Ethics, integrity, and anti-corruption	<ul style="list-style-type: none"> • Economic Performance Legal & Compliance • Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> • Company Secretary • Legal • Internal Audit • Employee relation & Human Capital Development



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Operational	Natural resources and energy conservation	<ul style="list-style-type: none"> • Overall • Economic Performance and Compliance • Environment Protection and Energy Saving • Human rights and Labor Rights Protection 	<ul style="list-style-type: none"> • Sustainable Development Office • Management • Finance • Sales • IMS • Production • EnMs • EHS • Facilities • PIT • Employee relation & Human Capital Development



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Financial	Interest rate, foreign exchange rate and inflation	<ul style="list-style-type: none"> Economic performance and compliance 	<ul style="list-style-type: none"> Finance
	Taxation	<ul style="list-style-type: none"> Economic performance and compliance 	<ul style="list-style-type: none"> Finance
	Credit	<ul style="list-style-type: none"> Economic performance and compliance 	<ul style="list-style-type: none"> Finance
	Liquidity	<ul style="list-style-type: none"> Economic performance and compliance 	<ul style="list-style-type: none"> Finance
	High-risk and/or highly leveraged financial investments, derivative transactions	<ul style="list-style-type: none"> Economic performance and compliance 	<ul style="list-style-type: none"> Finance
Hazardous events	Climate Change	<ul style="list-style-type: none"> Overall Environment Protection and Energy Saving 	<ul style="list-style-type: none"> SD Office IMS EnMs Facilities
	Occupational Health and Safety	<ul style="list-style-type: none"> Human Rights and Labor Rights Protection 	<ul style="list-style-type: none"> EHS



Type of Risk	Risk Factor	Risk Committee Organization	Responsible Department/ Business Unit
Hazardous events	Fire or other man-made disaster	<ul style="list-style-type: none"> Environment Protection and energy saving Human rights and labor rights protection 	<ul style="list-style-type: none"> Facilities EHS
	Natural Disaster	<ul style="list-style-type: none"> Environment Protection and energy saving Human rights and labor rights protection 	<ul style="list-style-type: none"> Facilities EHS
Compliance	Environment regulations (including carbon pricing, energy tax, renewable energy regulations and others)	<ul style="list-style-type: none"> Overall Environment Protection and energy saving 	<ul style="list-style-type: none"> SD Office EnMs Facilities
	Antitrust, anti-corruption and fraud	<ul style="list-style-type: none"> Economic performance and compliance Human rights and labor rights protection 	<ul style="list-style-type: none"> Legal IT Sales Employee relation & Human Capital Development
	Personal data protection	<ul style="list-style-type: none"> Economic performance and compliance Human rights and labor rights protection 	<ul style="list-style-type: none"> Legal IT Sales Employee relation & Human Capital Development
	Other ESG standard/ regulation that matters to the company' competitive advantage and long-term strategic goals.	<ul style="list-style-type: none"> Overall 	<ul style="list-style-type: none"> All Functions