

Risk Management Operations



This content has been reported on November 5, 2025,

The 14th meeting of the 4th audit Committee and the 15th meeting of the 16th Board of Directors.

Risk Management Execution Results Report

- Risk Identification Overview
- Risk of Operational
- Risk of HSE
- Risk of Quality Management Processes
- Risk of Information Security

Risk Identification Overview

The risk quantity and grade distribution of all category risks have been identified, analyzed and evaluated by each unit in 2025 are as follows:

Risk Category \ Risk Level	Risk of Operational	Risk of HSE	Risk of Quality Management Processes	Risk of Information Security	Risk of Climate and Nature
Quantity of High risk	0	1	0	0	0
Quantity of Slight-high risk	2	0	1	1	0
Quantity of Medium risk	8	2	1	0	5
Quantity of Low risk	11	1	0	1	5
Total	21	4	2	2	10



Risk of Operational (1/2)

Insufficient Project Key Talent *(Slight-high risk)*

As many of the recently awarded projects are **large-scale projects**, there remains **a shortage of key personnel with experience and the required professional skills**. This risk was evaluated as medium risk by HBO, high risk by IEPBO, and low risk by ATFBO. The relevant risk mitigation actions and their effectiveness are shown in the table below:

Risk Mitigation Actions	Improvement Results
<ul style="list-style-type: none">• Increase the talent pool through continuously strengthening talent recruitment by HR<ul style="list-style-type: none">– Engage global engineering headhunting firms to find suitable candidates.– Implement an employee referral program to encourage staff to recommend talented individuals.• Strengthen the professional capabilities of Project Key Talent<ul style="list-style-type: none">– Designate mandatory professional courses to strengthen the core professional skills of Project Key Talent.– Arrange for backup personnel to gain practical experience to quickly accumulate experience and accelerate their growth.– Implement internal rotations to cultivate project management capabilities and improve personnel availability.	<ul style="list-style-type: none">• As of Q3 2025, a total of 11 employees were recruited through headhunting firms, and 7 were recruited and retained through employee referrals.• Five new project managers have been trained and developed who are capable of handling large-scale projects:<ul style="list-style-type: none">– HBO: 2.– IEPBO: 3.

Risk of Operational (2/2)

Risk from GEH Accounts Receivable Recovery (Slight-high risk)

If GEH's operations do **not perform as expected** and it will be unable to recover all receivables, resulting the recognition of losses which will have the negative impact of the Company. Furthermore, GEH's operating performance may still be affected due to the unpredictable policy in US. This risk has been assessed as **Slight-high risk** by EMO. The relevant risk mitigation measures and their effectiveness are shown in the table below:

Risk Mitigation Actions	Improvement Results
<ul style="list-style-type: none">Regularly monitor GEH's operational: obtain and review GEH's financial information monthly.Keep abreast of US market developments (e.g., renewable subsidy policies, product prices, and feedstock costs)Participate in GEH's board decisions.	<ul style="list-style-type: none">Due to significant fluctuations in soybean oil (feedstock) prices, gross profit margins vary considerably. We continuously monitor the prices of recycled diesel, D4 RIN (for biodiesel), and soybean oil to understand market conditions and assess whether to adjust financial projection.We participated in GEH's first board meeting, where upstream business development strategies were discussed. Strategic cooperation is expected to reduce capital expenditures and risks.

Risk of HSE (1/1)

Major occupational accident *(High risk)*

Major occupational accidents during project execution may significantly impact project progress and company reputation, affecting future business opportunities. This risk was evaluated as high risk by HSEMD, the relevant risk mitigation actions and their effectiveness are shown in the table below:

Risk Mitigation Actions	Improvement Results										
<ul style="list-style-type: none">• Strengthen Supervisory Effectiveness<ul style="list-style-type: none">– Conduct weekly supervisory site inspections on weekdays and weekends, with quarterly reviews for continuous improvement.– President reviews high-risk operations of each project monthly with the HSEMD to identify next-month supervisory priorities.• Enhance Fall Prevention Measures<ul style="list-style-type: none">– Conduct construction safety risk assessments from the design stage to review work procedures and facilities.– Reinforce pre-entry “Safety Experience Classroom” training for workers.• Strengthen Safety Awareness of Migrant and Contractor Workers<ul style="list-style-type: none">– Develop easy-to-understand standardized pictorial safety materials (in Chinese, English, and Thai) and post at worksites to remind workers.– Assign Thai engineers with HSE background to conduct Thai-language safety training and talks at sites.– Jointly review causes and improvement measures for high-risk near-miss incidents with contractors, and share lessons learned across projects.	<ul style="list-style-type: none">• CTCI’s occupational injury rate was 0.23, significantly lower than the Taiwan construction industry average of 4.75 as of the end of August.• The OSHA TRCR annual target is 0.1, and the rate stands at 0.04 as of the end of September 2025.<table><tr><th>Year</th><th>TRCR</th></tr><tr><td>2022</td><td>0.08</td></tr><tr><td>2023</td><td>0.04</td></tr><tr><td>2024</td><td>0.05</td></tr><tr><td>As of September 2025</td><td>0.04</td></tr></table>• CTCI has achieved the Top 1% (PR 99) ranking in the “Occupational Health and Safety” category of the DJBICI for four consecutive years.	Year	TRCR	2022	0.08	2023	0.04	2024	0.05	As of September 2025	0.04
Year	TRCR										
2022	0.08										
2023	0.04										
2024	0.05										
As of September 2025	0.04										

Risk of Quality Management Processes (1/1)

Unstable quality of key equipment vendors *(Slight-high risk)*

Unstable quality of key equipment vendors and its key components provided by the sub-vendors has resulted in multiple additional inspections and required expediting and/or rush orders to meet contractual requirements, impacting the project schedule and cost. This risk has been evaluated by the Procurement Division as **Slight High Risk**. The related risk mitigation actions and their improvement effectiveness are summarized in the table below:

Risk Mitigation Actions	Improvement Results
<ul style="list-style-type: none">• Strengthen control over the key equipment components provided by sub-vendors<ul style="list-style-type: none">– Key equipment vendors and their key components' sub-vendors shall be located in the same country to avoid schedule and cost impacts caused by multiple inspections across countries when key components fail to meet specifications.– Designate sub-vendors of key components and manage quality from the source to ensure quality.• Reinforce the clauses in the contract<ul style="list-style-type: none">– Introduce interim milestones for the delivery of key components, linked to LD for late delivery.– Raise the quality criteria for key components to pass the inspections and tests.• Enhance inspection of key components<ul style="list-style-type: none">– Increase inspection and testing stages for key components and assign inspectors to joint inspections with the vendors/sub-vendors.– Establish a warning and reporting mechanism for delays or quality anomalies.	<ul style="list-style-type: none">• The PO procedure for key equipment has been revised.• The strengthened clauses in the contract have been incorporated into the PO template (completed in Q3).• Inspection procedures for key components have been established and incorporated into the Requisition template for implementation (completed in Q3).

Risk of Information Security (1/1)

Information Security Risk Due to Geopolitical Factors *(Slight-high risk)*

Influenced by geopolitical factors, Taiwanese companies experience cyberattacks more frequently than typical international enterprises. In 2025, the number of cyberattacks targeting organizations in Taiwan was 2.16 times higher than the global average. This risk has been evaluated by the IT Department as **slightly high risk**. The action for risk mitigation measures and improvement outcomes are summarized in the table below:

Risk Mitigation Actions	Improvement Results
<ul style="list-style-type: none">• Ongoing Measures<ul style="list-style-type: none">– Deploy Managed Detection & Response (MDR) systems, as well as Data Leakage Prevention (DLP) systems.– Engage external experts for third-party vulnerability analysis and simulates hacker attacks (penetration testing).• New Measures in 2025:<ul style="list-style-type: none">– Gradually migrate critical operational systems to the cloud, such as transitioning the email system to Microsoft O365 and planning the SAP ERP cloud migration.	<ul style="list-style-type: none">• As of Q3, Managed Detection & Response (MDR) system successfully intercepted two hacker attacks, and the DLP system detected three data leakage incidents, resulting in no actual impact or loss.• External expert assessments and penetration tests identified five high-risk vulnerabilities, all of which were remediated by Q3.• The email system was migrated to Microsoft O365 in July, and the SAP ERP cloud migration is scheduled for completion by the end of the year.

Risk Management Training Implementation

- Risk Issues Lecture for Top Management
- Risk Management Training for All Members of CTCI Group

Risk Issues Lecture for Top Management

Topic of Lecture: Global Financial and Economic Changes on Future Market (May 6, 2025)

Lecturer: **Wang, Jiann-Chyuan**, Vice President of Chung-Hua Institution for Economic Research

Attendees: Directors of CTCI Corporation, CTCI ASI and ECOVE, Corporate Governance Officers and other Officers. Total 61 persons (**in-person and online**).

Contents :

1. Global and Taiwan Economic Outlook
2. The impact of Trump's rise to power and geopolitics
3. Response strategies and investment trends



Risk Management Training for All Members of CTCI Group

Topic of Training : Basic Requirements and Regulations of Group Risk Management (May ~ June, 2025)

Attendees: **All Members of the Group**

Contents: Provide Supervisor Version and Employee Version, main contents as below :

- ✓ Supervisor Version : Risk Management Policy and Objective, the supervisor's R&R of Group risk related SOPs.
- ✓ Employee Version : Introduction to risk and risk management, Risk Management Policy and Objective, Key points of Group risk related SOPs.



Name: Group Risk Management Requirements Awareness Training(Management)

Course Date: 2025/05/28 ~ 2025/06/28

0.5hr



Name: Group Risk Management Requirements Awareness Training(Employee)

Course Date: 2025/05/26 ~ 2025/06/28

0.5hr

