Risk Management Operations

This content has been reported on November 10, 2026,

The 2nd meeting of the 5th Audit Committee and the 3rd meeting of the 17th Board of Directors.

Agenda

- **Risk Management Execution Results Report**
  - Risk Identification Overview
  - Risk of Operational
  - Risk of HSE
  - Risk of Information Security
  - Risk of Climate and Nature
- **Risk Management Training Implementation**
  - Risk Issues Lecture for Top Management
  - Risk Issues Seminar for General Management
  - Risk Management Training for All Members of CTCI Group

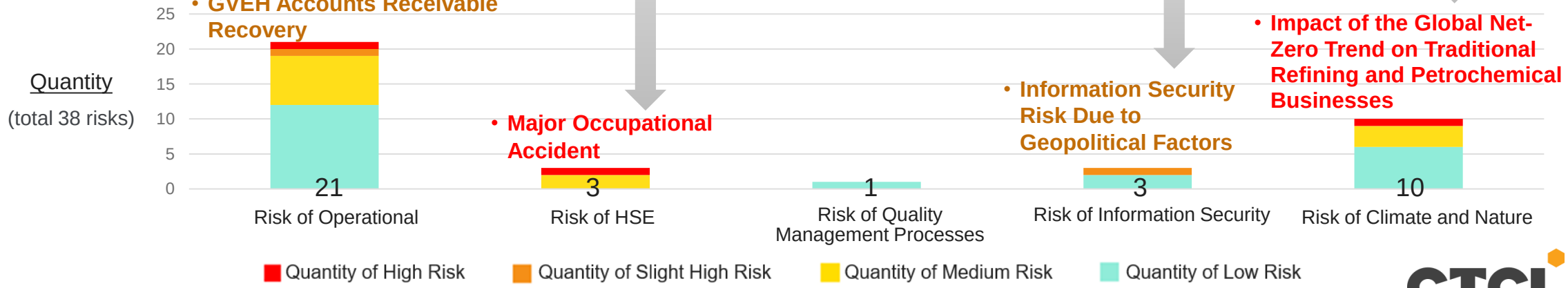
Risk Management Execution Results Report

§ Risk Identification Overview

The risk quantity and rating distribution of all category risks have been identified, analyzed and evaluated by each unit in 2026 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	1	1	0	0	1
Quantity of Slight-high risk	1	0	0	1	0
Quantity of Medium risk	7	2	0	0	3
Quantity of Low risk	12	0	1	2	6
Total	21	3	1	3	10

- **Insufficient Project Key Talent**
- **GVEH Accounts Receivable Recovery**
- **Major Occupational Accident**
- **Information Security Risk Due to Geopolitical Factors**
- **Impact of the Global Net-Zero Trend on Traditional Refining and Petrochemical Businesses**



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Risk Management Execution Results Report

§ Risk of Operational (1/2)

Insufficient Project Key Talent *(High risk)*

With multiple overseas advanced technology facilities projects awarded this year, coupled with the talent attraction effect of the high-tech industry, the following table summarizes the risk mitigation actions taken to address the shortage of project key talent and the improvement results achieved.

Risk Mitigation Actions	Improvement Results
• **Continuously Strengthen Talent Recruitment** – Engage professional engineering headhunting firms to find suitable candidates. – Recruit through campus recruitment, alternative military service programs, overseas engineers, and the Ministry of Education's industry-academia collaboration programs. • **Supplement Professional Manpower through Subsidiary Secondments and Rehiring of Retirees** • **Accelerate Talent Development and Strengthen Workforce Resilience** – Conduct professional courses and workshops to strengthen the core professional skills of project key talent. – Assign personnel to projects in deputy roles to gain practical experience. – Develop SOPs tailored to the fast-paced nature of high-tech projects. – Develop secondary skills among employees to enhance staffing flexibility and strengthen team capacity. • **Strategically Leverage Design Outsourcing to Supplement Internal Capacity**	• Through diversified efforts including recruitment, executive search, subsidiary secondment, rehiring retirees, and professional training, staffing gaps in key project positions have been filled and risks have been mitigated. Efforts to further strengthen the workforce will continue to support future business growth. • Established long-term partnerships with professional firms (architects and specialized design firms) to expedite outsourced architectural and structural design/drafting.

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Risk Management Execution Results Report

§ Risk of Operational (2/2)

GVEH Accounts Receivable Recovery *(Slightly High Risk)*

In 2026, geopolitical developments, U.S. government policies, and tight conventional diesel supplies drove up renewable diesel prices. GVEH's operating performance exceeded expectations. Given market volatility, GVEH's performance remains under close review. The relevant risk mitigation actions and improvement results are shown in the table below:

Risk Mitigation Actions	Improvement Results
• Participate in GVEH board. • Monitor GVEH's operations regularly. • Obtain and review GVEH's financial information monthly. • Track U.S. market trend, including energy policies, product prices, and feedstock costs.	In 2026, we participated in four GVEH board meetings to discuss business development and operating strategy. • **Downstream Renewable Diesel Plant:** Higher U.S. renewable diesel and RIN prices helped overall profitability exceed the financial projections approved by the bankruptcy court. • **Upstream Camelina Business:** GVEH provides the technology, while its alliance partners manage grower, oil crushing facilities and products offtake. The business model aims to reduce capital expenditure from GVEH and mitigate production and sales risks.

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Risk Management Execution Results Report

§ 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. The relevant risk mitigation actions and improvement results are shown in the table below:

Risk Mitigation Actions	Improvement Results
• **Strengthen Supervisory Effectiveness** – 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. • **Strengthen Risk Prevention at the Source** – Incorporate planning and design risk assessment procedures into SOPs to ensure effective risk prevention at the source. – Engage external experts to enhance risk assessment capabilities across planning, design, and construction stages. • **Enhance Subcontractor Safety Management and Worker Safety Awareness** – Conduct Occupational Safety Card training for frontline and migrant workers. – Strengthen safety coordination and integrated management to ensure subcontractor accountability. – Issue “HSE Technical Bulletin” in Chinese, English, and Thai to standardize HSE practices. Review the causes and corrective measures of high-risk near misses and share lessons learned across projects. – Develop the trilingual communication app featuring common daily and safety-related phrases in Chinese, English, and Thai to reduce language barriers.	• CTCI’s occupational injury rate was 0, significantly lower than the Taiwan construction industry average of 4.05 as of the end of September. • The OSHA TRCR annual target is 0.1, and the rate stands at 0 as of the end of September 2026.

Year	TRCR
2023	0.04
2024	0.05
2025	0.05
As of September 2026	0

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Risk Management Execution Results Report

§ Risk of Information Security (1/1)

Information Security Risk Due to Geopolitical Factors *(Slightly High Risk)*

Influenced by geopolitical factors, Taiwanese companies face the highest frequency of cybersecurity threats in the Asia-Pacific region. The relevant risk mitigation actions and improvement results are shown in the table below:

Risk Mitigation Actions	Improvement Results
• Ongoing Measures – Deploy Managed Detection & Response (MDR) systems, as well as Data Leakage Prevention (DLP) systems. – Engage external experts for third-party vulnerability analysis and simulated hacker attacks (penetration testing). – Enhance employee cybersecurity awareness through social engineering exercise. • New Measures in 2026 – Implement a Cloud-based Off-site Disaster Recovery solution for critical information systems.	• External expert assessments and penetration tests identified one high-risk vulnerability, which was remediated. • Conducted 3 social engineering exercises to date, all meeting National Information and Communication Security Taskforce (NICST) standards; exercises will continue in Q4. • Cloud-based Off-site Disaster Recovery – 2025 Completed: Email & SAP ERP cloud migration. – End of 2026: Cloud-based Off-site Disaster Recovery for critical information systems.

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Risk Management Execution Results Report

§ Risk of Climate and Nature (1/1)

Impact of the Global Net-Zero Trend on Traditional Refining and Petrochemical Businesses

(High Risk)

Against the backdrop of the global net-zero transition, traditional refining and petrochemical businesses are facing significant challenges as customers shift their investments toward renewable energy. The relevant risk mitigation actions and improvement results are shown in the table below:

Management Action	Implementation Effectiveness
• **Expanding into Low-Carbon Energy and Carbon Resource Transformation** Expand low-carbon and renewable energy businesses: Develop Carbon Capture, Utilization and Storage (CCUS), blue hydrogen, blue ammonia, Sustainable Aviation Fuel (SAF), and solar energy. • **Accelerating the Green Transition** – Resource Solutions: Invest in waste-to-energy, water reclamation, and desalination to drive the circular economy. – Rail Systems: Pursue domestic and international metro and light rail projects. • **Low-Carbon Petrochemicals & LNG Value Chain** – Process Upgrades: Develop Liquid-to-Chemicals (LTC) for high-value products. – Bid for global gas power plants, LNG terminals, and storage projects.	• CCUS: Secured CPC carbon capture project. • Waste-to-Energy: Secured the Southern Taiwan Science Park (STSP) Zero-Waste Center waste liquid thermal treatment facility construction and operation project. • Water Reclamation: Secured STSP reclaimed water plant expansion, operation & maintenance project and secured the reclaimed water project of a semiconductor plant in Singapore. • Circular Economy: Secured STSP Zero-Waste Center waste sulfuric acid recovery project.

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Risk Management Training Implementation

§ Risk Issues Lecture for Top Management

Topic: Latest Economic Trends, Risk Indicators, and Response Strategies in the Geopolitical Landscape of 2026 (May 12, 2026)

Lecture Unit: The Regional Development Study Center, Chung-Hua Institution for Economic Research

Attendees: Directors of CTCI Corporation, CTCI ASI and ECOVE, Corporate Governance Officers and other Officers. Total 43 participants (in-person and online).

Contents：

1. Outlook on Geopolitical Shifts
2. Trump’s Economic Policies and Tariff Progress
3. U.S.-China Rivalry: AI Chips vs. Critical Minerals
4. Impacts and Observations



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Risk Management Training Implementation

§ Risk Issues Seminar for General Management

Topic: Corporate Internal Risk Management: Insights from Fraud and Trade Secret Cases (July 2, 2026)

Lecture Unit: Shilin Station, Taipei Field Office, Investigation Bureau, Ministry of Justice

Attendees: Department Manages of CTCI Corp., Chairman and President of domestic affiliates, Risk Control Representatives, and relevant business functions (including Legal, Procurement, Quality, Finance, Accounting, Human Resources and Internal Audit. Total 124 participants (in-person and online).

Contents：

1. Why Businesses Need to Prevent Corruption and Malpractice
2. Insider Trading
3. Case Studies on Corporate Asset Embezzlement
4. Trade Secret Misappropriation
5. Cases of Investigation into Talent Poaching by Mainland Chinese Enterprises



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Risk Management Training Implementation

§ Risk Management Training for All Members of CTCI Group

Topic: Risk Management - Strengthening Risk Awareness and Reporting (May-July 2026)

Attendees: All Members of the CTCI Group

Contents：Definition of Risk, Risk Management Process, Risk Identification, Risk Reporting, Roles and Responsibilities of All Employees

Training Result: 6,461 participants across the CTCI Group, 100% completion rate.





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