



CHIEFTEK PRECISION CO., LTD.

直得科技股份有限公司

LINEAR MOTION TECHNOLOGY

## Implementation Status of Risk Management in 2025

The Company's risk management framework aims to mitigate the impact of various risks (including operating environment, operational management, financial accounting, environmental factors, and occupational health and safety, etc.), enhance risk awareness across corporate operations, and strengthen overall risk governance. On August 7, 2024, the Board of Directors approved the Risk Management Policy and Procedures.

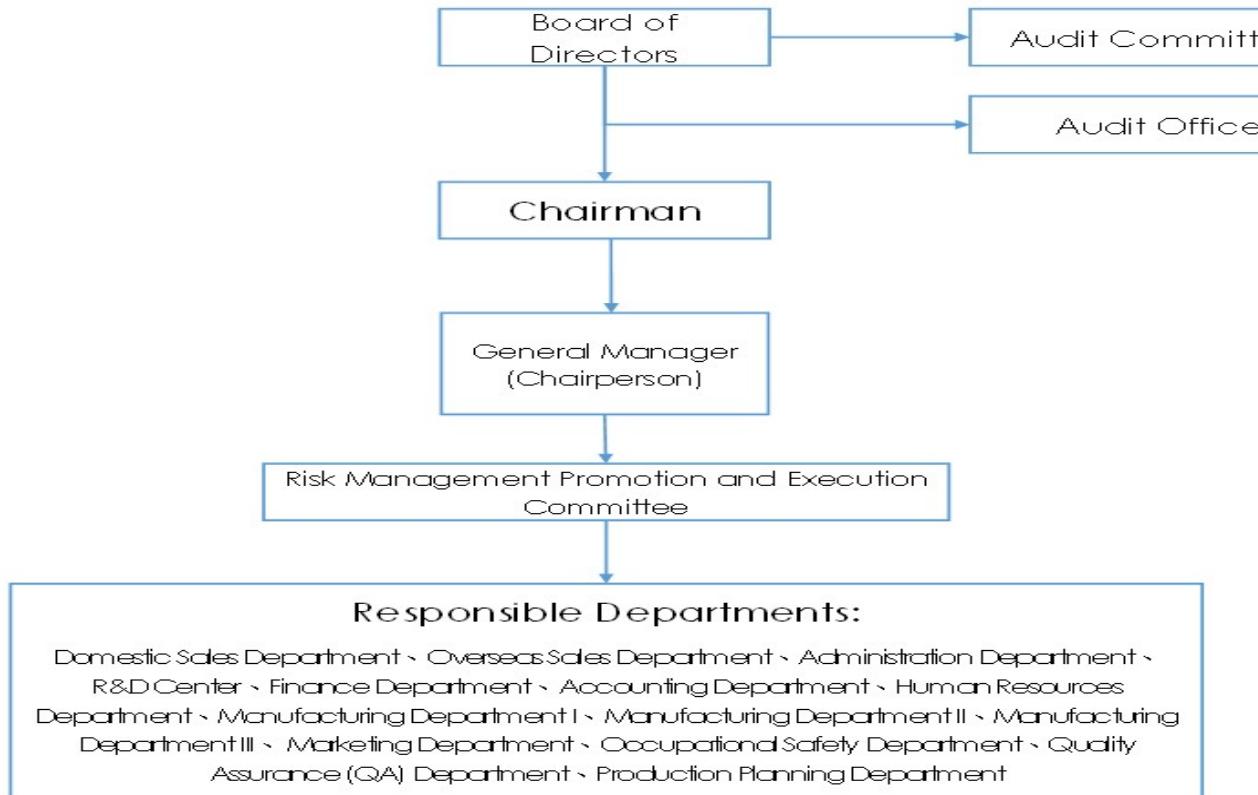
The Company has established the Risk Management Promotion and Execution Committee, which adopts a systematic approach of integration, planning, implementation, evaluation, and continual improvement to manage the risk management process. This enables the Company to effectively respond to the potential impacts of various

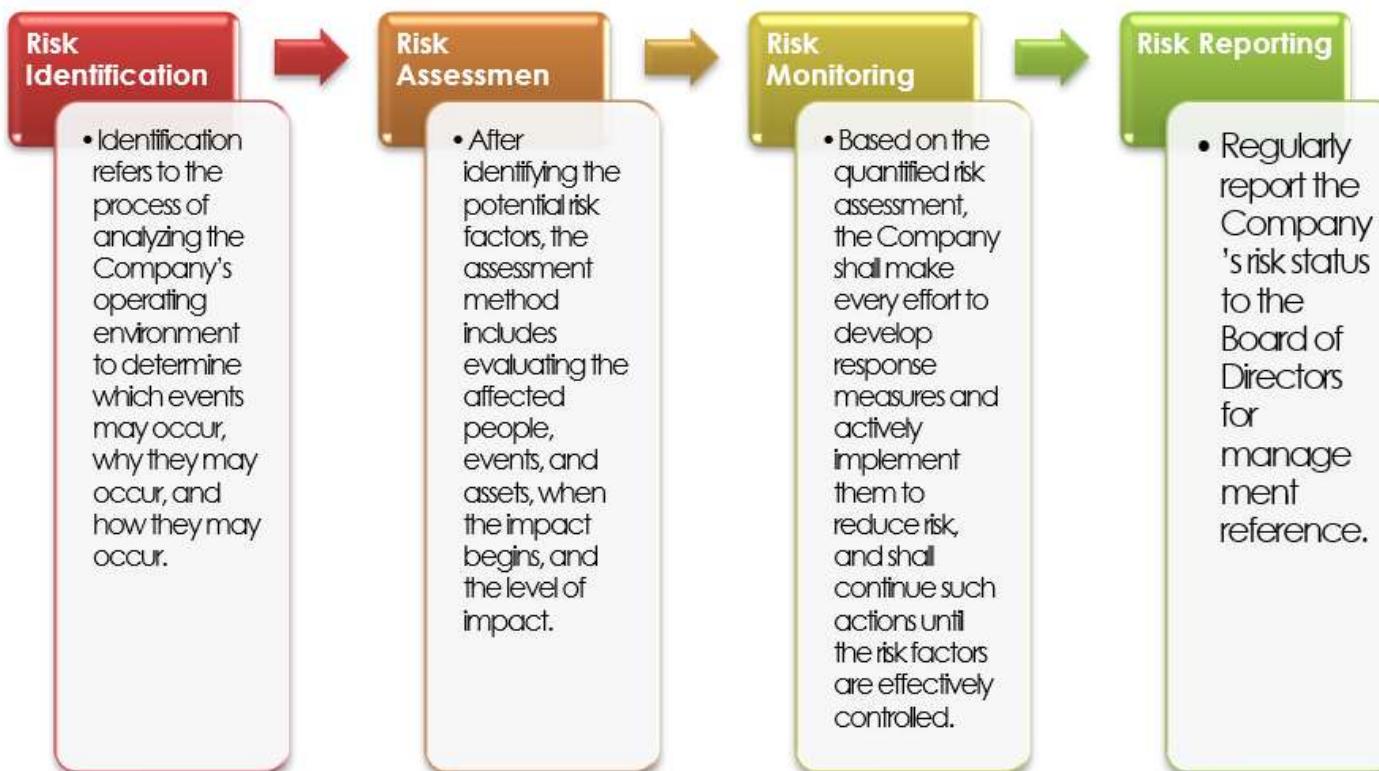


As the highest decision-making body for risk management, the Board of Directors approves the Company's risk management policies and framework in accordance with business strategies and changes in the operating environment, so as to ensure the effectiveness of risk management.

The Audit Committee is responsible for reviewing the Company's risk management policies and procedures and regularly assessing their applicability and effectiveness of implementation. It approves the Company's risk tolerance, guides resource allocation, and ensures that the risk management mechanism adequately addresses the risks faced by the Company. The Committee also reviews the implementation status of risk management and provides necessary recommendations for improvement.

As the Company's highest risk management body, the Risk Management Promotion and Execution Committee is led by the General Manager as the top executive. The Committee is responsible for planning preventive measures for risks identified by various business units, confirming the effectiveness of plan implementation, and assessing the impacts of risks from an overall corporate perspective. It also facilitates cross-departmental risk management and communication to achieve the objectives of risk prevention and mitigation.

**Organizational Structure of the Risk Management Promotion and Execution Committee**





## 114 年度辨識出優先關注之風險及因應對策

Risk Type	Causes	Response Measures and Effectiveness
Operational Risk – Geopolitical Risk	<ol style="list-style-type: none"> <li>1. Global political and economic conditions remain highly uncertain, which may impact industry supply chains and the overall market environment.</li> <li>2. Wars, strikes, or other major social disruptions may restrict the supply of raw materials and significantly increase transportation costs, thereby affecting operational deployment and cost structure.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has implemented a manufacturing diversification strategy and expanded operations by establishing a plant in Germany, thereby diversifying operational risks toward politically more stable markets. The Company has also established subsidiaries in China, the United States, and Germany. When geopolitical tensions rise, shipments can be flexibly fulfilled by overseas subsidiaries to reduce the impact of geopolitical risks on operations.</li> <li>2. The Company has established flexible mechanisms for raw materials and logistics. For raw materials, at least two supply sources are required. If, due to material or technical characteristics, this requirement cannot be met, the supply chain is required to increase safety stock levels.</li> </ol>
Operational Risk – Exchange Rate Fluctuations	Exchange rate fluctuations may impact the Company's profit and loss.	<ol style="list-style-type: none"> <li>1. Strengthen monitoring and management of exchange rate fluctuations in domestic and international markets, and consider foreign currency conversions at appropriate times to minimize foreign exchange risk.</li> <li>2. In 2025, exchange rate fluctuations did not result in any losses for the Company.</li> </ol>
Credit Management	Customer credit limits are not reviewed on a regular basis, resulting in excessive expansion of credit exposure.	<ol style="list-style-type: none"> <li>1. Credit risk arises when customers are unable to settle accounts receivable in accordance with the agreed payment terms.</li> <li>2. Credit limits shall be reassessed at least once a year.</li> </ol>



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		<ol style="list-style-type: none"><li>3. Prior to shipment, the approved credit limit shall be reviewed to determine whether the customer's credit exposure has been exceeded. If the credit limit has been exceeded, shipment may only proceed after approval by the responsible supervisor/authorized manager.</li><li>4. Minimize avoidable risks and potential losses to support the Company's sustainable development.</li></ol>
Transaction Risk	Potential losses may occur if a signed contract is legally unenforceable due to reasons such as unauthorized actions, inadequate regulations, incomplete clauses, or other factors that render the contract invalid.	<ol style="list-style-type: none"><li>1. Prior to signing, contracts shall be submitted to legal counsel for review and comments.</li><li>2. A contract review and countersignature/approval mechanism serves as the first line of defense.</li><li>3. Collect and consolidate different types of contract templates as reference models for contract execution.</li></ol>
Climate Change Risk	Natural disasters caused by extreme weather may result in building damage and personnel injuries, thereby affecting normal operations.	<ol style="list-style-type: none"><li>1. Establish a disaster emergency response mechanism, including prevention, detection, response actions, and post-disaster recovery, to maintain operational continuity.</li><li>2. Continue to strengthen management and improvement initiatives related to energy, water resources, waste, and air pollution. Through education and training, enhance employees' awareness and knowledge to improve emergency response capability and reduce the risk of operational interruption caused by natural disasters, environmental incidents, and climate change.</li><li>3. Ensure appropriate insurance coverage for the Company's property to reduce impacts on operations and potential profit</li></ol>

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Risk Type	Causes	Response Measures and Effectiveness
Operational Risk – Product Compliance	The Company's products may fail to comply with applicable government regulations and/or contain hazardous substances.	<p>losses when hazards occur.</p> <ol style="list-style-type: none"> <li>1. For each shipment, suppliers shall provide an inspection report, which must be sent to the QA Department via email or enclosed with the shipment.</li> <li>2. For chemical shipments, suppliers shall provide the Safety Data Sheet (SDS) to the Occupational Safety Department via email or enclosed with the shipment prior to delivery.</li> <li>3. Processing drawings shall include the statement: "Complies with EU-directive in RoHS (must comply with relevant EU RoHS requirements)."</li> <li>4. Require the supply chain to provide self-declarations regarding compliance with the Restriction of Hazardous Substances Directive (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations, including Substances of Very High Concern (SVHC) requirements.</li> <li>5. Require the supply chain to reduce and restrict/prohibit the use of environmentally hazardous substances.</li> </ol>
Human Resources Risk – Difficulty in Talent Recruitment	Labor shortages in production and the loss of key talent may create workforce gaps, affecting operational continuity.	<ol style="list-style-type: none"> <li>1. Introduce automation on production lines to reduce dependence on manual labor.</li> <li>2. Develop multiple recruitment channels, including industry-academia collaboration, and expand talent development domestically and internationally.</li> <li>3. Create a friendly workplace environment, broaden recruitment channels, and enhance employee retention and</li> </ol>



Risk Type	Causes	Response Measures and Effectiveness
		<p>recruitment effectiveness.</p> <p>4. Utilize foreign workers to alleviate manpower shortages.</p> <p>5. Arrange emergency overtime staffing and implement overtime and production incentive programs to support rapid workforce deployment and production recovery.</p>
Operational Risk – Occupational Safety and Health (OSH)	Risks related to occupational safety and health, including chemical management, safety protection and emergency response, as well as other risks arising from improper human management operations or errors.	<p>1. Obtain ISO 45001 Occupational Health and Safety Management System certification, proactively strengthen injury prevention measures, and improve adverse health conditions.</p> <p>2. Conduct regular annual training on occupational safety and health, emergency response, and fire safety to enhance employees' emergency response capability and self-safety management awareness.</p> <p>3. Establish a comprehensive occupational safety and health management system and continuously improve it to reduce occupational accident risks and ensure employee safety and health.</p>
Energy Management	<p>1. Increasing severity of energy shortages, global warming, and climate change.</p> <p>2. Electricity price adjustments or power outages may lead to rising prices of key materials in the supply chain, material shortages, or quality issues.</p>	<p>1. Promote energy-saving awareness among employees and actively implement energy conservation actions to achieve energy-saving goals. Through practical initiatives, reduce unnecessary electricity consumption and develop employees' energy-saving habits.</p> <p>2. Continue phasing out high energy-consuming traditional light</p>



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	<p>3. Failure to submit required declarations to the Energy Administration within the specified deadline.</p>	<p>tubes and replace them with LED lighting equipment.</p> <p>3. Gradually plan to implement the ISO 50001 Energy Management System standard to enable more effective and accurate control of energy use and strengthen energy management.</p> <p>4. Assign dedicated personnel responsible for submitting the "Energy Audit Program Declaration Form" to the Energy Administration of the Ministry of Economic Affairs by the end of January each year, via hard copy, electronic files, or online submission.</p>

The key risk management initiatives, response strategies, and effectiveness identified in FY 2025 were reported to the Audit Committee and the Board of Directors on February 12, 2026.