O 4.1 Climate-Related Financial Disclosures

Chicony Power is committed to realizing the 2050 net-zero goal and hopes to promote the sustainable development of society. Furthermore, the Company discloses information in accordance with the TCFD-recommended framework so that stakeholders can comprehensively understand its risk management, control, and response measures to cope with climate change. Chicony Power hopes that this concept will be commonly accepted among employees, thereby strengthening the Company's resilience to climate change.

© 4.1.1 Climate Governance Framework

The Board of Directors is Chicony Power's highest authority on climate governance, and it supervises the Company's decision-making for overall climate-related issues. The Corporate Sustainable Development Committee is the principal management unit for climate governance, under which the ESG Task Force and various ESG working groups have been established. The working groups are led by the ESG Task Force to collaboratively and interdepartmentally manage the climate change issues facing the Company. The ESG Task Force submits relevant documents and data and makes annual reports on implementation results to the Corporate Sustainable Development Committee.

Chicony Power Climate Risks Governance Framework



© 4.1.2 Assessment of Climate Change Risks and Opportunities

Chicony Power has followed TCFD recommendations to identify various departments' climate change risks and opportunities, and it has taken effective measures to respond to the extensive issues derived from climate change. Climate-related risks have been incorporated into the Company's overall risk management framework and are managed through the Risk Management Policy and Procedures. The procedures adopted by the Company to identify



Step1.

Identify climate-related risks and opportunities

By consulting the TCFD Implementation Guide and relevant international reports, and considering the Company's operational characteristics, Chicony Power has summarized 9 transitional risks, 5 physical risks, and 7 opportunities, with the overall scope covering product applications, supply chain, adaptation and mitigation activities, emerging technology R&D and investment, and operating processes.

• 9 Transitional Risks

Code	Risk Type	Risk Issue
Τ1	Current regulations	Respond to local energy control laws and regulations and the Company's reduction goals by implementing response measures and purchasing renewable energy (or installing renewable energy facilities)
T2	Current regulations	Stricter criteria for product energy efficiency certification and low-carbon label verification
Т3	Emerging regulations	Carbon fees/taxes charged for GHG emission control
T4	Emerging regulations	Respond to the additional carbon certificate prices arising from the Carbon Border Adjustment Mechanism
Т5	Technology	Capital expenditure for transition to low-carbon technologies
Т6	Risk – Market	Value chain decarbonization goals that meet customers' requirements
Τ7	Risk – Market	Government policies promote high power efficiency and electrification, which leads to market structural changes
Т8	Reputation	Release of environment-related negative news
Т9	Technology	More attention paid to sustainability ratings

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• 5 Physical Risks

Code	Risk Type	Risk Issue
P1	Acute	Impacts on production facilities due to extreme weather incidents
P2	Acute	Supply chain deployment costs increased due to extreme weather incident impacts
P3	Chronic	Production processes impacted by water shortages
P4	Chronic	Power consumption increased or personnel attendance affected due to extremely high temperatures
P5	Chronic	Factories located in low-lying areas submerged due to rising sea levels

• 7 Opportunities

1	Code	Opportunity Type	Opportunity Issue
01		Resource efficiency	Expand the scale of automated production and collaborate with distributors
02		Resource efficiency	Improve production facilities' energy and resource utilization efficiency
	03	Products and services	Procure low-carbon raw materials and energy, and surpass customer requirements
04 05	Products and services	Develop and optimize climate change adaptation solutions	
	05	Opportunity – Market	Continue to develop high-efficiency power supply units to gain higher market share
	06	Opportunity – Market	Deploy resources for electric vehicles and peripheral automotive parts/components market
07		Opportunity – Market	Participate in local governments' low-carbon factory incentive programs

Step2. Scenario Analysis

Since different assessments should be conducted for impacts appearing at different time points along the climate change timeline, Chicony Power has analyzed two scenarios based on the Company's current strategies, with reference to the research reports released by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

Since different assessments should be conducted for impacts appearing at different time points along the climate change timeline, Chicony Power has analyzed two scenarios based on the Company's current strategies, with reference to the research reports released by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

- 1. IEA's Net Zero Emissions (NZE) scenario: The analysis was conducted under a scenario where the global energy sector has achieved net zero emissions by 2050. Therefore, the analysis focused on how the Company should respond to the impact of a low-carbon economy in various industries on its operations.
- 2. IPCC's AR6 Very High Emissions Scenario (Shared Socioeconomic Pathways, SSP 5-8.5): The analysis was conducted under a scenario where almost no climate policies had been adopted, and GHG emissions had reached the highest level. Therefore, the analysis focused on simulating the adaptative actions taken by the Company's production bases to respond to the scenario's possible extreme climate factors.

• Transition Risk Scenario Analysis Framework

Raw Material Suppliers

Upstream raw material costs increase due to the impact of trends

 Although PCR plastic and PIR metal are not currently mass-market, the mediumand long-term production volume are expected to grow.

Energy Providers

Required operational expenditure is impacted by trends

The renewable energy price or cost in certain regions where some of the Company's factories are located remains considerably high

Peer Competition

Peer companies in transition

- Actively meet customers' goals
- Peer companies continue to develop energy-efficient and low-carbon products and other new business models

Chicony Power

Industrial trends, technologies, and tendencies in response to climate change transition

- Achieve the climate-related goals set by the Company
- Manufacturing processes should transition toward automation and intelligentization
- Product R&D and design should consider low carbon, low power consumption, or other related characteristics

Government

Legal systems and risk-related regulations

- Formulation of carbon fee
- related regulations
- Regulations related to the EU's Carbon Border Adjustment Mechanism (CBAM) Higher standards for energy efficiency certification
- Policies that promote climate opportunities
- Incentive policies for low-carbon factories

Buyers (emerging market)

Investment in Emerging Industries

 Explore the market for building-related adaptation and mitigation solutions in response to extreme climate impacts and net-zero trends

Buyers (current customers)

Major brand customers

 Customers begin to seek low-carbon packaging materials and low - carbon
 footprint products
 Customers set specific requirements for products' energy
 efficiency during the usage phase

Investors

- ► Low-carbon/eco-friendly businesses
- become an investment requirement Better sustainability performance may help the Company be linked with some indices

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Step3. Identify material risk and opportunity issues

Chicony Power has conducted risk identification for the aforementioned risk and opportunity issues based on occurrence time interval, likelihood of occurrence, and degree of impact. Additionally, assessments based on each working group's professional duties have been conducted, and 16 meetings have been held to convert the assessment results into climate-related risks and opportunities matrices, thereby completing the identification of material risks and opportunities. Please refer to page 87 for the meaning of the codes in the figure below.







• Short-term(2024-2025) • Medium-term(2026-2030) • Long-term(2031-2050)

Identified Material Risk and Opportunity Issues :

• 3 I r	• 3 Transitional Risks						
Code	ode Risk Type Risk Issue						
T2	Current regulations	Stricter criteria for product energy efficiency certification and low-carbon label verification					
Т3	Emerging regulations	Carbon fees/taxes charged for GHG emission control					
T6	Risk – Market	Value chain decarbonization goals that meet customer requirements					

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• 1 Physical Risk

Code	Risk Type	Risk Issue
P4	Chronic	Power consumption increased or personnel attendance affected due to extremely high temperatures

• 2 Opportunities

Code	Opportunity Type	Opportunity Issue
02	Resource efficiency	Improve production facilities' energy and resource utilization efficiency
04	Products and services	Develop and optimize climate change adaptation solutions



Step4.

Formulate risk management response measures and track implementation progress through indicators and goals

For material climate risks and opportunities, the working groups have formulated response measures, tracking indicators, and short-, medium-, and long-term goals (please refer to the next section, Climate Risk and Financial Impact Analysis). Additionally, relevant implementation progress has been regularly tracked in accordance with risk management procedures.

Climate-Related Risks and Opportunities	Scenario	Incident Set for Scenario Analysis	Impact on Chicony Power's Operations	Response Strategy	Chicony Power's Management Indicators and Goals
T2 Transition Risk: Stricter criteria for product energy efficiency certification and low-carbon label verification	1	• Under the low-emission scenario, most countries' net-zero policies emphasize energy efficiency standards, among which the end use sector's energy efficiency should be improved at a rate of 2.3% every year.	 If Chicony Power's major products fail to meet the market's mainstream power efficiency requirements, the Company's product positioning and market share may be affected. 	 Increase R&D investment for high-energy-effici ency products as an early response to the standards and designs required by new regulations. 	 SBTi progress has been adopted as the management indicator and 2020 as the base year. Scope 1 & Scope2: Absolute reduction by 2030: 42% Achieve pet
T6 Transition Risk: Value chain decarbonizatio n goals that meet customer requirements	Temperature rise : 1.5°C (IEA NZE)	 Under the low-emission scenario, the Scope 3 goals set by major customers will impact Chicony Power's products. Under the low-emission scenario, with medium- and long-term technological advancement, the PCR plastic usage percentage may reach 30% or higher; however, the costs for the use of reclaimed materials will remain comparatively high in the short run. 	 Products' failure to meet customer requirements may impact revenue performance. Utilizing a higher percentage of eco-friendly materials in products will increase operating costs and R&D expenses. 	 Business departments' R&D units are continuing to invest resources in the development and strength testing of products made with eco-friendly materials. Procurement units have responded to the situation by exploring alternative material sources and carrying out advance deployment of new raw materials. Factories are developing yearly energy conservation plans in accordance with energy management systems to reduce Scope 1 and Scope 2 emissions. 	 zero by 2050 ii. Scope 3, Category 11 Absolute reduction by 2030: 25% 2. RE100 has been adopted as the indicator for renewable energy management, with an aim to achieve 100% renewable energy usage by 2030.

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Climate-Related Risks and Opportunities	Scenario	Incident Set for Scenario Analysis	Impact on Chicony Power's Operations	Response Strategy	Chicony Power's Management Indicators and Goals
T3 Transition Risk : Carbon fees/taxes charged for GHG emission control	Temperature rise : 1.5°C (IEA NZE)	• Under the low-emission scenario, in accordance with various countries' carbon-control policies, carbon-related prices will increase as progress toward net-zero continues.	• Although factories have not been affected by carbon-related pricing policies at the current stage, the prices of some upstream raw materials may be impacted by carbon price transfer, which may increase raw material procurement costs.	 Internal carbon pricing has not yet been implemented in 2023, but it is expected to be introduced within the next two years. 	
P4 Physical Risk Power consumption increased or personnel attendance affected due to extremely high temperatures	Temperature rise: 4.4°C (SSP 5-8.5)	• Under the high-emission scenario, the average temperature and days of extremely high temperature will increase in East Asian and South East Asian regions by the end of the 21st century.	• Under the effects of increased temperature, Chicony Power's factories will have higher air-conditioning and chilling demands, which will lead to higher electricity bills and may increase operating costs. The Company has not implemented any internal carbon pricing mechanism as of 2023.	• Factories are introducing energy-saving platforms to optimize air-conditioning system controls and electricity consumption.	The goal is to maintain business continuity and prevent factory production capacity from being affected.
O4 Opportunity: Develop and optimize climate change adaptation solutions	Temperature rise: 1.5°C (IEA NZE)	• To achieve net-zero emissions, the building sector is promoting zero-carbon-ready buildings, which will help create significant growth for the energy saving and carbon reduction market.	• Chicony Power continues to develop smart building system solutions, which has helped increase the Company's share in relevant markets, and will help increase the Company's revenue	• Continue the development of smart home and green building solutions to connect with global smart energy-saving trends.	Increase the percentage of IWA series revenue in Chicony Power's product portfolio.