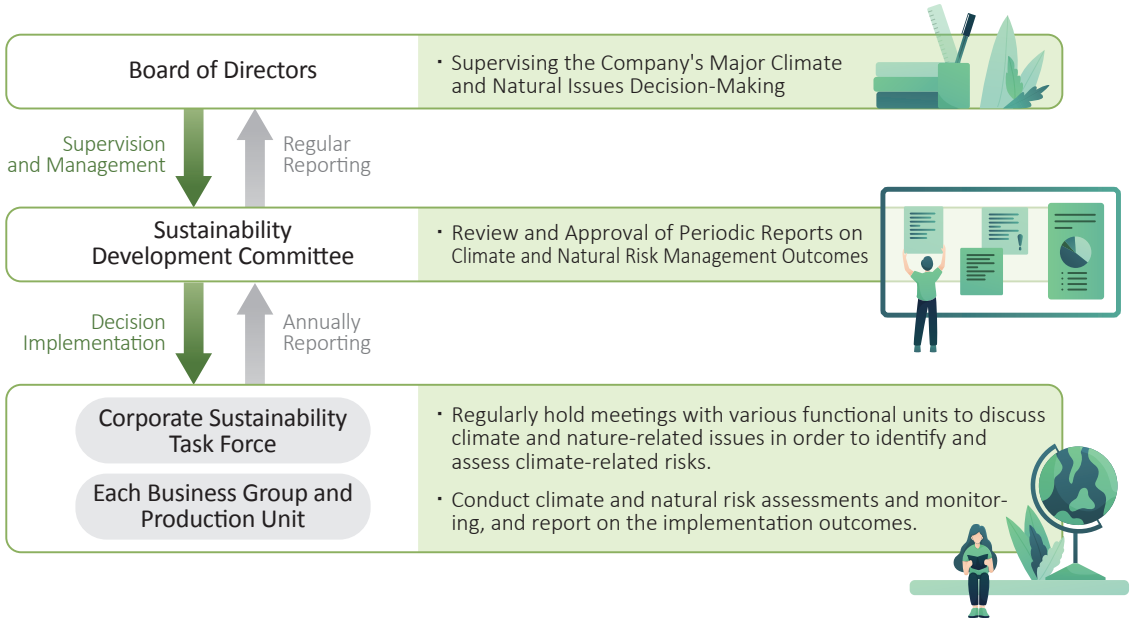
4.1 Climate- and Natural-Related Financial Disclosure

The 2025 World Economic Forum (WEF) "Global Risks Report" indicates that in the long-term risk outlook for the next decade, environmental challenges continue to dominate the global risk ranking. This includes significant risks such as extreme weather events, loss of biodiversity and ecosystem collapse, critical changes in the Earth system, and shortages of natural resources. This trend reflects the high level of uncertainty and systemic risk that the world faces due to climate change and the depletion of natural capital. It also indicates the urgency of the need for sustainable transition and the importance of corporate adaptability.

In response to these long-term risks and potential opportunities, Chicony Power continues to adhere to the framework of the Task Force on Climate-related Financial Disclosures (TCFD). The Company systematically assesses climate risks and opportunities through scenario analysis tools to enhance climate resilience management. At the same time, in response to the development trends of the Taskforce on Nature-related Financial Disclosures (TNFD), the Company will also incorporate biodiversity and natural capital into its strategic assessment scope, promoting adaptation and mitigation actions, and striving to enhance the overall environmental sustainability and risk resilience of its operational system.



4.1.1 Climate and Natural Governance Framework

The governance framework of Chicony Power for climate and natural governance is led by the Board of Directors, which is responsible for overseeing the Company's overall decision-making direction on issues related to climate change and nature. The Corporate Sustainability Development Committee serves as the primary management level, coordinating relevant policies and strategic planning. It has established the Corporate Sustainability Task Force and dedicated task force for various aspects of ESG. Through a cross-departmental collaboration mechanism, these groups jointly manage climate and nature-related risks and opportunities. The Sustainability Task Force is responsible for consolidating the execution progress and promoting results. It submits important data and response measures to the Corporate Sustainability Development Committee on a regular annual basis, ensuring the continuous optimization of the identification, response, and management processes related to climate and natural issues, as well as the effective operation of governance mechanisms.

4.1.2 Climate and Natural Risk and Opportunity Identification Management Process

Chicony Power systematically identifies the risks and opportunities arising from climate change and changes in natural capital across various departments, in accordance with the Climate Change and Natural Environment Risk Management Policy and by referencing the frameworks recommended by the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). This approach enhances the Company's ability to recognize, monitor, and adapt to potential environmental impacts. In response to nature-related risks, we will further implement the TNFD positioning analysis framework to assess the company's dependence on and impact on natural capital within its operations and value chain. Relevant details are elaborated in section 4.6.2 Management of Biodiversity Sensitive Areas and Significant Dependency Impacts in the Value Chain. At the same time, in accordance with the Company's Risk Management Policy and Procedures, significant risks and opportunities identified will be formally incorporated into the overall risk management framework of the Company. This ensures that various climate and natural risks can be integrated, identified, monitored, and responded to through a cross-departmental collaboration mechanism, thereby enhancing the Company's decision-making agility and resilience during the process of sustainable transition.

4.1.3 Climate and Natural Risk and Opportunity Identification

Chicony Power refers to the scientific research findings published by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) to conduct an in-depth analysis of the transitional risks, physical risks, and related opportunities that climate change and the loss of natural capital may bring. This analysis aims to comprehensively understand the potential impacts on the Company's future business strategy and operational planning..

In 2024, the Company expanded the assessment scope of climate and nature-related risks and opportunities to encompass the entire value chain and global operation bases for the first time. Additionally, a preliminary list of risk and opportunity issues was established based on industry characteristics to enhance the systematic identification and management of potential impact sources. At the same time, this initiative has also enhanced the transparency of information disclosure regarding climate and natural issues for stakeholders, thereby contributing to a better understanding and trust in the risks and opportunities associated with the transition of business operating models.

Risk / Opportunity	Category	Value Chain of Relevance	Impact on Chicony Power
Transitional Risk	Policy and Regulations	● Chicony Power Operations	● Continuously monitor relevant climate regulations and environmental policies at various global production and operation bases, while also considering the stricter standards required by downstream customers and end consumers (such as energy efficiency). This includes regulations such as the European Commission's Ecodesign Directive, as well as carbon pricing and environmental regulations from various local governments.
	Technology Development	● Chicony Power Operations	● Chicony Power is a manufacturer of electronic components. In response to climate change, the Company has initiated investments in low-carbon technology development. This is achieved through more efficient production methods, such as process automation and intelligence, to reduce the impacts of climate change. ● The brand client is committed to reducing Scope 3 emissions, and the product design needs to be adjusted to enhance recyclability.
	Market	● Upstream Suppliers ● Energy Supply ● Chicony Power Operations ● Downstream Customers	● In response to the requirements of brand clients, it is necessary to strengthen the waste conversion process. ● In response to the demands and expectations of stakeholders, it is necessary to increase the use of recycled materials and renewable energy to achieve the goals of energy conservation and carbon reduction. ● The price uncertainty of upstream raw materials will be influenced by fluctuations in policies and market trends.
	Reputation	● Chicony Power Operations	● Chicony Power actively participates in international initiatives (SBTi, RE100, TNFD Forum, etc.) and communicates the results of its risk response efforts to various stakeholders.
Physical Risk	Immediate	● Upstream Suppliers ● Energy Supply ● Chicony Power Operations	● If the production and operation sites and suppliers are affected by immediate climate events, there may be a halt in production or a disruption in the supply chain. ● If important water source locations in various production and operation sites are affected by other stakeholders, it may be necessary to install additional equipment.
	Long-Term	● Chicony Power Operations	● If important water source locations in various production and operation sites are affected by other stakeholders, it may be necessary to install additional equipment.
Opportunity	Market	● Energy Supply ● Chicony Power Operations	● Actively respond to climate and nature-related policies, obtain specific subsidies, and enhance the Company's competitiveness during the transition process.
	Resource Efficiency	● Chicony Power Operations	● Actively enhance the efficiency of resource and energy utilization to achieve an operational model that balances cost-effectiveness with environmental sustainability.
	Products and Services	● Chicony Power Operations ● Downstream Customers	● The reduction in the cost of green technology enhances green competitiveness. Chicony Power provides high-efficiency products and services, creating revenue opportunities in the green market. ● Through restoration and Re-condition and Re-make, we aim to expand the additional value of substandard and obsolete products. ● Earth observation is a significant application of low Earth orbit satellites, playing a crucial role in disaster management and environmental protection. In the future, the increase in the number of Earth observation satellites presents an opportunity for Chicony Power to benefit from the expansion of the satellite terminal product market.
	Ecological System Protection, Restoration, and Regeneration	● Chicony Power Operations ● Downstream Customers	● The global awareness of biodiversity conservation is increasing. Chicony Power's investment in the production of eco-friendly products (such as recycled plastics and low-light pollution LEDs) will help reduce interference with the natural environment and expand emerging markets.

4.1.4 Climate and Natural Scenario Analysis

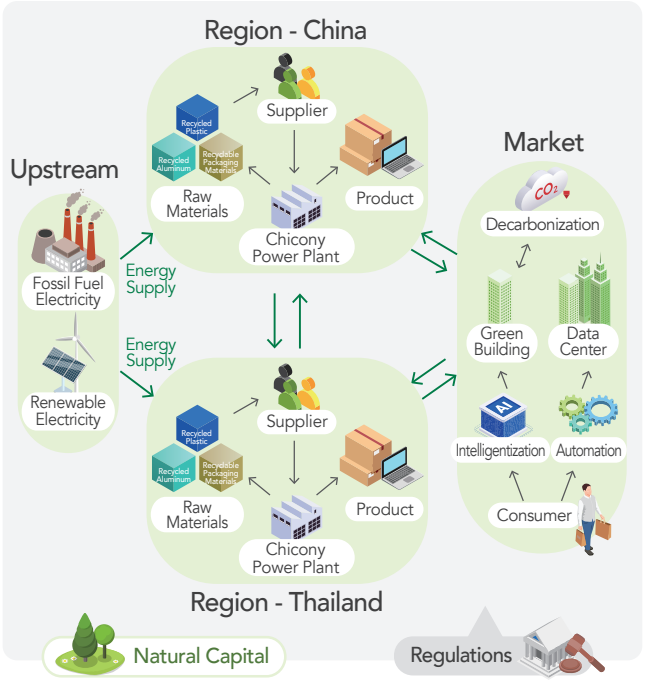
To enhance the operational resilience of Chicony Power, and in response to the high level of uncertainty brought about by climate and nature-related issues, we have adopted a widely recognized risk analysis method - Scenario Analysis. This approach allows us to understand response strategies under extreme scenarios and to identify potential opportunities and business potential.

In 2024, the Company officially referenced the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) for the first time, selecting four representative scenarios for assessment. The evaluation will focus on two core variables: physical risks (ecosystem services) and transitional risks (market drivers), constructing the four scenario frameworks of "Ahead of The Game", "Go Fast or Go Home", "Sand in The Gears", and "Back of The List". Each scenario is constructed based on its contextual assumptions, and further evaluated for its potential impact on operations.

After internal cross-departmental discussions, Chicony Power confirmed that its climate and natural capital strategy will primarily align with the "Ahead of The Game" scenario, actively steering towards a development model characterized by high regulation, high action, and high innovation. However, in situations where the overall economy or policy scenario tends toward conservatism, it is also possible to develop towards a low-intervention scenario characterized as "Sand in The Gears". In response to the aforementioned different pathways, the Company has established corresponding hypothetical baselines to simulate the potential impacts of the significant risks and opportunities identified in the previous section under various scenarios.

Furthermore, to enhance the realism and predictive capability of scenario construction, Chicony Power utilizes socioeconomic pathway parameters corresponding to various assumptions (such as population changes, economic growth, and levels of globalization) and selects appropriate climate scenario combinations that align with specific impact factors, such as climate change, in order to improve the comprehensiveness of risk identification and strategy adaptation.

Background Scenario	Social/ Economic Pathway	Climate Scenario Reference	Other Scenario Reference
Ahead of the game	SSP1	IEA NZE	PRI FPS+Nature



Changes in Product Dependency

- Increase in the Application of Alternative/Recycled Material Products
- The product standards emphasize environmental friendliness and tend toward uniformity
- The product emphasizes high performance

Changes in the Product and Service Market

- Economic growth has increased per capita purchasing power
- Market Transformation Leading to Resource Scarcity
- Market Trends Toward the Development of Green Technologies
- Implementation of Green Building Policy

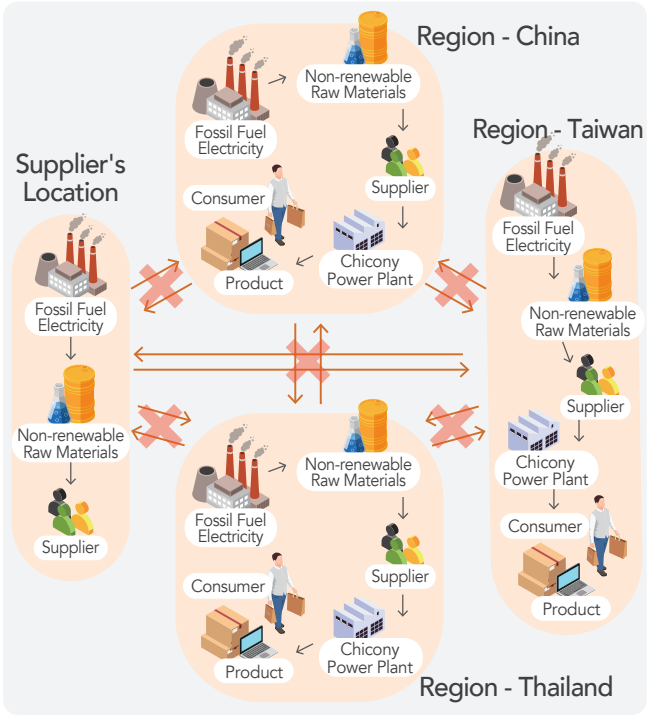
Changes in Industry Concentration

- Decentralization, on a larger scale within each country

Changes in Regional Impact

- High Transformation Risk Policy Implementation

Background Scenario	Social/ Economic Pathway	Climate Scenario Reference	Other Scenario Reference
Sand in the gear	SSP3	SSP3-7.0/SSP5-8.5	-



Changes in Product Dependency

- Limited Alternative Raw Materials
- Market isolation has led to an increase in product types

Changes in the Product and Service Market

- Trade barriers cause an increase in the prices of imported products, leading to the expansion of the local market

Changes in Supply Chain Concentration

- Decentralization, on a larger scale within each country

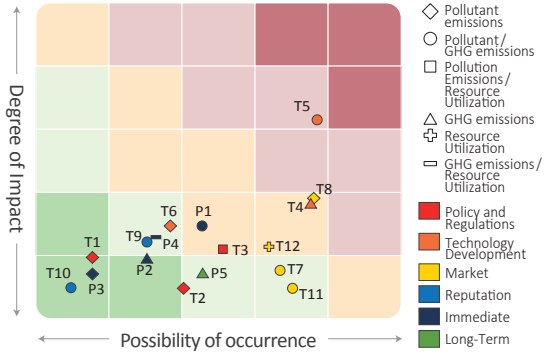
Changes in Regional Impact

- Environmental Degradation: Facing More Severe Physical Risks

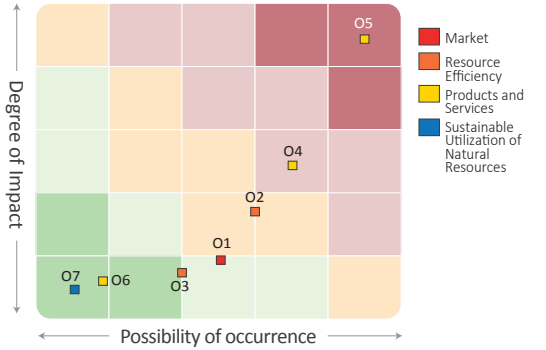
4.1.5 Significant Climate and Nature-Related Risks and Opportunities

According to the results of the climate and natural risk and opportunity ranking, Chicony Power has identified three significant risks and two major opportunities, and further assessed the potential impact of each issue on the Company's value chain within a specific time frame. The aforementioned results serve as the basis for formulating subsequent response strategies and incorporating them into risk management mechanisms, thereby strengthening the Company's resilience to climate change and natural capital, and ensuring the systematic and forward-looking nature of sustainable transition strategies.

Climate and Natural Risk Matrix



Climate and Natural Oppertunity Matrix



Climate and Nature-Related Risks	Impact Driving Factors	Incident Set for Scenario Analysis	Impact on Chicony Power's Operations	Value Chain	Impact Time Frame	Financial Impact Factors
T5- Stricter Regulations on Energy Efficiency and Sustainable Product Design	GHG emissions Pollutant emissions	Ahead of the game: ● Product standards are becoming consistent ● Each region will implement stricter regulatory policies	● Due to the impact of energy efficiency-related regulations, customers may adjust product specifications in response to changes in these regulations. If the Company fails to promptly provide the corresponding products, it will face the risk of losing market demand and declining competitiveness.	● Manufacturing Stage ● Downstream Customers	Short-term to Medium-term	● Decrease in Operating Revenue
T8- Fluctuations in the Costs of Renewable Energy and Recycled Materials	GHG emissions Pollutant emissions	Ahead of the game: ● The standardization of products is increasingly consistent, while the scarcity of specific resources is rising, leading to price fluctuations. ● Each region will implement stricter regulatory policies	● In response to customer demands for sustainable materials and renewable energy, Chicony Power will be affected by price fluctuations if it expands the use of recycled materials; additionally, increasing the procurement of renewable energy certificates will lead to higher electricity expenses.	● Upstream Value Chain ● Manufacturing Stage	Short-term to Medium-term	● Increase in Operating Costs
T4- Automation and intelligentization	GHG emissions	Ahead of the game: ● The reduction in the cost of green technology has made green products competitive.	● To reduce carbon emissions and enhance the efficiency of energy resource utilization, Chicony Power's various manufacturing sites are promoting process automation and intelligentization, which requires investment in equipment procurement costs and increases short-term capital expenditure pressure.	● Manufacturing Stage	Short-term	● Increase in R&D Expenses ● Increase in Equipment Expenditure Costs

Climate and Nature-Related Opportunities	Incident Set for Scenario Analysis	Positive Impact on Chicony Power's Operations	Value Chain	Impact Time Frame	Financial Impact Factors
O5- Development and Optimization of Solutions for Natural and Climate Change Adaptation	Ahead of the game: ● Strengthening nature-related resilience infrastructure in various regions ● Implementation of Green Building Policy	● In response to the risks posed by climate change and the decline of natural capital, satellites will become a key tool for enhancing environmental monitoring and disaster management. This will drive the demand for terminal equipment and receiving facilities, thereby expanding the market size for Chicony Power's power supply units. ● Countries are accelerating the promotion of building energy efficiency improvements and near-zero carbon building policies. Chicony Power's development of smart building system solutions will expand its market share in related sectors.	● Manufacturing Stage ● Downstream Customers	Short-term	● Increase in Operating Revenue
O4- Achieving Product Advantages by Complying with Energy Efficiency Regulations in Advance	Ahead of the game: ● Each region will implement stricter regulatory policies	● Chicony Power's early compliance with customer requirements for switch-mode power supplies may provide a potential advantage in securing customer orders or increasing bargaining power.	● Manufacturing Stage ● Downstream Customers	Short-term	● Increase in Operating Revenue

Note: Short-term 2025-2026, Medium-term 2027-2030, Long-term 2031-2050.

Significant Climate and Nature-Related Risks and Opportunities Countermeasures

Significant Climate and Nature Risks and Opportunities Issues	Countermeasures	Chicony Power Management Indicators and Objectives
T5- Stricter Regulations on Energy Efficiency and Sustainable Product Design	● Increase investment in the R&D of high-efficiency products to promptly respond to customer requests for adjustments in new product specifications. ● Monitor significant updates to regulations and product specifications in emerging markets, and proactively respond to new regulatory standards and designs.	In accordance with SBTi, we have established progress management indicators, using 2020 as the base year, and set the following carbon reduction targets: ● Scope One and Scope Two: Commit to achieving a 42% absolute reduction by 2030, with a long-term goal of reaching net-zero emissions by 2050. ● Scope Three (Category 11: Emissions during the Use Phase of Sold Products): Commitment to achieve a 25% absolute reduction by 2030. Additionally, the RE100 serves as a management indicator for the transition to renewable energy, with the goal of achieving 100% renewable energy usage at operation bases by 2030, in support of the overall carbon reduction blueprint and the advancement of net-zero targets.
O4- Achieving Product Advantages by Complying with Energy Efficiency Regulations in Advance		
T8- Fluctuations in the Costs of Renewable Energy and Recycled Materials	● 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.	
T4- Automation and intelligentization	● Business departments' R&D units, along with the Automation Engineering Center, collaborates annually with various plants to continuously discuss the feasibility of automation for different processes.	The factory introduces one innovative/automated process each year.
O5- Development and Optimization of Solutions for Natural and Climate Change Adaptation	● Continue to develop power products related to smart homes and green buildings, aligning with global trends in smart energy conservation.	Increase the revenue share of the IWA series within the Chicony Power product portfolio.