

Climate Change Management Policy

The Company takes the Sustainability Committee as the top authority on climate change management, which is presided by the chairperson of the board of directors. It reviews the Company's climate change strategy and goals, manages climate change risks and opportunities, reviews the implementation status and discusses future plans, and reports to the board of directors every year.

The Company regularly checks greenhouse gas emissions in accordance with ISO 14064-1 to review the impact on our operations. Based on the 2023 results of the greenhouse gas inventory, we will continue to implement carbon reduction measures. In April 2023, the greenhouse gas inventory inspection has been completed and verified by a third-party, and its verification certificate is expected to be obtained in June 2023.

At the same time, in accordance with the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board, the Company have considered the characteristics of the production process and supply chain in the PCB industry, and evaluated the risks and opportunities of climate change for the Company. In order to reduce the risk factors, the Company has also established the Sustainability Committee to supervise and manage issues on environmental conservation and climate change, to identify feasible opportunities and develop proper approaches, and to evaluate and manage the short- term, medium- term and long-term risks and to develop the transformation strategies for climate change. The committee use the "risk matrix" to evaluates the frequency of major climate risk events and the severity of their impact on our operations, to prioritize items of risk control and define a full spectrum of risk levels and to take proper approaches of risk control to deal with issues with different risk level. In the long-term, our vision is to implemented in the Company the system developed by Task Force on Climate-Related Financial Disclosure (TCFD) and to disclose the TCFD report. The Company is planning to gradually

improve our related disclosure from "climate risk disclosure" to "climate-related financial disclosure", and to establish a target management and a disclosure mechanism, which are based all on quantitative performance indicators.

a. Framework for Climate Risk and Opportunities

Working Group I report in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) states that the average global surface temperature from 2011 to 2020 was approximately 1.09°C higher than the average temperature from 1850 to 1900, representing the pre-industrialization period. The report explicitly indicates the need for active measures such as net-zero carbon emissions or carbon neutrality to control global warming and limit temperature increase to no more than 1.5°C.

In the face of highly uncertain climate risks and the global pursuit of net-zero carbon emissions, the Financial Stability Board (FSB) has introduced the Task Force on Climate-Related Financial Disclosures (TCFD) framework to assist enterprises in managing climate-related issues.

We recognize that climate change risks and opportunities for enterprises should not only be identified but also linked to operational strategies through assessment and management. This is one of the most critical issues of sustainable management for enterprises. Therefore, the Company has adopted the TCFD framework to analyze risks and opportunities in various aspects, such as policy and regulations, market and technological transitions, reputational and physical risks. We develop adaptation and mitigation strategies, disclose climate-related financial information, and enhance communication with stakeholders.

Framework	Strategies and Actions
Governance	<ul style="list-style-type: none"> ● "Board of Directors": It reviews sustainable management strategies, major action plans, risk management policies, and annual execution results. ● "Sustainable Development Committee": This is the highest management committee responsible for climate-related issues, which is chaired by the Chairperson and CEO with department heads overseeing the operation of subsidiary committees. The committee includes representatives from all operational units and is responsible for establishing and implementing guidelines for ESG issues, reviewing performance targets, monitoring implementation, and reporting to the Board of Directors annually. ● "Greenhouse Gas Audit Team": Under the jurisdiction of the Sustainable Development Committee, this team is primarily responsible for assessing and/or managing climate-related issues, reviewing key performance indicators, setting short, medium, and long-term goals, and implementing strategies to enhance resource efficiency, to assess the use of renewable energy and to manage carbon emissions, and actively achieving effective green management.
Strategy	<ul style="list-style-type: none"> ● Five opportunities and ten risks have been identified based on the TCFD framework. ● Three different warming scenarios are analyzed to assess the potential financial impacts of climate change on the Company's operations. ● Guided by the "ESG Policy" and "Environmental Resource Policy," plans and actions are implemented to mitigate climate change-related issues, while staying updated on global climate action trends and continuously striving towards carbon neutrality goals.
Risk Management	<ul style="list-style-type: none"> ● Based on the range and conditions of climate change impacts, risks are scored according to the probability and severity of physical and transitional risks (degree of impact). They are then divided into different quadrants. For risks of high-frequency and of high-severity, the management measures are developed through cross-departmental discussions.
Indicators & Goals	<ul style="list-style-type: none"> ● Climate change-related management indicators are set, including:

Framework	Strategies and Actions
	<ul style="list-style-type: none"> - Greenhouse gas emissions intensity by NT\$ 1 million of revenue (tCO₂e / NT\$ in million): Maintain below 15.5 in 2023 and below 12 in 2025. - Water consumption intensity by NT\$ 1 million of revenue (m³ / NT\$ in million): Maintain below 222 in 2023 and below 200 in 2025. - Electricity consumption intensity by NT\$ 1 million of revenue (kWh / NT\$ in million): Maintain below 3,544 in 2023 and below 3,198 in 2025. ● In accordance with the Greenhouse Gas Inventory Guidelines and ISO 14064-1 standard, our emissions inventory has been audited and verified by a third-party to assess the climate change impacts faced by the Company and to implement mitigation measures. In April 2023, the greenhouse gas inventory inspection has been completed and verified by a third-party, and its verification certificate is expected to be obtained in June 2023. ● In response to regulations on climate change and greenhouse gas reduction, our targets for greenhouse gas reduction have been set for 2025 (-25%) and 2050 (net zero).

b. Identification of Climate Change Risks and Opportunities

Through relevant departments within the "Sustainable Development Committee," climate change risks and opportunities that may be faced within their business scope respectively are identified and analyzed. Using a matrix based on the probability (3 levels) and impact (3 levels) of each risk and opportunity, significant risks and opportunities are identified, and management measures are developed to mitigate, transfer, or avoid potential impacts. The matrix analysis indicate that transitional and physical risks include total amount control, carbon emissions trading, changes in average rainfall, uncertainty of new regulations, carbon taxes, energy taxes / fuel taxes, renewable energy regulations, etc. In terms of opportunities, they include production processes, low-carbon energy, water utilization, alternative or diversified resources,

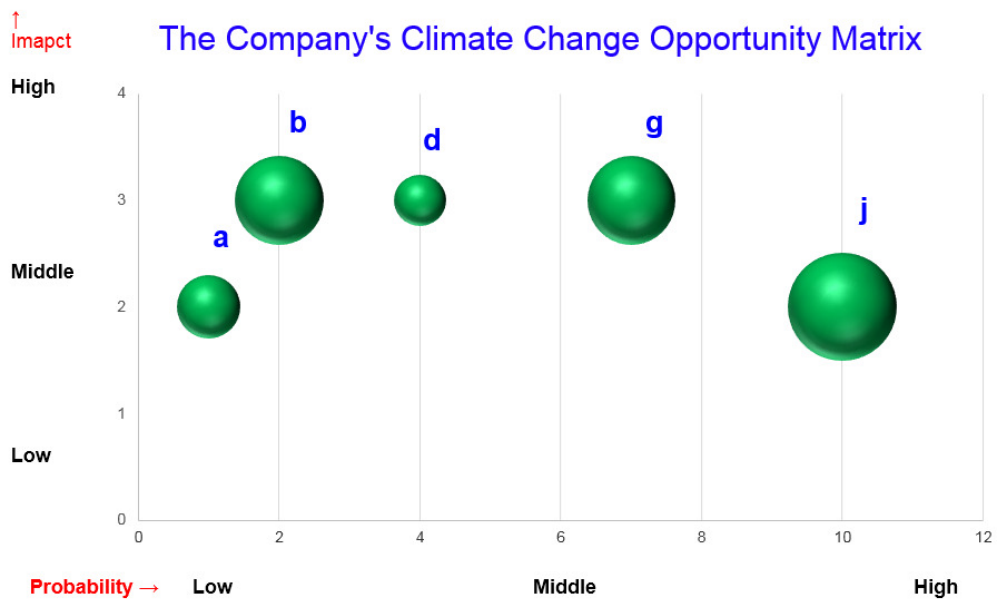
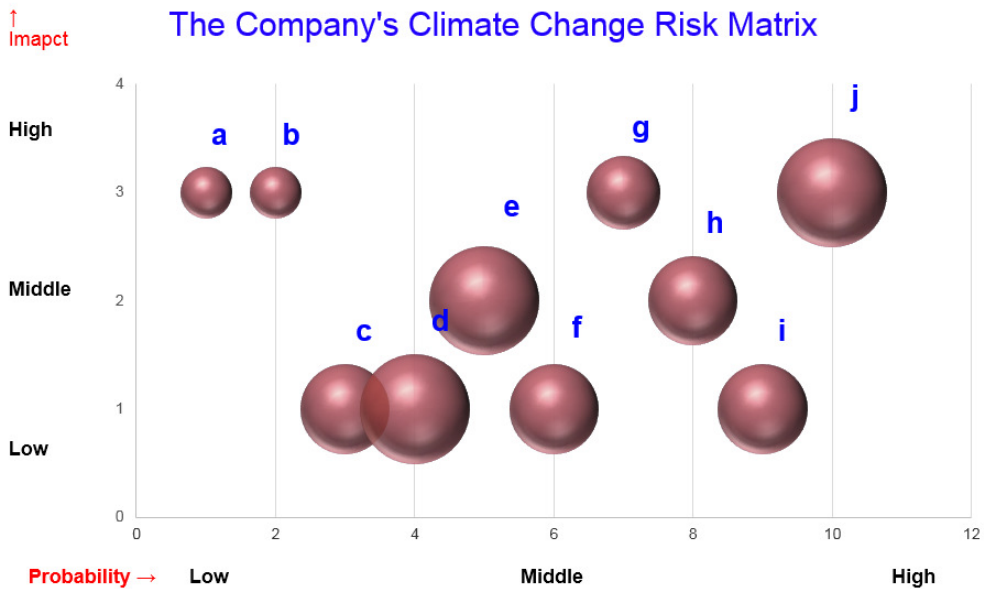
etc.

Indicator	Description	Risk Level
Exposure	Loss of an enterprise due to climate change	1 : Below NT\$ 200,000 2 : NT\$ 200,000~1,000,000 3 : Above NT\$ 1,000,000
Vulnerability	Degree to which an enterprise is vulnerable to climate change	1: completely or almost unlikely 2: likely to happen 3: very likely or certainly to happen
Hazard	Probability of climate disasters occurring in the future	1 : 50% ↓ 2 : 50~90% 3 : 90% ↑

Indicator	Description	Risk Level
Benefit	Benefits from the resources invested	1 : Below NT\$ 1,000,000 2 : NT\$ 1,000,000~5,000,000 3 : Above NT\$ 5,000,000
Positivity	Likelihood that the business will be subject to positive change	1: completely or almost unlikely 2: likely to happen 3: very likely or certainly to happen
Occurrence	Probability of external opportunities occurring in the future	1 : 50% ↓ 2 : 50~90% 3 : 90% ↑

Hazard / Benefit		Low	Middle	High	Low	Middle	High	Low	Middle	High	Vulnerability / Occurrence
		1	2	3	1	2	3	1	2	3	
High	3	M	M	H	M	H	H	H	H	H	
Middle	2	L	L	M	L	M	H	M	H	H	
Low	1	L	L	M	L	L	M	L	M	H	
Climate Risk Assessment		1			2			3			Exposure / Positivity
		Low			Middle			High			

Code	Assessment Item	Risk				Risk Status	Opportunity				opportunity Status
		Impact	Probability				Impact	Probability			
		Exposure	Hazard	Vulnerability	Hazard * Vulnerability		Positivity	Benefit	Occurrence	Benefit * Occurrence	
a	Triggered Natural Resource Changes	3	1	2	2	Middle	2	1	3	3	Middle
b	Introduction of New Technologies (low-carbon, environmentally friendly technologies, etc.)	3	2	1	2	Middle	3	3	2	6	High
c	Sea Level Rise	1	2	3	6	Middle	-	-	-	-	-
d	Regulatory Compliance (renewable energy, carbon emissions, etc.)	1	3	3	9	High	3	1	2	2	Middle
e	Mandatory Reporting (carbon emissions, air pollution control)	2	3	3	9	High	-	-	-	-	-
f	Temperature Changes	1	3	2	6	Middle	-	-	-	-	-
g	Investment in New Equipment	3	2	2	4	High	3	3	2	6	High
h	New Tax Systems (fuel/energy/carbon taxes)	2	2	3	6	High	-	-	-	-	-
i	Shifts in Rainfall Patterns	1	3	2	6	Middle	-	-	-	-	-
j	Total Amount Control / Carbon Emissions Trading	3	3	3	9	High	2	3	3	9	High



Category	Source of Risk/Opportunity	Risk Detail	Category	Impact/Relevance	Likely Time to Occur
Transformational / Physical Risks	New Tax Systems (carbon taxes)	Carbon tax	Transformational	High	Medium-term
	Mandatory Reporting (carbon emissions, air pollution control)	Carbon emissions control	Transformational	High	Medium-term
	Triggered Natural Resource Changes	Requirements for the proportion of renewable energy	Transformational	Middle	Medium-term
	Total Amount Control / Carbon Emissions Trading	Increased requirements for climate information disclosure	Transformational	High	Medium-term
	Total Amount Control / Carbon Emissions Trading	More demand from customers for verification of implementation on sustainable development	Transformational	High	Medium-term
	Introduction of New Technologies (low-carbon, technologies)	Low carbon technology transformation	Transformational	Middle	Long-term
	New Tax Systems (fuel/energy tax)	Rising fossil fuel prices and changes to tax requirements	Transformational	High	Long-term
	Regulatory Compliance (renewable energy, carbon emissions, etc.)	Uncertainty of new regulations	Transformational	High	Medium-term
	Temperature Changes	Extreme temperature changes	Physical	Middle	Long-term
	Shifts in Rainfall Patterns	Changes in rainfall patterns and distribution	Physical	Middle	Long-term
Opportunity	Investment in New Equipment	Production processes	Opportunity	High	Long-term
	Triggered Natural Resource Changes	Low carbon energy	Opportunity	Middle	Medium-term
	Triggered Natural Resource Changes	Water utilization	Opportunity	Middle	Medium-term
	Triggered Natural Resource Changes	Alternative or multi-sourced resources	Opportunity	Middle	Medium-term

Remarks: Short-term: 1~3 years; Medium-term: 4~7 years; Long-term: more than 7 years

Risk Sources	Category	Occurrence	Impact	Management Measures
Total Amount Control / Carbon Emissions Trading (Increased requirements for climate information disclosure) (More demand from customers for verification of implementation on sustainable development)	Transformational	Medium-term	China - In response to Suzhou's energy development plan, Changshu Plants implements energy transformation from six aspects such as energy, supply, structure, industry, technology and change. Facing more stringent power and carbon total amount control in the future, we need to consider equipment with capability of power saving and low carbon emissions when we are planning to expand our operation scale and production capacity.	<ul style="list-style-type: none"> ● Follow the ISO14064 greenhouse gas inventory standard to implement inventory operations, and continuously monitor and manage to reduce carbon emission intensity. ● Continue to expand R&D capabilities and cooperate with equipment manufacturers and material manufacturers to develop low-carbon technologies.
Shifts in Rainfall Patterns (Changes in rainfall patterns and distribution)	Physical	Long-term	Most of the rainfall is concentrated in some areas, leading to water shortages.	<ul style="list-style-type: none"> ● Regularly monitor the water situation. At the initial stage of construction, each plant has taken into account the usage and retention of water resources and has set up water storage tanks in the plant. In normal times, track the storage volume of reservoirs in each region and monitor and manage the water usage of each plant. ● Hold a contingency meeting during the drought. ● The emergency response team for water usage will make unified scheduling of

Risk Sources	Category	Occurrence	Impact	Management Measures
				water trucks, water tanks, water sources and other water resources to ensure uninterrupted operation.
Regulatory Compliance (renewable energy, carbon emissions, etc.) Triggered Natural Resource Changes	Transformational	Medium-term	"Climate Change Response Act", "Renewable Energy Development Act", "Sustainable Development Roadmap for Listed Companies" and other regulations and requirements in the future.	<ul style="list-style-type: none"> ● Continue to pay attention to the trend of regulations and assess the content of the drafts of new regulations.
New Tax Systems (carbon taxes) Introduction of New Technologies (low-carbon technologies)	Transformational	Medium-term	<p>"Climate Change Response Act" will levy carbon fees in Taiwan, which will limit capacity expansion and increase operating costs.</p> <p>The installation and operation of carbon reduction equipment will increase operating costs.</p>	<ul style="list-style-type: none"> ● Follow the ISO 14064 greenhouse gas inventory standard, implement inventory and continuous monitoring management and reduce carbon emission intensity. ● Continue to expand R&D capabilities and cooperate with equipment manufacturers and material manufacturers to develop low-carbon technologies. ● Set carbon reduction goals, continuously evaluate and plan carbon offset strategies, and move towards the goal of carbon neutrality.
New Tax Systems (fuel / energy taxes)	Transformational	Long-term	The introduction of energy tax and fuel tax will increase operating expenses.	<ul style="list-style-type: none"> ● Pay attention to changes in laws and regulations, and establish the responsive measures in advance to meet the requirements of laws and regulations. ● Improve energy efficiency through equipment improvement and renewal.
Triggered Natural Resource Changes (Requirements for the proportion of renewable energy) Regulatory Compliance (renewable energy)	Transformational	Medium-term	In response to the regulations on the development of renewable energy, the plants in Taiwan will install and use renewable energy in accordance with the regulations, which will increase capital expenditure.	<ul style="list-style-type: none"> ● Plan the use of renewable energy according to the demand and evaluate the installation of solar photovoltaic before 2030.
Temperature Changes (Extreme temperature changes)	Physical	Long-term	The average temperature rises in summer. In order to maintain the temperature and humidity conditions in the plants, more air-conditioning systems need to be turned on to meet the demand for production or electricity.	<ul style="list-style-type: none"> ● Improve the efficiency of the air conditioning system and install inverters for intelligent control, which can reduce energy usage and greenhouse gas emissions

Opportunity Sources	Category	Occurrence	Impact
Investment in New Equipment (Production processes)	Long-term	<ul style="list-style-type: none"> ● Reduce the defective rate of products to reduce the cost of scrapping. ● Reduce the consumption of other potions to reduce the cost of potions. 	<ul style="list-style-type: none"> ● Introduce circular economy thinking to reduce carbon emissions and energy usage. ● Introduces new potions used in the plating process.
Triggered Natural Resource Changes (Low carbon energy)	Medium-term	The boilers in our plants used to use fuel oil, diesel oil, etc. as fuel, and have gradually changed the fuel source to natural gas, which can effectively reduce the greenhouse gas emissions generated by burning fossil fuels.	<ul style="list-style-type: none"> ● Continue to replace high-energy-consuming equipment and improve energy efficiency before 2025, plan to use renewable energy and solar photovoltaic devices before 2030, and continue to pay attention to the trend of laws and policies to promote improvement plans for low-carbon and energy-saving.
Triggered Natural Resource Changes (Water utilization)	Medium-term	Improve water usage efficiency and reduce dependence on raw water.	<ul style="list-style-type: none"> ● Recycle the water used in production, monitor the water quality of recycled water, direct them to proper systems according to their water quality, and continuously improve the recycling rate of used water.
Triggered Natural Resource Changes (Alternative or multi-sourced resources)	Medium-term	Improve the climate resilience and risk tolerance of the supply chain and stabilize supply sources.	<ul style="list-style-type: none"> ● Plan to assess and manage procurement risks through cross-departmental supply chain management.

c. Climate Transition Scenario Analysis

Based on the identification of climate risks, the Company has conducted an analysis of three different warming scenarios such as RCP2.6, RCP4.5-6.0, and RCP8.5, which are projected for the year 2050. These scenarios represent three scenarios with strict temperature control, with attempts to reduce greenhouse gas emissions and with no attempts at all respectively. We have made the parametric assumptions on the transformational and physical risk factors and estimated financial impacts. The risk factors assumed were carbon taxes, market share and changes in temperature and precipitation. We have conducted the simulations based on them. In all three scenarios, the primary financial impacts were increased costs and decreased revenue.

Item		Scenario Analysis		
		RCP2.6 (low emission)	RCP4.5-6.0 (stable / moderate emission)	RCP8.5 (high emission)
Transformational Risk Factors	Emission Intensity (tCO ₂ e / NT\$ 1 million of revenue)	15.5	12	-
	Market Share (%)	Down by 3%-5%	Down by 3%-5%	-
Physical Risk Factors	Temperature	<1.5°C	+0.9~2.3°C	+3.2~5.4°C
	Rainfall (mm / day)	4.2 mm / day	4.55 mm / day	4.8 mm / day
Impact on Financials		Carbon tax leads to cost increase. Products are replaced by low-carbon products, resulting in decrease of the revenue.	Carbon tax leads to cost increase. Products are replaced by low-carbon products, resulting in decrease of the revenue.	Extreme weather causes damage to equipment and interrupt operations. Extreme weather leads to supply chain disruption.

Note 1: Representative Concentration Pathways (RCP) are "scenario assumptions" for different levels of anthropogenic greenhouse gas emissions.

Note 2: RCP2.6 represents a scenario with relatively lower greenhouse gas increases. Radiative forcing peaks around the mid-21st century at 3Wm⁻², approximately equivalent to a carbon dioxide concentration of 490ppm, and then gradually declines by the end of the 21st century. This scenario assumes strict temperature control by countries and significant reductions in greenhouse gas emissions.

Note 3: RCP4.5-6.0 represents a scenario where radiative forcing stabilizes by the end of the 21st century, ranging from approximately 4.5Wm⁻² to 6Wm⁻², approximately equivalent to carbon dioxide concentrations of 650-850ppm. It signifies efforts by countries to achieve greenhouse gas reduction targets while maintaining moderate to moderately high emissions.

Note 4: RCP8.5 represents a scenario with a continuous increase in radiative forcing exceeding 8.5Wm⁻², resulting in carbon dioxide concentrations greater than 1,370ppm. This represents the worst-case scenario with no reduction in greenhouse gas emissions by countries and high emissions continuing.

Note 5: The decrease in market share is attributed to the continuous high expectations and requirements for green products in the market.