

Chicony

2024 TCFD & TNFD Report

Task Force on Climate-related &
Nature-related Financial Disclosures Report



Table of Contents

| | |
|-------------------------------------|---|
| Message from the Chairman | 4 |
| About The Report | 5 |
| Publication Date | 5 |
| Reporting Period | 5 |
| Reporting Scope | 5 |
| Compilation Framework and Standards | 5 |
| Contact Information | 5 |

CH1

Vision and Governance of Climate and Nature (Governance) 6

| | |
|---|---|
| 1.1 Vision for Nature and Climate | 7 |
| 1.2 Climate and Nature Governance Framework | 7 |
| 1.3 Identification of Key Stakeholders | 8 |
| 1.4 Climate and Nature Milestone | 9 |

CH2

Scope and Scenario Analysis 10

| | |
|--|----|
| 2.1 Reporting Boundary and Value Chain | 11 |
| 2.2 Scenario Analysis | 12 |

CH3

Identification of Nature-related Issues across the Value Chain (Locate / Evaluate) 15

| | |
|--|----|
| 3.1 Analysis of Nature-Sensitive Locations (Locate) | 16 |
| 3.2 Industry-level Dependency and Impact Analysis (Evaluate) | 19 |
| 3.3 Priority Value Chain Locations (Evaluate) | 21 |
| 3.4 Dependency and Impact Materiality Analysis (Evaluate) | 24 |

CH4

Climate and Nature Risk Management (Risk Management / Assess) 29

| | |
|--|----|
| 4.1 Identification of Climate and Nature Risks and Opportunities | 31 |
| 4.2 Material Climate and Nature Risks and Opportunities | 32 |
| 4.3 Risk Management Transmission Pathways and Monitoring | 34 |

CH5

Climate and Nature Strategy, Actions, and Metrics (Strategy / Metrics and Targets / Assess / Prepare) 37

| | |
|---|----|
| 5.1 Financial Impact and Strategic Resilience (Assess / Strategy) | 38 |
| 5.2 Toward Net-Zero and Nature-Positive Transformation (Strategy / Prepare) | 46 |
| 5.3 Future Metrics Tracking for Climate and Nature (Metrics and Targets) | 56 |

CH6

Appendix 57

| | |
|---------------------------------|----|
| 6.1 TCFD Index | 58 |
| 6.2 TNFD Index | 59 |
| 6.3 GRI 101 Index | 60 |
| 6.4 Related Reports or Policies | 60 |
| 6.5 Reference | 61 |

List of Figures

| | |
|--|----|
| Figure 1. Chicony Climate and Nature Governance Framework | 7 |
| Figure 2. Identification of Nature-Related Stakeholders | 8 |
| Figure 3. Scope of Analysis | 11 |
| Figure 4. Locations of Direct Operations and Supply Chain | 11 |
| Figure 5. Industry Transition Trends: Integrating TNFD and Exploratory Scenarios | 12 |
| Figure 6. Scenarios for Climate and Nature-Related Risk | 14 |
| Figure 7. Locate Stage: Analysis Process | 16 |
| Figure 8. Digital Analysis Schematic: Direct Operations (Taipei HQ) | 16 |
| Figure 9. Locate Analysis Gradation Settings Schematic: Thailand Plant (CET) | 17 |
| Figure 10. Process for Determining Nature-Sensitive Locations | 17 |
| Figure 11. Geographical Overlap: Direct Operations and Priority Biodiversity Areas or Important Ecosystems | 18 |
| Figure 12. Geographical Overlap: Key Suppliers and Priority Biodiversity Areas or Important Ecosystems | 18 |
| Figure 13. Nature-Sensitivity Mapping (Taipei HQ) | 18 |
| Figure 14. Dependency and Impact Pathways | 19 |
| Figure 15. Identification of Value Chain Dependencies and Impacts by Industry | 20 |
| Figure 16. Identification of Priority Locations for Key Supplier Sites | 21 |
| Figure 17. Distribution of Direct Operations and Corresponding Biomes | 23 |

| | |
|--|----|
| Figure 18. Interaction Between Environmental Assets and Chicony | 23 |
| Figure 19. Identification of Chicony's Dependencies and Impacts | 24 |
| Figure 20. Materiality Matrix of Dependencies: Direct Operations | 25 |
| Figure 21. Materiality Matrix of Impacts: Direct Operations | 26 |
| Figure 22. Habitat Quality Change Analysis | 27 |
| Figure 23. Climate and Nature-Related Risk Management Process | 30 |
| Figure 24. Climate and Nature-Related Risk Identification | 31 |
| Figure 25. Climate and Nature-Related Risk Matrix | 32 |
| Figure 26. Climate and Nature-Related Opportunity Matrix | 32 |
| Figure 27. Water Risk Identification: Chicony Sites and Top 50 Suppliers | 34 |
| Figure 28. Transmission Pathways for Climate and Nature-Related Risks and Opportunities Schematic | 36 |
| Figure 29. Product Exposure Classification (ESPR Compliance) | 39 |
| Figure 30. Short-Term Annual Investment in Automation and Smart Manufacturing by Direct Operation Site | 40 |
| Figure 31. Incremental Cost of Renewable Electricity Procurement vs. Baseline Scenario | 41 |
| Figure 32. Incremental Cost of Recycled Material Procurement vs. Baseline Scenario | 42 |
| Figure 33. Annual Cost Savings: Labor, Electricity, and Water Resources by Direct Operation Site | 44 |
| Figure 34. Annual Total Value of Waste and Scrap Recycling | 45 |
| Figure 35. Current Status of Plant Site and Adjacent Power Plant | 46 |
| Figure 36. Mangrove Restoration Activities | 47 |
| Figure 37. Chicony Net-Zero Roadmap | 47 |
| Figure 38. Chicony Group Renewable Electricity Roadmap | 50 |
| Figure 39. Decarbonization and Nature-Impact Minimization Actions | 51 |
| Figure 40. Low-Carbon and Resilience Planning Across Chicony's Value Chain | 53 |

List of Tables

| | |
|--|----|
| Table 1. Stakeholder Assessment: Dimensions and Definitions | 8 |
| Table 2. Summary of Upstream Materials and Regions | 11 |
| Table 3. Selected Scenarios | 13 |
| Table 4. Data Sources for Positioning Analysis | 18 |
| Table 5. Chicony's Dependencies on Ecosystem Services | 21 |
| Table 6. Chicony's Impacts on Ecosystem Services | 21 |
| Table 7. Ecosystem Service Dependencies of Operational Activities | 22 |
| Table 8. Impact Drivers from Operational Activities | 22 |
| Table 9. Description of Material Dependency Factors | 25 |
| Table 10. Description of Material Impact Drivers | 26 |
| Table 11. Stakeholder Perspectives on Habitat Changes: Taipei HQ, CET, and CEZ | 28 |
| Table 12. Material Climate and Nature-Related Risks | 33 |
| Table 13. Material Climate and Nature-Related Opportunities | 33 |
| Table 14. River Flooding Risks | 35 |
| Table 15. Storm Surge Flooding Risks | 35 |
| Table 16. Financial Impact Summary: Material Risks and Opportunities | 38 |
| Table 17. GHG Emissions: Scope 1 & 2 | 48 |
| Table 18. GHG Emissions: Scope 3 | 49 |
| Table 19. Renewable Electricity Usage in 2024 | 50 |

Message from the Chairman

Amid the convergence of geopolitical shifts, supply chain restructuring, and rapid technological advancement, the global risk landscape is increasingly defined by environmental factors. From extreme weather and biodiversity loss to the tightening of natural resources, these long-tail risks have evolved into structural constraints as well as drivers for innovation. The World Economic Forum's Global Risks Report 2025 highlights that climate and nature-related issues will lead the most prominent risks over the next decade. In response, enterprises must uphold higher standards of information transparency and resilient governance.

Chicony operates under the core principles of "Governance First, Strategy Implementation, and Data Reliability." We have integrated climate and nature considerations into our primary governance framework. Since 2024, we have reported quarterly to the Board of Directors on greenhouse gas (GHG) emissions, climate change, and nature-related topics. Furthermore, we established the ESG Sustainability Office under the Corporate Sustainable Development Committee and launched the "Internal Control System for Sustainability Information Management" to align with IFRS S1 and S2 requirements. These actions ensure that material risks and opportunities are overseen by the Board and addressed through swift, cross-departmental collaboration.

Regarding decarbonization and energy transition, we follow a science-based pathway focused on two key levers: energy efficiency and renewable electricity. In 2024, our Scope 1 and Scope 2 emissions were reduced to 43,482.643 tCO₂e, a 26% decrease from 2023. Our renewable electricity consumption reached 59,295.99 MWh, accounting for 44% of total use. We are making steady progress toward our commitments of RE50 by 2026 and RE100 by 2030.

In 2025, we released our first integrated TCFD and TNFD report. By adopting the LEAP methodology, we have incorporated dependencies, impacts, risks, and opportunities into a unified strategic framework. Through scenario analysis, we have linked these factors to financial impacts, providing investors and stakeholders with "closed-loop" management information across the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

While we have made every effort to align this report with TCFD and TNFD recommendations, the fields of climate and nature are complex and evolving. The targets and projections herein are forward-looking statements based on currently available data and reasonable assumptions. Actual results may vary due to changes in policies, regulations, scientific scenarios, or market conditions. In accordance with international practice, these disclosures include descriptions of inherent uncertainties.

Looking ahead, Chicony will continue to advance the digitalization and automation of carbon and nature data. By strengthening data integration and quality within our ISO 14064 and ISO 14067 systems, we establish a rigorous foundation for formulating decarbonization strategies and nature-positive actions. We will also extend collaboration across the supply chain—integrating low-carbon design, energy management, and nature-inclusive decision-making into the product life cycle—to amplify our collective impact alongside our global customers and partners.

About The Report

Publication Date

December 2025

Reporting Period

January 1, 2024 to December 31, 2024

Reporting Scope

This report covers Chicony Electronics Co., Ltd.'s Taipei Headquarters Building and all manufacturing sites, as detailed in the table below. Unless otherwise specified, revenue-related data follow the same organizational boundary and do not include Chicony Power or XAVI.

| Administrative Location | Entity Name | Location |
|-------------------------|--|---|
| | Chicony Headquarters | Sanchong District, New Taipei City, Taiwan |
| Manufacturing Site | Chicony Electronics (Dongguan) Co., Ltd. (CEM2) | Dongguan City, Guangdong Province, China |
| | Maorui Electronics (Dongguan) Co., Ltd. (MR) | Dongguan City, Guangdong Province, China |
| | Chicony Electronics (Suzhou) Co., Ltd. (CEM3) | Suzhou City, Jiangsu Province, China |
| | Chicony Electronics (Chongqing) Co., Ltd. (CEM5) | Chongqing, China |
| | Chicony Electronics (Thailand) Co., Ltd. (CET) | Bangpakong District, Chachoengsao, Thailand |
| | Chicony Electronics CEZ s.r.o. (CEZ) | Pardubice, Czech Republic |

Compilation Framework and Standards

- Task Force on Climate-related Financial Disclosures (TCFD)
- Task Force on Nature-related Financial Disclosures (TNFD)

Contact Information

- Contact: ESG Sustainability Office, Chicony Electronics Co., Ltd.
- Address: No.69, Sec. 2. Guangfu. Rd., Sanchong Dist., NewTaipei City 24158, Taiwan
- Telephone: +886-2-6626-6788 #17602
- Email: CSR@chicony.com



Metrics and
Targets

Risk
Management

Strategy

Governance

CHI

Vision and Governance of Climate and Nature (Governance)

Locate

Evaluate

Assess

Prepare

1.1 Vision for Nature and Climate

Chicony Electronics Co., Ltd. (hereinafter “Chicony” or “the Company”) is firmly committed to environmental sustainability and climate resilience, supported by a clear strategic roadmap. Our sustainability vision is to become a global leader in sustainable practices within the electronics manufacturing industry. Through the strategic blueprint of “Smart and Green Manufacturing, Forging a Low-Carbon Future,” we aim to deeply integrate climate- and nature-related considerations into our corporate operations.

Climate Vision

With respect to climate change, Chicony adheres to international science-based objectives, with a core vision of achieving net-zero emissions by 2050 and committing to RE100 by 2030. To reach these targets, Chicony’s decarbonization pathway follows the SBTi 1.5°C GHG reduction scenario for medium-term planning, supported by dual transformation strategies in sustainability transition and digital transformation. At the product level, our vision is embodied in green innovation. Chicony is committed to completing product carbon footprint assessments for 90% of its products by 2033, and ensuring that 35% of products transition to low-carbon or zero-carbon solutions. Through a lifecycle-based approach, we aim to reduce environmental impacts.

Natural Capital and Biodiversity Vision

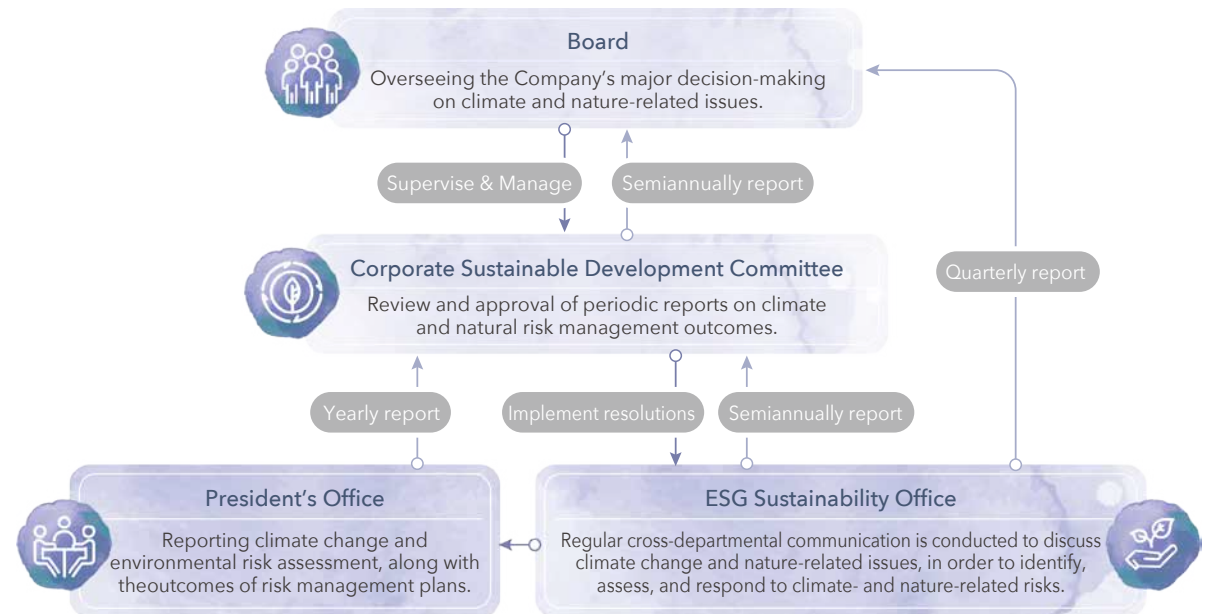
In the area of natural capital and biodiversity, Chicony has formally released its "Biodiversity and Deforestation Policy" and, as both a TNFD Forum member and a TNFD Adopter, has taken the lead in adopting the TNFD LEAP methodology to accurately assess the dependencies and impacts of its operations and value chain on the natural environment. Chicony is committed to continuous improvement, with the ultimate vision of gradually achieving No Net Loss and moving toward a Net Positive Impact. To strengthen the integration and disclosure of climate- and nature-related issues, Chicony has completed its TCFD quantification project and advanced its TNFD project to the Assess stage. The Company aims to publish an integrated TCFD–TNFD Report in 2025, aligning both frameworks to ensure the highest standards of governance and the transparency and integration of sustainability performance and financial data.

1.2 Climate and Nature Governance Framework

Chicony’s climate and nature governance structure (see Figure 1) designates the "Board of Directors" as the highest governing body for climate-related issues. The Board of Directors oversees decision-making on these matters and convenes four meetings annually. The Corporate Sustainable Development Committee serves as the primary management level, with the ESG Sustainability Office reporting directly to the committee members. The Chief Governance Officer also serves as the Chief Sustainability Officer, and the Head of Administrative Management is appointed as the Deputy Chief Sustainability Officer. The ESG Sustainability Office reports directly to the members of the Corporate Sustainable Development Committee, which convenes two meetings per year, with all meeting materials and resolutions submitted to the Board of Directors.

The ESG Sustainability Office regularly convenes various business units to hold workshops aimed at comprehensively assessing and analyzing the climate change and nature-related issues and trends faced by the Company. We continue to promote cross-departmental collaboration through project-based initiatives and report progress and response measures to the Board of Directors on a quarterly basis, ensuring that relevant risks and opportunities are effectively managed and supervised.

Figure 1 | Chicony Climate and Nature Governance Framework



Note: The Company’s various types of environmental issues are also incorporated into the climate governance framework for management and reporting.

1.3 Identification of Key Stakeholders

In alignment with the TNFD Guidance on engagement with Indigenous People, Local Communities and affected stakeholders and the AA1000 SES Standard, Chicony has established a stakeholder identification process specific to nature-related material stakeholders. Through a systematic and cross-functional assessment, we identified key stakeholder groups with strong relevance to nature-related issues. The identification process is as follows:

- (1) Referring to global and domestic nature-related trends and the TNFD framework, and integrating Chicony’s operational context, we compiled an initial list of nature-related stakeholders.
- (2) Using the four assessment dimensions defined by AA1000 SES—Responsibility, Influence, Dependency, and Diverse Perspectives (Table 1)—each department conducted evaluations and completed quantitative scoring forms.
- (3) Consolidating cross-departmental assessment results and applying weighted scoring, Chicony established a ranked list of stakeholder relevance for nature-related issues. The top two-thirds were designated as material stakeholders, including: clients, regulatory authority, employees/labor unions, supply chain, shareholders/investors, the public, and local communities (Figure 2).

Table 1. Stakeholder Assessment: Dimensions and Definitions





| Assessment Dimension | Definition |
|---|---|
|  <p>Responsibility (Chicony → Stakeholders)</p> | Chicony currently or potentially bears responsibility toward the stakeholder in matters related to protecting the natural environment, preventing biodiversity loss, safeguarding habitats, or ensuring the rights associated with living environments. |
|  <p>Concern (Chicony → Stakeholders)</p> | The extent to which the stakeholder requires heightened attention from Chicony due to environmental-related financial or human-rights impacts arising from Chicony's strategies, operational decisions, or actions. |
|  <p>Influence (Stakeholders → Chicony)</p> | The degree to which the stakeholder’s views or actions (e.g., litigation, purchasing behavior) may influence Chicony’s environmental strategies or operational decisions. |
|  <p>Diverse Perspectives (Stakeholders → Chicony)</p> | The stakeholder’s ability to provide diverse perspectives during engagement, helping departments understand the importance of ecosystem conservation and identify opportunities and actions for ecological protection within the corporate value chain. |

Figure 2 | Identification of Nature-Related Stakeholders



1.4 Climate and Nature Milestone

2010

Start replying to CDP climate change questionnaires

2018

Major sites introduced the ISO 14064-1 GHG Inventory Standards and completed associated verification



2021

- Set up the Corporate Sustainable Development Committee to supervise climate governance progress
- Major sites completed ISO 14064-1: 2018 GHG inventory and verification



2023

- Joined the RE100 initiative and made a commitment to achieve 100% renewable electricity (RE100) by 2030
- Made a commitment to 2050 Net Zero goals
- Launched the "Chicony Green Octagon" decarbonization project by taking 2023 as the base year and 2033 as the target year to achieve goals through eight major aspects
- Published the first TCFD Report, and continued to promote the TCFD project to quantify climate-related impacts on CEC's finances
- Started Introducing the TNFD (Taskforce on Nature-related Financial Disclosures) Framework
- Introduced carbon management platforms to carry out digitalized carbon emission management



2025

- Completed the inaugural quantitative analysis for TCFD and TNFD
- Published Chicony first integrated TCFD & TNFD report
- Achieved UL 2799A Platinum Certification across all key production sites (covering 99% of revenue)
- Established Internal Carbon Pricing (ICP) at NT\$ 1,100 / tonne

2016

CEC Headquarters Building obtained the "Diamond-grade" Green Building Label Certificate issued by the Ministry of the Interior



2020

The TCFD (Task Force on Climate-related Financial Disclosures) Framework was introduced

2022

Made a commitment to 2030 decarbonization goals and passed SBTi 1.5°C GHG reduction review



2024

- Set up the ESG Sustainability Office, and appointed Chief/ Deputy Chief Sustainability Officer to accelerate the promotion of enterprise sustainability
- CEC Headquarters Building obtained the "Near Zero Building" Label from Ministry of Interior
- TNFD Adopters Became a member of the TNFD Forum and TNFD Adopters
- 100% completed ISO 14064-1: 2018 GHG inventory and third-party verification covering 100% of entities within the consolidated financial reporting scope
- CEM5 and CET have achieved UL2799 Platinum Certification for the first time



Metrics and
Targets

Risk
Management

Strategy

Governance

CH2

Scope and Scenario Analysis

Locate

Evaluate

Assess

Prepare



2.1 Reporting Boundary and Value Chain

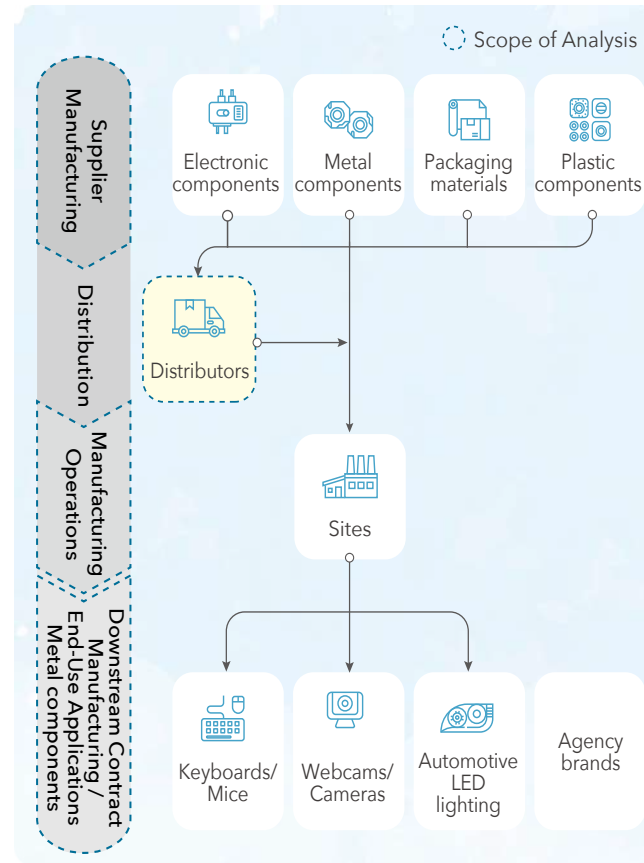
As an electronics manufacturing company, Chicony is headquartered in Taiwan, with production sites in China, Thailand, and the Czech Republic. Chicony's value chain includes: Upstream supply chain: Suppliers of energy, electronic components, metal parts, packaging materials, and plastic parts, among others; Chicony operations (manufacturing): Core input devices, design and production of video imaging products; Downstream customers: Consumer electronics assemblers and end-use customers. (See Table 2.) The entire value chain is closely linked to natural resource utilization and may generate direct or indirect impacts on natural resources.

Table 2. Summary of Upstream Materials and Regions

| Supplier Material Category / Region | Taiwan | Mainland China |
|-------------------------------------|-----------|----------------|
| BLM | 1 | |
| Bracket | | 5 |
| Cable | | 1 |
| CONNECTOR | 1 | |
| DSP | 1 | |
| FPC | | 1 |
| ICR | 1 | |
| INDUCTOR/CHOKE | | 1 |
| LED | 1 | |
| LENS | | 1 |
| Membrane | 1 | 4 |
| METAL | | |
| Mylar | | 2 |
| PACKAGE | | |
| PCB | 2 | 2 |
| PLASTIC | | 1 |
| Scissor | | 2 |
| Sensor/IC | | 1 |
| Shielding case/Connector | | 1 |
| Backlight module/ Metal dome | | 1 |
| Switch | | 1 |
| Plastic parts | | 1 |
| Electronic component module | 1 | |
| Magnet | | 1 |
| Coating/ painting | | 2 |
| Magnesium-aluminum alloy | | 1 |
| Total | 10 | 37 |

Note: There is one Lens supplier located across Taiwan, Mainland China, and Vietnam; one Metal supplier in Thailand; and one Package supplier in Thailand. Including those in the table above, the total count reaches 49 suppliers.

Figure 3 | Scope of Analysis



Note:
 1. Supplier manufacturing represents the upstream segment of the value chain, comprising 50 suppliers across 61 sites.
 2. Manufacturing operations represent Chicony's own operation sites, including the Taiwan headquarters, manufacturing sites in China, Thailand, and the Czech Republic, totaling 7 sites.
 3. Downstream contract manufacturers and end-use applications are included within the scope of risk and opportunity identification, given the complexity of their industry structure and value chains.

Figure 4 | Locations of Direct Operations and Supply Chain



Note: The white circles in the figure indicate the locations of each site.

2.2 Scenario Analysis

2.2.1 Scenario Analysis Framework for Climate- and Nature-related Risks and Opportunities

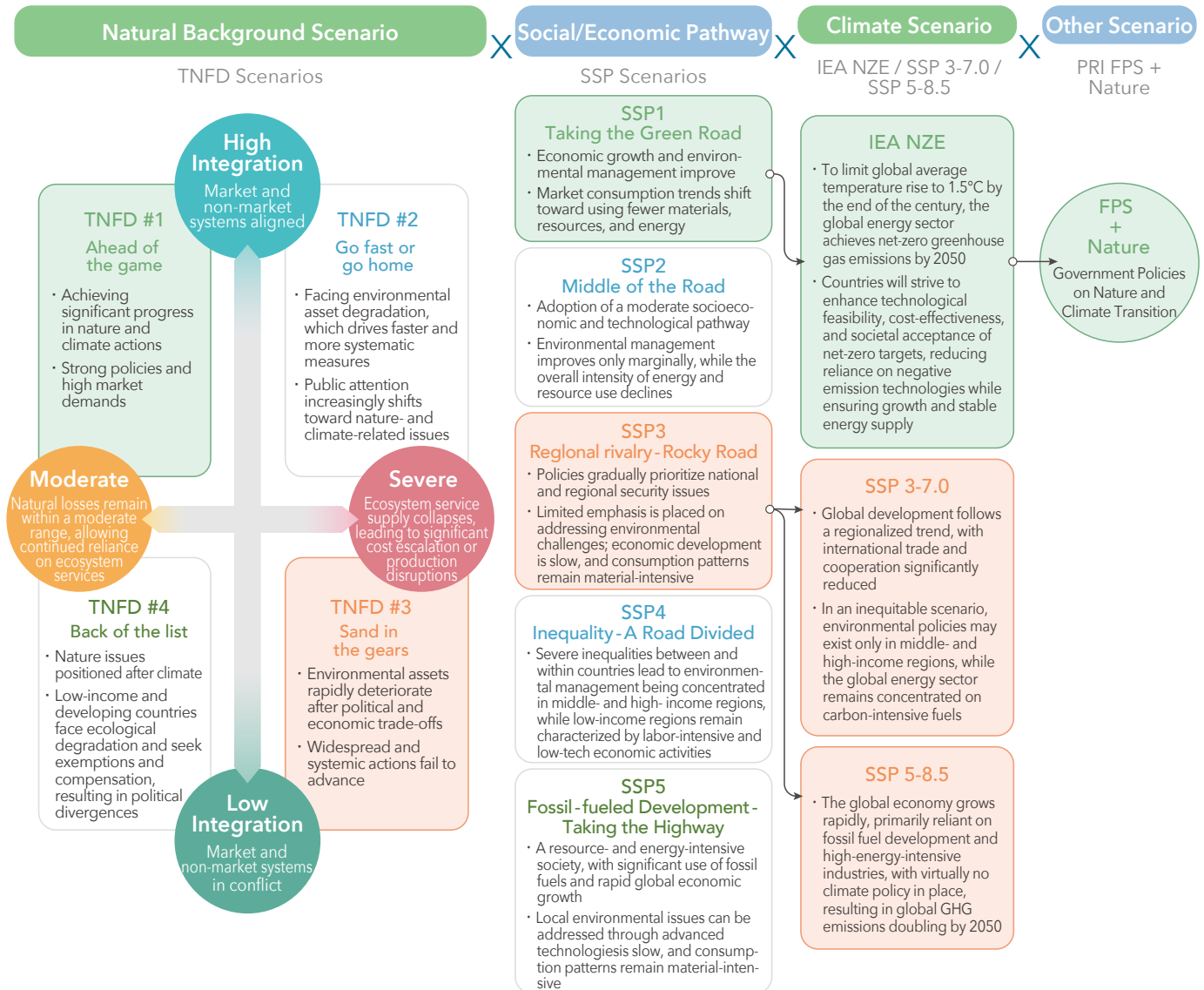
To manage the significant uncertainties associated with climate- and nature-related issues, Chicony adopts the widely recognized method of scenario analysis to establish background assumptions (Figure 5). This enables the Company to comprehensively assess strategic responses under extreme risk conditions and to examine industry trends, operational management mechanisms, and key sustainability topics. Through this process, we evaluate the potential financial and non-financial impacts and risk implications for the Company and incorporate the results into our strategic resilience planning.

In the current year, with reference to the final recommendations of the TNFD, we assessed the potential impacts on our operations under each scenario based on their underlying assumptions.

- (1) Core variables: Physical risks (e.g., loss of ecosystem services) and transition risks (e.g., market drivers).
- (2) Four Scenarios: "Ahead of The Game," "Go Fast or Go Home," "Sand in The Gears," and "Back of The List."

Following in-depth internal discussions, we determined that Chicony's climate and natural capital strategy aligns most closely with the background conditions of the "Ahead of The Game" scenario. However, if the macroeconomic environment or policy developments become more conservative or passive, conditions may shift toward the "Sand in The Gears" scenario.

Figure 5 | Industry Transition Trends: Integrating TNFD and Exploratory Scenarios



2.2.2 Macroeconomic and environmental trends

Upon defining our background assumptions, we incorporate Shared Socioeconomic Pathways (SSPs) that align with our scenario narratives to reinforce contextual parameters—such as population, economic growth, and globalization. This macro-scenario approach enables us to evaluate the interconnections between Chicony, climate, and nature. Specific impact drivers (e.g., climate change) are further analyzed using dedicated models. The integrated scenarios are detailed in Table 3 and Figure 6.

- (1) "Ahead of The Game"- Integration SSP 1 "Taking the Green Road," IEA NZE, "FPS+Nature"
- (2) "Sand in The Gears"- Integration SSP 3 "Regional Rivalry- Rocky Road," SSP 3-7.0/SSP 5-8.5

Table 3. Selected Scenarios

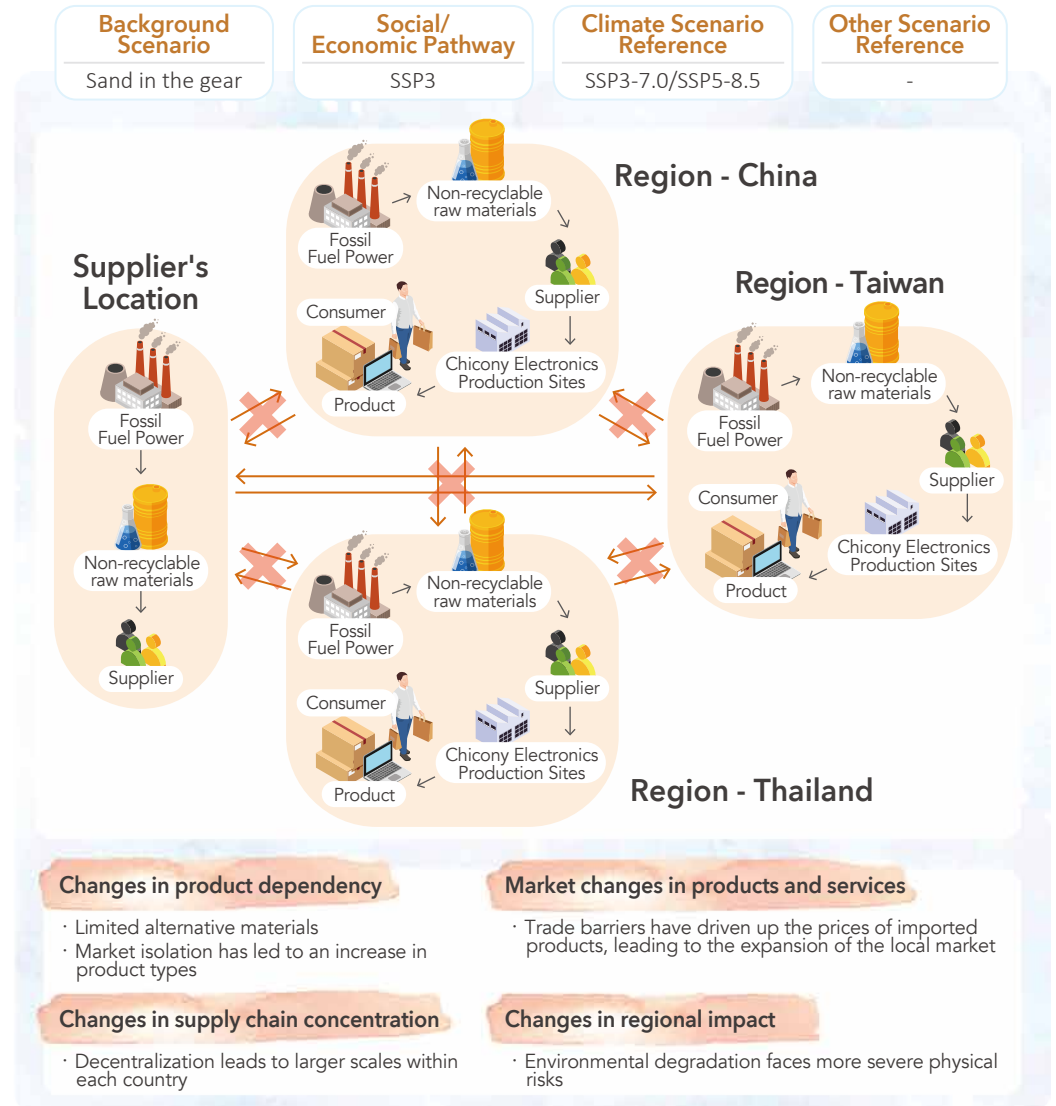
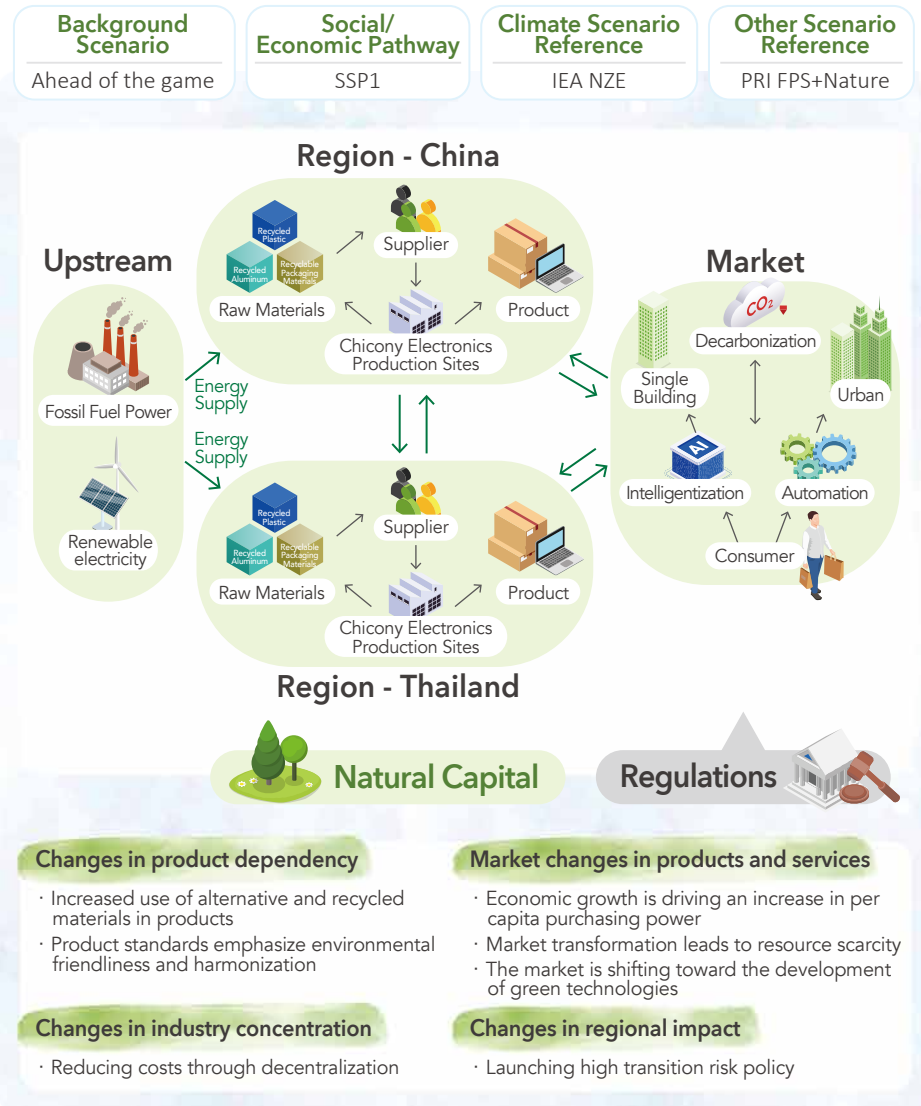
| | | Ahead of The Game (Integrated Scenario) | Sand in The Gears (Integrated Scenario) |
|---------------------------------|-------------------------|--|--|
| | Society | Natural and climate protection is compatible with economic growth, driven by rigorous regulations and technological innovation | Society Markets tend toward fragmentation due to trade protectionism, causing simultaneous imbalance and decline of economic and environmental systems |
| | Consumer | Increased environmental awareness | Consumer High-volume consumption |
| Scenario Selection | | TNFD#1 / SSP1 / IEA NZE / FPS+Nature | TNFD#3 / SSP3 / SSP3-7.0 / SSP5-8.5 |
| Environment | Natural | Valued and protected | Not valued; continues to deteriorate |
| | Climate | | |
| Regulations | Regulatory strength | Strict | Limited |
| | Scope | Global | Local only |
| | Global collaboration | Effectively functioning | Stagnant |
| | Growth | Rising | Rising |
| Underlying Scenario Assumptions | Economy | | |
| | Globalization | Accelerating (prioritizing local products) | Stalled (market fragmentation) |
| | Investor sentiment | Environmentally conscious | Environmentally indifferent |
| | Wealth gap | Narrowing | Widening |
| Society | Environmental awareness | High | Low |
| | Consumer psychology | Preference for high-quality, low-resource, local products | Continued high-volume consumption trend |
| | Infrastructure | Well-developed | Underdeveloped |
| Technology | Pace of advancement | Fast | Slow |
| | Transmission | Fast | Slow |

Building on the foundational assumptions of the integrated scenarios, we link these to upstream and downstream value-chain trends within the electronics manufacturing industry. By analyzing industry dynamics driven by scenario parameters, the evolution of Chicony’s value chain is described below.

In the “Ahead of the Game” integrated scenario, product dependency shifts toward materials with low resource intensity, reducing reliance on conventional fossil fuels. Unified product standards decrease dependence on specific regional resources. Markets lean toward eco-friendly offerings, with consumers willing to pay a premium for environmental value. As the learning curve for green technologies improves, the competitiveness of green products strengthens. However, market transformation may intensify the scarcity of certain natural resources, leading to price volatility. Rising per-capita GDP enhances purchasing power, further driving demand. Supply chains diversify their layouts to reduce single-region reliance and access new markets. Meanwhile, regional regulations will become more stringent, supported by enhanced nature-related resilience infrastructure.

In the “Sand in the Gears” integrated scenario, manufacturing prioritizes output volume over recycled materials. Trade barriers increase national self-sufficiency. In product and service markets, trade barriers drive up import prices, stimulating domestic market expansion and intensifying local resource extraction. Driven by trade restrictions, supply chains shift toward domestically concentrated production, increasing the scale and concentration of national production systems. However, regions face more severe physical risks, leading to environmental degradation and a decline in the provision of ecosystem services.

Figure 6 | Scenarios for Climate and Nature-Related Risk



Metrics and
Targets

Risk
Management

Strategy

Governance

CH3

Identification of Nature-related Issues across the Value Chain (Locate / Evaluate)



A 2023 study indicated that humanity has exceeded six Planetary Boundaries, including biodiversity loss. The Living Planet Report 2024, published by the World Wide Fund for Nature (WWF), also reported that global wildlife populations have declined by 73% since 1970. This report applies a two-tier analytical framework within the Locate and Evaluate stages of the TNFD-recommended LEAP methodology. The first tier begins with the supply chain and direct operations. Through ENCORE analysis at both the operational and industry levels, we gain an initial understanding of the nature-sensitivity surrounding each site, as well as the industry’s dependencies and impacts on the environment. Based on this, priority locations for suppliers and direct operations are identified (see Sections 3.1 and 3.2). The second tier further refines these industry-level dependencies and impacts to the site-specific level, analyzing local operational activities at priority locations to assess the interactions between nature-sensitive sites and their surrounding environments (see Sections 3.3 and 3.4).

3.1 Analysis of Nature-Sensitive Locations (Locate)

As an enterprise in the electronics manufacturing industry, Chicony recognizes that its direct operations and value chain not only influence climate change but also rely heavily on natural resources, potentially exerting significant impacts on the natural environment. To systematically identify and manage nature-related risks and opportunities, we followed the “Locate” phase of the LEAP methodology. This process involves mapping and consolidating geospatial data for Chicony’s direct operations and key supplier sites to determine whether value chain activities are geographically situated in, or overlapping with, ecologically sensitive areas or priority biodiversity regions. Through this assessment, we identify priority locations requiring focused attention due to their interactions with nature. The Locate phase is structured into four major steps, covering the top 50 key upstream suppliers and all direct operations. The analytical process is illustrated in Figure 7.

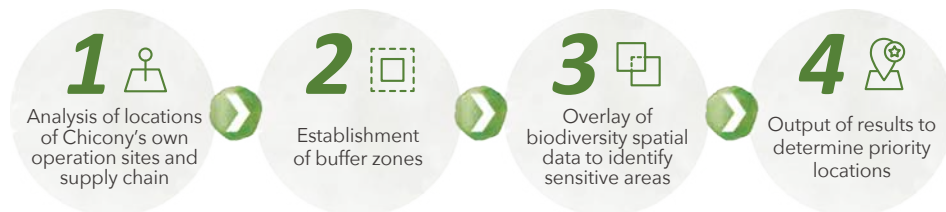


For direct operations, Chicony mapped and digitalized geospatial boundary data for each site, conducting analysis based on actual site perimeters (Figure 8). For supplier sites, the Company collected location data from key suppliers identified by each business unit and converted this information into geographic coordinates to complete the location inventory.

Figure 8 | Digital Analysis Schematic: Direct Operations (Taipei HQ)



Figure 7 | Locate Stage: Analysis Process



Step 2



Buffer zones were established for both supplier sites and direct operations. According to research by Maiorano et al. (2008), a 2.5 km radius is frequently defined as an indirect impact zone in species surveys and habitat-change analyses, while a 5 km radius serves as a reference for the potential impact range. Adhering to these findings, Chicony established three tiers of buffer zones in this Locate analysis to assess the potential degree of impact from its direct operations and supply chain locations on the surrounding natural environment and ecosystems (Figure 9).

- (1) Direct impact zone: Locations where sites are situated.
- (2) Indirect impact zone: The area within a 2.5 km radius of the site.
- (3) Potential impact zone: The area within a 5 km radius of the site.

Step 3



Spatial analysis was conducted to examine whether the supply chain and direct operations significantly overlap with or are associated with priority biodiversity areas or important ecosystems (Figure 10).

The Company utilized global and regional biodiversity spatial datasets, categorized into six criteria for assessment (Table 4). The buffer zones of key supplier sites and direct operations were analyzed for their spatial correlation with these six categories (Figures 11 and 12). By using these six categories as a benchmark, we identified whether buffer zones overlap with ecologically sensitive areas, thereby determining which sites may be exposed to nature-related risks.

Figure 9 | Locate Analysis Gradation Settings Schematic: Thailand Plant (CET)

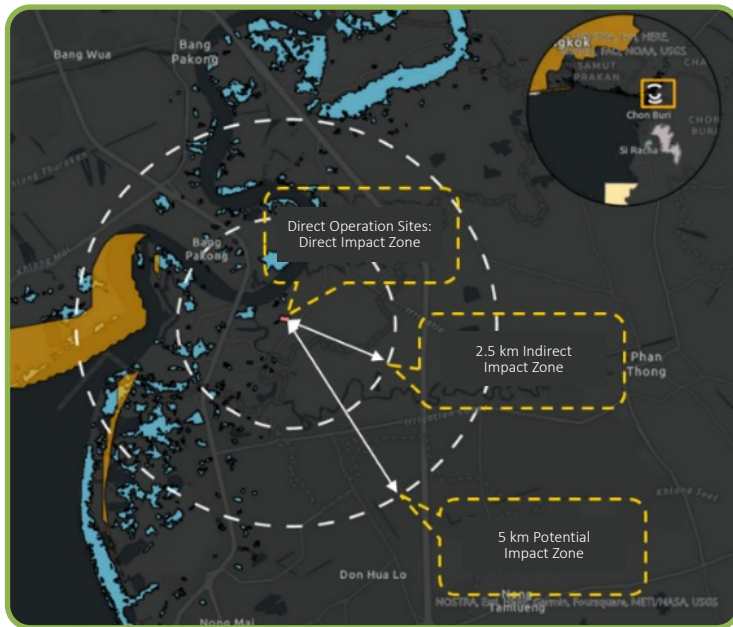


Figure 10 | Process for Determining Nature-Sensitive Locations

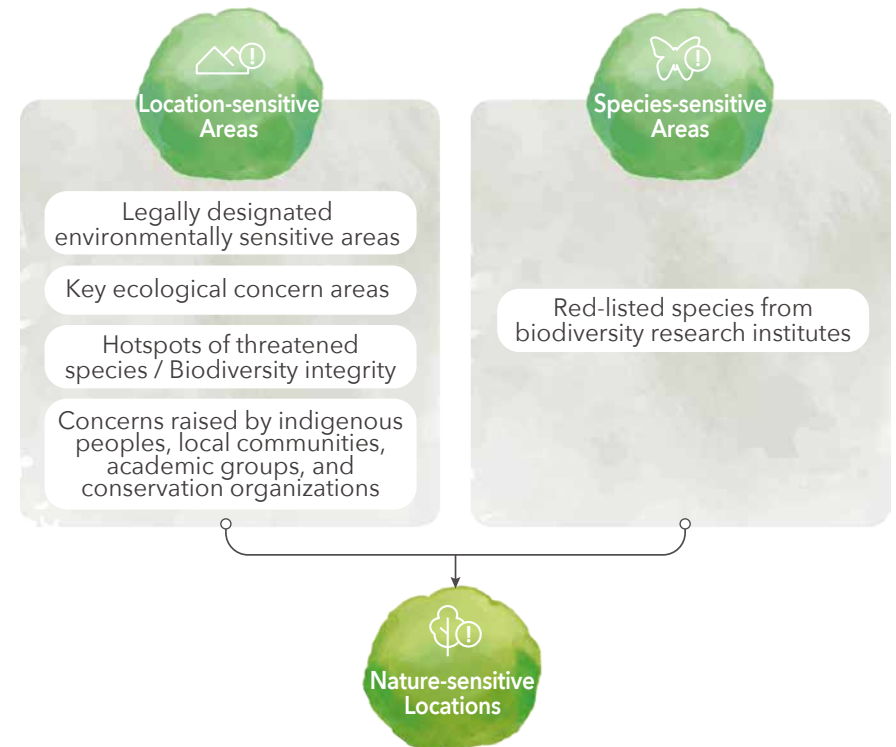
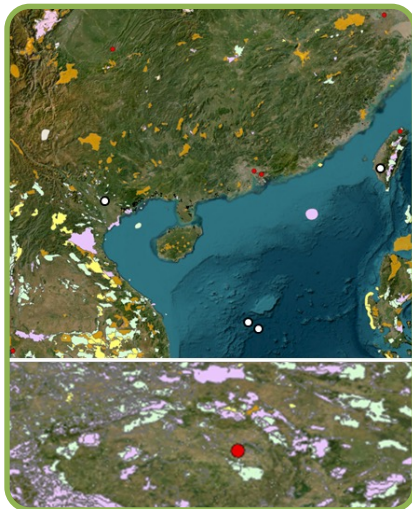


Table 4. Data Sources for Positioning Analysis

| Geospatial Data Assessment Criteria | Description |
|-------------------------------------|---|
| Biodiversity importance | Identifies globally significant sites critical for the continued existence of species and their habitats |
| Water resource risk | Assesses the availability and risk level of regional water resources, identifying areas under high water stress |
| Ecosystem integrity | Measures the completeness of species communities and natural states within ecosystems, indicating the degree of human disturbance in the region |
| Forest integrity | Identifies large, continuous forest areas that maintain natural conditions, used to determine whether sites are near high-integrity forests |
| Natural heritage | Identifies whether sites are adjacent to UNESCO-recognized natural heritage areas of global value |
| Soil organic carbon | Assesses the content of organic carbon in land and soil, serving as reference for land carbon storage function and potential land degradation |

Figure 11 | Geographical Overlap: Direct Operations and Priority Biodiversity Areas or Important Ecosystems



● Chicony's Direct Operations ● Ramsar Sites
 ■ Key Biodiversity Areas (KBA) ■ World Database on Protected Areas (WDPA)

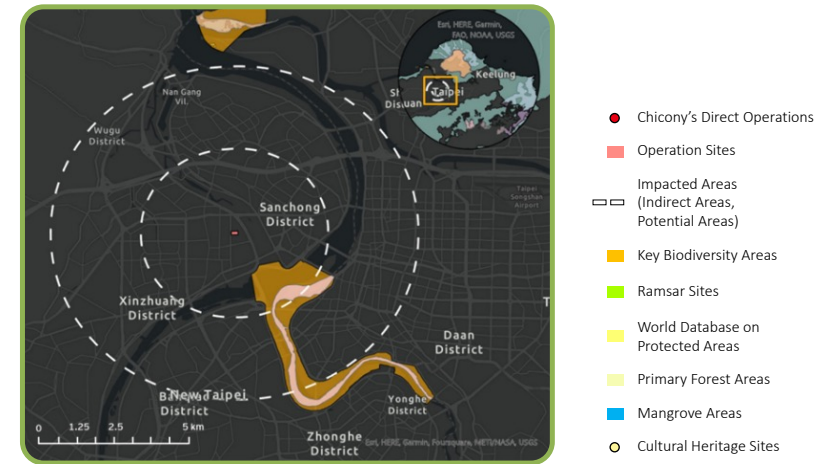
Figure 12 | Geographical Overlap: Key Suppliers and Priority Biodiversity Areas or Important Ecosystems



■ Primary Forest Areas ● Cultural Heritage Sites
 ■ Mangrove Areas

Chicony screened the analytical results and defined “High Nature-Sensitivity Locations” (Figure 13).

Figure 13 | Nature-Sensitivity Mapping (Taipei HQ)



The results indicate that:

- Within the 2.5 km Indirect Impact Zone
 Key suppliers and Chicony’s direct operations overlapping with priority biodiversity areas accounted for 14.7%, comprising 2 direct operation sites and 6 supply chain locations.
- Within the 5 km Potential Impact Range
 Key suppliers and Chicony’s direct operations overlapping with priority biodiversity areas accounted for 22%, comprising 3 direct operation sites and 10 supply chain locations.



By consolidating the overlay results, sites are ranked based on the degree of overlap to identify direct operations and supply chain sites requiring priority attention. The next step involves dependency and impact analysis, combined with internal discussions, to assess whether activities at Chicony’s direct operations may exert impacts on specific ecosystems. Simultaneously, key suppliers identified with high nature-sensitivity are designated as focal points for subsequent management.

3.2 Industry-level Dependency and Impact Analysis (Evaluate)

On one hand, corporate operations are highly dependent on natural capital; on the other hand, they may also exert impacts on it. Such impacts may arise directly from Chicony’s direct operations or indirectly through upstream and downstream activities along the value chain (e.g., raw material extraction, manufacturing, transportation, consumption, and disposal). These interactions can lead to ecosystem degradation, habitat loss, water stress, and decline in biodiversity. The high degree of interaction between the enterprise and natural capital gives rise to potential nature-related risks and opportunities (Figure 14).

To better understand the degree to which its operations depend on and impact natural capital, Chicony applies the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool, jointly developed by the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the UNEP Finance Initiative (UNEP-FI). Key suppliers’ procurement shares are incorporated as weighting factors, and an input–output model is used to conduct analysis at the value-chain level.

Chicony presents the results in the form of heat maps, which facilitate the identification of the extent to which Chicony’s direct operations, and the overall value chain depend on and affect natural capital and ecosystem services. For items assessed as having “High” or “Very High” levels of dependency or impact, further analysis is conducted to identify and clarify their interfaces with natural resources.



Knowledge Corner: Natural Capital

Natural capital refers to all renewable and non-renewable natural resources on Earth, including plants, animals, water resources, air, soil, and minerals. These resources continuously create value for businesses and society through ecosystem services (such as climate regulation, water cycling, and nutrient cycling) or abiotic functions (such as minerals and energy).

Figure 14 | Dependency and Impact Pathways

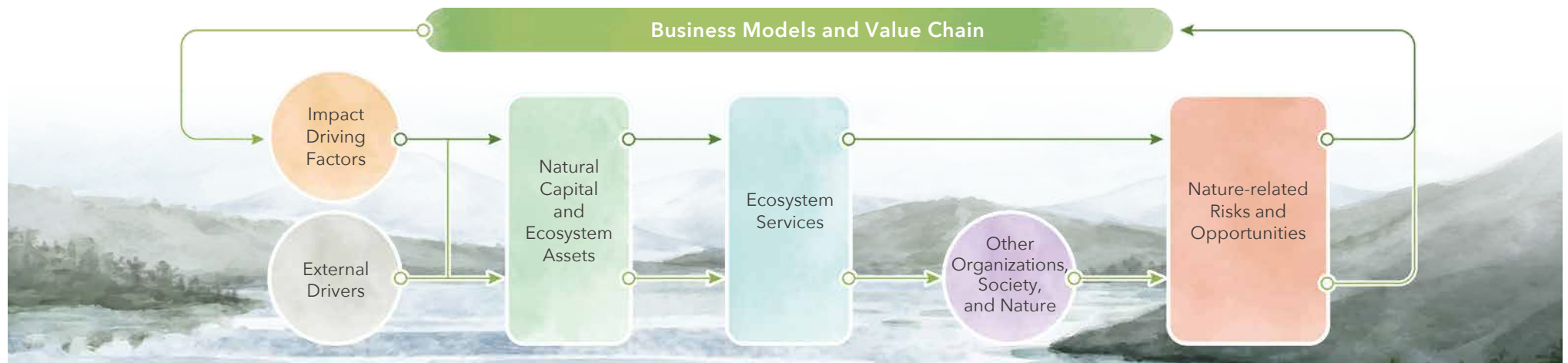


Figure 15 | Identification of Value Chain Dependencies and Impacts by Industry

| Chicony | | | Specifications | Dependency | | | | | Impact | | | | | |
|---------------------------|--|--|----------------|-----------------------|-----------|------------------------------------|--|--|------------------------------------|---------------------------|----------------|-----------|-----------------------------------|----|
| | | | | Provisioning Services | | Regulating and Supporting Services | | | Land / Freshwater / Sea Use Change | Resource Overexploitation | Climate Change | Pollution | Invasive Alien Species and Others | |
| | | | | Energy | Materials | Flow Regulation | Maintaining Physical, Chemical and Biological Conditions | Mitigation of Waste, Toxic Substances, and Other Nuisances | | | | | | |
| Packaging Materials | Cradle to gate | Paper Manufacturing | | VL | VH | M | L | L | L | VH | VH | VH | L | |
| | Manufacturing | | | VL | H | VL | VL | VL | VL | M | VH | H | VL | |
| Plastic Parts/ Components | Cradle to gate | Fiber / Textile Manufacturing | | VL | VH | H | L | M | L | VH | VH | VH | L | |
| | Manufacturing | | | VL | M | L | VL | L | VL | L | L | H | VL | |
| | Cradle to gate | Chemical Manufacturing | | VL | VH | H | L | H | M | VH | VH | VH | M | |
| | Manufacturing | | | VL | L | L | VL | VL | VL | L | H | M | VL | |
| | Cradle to gate | Rubber Product Manufacturing | | VL | VH | H | L | M | M | VH | VH | VH | M | |
| | Manufacturing | | | VL | L | L | VL | VL | VL | M | H | H | VL | |
| Cradle to gate | Non-metallic Mineral Product Manufacturing | | VL | VH | M | VL | M | VH | VH | VH | VH | VH | | |
| Manufacturing | | | VL | L | VL | VL | VL | M | L | H | M | L | | |
| Metal Parts/ Components | Cradle to gate | Iron and Steel Manufacturing | | VL | VH | H | L | L | L | VH | VH | VH | VH | |
| | Manufacturing | | | VL | L | L | VL | VL | VL | M | VH | H | L | |
| | Cradle to gate | Metal Product Manufacturing | | VL | VH | H | L | M | H | VH | VH | VH | VH | |
| Manufacturing | | | VL | L | L | VL | VL | L | M | VH | H | L | | |
| Electronic Components | Cradle to gate | Machinery Manufacturing | | VL | H | M | VL | L | VL | H | VH | VH | H | |
| | Manufacturing | | | VL | L | VL | VL | VL | VL | L | M | H | L | |
| | Cradle to gate | Computer, Electronic and Optical Product Manufacturing | 22,353,050,151 | VL | H | VL | VL | L | VL | L | M | VH | M | |
| Manufacturing | | | VL | L | VL | VL | VL | VL | VL | VL | VL | M | L | |
| Chicony | Manufacturing | Computer, Electronic and Optical Product Manufacturing | | VL | VL | VL | VL | VL | VL | VL | VL | VL | VL | |
| Downstream | Use-phase | Keyboard and Mouse Products | 39,358,128,079 | VL | L | VL | VL | VL | VL | VL | VL | M | L | |
| | | Video Camera and Camera Products | 29,803,101 | VL | VL | VL | VL | VL | VL | VL | VL | VL | VL | VL |
| | | LED Automotive Lighting Products | | VL | L | VL | VL | VL | VL | VL | VL | VL | M | L |
| | | Distributor Brand Products / Agency Brand Products | | VL | L | VL | VL | VL | VL | VL | VL | VL | M | L |

Notes:
 1. Dependency and impact levels are classified into five tiers: VL (Very Low), L (Low), M (Medium), H (High), and VH (Very High).
 2. Dependency classifications are based on the Common International Classification of Ecosystem Services (CICES).
 3. Impact classifications are based on the Natural Capital Protocol.

The consolidated heat map analysis indicates that Chicony’s overall operations are primarily dependent on ecosystem services related to "water supply" and "dilution by atmosphere" (Table 5). In terms of impact drivers, the primary factors include "pollution," "resource use," "greenhouse gas emissions," and "habitat disturbance" (Table 6).

Further observation reveals significant disparities across different industries regarding their dependencies on and impacts on natural capital. These differences are reflected not only in the intensity of dependency or impact but also in the specific types of ecosystem services utilized, the primary environmental drivers, and the specific stages of the value chain where these dependencies and impacts occur.

Table 5. Chicony’s Dependencies on Ecosystem Services

| Service Category | Classification | Item |
|----------------------------------|---|---|
| Provisioning services | Material | Surface water, groundwater |
| | Flow regulation | Water flow maintenance, quality stability, corrosion control, flood and wind protection |
| Regulating & supporting services | Waste, toxic substances & other disturbances mitigation | Atmospheric and ecosystem dilution, sensory impact mitigation |
| | Maintenance of physical, chemical & biological conditions | Water quality, climate regulation |

Table 6. Chicony’s Impacts on Ecosystem Services

| Impact Category | Item |
|-----------------------------------|--|
| Pollution | Water pollutants, soil pollutants, solid waste, air pollutants |
| Climate change | GHG emissions |
| Land/Freshwater/marine use change | Land use |
| Resource overexploitation | Water consumption |

3.3 Priority Value Chain Locations (Evaluate)

In line with TNFD recommendations, the identification of priority locations requires simultaneous consideration of the value chain’s operational dependencies on and impacts to ecosystem services, as well as the nature-sensitivity of the sites. In other words, besides assessing the inherent potential impacts of value chain operations on ecosystem services, it is also necessary to evaluate whether the site location is in contact with or potentially affects highly sensitive species or ecosystems.

Following TNFD guidance, Chicony defines “Priority Locations” as sites where significant value chain dependencies and impacts intersect with identified priority biodiversity areas. The Company considers 10 priority locations among suppliers and 3 priority locations within Chicony’s direct operations. Given the challenges in obtaining detailed supplier data, the current analysis focuses primarily on Chicony’s direct operations (Figure 16).

Figure 16 | Identification of Priority Locations for Key Supplier Sites



- Note:
- Taiwan: 7 supplier priority locations, 1 Company's direct operation site priority location.
 - China: 2 supplier priority locations; Southeast Asia: 1 supplier priority location, 1 Company's direct operation site priority location.
 - Europe: 1 Company's direct site priority location.

By combining operational activities at Chicony’s direct operations with ENCORE analysis results, we gained a deeper understanding of the high nature-sensitivity locations identified during the Locate stage. This enabled the identification of relevant ecosystem services and impact drivers, summarizing the correlations between Chicony’s primary operational activities, ecosystem services, and impact drivers in Tables 7 and 8.

Table 7. Ecosystem Service Dependencies of Operational Activities

| Ecosystem Services | |
|----------------------------------|--|
| Provisioning services | Surface water |
| | Atmospheric and ecosystem dilution |
| | Water flow maintenance |
| Regulating & supporting services | Flood and wind protection |
| | Quality stabilization and corrosion prevention |
| | Mitigation of sensory disturbances |
| | Water quality |
| | Climate regulation |

Table 8. Impact Drivers from Operational Activities

| Operating Activities | Impact Driving Factors |
|---|------------------------|
| Site location | Land use |
| Carbon emissions from Industrial activities and transport | GHG emissions |
| Domestic and industrial water | Water consumption |
| Waste management | Solid waste |
| | Water pollutants |
| | Air pollutants |
| Wastewater treatment | Soil pollutants |
| | Water pollutants |

Subsequently, in accordance with the TNFD Guidance on Biomes, the Company further assessed the ecosystem services relied upon by Chicony’s direct operations and the associated impact of drivers. This guidance delineates the ecosystem services and impact drivers corresponding to different biomes. Through spatial analysis around Chicony’s direct operations, the Company identified the biome classification of each site and based on this, determined the primary ecosystem services each site depends on during operations as well as the potential impacts that may arise.

Knowledge Corner: Biome

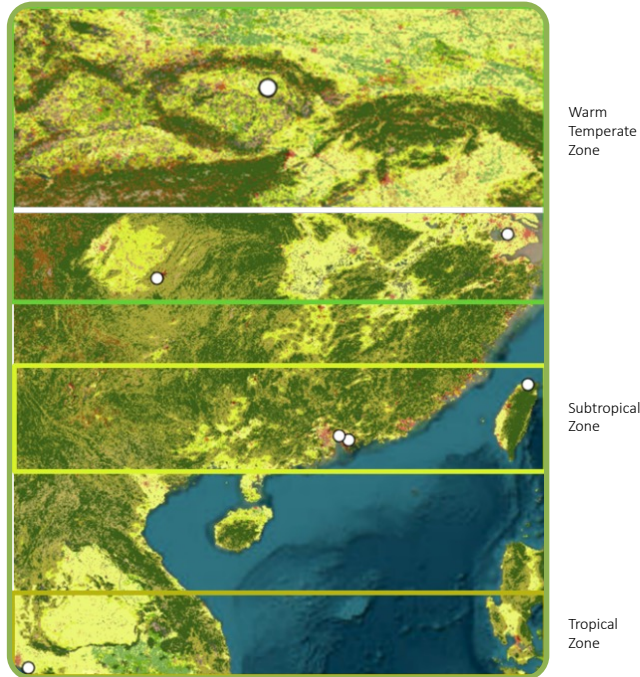
At a global scale, a biome is a large ecological community characterized by similar climate conditions, biological composition, and ecological interactions, shaped by variations in climate, topography, soil, and hydrology. Major biome categories include forests, grasslands, deserts, freshwater, wetlands, and marine ecosystems.

Each biome typically possesses a unique species composition, energy flow, and set of ecosystem services, playing a critical role in maintaining global ecological balance and supporting human societal development.

Chicony’s biome analysis results indicate that the ecosystems surrounding Chicony’s direct operations are predominantly classified as T7.4 Settlement and T7.1 Rice Paddy biomes (Figure 17). If the impact drivers arising from direct operational activities interfere with the ecosystem services provided by these areas, such disturbances may, in turn, impair the overall functioning of local ecosystems and give rise to potential systemic risks.

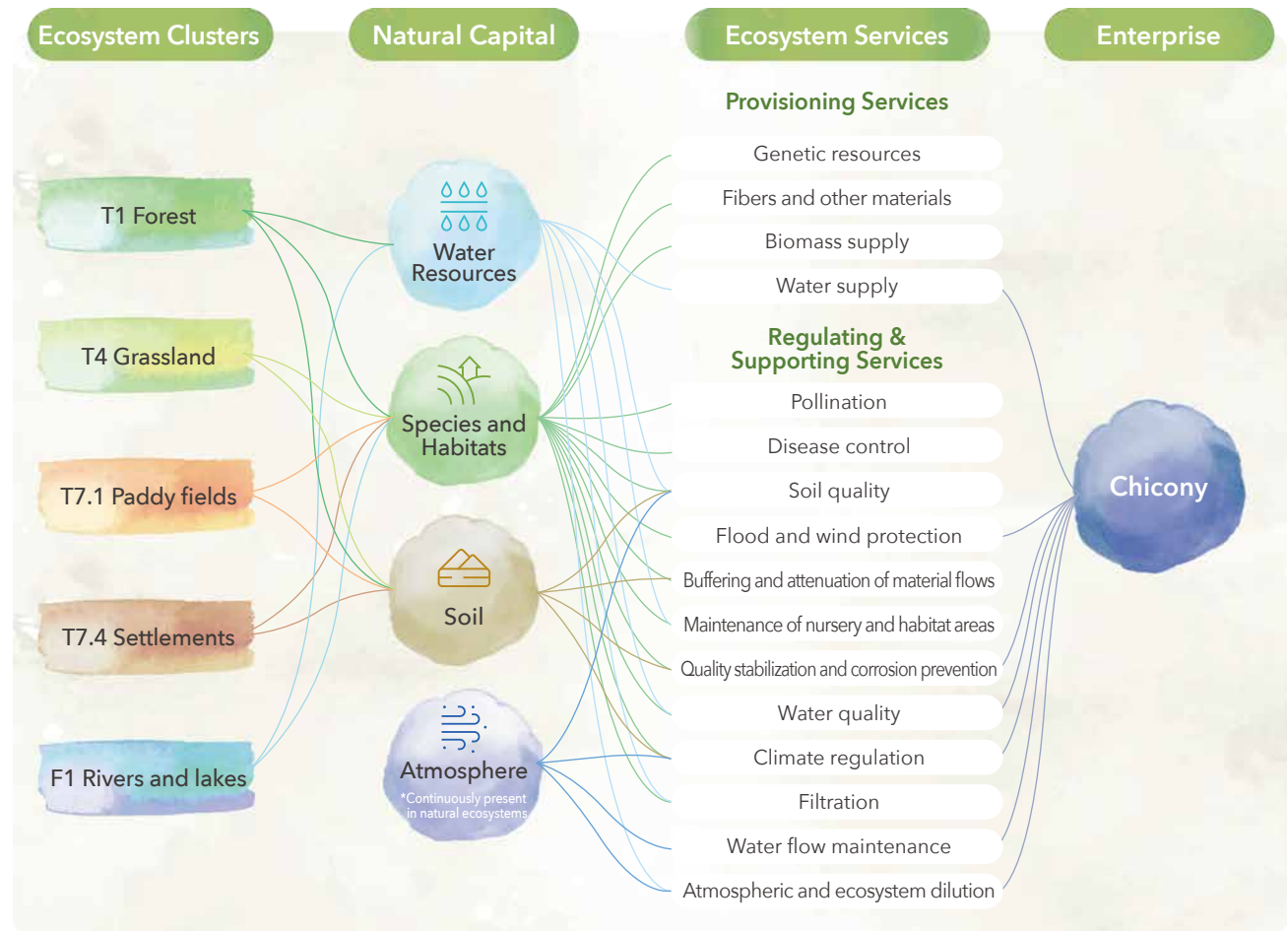
Figure 18 | Interaction Between Environmental Assets and Chicony

Figure 17 | Distribution of Direct Operations and Corresponding Biomes



Note: The white circles in the upper figure illustrate the locations of the Company’s direct operation sites in Taiwan and Mainland China, while the lower figure shows the location of the Czech site.

Through biome analysis, Chicony is able not only to identify the dependencies of Chicony’s direct operations on local ecosystem services and the associated potential impact of drivers, but also to further establish linkages between environmental assets within the site boundaries and operational activities. This analysis serves as an important foundation for subsequent dependency and impact pathway assessments. In addition, the identification of biomes indirectly illustrates the relationships between surrounding environmental assets and natural capital in the vicinity of each site (Figure 18).



3.4 Dependency and Impact Materiality Analysis (Evaluate)

3.4.1 Dependency and Impact Pathway Analysis

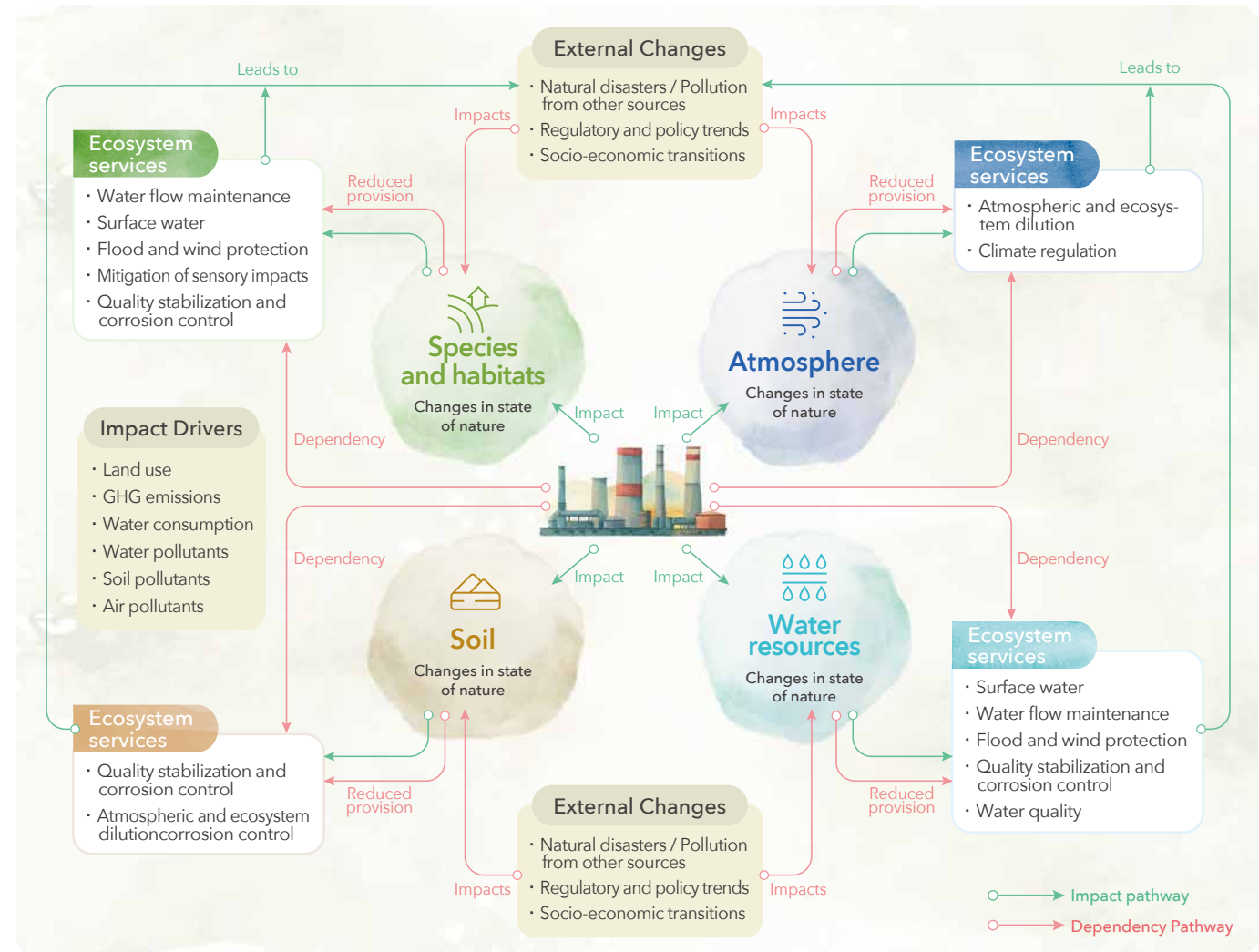
Through the processes described above, the Company has identified priority locations and their linkages with surrounding environmental assets. To further examine the interactions between Chicony’s direct operations and natural capital, as well as the associated potential risks and opportunities, the Company has referenced the Natural Capital Protocol and the TNFD guidance to develop dependency pathways and impact pathways for its direct operations.

Through this framework, Chicony systematically identifies its dependencies on natural resources throughout its operations—such as water resources, land, and biodiversity—as well as the potential direct and indirect ecological impacts, forming an essential basis for subsequent risk assessment and management strategies.

The assessment identifies four key categories of natural capital—species and habitats, atmosphere, soil, and water resources—all of which are jointly influenced by Chicony’s direct operations and external environmental or social changes. These combined pressures may weaken the capacity to provide ecosystem services (Figure 19).

Changes in the state of natural capital may, in turn, generate potential impacts on the Company’s operations, giving rise to nature-related risks and opportunities. Consequently, Chicony will further assess the materiality of ecosystem service disruptions and identify impact drivers with high potential effects based on these material services.

Figure 19 | Identification of Chicony’s Dependencies and Impacts



3.4.2 Materiality Assessment of Dependencies and Impacts

Following the completion of the dependency and impact pathway analysis, the Company conducted an assessment in accordance with the TNFD LEAP Guidance. This guidance stipulates that when measuring ecosystem services, companies must consider the potential financial risks and opportunities arising from changes in the quantity or quality of such services.

Accordingly, we assessed the importance of ecosystem services and the extent to which they are influenced by external factors to serve as the basis for identifying nature-related risks. The assessment focuses on whether these services may be lost or disrupted, leading to material and significant potential impacts on Chicony’s direct operations. The dependency materiality assessment encompasses two key dimensions. For ecosystem services identified as having a high level of dependency, we will establish monitoring indicators to mitigate the risk of service loss and avoid operational disruptions.

- (1) Likelihood of Ecosystem Service Loss
Describes whether ecosystem services are likely to be lost due to disturbances and evaluates whether such loss would impair production process functions.
- (2) Potential Losses from Ecosystem Service Loss
Describes the magnitude of impact on production process functions if services are lost, using financial loss as the primary basis for evaluation.

Results of Material Dependency Identification

The ecosystem services on which Chicony’s direct operations are highly dependent are primarily concentrated in flood and wind protection, climate regulation, water quality, and atmospheric and ecosystem dilution. Disruptions to these services could result in significant operational impacts. The dependency matrix is illustrated in Figure 20, and the material dependency factors are described in Table 9.

Figure 20 | Materiality Matrix of Dependencies: Direct Operations

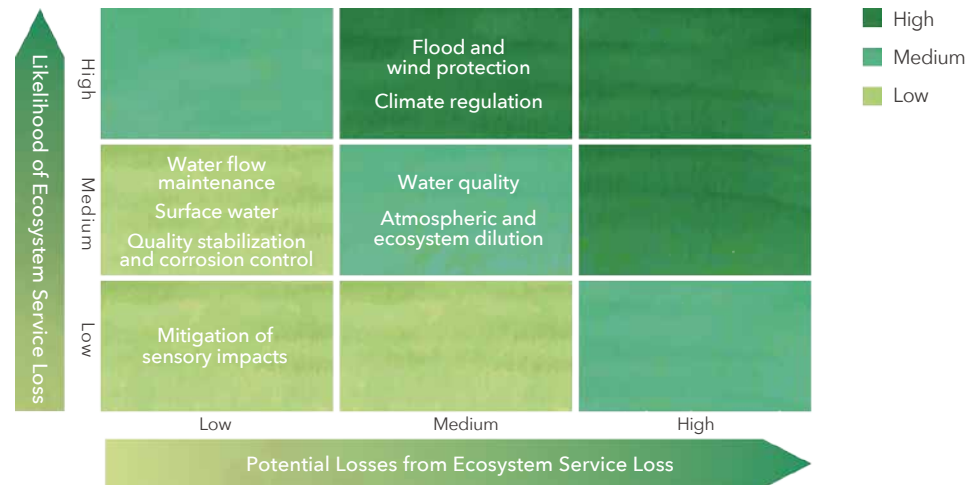


Table 9. Description of Material Dependency Factors

| Ecosystem Services | Likelihood of Process Function Loss Due to Disruption of Ecosystem Services | Potential Consequences of Ecosystem Service Loss on Process Functions (Financial Impact) |
|------------------------------------|--|--|
| Flood and wind protection | Environmental development surrounding Chicony’s direct operations may result in the loss or degradation of vegetation, thereby reducing soil water retention capacity. During severe storm events, exposed vegetation may further lead to soil erosion, adversely affecting direct operational activities. | The ecosystems surrounding Chicony’s direct operations are currently dominated by grassland or woody vegetation. Excessive development could lead to the loss of this ecosystem service, potentially undermining site foundations and further impacting production activities. |
| Atmospheric and ecosystem dilution | Air and water pollutant emissions from Chicony’s direct operations may reduce vegetation absorption capacity and affect water intake sources. Deterioration in water or air quality could further disrupt employees’ daily work and impair overall direct operations. | Although Chicony’s direct operations emit only limited air pollutants and most domestic wastewater is treated through local sewage treatment systems, the loss of relevant local ecosystem services could still adversely affect production operations and give rise to associated risks, including heightened regulatory oversight. |
| Surface water | All direct operations require industrial water on an annual basis, primarily for domestic use and cooling tower operations. The occurrence of drought events could potentially disrupt direct operations. | As water consumption related to production at Chicony’s direct operations is relatively low and water recycling measures are implemented at all sites, such risks are assessed as unlikely to have a material impact on production operations. |

Material Impact Identification Results

The assessment of impact materiality comprises two dimensions:

- (1) Likelihood of Ecosystem Service Disruption Caused by Impact Drivers
Evaluates whether the external impacts of Chicony’s direct operations could potentially disrupt the ecosystem services provided by environmental assets.
- (2) Magnitude of Impact on Society from Ecosystem Service Loss
Assesses whether the impacts generated by Chicony’s direct operations could impede external stakeholders’ access to and availability of ecosystem services.

Integrating various assessment factors, together with insights from internal and external stakeholders and data provided by ENCORE, we identified impact drivers of materiality. For impact drivers classified as having medium or high impact, indicators and baselines have been established and are subject to ongoing monitoring to mitigate impacts on natural capital.

The results of this material impact matrix identification indicate that the impact drivers arising from Chicony’s direct operations - primarily GHG emissions, water pollutants, and solid waste - have the potential to cause significant environmental and social effects. The impact matrix is presented in Figure 21, and descriptions of the material impact drivers are provided in Table 10.

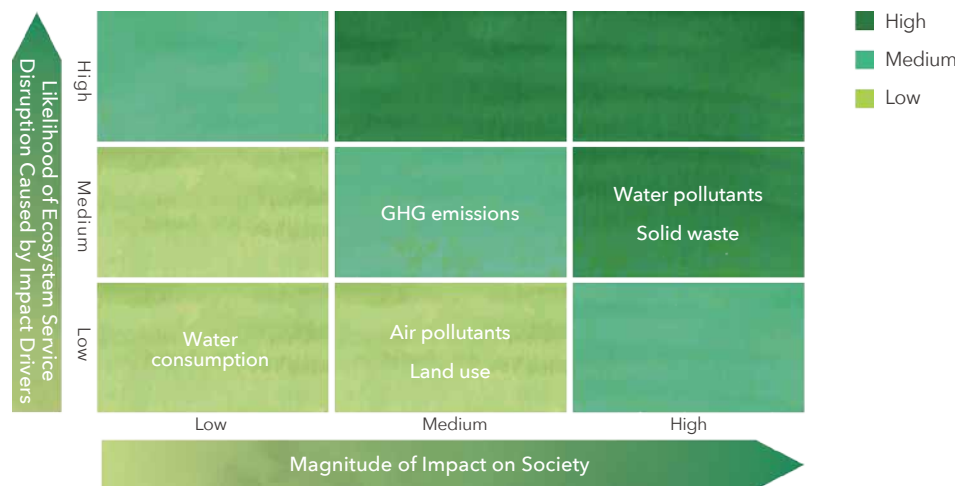
Table 10. Description of Material Impact Drivers

| Ecosystem Services | Natural Capital | Impact Driving Factors | Likelihood of Ecosystem Service Disruption Caused by Impact Drivers | Extent of Impact on Society from Ecosystem Service Loss |
|------------------------------------|-------------------------------|------------------------------------|---|--|
| Flood and wind protection | Local habitats | Land use GHG emissions | Chicony’s direct operations do not involve large-scale land development in their local areas, and GHG emissions are relatively limited; therefore, the level of impact on the local environment is not considered significant. | In low-lying areas, the loss of flood and wind protection could lead to potential regional economic impacts and adversely affect local communities. |
| Surface water | Water resources | Water pollutants | Wastewater discharged from Chicony’s direct operations mainly consists of domestic wastewater. If discharged without proper treatment, it could lead to deterioration of local water quality. | Degradation of water quality could adversely affect water use for surrounding industries and hinder local communities’ access to and use of ecosystem services. |
| | | Solid waste | If solid waste is disposed of through landfilling and leachate is not properly treated, it may adversely affect the local water environment. | |
| Atmospheric and ecosystem dilution | Atmosphere Water resources | Water pollutants Air pollutants | Certain processes at Chicony’s direct operations may generate air pollutant emissions; however, emission volumes are not significant and have limited local impact. Impacts related to water pollutants are as described above. | If atmospheric and ecosystem dilution capacity were to be lost, some direct operations—particularly those located within industrial zones—may also be unable to benefit from this ecosystem service. |

Under the Taskforce on Nature-related Financial Disclosures (TNFD) framework, after identifying the material dependencies and impacts of business activities on the natural environment, companies are required to further assess how these materialities translate into risks and opportunities.

Based on the identification results described above, Chicony will use these findings as the foundation for subsequent risk and opportunity analyses. This includes evaluating potential risks—such as supply chain disruptions, increased operating costs, or regulatory constraints—that may arise if the natural capital or ecosystem services on which direct operations depend are disrupted, or if operational activities adversely affect ecosystems. At the same time, early identification and proactive management of these issues may also enable Chicony to create new business opportunities through technological innovation, enhanced resource efficiency, and the development of sustainable products.

Figure 21 | Materiality Matrix of Impacts: Direct Operations



3.4.3 Case Study: Analysis of Changes in Priority Species and Habitat Quality

According to the TNFD definition of "impacts," changes in the state of nature—whether in quality or quantity—may result in positive or negative changes in nature’s capacity to provide social and economic functions. Such changes may arise from the activities of the organization itself or from those of other actors.

Based on this concept, Chicony adopts the Habitat Quality Module of the InVEST (Integrated Valuation of Ecosystem Services and Tradeoffs) tool recommended by TNFD to assess changes in the state of nature at its direct operations. Through this approach, the Company identifies the relationships between changes in the habitat quality of priority species and its operational activities at each site, while also incorporating stakeholder perspectives for a comprehensive assessment.

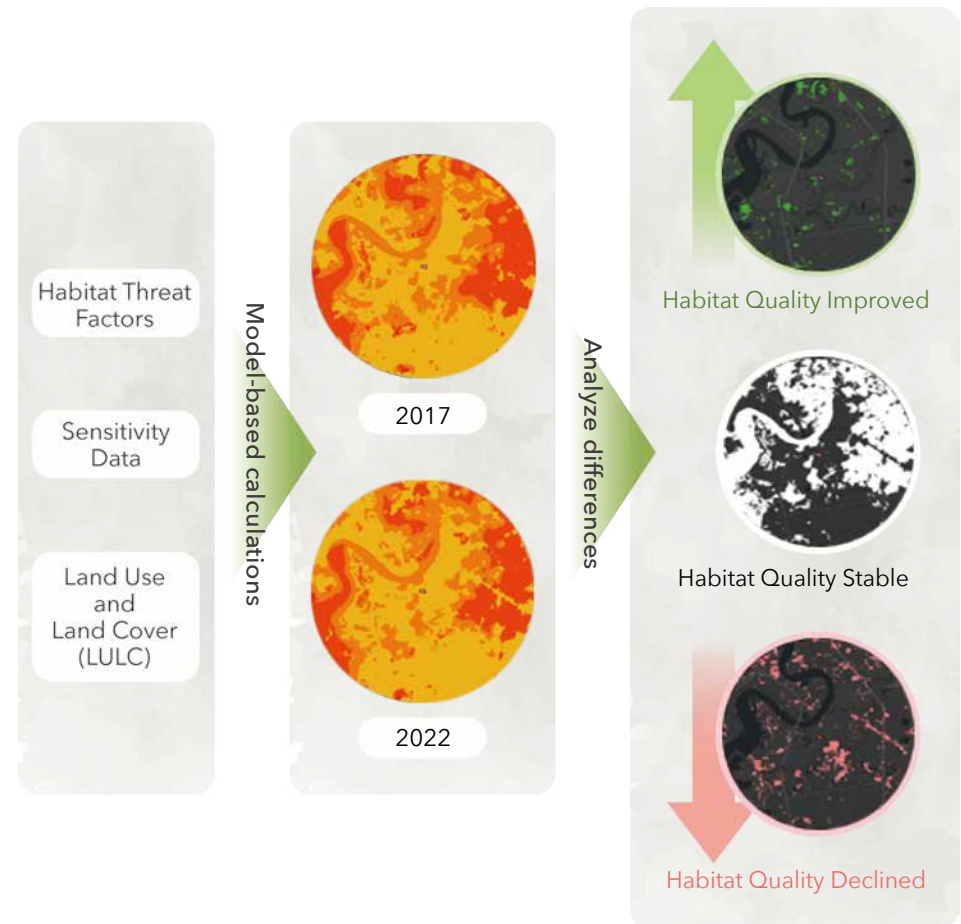
The Habitat Quality Model uses habitat quality and habitat rarity as proxy indicators for biodiversity. By integrating Land Use and Land Cover (LULC) spatial data with threat factors to species habitats, the model conducts spatial analyses to assess biodiversity conditions and estimate the spatial distribution and degree of degradation of various habitat types and vegetation cover.

This model reflects the integrity and degradation of regional ecosystems, serving as an important basis for measuring the state of nature and changes in biodiversity. The results also provide a reference for the Company in managing priority areas within its direct operations and in formulating conservation actions (Figure 22).

By comparing changes in LULC between 2017 and 2022, the Habitat Quality Model analysis reveals whether habitat quality in priority locations has improved, remained stable, or declined, thereby illustrating the spatial and temporal trends in the state of nature.



Figure 22 | Habitat Quality Change Analysis



Based on the integrated analysis, three areas within Chicony's direct operations have been identified as requiring attention. These areas are discussed below using the InVEST analysis results in conjunction with stakeholder perspectives:


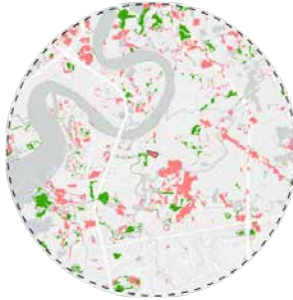
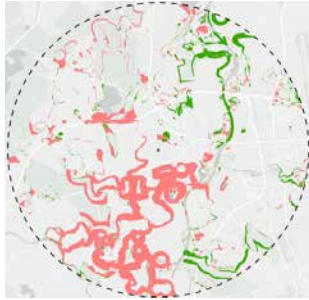
InVEST Analysis Results

- (1) Taipei HQ
Endangered (EN), Vulnerable (VU), and Near Threatened (NT) species, as defined by the IUCN Red List, are present within areas showing habitat quality decline. Accordingly, it has been classified as a high-priority area of concern.
- (2) CET
No species records were identified within areas of habitat quality decline. However, the analysis of areas with improved habitat quality identified two records of Least Concern (LC) species. As a result, the Thailand site has been classified as a low-priority area of concern.
- (3) CEZ
No species records were identified within areas of habitat quality decline. However, the analysis of areas with improved habitat quality identified two records of Vulnerable (VU) species. Accordingly, the Czech site has been classified as a medium-priority area of concern.

Stakeholder Perspectives

- (1) Taipei HQ
Located approximately 2.5 km from Taipei Huajiang Wild Duck Nature Park, the site may have potential indirect impacts on the park's biodiversity. As a result, stakeholders are likely to exhibit a relatively high level of concern regarding these potential impacts.
- (2) CET
Situated approximately 5 km from a Key Biodiversity Area (KBA), the site maintains a certain spatial separation. Accordingly, stakeholder concern regarding its potential environmental impacts is assessed as moderate.
- (3) CEZ
Located in proximity to six protected areas listed in the World Database on Protected Areas (WDPA), stakeholder attention and concern regarding the Czech site's potential impacts on the surrounding environment are expected to be elevated.

Table 11. Stakeholder Perspectives on Habitat Changes: Taipei HQ, CET, and CEZ

| | Taipei HQ | CET | CEZ |
|--------------------------|---|---|---|
| InVEST Model Analysis |  |  |  |
| Management Perspective | High attention required | Low attention required | Moderate attention required |
| Stakeholder Perspectives | High concern | Moderate concern | High concern |



Metrics and
Targets

Risk
Management

Strategy

Governance

CH4

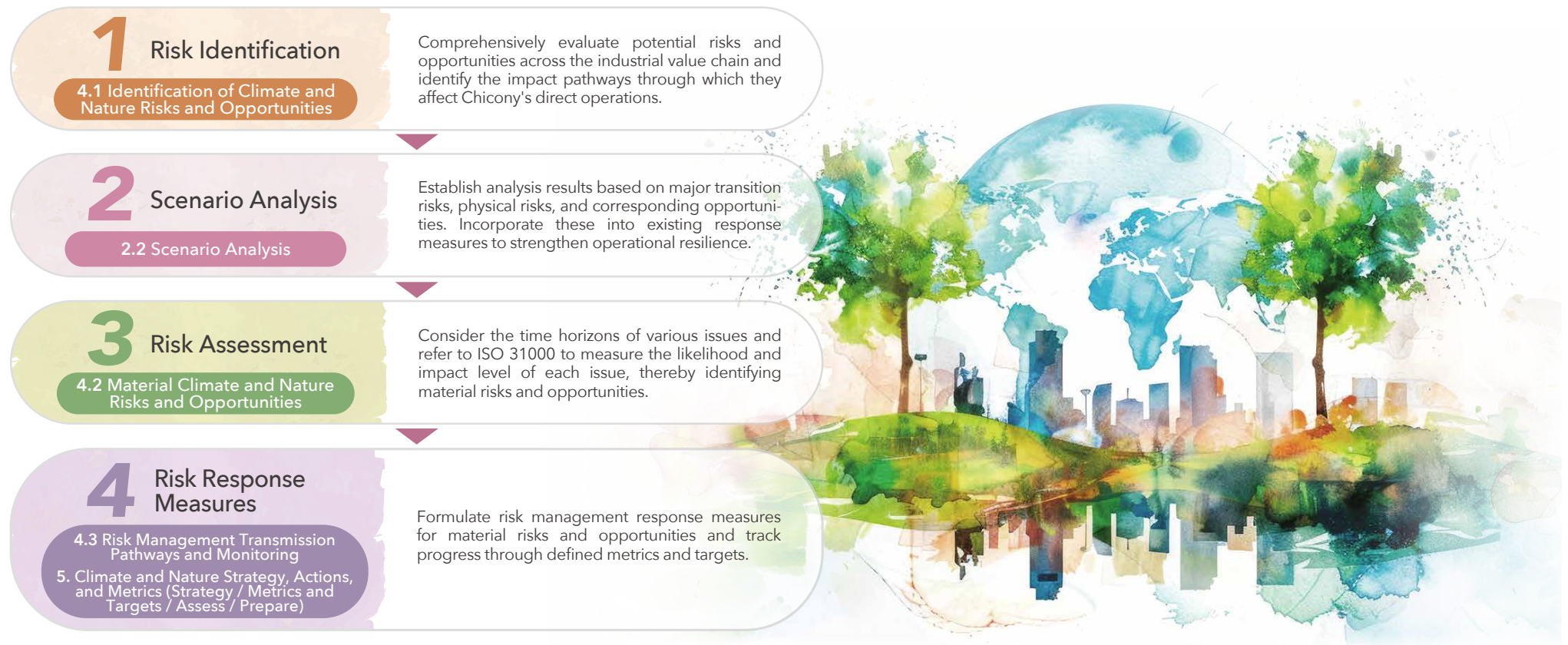
Climate and Nature Risk Management (Risk Management / Assess)



Chicony integrates the TCFD and TNFD frameworks with its Risk Management Policy and Procedures. To effectively manage climate- and nature-related issues and trends across its direct operations, the ESG Sustainability Office regularly convenes business units and hosts workshops to comprehensively assess and analyze the climate- and nature-related risks and opportunities. These are incorporated into the evaluation and monitoring scope, following a four-step process: Risk Identification, Scenario Analysis, Risk Assessment, and Risk Response Measures, ensuring effective management of broad issues arising from climate change and natural capital loss.

Each unit reviews and evaluates risks and opportunities across the organization and its value chain, reporting them through established stages to the Corporate Sustainable Development Committee and the Board of Directors for assessment and review. This process informs operational decision-making and financial capital expenditure planning, thereby ensuring sustainable operations (Figure 23).

Figure 23 | Climate and Nature-Related Risk Management Process



4.1 Identification of Climate and Nature Risks and Opportunities

We conduct an in-depth analysis of the potential transition risks, physical risks, and related opportunities arising from climate change and natural capital loss, based on scientific reports 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). This enables us to gain a comprehensive understanding of the potential impacts on future direct operations and strategy.

Based on the high-dependency and high-impact issues identified through the dependency and impact assessment results, Chicony employs scenario analysis combined with integrated modeling to assist in identifying climate- and nature-related risks and opportunities, producing a Climate- and Nature-Related Analysis Matrix.

In 2024, we expanded the scope of climate risk and opportunity assessment to the entire value chain for the first time. A preliminary list of risk and opportunity topics was developed based on industry characteristics, enhancing transparency for stakeholders regarding the impact of climate-related risks and opportunities on Chicony’s business model (Figure 24).

Figure 24 | Climate and Nature-Related Risk Identification

| Category | Value Chain Links | | | | Impact on Chicony Electronics | |
|------------------|---------------------|-----------------------|---|----------------------|---|--|
| | Energy Supply | Upstream Supply Chain | Chicony's Direct Operations (Manufacturing) | Downstream Customers | | |
| Transition Risks | Policy & Legal | | | ✓ | ✓ | <ul style="list-style-type: none"> Continuous monitoring of climate and environmental regulations across direct operations; considering stricter standards from downstream customers (e.g., EU Ecodesign regulations, carbon pricing, and environmental laws). |
| | Technology | | | ✓ | | <ul style="list-style-type: none"> Investing in low-carbon technology for efficient production to mitigate climate-related impacts. Focusing on circular economy and product recyclability in response to brand customer requirements. |
| | Market | | ✓ | ✓ | ✓ | <ul style="list-style-type: none"> Maintaining compliance with low-carbon standards for consumer electronics; meeting customer demands for energy saving, carbon reduction, and environmental protection. Price uncertainty of upstream raw materials, which is expected to fluctuate alongside policy trends. |
| | Reputation | | | ✓ | | <ul style="list-style-type: none"> Actively participating in international initiatives (e.g., SBTi, RE100, TNFD Forum) and communicating risk response outcomes to diverse stakeholders. |
| Physical Risks | Acute Risk | ✓ | ✓ | ✓ | | <ul style="list-style-type: none"> Production and operation sites may face shutdowns or supply chain disruptions in the event of acute climate-related incidents. If key water sources for operation sites are affected by other stakeholders, it may be necessary to install additional equipment. |
| | Chronic Risk | | | ✓ | | <ul style="list-style-type: none"> Changes in precipitation patterns or extreme high temperatures may lead to potential variations in water and energy usage at direct operations. |
| Opportunities | Resource Efficiency | | | ✓ | | <ul style="list-style-type: none"> Reducing resource extraction and consumption of water and energy through recycling, reuse, and automated production processes at direct operations. |
| | Market | ✓ | | ✓ | | <ul style="list-style-type: none"> Proactively responding to climate- and nature-related policies to obtain subsidies and enhance competitiveness during the transition. |
| | Products & Services | ✓ | | ✓ | ✓ | <ul style="list-style-type: none"> Enhancing product competitiveness through low-carbon technologies, recycled materials, and green market opportunities. |
| | Resilience | | | ✓ | ✓ | <ul style="list-style-type: none"> Collaborating with downstream customers on recycling or recall programs to reduce resource dependency. |
| Ecosystems | | | ✓ | | <ul style="list-style-type: none"> Developing products such as camera modules for biodiversity monitoring to meet growing demands for species tracking around development sites. | |



4.2 Material Climate and Nature Risks and Opportunities

To effectively manage climate- and nature-related risks and opportunities that may arise during direct operations, Chicony follows its Risk Management Policy and Procedures, calculating risk values as the product of "Likelihood x Impact." Based on this approach, the Company has developed a Climate- and Nature-related Risk Matrix and an Opportunities Matrix (Figures 25, 26).

For the current year, a total of three material risks and three material opportunities exceeding the materiality threshold have been identified (Tables 12, 13). Subsequent analyses in "4.3 Risk Management Pathways and Monitoring & Early Warning" and "5.1 Financial Impacts and Strategic Resilience" will further assess the potential impacts of these key issues on the Company's value chain over specific time horizons, integrating statistical data and scenario analysis for financial quantification. The assessment results will be periodically reported to management and the Board of Directors to ensure the systematic and forward-looking nature of the company's sustainable transformation strategy.

Figure 25 | Climate and Nature-Related Risk Matrix

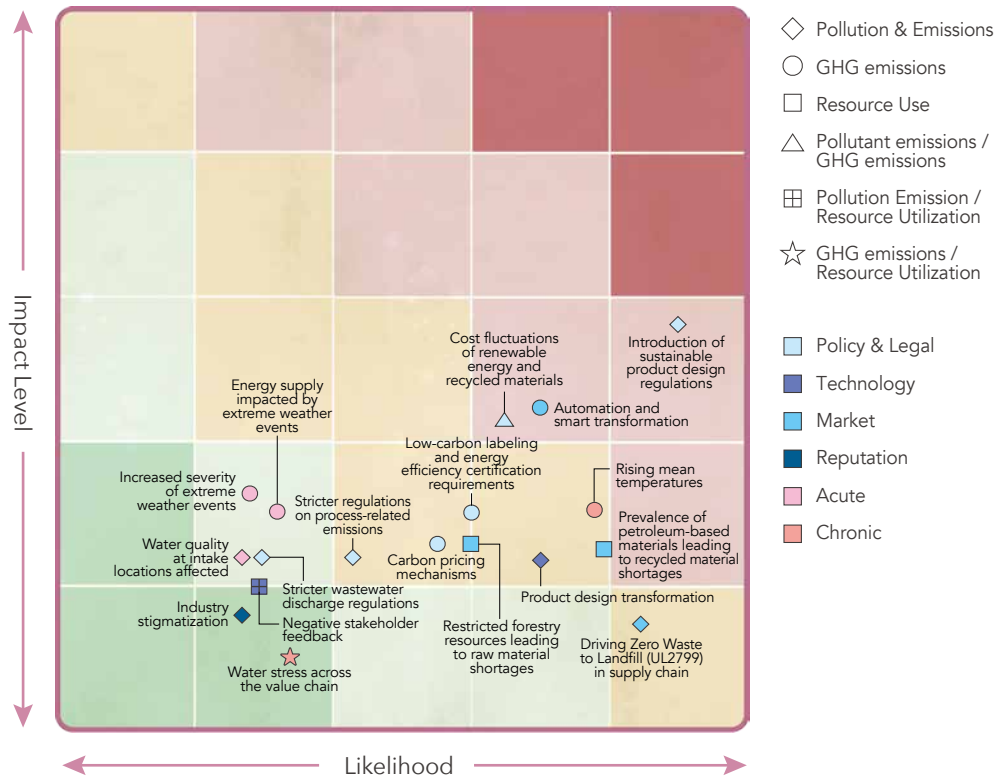


Figure 26 | Climate and Nature-Related Opportunity Matrix

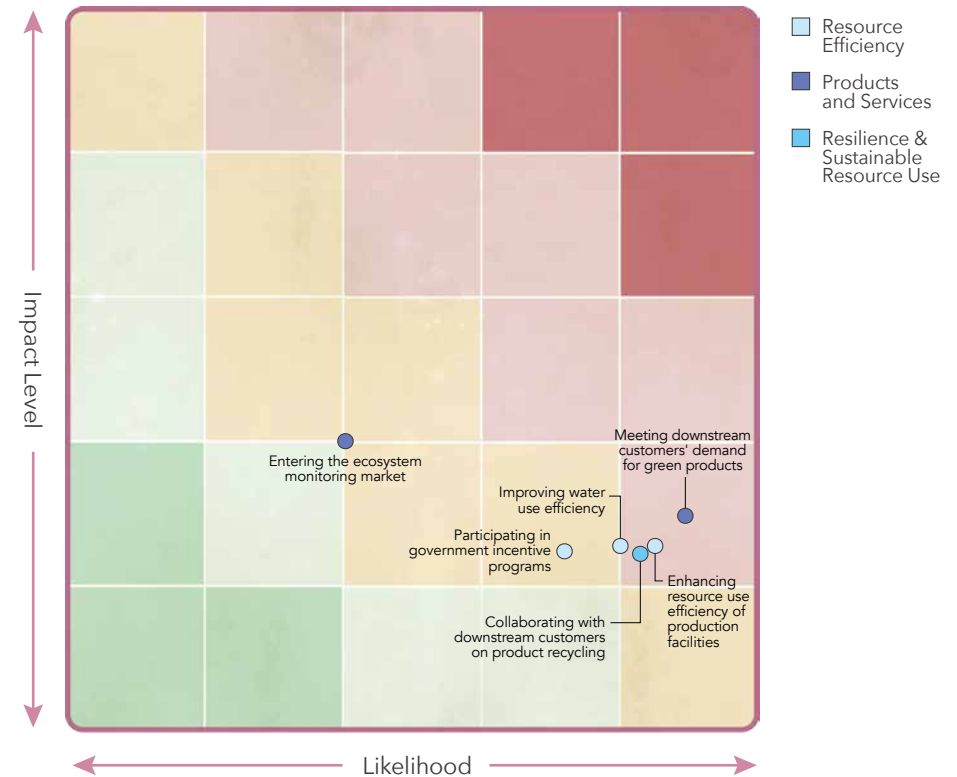





Table 12 Material Climate and Nature-Related Risks

| Risk Item | Impact Drivers | Scenario Analysis Events | Impact on Chicony's Operations | Value Chain |
|--|--|--|---|---|
|  <p>T3 Policy & Legal: Introduction of sustainable product design regulations</p> | Pollution & Emissions | <p>Ahead of the game:</p> <ul style="list-style-type: none"> Product standards tend toward consistency. Various regions will implement stricter oversight policies. | <ul style="list-style-type: none"> Chicony's products must comply with global sustainability regulations, such as the EU Ecodesign Directive. As an OEM/ODM for customers, Chicony's inability to respond to customer specifications in a timely manner may potentially affect its bargaining power. | <ul style="list-style-type: none"> Manufacturing stage Downstream customers |
|  <p>T6 Technology: Automation and smart transformation</p> | GHG Emissions | <p>Ahead of the game:</p> <ul style="list-style-type: none"> The cost of green product technologies decreases, making green products more competitive. | <ul style="list-style-type: none"> To reduce carbon emissions and improve resource use efficiency, Chicony's direct operations are driving process automation and smart transformation. This requires investment in equipment procurement, increasing short-term capital expenditure (CapEx) pressure. | <ul style="list-style-type: none"> Manufacturing stage |
|  <p>T9 Market: Cost fluctuations of renewable energy and recycled materials</p> | Pollution & Emissions GHG Emissions | <p>Ahead of the game:</p> <ul style="list-style-type: none"> Scarcity of specific resources increases, leading to price fluctuations. Consumers exhibit a stronger willingness to pay for environmental value. | <ul style="list-style-type: none"> If Chicony increases the use of recycled materials in the future, it will be affected by their price fluctuations. Additionally, the increased procurement of Renewable Energy Certificates (RECs) will also increase electricity expenditures. | <ul style="list-style-type: none"> Upstream value chain Manufacturing stage |

Table 13 Material Climate and Nature-Related Opportunities

| Opportunity Item | Scenario Analysis Events | Impact on Chicony's Operations | Value Chain |
|---|---|---|---|
|  <p>O4 Products & Services: Meeting downstream customers' demand for green products</p> | <p>Ahead of the game :</p> <ul style="list-style-type: none"> Increased demand for materials with low resource consumption. | <ul style="list-style-type: none"> Lower costs of green technology enhance green product competitiveness. By increasing the use of recycled materials, Chicony reduces resource dependency while creating opportunities in the green market. | <ul style="list-style-type: none"> Upstream value chain Manufacturing stage Downstream customers |
|  <p>O2 Resource Efficiency: Enhancing resource use efficiency of production facilities</p> | <p>Ahead of the game :</p> <ul style="list-style-type: none"> The cost of green technologies decreases, making green products more competitive. | <ul style="list-style-type: none"> Chicony Electronics reduces operating costs by enhancing resource use efficiency and automated facilities. Improvements in production processes and resource recycling further help reduce resource dependency. | <ul style="list-style-type: none"> Manufacturing stage |
|  <p>O6 Resilience & Sustainable Resource Use: Collaborating with downstream customers on product recycling</p> | <p>Ahead of the game :</p> <ul style="list-style-type: none"> Product standards tend toward consistency, reducing resource dependency in specific regions. | <ul style="list-style-type: none"> Chicony collaborates with value chain partners to promote recycling or recall programs for electronic products (e.g., computers). Recovering components from returned parts can save a certain amount of manufacturing costs. | <ul style="list-style-type: none"> Manufacturing stage Downstream customers |

4.3 Risk Management Transmission Pathways and Monitoring

Chicony evaluates the financial impacts of identified risks and opportunities as a basis for formulating risk response and opportunity enhancement strategies. Following the scenarios identified in "2.2 Scenario Analysis," the Company establishes transmission pathways using a scientifically grounded and traceable risk logic chain. This process involves collaboration across departments and direct operations to jointly discuss and assess the financial implications of material climate- and nature-related risks and opportunities on operations.

The findings are communicated to relevant units to highlight potential impacts and opportunities, guiding their future monitoring directions to ensure sufficient early-warning mechanisms are in place prior to risk materialization. Additionally, results are reported to the Corporate Sustainable Development Committee and the Board of Directors, and summarized in executive meetings, enabling all units to remain alert to emerging climate- and nature-related risks and opportunities.

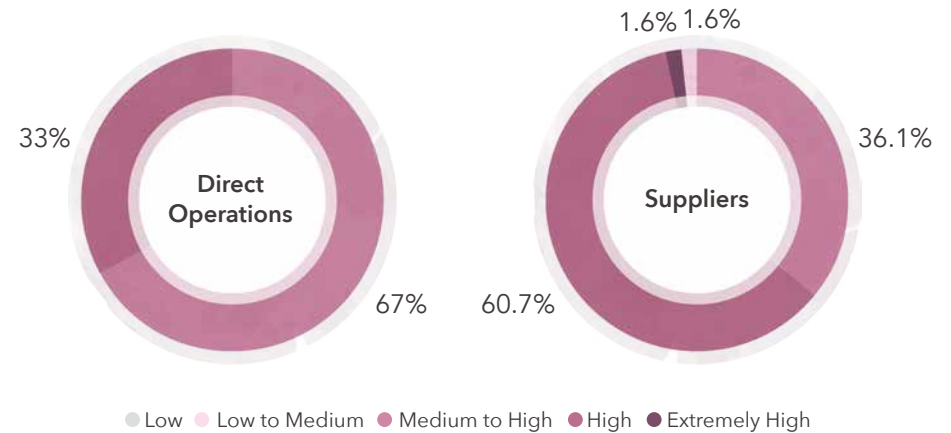
4.3.1 Physical Risk Scenario Analysis

Under the "Sand in the Gears" integrated scenario, physical risks driven by climate-related factors are further assessed using the WRI Aqueduct tool to evaluate the potential exposure of each site to climate threats such as flooding.

To accurately grasp the level of water-related risks across its global direct operations, Chicony references the TNFD-recommended water-related physical risk indicators, including water stress, riverine flood risk, coastal flood risk, untreated wastewater, and coastal water eutrophication potential. Utilizing the WRI Water Risk Atlas, the Company identifies potential water-related risks for each of its direct operations and the top 50 supplier sites.

Based on the aforementioned identification results, the Company uses this as a basis for subsequent risk and opportunity analysis. We assess potential risks—such as supply chain disruption, increased operating costs, or regulatory restrictions—that may arise if the natural capital or ecosystem services on which direct operations depend are disturbed, or if operational activities impact the ecosystem. Meanwhile, early identification and response to these issues help create new business opportunities through technological innovation, resource efficiency enhancement, and sustainable product development.

Figure 27 | Water Risk Identification: Chicony Sites and Top 50 Suppliers



Note:
 1. CEC's operation sites/bases includes HQ, CEM2, MR, CEM3, CEM5, CET and CEZ.
 2. The top 50 major suppliers were determined by sequencing the Company's 84 Significant Suppliers from 2023 according to total procurement amount.

The analysis indicates that Chicony's Taipei Headquarters, CEM3 and CET exhibit relatively higher inherent risks. However, the grid scale used by WRI Aqueduct is relatively coarse, making it difficult to precisely reflect actual local conditions. To enhance assessment accuracy, a finer-scale risk analysis was conducted using the climate database developed by Weathernews.



Regarding flood risk, CET is located near the Bang Pakong River estuary, while CEM3 is situated in the Yangtze River Delta. In addition to assessing riverine flood hazards (see Table 14), potential threats from storm surges are also evaluated (see Table 15). By leveraging return period flood scenario data provided by Weathernews, Chicony can estimate the expected flood depths for high-risk direct operations under various return periods. These projections are then used to perform impairment analyses on revenue, fixed assets, and current assets to assess potential financial impacts.

Table 14 River Flooding Risks

Flood depth assessment under SSP5-8.5 scenario: Evaluation based on a 50-year return period

| Sites | Short-term (2024) | Mid-term (2030) | Long-term (2050-2080) |
|---------------------|------------------------------|-----------------|-----------------------|
| Taipei Headquarters | Flooding potential: Very low | | |
| CET | 0.188 | 0.283 | 0.337-0.373 |
| CEM3 | 0.475 | 0.375 | 0.456-0.467 |

Table 15 Storm Surge Flooding Risks

Flood depth assessment under SSP5-8.5 scenario: Evaluation based on a 50-year return period

| Sites | Short-term (2024) | Mid-term (2030) | Long-term (2050-2080) |
|---------------------|------------------------------|-----------------|-----------------------|
| Taipei Headquarters | Flooding potential: Very low | | |
| CET | Flooding potential: Very low | | 0-1.345 |
| CEM3 | Flooding potential: Very low | | 0-3.53 |

Water stress refers to the "ratio of total regional water demand to water supply". When direct operations are in high water-stress areas and involve high water-consuming processes, they may compete with local ecosystems for water resources, creating potential water-related risks. To evaluate this, we further utilized the Weathernews database to analyze water availability changes in the relevant watersheds under specific scenarios, combined with the water consumption metrics of CEM3 and CET.

The assessment results indicate that the water usage of both CEM3 and CET sites accounts for well under 1% of total regional water demand, suggesting that the exposure of direct operations to local water resource scarcity is low, with limited expected financial impact. Nevertheless, Chicony continues to implement adaptive measures, including internal water-saving initiatives, optimization of wastewater segregation systems, improvements in process water efficiency, and reuse of recycled water, to fulfill corporate environmental responsibility and mitigate long-term water resource risks.

The analysis indicates that physical risks currently pose limited operational impact on existing direct operations:

- (1) Taipei HQ
Under extreme scenarios such as riverine flooding and storm surges, the potential for inundation is extremely low.
- (2) CEM3
Under extreme scenarios from 2030 onward, potential financial impacts may arise, such as revenue losses due to transportation disruptions caused by flooding or inventory impairment from inundation. Low-lying areas have already been relocated in 2024 in accordance with local government policies.
- (3) CET
Under extreme scenarios from 2030 onward, potential financial impacts may arise, such as revenue losses due to transportation disruptions caused by flooding or inventory impairment from inundation. As a newly constructed site, mitigation measures such as elevated foundations and reinforced flood protection were implemented during the initial construction phase.

Limitations of physical risk data application: Physical risk maps are derived from large-scale climate models using statistical downscaling techniques. Due to the nonlinear characteristics of the climate system and gaps in observational data, estimations of flood depth or temperature rise at specific sites may contain uncertainty ranges. Therefore, the analysis is recommended to focus on trend variations and relative risk ranking rather than the absolute precision of individual numerical values.

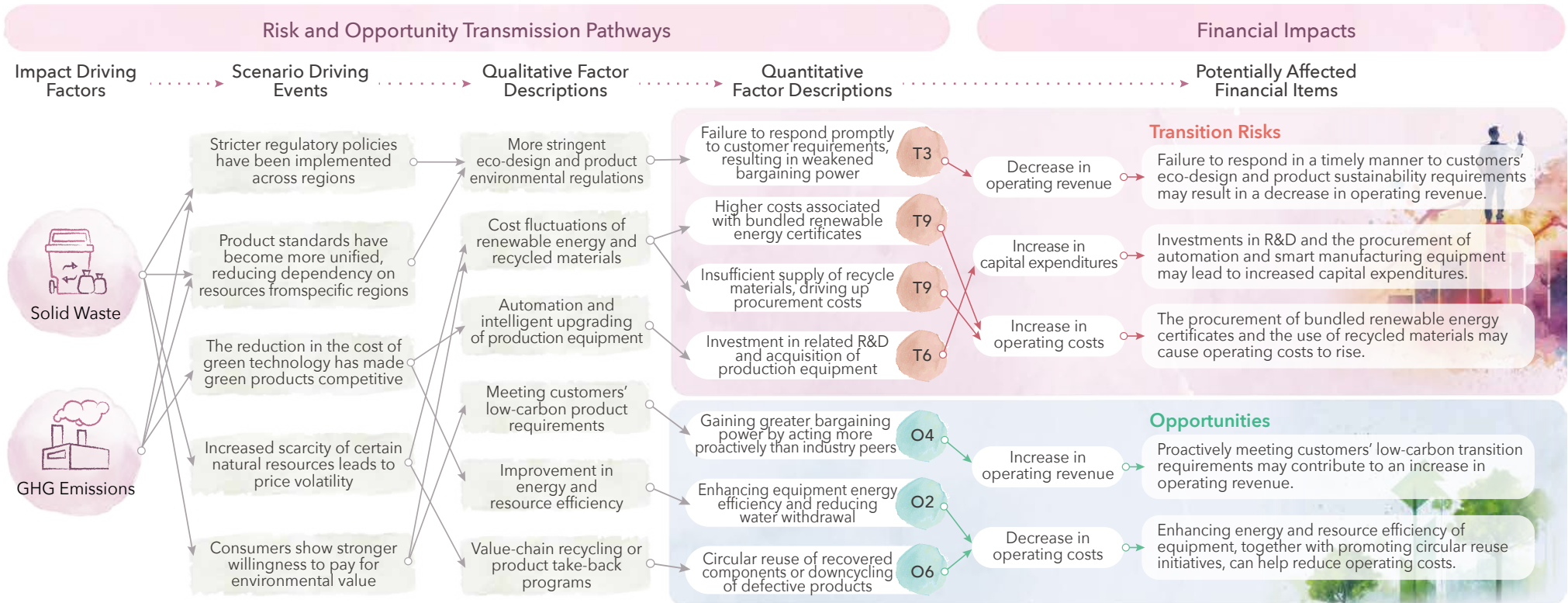


4.3.2 Transition Risk Scenario Analysis

In accordance with TCFD and TNFD recommendations, Chicony has identified three material climate- and nature-related transition risks: "Introduction of sustainable product design regulations," "Automation and smart transformation," and "Cost fluctuations of renewable energy and recycled materials." Additionally, three material climate- and nature-related opportunities have been identified: "Meeting downstream customers' demand for green products," "Enhancing resource use efficiency of production facilities," and "Collaborating with downstream customers on product recycling."

As transition risks and opportunities represent the broader global movement toward Net-Zero and Nature Positive, we explore the potential transmission pathways for each risk and opportunity under our defined "Ahead of the Game" scenario. This involves describing impact drivers, triggering events, and qualitative/quantitative factors to determine potential financial impacts. Based on this, a quantitative methodology has been developed to estimate the specific financial implications of each risk and opportunity for Chicony.

Figure 28 | Transmission Pathways for Climate and Nature-Related Risks and Opportunities Schematic



CH5

Climate and Nature-related Strategy, Actions, and Metrics & Targets (Strategy / Metrics and Targets / Assess / Prepare)



Metrics and
Targets

Risk
Management

Strategy

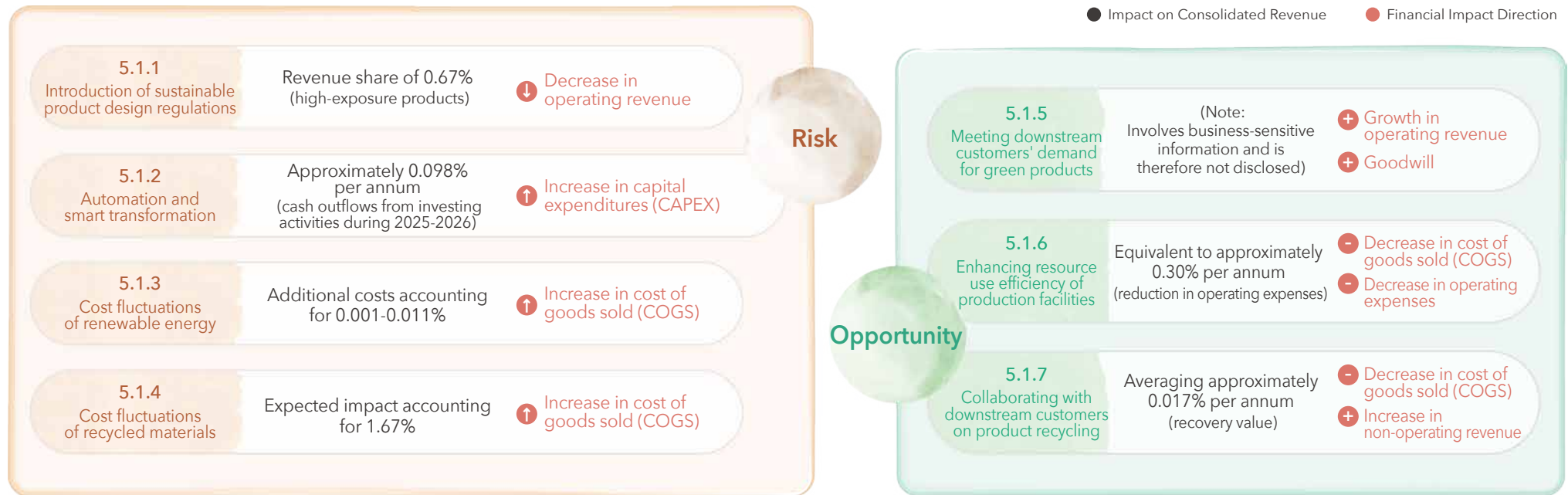
Governance

5.1 Financial Impact and Strategic Resilience (Assess / Strategy)

Based on the three material climate- and nature-related risks and three material opportunities identified in "4.2 Identification of Material Climate- and Nature-related Risks and Opportunities," Chicony has conducted a quantitative financial impact analysis under the "Ahead of the Game" scenario described in "4.3.2 Transition Risk Scenario Analysis." This analysis assesses the potential impacts of each identified risk and opportunity on the Company and serves as a foundation for continuous improvement.

Please note that all quantitative financial data, projected impacts, and anticipated benefits disclosed in this chapter are forward-looking estimates and projections based on the Company's current information and specific scenario assumptions. Actual results may differ materially from expectations due to changes in market conditions, regulatory developments, or technological advancements. The results of this analysis are intended to serve as a basis for the Company's ongoing improvement efforts and strategic resilience; the Company undertakes no obligation to publicly update or revise these statements.

Table 16 Financial Impact Summary: Material Risks and Opportunities



Note:
 1. The quantified financial impacts presented in this table are estimated based on the Company's consolidated revenue for 2024.
 2. The figures shown represent the expected impacts or benefits under the selected scenario, "Ahead of the game," and do not reflect historical actual results.
 3. Direction of financial impact: ↑ Increase (pressure / cash outflow); ↓ Decrease (loss); ↗ Increase (benefit / revenue); ↘ Decrease (savings / expense reduction).
 4. CAPEX: Capital expenditures; COGS: Cost of goods sold; OPEX: Operating expenses.


5.1.1 Risk: Policies and Regulations - Introduction of sustainable product design regulations

As product regulations in advanced economies become increasingly stringent, consumer electronics products are among the most significantly affected. Specifically, compliance with the EU's "Ecodesign for Sustainable Products Regulation (ESPR)" is required, covering indicators such as product life-cycle carbon footprint, product design, energy efficiency, and pollution emissions, with progressively higher standards being introduced. If products fail to meet regulatory requirements or customer expectations, they may be restricted from market access, resulting in "potential loss of sales" and a risk of "reduced operating revenue."

Impact Timeframe

Short Term

As early as 2025, certain customers have begun proposing relevant requirements and engaging in discussions regarding forthcoming regulatory standards.



Analysis Process

Product Parameters and Specification Requirements under Sustainable Product Ecodesign Regulations

Major Products Sold to the EU Market

Applicability Assessment

List of Potentially Affected Products

Based on the ESPR Working Plan, the Company consolidated eight core regulatory items and established a corresponding compliance checklist mechanism. Following the identification of potentially affected products, a gap analysis and scoring assessment were conducted to evaluate the level of compliance with ESPR requirements. The assessment mechanism adopts a total score of 8 points, based on which product risk exposure levels are categorized as: Low (0-2 pts); Low-to-medium (2-4 pts); Medium (4-6 pts); and High (6-8 pts).

Analysis Results

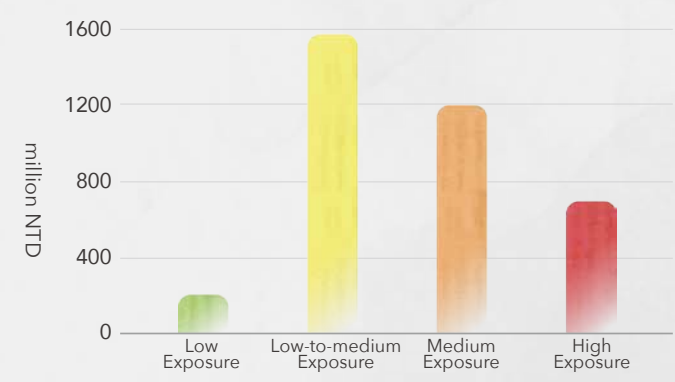
The analysis results for products directly sold to Europe or supplied to European customers are summarized as follows:

- (1) A relatively higher proportion of products fall into the low-to-medium and medium risk categories. These products are partially compliant with ESPR requirements and account for 2.90% of the consolidated revenue in 2024.
- (2) A relatively smaller proportion of products are classified as high risk, as they are largely unable to comply with ESPR requirements, accounting for 0.67% of the consolidated revenue in 2024.

Risk Response Measures

For products identified as having higher risk exposure, the Company has planned design improvements, allocating project-based R&D expenditures to adjustments such as modular, detachable, and replaceable designs. In response to sustainable product eco-design requirements, the Company also invests in carbon footprint consultancy and verification services to reduce product risk exposure.

Figure 29 Product Exposure Classification (ESPR Compliance)



| Exposure Category | Value (million NTD) |
|------------------------|---------------------|
| Low Exposure | ~100 |
| Low-to-medium Exposure | ~1500 |
| Medium Exposure | ~1100 |
| High Exposure | ~600 |

5.1.2 Risk: Technology - Automation and Smart Transformation

Chicony Electronics promotes automation and smart transformation across its direct operations. These initiatives not only enhance energy and resource use efficiency, thereby effectively reducing GHG, but also strengthen operational resilience and process stability. However, the investments required for equipment procurement and system implementation will result in an increase in "capital expenditures (CapEx)." At this stage, the analysis does not factor in potential increases in energy-related expenses (such as green electricity), which could further drive up "operating expenses or cost of goods sold."

Impact Timeframe

Short to Medium Term

Starting in 2025, customers have begun requesting the deployment of automation and intelligent systems to improve product yield and production-line efficiency. As equipment replacement follows defined cycles, most high-impact upgrades are expected to be completed by 2030.

Analysis Process

As the global automation market continues to expand, the Company compiled the actual and planned investments for automation and intelligent transformation projects across all direct operations for the 2025-2026 period and conducted a financial impact assessment.

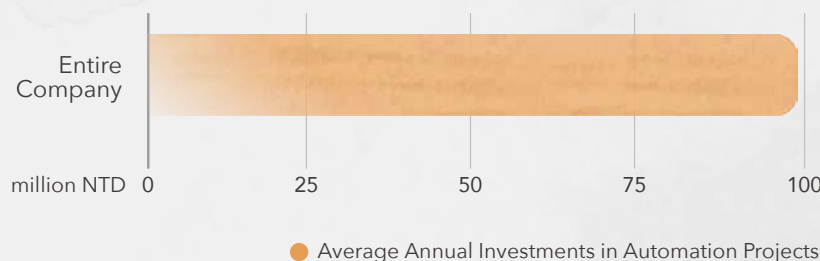
Analysis Results

All direct operations are actively investing in automation and smart transformation. Among them, CET, being a newly constructed site, has a higher investment level compared to other sites.

- (1) Short term (2025-2026): Average annual "cash outflows for automation equipment under investing activities" are estimated at approximately 0.098% of 2024 consolidated revenue.
- (2) Medium term (2027-2030): The Company will continue advancing manufacturing automation and smart decision-making applications. By integrating production processes, supply chain, and energy management systems, operational flexibility and decision-making efficiency will be strengthened, progressively establishing a comprehensive smart manufacturing framework.



Figure 30 | Short-Term Annual Investment in Automation and Smart Manufacturing by Direct Operation Site



Risk Response Measures

The Company has planned adjustments to the evaluation framework to ensure that investments in automation equipment achieve maximum effectiveness. In addition, as automation and smart transformation projects involve the procurement of new equipment, electricity consumption at the sites will increase. Therefore, all direct operations will concurrently integrate with the existing ISO 50001 Energy Management System, implement various energy-saving and carbon-reduction technologies, enhance energy efficiency, and continuously improve management practices.

5.1.3 Risk: Market - Cost Fluctuations of Renewable Energy

In response to global trends and low-carbon transition, Chicony Electronics has committed to a 2030 RE100 target. The transition to renewable electricity will escalate overall energy expenditures, leading to an increase in the "Cost of Goods Sold (COGS)".

Impact Timeframe

Medium Term

While current green power initiatives through 2026 satisfy preliminary customer demands under stable pricing, the medium-term outlook requires expanded procurement at Taipei Headquarters and rigorous tracking of RE100 progress, which is expected to drive up costs.

Analysis Process

Projection of future total electricity consumption

| | |
|--|---|
| Baseline scenario setting Meeting customer demand for renewable energy | Inventory of renewable energy supply by direct operations Self-generation & REC (Renewable Energy Certificate) procurement volume |
| Cost expenditures | Inventory of customer renewable energy demand |
| Calculation of additional costs to satisfy customer demand | |

"Ahead of the Game" Integrated Scenario Setting

Achievement of RE100

| | |
|--|--|
| Cost expenditures | Inventory of supplemental RECs required for RE100 achievement |
| Calculation of incremental costs required to achieve RE100 | |

Financial impact

Ahead of the game =
(Integrated Scenario Costs) - (Baseline Scenario Costs)

Analysis Results

To align with the 2030 RE100 pathway, Chicony must procure additional Renewable Energy Certificates (RECs)—including I-RECs and GECs—or enter into Power Purchase Agreements (PPAs). Compared to the baseline (2025-2026), the incremental operating costs are estimated between 0.001% and 0.011% of the 2024 consolidated revenue.

Figure 31 | Incremental Cost of Renewable Electricity Procurement vs. Baseline Scenario

| Year | Incremental Cost (million NTD) |
|------|--------------------------------|
| 2027 | ~0.5 |
| 2028 | ~1.0 |
| 2029 | ~2.0 |
| 2030 | ~11.0 |

● Entire Company

Risk Response Measures

Production sites implement annual energy-saving initiatives via the Energy Management System (EMS) to reduce total consumption and mitigate the impact of rising tariffs. Concurrently, Taipei Headquarters has expanded REC procurement, utilizing a rolling adjustment strategy to optimize costs.

5.1.4 Risk: Market - Cost Fluctuations of Recycled Materials

Growing global demand and regulatory requirements for recycled content in ICT products have prompted downstream customers to mandate recycled material integration during the design phase. While this enhances Chicony’s competitiveness and brand image, it introduces risks of elevated "Cost of Goods Sold (COGS)" driven by supply constraints and price volatility.

Besides, technical costs for high-quality PCR (Post-Consumer Recycled) plastics and PIR (Post-Industrial Recycled) metals remain substantial, potentially increasing raw material expenditures in the short term. However, pricing pressures are expected to abate as green manufacturing and recycling technologies mature over the medium-to-long term.

Impact Timeframe

Medium Term

Impact remains negligible in the short term during internal evaluation and pilot phases. From 2027, as regulations take effect and high-recycled-content products enter mass production, material price volatility will significantly increase COGS.

Analysis Process

Calculation of recycled material ratio = $\frac{\text{Weight of recycled materials consumed}}{\text{Product weight}}$

Baseline scenario
Maintain the current level of recycled material usage

Recycled material pricing

Ahead of the Game integrated scenario
Increase the proportion of recycled material usage

Estimation of recycled material consumption costs

Financial impact

Ahead of the game integrated scenario cost expenditures - Baseline scenario cost expenditures

Analysis Results

Based on a consolidated assessment across all business groups, the projected financial impact of recycled materials accounts for 1.67% of the 2024 consolidated revenue.

Figure 32 | Incremental Cost of Recycled Material Procurement vs. Baseline Scenario

Unit: million NTD

- Recycled Materials
- Recycled Packaging

Note: Due to the diverse composition of recycled materials and packaging, these figures are estimates derived from a consolidated assessment of various types of recycled content.

Risk Response Measures

The procurement function is expanding and diversifying its supplier base to mitigate rising costs. Simultaneously, the R&D department is mandated to optimize product development by selecting the most cost-effective materials and proactively securing new material sources to increase the recycled content ratio.

5.1.5 Opportunity: Products and Services - Meeting Downstream Customers' Demand for Green Products

Rising market demand for recycled materials enables Chicony to increase recycled content in its products, strengthening bargaining power and potentially driving higher Average Selling Prices (ASP) and "Revenue Growth". Proactive deployment also positions the Company to navigate stringent future regulations and procurement standards, thereby mitigating compliance-related risks, reducing "operating and non-operating expenses," and enhancing long-term brand equity.

Impact Timeframe

Short Term

Tangible bargaining leverage and negotiation advantages have already emerged as existing products incorporate recycled materials per customer requirements, signifying that Chicony has successfully begun capturing this opportunity.

Analysis Process

Chicony assesses the pricing leverage and flexibility granted by customers for recycled material integration. By applying these pricing adjustment factors to the total revenue of respective product lines and aggregating the results, we estimate the overall growth in operating revenue.

Analysis Results

A review of recycled material initiatives across all business units indicates that products utilizing such materials gain either superior pricing leverage or a competitive edge in customer-specific application projects, creating opportunities for incremental operating revenue.

Note: Specific data are withheld due to business confidentiality.

Opportunity Response Measures

Chicony has established concrete targets for recycled content and will progressively increase usage ratios. We remain committed to maintaining high-performance standards while advancing resource circularity and reducing environmental impacts.



5.1.6 Opportunity: Resource Efficiency - Enhancing resource use efficiency of production facilities

Enhancing the energy and resource efficiency of production facilities effectively reduces greenhouse gas emissions. By implementing energy-saving, water-saving, and automation initiatives, Chicony optimizes electricity, water, and labor utilization, thereby lowering manufacturing costs and achieving a "reduction in Cost of Goods Sold (COGS)".

Impact Timeframe

Short Term

These impacts have already materialized, as energy conservation and carbon reduction are long-standing core initiatives at Chicony. Future opportunities lie in maximizing the carbon reduction benefits through the deployment of high-efficiency equipment.

Analysis Process

```

graph TD
    A[Energy and water-saving project benefits] --> B[Electricity savings / Water resource savings / Labor cost savings]
    C[Automation project benefits] --> B
    B --> D[Financial Benefit Estimation]
            
```

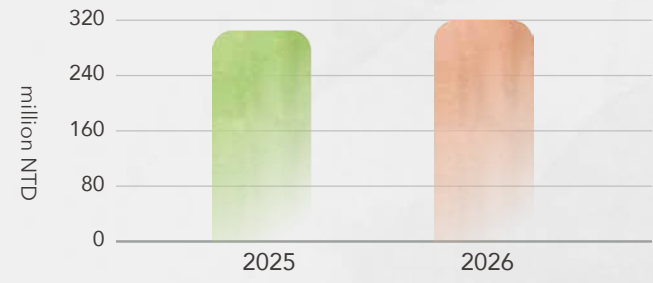
Analysis Results

Chicony actively allocates capital to automation and resource-saving projects. In the short term, annual savings in labor, electricity, and water costs result in a "reduction in COGS and operating expenses," equivalent to approximately 0.30% of the 2024 consolidated revenue.

Opportunity Response Measures

R&D teams and the Automation Engineering Center collaborate annually with direct operations to evaluate the feasibility of expanding automation across various processes. Production units are steadily increasing automation ratios and advancing new manufacturing technologies to meet customer targets, enhance efficiency, and optimize cost control. Simultaneously, the continued deployment of energy- and water-saving equipment reduces resource consumption and mitigates the incremental energy costs associated with automated systems.

Figure 33 | Annual Cost Savings: Labor, Electricity, and Water Resources by Direct Operation Site



5.1.7 Opportunity: Sustainable Use of Natural Resources - Collaborating with downstream customers on product recycling

Increasing the resource recovery of waste effectively reduces reliance on virgin raw materials. Through value chain engagement, valuable waste and scrapped products are efficiently recovered and reused. This circular approach allows recovered materials to serve as alternative production inputs, decreasing new material procurement; furthermore, selling processed materials or waste to third parties can "increase non-operating revenue". Such initiatives demonstrate environmental stewardship while tangibly enhancing asset value and corporate profitability.

Impact Timeframe

Short Term

As Chicony has already initiated relevant value chain engagement programs, the impact is recognized in the short term.

Analysis Process

```

graph TD
    A[Electronic waste recovery value] --> C[Financial Benefit Estimation]
    B[Resale of Recovered Scrap and Defective Products] --> C
            
```

Analysis Results

Across Chicony Electronics' direct operations, the average annual value of recovered materials accounts for 0.017% of the 2024 consolidated revenue. Looking forward, the Company plans to scale these initiatives beyond waste recycling to include comprehensive raw material recovery.

Figure 34 | Annual Total Value of Waste and Scrap Recycling

| Entity | Value (million NTD) |
|----------------|---------------------|
| Entire Company | ~17 |

● Average Annual Recovery Value

Opportunity Response Measures

Chicony collaborates with downstream customers on electronic waste recovery programs (including scrap and defective items) to enhance resource reuse and mitigate the environmental impact of disposal. Since the current collaboration model requires no additional capital outlay, this program entails zero incremental response costs for the Company.

5.2 Toward Net-Zero and Nature-Positive Transformation (Strategy / Prepare)

The years 2023 and 2024 marked Chicony’s inaugural period of proactive engagement with climate- and nature-related issues. Following the establishment of 2030 RE100 and 2050 Net-Zero targets in 2023, the Company further defined its Nature-Positive goals in 2024. Utilizing TCFD and TNFD frameworks, we have mapped out a transformation pathway that aligns with the Prepare phase of the LEAP methodology—initially focusing on impact mitigation and subsequently creating transformative opportunities.

5.2.1 Stakeholder Co-Benefit

Chicony adopts "Value Chain Integration" as its strategic blueprint, driving value co-creation and the sustainable evolution of a circular economy. We are committed to fostering robust connections with employees, customers, suppliers, and local communities.

Internal Stakeholders: Deepening Net-Zero Talent Development

To accelerate ESG integration and carbon reduction, Chicony recognizes that equipping multi-functional professionals with net-zero expertise is pivotal to goal attainment.

The "Chicony Net-Zero Talent Development Program," launched in 2024, aims to bolster sustainability awareness and fortify the foundation for the 2050 Net-Zero target. Developed with the ITRI Academy, this 18-week, 53-hour curriculum focuses on four pillars: net-zero assessment, carbon-reduction behaviors, sustainable management, and carbon-neutral practice.

This intensive program successfully cultivated 61 net-zero seed talents, totaling 3,351 training hours. Furthermore, Chicony encouraged employees to obtain the Ministry of Economic Affairs' "Net-Zero Carbon Planning and Management Professional" certification, with 43 employees certified in 2024. This initiative enhances the Group's carbon accounting and mitigation capabilities, forging a core competitive advantage in sustainability.

External Stakeholders: Building Environmental Consensus and Community Resilience

Chicony extends its climate- and nature-related actions to communities and governmental bodies surrounding its direct operations, striving for "Net-Zero Loss" and "Net-Positive Impact".

In 2024, the Company pioneered a "Renewable Energy Plant Environmental and Social Assessment" form, issued initially to a power plant near CET. The assessment evaluates plant types, proximity to biodiversity-rich areas, regulatory compliance, and O&M methodologies. This preliminary analysis ensures that procured renewable electricity aligns with a responsible sourcing approach, prioritizing plants with minimal environmental impact.

Figure 35 | Current Status of Plant Site and Adjacent Power Plant



In 2024, Chicony mobilized employees from its Thailand Site (CETT) to collaborate with local NGOs and government agencies on mangrove restoration in coastal areas adjacent to the site. This initiative, which involved planting seedlings in estuarine wetlands, serves as an off-site compensation measure for nature-related impacts arising from land-use change. By expanding natural ecosystems, the Company aims to offset potential land-use losses associated with its direct operations.

Moving forward, Chicony will adopt the total area of mangrove planting as a quantitative metric to bolster coastal ecological resilience and mitigate site-specific nature-related risks. This program fosters positive engagement with local communities while providing a data-driven basis for land-use management and natural capital governance.

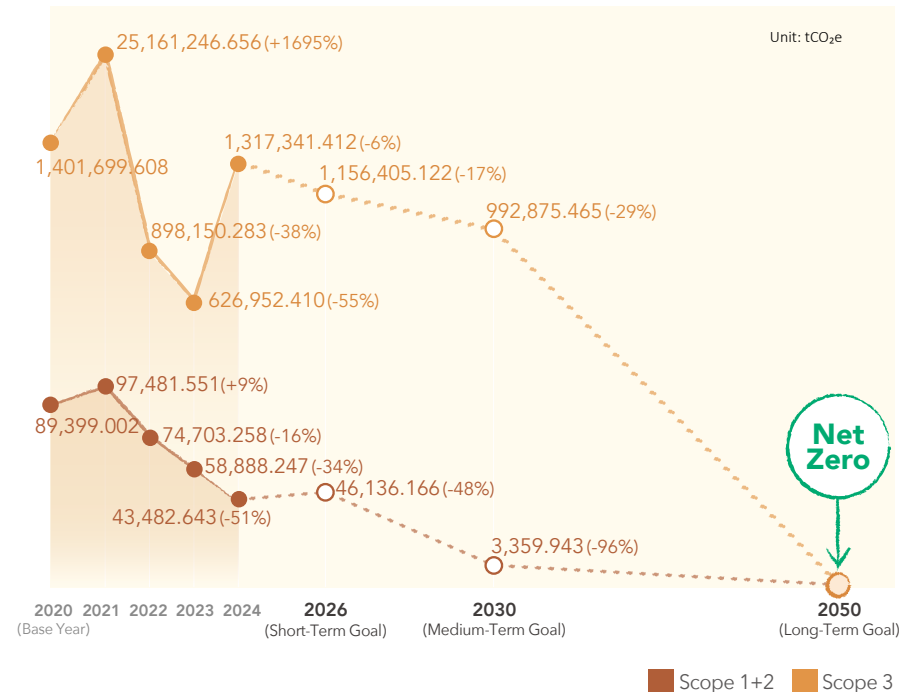
5.2.2 Chicony's Net-Zero Emissions Pathway

Chicony regards climate change as a fundamental driver of operational transformation and is steadfast in its "2050 Net-Zero" pledge. To ensure alignment with climate science, the Company obtained SBTi validation for its carbon reduction targets in 2022, followed by formal commitments to RE100 by 2030 and Net-Zero by 2050 in 2023. Integrating these milestones and adhering to SBTi methodology, Chicony has developed a medium-term decarbonization pathway under a 1.5°C scenario, utilizing 2020 as the base year.

Figure 36 | Mangrove Restoration Activities



Figure 37 | Chicony Net-Zero Roadmap



Note:
 1. The difference compared to the base year is indicated in parentheses.
 2. Scope of Data: HQ, Major Production Bases. Excluding subsidiaries Chicony Power and XAVI, and integrating the Company's SBTi, RE100, and net zero targets.







5.2.3 GHG emissions

In 2024, Chicony expanded its GHG inventory to include all global office locations—comprising CEZ, Yangmei warehouse, Taichung and Kaohsiung offices, and subsidiaries in the U.S. and Japan—achieving 100% coverage of the consolidated financial reporting boundary. Group-level verification was implemented to ensure methodological consistency.

Scope 1 emissions primarily stem from natural gas combustion, fleet operations, and refrigerant leakage, while Scope 2 covers purchased electricity. Scope 3 inventory includes ten categories, dominated by purchased goods and services and the use of sold products.

In 2024, the Company’s total GHG emissions reached 1,360,824.055 tCO₂e, an increase from 2023. However, combined Scope 1 and Scope 2 emissions from direct operations decreased by 26% year-over-year. This reduction was driven by proactive renewable electricity procurement under the RE100 commitment, alongside ongoing energy efficiency and fuel-switching initiatives.

Table 17 GHG Emissions: Scope 1 & 2

| | 2021 | 2022 | 2023 | 2024 | Unit:tCO ₂ e |
|---|------------|------------|------------|------------|-------------------------|
|  Scope 1 (Cat.1) Direct GHG Emission | 7,273.251 | 7,555.208 | 6,827.888 | 5,957.669 | |
|  Scope2 (Cat.2) Market Base Indirect emissions from the generation of purchased energy | 90,208.300 | 67,148.049 | 52,060.360 | 37,524.974 | |
|  Scope2 (Cat.2) Location Base Indirect emissions from the generation of purchased energy | | NA | | 66,842.061 | |
|  Scope1+2 Market Base | 97,481.551 | 74,703.258 | 58,888.247 | 43,482.643 | |
|  Scope1+2 Location Base | | NA | | 72,799.730 | |
|  Emission Intensity-Market Base | 1.53 | 1.09 | 1.00 | 0.70 | |





Note:

- The statistical method employed is the operational control method, and the GWP value is based on the 2023 IPCC AR6 report.
- The source of the power coefficient is based on the publicly announced power emission coefficients from various locations. Other relevant coefficients are derived from local operators, government sources, and data published by the Intergovernmental Panel on Climate Change (IPCC).
- Scope of Data: All Production and Operation Bases. The subsidiary companies, Chicony Power and XAVI, can refer to the sustainability reports of the two subsidiaries for their data. The coverage of the disclosed data based on consolidated revenue calculations is 100%. The coverage rate of the verification is 100%.
- In 2024, due to the unified operations across all plants, the statistical method has been changed. The statistics for refrigerant leakage emissions will use the actual filling amount as the activity data, resulting in a significant decrease in Scope 1.
- Emission intensity = total emissions ÷ consolidated revenue, unit: tCO₂e/NT\$ million.

Scope 3 emissions increased year-over-year, primarily driven by higher emissions from purchased goods and services. This growth was largely attributable to the continued expansion of operational scale and adjustments in procurement strategies following supply chain relocations, resulting in a significant rise in procurement activities. In contrast, emissions from the "use of sold products" category declined markedly, demonstrating the success of product energy efficiency enhancements. Looking ahead, Chicony will continue to optimize product design and energy efficiency to further reduce downstream emissions during the use phase.

Simultaneously, the Company will strengthen procurement-side carbon management by implementing supplier carbon data disclosure mechanisms, evaluating low-carbon material alternatives, and integrating regional sourcing strategies to minimize transportation and supply chain carbon footprints, thereby advancing toward a more sustainable value chain.

Table 18 GHG Emissions: Scope 3

| | | 2021 | 2022 | 2023 | 2024 |
|--|--|----------------|-------------|-------------|---------------|
|  <p>Category 3 Indirect GHG Emissions from Transportation</p> | Upstream Transportation and Distribution (4) | 206,392.444 | 9,541.072 | 10,617.751 | 13,915.497 |
| | Business Travel (6) | 200.596 | 190.408 | 603.027 | 980.305 |
| | Employee Commuting (7) | 2,941.048 | 2,605.204 | 1,420.538 | 2,247.233 |
| | Downstream Transportation and Distribution (9) | 63,001.517 | 22,441.985 | 11,001.680 | 17,108.972 |
|  <p>Category 4 Indirect GHG Emissions from Products Used by Organization</p> | Purchased Goods and Services (1) | 767,998.037 | 449,068.360 | 283,407.128 | 1,005,689.865 |
| | Capital Goods (2) | 23,556,357.210 | 6,920.226 | 3,601.773 | 2,864.387 |
| | Fuel- and Energy-related Activities (3) | 9,331.629 | 6,397.792 | 5,775.200 | 11,983.628 |
| | Waste Generated in Operations (5) | 729.212 | 935.381 | 688.161 | 804.810 |
|  <p>Category 5 Indirect GHG Emissions Associated with the Use of Products from the Organization</p> | Upstream Leased Assets (8) | 1,668.670 | 1,111.309 | 955.604 | 822.485 |
| | Use of Sold Products (11) | 534,864.362 | 389,194.337 | 299,245.820 | 255,154.305 |
|  <p>Total</p> | Downstream Leased Assets (13) | 9,005.330 | 9,559.131 | 7,366.914 | 5,769.925 |
| | | 25,152,522.507 | 897,965.205 | 624,683.596 | 1,317,341.412 |

Note:
 1. The statistical method employed is the operational control method, and the GWP value is based on the 2023 IPCC AR6.
 2. 2021-2023 Scope of Data: HQ, Major Production Bases. The coverage of the disclosed data based on consolidated revenue calculations is 99%. The coverage rate of the verification is 99%.
 3. 2024 Scope of Data: All Production and Operation Bases. The subsidiary companies, Chicony Power and XAVI, can refer to the sustainability reports of the two subsidiaries for their data. The coverage of the disclosed data based on consolidated revenue calculations is 100%. The coverage rate of the verification is 100%.
 4. The numbers in parentheses are categorized based on the Scope 3 evaluation tool of the GHG Protocol.
 5. In 2024, categories 10 (processing of sold products) and 12 (end-of-life treatment of sold products) were excluded, as CEC is not a seller of end-user products and the materiality assessment did not meet the significance threshold.

5.2.4 Internal Carbon Pricing

To internalize transition costs and enhance decision-making comparability, Chicony has implemented an Internal Carbon Pricing (ICP) mechanism as a strategic reference for operational and investment decisions.

In 2023, the Company first referenced the Network for Greening the Financial System (NGFS) projections. Under the "Orderly Transition" scenario of the Integrated Assessment Models (IAMs), the carbon cost was estimated at NTD 4,722.97 per tonne (USD 154.64/tCO₂e) to evaluate regulatory impacts and the financial viability of mitigation initiatives.

In 2025, Chicony refined its ICP by calculating the implicit costs from historical energy-saving projects while considering regional carbon price trends and global shadow price trajectories. Consequently, the internal carbon price was set at NTD 1,100/tCO₂e, with a projected annual escalation to NTD 2,600/tCO₂e by 2030. Starting in 2026, the Company will phase ICP into management accounting reports, enabling business units to proactively navigate the era of carbon pricing. This framework has received formal approval from the Board of Directors.



5.2.5 RE100 Progress and Energy Management

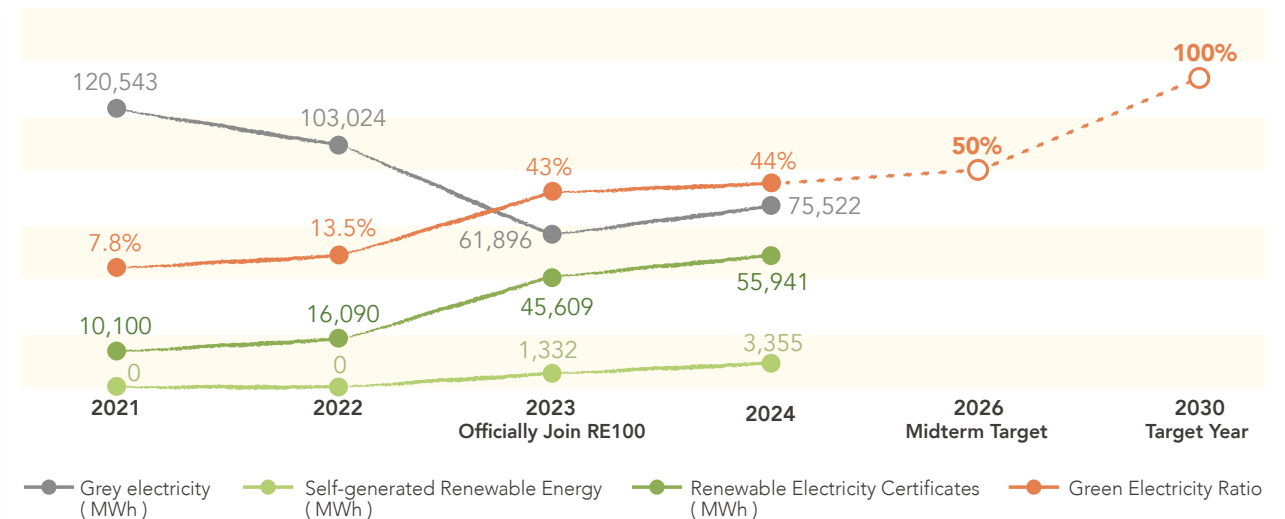
RE100 Progress and Energy Management Chicony is steadfast in its commitment to the 2050 Net-Zero target, prioritizing "energy efficiency enhancement" and "renewable electricity adoption" as its dual core strategies. Since joining RE100 in 2023, the Company has pledged to transition to 100% renewable electricity across its direct operations by 2030. This transition is being executed through a diversified portfolio, including on-site solar PV installations, Power Purchase Agreements (PPAs), and Energy Attribute Certificates (EACs). To ensure momentum, Chicony has established an interim milestone of RE50 by 2026. As of 2024, the renewable electricity ratio has reached 44%, demonstrating substantial progress in the Group's energy transformation journey.

Table 19 Renewable Electricity Usage in 2024

Unit: MWh

| Site | Grey Electricity | Renewable Electricity Certificates | Self-Generated Renewable Electricity | Source Description |
|-------------------|------------------|------------------------------------|--------------------------------------|--|
| China | 40,584 | 50,441 | 3,355 | Renewable energy certificates (I-REC & GEC), rooftop solar PV systems. |
| Thailand | 31,461 | 5,500 | 0 | Renewable energy certificates. |
| Taiwan and Others | 3,477 | 0 | 0 | - |

Figure 38 | Chicony Group Renewable Electricity Roadmap



5.2.6 Operational Decarbonization and Nature Impact Minimization

Chicony recognizes the profound effects operational activities have on climate change and natural capital. Consequently, the Company has established "operational decarbonization" and "minimization of nature-related impacts" as core strategic pillars. By integrating Environment, Health, and Safety (EHS) policies throughout the value chain, Chicony remains committed to resource conservation and pollution reduction. Through a framework of "Green Buildings," "Green Manufacturing," and "Green Regeneration," we are driving the sustainable transformation of our operational model.

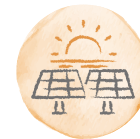
Green Buildings: Constructing a smart green headquarters

Green buildings serve as a crucial foundation for achieving operational decarbonization. Chicony continues to invest in the greening and digitalization of its facilities to continuously improve energy-use efficiency and reduce environmental impacts.



(1) Constructing a smart green headquarters

Chicony's Taipei Headquarters obtained the "Diamond-grade" Green Building Label from the Ministry of the Interior in 2016. Advancing its climate ambitions, the building further achieved the "Nearly Zero Carbon Building" certification in 2024. Additionally, the Thailand Site (CETT) Phase 2 is on track to receive LEED Platinum certification in 2025, underscoring our leadership in operational energy efficiency.



(2) Expanding renewable energy systems

In alignment with RE100, the Group has committed 100% renewable electricity across its direct operations by 2030. We are proactively expanding on-site solar capacity, which reached 5.91 MW by the end of 2024—a substantial increase over 2023. Consequently, the renewable electricity usage ratio attained 44% in 2024.



(3) Optimizing energy management efficiency

Chicony's Headquarters and major production sites have implemented and obtained ISO 50001 certification, ensuring that energy management mechanisms are systematic and effectively operational. Through systematic management, we continuously promote energy-saving projects. For example, the CEM3 reduced natural gas demand by utilizing heat recovery technology on air compressors, achieving annual energy savings of 16,126 GJ and a carbon reduction of 904.31 tCO₂e. The CEM2 reconfigured its substation to maintain transformers at optimal loads, resulting in annual energy savings of 112,319 kWh and a carbon reduction of 50.21 tCO₂e. In 2024, a total of 21 energy management projects were implemented, achieving cumulative energy savings of 26,141.51 GJ. Since 2023, cumulative energy savings have reached 68,054.1 GJ.

Figure 39 | Decarbonization and Nature-Impact Minimization Actions



Green Manufacturing: Enhancing Process Efficiency and Low-Carbon Transformation

Chicony’s green manufacturing initiatives focus on optimizing core production processes to achieve GHG reductions and maximize resource efficiency.



(1) Promoting GHG reduction

Regarding decarbonization, Chicony’s Scope 1 and Scope 2 emissions in 2024 were 43,482.643 tCO₂e, representing a 51% reduction from the 2020 base year and a 26% decrease from 2023. This achievement was primarily driven by increased renewable electricity usage under the RE100 initiative, alongside ongoing energy efficiency and fossil fuel substitution measures. In 2024, the Company completed its first GHG inventory and verification covering 100% of consolidated revenue sites, extending the net-zero target company-wide. Implementation of the ISO 14064 management system has further enhanced data timeliness and governance efficiency.



(2) Strengthening water and air pollution management

Chicony’s major global direct operations are ISO 14001 certified, with water management systems established in alignment with TCFD/TNFD frameworks. Although total water withdrawal in 2024 increased by 3.64%, intensive leak detection, process enhancements, and recycling initiatives raised the water recovery rate to 4.37%. Six water-saving measures in 2024 yielded an additional 40,882 cubic meters of savings compared to 2023.

In terms of air pollution management, we utilize exhaust gas treatment equipment to centrally process gases (such as VOCs) generated from ink printing, dispensing, injection molding, and SMT processes, achieving an equipment removal efficiency of over 90%. In 2024, total Volatile Organic Compounds (VOCs) among air pollutants amounted to 4.84 metric tons, maintaining consistent and stable control.



(3) Implementing digital and automated production

Chicony leverages AI and IoT to optimize production, driving a transition toward smart automation. Cloud-based AI analytics platforms monitor line status, yield, and efficiency in real time, enhancing management precision. This transformation improves productivity and reduces energy consumption, aligning with customer expectations.

Green Regeneration: Promoting circular economy and material sustainability

Through its green regeneration strategy, Chicony implements circular economy principles starting from product design, aiming to reduce dependence on natural resources.



(1) Expanding the use of recycled materials

Following Product Life Cycle (PLC) principles, Chicony incorporates eco-friendly and recyclable materials at the design stage. We aim to use recycled or eco-friendly materials for over 50% of raw materials and 70% of packaging by 2033. Currently, recycled plastics account for 25% of materials in input device lines, with over 70% of products utilizing eco-friendly packaging.

For carbon footprints, six products have been assessed, with four obtaining ISO 14067 certification. Findings confirm that environmental impacts primarily stem from the "raw material" stage, validating our strategy to enhance material sustainability.



(2) Establishing customer recycling mechanisms

Chicony collaborates with downstream customers on take-back or recall programs. Recovering end-of-life products for recycling or disassembly not only reduces manufacturing costs but also serves as a concrete application of Extended Producer Responsibility (EPR).



5.2.7 Low-Carbon and Resilience Planning Across the Value Chain

Chicony recognizes that achieving net-zero targets and building long-term supply chain resilience requires extending climate- and nature-related risk management across the entire value chain.

In 2024, Scope 3 emissions were dominated by "Purchased Goods and Services," identifying upstream decarbonization as a pivotal challenge. Adhering to TCFD and TNFD frameworks, the Company actively integrates climate and natural capital considerations into supply chain governance.

We drive transformation through three core pillars: "Green Procurement," "Green Products," and "Green Logistics," aiming to convert environmental risks into market opportunities while enhancing low-carbon competitiveness and operational resilience, as illustrated in Figure 40.

Green Procurement: Driving Low-Carbon Supply Chain Transformation and Responsible Sourcing

Chicony regards green procurement as a primary strategy for managing Scope 3 emissions and achieving a low-carbon value chain, focusing on risk identification, capacity building, and responsible sourcing.



(1) Strengthen Supplier Management and Risk Identification

To manage supply chain risks effectively, Chicony has established a systematic governance framework. All qualified suppliers are required to sign key sustainability documents, including the "Supplier ESG Agreement," "Supplier Code of Conduct," "Conflict Minerals Policy," and "Integrity Declaration and Undertaking".

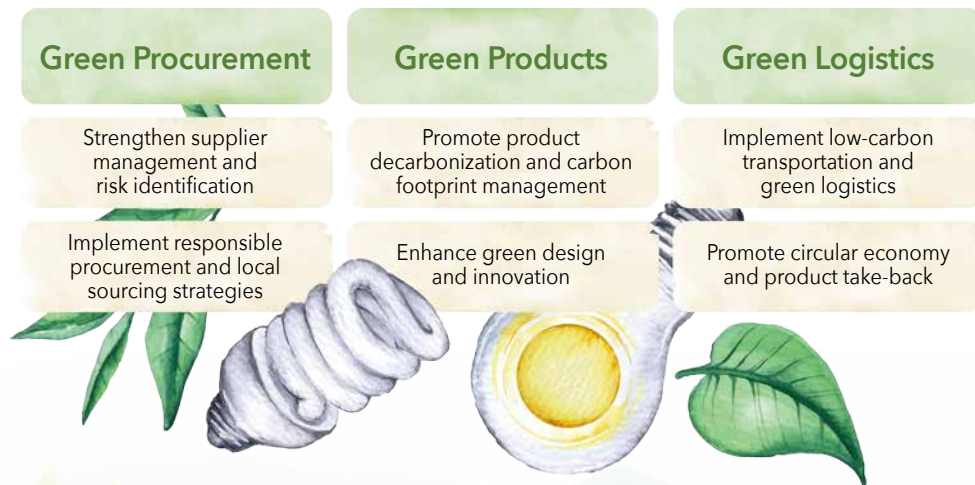
Risk Assessment Mechanism

The Company has updated the "Supplier ESG Risk Assessment Questionnaire". Starting in 2025, raw material suppliers will be categorized based on their scores; those scoring below 45 out of 145 points will be classified as high-risk and subjected to mandatory on-site audits.

Audit and Risk Mitigation

In 2024, Chicony completed 367 desk audits and 391 on-site audits, identifying 586 non-conformances primarily in labor rights, occupational health and safety, environmental management, and waste management. Suppliers with anomalies are required to submit immediate Corrective Action Plans (CAPs). For zero-tolerance violations, such as child labor or bribery, the Company reserves the right to suspend or terminate business relationships.

Figure 40 | Low-Carbon and Resilience Planning Across Chicony's Value Chain





(2) Implement responsible procurement and local sourcing strategies

In terms of responsible sourcing, we actively promote conflict-free mineral management.

Responsible Minerals

Chicony proactively manages Responsible Minerals in alignment with the Responsible Minerals Initiative (RMI). We require suppliers to conduct due diligence using standard templates (CMRT, EMRT, AMRT). In 2024, 63 smelters were identified as non-conformant with RMI standards; consequently, we implemented enhanced due diligence and risk mitigation, achieving a 100% remediation rate through a structured replacement schedule.

Hazardous Substance Control

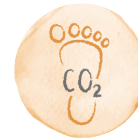
Through the Quality Assurance Center’s "Environmental Substance Management Specification" and the GPM system (Green Product Management System), Chicony tracks and manages up to 405 material standards to ensure that all products fully comply with regulations such as RoHS 2.0, HF, and REACH. When supplier materials are found to be non-compliant, the GPM system immediately flags them as "transaction suspended" to prevent non-conforming materials from entering the production line.

Local Procurement

To reduce transportation-related carbon emissions and enhance supply chain resilience, Chicony promotes local sourcing. In 2024, the proportion of local suppliers remained above 60% (61%). The Company will continue to seek cooperative suppliers to further reduce costs and transportation-related carbon footprints.

Green Products: Innovative R&D and Sustainable Market Opportunities

Green products are a pivotal driver for converting climate-related opportunities into revenue growth. Adopting a Product Life Cycle (PLC) approach, Chicony prioritizes material innovation and decarbonization from design to end-of-life.



(1) Promote product decarbonization and carbon footprint management

The Company has established an ISO 14067 system, focusing on automation to streamline calculation.

Assessment results

In 2024, carbon footprint assessments were completed for five products, with three obtaining formal ISO 14067 verification.

Decarbonization focus

Data indicates that environmental impacts are concentrated in the "raw material" and "manufacturing" stages, reinforcing the strategic necessity of enhancing upstream material sustainability.



(2) Enhance green design and innovation

Chicony integrates ESG into product R&D to align with stringent global standards, such as the EU Ecodesign Directive. In 2024, R&D investment grew by approximately 22.5% relative to 2020. By launching products that meet low-carbon criteria, we capture green market demands and drive sustained revenue growth.



In 2024, Chicony will collaborate with clients to jointly develop a new type of network camera, incorporating the concept of sustainable products. Efforts will be made to achieve a balance between environmental protection and performance through aspects such as recyclability, enhanced durability, and energy-efficient design, thereby promoting green innovation.

- The certification recycling rate can reach 87%, and the regeneration rate can reach 90%
- The circular body and metal casing reduce wear and extend the service life
- AI Smart Hibernate Mode, Efficient Energy-Saving Design



In 2024, the CEC Keyboard Module R&D Team is committed to environmental protection and innovation, overcoming challenges in material application by extensively utilizing recycled plastics and reclaimed metals, while ensuring quality and durability. The lightweight and integrated design not only reduces the use of raw materials but also optimizes the manufacturing process to enhance efficiency.

- Using environmentally friendly packaging materials that are easy to disassemble and recycle
- The product line uses recycled plastics and reclaimed metals
- Lightweight design reduces the use of raw materials
- Integrated design reduces manufacturing processes



Green Logistics: Strengthening Value Chain Resilience and Circular Economy

Green logistics and value chain resilience planning encompass not only low-carbon product transportation but also material recycling and electronic waste management. These initiatives aim to maximize resource efficiency while reducing supply chain disruptions caused by climate change.



(1) Implement low-carbon transportation and green logistics

Chicony employs the following strategies to reduce the environmental impact of transportation.

Local Procurement

Chicony actively promotes local sourcing to reduce the need for long-distance transportation, thereby lowering carbon emissions and shipping costs.

Lightweight Design

Product designs emphasize lightweight construction. For example, the imaging input devices and lens module business units prioritize lightweight designs to reduce material usage and improve transportation efficiency.



(2) Promote circular economy and product take-back

At the end of the product life cycle, Chicony focuses on green regeneration, transforming waste into valuable resources.

Zero Waste Certification




We continue to implement its "Waste Reduction Policy." Between 2024 and 2025, the CEM5, CET, CEM2, and CEM3 all achieved UL2799A Zero Waste Platinum Certification, with a waste conversion rate of 100%.

Recycling Results

In 2024, Chicony, in collaboration with its value chain partners, effectively utilized valuable waste and end-of-life products, achieving a recycling value of NT\$11.08 million.

5.3 Future Metrics Tracking for Climate and Nature (Metrics and Targets)

In response to the material impact drivers identified in Section 3.4, and to continuously address and mitigate climate- and nature-related impacts, Chicony has established relevant metrics and targets to serve as a basis for future project planning.

| No. | Impact Driving Factors | Metric | Corresponding GBF Target(s) | Corresponding Data |
|------|---|--|-----------------------------|--|
| - |  Climate change | GHG emissions | Target 8 | 5.2.2 Chicony's Net-Zero Emissions Pathway |
| C1.0 |  Land use | Total operational footprint | Targets 1, 2, 5, 11 | Total area of all Chicony sites: 4,331,795 ft ² |
| C1.1 | | Scope of land, freshwater, and marine ecosystem use change | | No land, freshwater, or marine ecosystem changes occurred this year |
| C2.1 |  Water pollutants | Wastewater discharge | | Please refer to Section 2.5.1 Wastewater Discharge Situation in the Company's 2024 Sustainability Report |
| C2.2 |  Solid waste | Waste generation and treatment | Target 7, 11 | Please refer to Section 2.5.2 Total Waste Statistics in the Company's 2024 Sustainability Report |
| C2.4 |  Air pollutants | Non-GHG air pollutants | | PM: 0.28 t VOC: 4.84 t |
| C3.1 |  Water consumption | Withdrawal and consumption in water-scarce areas | Target 11 | Please refer to Section 2.5.1 Regional Water Supply Conditions in the Company's 2024 Sustainability Report |

Metrics and
Targets

Risk
Management

Strategy

Governance

CH6

Appendix

- Locate
- Evaluate
- Assess
- Prepare



6.1 TCFD Index

| Dimension | Disclosure | Chapters | Page |
|---------------------|---|------------|----------|
| Governance | Describe the board’s oversight of climate-related risks and opportunities. | 1.2 | 7 |
| | Describe management’s role in assessing and managing climate-related risks and opportunities. | 1.2 | 7 |
| Strategy | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 4.1 | 31 |
| | Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning. | 5.1 | 38 |
| | Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 2.2 4.3 | 12 34 |
| Risk Management | Describe the organization’s processes for identifying and assessing climate-related risks. | 4 | 29 |
| | Describe the organization’s processes for managing climate-related risks. | 4 | 29 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management. | 4 | 29 |
| Metrics and Targets | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | 5.3 | 56 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | 5.2 | 46 |
| | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | 5.3 | 56 |



6.2 TNFD Index

| Dimension | Disclosure | Chapters | Page |
|--------------------------|--|------------|----------|
| Governance | Describe the board’s oversight of nature-related dependencies, impacts, risks and opportunities. | 1.2 | 7 |
| | Describe management’s role in assessing and managing nature-related dependencies, impacts, risks and opportunities . | 1.2 | 7 |
| | Describe the organisation’s human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation’s assessment of, and response to, nature-related dependencies, impacts, risks and opportunities. | 3.4 5.2 | 24 46 |
| Strategy | Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term. | 4.1 | 31 |
| | Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation’s business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place. | 5.1 5.2 | 38 46 |
| | Describe the resilience of the organisation’s strategy to nature-related risks and opportunities, taking into consideration different scenarios . | 5.1 5.2 | 38 46 |
| | Disclose the locations of assets and/or activities in the organisation’s direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations. | 3.1 3.2 | 16 19 |
| | Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. | 3.4 4.1 | 24 31 |
| Risk & impact management | Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) . | 3.4 4 | 24 29 |
| | Describe the organisation’s processes for managing nature-related dependencies, impacts, risks and opportunities . | 3.4 4 | 24 29 |
| | Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation’s overall risk management processes. | 4 5.3 | 29 56 |
| | Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. | 5.3 | 56 |
| Metrics & targets | Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature | 5.3 | 56 |
| | Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these. | 5.3 | 56 |

6.3 GRI 101 Index

| Topic | Disclosure | Chapters | Page |
|------------------------|--|----------------|----------|
| Management Disclosures | 101-1 Policies to halt and reverse biodiversity loss | 1.1 | 7 |
| | 101-2 Management of biodiversity impacts | 5.2 5.3 | 46 56 |
| | 101-3 Access and benefit-sharing | Not Applicable | |
| Disclosures | 101-4 Identification of biodiversity impacts | 3 4 | 15 29 |
| | 101-5 Locations with biodiversity impacts | 3 | 15 |
| | 101-6 Direct drivers of biodiversity loss | 3 | 15 |
| | 101-7 Changes to the state of Biodiversity | 3 | 15 |
| | 101-8 Ecosystem services | 3 | 15 |



6.4 Related Reports or Policies

- [1] 2024 Chicony Sustainability Report
- [2] 2022 Sustainable Development Best Practice Principles
- [3] 2024 EHS Policy
- [4] 2024 Biodiversity and Deforestation Policy
- [5] 2024 Conflict Minerals Policy
- [6] 2025 Chicony Human Rights Policy
- [7] 2021 Risk Management



6.5 Reference

- [1] AccountAbility. (2015). AA1000 Stakeholder Engagement Standard (AA1000SES) 2015. AccountAbility. <https://www.accountability.org/standards/>
- [2] Díaz, S. M., Settele, J., Brondízio, E., Ngo, H., Guèze, M., Agard, J., ... & Zayas, C. (2019). The global assessment report on biodiversity and ecosystem services: Summary for policy makers.
- [3] IEA. (2024). World Energy Outlook 2024. IEA. <https://www.iea.org/reports/world-energy-outlook-2024>
- [4] Institutional Investors Group on Climate Change. (2023, January). IPR: Forecast Policy Scenario + Nature (FPS + Nature): Preparing financial markets for climate- & nature-related policy & regulatory risks. Inevitable Policy Response. <https://www.unpri.org/inevitable-policy-response>
- [5] IPCC. (2023). Annex II: Acronyms, Chemical Symbols and Scientific Units [Fischlin, A., Jung, Y., Leprince-Ringuet, N., Ludden, C., Péan, C., & Romero, J. (Eds.)]. In *Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change* [Core Writing Team, H. Lee & J. Romero (Eds.)] (pp. 131–133). IPCC. <https://doi.org/10.59327/IPCC/AR6-9789291691647.003>
- [6] Maiorano, L., Falcucci, A., & Boitani, L. (2008). Size-dependent resistance of protected areas to land-use change. *Proceedings of the Royal Society B: Biological Sciences*, 275(1640), 1297–1304. <https://doi.org/10.1098/rspb.2008.0172>
- [7] Natural Capital Coalition. (2016). Natural Capital Protocol. https://naturalcapitalcoalition.org/wp-content/uploads/2018/05/NCC_Protocol_WEB_2016-07-12-1.pdf
- [8] Richardson, K., Steffen, W., Lucht, W., Bendtsen, J., Cornell, S. E., Donges, J. F., ... & Rockström, J. (2023). Earth beyond six of nine planetary boundaries. *Science Advances*, 9(37), eadh2458. <https://doi.org/10.1126/sciadv.adh2458>
- [9] Taskforce on Nature-related Financial Disclosures. (2023). Discussion paper on proposed sector disclosure metrics. TNFD. <https://tnfd.global/publication/discussion-paper-on-sector-metrics/>
- [10] Taskforce on Nature-related Financial Disclosures. (2023). Guidance on biomes. TNFD. <https://tnfd.global/publication/guidance-by-biome/>
- [11] Taskforce on Nature-related Financial Disclosures. (2023). Recommendations of the Taskforce on Nature-related Financial Disclosures. TNFD. <https://tnfd.global/publication/recommendations-of-the-taskforce-on-nature-related-financial-disclosures/>
- [12] Taskforce on Nature-related Financial Disclosures. (2024). Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders. TNFD. <https://tnfd.global/publication/guidance-on-engagement-with-indigenous-peoples-local-communities-and-affected-stakeholders/>

Disclaimer

This report is intended solely for informational disclosure and does not constitute an offer, solicitation, or investment advice for any securities. Readers should not make investment or trading decisions based solely on this report. Some content contains forward-looking statements and management estimates, which may be adjusted due to changes in policies, regulations, scientific scenarios, or market conditions. For related methodologies and limitations, please refer to Section 5.1 "Financial Impacts and Strategic Resilience."



Chicony

2024 TCFD & TNFD Report

Task Force on Climate-related &
Nature-related Financial Disclosures Report