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### **Climate Action** Commitment

As a leading provider of information, electronic, and consumer products, integrity and pragmatism are not only the corporate culture but also the core values of Primax. Guided by these principles, we proactively manage risks and opportunities related to climate change and emerging risks, taking action to promote environmental protection and sustainable practices. We have formulated a strategic framework that aims to maximize environmental protection. Under this strategic framework, the Primax Group is committed to addressing and mitigating the impacts of climate change through initiatives of "Reduction of Environmental Carbon Footprint" and "Actions for Strengthening Climate Resilience" .

Chairman and Chief Executive Officer Pan, Yung-Chung



### **Embracing a Scientific Approach towards Net-Zero**

We pledge to achieve net-zero emissions by 2050 and have developed a pathway to reach this goal. We will set reduction targets based on the Science Based Targets initiative (SBTi) and systematically formulate policies and promote reduction plans. This will serve as the basis for setting TCFD goals and indicators. In 2023, The Group' s important production facilities, including the two plant sites of Chongging and Kunshan, have gualified the SBTi short-term target review, and we also continue to plan and implement SBT targets throughout the Group.





#### **Driving Green Design to Reduce Product Carbon** Footprint

Primax is actively promoting eco-design and green products by establishing a comprehensive green design framework. We are strengthening product design requirements, enhancing internal capabilities, and implementing management programs to minimize the environmental impact of our products from the outset. Our aim is to provide customers with environmentally friendly product solutions.

#### Collaborating with Suppliers to Achieve Carbon Reduction

SDGs 17, the goal of forging diverse partnerships, is at the core of our sustainability strategy. We aspire to lead our suppliers in jointly setting carbon reduction targets and enhancing sustainability capabilities. Primax has implemented important supplier engagement plan and progressively set up feasible targets based on the understanding of the current status of suppliers' energy management and carbon emissions. In addition, we also expand and strengthen our engagement with suppliers, in order to establish a sustainable value chain through joint implementation of carbon reduction. Ultimately, we seek to maximize Primax's influence on sustainability.



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### **Primax Group Key Milestones in Climate Transition**





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### 01 Disclosure Principles and Scope

While facing the issues of global warming, extreme climate, environmental protection and energy saving, safety and health as well as increasing awareness on conservation, Primax monitors the global climate trends and international responses closely and also includes climate change as one of the material issues and risks in relation to corporate sustainability. Ongoing analysis and control are underway to mitigate and adapt to greenhouse gas (GHG) emissions.

Since 2016, Primax Group has implemented the GHG emissions inventory inspection and has qualified the third-party verification. We also participate in the voluntary reduction program and disclose the GHG management information for the reference of stakeholders. Since 2021, we have officially signed to become one of the TCFD Supporters, and four core elements are disclosed according to the Task Force on Climate-related Financial Disclosures (TCFD): "Governance", "Strategies", "Risk Management", "Indicators and Goals" , in order to establish the risk framework, to identify risks and opportunities that may cause impact on the business operation, and to propose relevant response strategies, which have been published in the "Task Force on Climate-related Financial Disclosures (TCFD) Report" for the first time in 2022.

In 2023, Primax continued to prepare the TCFD Report according to the TCFD disclosure framework and with references to the International Financial Reporting Standards S2 (IFRS S2) announced by the International Sustainability Standards Board (ISSB). This report is Primax Group's third edition of "TCFD Report" and the report period is from January 1 to December 31, 2023. To enhance the information integrity of the report, the disclosure scope of the current year newly includes Primax's business location in Hsinchu and subsidiary Tymphany. The complete disclosure scope of the report is as follows. If any information disclosed in this report covers the supply chain, further description will also be provided in the content. Primax Group



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### 02 Disclosure Principles and Scope

### 2.1 Climate Governance Framework and Responsibilities

Primax has established an ESG Office under the Board of Directors and authorized the Chairman to designate the ESG Office as responsible for climate change risk assessment and management. Vice President Yen-Ying Chiang serves as the chair and established the Risk Assessment Taskforce by pulling together different functions. Risk and opportunity identification in relation to climate change is performed at least once per annum according to Primax' s risk management workflows set forth in the "Corporate Risk Management Policies and Procedures". The purpose is to evaluate and manage financial impacts, formulate responding strategies and define the targets of relevant items. Implementation results are reported to the Board of Directors each year. The Board of Directors provides guidance and reviews climate change risks and opportunities, assesses results, responding strategies and management performances. Measures are taken and ongoing monitoring is conducted on high-risk items. In this report, the management of climate change risks, strategies, and goal setting were reported by Yan-Ying Chiang, the Convener of the ESG Office and Vice President, to the Risk Management Committee, were also reported by Jia-Bin Duh, the Convener of the Risk Management Committee and Chairman, to the Board of Directors on November 8, 2023, and were approved.



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### 2.2 Climate Monitoring and Management

Primax Electronics established the Risk Management Committee in November 2021, as the dedicated unit for climate change issues. The Committee members are appointed by the Board of Directors. The current members include Chairman Duh, Jia-Bin, Director Pan, Yung-Chung, Independent Director Wu, Chun-Pang and Independent Director Wang, Chia-Chi. The convener is Duh, Jia-Bin. ESG Office reports to Risk Management Committee at least once a year. The Risk Management Committee reviews risk assessments, responding strategy and implementation results and its convener reports to the Board of Directors at least once each year. Risk management related information is disclosed as required by competent authorities via the Company' s website, sustainability reports and annual reports. In 2023, a total of 2 meetings were held, and the content and results of the meetings are as follows:

#### Supervision of climate change issues by the Board of Directors

| Date             | Meeting records  | Resolution                      |
|------------------|--|---------------------------------|
| June 2, 2023     | <ul> <li>Primax Group 2022 GHG Inventory Inspection Result Report</li> <li>Primax Group 2050 Net Zero Pathways Report</li> </ul> | All members present approved it |
| November 7, 2023 | Primax 2023 Operational and Climate Change Risk Assessment Report  |                                 |

To strengthen the knowledge of climate change-related issues among the Board of Directors and management, Primax Electronics regularly organizes training courses. A total of five relevant courses were planned in 2023, and the course content included net zero, circular economy, emerging risk and risk management, etc.

#### Climate Change Management Knowledge for the Board of Directors and Management

| Date of the Class | Name of the Class   | Class | Participants / Titles                 |
|-------------------|---|-------|---------------------------------------|
| March 28, 2023    | <ul> <li>How directors and supervisors supervise the establishment of<br/>company and implement comprehensive risk management system</li> </ul> | 3     | Chung-Pang Wu / Independent Director  |
| May 4, 2023       | 2023 global future risks and sustainability transition opportunity  | 1.5   | Ji-Ren Lee / Director                 |
| May 30, 2023      | <ul> <li>Climate change of corporate emerging risk</li> </ul>   | 3     | Chih-Kai Cheng / Independent Director |
| June 2, 2023      | • 2023 Taishin net-zero electronic summit forum   | 3     | Jia-Bin Duh / Chairman                |
| December 13, 2023 | • Corporate circular economy and sustainable development  | 3     | Yung-Tai Pan / Director               |

### 2.3 Climate Incentive Mechanism

It is undeniable that climate change has given rise to extreme weather conditions throughout the world, and considering how the greenhouse effect plays a major role in this development, immediate actions must be taken to reduce greenhouse gas emission. As a global citizen, Primax encourages company staff to improve continuously via the establishment of incentive mechanism and has also established the "Management and Control Regulations on Energy Efficiency and Waste Reduction" for all employees, including proposals for energy efficiency and carbon reduction. The proposers are rewarded with merit points based on project effects, and year-end performance bonuses are distributed according to the Regulations Governing Employee Rewards and Penalties. Furthermore, in 2022, we developed a sustainability strategy blueprint. Starting from 2023, senior executives at the level of Vice President and above will have their compensation linked to sustainability performance, with a variation of 10-15%, including targets such as smart manufacturing and greenhouse gas reduction.

Since 2024, the implementation of green production from low-carbon design and development to low-carbon manufacturing has been accelerated, including energy-saving density reduction performance indicators for regional manufacturing supervisors and R&D highest supervisors' completion of low-carbon product project development, etc., such that the 5~10% of the annual performance is affected.



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# **Climate Risk and** Ψÿ Opportunity Assessment

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### 03 Climate Risk and Opportunity Assessment

### 3.1 Climate Risk and Opportunity Identification Process and Assessment Method

Primax has established a Risk Management Committee. ESG Office serves as the convener, driver and implementer for Risk Assessment Taskforce. It researches and assesses relevant laws and initiatives domestic and overseas in relation to climate change. The purpose is to serve as a template for the Company' s environmental policies to align with domestic development trends and enhance the Company' s ability to respond to climate change. The climate risk and opportunity identification process is as follows:



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The Risk Assessment Taskforce follows the "Corporate Risk Management Policies and Procedures" to conduct risk assessments. The evaluation criteria include three main factors of "Probability," "Impact Level," and "Appetite" . These criteria are measured against the defined scoring scales for impact level, probability and appetite, as outlined in the Company's impact scale, probability scale, and appetite scale. The probability measurement considers the chance of occurrence or frequency of risks based on past occurrences. Impact measurement primarily focuses on quantifying financial impacts and is supplemented with qualitative descriptions such as operational disruptions, customer loss, or reputational damage. Tolerance measurement assesses the risk impact level acceptable to the Company, and the Company' s recovery capability and response capability after impact. The assessment is conducted based on three timeframes: "short-term (1-3 years)," "medium-term (3-5 years)," and "long-term (5-10 years)." During the assessment, the expected occurrence timeframe for each risk item is determined to further discuss corresponding strategies for short-term, medium-term, and long-term risks. This serves as a basis for regular review and adjustment.



The risk (including climate change opportunity assessment) classification of our company is determined based on the factors of "likelihood" and "impact." The risk grade is determined by multiplying the scores of these two factors and locating the position on the risk and opportunity matrix. This helps identify the risks that need to be addressed. The management team develops risk mitigation plans for high-risk items and ensures ongoing monitoring and improvement. In addition, the audit unit also includes the execution of key programs in the audit plan for periodic inspection.



Medium

To be decided based on the

situation

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### 3.2 Climate scenario development

Climate change related risks and opportunities have influence over the Company's strategy and financial planning. We use both quantitative analysis and qualitative analysis on climate change scenarios in order to adopt the responding strategies accordingly. With regard to the transition risk, the Company performs risk simulation and discussion on the two main hypothetical scenarios of Net Zero Emissions by 2050 Scenario (NZE) and Stated Policies Scenario (STEPS) according to the latest World Energy Outlook 2023 (WEO 2023) announced by the International Energy Agency (IEA). To maintain the consistency with the assessment basis for the scientific basic reduction goal, the Company mainly adopts the most rigorous NZE scenario (temperature increase is controlled at 1.5° C), in order to be used as the Company's climate change simulation scenario, in order to perform risk/opportunity assessment strategy discussion.

In addition, for the physical risks, the Company simultaneously simulates the risk impact level under the scenarios of SSP1-1.9, SSP1-2.6 and SSP5-8.5 in IPCC AR6 according to the Sixth Assessment Report (AR6) announced by the UN Intergovernmental Panel on Climate Change (IPCC). In addition, information inferred from the past actual occurrence situations and relevant climate change includes: Sea-level rise simulation scenario<sup>Note 1</sup> of Climate Central, Aqueduct Water Risk Atlas<sup>Note 2</sup> of World Resources Institute (WRI), and Taiwan Climate Change Projection and Information Platform Project (TCCIP)<sup>Note3</sup>, etc., as the references for the assessment of physical risks.

Note 1: Sea-level rise simulation prediction scope includes: Primax Group' main business locations and key customers in Taiwan, mainland China, and Thailand. Note 2: Water resource stress assessment scope includes: Primax Group' main business locations and key customers in Taiwan, mainland China, and Thailand. Note 3: The prediction scope includes: Primax Group' s business locations and key customers in Taiwan.

#### **Climate Scenario Selection Description**

| Source of<br>Scenario | Climate Scenario                              | Scenario Description   | Scenario Selected<br>by Primax    |
|-----------------------|---|--|-----------------------------------|
| IEA                   | NZE Net Zero<br>Emissions<br>Scenario         | Countries around the globe aims to achieve the goal of temperature rise of 1.5°C, the common use of renewable energies in 2030, and the goal of achieving net zero emissions in 2050. For the short-term goal, it is necessary to reduce the use of fossil fuel, and to achieve the key objective of increase of the use of renewable energies and energy efficiency. For the medium and long-term goals, it is to achieve the technology development for large amount of negative emissions and low emission fuel, in order to promote the safe and affordable net-zero transition. | Transition<br>Risks/Opportunities |
|                       | APS Declaration<br>and Commitment<br>Scenario | The latest climate commitments of various countries are considered, including the Nationally Determined Contributions (NDCs) and long-term net zero goals. Assuming that these commitments can be achieved according to the schedule, the global emissions is expected to be reduced by 1/3 in 2050, and the global average temperature rise in 2100 is expected to be approximately 1.7°C higher than the temperature at the time before industrialization.   |                                   |
|                       | STEPS Predefined<br>Policy Scenario           | The predefined climate change measures and development under specific policies established as well as possible challenges are discussed. Accordingly, global average temperature rise in 2100 is expected to be approximately 2.4°C higher than the temperate at the time before industrialization.  | Transition<br>Risks/Opportunities |
|                       | SSP1-1.9                                      | For the extremely low emissions mitigation scenario, the global effective reduction of CO2 emissions is expected to reach net zero emissions by approximately 2050.  | Physical Risk                     |
| IPCC AR6              | SSP1-2.6                                      | For the low emissions mitigation scenario, the global attempts and slowly reaches the sustainable development goals (SDGs), and net zero emissions is expected to be achieved by approximately 2075.   | Physical Risk                     |
|                       | SSP2-4.5                                      | For the medium emissions scenario, under the regional competition, countries focus more on the economy and safety issues in the region, and the CO2 emissions will start to decrease until the Atlas Note mid-century, such that net zero emissions will not be achieved before 2100.  |                                   |
|                       | SSP3-7.0                                      | For high emissions scenario, the environmental policies may only be implemented at regions of medium and high income, and the CO2 emissions is expected to be doubled by approximately 2100.   |                                   |
|                       | SSP5-8.5                                      | For extremely high emissions scenario, there are nearly no climate management policies, and the CO2 emissions is expected to be doubled by approximately 2050.   | Physical Risk                     |

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#### IEA Climate Scenario Carbon Emissions Pathway



#### **IPCC AR6 Climate Scenario Carbon Emissions Pathway**



06 Climate Indicators and Goals

### 3.3 Physical Risk Scenario Simulation Assessment

To further understand the impact of physical risks on the operation of Primax Group, before the climate risk assessment, the Company conducts assessment according to the SSP1-1.9, SSP1-2.6 and SSP5-8.5 emissions scenarios in IPCC AR6, and the assessment includes potential and actual disasters caused by the risks of sea-level rise, water resource stress, typhoon, increase of natural calamity insurance fee, temperature rise, extreme temperature events. The Risk Assessment Taskforce considers the past historical events, actual response measures, scenario assessment results and potential financial impact, along with the additional simulation assessment time for different physical risks, in order to comprehensively consider the impact and probability of occurrence of various risks.

The scope of the present physical risk scenario simulation assessment conducted covers the Primax Group' s business locations and main suppliers of the top 80% of transaction amounts. According to the currently accessible climate model and simulation data, the scope is further divided into the two parts of the global scope (including Taiwan) and the scope of Taiwan in order to perform analysis. The analysis of the risk items and the source of scenario prediction are described in the following table.

Climate physical risk assessment is conducted according to the simulation scenario analysis information, and the result indicates that all of the risks are of low and medium levels, and there are no high risk items. In a short term, the impact on Primax's operation and finance is relatively low. Nevertheless, the Company will still continue to track possible changes and impacts of scenarios according to the scenario assessment result, in order to plan, adjust and manage plans along with the implementation of response measures. For the detailed physical risk assessment, adaptation and management strategies, please refer to "V. Physical Risk Response and Adaptation".

#### is 2015~2100. Note 2: "Water resource stress" is performed according to the Aqueduct Water Risk Atlas of the World Resources Institute (WRI) and assessment is made based on the future model for 2015~2045. Accordingly, the simulation assessment time is 2015~2045.

- ture" all make reference to the scope of short/medium/long-term timeline defined by Primax Group, and the simulation assessment time is 2023~2033.
- Note 3: "Risk derived from water resource stress power shortage/rationing", "Flood", "Drought" and "High tempera-

Note 1: "Seal-level rise" refers to the regional sea-level rise prediction proposed by Strauss et al. (2015) based on the use of analytic software of Climate Central, and the prediction is made according to the Fifth Assessment Report (AR5) announced by the Intergovernmental Panel on Climate Change (IPCC). Accordingly, the simulation assessment time

Global Scope (including Taiwan 5 SSP5-8.5 Drought 3 2023-2033 Scope of Taiwan Low Low Medium

3

#### **Physical Risk Scenario Simulation Assessment Result**

**Physical Risk Item** 

High temperature

|   |                      |   | (Location) | Suppliers (Number of Suppliers) | Time Note | term   | um-term | Long-term |
|---|----------------------|---|------------|---------------------------------|-----------|--------|---------|-----------|
|   | SSP1-1.9<br>SSP5-8.5 | Rising sea level  | 10         | 34                              | 2015-2100 | Low    | Low     | Low       |
| ) | SSP1-2.6<br>SSP5-8.5 | Water Resource<br>Stress  | 10         | 34                              | 2015-2045 | Low    | Low     | Low       |
|   | Past Event           | Risk of power<br>shortage/rationing<br>derived from water<br>shortage | 10         | _                               | 2023-2033 | Low    | Low     | Low       |
|   | SSP5-8.5             | Flood   | 3          | 5                               | 2023-2033 | Medium | Medium  | Medium    |

5

Subject

#### **Physical Risk Distribution of Primax Group**



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Scenario

electio

SSP5-8.5

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Simulation

2023-2033

Low

Medium

Low

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### 3.4 Climate Change Risk and Opportunity Identification Result

The Risk Assessment Taskforce, based on the questionnaire scales, considers international trends, existing company measures, and scenario simulation result in order to evaluate the score, following which the ESG Office then engages in discussion according to the evaluation score result, and finally, four climate change risks and three climate change opportunities are identified. Meanwhile, the result is compared with the evaluation result of last year. For the current year, the transition risk of "Introduction of Low-carbon Production Technology" has been adjusted from high risk to medium risk. After the key risks and opportunities are identified, the ESG Office then convenes TCFD risk and opportunity response strategy discussion meeting, in order to determine the Company's future climate change-related strategies.

| Risk  | Topic Description  | Time horizon | Likelihood       | Financial impact | Appetite         |
|---|--|--------------|------------------|------------------|------------------|
| Mandatory Climate<br>Information Disclosure<br>and Reporting      | To cope with the climate change impact and international attention on sustainability topic, countries around the globe have established relevant regulations one after another, and enterprises are requested to disclose climate information, such as GHG inventory inspection result.  | Short-term   | Very significant | Significant      | Very significant |
| Increase of customer<br>demands in response to<br>climate change. | As the market trend changes, customer demands for the use of recyclable materials, use of green energies and increase of energy efficiency during the product use stage also increase. If customer demands cannot be satisfied, the demands for products and services may also decrease. | Short-term   | Very significant | Very significant | Significant      |
| Impact on Corporate<br>Reputation                                 | When the stakeholders' climate change-related expectations cannot be satisfied, it may cause damage to the corporate reputation, resulting in loss of market sales, or GHG emissions may cause stigmatization.   | Short-term   | Significant      | Very significant | Very significant |
| Widespread<br>Sustainability<br>Assessments                       | Stakeholders, such as international rating agencies (MSCI, CDP and DJSI, etc.) and customers (audits/questionnaire surveys, etc.) demand disclosure of climate risks related information and improvement of management performance.  | Short-term   | Significant      | Very significant | Very significant |

Note: For the current year, the topic name of "Increase of Green Product Demand" is changed to "Increase of Customer Demand Related to Climate Change", and the topic name of "Nonconforming with Customers' ESG Requirements" is changed to "Impact on Corporate Reputation", in order to match with the climate change scenario actually faced by Primax.

| Opportunity Topic                      | Topic Description   | Time horizon | Likelihood       | Financial impact |
|--|---|--------------|------------------|------------------|
| Low carbon products and services       | The Company develops new low-carbon product technologies, increases the use ratio of recycled materials and increases product energy efficiency, in order to satisfy customer demands for low-carbon products.  | Short-term   | Very significant | Significant      |
| Enhancement of<br>Corporate Reputation | The Company actively participates in the sustainability initiatives and assessment and improves the stakeholder sustainability evaluation score, in order to improve the corporate green image.   | Short-term   | Very significant | Very significant |
| Entry into new<br>markets              | To cope with the climate transition, automotive market has been changed, and the internal combustion engine vehicles have been changed to the electric vehicles market. Primax actively develops relevant products, in order to seize market opportunities. | Short-term   | Significant      | Very significant |



#### Climate change risk matrix



#### Climate change opportunity matrix



X-axis: Probability -

Note: • is the key risks and opportunities for the current year.

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The period of the present assessment is divided into short-term (2024-2025), medium-term (2026-2028), and long-term (2029-2033). During the assessment, the expected occurrence timeframe for each risk and opportunity item is determined. Based on Primax's "Corporate Risk Management Policies and Procedures," the risk levels are categorized as 3 (high), 2 (medium), and 1 (low) to assess risks that may have significant impacts. Risk response measures are developed according to the different timeframes and risk levels. High-risk items require immediate handling and mitigation plans, while the reporting and decision-making for medium-risk items depend on the circumstances. The following table illustrates the identified risks and opportunities that have significant impacts in the short, medium, and long term for the current year. We will continue to monitor changes in the risk and opportunity levels and the positioning in the short, medium, and long-term timeframes through annual assessments. In addition, relevant information will be promptly reported, and decisions will also be made accordingly.

#### Short/Medium/Long-Term Climate Risk and Opportunity Matrix



Note: • Risk • Opportunity



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# Climate Strategy and Financial Impact



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### 04 Climate Strategy and **Financial Impact**

### 4.1 Financial Impact Assessment of **Climate Risks and Opportunities**

Based on the identified risks/opportunities, the company estimates the potential financial changes that climate change may bring to Primax. It formulates risk response strategies and conducts cost and benefit assessments for "Cost Management" and "Benefit Management." The financial impact of climate risks/opportunities is assessed and estimated for the short term (2024-2025), medium term (2026-2028), and long term (2029-2033) timeframes.

#### Financial Transition for Climate Risks and Opportunities

#### Ratio of Climate Risk and Opportunity Benefit Over Revenue

For the identified risk/opportunity items, their corresponding strategies, actions, and expected output benefits are quantified as financial information. The analysis of their impact on revenue composition is presented in the following chart. For the short term (2024-2025), the financial impact is estimated to be approximately 2.07% of the revenue. For the medium term (2026-2028), the financial impact is estimated to be approximately 9.19% of the revenue. For the long term (2029-2033), the financial impact is estimated to be approximately 10.52% of the revenue.

#### Ratio of Climate Risk and Opportunity Cost Over Revenue

The expected investment cost for all corresponding strategies is summarized according to the risk and opportunity items identified, and such cost includes the addition of facility equipment, increase of R&D cost, cost for recycled materials, and investment in sustainability projects, etc. The financial impact scenario of Primax with respect to the climate change investment cost up to the year of 2033 is estimated. For the short term (2024-2025), the financial impact is estimated to be approximately 1.45% of the revenue. For the medium term (2026-2028), the financial impact is estimated to be approximately 1.27% of the revenue. For the long term (2029-2033), the financial impact is estimated to be approximately 1.24% of the revenue.

|                    | Assessment of Financial Impacts of Climate Change Issues    |          |          |                  |          |           |  |                 |               |
|--------------------|---|----------|----------|------------------|----------|-----------|--|-----------------|---------------|
|                    | Climate Risk /  |          | Cost /   | Capital          | Profit   |           | Impact on Operating Revenue<br>(Management Efficiency) |                 |               |
|                    | Opportunity Topics  | Revenue  | Expense  | Expendi-<br>ture | or Loss  | Cash Flow | Short-<br>term   | Medium-<br>term | Long-<br>term |
| Risks              | Mandatory Climate Information<br>Disclosure and Reporting   |          | Increase |                  | Decrease |           |  |                 |               |
| Risks              | Impact on Corporate Reputation                              | Decrease | —        |                  | Decrease | Decrease  |  | 10.49%          | 10.49%        |
| Risks              | Widespread Sustainability<br>Assessments                    |          | Increase |                  | Decrease |           | 10.49%   |                 |               |
| Oppor-<br>tunities | Enhancement of Corporate<br>Reputation                      | Increase |          |                  | Increase | Increase  |  |                 |               |
| Risks              | Increase of customer demands in response to climate change. |          | Increase |                  |          | Decrease  | 1.000/   | 1 220/          | 1.220/        |
| Oppor-<br>tunities | low carbon products and services                            | Increase | Decrease |                  | Increase | Increase  | 1.23%  | 1.23%           | 1.23%         |
| Oppor-<br>tunities | Entry into new markets                                      | Increase | Increase | Increase         | Increase | Increase  | 3.27%  | 10.39%          | 11.71%        |

#### **Ratio of Climate Risk and Opportunity Benefit Over Revenue**





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### 4.2 Climate Change Risk and Opportunity Strategy

### Climate-related Risk and Opportunity Identification Result and Strategy

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|                                      | High-Risk/Opportunity Analysis and Corresponding Strategy  |   |   |  |   |  |  |
|--------------------------------------|--|---|---|--|---|--|--|
| Scenario<br>Setting                  | Potential impact scenarios description   | Risk category   | Potential Financial Loss Risks  | Opportunities                          | Potential Financial<br>Benefit Opportunities  | Corresponding Strategies   |  |
| NZE<br>Scenario                      | Under the global trend of net zero emissions, sustainabil-<br>ity assessment institutions and domestic and foreign<br>laws are expected to impose stricter requirements on the<br>climate management. If the Company cannot satisfy  | Mandatory Climate<br>Information<br>Disclosure and<br>Reporting   | <ul> <li>Relevant costs related to<br/>penalties due to violation of laws<br/>after competent authority's<br/>audit may result in the increase<br/>of cost</li> <li>Damage to reputation caused by<br/>non-compliance with regulations</li> </ul> | Enhancement of                         | <ul> <li>Increase of revenue due to</li> </ul>  | <ul> <li>Implementing various management systems to strengthen<br/>ESG performance in all aspects and to reduce risks</li> <li>Disclosing ESG information through platforms such as annual<br/>sustainability reports and websites, and actively responding<br/>to stakeholder expectations</li> <li>Since 2021 the Company has introduced the TCED framework</li> </ul>   |  |
|                                      | relevant requirements, it may cause direct impact on the corporate reputation, or customers' impression on Primax may even be affected.  | Impact on Corporate<br>Reputation                                 | <ul> <li>Loss of customers, decrease of<br/>product demands, resulting in<br/>decrease of revenue</li> </ul>  | Corporate<br>Reputation                | increase of customer orders<br>and improvement of business<br>reputation  | to identify and disclose climate-related risk information, as<br>well as participating in initiatives such as CDP, DJSI, RE100 in<br>order to enhance the demonstration and communicate of   |  |
|                                      |  | Widespread<br>Sustainability<br>Assessments                       | <ul> <li>Increase of investment cost of<br/>Sustainability Assessments</li> <li>Damage to reputation caused by<br/>poor Sustainability Assessments<br/>scores</li> </ul>  |  |   | sustainability performance. In addition, the Company als<br>seeks loan rate incentives in order to increase revenue and t<br>improve business reputation   |  |
| STEPS<br>Scenario<br>NZE<br>Scenario | Under the promotion of existing policies, the electric vehicle market has increased progressively in recent years. As the goal of net zero becomes more prominent, such trend is expected to drive the rapid development of the overall electric vehicle market. Primax also actively invests in the development of automotive products and establishes production capacity planning, in order to seize the electric vehicle market opportunities  |   |   | Entry into new<br>markets              | <ul> <li>Increase of customer orders,<br/>leading to increase of revenue</li> </ul>   | <ul> <li>Establish regional supply bases and overseas factories to meet<br/>the localization requirements of the automotive</li> <li>Continuously improving the product design capabilities,<br/>manufacturing technology, and supply chain management in<br/>the automotive market</li> <li>Improving the establishment of automotive industry system<br/>and satisfying requirements</li> </ul>  |  |
| STEPS<br>Scenario<br>NZE<br>Scenario | As the international net-zero policy evolution continues,<br>the market demand for low-carbon products also<br>increases. If enterprises cannot satisfy market demands<br>early and improve product competitiveness, they may<br>lose orders. In view of such trend, presently, Primax<br>actively establishes the internal system and enhances<br>customer communication, in order to satisfy and even<br>achieve customer demands early, thereby enhancing the<br>corporate sustainability competitiveness | Increase of customer<br>demands in response<br>to climate change. | <ul> <li>Decrease of product<br/>competitiveness and loss of<br/>customers, resulting in<br/>decrease of revenue</li> </ul>   | Low carbon<br>products and<br>services | <ul> <li>Enhancement of ESG<br/>capability, improvement of<br/>green design system, and<br/>reduction of cost</li> <li>Satisfying customer demand<br/>for green design, resulting in<br/>increase of revenue</li> </ul> | <ul> <li>Establishing a comprehensive green design system, enhancing requirements for product green design, establishing internal capabilities in order to achieve the commitment on SBT Scope 3 reduction targets, and establishing management programs (including LCA analysis and various ECO design techniques) in order to reduce the impact of products on the environment and climate change</li> <li>To achieve the commitment on SBT Scope 3 reduction targets, the Company strengthens the low-carbon product design capabilities, in order to satisfy customer demands and global green design requirements</li> <li>Collaborate with customers to jointly plan innovative products and to enhance customer product image and value, in order to allow customers to accept necessary costs and to reflect such cost in the selling price</li> </ul> |  |

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Transition Opportunity - Entering New Market of Electric Vehicle

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In 2022, the global electric vehicles sales volume exceeded the scale of ten million units for the first time, and in comparison with 2017, the market growth in five years increased by nearly 10 folds. According to the estimates of IEA "WEO2023", in view of the promotion of the current policies and regulations, the global electric vehicle market is expected to reach 40% in 2030. Furthermore, as countries worldwide aim to achieve net zero emissions more actively, the global electric vehicle market share in 2030 will exceed 60%.

In response to the market opportunities of climate transition, Primax actively develops electric vehicle related products, plans regional supply sites, establishes overseas factories, introduces new manufacturing process equipment, and continues to improve the automotive market product design capability, in order to enhance the supply chain management and to seize market opportunities.

### Transition Risk - Increase of Customer Demands in Response to Climate Change.

As the market trend changes, customer demands for the use of recyclable materials, use of green energies and increase of energy efficiency during the product use stage also increase. If the international green trend and customer demands cannot be satisfied, enterprises may lose product competitiveness, such that the demands for products and services may also decrease. In view of the above, Primax Group continues to strengthen the R&D capability, including the investment in R&D expenses, improvement and continuous cultivation of R&D staff' s capabilities. In addition, through the management plans of establishment of a comprehensive green design system, enhancement of requirements related to product green design, development of internal capabilities, commitment in emissions reduction, implementation of LCA analysis and various ECO design methods, etc., in order to reduce the impact of products on the environment and climate change.

Furthermore, the establishment and use of renewable energies is also a topic concerned by customers. According to the estimates of IEA "WEO2023", for the Stated Policies Scenario (STEPS), 60% of the new production capacity will be renewable energies in 2030, and the renewable energy power generation in 2050 will be increased by 5 folds. Moreover, under the Announced Pledges Scenario (APS), it will be increased by more than 10 folds.

Primax Group has set up the goal of achieving 100% use of renewable energies (RE100) in 2040. Up to the year of 2023, RE30 has been achieved. In addition, Primax will continue to install solar panels at plant sites and purchase renewable energy certificates (REC), and will also actively establish renewable energy policies, in order to achieve the Group' s goal of RE100.

For low-carbon product innovative designs, please refer to Primax Group 2023 ESG Report "4.6 Green Product Health and Safety Management" for details.



#### Impact of Entering Electric Vehicle Market on Primax's Financial Status (Revenue Ratio)

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### **05 Physical Risk Response and Adaptation**

### 5.1 Global Physical Risk Assessment

Under the global scope, the physical risks of Primax Group's business locations and important suppliers can be divided into two main physical risks of sea-level rise and water resource stress. The impacts of the two main risks of the Company's operation are comprehensively assessed and described in the following respectively.

### 5.1.1 Adaptation and Management of Sea-level Rise Risk

For the physical risk of sea-level rise, Primax Group uses the sea-level rise simulation scenario (Climate Central) with the global temperature rise of 1.5° C and 4° C in order to perform simulation analysis. The scope of analysis covers all business locations and important suppliers of Primax and Tymphany, in order to further understand the impact of sea-level rise on the actual operating activities of Primax Group.

### Sea-level Rise Simulation Analysis Result

The sea-level rise simulation analysis result indicates that under the scenario of global temperature rise of 1.5° C, a total of one business location of Primax (Kunshan) and four suppliers would face the sea-level rise risk. Under the scenario of global temperature rise of 4° C, a total of five business locations of Primax (Taipei headquarters, Dongguan, Kunshan), Tymphany (Taipei, Dongguan) and seventeen suppliers would face the sea-level rise risk. The rest of business locations and suppliers indicate that they face no such risk according to the analysis result; however, we continue to monitor the climate change trend and possible supply chain impact.

| Sea-level Rise Risk                            | Primax Business Location   | Number of<br>Suppliers |
|--|--|------------------------|
| Risk exists under<br>temperature rise of 1.5°C | Primax (Kunshan)   | 4                      |
| Risk exists under temperature rise of 4°C      | Primax (Taipei, Dongguan, Kunshan),<br>Tymphany (Taipei, Dongguan)     | 17                     |
| Currently, there is no risk                    | Primax (Hsinchu, Chongqing, Thailand), Tymphany<br>(Thailand, Huizhou) | 17                     |
|  |  |                        |



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#### Adaptation and Management of Sea-level Rise Risk

To reduce the impact of physical risks on the actual operation of Primax Group, the Company has established corresponding response measures. In addition, for high risk suppliers, they are requested to provide their own response strategies, such that the response strategies provided by the supply chain may become the basis for Primax Group' s future risk assessment, and the stability of the supply chain can be further managed.

|                                 | Contingency Measures Explanation   | Primax Business Location   |
|---------------------------------|--|--|
| Primax<br>Business<br>Locations | <ul> <li>Distributed locations of new plant sites</li> <li>Production capacity transfer plan</li> </ul>  | <ul> <li>Primax Group has established the Thailand plant site in 2020 and continues to implement production capacity transfer, in order to facilitate the diversification of physical risks.</li> <li>Primax Group's Zhubei R&amp;D Center is expected to be activated for operation in 2025, and it will be used as the remote backup location for the Taipei Headquarters.</li> <li>The impact urgency on the business locations of Primax Group caused by sea-level rise is monitored continuously, and adaptation strategies, such as production capacity transfer plan, are also assessed.</li> </ul> |
| Suppliers                       | <ul> <li>Inspect the supply current status of<br/>suppliers with potential risks</li> <li>Planning of diverse supply sources</li> <li>Production capacity transfer plan</li> </ul> | <ul> <li>Inspect the current locations of key supply chain current status, and distribute supply chain locations to other technology and industrial parks, in order to prevent over concentration of suppliers at one single area</li> <li>Pay attention to the impact urgency of sea-level rise, and assess its adaption strategies, such as production capacity transfer plan</li> </ul>   |

### 5.1.2 Adaptation and Management of Water Resource Stress

Water resource stress refers to the usability, water quality or accessibility of water, in order to satisfy the demands of mankind and ecology for water resources, which is typically used as one of the assessment indicators to determine whether a region or country is subject to the risk of water shortage or drought. For the water resource stress risk assessment, Primax Group performs simulation analysis with the use of the water stress risk scenario for all regions in the world (Water Risk Atlas) provided by the World Resources Institute), and the analysis models of Baseline and Future models are used according to the short/medium/long time interval in order to perform analysis. The Baseline model uses the year of 2023 as the baseline to perform model prediction; the Future model sets the simulation time to the year of 2030, the long-term water resource stress trend from 2015 to 2045 is covered. In addition, the Optimistic (SSP1-2.6 scenario) and Pessimistic (SSP5-8.5 scenario) are used for the simulation, in order to predict the impact of water resource stress on the actual operating activities of Primax Group under different scenarios. In view of the analysis result of the Baseline and Future models, most of the business locations/suppliers in Taiwan and China are at low or medium risk, and the business locations and some of the suppliers in Thailand may face the risk of water resource shortage.

#### **Baseline Model Analysis Result**

| Water Resource Stress | Primax (Location)   | Suppliers (Number<br>of Suppliers) |
|-----------------------|---|------------------------------------|
| Low-Medium (1-2)      | Primax (Taipei, Hsinchu, Chongqing),<br>Tymphany (Taipei) | 10                                 |
| Medium-High (2-3)     | Primax (Dongguan), Tymphany<br>(Huizhou, Dongguan)        | 18                                 |
| High (3-4)            | Primax (Kunshan)  | 2                                  |
| Extremely High (4-5)  | Primax (Thailand), Tymphany (Thailand)                    | 4                                  |

#### **Future Model Analysis Result**

| Water Resource Stress | Primax (Location)   | Suppliers (Number<br>of Suppliers) |
|-----------------------|---|------------------------------------|
| Low (<10%)            | Primax (Chongqing)  | 6                                  |
| Low-Medium (10-20%)   | Primax (Taipei, Hsinchu, Dongguan), Tymphany (Taipei, Dongguan) | 20                                 |
| Medium-High (20-40%)  | Primax (Kunshan), Tymphany (Huizhou)                            | 2                                  |
| High (40-80%)         | <u> </u>  | 1                                  |
| Extremely High (>80%) | Primax (Thailand), Tymphany (Thailand)                          | 5                                  |

Note: In the Future model, the sea-level rise results predicted according to the two Optimistic and Pessimistic scenarios are the same.

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### Adaptation and Management of Water Resource Stress

To reduce the impact of physical risks on the actual operation of Primax Group, the Company has established corresponding response measures. In addition, for high risk suppliers, they are requested to provide their own response strategies, such that the response strategies provided by the supply chain may become the basis for Primax Group' s future risk assessment, and the stability of the supply chain can be further managed.

|                              | Contingency Measures Explanation  | Specific Actions   |
|------------------------------|---|--|
| Primax Business<br>Locations | <ul> <li>Implement internal water saving plan, in order to increase water consumption recovery rate</li> <li>Continue to search backup water plan or well</li> <li>Include rainwater recycle establishment plan during the establishment of new facility in the future</li> <li>Activate emergency response plans during short-term water outage/rationing</li> <li>Activate production capacity backup plan during long-term water outage/rationing</li> </ul> | <ul> <li>Primax Group (Taipei Headquarters, Primax Dongguan, Primax Chongqing, Primax Kunshan, Tymphany Dongguan, Tymphany Huizhou, Primax Thailand, Tymphany Thailand) has qualified the ISO 14046:2014 water footprint inventory inspection in 2023 and the certification statement has been obtained, in order to strength the water resource use efficiency of Primax Group.</li> <li>Primax Group's water consumption in 2023 is reduced by 91,070 m3 from the water consumption in 2022, decreased by approximately 10.45%. The water consumption intensity was 12.90 m3/NT\$ million, an increase of 17.31% from 2022, but decreased by 6.61% from the water consumption intensity in the base year of 2020.</li> <li>Primax Dongguan promotes the water recovery system, and Primax Chongqing implements RO wastewater recovery. In 2023, the total tap water recovery volume was 39.42 million liters, and the recovery percentage accounted for 5.05% of the total water consumption of the Group, an increase of 9.87% from last year. The Company will continue to improve the water recovery system, in order to reduce Primax's dependence on the water resource year after year.</li> </ul> |
| Suppliers                    | <ul> <li>Activate water risk communication with suppliers according to<br/>the assessment result</li> </ul>   | • Investigation of the water consumption status of important suppliers is planned and activated, inspect the current water consumption status and internal implementation measures of suppliers, including water saving and storage plans. For important suppliers with relatively high environmental impact, they are encouraged to introduce the ISO system, and education and training on water-saving related topics will continue to be organized in the future, in order to increase suppliers' relevant awareness on water management and to assist them to set up water-saving goals with periodic inspection and review.  |

### Risk of power shortage/rationing derived from water shortage

In view of the expected risks faced by Primax Group due to water resource stress, in addition to that domestic facilities may face schedule adjustment and operation interruption during dry season, plant sites in China relying on hydroelectric power generation may also face major challenges of power supply due to water supply conditions. Primax Group' s business location in Chongqing had water outage in 2022, and backup power solution was activated at that time, such that operation and production capacity were not affected. For short and medium terms, the impact on the business locations of Primax is still relatively low; however, based on the consideration of continuous increase of power demand in a long term, the Company still needs to establish relevant strategies, in order to reduce negative impact on the Company caused by unexpected events, and to enhance the Company' s resilience for business continuity. With regard to the power shortage/ rationing, the Company has established plans in terms of the two main aspects of business locations and suppliers.

|                              | Contingency Measures Explanation  | Specific Actions  |
|------------------------------|---|---|
| Primax Business<br>Locations | <ul> <li>Establish business continuity management plan and<br/>ensure the effectiveness of the backup power solution</li> <li>Continue to increase the ratio of renewable energies</li> <li>Optimize process performance, and increase energy use<br/>efficiency</li> </ul> | <ul> <li>Ensure the effectiveness of "Business Continuity Management Plan", set up emergency response team in case of actual occurrence of accident, activate emergency response mechanism, establish emergency backup plan, backup power generator, and maintain essential operation and production activities of the plant site, and assist suppliers and customers to face emergency situations and to handle subsequent recovery plans.</li> <li>Since 2022, the plant sites of Primax Dongguan and Primax Chongqing have installed the solar power generation facilities, and up to the end of 2 the capacity of 1.295MW has been established and a total of 1,265,645 kWh of electricity has been generated. In addition, the installation of solar power generation facility is also gradually expanded to other plant sites.</li> <li>Through equipment or design optimization method, the basic product efficiency of production lines is increased, and the production energy consumption and process complexity are reduced in order to increase the power and resource consumption efficiency.</li> </ul> |
| Suppliers                    | <ul> <li>Production schedule with flexible adjustment due to<br/>unexpected change</li> <li>Activate the communication with key material suppliers<br/>on emergency response plan and backup power solution<br/>for power shortage/rationing</li> </ul>                     | <ul> <li>Verify the shipping time with customers/suppliers urgently according to the demands during occurrence of power shortage/rationing and adjust production plan flexibly</li> <li>Maintain operation and production activities of key material suppliers, and establish emergency response plan</li> </ul>  |

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### 5.2 Taiwan Physical Risk Assessment

Regarding the physical risk analysis of Primax Group' s business locations and important suppliers under the scope of Taiwan, the Company discusses the potential hazards of climate risks on Primax Group according to the short/medium/long term assessment period defined in the aforementioned Section 3.2, in order to present the risk status of business locations and important suppliers in Taiwan under different time dimensions.

### 5.2.1 Adaption and Management of Drought, Rainfall and High Temperature

To cope with the potential hazards caused by short/medium/long-term climate risks on Primax Group, the Company uses the simulation data of the platform of Disaster Risk Adaptation (Dr.A) and the extremely high emissions scenario of IPCC AR6 SSP5-8.5 is selected for the climate scenario, in order to discuss the impact of the continuously intensifying natural disasters caused by three main factors of drought, rainfall and high temperature on the business operation of Primax Group.

### Adaption and Management of Drought, Rainfall and High Temperature



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From the simulation result, it can be understood that the physical risk of "Flood" is relatively higher than the other two risks, and the risk of causing impact on the operation of Primax Group is relatively higher. Accordingly, for the business locations and important suppliers in the scope of Taiwan, the Company additionally uses the 3DDisaster Potential Map provided by the National Science and Technology Center for Disaster Reduction, in order to simulate the potential flood disaster of business locations and important suppliers of Primax under different rainfall scenarios. The result indicates that there is one important supplier of Tymphany located at the high flooding risk area. After verification, this supplier performs office operation at its location in Taiwan such that no production operation is affected directly. However, based on the consideration that it is a key supplier with continuous cooperation, to reduce the risk of shipping interruption of such supplier due to flood disaster, Tymphany has actively sought an alternative second supplier. Furthermore, since the terrain of the area where such supplier is located is relatively lower than other areas, and the past drainage system design has indicated that it is insufficient to handle heavy rainfall caused by climate change, the Company will continue to communicate with such supplier on such matter. In addition to the understanding of the supplier' s internal response measures with respect to the risk identified, it can also be transformed into Primax Group' s internal implementation strategy for handling relevant risks.

### 5.3 Physical Risk Financial Impact Assessment

In 2023, Primax was not subject to any loss caused by physical risks. Accordingly, accidents occurred in the past are reviewed to conduct financial impact assessment. In 2022, Primax Chongqing had a power outage/rationing incident derived from water shortage for a period of 15 days. As the plant site was equipped with emergency power generator to supply electricity, the production capacity was not affected, and the energy consumption cost due to the use of diesel by the power generator was incurred only, such that its impact on the financial status of the Company was extremely low (revenue ratio < 0.01%).

For the plant sites that are more likely to have physical risks according to the simulation assessment result, if no relevant risks and disaster losses have occurred since the establishment of the plant sites to the present day, Primax still reviews the disaster potential map and applies it to the actual condition of each plant, in order to perform estimates of disaster loss. By using the risk of flood as an example, if flood occurs at Primax Kunshan due to heavy rainfall, the facility, warehouse and laboratory located at the 1st floor may suffer damages due to flooding; however, the estimated property loss and repair expense has extremely low impact on the financial status of the Company (revenue ratio <0.01%). If the flood at the nearby roads of Primax Taipei exceeds 0.3m, it may cause damage to the basement mechanical parking lot equipment; however, its impact on the financial status of the Company is relatively low (revenue ratio<0.07%).





**04** Climate Strategy and Financial Impact

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Continuously improve information disclosure (following the TCFD framework, responding to CDP questionnaires, and other climate-related initiatives).

in 2050.

### Science Based Targets initiative (SBTi)

Primax is active in connecting to the international initiatives and internationally recognized methods, and also uses the method specified in the Science Based Targets initiative (SBTi) as the basis for Primax' s climate change-related indicator and goal assessments. In addition, Primax also convenes goal meetings in order to perform follow-up, review and establish necessary measures for the "Plant Site' s GHG Emissions Intensity Performance and Goal Difference" .

In 2023, the Company has set up the goal of complying with the 1.5 ° C emissions reduction pathway for the main production locations of Primax Kunshan and Primax Chongging according to the method specified by SBTi, and the plant sites also officially qualified the SBTi certification in the same year. Furthermore, the Company also submitted the SBT 1.5°C longterm net zero commitment in January 2024 and gualified the review. The goal is expected to be submitted at the end of 2024. GHG emissions reduction will be implemented for the Primax Group according to the net-zero goal qualifying the SBTi review, in order to head toward the goal of net-zero emissions by 2050.

### GHG Emissions Goal

Goals

Goals

| With 2019 as the base year, Primax aims to reduce |
|---|
| GHG emissions (CO2e) of Scope 1 and Scope 2       |
| emissions by 30% in 2025 in comparison to the     |
| emissions in 2019, and to reduce the emissions by |
| 60% in 2030 in comparison to the emissions in the |
| base year.  |

Achieve the goal of net-zero emissions

The Company's GHG emissions inventory inspection was completed for the first time in 2013. Presently, 100% of Primax's global business locations have completed the ISO 14064-1:2018 GHG emissions inspection. Primax Group's business locations are distributed tin four regions of Taiwan, China, Thailand and Czech, and 100% of the operating activities comply with the local environmental regulations. In addition, we also monitor the local relevant regulatory requirements and promotion trend of international initiative units closely.

Primax Group' s Category 1+Category 2 GHG emissions in 2023 was 33,461.979 tonne CO2e/year (Market Base), decreased by 8,973.716 tonne CO2e/year in 2022 or a decrease of approximately 21.15%; decreased by 58,361.415 tonne CO2e/year or a decrease of approximately 63.56% compared to 2019. Since 2023, Primax Group has also achieved the predefined goal of reduction of GHG emissions by 60% (Market Base) in 2030 early. We expect to re-establish the Primax Group' s GHG emissions reduction goal through the setting and application of SBT long-term net zero goal in 2024~2025, and will also continue to implement self-challenge and requirements to achieve the net zero goal.

Qualified SBTi 1.5°C short-term goal review in 2023

#### **Chongqing Primax**

- Reduction of Scope 1 & 2 absolute emissions by 46% in 2030 in comparison to the emissions in the base vear of 2020.
- Reduction of Scope 3 absolute emissions for products and services purchased by 25% in 2030 in comparison to the emissions in the base year of 2021.

#### **Kunshan Primax**

- Reduction of Scope 1 & 2 absolute emissions by 64% in 2030 in comparison to the emissions in the base vear of 2020.
- Reduction of Scope 3 absolute emissions for products and services purchased and the use of sales products by 25% in 2030 in comparison to the emissions in the base year of 2021.

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### Target for use of renewable energy



Since 2019, the Primax Group has been actively promoting a renewable energy utilization plan. This initiative mainly involves purchasing Energy Attribute Certificate (EAC), developing in-house solar power generation facilities, and engaging in Power Purchase Agreements (PPA) for renewable energy procurement to increase the utilization of renewable energy. In April 2022, Primax joined RE100 and established a target to achieve 100% renewable energy usage by the year 2040.

In 2023, the plant sites of Primax Dongguan, Chongqing and Kunshan, Tymphany Dongguan and Huizhou, Primax Thailand, Tymphany Thailand and Czech purchased renewable energy certificates (GEC and I-REC). Additionally, the plant sites of Primax Dongguan and Chongqing, and Tymphany Huizhou also use solar power to provide electricity directly. In 2023, the total amount of renewable energies used was 38,150,471 kWh, accounted for 42.34% of the total electricity consumption and accounted for 41.19% of the total energy consumption in 2023.

| Year                               | Percentage of Total Electricity Consumption<br>from Renewable Energy | Description  |
|------------------------------------|--|--|
| 2019 (base year)                   | 7.87%  | • The total electricity consumption from renewable energy in 2019 was 545.5 million kilowatt-hours, resulting in a reduction of approximately 4,590 tonne of CO2e emissions. After the reduction from the use of renewable energy sources, the total emissions for Scope 1 and Scope 2 in 2019 were approximately 52,446 tonne of CO2e.  |
| 2023 (data for the reporting year) | 42.34%   | <ul> <li>In 2023, an amount of 36,310,000 kWh of electricity was deducted due to the<br/>renewable energy certificates, the total solar power self-generated for own use was<br/>1,265,645 kWh, and a total amount of 574,826 kWh of electricity was obtained from<br/>the power purchase agreement (PPA). Accordingly, the total amount of renewable<br/>energy used in 2023 was 38,150,471 kWh, accounted for 42.34% of the total electricity<br/>consumption and accounted for 41.19% of the total energy consumption in 2023.</li> </ul> |
| 2030 (medium-term goal)            | 60%  | <ul> <li>By 2025, renewable energy will account for 30% of the total electricity consumption. (Goal has been reached early)</li> <li>By 2030, renewable energy will account for 60% of the total electricity consumption.</li> </ul>   |
| 2040 (Long-term goal)              | 100%   | • 100% of global business locations use renewable energies in 2040.  |

**06** Climate Indicators and Goals

### Other Climate-Related Indicators and Goals

In order to reduce the impact of climate change, Primax has also set up goals for other environmental indicators, including waste reduction and water conservation. These goals are reviewed annually, and improvement plans are developed accordingly.

| Maximization of 6 Environmental<br>Protection Items  | Broadest management scope  | Expansion to include the entire Primax Group globally (including PMX & TYM and (including MX))  | d boundary subsidiary companies indicated in the consolidated financial sta   | tements                        |  |  |  |
|--|--|---|---|--------------------------------|--|--|--|
|  | Reducing Environmental Carbon Footprint  |   |   |                                |  |  |  |
| Direction of Promotion   | 2030 Goals   | 2023 Work Plan and Goals  | 2023 Achievement Status   | Goal Achieved                  |  |  |  |
|  | By 2030, the Primax global group aims to reduce Scope 1 and Scope 2 emissionsNote 1 by 60% in comparison to the emissions in 2019.                     | <ul> <li>Completion of energy saving refined management plan for the Group.</li> <li>Continue to increase the ratio of renewable energy consumption<br/>(including self-generated energy for own use, certificates and PPA).</li> </ul>   | In 2023, the Scope 1 and Scope 2 GHG emissions have been reduced by 63.56% (Market base) from the emissions in 2019, such that the goal for 2030 has been achieved early.   | $\bigcirc$                     |  |  |  |
| Global GHG Emissions Reduction<br>(Entire group and major business<br>locations worldwide) | With the base year of 2022, the emissions intensity of computer periph<br>products and unit raw materials will be reduced by 40% Notes 2 and3<br>2030. | <ul> <li>Group is committed to SBT and completion of the review in 2024.</li> <li>Optimization of the product carbon footprint inspection system and integration of Scope 3 carbon inspection system.</li> <li>Progressive completion of the product carbon footprint calculation in order to facilitate the understanding of the carbon footprints of different products.</li> </ul> | <ul> <li>Commitment statement has been submitted timely. The long-term goal is expected to be submitted at the end of 2024. The long-term goal for Scope 3 will include the raw material carbon emissions reduction.</li> <li>The development of sustainability control tower management system has been completed, in order to support the assessment of product carbon footprint. The product footprint inspection system is expected to be optimized continuously in 2024.</li> <li>In 2023, a total of 16 main product calculations have been completed, including the computer peripheral products, such as mouse and keyboard (including wired, wireless and gaming devices), wireless charging tray, computer docking stations, etc.)</li> </ul> | $\odot$                        |  |  |  |
|  | Ratio of renewable energies reaches 60%.   | Continue to implement renewable energy expansion plan, and achieve RE 40%.  | In 2023, the total amount of renewable energies used was 38,150,471 kWh, accounted for 42.34% of the total electricity consumption and accounted for 41.19% of the total energy consumption in 2023   | $\langle \mathfrak{S} \rangle$ |  |  |  |
|  | 100% of newly constructed facilities worldwide meet the green buildin standards.   | For Primax's Taiwan Innovation Center currently under construction, its<br>building design planning and construction comply with the EEWH Taiwan<br>green building regulatory requirements.   | Zhubei Plant is expected to be completed in 2025, and it is currently executed according to the plan.   | $\bigotimes$                   |  |  |  |
| Value Chain GHG Emissions<br>Reduction   | Key suppliers shall reduce GHG emissions by 5% annually.   | <ul> <li>Implement important suppliers' response to climate change survey</li> <li>Promote GHG emissions reduction by important suppliers</li> <li>Complete carbon reduction partnership project planning</li> </ul>  | <ul> <li>Important suppliers' response to climate change survey coverage reached 68%.</li> <li>Completed Escorecard system adjustment, and included important suppliers' GHG inventory and reduction in the quarterly evaluation items.</li> <li>Completed the carbon reduction partnership project planning and completed 2024 Q1 field survey to promote suppliers to establish carbon management goals.</li> </ul>   | $\odot$                        |  |  |  |
|  | Strengthening Climate Resilience Actions   |   |   |                                |  |  |  |
| Enhancing Climate Operational<br>Resilience  | Complete the TCFD climate adaptation plan for the global group by 20   | <ul> <li>Assessment scope with addition of Primax's Hsinchu business locations<br/>(facility under construction) and subsidiary Tymphany.</li> <li>Include important suppliers in the physical risk assessment.</li> </ul>  | <ul> <li>Thailand plant site and TYM's main business locations have been included in the scope of assessment.</li> <li>34 suppliers worldwide have been included in the scope of physical risks, and the sea-level rise and water resource stress assessment have been completed.</li> </ul>  | $\bigcirc$                     |  |  |  |

Note 1: Unit is tonne of carbon dioxide equivalent (tonne of CO2e).

Note 2: This goal is expected to be adjusted after the setting of the Group' s SBT long-term goals.

Note 3: Raw material emissions intensity unit = CO2e/annual revenue of computer peripheral products.

Note 4: Definition of important suppliers: Important suppliers are defined as those with significant risks related to negative ESG impacts or whose products, materials, or services have a significant impact on the Company's competitive advantage, market success, or survival. This includes but is not limited to suppliers accounting for the top 80% of the Group's transactions and on-site service providers.





### **07 References**

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**06** Climate Indicators and Goals

### **08 Disclosures Comparison Table**

### TCFD Comparison Table

Key Milestones in

**Climate Transition** 

| Aspect                 | TCFD recommendations  | Corresponding chapters in this report  | Page     |
|------------------------|---|--|----------|
| Governance             | Describe the supervision from the Board of Directors on climate change risks and opportunities.   | 2.2 Climate Monitoring and Management  | 08       |
|                        | Describe the management's role in the assessment and management of climate change risks and opportunities.  | 2.1 Climate Governance Framework and Responsibilities  | 07       |
|                        | Describe the climate related risks and opportunities identified by the orga-<br>nization for short term, midterm and long term.                                       | 3.4 Climate Change Risk and Opportunity Identification Result  | 15       |
| Strategies             | Describe the impact of climate related risks and opportunities on the orga-<br>nization' s business, strategy and financial planning.                                 | 4.1 Financial Impact Assessment of Climate Risks and Opportunities<br>4.2 Climate Change Risk and Opportunity Strategy | 19<br>20 |
|                        | Describe the organization' s strategic resilience by taking into account different climate related scenarios (including 2° C or even harsher scenarios).              | 3.2 Climate Scenario Setting   | 12       |
| Risk manage-<br>ment   | Describe the organization' s identification and assessment workflows re-<br>garding climate related risks.  | 3.1 Climate Risk and Opportunity Identification Process and Assessment Method  | 10       |
|                        | Describe the organization's workflows in the management of climate re-<br>lated risks.  | <ol> <li>Climate Strategy and Financial Impact</li> <li>Physical Risk Response and Adaptation</li> </ol>               | 18<br>22 |
|                        | Describe how the identification, assessment and management workflows of climate related risks are integrated into the organization' s overall risk management system. | 3.1 Climate Risk and Opportunity Identification Process and Assessment Method  | 10       |
|                        | Disclose the metrics used by the organization to assess climate related risks and opportunities according to strategies and risk management workflows.                | <ul><li>2.3 Climate Incentive Mechanism</li><li>6. Climate Indicators and Goals</li></ul>                              | 08<br>28 |
| Indicators and targets | Disclose Scope 1, Scope 2 and Scope 3 (if applicable) GHG emissions and relevant risks.   | 6. Climate Indicators and Goals  | 28       |
|                        | Describe the targets set up by the organization in managing climate related risks and opportunities and the performance in achieving such targets.                    | 6. Climate Indicators and Goals  | 28       |

Key Milestones in

**Climate Transition** 

**04** Climate Strategy and Financial Impact

### Climate-related Information Comparison Table for TWSE/TPEx Listed Companies

02 Climate Governance

| No. | Item   | Corresponding chapters in this report   | Page           |
|-----|--|---|----------------|
| 1   | Explanation on the board of directors and management's supervision and governance on cli-<br>mate-related risks and opportunities  | <ul><li>2.1 Climate Governance Framework and Responsibilities</li><li>2.2 Climate Monitoring and Management</li></ul>   | 07<br>08       |
| 2   | Explanation on how the identified climate risks and opportunities affect the company's business, strategies, and finances (short-term, medium-term, long-term)   | 3.4 Climate Change Risk and Opportunity Identification Result   | 15             |
| 3   | Explanation on the financial impact of extreme climate events and transition actions   | 4. Climate Strategy and Financial Impact  | 18             |
| 4   | Explanation on how the processes of identifying, assessing, and managing climate risks are integrated into the overall risk management system  | 3.1 Climate Change-Related Risk and Opportunity Identification Method   | 10             |
| 5   | If scenario analysis is used to assess the resilience against climate change risks, it is necessary to explain the scenarios, parameters, assumptions, analysis factors used and major financial impacts   | <ul><li>3.2 Climate Scenario Setting</li><li>4. Climate Strategy and Financial Impact</li><li>5. Physical Risk Response and Adaptation</li></ul>  | 12<br>18<br>22 |
| 6   | If there is a transition plan to manage climate-related risks, provide details of the plan's con-<br>tent, indicators, and targets for identifying and managing physical and transition risks  | <ul><li>4. Climate Strategy and Financial Impact</li><li>6. Climate Indicators and Goals</li></ul>  | 18<br>28       |
| 7   | If internal carbon pricing is used as a planning tool, it is necessary to explain the pricing es-<br>tablishment basis   | Presently, no internal carbon pricing system is adopted, and assessment is expected to be performed in 2024, and trial run will be started in 2025  | _              |
| 8   | If climate-related goal has been set up, it is necessary to describe the information of activity covered, greenhouse gas emissions scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the carbon reduction source and quantity for the offset or the quantity of renewable energy certificates (RECs) | 6. Climate Indicators and Goals   | 28             |
| 9   | GHG inventory inspection and assurance status and reduction goal, strategy and specific ac-<br>tion plan   | As Primax's total capital has not reached NT\$5 billion, the individual company's assurance will be completed in 2028, and the assurance of subsidiaries indicated in the consolidated financial statements will be completed in 2029. The Company has performed the inspection and verification of all business locations of the Group, which will be disclosed according to the laws and regulations in the future. | _              |