

A colorful illustration of a landscape with green hills, a blue river, a white swan, wind turbines, and mountains under a blue sky with clouds and birds. The bottom half of the page features a large white circular area containing faint icons related to sustainability, such as a lightbulb, a recycling symbol, a leaf, and a water drop.

2022 TCFD

Task Force on Climate-Related Financial Disclosures

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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, 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 such as reducing our environmental carbon footprint and strengthening climate resilience.

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. Our reduction targets will be established based on the scientific methodology recommended by the Science Based Targets initiative (SBTi). We will systematically develop policies and implement reduction plans, using SBTi as the basis for setting targets and indicators aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2023, we have already submitted our carbon reduction target review applications to SBTi for our significant production facilities in Chongqing and Kunshan, demonstrating our commitment to setting 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

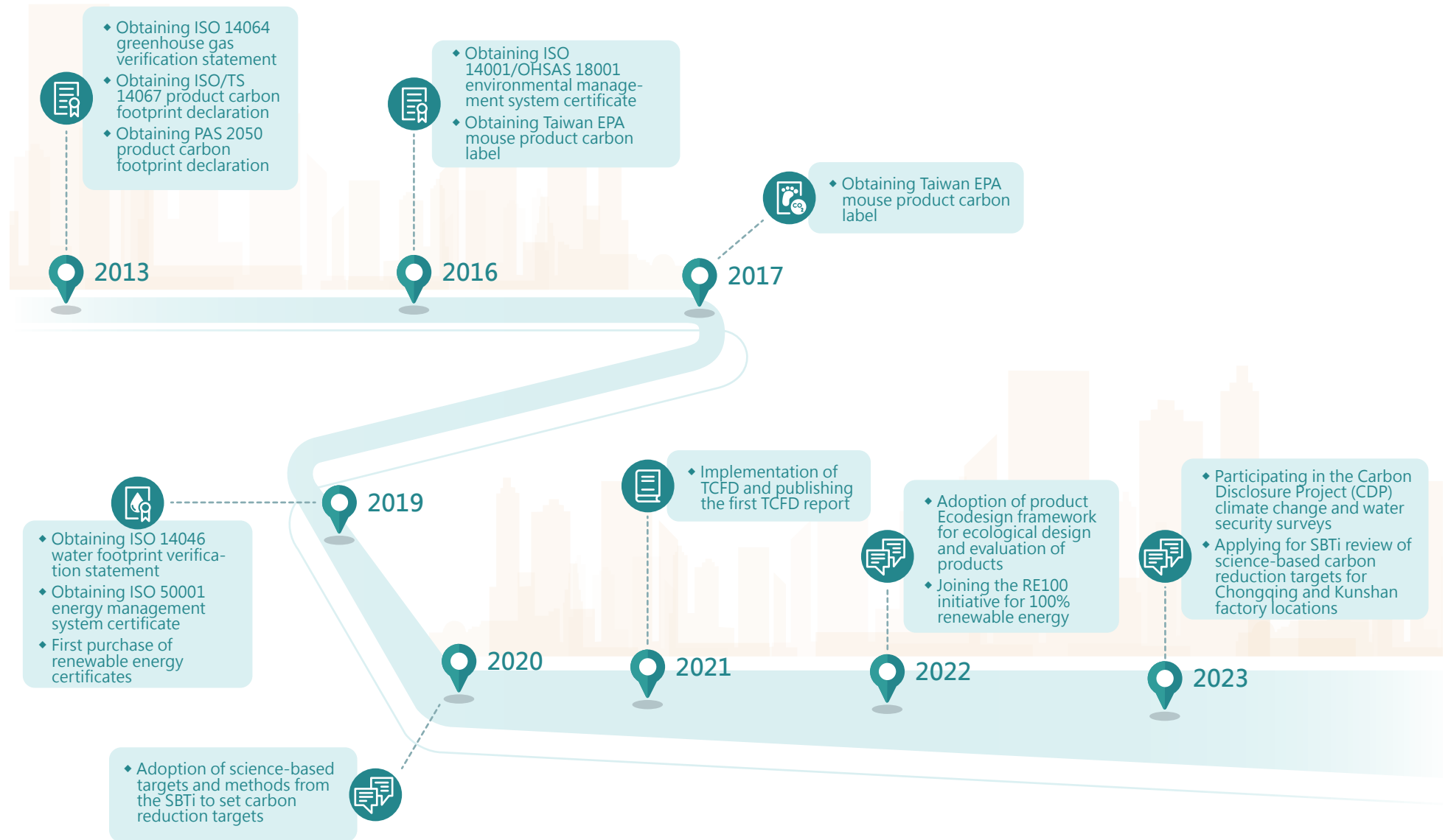
SDGs 17, the goal of forging diverse partnerships, is at the core of our sustainability strategy. We aspire to lead our suppliers in jointly setting carbon reduction targets and enhancing sustainability capabilities. In 2023, Primax has planned to conduct a climate change response survey among its key suppliers. This initiative will begin with a greenhouse gas inventory, enabling us to understand their energy management and carbon emissions. We will gradually expand and deepen our collaboration with suppliers, working together to achieve carbon reduction and create a sustainable value chain. Ultimately, we seek to maximize Primax's impact on sustainability.

Chairman Duh, Jia-Bin

A hand holding a small globe of the Earth. A lush green tree grows out of the top of the globe. A black butterfly with orange and white markings is flying near the tree. The background is a soft, out-of-focus green and white bokeh.

Jia Bin Duh

Primax Key Milestones in Climate Transition

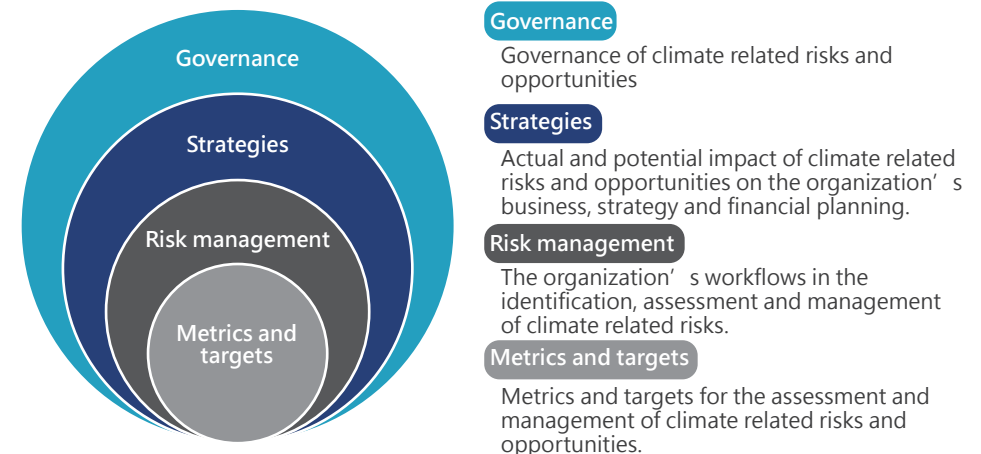


01 Climate Change Disclosure Principles and Scope

In response to the increasing concerns about global warming, extreme weather events, environmental conservation, energy efficiency, and safety, our company officially became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) in 2021. In January 2022, we successfully completed an external assessment conducted by SGS-Taiwan and obtained the "TCFD Performance Assessment - Achiever" statement, marking our commitment to TCFD recommendations. We published our first TCFD Climate-related Financial Disclosures Report. Primax Group references the TCFD recommendations issued by the Financial Stability Board (FSB) to ensure the disclosure of climate-related financial information. Following the four core elements of climate-related financial information disclosure: "Governance," "Strategy," "Risk Management," and "Metrics and Targets," we have established a risk framework. This framework enables us to identify significant risks and opportunities that may impact our operations and develop corresponding strategies to address them.

The Company keeps a close eye on global climate trends and international responses and 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. Primax started in 2016 to establish its GHG emission inventory and obtained third-party verification. We participate in the voluntary reduction program and disclose the GHG management information for the reference of stakeholders. The inventory details are recorded in the National Greenhouse Gas Registry Platform.

This report is the second "TCFD Climate-related Financial Disclosures Report" of Primax Electronics, which covers our major operating locations: Taipei Headquarters, three factories in mainland China (Primax Dongguan, Primax Chongqing, Primax Kunshan), and Primax Thailand. It does not include subsidiary companies.



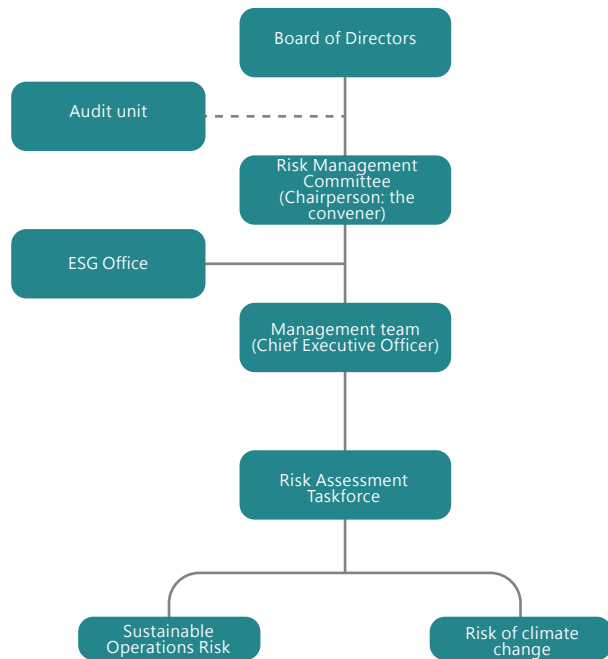
02. Climate Change Governance

2.1 Climate Governance Framework and Responsibilities

Primax has established an ESG Office under the Board of Directors. Chairperson is authorized to designate the ESG Office 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 presented by Yen-Ying Chiang, the Convener of the ESG Office and Vice General Manager, to the Board of Directors on November 3, 2022, and were approved.



Primax' s Organization of Risk Management

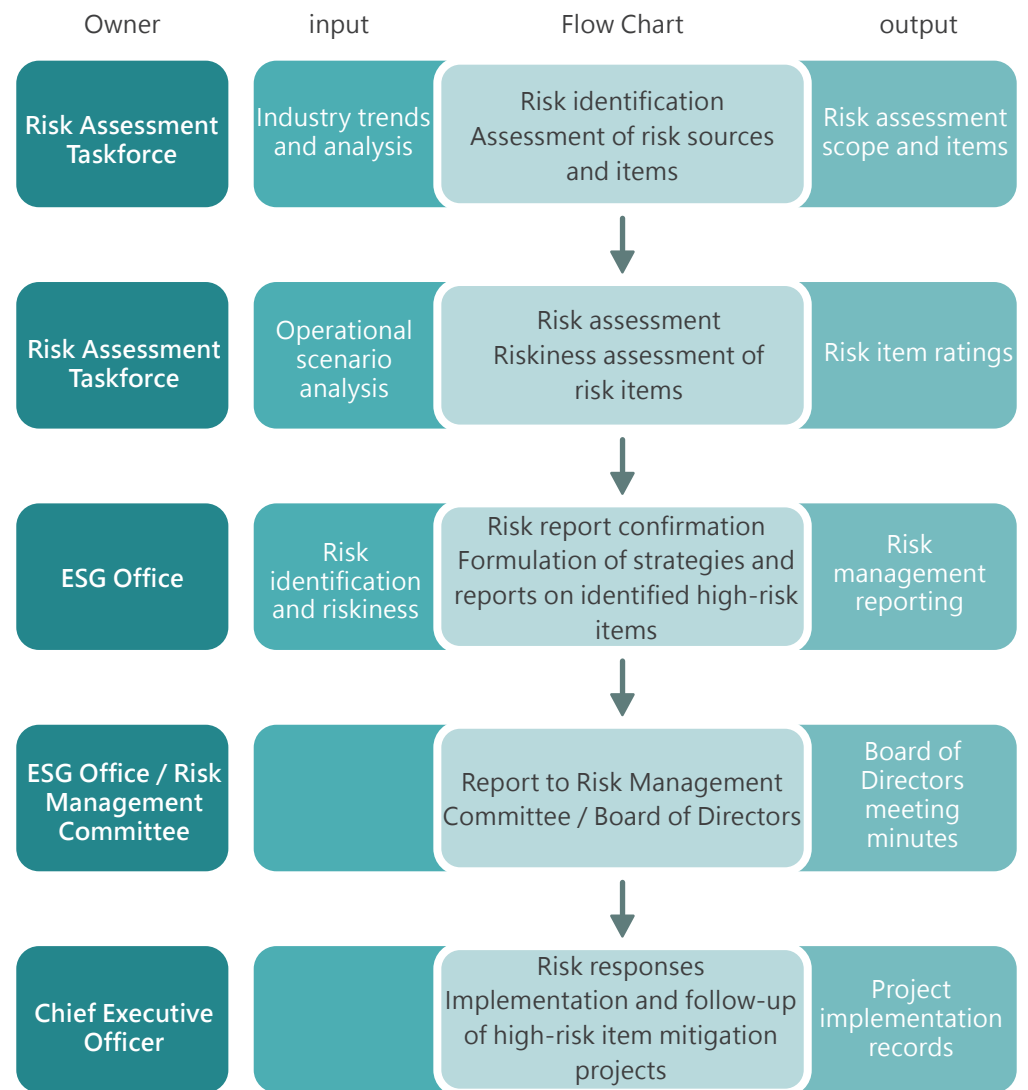


Risk Management Committee
 Risk assessment findings, corresponding policies, and execution results presented to the Board of Directors at least once a year by the convener

ESG Office
 The risk assessment team, as the coordinating and implementing unit, is responsible for assessing and managing operational risks, sustainability risks, climate change risks, and driving the execution and promotion of sustainability management

Risk Assessment Taskforce
 Conduct risk assessment meetings, develop response strategies and set goals for high-risk items identified, and submit enterprise risk management reports to the Risk Management Committee

Primax' s Workflows of Risk Management



2.2 Climate Monitoring and Management

Primax established Risk Management Committee in November 2021, as the dedicated unit for climate change issues. Committee members are appointed by the Board of Directors. The current members include Chairman Liang, Li-Sheng, Director Pan, Yung-Chung, Independent Director Duh, Jia-Bin, Independent Director Wu, Chun-Pang and Independent Director Wang, Jia-Qi. The convener is Liang Li-Sheng. 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 2022, 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 7, 2022	1. Greenhouse gas inventory and verification schedule and implementation status 2. RE100 commitment to carbon neutrality goals	All members present approved it
November 3, 2022	1. Presentation of the 2022 Operational and Climate Change Risk Assessment Report and corresponding strategies 2. Amendments to certain provisions of the Corporate Risk Management Policies and Procedures	All members present approved it

To strengthen the knowledge of climate change-related issues among the Board of Directors and management, Primax Electronics regularly organizes training courses. In 2022, a total of 5 relevant courses were planned, covering topics such as net-zero emissions, carbon neutrality, compliance with corporate regulations, and trends and strategies in carbon management for achieving net-zero emissions.

Climate Change Management Knowledge for the Board of Directors and Management

Date of the Class	Name of the Class	Class	Participants / Titles
November 4, 2022	2022 Cathay Sustainable Finance and Climate Change Summit	6	Pan, Yung-Tai / Director
May 5, 2022	How can business leaders lead low-carbon ESG transformation plans?	1.5	Lee, Ji-Ren / Director

Date of the Class	Name of the Class	Class	Participants / Titles
July 28, 2022	Net-zero emissions, carbon neutrality, and compliance with corporate regulations	3	Lee, Ji-Ren / Director Cheng, Chih-Kai / Independent Director Wang, Jia-Qi / Independent Director
July 19, 2022	The Carbon Management Trends and Strategies towards Net-Zero Emissions	3	Shen, Ying-Chuan / Independent Director
September 6, 2022	Understanding the Real Value Created by Circular Economy and Low-Carbon Innovation - Insights into Circular Economy and Governance	3	

2.3 Climate change issues and reward 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 one of the global citizens, Primax remains committed to monitoring the developments of the Science Based Targets initiative (SBTi). In 2020, we adopted the SBTi methodology and conducted greenhouse gas emissions assessments for the Group. This systematic approach has enabled us to formulate carbon reduction policies, drive reduction initiatives, and serve as a foundation for setting targets and indicators aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In 2023, our facilities in Chongqing and Kunshan applied for SBTi's carbon reduction target review. By proactively addressing and mitigating climate change risks and challenges, we aim to objectively evaluate our own carbon reduction efforts and gain a clear understanding of the carbon reduction benefits and performance at every stage of our value chain. This allows us to identify genuine carbon reduction opportunities and contribute to mitigating greenhouse gas emissions.

In order to realize green production, we have put in place for all our employees "Management and Control Regulations on Energy Efficiency and Waste Reduction". This includes proposals for energy efficiency and carbon reduction. The proposers will be rewarded with merit points based on project effects. Year-end performance bonuses will be issued 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 General Manager and above will have their compensation linked to sustainability performance, with a variation of 10-15%. This linkage includes targets such as smart manufacturing and greenhouse gas reduction.

03 Climate Change Risk and Opportunity Management



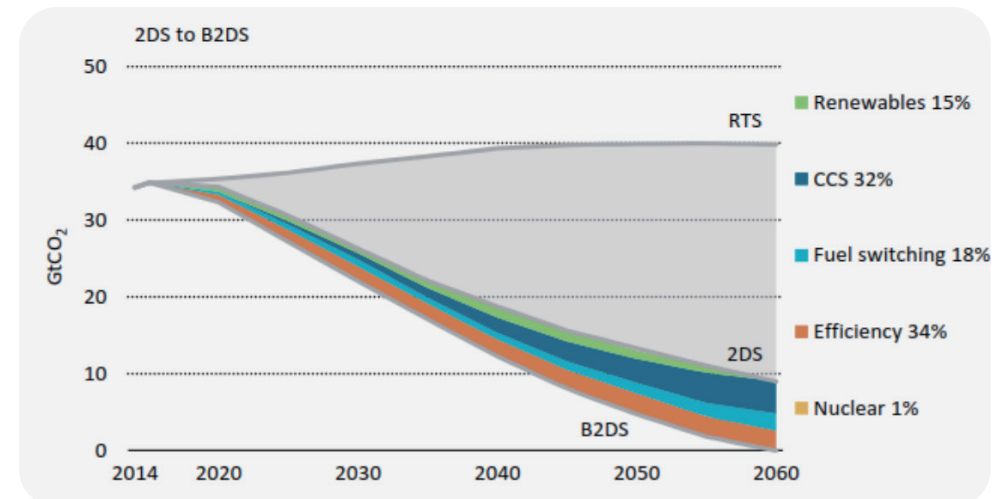
3.1 Climate Scenario Setting

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. During meetings, we refer to various scenarios such as the IEA 1.5 °C Scenario, IPCC AR6, Nationally Determined Contributions (NDC), and Representative Concentration Pathways (RCP). To assess physical risks related to climate change, we utilize tools provided by the National Center for Disaster Reduction (NCDR) and the Taiwan Climate Change Integration Services (TCCI). To ensure consistency with science-based target assessments, we primarily adopt the 1.5 °C scenario as the climate change risk context for our company. Based on this scenario, we assess physical risks, transition risks, and potential opportunities. We also consider the TCFD reporting framework, domestic and international decarbonization trends, and regulations when setting and describing climate change risk and opportunity themes. Additionally, for physical risks, we simulate the risk impact levels under the SSP1-1.9 and SSP5-8.5 scenarios outlined in the IPCC AR6 report. We incorporate past events and relevant climate change projection information, such as sea-level rise simulations (including the 1.5 °C and 4 °C scenarios) provided by organizations like Climate Central^{Note 1}, as well as rainfall estimation (TCCIP)^{Note 2} as references for risk assessments.

Note 1: Sea-level rise simulation estimates cover Primax Electronics' major operating locations in Taiwan, mainland China, and Thailand.

Note 2: The rainfall forecasts cover Primax's operations in Taiwan.

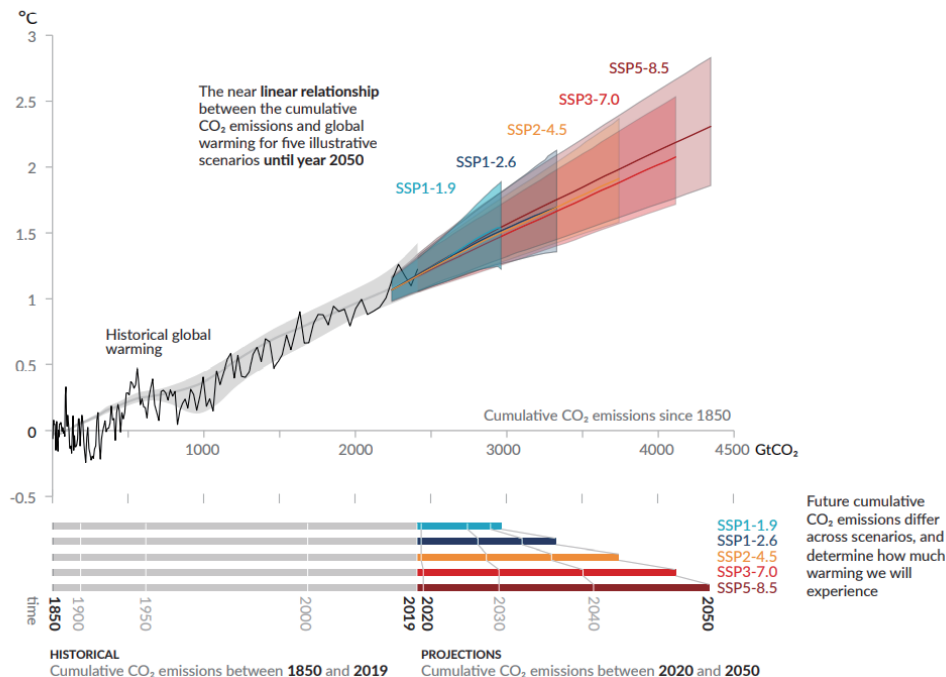
IEA Climate Scenario Diagram



IPCC AR6 Climate Scenario Diagram

Every tonne of CO₂ emissions adds to global warming

Global surface temperature increase since 1850-1900 (°C) as a function of cumulative CO₂ emissions (GtCO₂)

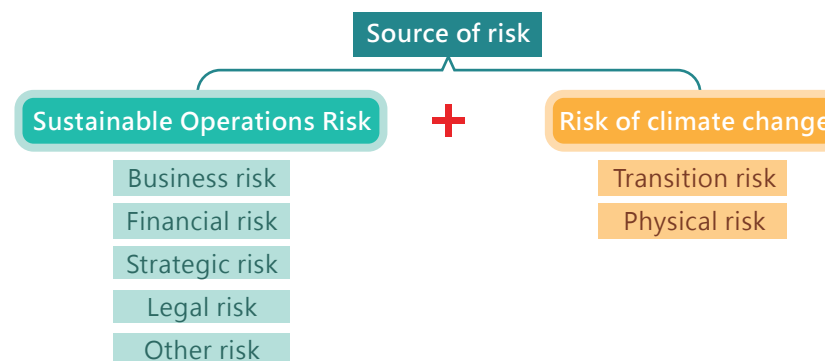


3.2 Process for Identifying Climate Change-Related Risks and Opportunities

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.

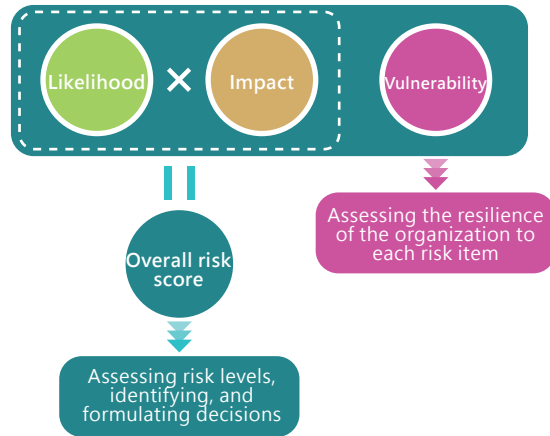


Members of the Risk Assessment Taskforce convene the risk and opportunity identification meetings at least once per annum, to identify risks in corporate operation, sustainability and climate change. The sources of corporate operational risks come from business risks, financial risks, strategy risks, legal risks and other risks. Climate change risks are based on transition risks and physical risks suggested by the TCFD guidance. Also taken into account are the issues of concern for stakeholders, corporate development strategies, regulatory trends and relevant initiatives domestic and overseas. The members compile and establish the “Primax Electronics Risk Integration Questionnaire” to conduct risk assessments for each risk item during the meetings.



The assessment team follows the "Corporate Risk Management Policies and Procedures" to conduct risk assessments. The evaluation criteria include three main factors: "likelihood," "impact," and "vulnerability." These criteria are measured against the defined scoring scales for impact, likelihood, and vulnerability, as outlined in the company's impact scale, likelihood scale, and vulnerability scale. Likelihood measurement considers the probability or frequency of the risk occurring 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. Vulnerability measurement assesses the organization's resilience to each risk item by evaluating the completeness of preventive and response measures, response time, and post-disaster recovery capabilities. 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 classification of our company is determined based on the factors of "likelihood" and "impact." The risk levels are 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. The audit unit then incorporates important action plans into periodic inspections under audit plans.

Risk and opportunity matrix

4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	2	3	4

Risk grade

Grade	Landing point	Magnitude	Decision
3	12~16	High	To be addressed
2	6~9	Medium	To be decided based on the situation
1	1~4	Low	Temporarily not to be addressed

Regarding climate change opportunities, the company also refers to the TCFD sources of opportunities. A questionnaire for opportunity identification related to climate change issues is developed, considering the aforementioned scale

framework. The evaluation of climate change opportunities is conducted based on the criteria of "likelihood" and "impact." ESG Office decides on the list of risks and opportunities associated with climate change based on assessment results and after discussion. This is followed by responding strategy formulation.

3.3 Explanations of Identified Climate Change Risk and Opportunity Identification Results and Strategies

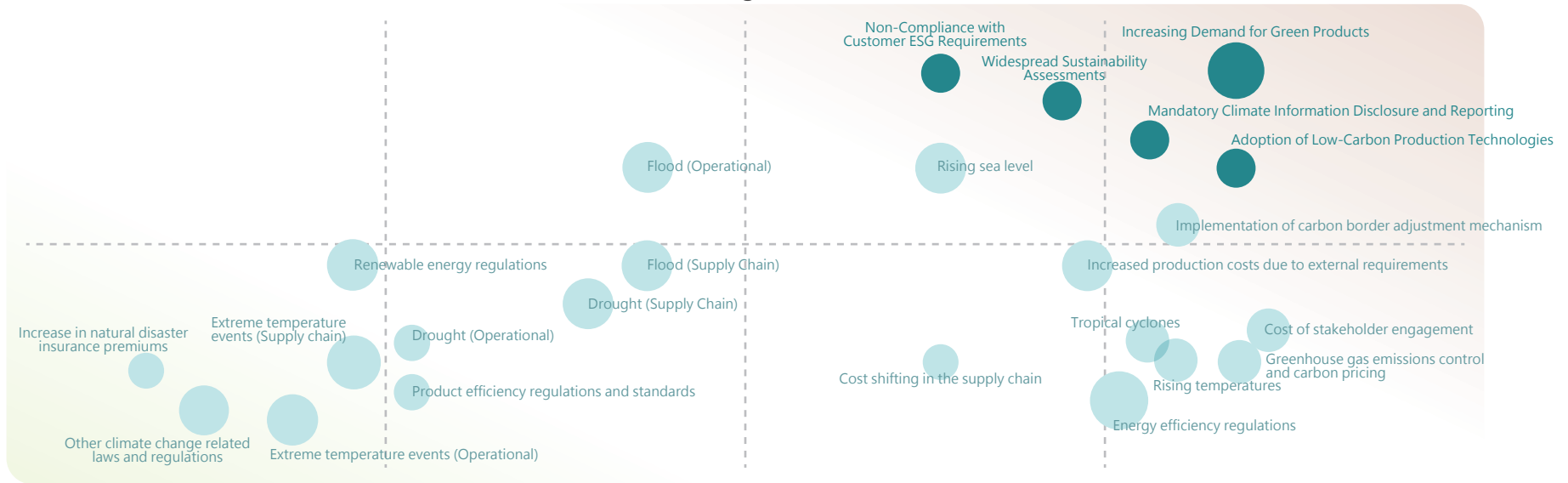
● Short, Medium, and Long-Term Climate-Related Risk and Opportunity Identification Results

The risk assessment team, based on the questionnaire scales, considers international trends, existing company measures, and scenario simulation results to score and evaluate the risks. The ESG Office then discusses the results based on the scoring and identifies five climate change risks and three climate change opportunities. The TCFD Risk and Opportunity Response Strategy Discussion Meeting is convened by the ESG Office to determine the future climate change-related measures for the company. Based on the scoring results and the expected occurrence timeframe for each risk/opportunity, the following risk matrix is generated:

Risk types/items	Identified risks	Time horizon	Likelihood	Financial impact	Potential vulnerability
Transformation Risks/Policy and Regulations	Mandatory Climate Information Disclosure and Reporting	Short term	Very significant	Significant	Very Little
Transition risks/ technologies	Adoption of Low-Carbon Production Technologies	Short term	Very significant	Significant	Very Little
Transition risks/ market	Increasing Demand for Green Products	Short term	Very significant	Very significant	Insignificant
Transition risks/ reputation	Non-Compliance with Customer ESG Requirements	Short term	Significant	Very significant	Very Little
Transition risks/ reputation	Widespread Sustainability Assessments	Short term	Significant	Very significant	Very Little

Opportunity types/items	Identified opportunities	Time horizon	Likelihood	Financial impact
Products and Services	Development or increase of low carbon products and services	Short term	Very significant	Significant
Products and Services	Enhancement of Corporate Reputation	Short term	Very significant	Very significant
Market	Entry into new markets	Short term	Significant	Very significant

Climate change risk matrix

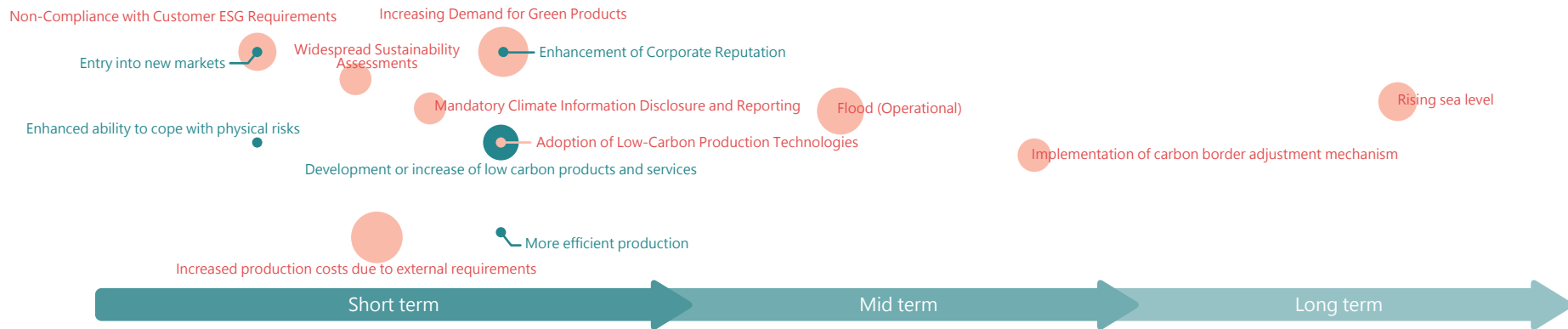


Climate change opportunity matrix



The assessment for this period is divided into short-term (2023-2024), medium-term (2025-2027), and long-term (2028-2032). 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 presents the identified risks and opportunities that have significant impacts in the short, medium, and long term. Our company 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. This information will be promptly reported, and decisions will be made accordingly.

Primax's short, medium, and long-term climate risk and opportunity matrix



Significant risks and opportunities in the short, medium, and long term

	Short term	Mid term	Long term
Risks with potential significant impact	<ul style="list-style-type: none"> ● Increasing demand for green products ● Proliferation of sustainability assessments ● Mandatory climate information disclosure and reporting ● Failure to meet customer ESG requirements ● Adoption of low-carbon production technologies ▲ External requirements leading to increased production costs 	<ul style="list-style-type: none"> ▲ Implementation of carbon border adjustment mechanisms ▲ Flooding (own operations) 	<ul style="list-style-type: none"> ▲ Rising sea levels
Opportunities with potential significant impact	<ul style="list-style-type: none"> ● Development or increase in opportunities for low-carbon goods and services ● Enhancement of corporate reputation ● Entry into new markets ▲ Use of more efficient production methods ▲ Enhancement of physical risk response capabilities 	-	-

● High-risk/opportunity item ▲ Medium-risk/opportunity item

● Climate-related Risk/Opportunity Identification Results and Strategies

High-Risk/Opportunity Analysis and Corresponding Strategies

Risk category	Potential Financial Loss Risks	Opportunities	Potential Financial Benefit Opportunities	Corresponding Strategies
Mandatory Climate Information Disclosure and Reporting	<ul style="list-style-type: none"> Penalties Resulting from Non-compliance Damage to Reputation Related Costs from Regulatory Audits 	Enhancement of Corporate Reputation	<ul style="list-style-type: none"> Mitigating Penalty Risks Customer Orders Enhancing Reputation 	<ul style="list-style-type: none"> Implementing various management systems to strengthen ESG performance across all aspects and reduce risks. Disclosing ESG information through platforms such as annual sustainability reports and websites, actively responding to stakeholder expectations. Since 2021, adopting the TCFD framework to identify and disclose climate-related risk information, as well as participating in initiatives such as CDP, DJSI, RE100 to showcase and communicate sustainability performance, further seeking loan rate incentives, increasing revenue, and enhancing reputation.
Non-Compliance with Customer ESG Requirements	<ul style="list-style-type: none"> Damage to Reputation Customer attrition Decreased product demand 			
Widespread Sustainability Assessments	<ul style="list-style-type: none"> Impact on Reputation 			
Adoption of Low-Carbon Production Technologies	<ul style="list-style-type: none"> Low-carbon cost for meeting customer needs 	-	-	<ul style="list-style-type: none"> Ongoing implementation of the energy management system and expected introduction of a variety of management and energy efficiency measures to reduce waste. Proactive phase-out of inefficient facilities for main energy consumption such as air-conditioning, air pressure and lighting; active management and necessary phase-out to reduce GHG emissions. In addition to energy efficiency measures in operation, a variety of design techniques and planning methods is implemented to better production efficiency and reduce the space requirements for production and the complexity of manufacturing processes. In this way, resource efficiency is improved fundamentally. Evaluate the feasibility of investments in solar energy, green energy, and other equipment, and actively use more low-carbon energy sources to reduce carbon emission risks and associated costs, as well as sensitivity to carbon emission price fluctuations.
-	-	Entry into new markets	<ul style="list-style-type: none"> Increased revenues 	<ul style="list-style-type: none"> Establish regional supply bases and overseas factories to meet the localization requirements of the automotive industry. Continuously improve product design capabilities, manufacturing technology, and supply chain management in the automotive market. Enhance the establishment of automotive industry systems (ISO, IATF, ASIL, etc.) and comply with regulations.
Increasing Demand for Green Products	<ul style="list-style-type: none"> Decline in product competitiveness Customer attrition 	low carbon products and services	<ul style="list-style-type: none"> Enhance the green design system Meet customer green design requirements Strengthen ESG capabilities Improve the green image 	<ul style="list-style-type: none"> Establish a comprehensive green design system, enhance requirements for product green design, build internal capabilities, and fulfill the commitment to achieve SBT Scope 3 reduction targets. Develop management programs (including LCA analysis and various ECO design techniques) to reduce the impact of products on the environment and climate change. To fulfill the commitment to achieve SBT Scope 3 reduction targets, deepen low-carbon product design capabilities to better meet customer and global green design requirements. Collaborate with customers to jointly plan innovative products, enhance customer product image and value, and be willing to incorporate necessary costs into the selling price.

3.4 Financial Impact Assessment of Climate-Related 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 (2023-2024), medium term (2025-2027), and long term (2028-2032) timeframes.

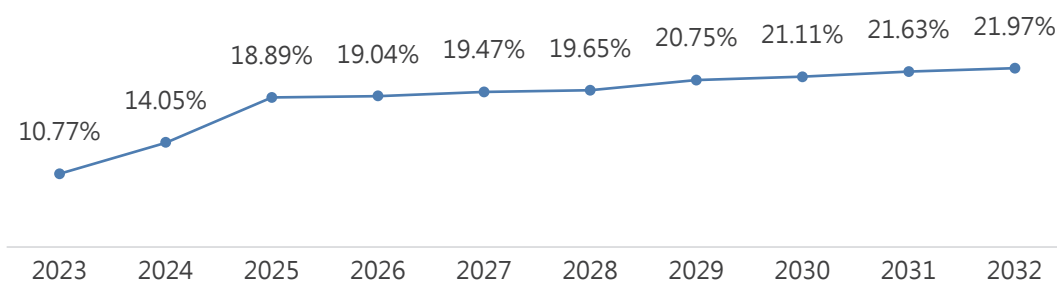
Assessment of Financial Impacts of Climate Change Issues

	Climate Risk / Opportunity Topics	Revenue	Cost / Expense	Capital Expenditure	Profit or Loss	Cash Flow	Impact on Operating Revenue (Management Efficiency)		
							Short term	Mid term	Long term
Risks	Mandatory Climate Information Disclosure and Reporting	-	Increase	-	Decrease	-			
Risks	Non-Compliance with Customer ESG Requirements	Decrease	-	-	Decrease	Decrease	11.96%	11.96%	11.96%
Risks	Widespread Sustainability Assessments	-	Increase	-	Decrease	-			
Opportunities	Enhancement of Corporate Reputation	Increase	-	-	Increase	Increase			
Risks	Adoption of Low-Carbon Production Technologies	-	Increase	Increase	-	Decrease	0.43%	0.36%	0.27%
Risks	Increasing Demand for Green Products	-	Increase	-	-	Decrease	9.18%	9.18%	9.18%
Opportunities	Development or increase of low carbon products and services	Increase	-	-	Increase	Increase			
Opportunities	Entry into new markets	Increase	Increase	Increase	Increase	Increase	10.00%	17.18%	18.49%

Financial Scenarios due to Climate Change Opportunities

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. In the short term (2023-2024), the financial impact is estimated to be approximately 12.41% of revenue. In the medium term (2025-2027), the financial impact is estimated to be approximately 19.13% of revenue. In the long term (2028-2032), the financial impact is estimated to be approximately 21.02% of revenue.

Primax's climate-related risk/opportunity benefits (Revenue share)



04 Physical Risk Assessment and Adaptation

● Assessment of Physical Risk Scenarios

In the evaluation of physical risks, the assessment includes the impact of risks such as floods, droughts, tropical cyclones, increased natural disaster insurance premiums, rising temperatures, extreme temperature events, and sea-level rise on Primax's operations. After scoring by the risk assessment team members, there were no significant physical risks identified. However, to strengthen Primax's resilience to climate change risks, in 2022, a further simulation was conducted for Primax's Taiwan, mainland China, and Thailand locations, as well as major suppliers ^{Note 1} (13 primary tier manufacturing suppliers accounting for over 80% of material procurement, and 9 PCB suppliers with significant procurement amounts). This simulation assessed the impact levels of physical risks, such as floods (due to sea-level rise) and droughts/water scarcity (water resource pressures), based on past occurrences and relevant climate change projection information.

Note 1: Primary tier manufacturing suppliers refer to manufacturers (excluding agents) with transaction amounts exceeding 1%.

● Management of Physical Risk Adaptation: Flooding (Sea-level Rise) and Drought/Water Scarcity (Water Resource Pressure)

For floods, simulations were conducted using scenarios of global temperature rise of 1.5° C and 4° C, specifically focusing on the sea-level rise simulation provided by Climate Central. Regarding drought/water scarcity, simulations were performed using the Water Risk Atlas from the World Resources Institute, which assesses water stress risks across different regions globally. The following provides an analysis and explanation of the simulations and adaptation measures for Primax's manufacturing facilities (Taiwan, mainland China, Thailand) and 22 major suppliers for flooding (sea-level rise) and drought/water scarcity risks.

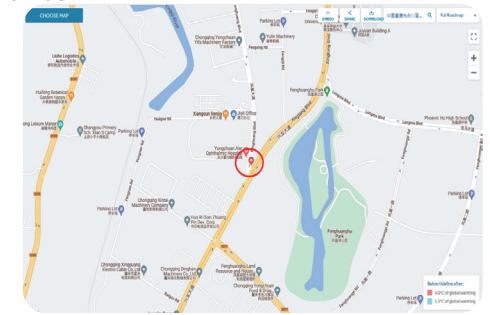
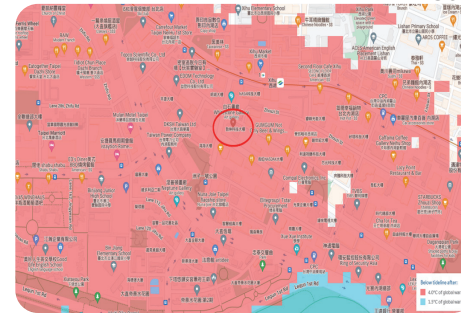
Physical Risk Adaptation Management for Primax Manufacturing Facilities

Based on the sea-level rise simulations for Primax's five major locations, under the 1.5 ° C global temperature rise scenario, there is a possibility of flooding in the Dongguan Primax and Primax Kunshan manufacturing facilities (40% probability). Under the 4 ° C global temperature rise scenario, an additional three locations, including the Taipei headquarters, have a possibility of flooding (60% probability). Regarding water resource pressure risk simulations, there are two manufacturing facilities (Kunshan and Thailand) categorized as High (3-4) risk level (40% probability), one manufacturing facility in Dongguan East Polymer classified as Medium-High (2-3) risk level (20% probability), and the Taipei headquarters and Chongqing facilities classified as Low-Medium (1-2) risk level (40% probability).

Water-related Disaster (Sea-level Rise) and Drought/Water Scarcity (Water Resource Pressure) Simulation Analysis at Primax Operating Sites

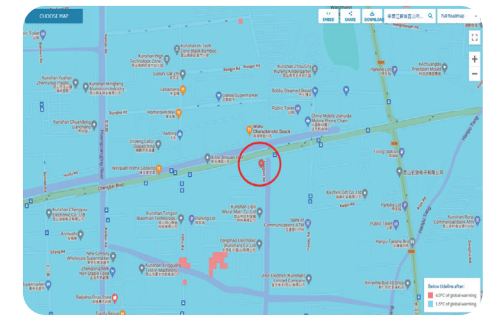
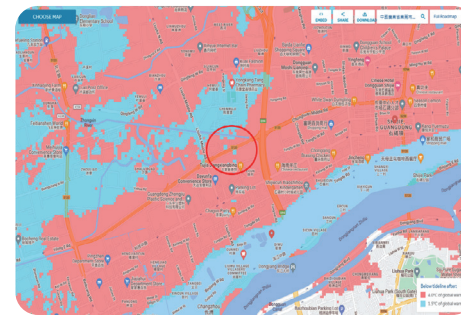
Plant	Location / City	Drought/Water Scarcity (Water Resource Pressure)	Flood (Sea-Level Rise)	
			1.5°C	4°C
Taipei Headquarters	Taiwan/Taipei	Low-Medium (1-2)	No	Yes
Chongqing Primax	China / Chongqing	Low-Medium (1-2)	No	No
Dongguan Primax	China / Dongguan	Medium-High (2-3)	Yes	Yes
Kunshan Primax	China / Kunshan	High (3-4)	Yes	Yes
Primax Electronics (Thailand)	Thailand/Rayong	High (3-4)	No	No

Simulation of Sea-Level Rise at Primax's Operating Sites under 1.5° C and 4° C Scenarios



Taipei Headquarters

Chongqing Primax



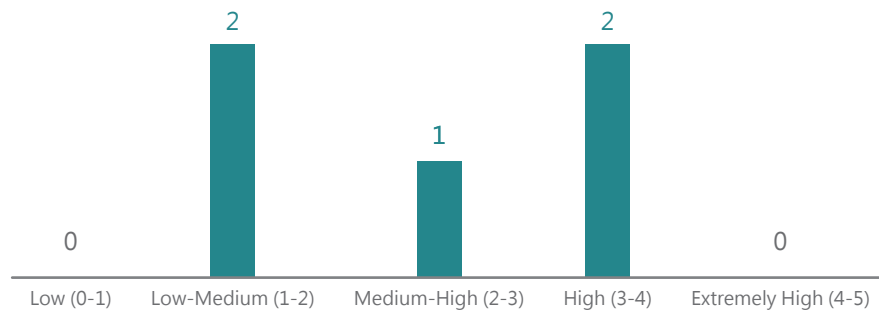
Dongguan Primax

Kunshan Primax

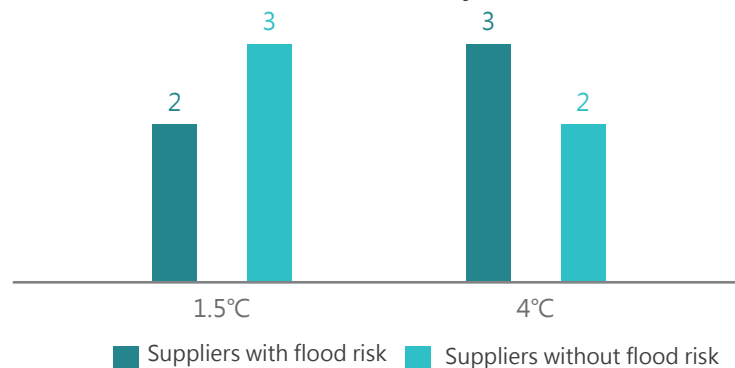


Primax Electronics (Thailand)

Water stress level in Primax's various factory locations



Simulation of sea-level rise and flooding due to climate change in Primax's various factory locations



Primax Climate Change Physical Risk Response Planning

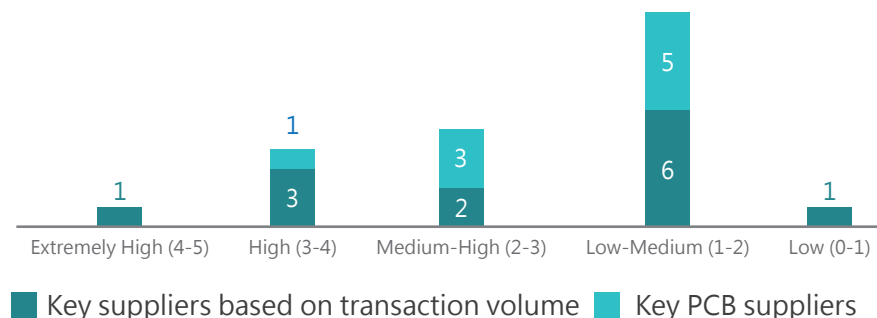
Physical risk	Contingency Measures Explanation	Specific Actions
Drought/Water Scarcity (Water Resource Pressure)	<ul style="list-style-type: none"> Implement internal water conservation plans as scheduled Seek potential emergency backup water sources (e.g., wells) Activate emergency response plans (e.g., purchasing water) during short-term water supply disruptions Activate production backup plans with related enterprises or alternative sites during long-term water supply disruptions 	<ul style="list-style-type: none"> The Group conducted a water footprint inventory in 2022 and obtained ISO 14046:2014 verification statement Water consumption reduced by 22,052 m³ in 2022, approximately a 3.59% decrease compared to 2021. Water intensity decreased by 4.92% to 12.38 m³/million NT compared to 2021. Dongguan Primax Factory in Dongguan implemented a recycled water system, while the Chongqing Factory implemented reverse osmosis (RO) wastewater recycling. The total reclaimed water volume from tap water was 16.92 million liters in 2022. The Hsinchu R&D Center has a legal alternative water source from wells.
Flood (Sea-Level Rise)	<ul style="list-style-type: none"> Plan production arrangements with related enterprises or alternative sites Plan supply chain capacity transfer 	<ul style="list-style-type: none"> The establishment of the Thai factory in 2020 aimed to mitigate various physical risks (e.g., natural disasters, epidemics, political situations). Increase the backup location of the Hsinchu R&D Center as a contingency measure for the Taipei headquarters. Implement supplier transfer plans based on the urgency caused by global warming.

Supply chain physical risk adjustment management

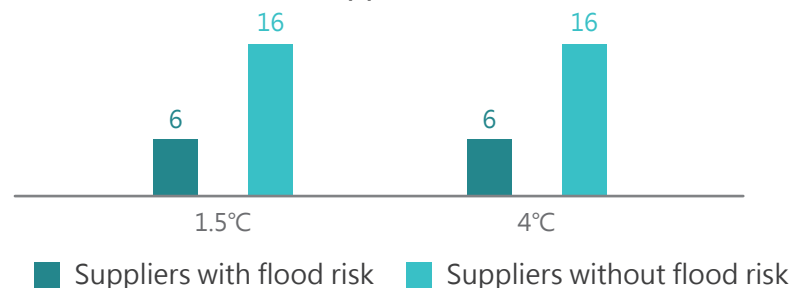
Among the 22 analyzed suppliers, six suppliers (27%) have the potential for flooding under both the 1.5° C and 4° C global warming scenarios. Water resource pressure risks are evaluated based on the location of suppliers: one supplier (5%) is in the "Extremely High" category (4-5), four suppliers (18%) are in the "High" category (3-4), and five suppliers (23%) are in the "Medium-High" category (2-3). The remaining 12 suppliers (54%) are in the "Low-Medium" (1-2) and "Low" (0-1) categories, indicating moderate to low risks.

Among the nine analyzed PCB suppliers, one supplier (11%) falls into the "High" category (3-4), three suppliers (33%) fall into the "Medium-High" category (2-3), and five suppliers (56%) fall into the "Low-Medium" (1-2) category. There are no suppliers in the "Extremely High" category (4-5).

Water stress level in the locations of key suppliers



Simulation of sea-level rise and flooding in the locations of key suppliers



To mitigate potential supply chain physical risk impacts, Primax plans its own contingency measures for flood (sea-level rise) and drought/water scarcity risks. Suppliers with higher risks are requested to provide corresponding strategies as references for the supply chain risk assessment.

Supplier Climate Change Physical Risk Response Planning

	Primax's Response	Suppliers' Response
Drought (Supply Chain)	<ul style="list-style-type: none"> · Inform the purchasing unit of the identification results to enhance their understanding and communicate the potential risks to suppliers. · Strengthen concerns and communication with suppliers to monitor risk situations. · Plan supply chain capacity transfer. 	<ul style="list-style-type: none"> · Review internal water conservation and storage plans. · Explore potential emergency water sources, such as wells. · Develop production backup plans with related enterprises or alternative locations.
Flood (Supply Chain)	<ul style="list-style-type: none"> · Inform the purchasing unit of the identification results to enhance their understanding and communicate the potential risks to suppliers. · Request the purchasing unit to evaluate the production risks associated with supplier relocation or replacement. · Strengthen concerns and communication with suppliers to monitor risk situations. · Plan supply chain capacity transfer. 	<ul style="list-style-type: none"> · Develop production backup plans with related enterprises or alternative locations.

Risk Mitigation Measures for Power Shortage Risks Arising from Physical Risks

In 2022, mainland China experienced power shortages/rolling blackouts in regions such as Chongqing and Sichuan due to factors such as high temperatures and droughts. Additionally, Taiwan has experienced three nationwide blackouts within the past year. Furthermore, Taiwan's electricity consumption has been growing annually, with Taiwan Power Company's sales of electricity increasing from 217.2 billion kWh in 2017 to 235.3 billion kWh in 2021, representing a yearly growth rate of 4.68% and reaching a new high in the past 11 years. According to the National Electricity Supply and Demand Report for 2019 and 2020 published by the Bureau of Energy in May 2021, the average annual electricity consumption is projected to grow by 2.5% from 2021 to 2027, significantly surpassing the expected electricity demand in the power supply and demand report.

Although Primax has not yet experienced operational impacts due to power shortages/rolling blackouts, proactive measures are being taken to mitigate the potential negative impacts on the company. This includes the development of contingency plans for power shortages/rolling blackouts in our own operations and with our key suppliers, with the aim of enhancing the resilience of our ongoing operations.

Risk Mitigation Plan for Power Supply Limitation

			Primax's Response		
Primax Factory Power Supply Limitation Risk	Short-term Power Supply Limitation	<ul style="list-style-type: none"> · Install emergency generators to maintain critical operations. · Establish emergency contingency plans for remote backup capacity adjustment and information system planning. · Start implementing solar power generation systems in 2022 and gradually expand the installation across the factory premises. 			
	Long-term Power Supply Limitation	<ul style="list-style-type: none"> · Develop a plan for transferring production capacity to alternative locations. 			
Risk of Power Supply Limitation for Key Suppliers			Primax's Response	Suppliers' Response	
	Short-term Power Supply Limitation	<ul style="list-style-type: none"> · Maintain basic safety stock for critical components to mitigate short-term power supply limitations. 	<ul style="list-style-type: none"> · Install emergency generators to maintain critical operations. 		
	Long-term Power Supply Limitation	<ul style="list-style-type: none"> · Plan supply chain capacity transfer. · Adjust future production and supply chain regions based on regional energy supply risks. 	<ul style="list-style-type: none"> · Establish emergency contingency plans for remote backup information systems. · Plan for capacity backup solutions through collaboration with affiliated companies or production planning in alternative locations. 		

05 Climate Change Indicators and Targets

● Science Based Targets initiative (SBTi)

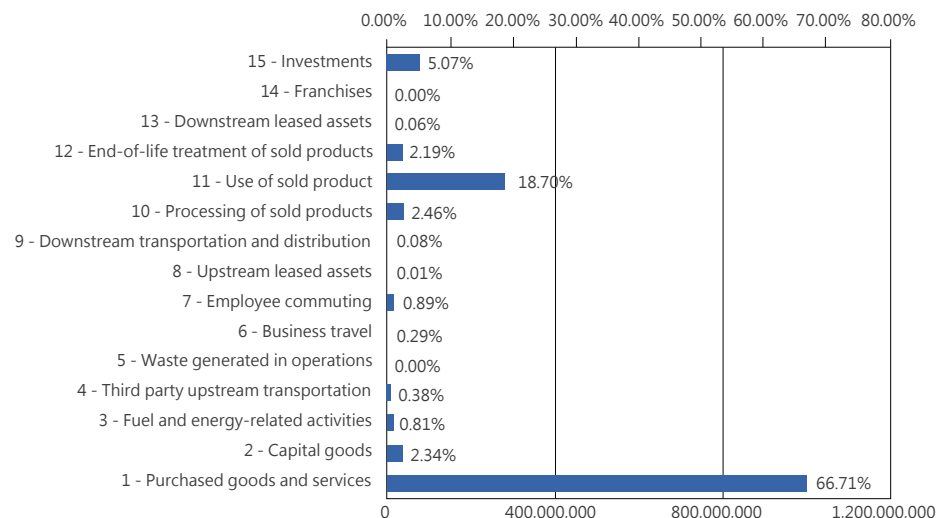
The Company uses the Science Based Targets initiative (SBTi) framework as the assessment basis of its climate change indicators and targets. Target meetings are convened to follow up on the “GHG emission gap between the actual intensity and the target intensity” and to formulate necessary measures accordingly.

Primax’ s production and manufacturing activities mainly involve assembly and over 90% of GHG emissions come from electricity consumption. Hence, the Absolute Emissions Contraction is used to formulate the mid-term and long-term paths and targets of carbon reduction.

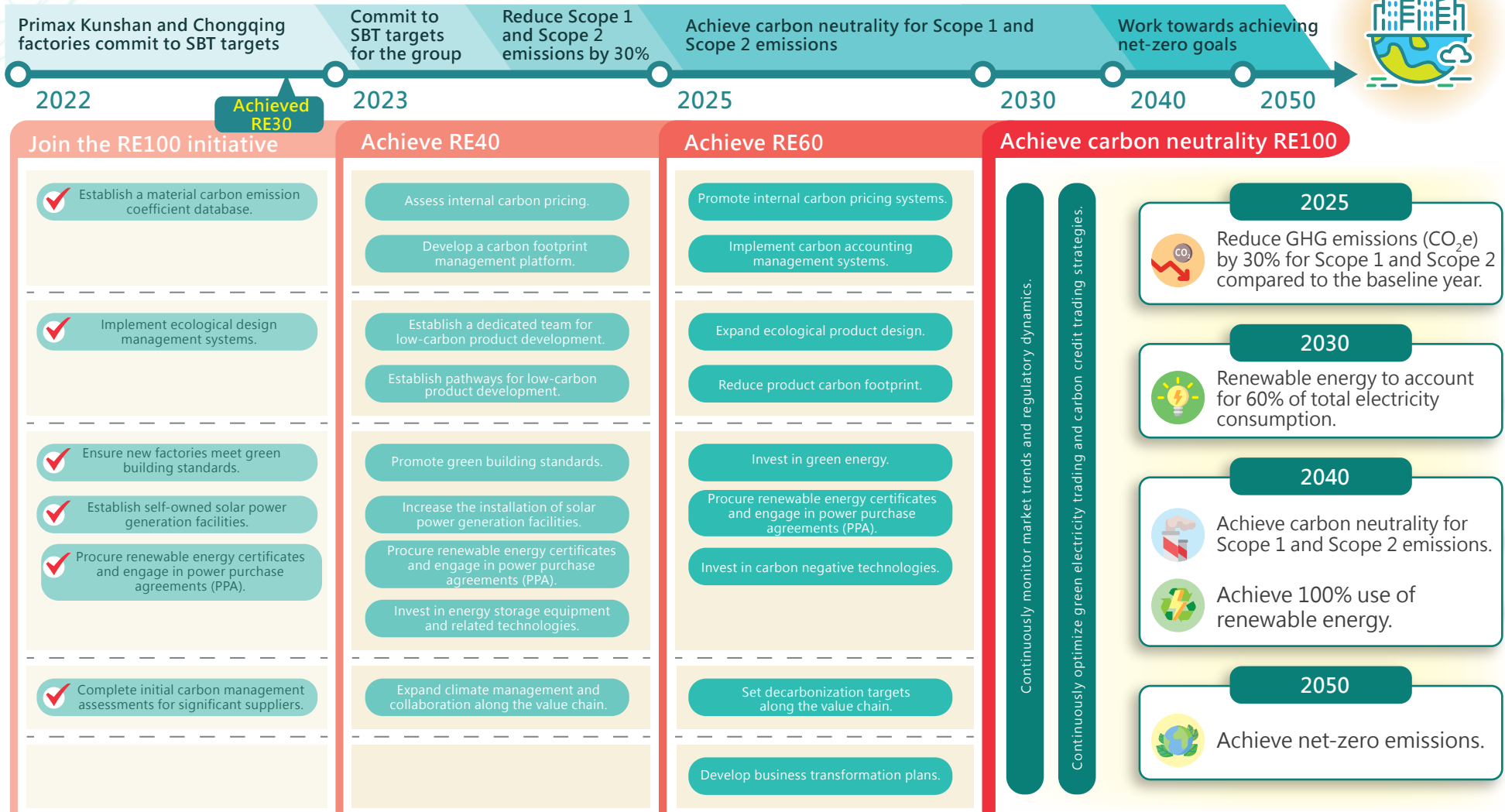
Primax defines specific reduction targets by using the SBTi approach in order to ensure more systematic policy making, action planning and the basis for TCFD targets and indicators. The purpose is to mitigate the risks and challenges associated with climate change early and timely. The SBTi approach also enables Primax to examine carbon-reduction efforts with higher level of objectivity, evaluate the benefits and performance of carbon-reduction efforts at various parts of the supply chain, and identify carbon hotspots for meaningful actions.

Primax’ s Science Based Targets initiative (SBT) targets

Primax Scope 3 CO₂e value kg/year



PRIMAX® Primax Group's path to net-zero



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

● GHG Emission Target

Objective

By 2025, Primax aims to reduce greenhouse gas emissions (CO₂e) by 30% for Scope 1 and Scope 2 compared to the baseline year of 2019, with an annual reduction target of approximately 5% from the baseline year.

Starting in 2016, Primax has set up specific targets in GHG emissions: a reduction of 25% in GHG emission intensity (CO₂e/sales) in 2020 for the combination of Scope 1 and Scope 2 from the base year of 2013. This was achieved in 2020 with a reduction of 33.47% in GHG emission intensity (CO₂e/sales) from the base year. To mitigate the impact of climate change, we are further adopting the Science-Based Targets (SBT) methodology aligned with global warming control of 1.5 °C to set the next stage of decarbonization targets for our group. For Scope 1 and Scope 2 emissions, with the baseline year of 2019, we aim to reduce greenhouse gas (GHG) emissions (CO₂e) by 30% by 2025 compared to the baseline year. Additionally, we will continue to increase our use of renewable energy. Our goal is for renewable energy to account for 60% of our total electricity consumption by 2030, and to achieve net-zero emissions by 2050 as our long-term aspiration.

Objective

Achieve **net-zero emissions** in 2050.

In order to make production sites more energy-efficient, we have been exploring all solutions possible to reduce energy consumption. One of the methods we have taken towards achieving this goal is to continually replace old and power-hungry equipment. Specific measures include the replacement of energy-efficient motors, optimizing the utilization of air compressors, improving the efficiency of chilled water systems, interconnecting chilled water pipes in buildings, replacing lighting fixtures in offices, factories, warehouses, and streetlights with LED lights, and replacing air compressors with variable frequency drives. Additionally, we are actively purchasing renewable energy certificates and implementing solar power generation facilities within our premises. The 2022 carbon emissions were reduced by 51.94% from 2021 (after offsetting with renewable energy, based on PMX (excluding TYM) GHG emissions), in line with the existing target.

● Target for Use of Renewable Energy

Objective

By 2030, renewable energy will account for **60%** of the total electricity consumption.

Since 2019, Primax manufacturing facilities in mainland China (Dongguan and Chongqing) have been utilizing renewable energy and purchasing renewable energy certificates. In 2022, a total of 30.11 million kilowatt-hours of electricity was offset through the purchase of renewable energy certificates, resulting in a reduction of approximately 17,083 metric tons of CO₂e. Cumulatively, the company has achieved a reduction of approximately 35,239 metric tons of CO₂e. Furthermore, Primax is actively establishing solar power generation systems. In 2022, the company's self-consumed solar energy amounted to 362,697.42 kilowatt-hours, resulting in a reduction of approximately 207 metric tons of CO₂e emissions.

Year	Percentage of Total Electricity Consumption from Renewable Energy	Description
2019 (Base Year)	7.87%	The percentage of total electricity consumption from renewable energy in 2019 accounted for approximately 5.455 million kilowatt-hours, resulting in a reduction of approximately 4,590 metric tons of CO ₂ e emissions. After accounting for the reduction from renewable energy sources, the total emissions for Scope 1 and Scope 2 in 2019 amounted to approximately 52,446 metric tons of CO ₂ e.
2022 (reported data in the year)	48.35%	In 2022, the total reduction in electricity consumption amounted to 30.11 million kilowatt-hours, resulting in a reduction of approximately 17,083 metric tons of CO ₂ e emissions. Additionally, the self-consumed solar energy amounted to 362,697.42 kilowatt-hours, leading to a reduction of approximately 207 metric tons of CO ₂ e emissions. After accounting for the reduction from renewable energy sources, the total emissions for Scope 1 and Scope 2 in 2022 amounted to approximately 20,776 metric tons of CO ₂ e.
2030 (Mid-term target)	60%	By 2025, renewable energy will account for 30% of the total electricity consumption. By 2030, renewable energy will account for 60% of the total electricity consumption.

Other Climate-Related Indicators and Targets

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

Item	Short-term Goals 2025	Mid-term Goal 2030	Long-term Goal 2040
Climate change	Achieve CDP B level rating by 2025.	Continuously complete and enhance CDP reporting.	Enhance climate resilience by improving the transparency of climate-related information through international initiative comparisons.
	Continued implementation of TCFD and adoption of mitigation measures	Complete the TCFD climate adaptation plan for the global group by 2030.	
Green product	Establishment of carbon reduction product design techniques	Achieve a 25% proportion of products meeting PCR (Product Carbon Footprint) by 2030.	Proactively engage in the development of eco-friendly products to capture green business opportunities.
	Implement annual statistics on carbon emissions from product materials.	Reduce the carbon intensity of raw materials by 30% per unit of revenue for computer peripheral products by 2030, using 2023 as the baseline year.	
	Comply with legal requirements and customer demands.	Develop strategies to reduce high-hazard substances and replace them with safer alternatives.	
Sustainability Management of Suppliers	Ensure that 80% of significant suppliers receive GHG training.	Drive the completion of CDP Supply Chain (SC) module by suppliers.	
	Set carbon intensity reduction targets for strategically selected suppliers.	Achieve a 5% annual reduction in greenhouse gas emissions from significant suppliers at major operational locations.	
Water resource management	Conduct water footprint assessments and identify water stress areas.	Expand water footprint assessments and strengthen risk response measures.	Enhance water monitoring and improve water efficiency.
	Achieve a 2% annual reduction in water consumption.	Reduce water intensity by 40% by 2030 compared to the baseline year.	
	Complete the CDP Water questionnaire.	Gradually improve the rating in the CDP Water questionnaire.	
Waste management	Achieve a 2% annual reduction in waste generation.	Increase the proportion of waste recycled.	Minimize waste generation through green product design and increase waste recycling rates.
	Obtain UL 2799 verification for major operational locations.	Complete UL 2799 verification for global production sites.	
Chemical Management	Comply with regulations and customer requirements.	Develop strategies to reduce high-hazard substances and replace them with safer alternatives.	Continuously monitor and manage environmentally hazardous chemicals throughout their lifecycle.
	Comply with regulations and customer requirements.	Enhance air pollution prevention and control equipment monitoring.	
	Comply with regulations and customer requirements.	Continuously improve exhaust gas and wastewater treatment technologies.	
Biodiversity	Promote green building standards to minimize the impact on ecosystems and biodiversity at operational sites.	Implement TNFD (Task Force on Nature-related Financial Disclosures) to identify natural risks and opportunities.	Continuously follow international initiatives and assess projects to address natural issues that Primax Group should focus on.

06. TCFD Comparison Table

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	7
	Describe the management's role in the assessment and management of climate change risks and opportunities.	2.1 Climate Governance Framework and Responsibilities	5
Strategies	Describe the climate related risks and opportunities identified by the organization for short term, mid term and long term.	3.3 Explanations of Identified Climate Change Risk and Opportunity Identification Results and Strategies	10
	Describe the impact of climate related risks and opportunities on the organization's business, strategy and financial planning.	3.3 Explanations of Identified Climate Change Risk and Opportunity Identification Results and Strategies 3.4 Financial Impact Assessment of Climate-Related Risks and Opportunities	10 14
	Describe the organization's strategic resilience by taking into account different climate related scenarios (including 2° C or even harsher scenarios).	3.1 Climate Scenario Setting	8
Risk management	Describe the organization's identification and assessment workflows regarding climate related risks.	3.2 Process for Identifying Climate Change-Related Risks and Opportunities	9
	Describe the organization's workflows in the management of climate related risks.	3.3 Explanations of Identified Climate Change Risk and Opportunity Identification Results and Strategies	10
	Describe how the identification, assessment and management workflows of climate related risks are integrated into the organization's overall risk management system.	2.1 Climate Governance Framework and Responsibilities 3.2 Process for Identifying Climate Change-Related Risks and Opportunities	5 9
Indicators and targets	Disclose the metrics used by the organization to assess climate related risks and opportunities according to strategies and risk management workflows.	2.3 Climate change issues and reward mechanism 05. Indicators and targets in relation to climate change	7 19
	Disclose Scope 1, Scope 2 and Scope 3 (if applicable) GHG emissions and relevant risks.	05. Indicators and targets in relation to climate change	19
	Describe the targets set up by the organization in managing climate related risks and opportunities and the performance in achieving such targets.	05. Indicators and targets in relation to climate change	19

