

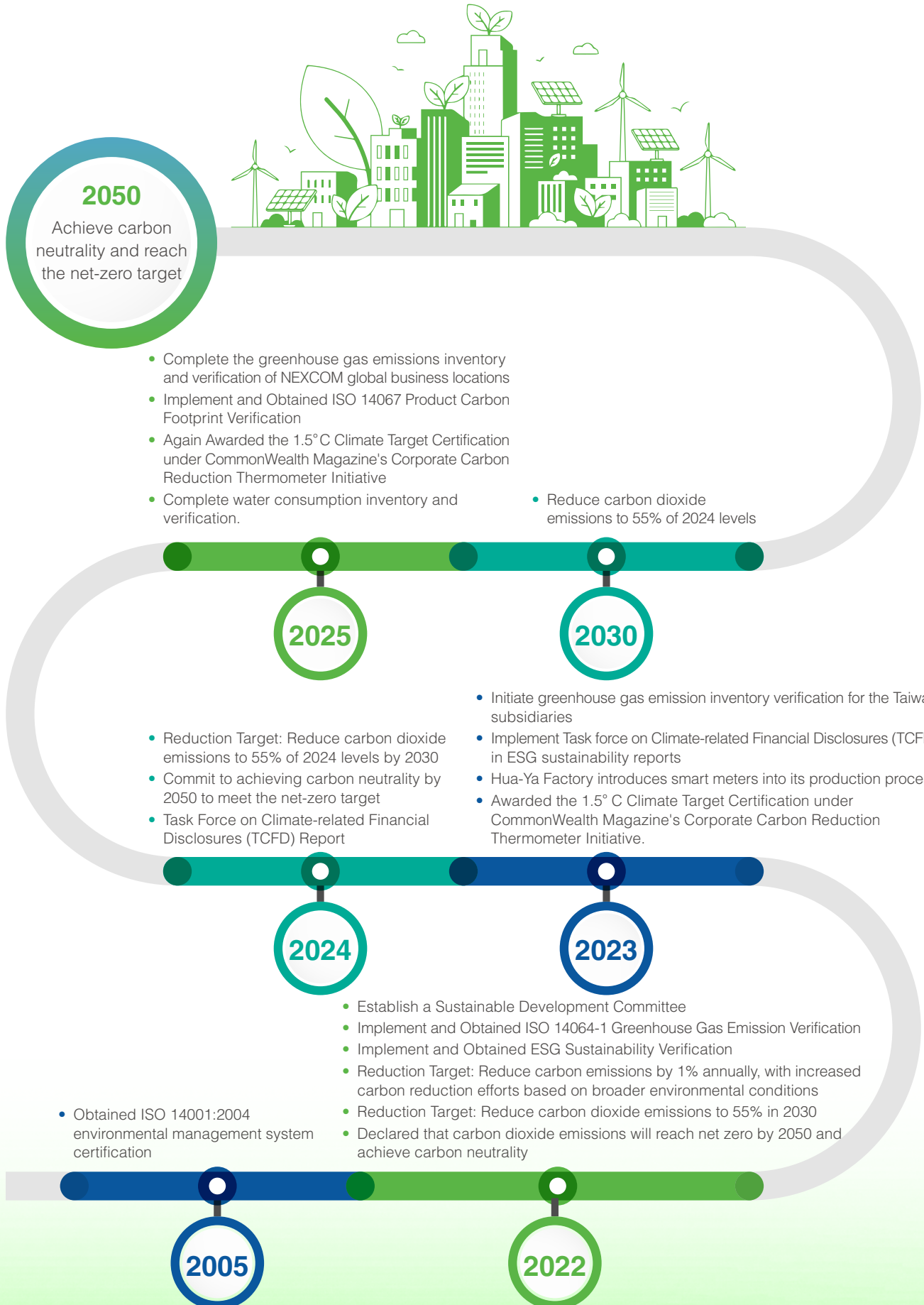
3 Carbon Reduction and Energy Saving

NEXCOM- Environmental Sustainability
Process and Future Target Setting Planning

- 3.1 Energy Management
- 3.2 Greenhouse Gas Inventory
- 3.3 Water Resources Management
- 3.4 Waste Management
- 3.5 Climate Change Response
- 3.6 Environmental Management



NEXCOM-Environmental Sustainability Process and Future Target Setting Planning



3.1 Energy Management

NEXCOM consistently considers the environmental impact brought by the enterprise in the process of operation. In order to achieve sustainable development, NEXCOM has developed an appropriate climate strategy and set a number of environmental targets and indicators such as carbon emissions and waste to reduce the environmental load at all stages of the product life cycle. In addition, process improvement and management measures have been invested to introduce environmentally friendly design and maximize energy and resource efficiency. NEXCOM will continue to promote environmental protection measures, actively improve the process and product design, and strive to achieve environmentally friendly green operations to ensure that our business operations have minimal negative impact on the environment and make more contributions to society and the environment.

Energy Management Policy

NEXCOM continuously monitors the environmental impacts arising from its business operations and focuses on improving energy efficiency, reducing carbon emissions, and promoting low-carbon transformation. Through the implementation of energy management systems, equipment improvements, process optimization, and renewable energy assessments, the Company gradually reduces energy consumption and environmental impacts while moving toward sustainable and low-carbon operations.

(1) Energy Management Policy, Objectives, and Initiatives

To enhance energy efficiency and reduce greenhouse gas emissions, NEXCOM has established 2025 as the baseline year and set the following energy management objectives:

1. Reduce energy intensity by 1% annually compared with the baseline year.
2. Achieve a cumulative 5% reduction in energy intensity by 2030 compared with the baseline year.
3. Continuously increase the evaluation and adoption of renewable and low-carbon energy sources to facilitate a gradual energy transition.
4. Strengthen employees' awareness of energy conservation and promote an energy-efficient management culture to improve overall energy utilization efficiency.

(2) Implementation Measures

1. Energy Efficiency Improvement and Equipment Upgrades
 - Continue replacing existing lighting systems with high-efficiency LED lighting in plants and offices to reduce electricity consumption.
 - Implement automated air-conditioning control mechanisms, including temperature-based operation management, to improve HVAC system efficiency.
 - Regularly review the operating status of high-energy-consuming equipment to reduce standby energy consumption and unnecessary energy waste.
2. Process Optimization and Green Design
 - Incorporate environmentally friendly design concepts throughout the product life cycle to reduce energy consumption during product manufacturing and usage stages.
 - Continuously optimize production processes and equipment utilization efficiency to minimize unnecessary energy consumption.
3. Low-Carbon Energy and Renewable Energy Assessment
 - Continue evaluating the feasibility of installing solar power generation systems at operational sites.
 - Plan and assess the procurement of renewable energy certificates (T-RECs) and green electricity wheeling arrangements to gradually increase the proportion of renewable energy usage.
4. Employee Energy Conservation Education and Promotion
 - Enhance employees' awareness of energy conservation through internal communications, energy-saving reminders, and training programs to encourage daily energy-saving practices.
 - Encourage employees to implement energy-saving behaviors, including turning off unnecessary lighting, maintaining appropriate air-conditioning settings, and improving equipment energy management.

Annual Performance and Achievement

In 2025, NEXCOM Group's total energy consumption was 24,853.75 GJ, representing a slight decrease compared with 2024. This demonstrates that energy conservation and management initiatives have gradually delivered positive results. Key achievements include:

- Electricity consumption decreased from 23,756.23 GJ to 23,416.03 GJ.
- Diesel consumption decreased significantly from 172.96 GJ to 89.69 GJ.
- Continued implementation of LED lighting replacement projects and air-conditioning energy management improvements across plants and offices.

Looking ahead, NEXCOM will continue to enhance energy efficiency through equipment improvements, energy management optimization, and low-carbon transformation initiatives, progressively achieving its goals of energy conservation, carbon reduction, and sustainable operations.

Energy Statistics

► Energy Consumption Statistics for Each Operation Site of NEXCOM Group (including subsidiaries)

Unit: GJ

Energy Type		2023	2024	2025
Electricity	Non-renewable (Purchased)	20,992.33	23,756.23	23,416.03
	Diesel	167.6	172.96	89.69
Fuel	Gasoline	1098.29	1325.16	1348.03
	Total Energy Consumption	22,258.21	25,254.35	24,853.75
Energy Intensity		3.86	4.66	4.36

Note:

(1) 1 kWh is approximately 3.6 million joules; diesel has an energy content of about 35.16 million joules per liter; gasoline has an energy content of about 32.65 million joules per liter; 1 GJ = 1 billion joule.

(2) Energy content values are based on the 2021 Energy Statistics Handbook by the Ministry of Economic Affairs, Energy Bureau.

(3) In 2025, the scope of energy consumption reporting was expanded to include overseas operational sites in the United States, Japan, and China.

(4) Energy Intensity = Total Energy Consumption (GJ) / Revenue (NT\$ million)

(5) The installation of renewable energy is still under evaluation.

3.2 Greenhouse Gas Inventory

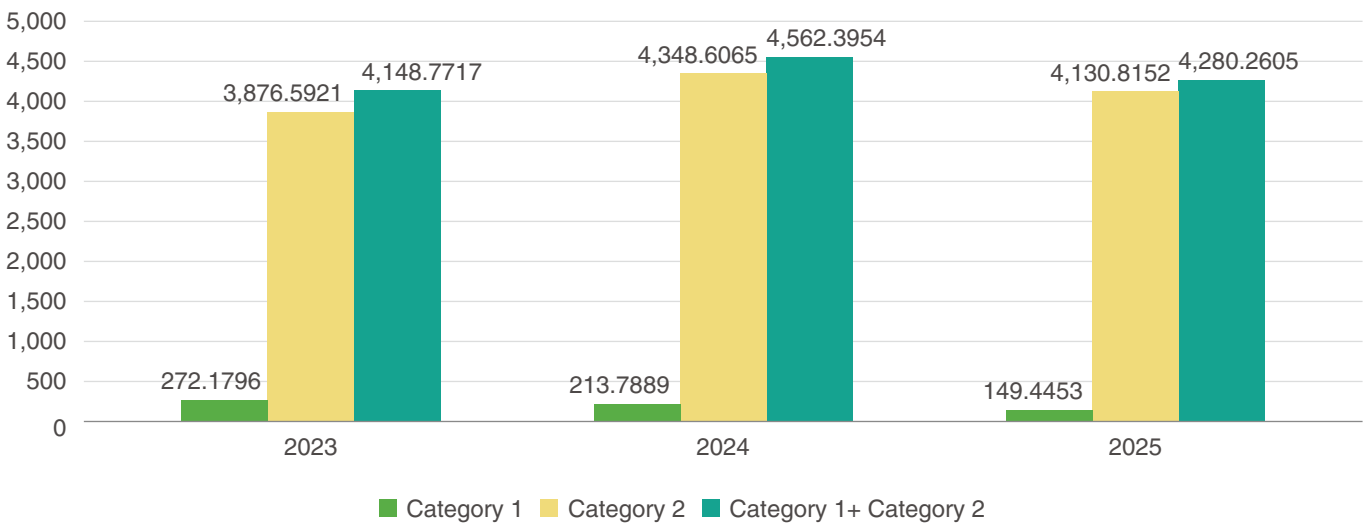
The greenhouse gas emissions of NEXCOM and its domestic and overseas subsidiaries are categorized into direct and indirect emissions based on their sources. Direct emissions are generated from company vehicle operations, emissions from production equipment at factory sites, the use of heating systems, and fugitive emissions from utility equipment. Indirect greenhouse gas emissions come from purchased electricity, which is sourced from Taiwan Power Company and Hua Ya Power Corporation, and various overseas power providers. Other indirect emissions from transportation are generated from business travel and employee commuting. In 2025, the company's greenhouse gas inventory covered the following gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). According to the statistics, category 1 emissions amounted to 149.4453 metric tons of CO₂ equivalent (CO₂e), accounting for 3.06% of the company's total emissions, Category 2 emissions totaled 4,130.8152 metric tons of CO₂e, accounting for 84.54%. There were no biogenic CO₂ emissions in this inventory.

► Greenhouse gas emissions for the past three years are listed below

Unit : Metric Tons of CO₂e

Scope	2023	2024	2025
Category 1 Direct Emissions	272.1796	213.7889	149.4453
Category 2 Indirect Emissions from Energy Consumption	3876.5921	4348.6065	4130.8152
Category 3 Indirect Emissions from Transportation	549.4184	717.3427	606.0164
Total	4698.1901	5279.7381	4886.2769
Greenhouse Gas Emission Intensity: (Note) metric tons of CO ₂ e per million TWD of revenue	0.81	0.97	0.86

► Greenhouse Gas Emissions from 2023 to 2025



Note:

1. Use operating control approach method.
2. Scope of statistics for Category 1 and Category 2: Emissions from process equipment, consumption of gasoline and diesel, consumption of natural gas, refrigerants, fire extinguishers, and fugitive emissions from septic tanks, electricity consumption (based on Taiwan Power Company bills, Hua Ya Power Corporation power readings, and electricity bills from power companies of overseas subsidiaries).
3. Category 2 Electricity Emission Factors: The electricity emission factor provided by Taiwan Power Company was 0.494 kgCO₂e/kWh for 2023 and 2024, while the electricity emission factor of Huaya Power Co., Ltd. was 0.9208376436 kgCO₂e/kWh. In 2025, the electricity emission factor provided by Taiwan Power Company was 0.474 kgCO₂e/kWh, and the electricity emission factor of Huaya Power Co., Ltd. was 0.8950234186 kgCO₂e/kWh.
4. Global Warming Potential (GWP): The values for 2022, 2023, and 2024 are based on the IPCC Sixth Assessment Report (2021).
5. Greenhouse Gas Emission Factors: The greenhouse gas emission factors were referenced from the Greenhouse Gas Emission Factor Management Table announced by the Ministry of Environment, Executive Yuan, on February 5, 2024.
6. Data Sources: The data sources include NEXCOM Taiwan headquarters, domestic subsidiaries, and global overseas subsidiaries.

2025 Category 3 - Indirect Greenhouse Gas Emissions from Transportation Statistics

Category 3 emissions amounted to 606.0164 metric tons of CO₂ equivalent (CO₂e) in total, with employee commuting accounting for 379.4854 metric tons CO₂e (62.6%) and business travel accounting for 226.5310 metric tons CO₂e (37.4%).

Emission Source	Calculation Category	2023	2024	2025
Employee Commuting	Employee Commuting (Car)	103.0028	128.1021	131.6770
	Employee Commuting (Motorcycle)	200.8906	169.2706	154.4930
	Employee Commuting (High-Speed Rail)	2.3362	1.3924	1.3924
	Employee Commuting (Train)	21.2317	20.6912	22.7979
	Employee Commuting (Long-distance Bus)	5.4127	10.1779	10.1779
	Employee Commuting (Urban Bus)	8.1184	8.1884	8.0254
	Employee Commuting (Taipei Metro)	0	53.1733	50.9219
Business Travel	Business Travel (High-Speed Rail)	13.6118	15.6021	14.5189
	Business Travel (Plane)	152.0800	264.6677	164.5340
	Business Travel (Taxi)	2.8097	2.9423	3.2476
	Business Travel (Private Car for Official Use)	39.9246	43.1349	44.2305

Note: The data sources include NEXCOM Taiwan headquarters, domestic subsidiaries, and global overseas subsidiaries. Starting from 2024, metro transportation emission factors have been obtained and incorporated into the greenhouse gas inventory and statistical calculations.

Energy Conservation and Carbon Reduction Improvements

NEXCOM continues to implement energy-saving and carbon reduction initiatives through equipment replacement, process optimization, and energy management measures to gradually enhance energy efficiency year by year. From 2022 to 2025, a cumulative 243,625 kWh of electricity was saved, resulting in a carbon reduction benefit of 129.7229 metric tons CO₂e. Compared to the baseline year 2024 total emissions of 5,279.7381 metric tons CO₂e, this represents a 2.46% reduction, demonstrating the company's tangible results in improving energy efficiency and taking climate action.

► Greenhouse Gas Emission Reduction Performance

Year	2023	2024	2025
Electricity Saved (kWh)	194,562	236,780	243,625
Carbon Emissions Reduced (metric tons CO ₂ e)	105.6225	126.4784	129.7229

Note: The data source is NEXCOM.

Energy Saving and Carbon Reduction Improvement Plan

(1) Headquarters - Energy Saving and Power Reduction Project

Target: Reduce lighting electricity consumption on the 9th floor office by 30%.

1. The T5 lighting fixtures used in the Zhonghe Headquarters office area have been in service for over 10 years, and their brightness has gradually declined due to lumen depreciation, which can cause eye strain.
2. In response to government environmental policies, the recycling and disposal fees for fluorescent tubes have increased by 300%, resulting in higher material costs.
3. The project to replace lighting fixtures in the 9th floor area of the headquarters is underway to meet illumination requirements and energy conservation and carbon reduction requirements.

Improvement Methods:

1. Planned replacement of LED light fixtures and tubes on the 9th floor of the Zhonghe Headquarters.
2. Calculated the electricity savings, cost savings, and carbon emission reductions after the upgrade.
3. Regular inspection and maintenance.

Improvement Outcome:

After verification, the annual electricity consumption was reduced from 8,050 kWh before the improvement to 2,605 kWh after the improvement, achieving a 67.64% reduction. The target has been successfully met.



(2) Headquarters - Energy Saving and Power Reduction Project

Target: Replace HVAC pump motors in chillers to reduce electricity consumption by up to 10%.

1. Current Equipment Status: Most of the existing chilled water and cooling water pump motors are older models with lower energy efficiency and insufficient operating performance. Prolonged operation leads to high electricity consumption and an increased frequency of required maintenance.
2. Energy Consumption Status: Based on annual operating hours, the pump system accounts for an estimated 20% to 25% of the overall HVAC electricity consumption. Actual measurements indicate that energy consumption exceeds the benchmark for the same efficiency class, leaving room for energy-saving improvements.

Improvement Methods:

1. Gradually phase out and replace chilled water and cooling water pump motors across all floors of the Zhonghe Headquarters.
2. Calculate the electricity savings (kWh), cost reductions, and carbon emission reductions after the improvements.
3. Conduct regular inspections and maintenance.

Improvement Outcome:

Upon verification, the annual electricity consumption was 11,760 kWh before the improvement and 10,360 kWh after. This represents an 11.9% reduction, successfully achieving the target.



Office Energy Saving Measures

To achieve the goal of balancing economic development and environmental protection, NEXCOM is committed to implementing an office energy-saving plan. We are focusing on energy conservation and carbon reduction awareness promoting, avoid energy waste in office and fully realizing energy-saving practices. The ultimate goal is to effectively reduce unnecessary energy consumption and enhance overall usage efficiency.



Air Conditioner

1. Install automatic controllers for air cooled water chillers to enable automatic switching, reducing energy waste.
2. Regularly clean air filters to maintain cooling efficiency.
3. Install circulation fans to enhance air circulation for areas near windows which will reduce power consumption.
4. Use curtains on office windows to shield from direct sunlight for reducing air-conditioning usage.
5. Set thermostat at the range of 26~28°C with circulation fans where needed for comfortable temperature range in office.



Lighting Fixture

1. Using LED lights to reduce energy consumption.
2. Set up zone controlling in the office to reduce unnecessary power consumption.
3. Turn off unnecessary lighting during lunch breaks.
4. Use motion-sensing lighting in unmanned areas of the warehouse.



Operations

1. Implement e-documentation where it is applicable, such as document approvals, procurements.
2. Set computer to sleeping mode after being idled for 10 minutes. Powered off the computer and peripheral devices if they are not to be used for an extended period.
3. Use energy-efficient photocopiers with power-saving functions that can automatically entering a power-saving mode when idle.

3.3 Water Resources Management

NEXCOM has long been committed to water conservation and environmental protection. Recognizing that water resources are a critical issue for global sustainable development, the Company continuously promotes water resource management and conservation measures to mitigate the potential impact of water scarcity on operations.

To strengthen water resource management and reduce the environmental footprint of our operational activities, NEXCOM consistently drives water-saving management mechanisms. By integrating daily management, equipment improvements, and employee awareness campaigns, we enhance overall water use efficiency. Furthermore, in response to potential water shortage risks driven by climate change, we actively build operational resilience and sustainable management capabilities.

Water Resources Management Targets and Implementation Measures

(I) Water Resources Management Targets

With 2025 established as the base year for water intensity, the Company has set the following water resource management targets:

1. Annual Target: Reduce annual water intensity by 1% compared to the base year.
2. Long-term Target: Achieve a cumulative 5% reduction in water intensity compared to the base year by 2030.

(II) Implementation Measures and Achievements

To achieve the aforementioned targets, the Company continuously implements the following management measures:

1. Implementation of Daily Water Conservation Management: Periodically review water usage across all plant sites; strengthen water management for HVAC systems, drinking water equipment, cleaning operations, and public areas to prevent abnormal consumption and equipment leaks.
2. Enhancement of Employee Water-Saving Awareness: Raise employee awareness regarding water conservation through internal announcements, environmental education, and daily communication, encouraging colleagues to cultivate good habits such as turning off taps and conserving water.

- Improvement of Equipment Efficiency: Continuously evaluate the feasibility of introducing water-saving equipment and high-efficiency HVAC systems to reduce daily operational water demand.
- Climate Risk and Water Scarcity Response Management: In response to dry-season water shortage risks induced by climate change, continuously promote risk awareness and implement water dispatching and contingency planning based on plant operational needs to mitigate the impact of water scarcity on operations.
- Regular Tracking and Review of Management Performance: Annually compile and review water consumption and water intensity across all plant sites to serve as a basis for subsequent water-saving improvements and management target revisions.

(III) Annual Achievements

In 2025, total water consumption was 9,595 kWh (with a water intensity of 0.001682698), representing an increase of 668 kWh compared to 2024. This increase was primarily driven by the expansion of operations and increased personnel usage at the Hwa Ya Factory.

However, the overall water consumption remains predominantly for domestic/administrative use, with zero demand for manufacturing process water; thus, the environmental impact is relatively limited. Moving forward, the Company will continue to gradually achieve its established reduction targets and implement sustainable water resource management through water conservation management measures, equipment optimization, and awareness campaigns.

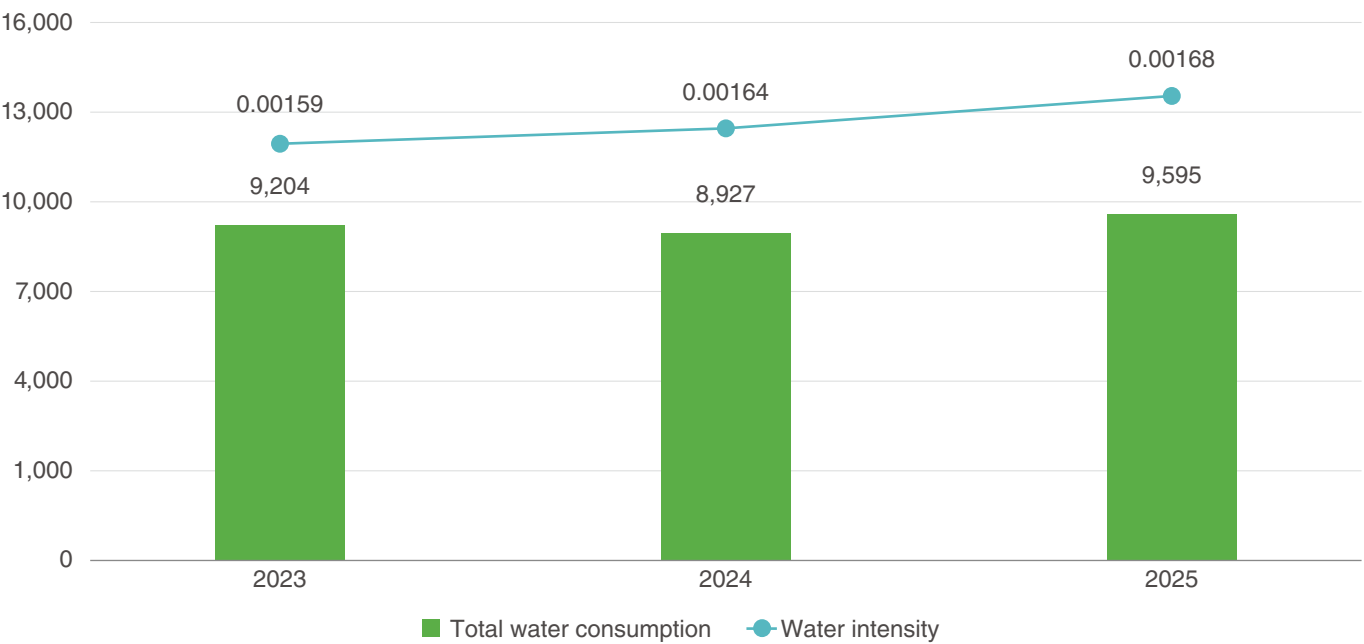
► Water Consumption and Intensity of Each Factory Area

Unit: Degree

Year	Each Factory Area			Total Water Consumption	Water Use Intensity
	Headquarters	Sanmin Factory	Hua-Ya Factory		
2023	0	7,366	1,838	9,204	0.001596392
2024	0	6,976	1,951	8,927	0.001646724
2025	0	7,350	2,245	9,595	0.001682698

- Note:
- The water used by the headquarters is for domestic use and uses public water in the building, so there is no relevant data.
 - The data source is NEXCOM.
 - Water intensity = Total water consumption (m³) / Revenue (NTD thousands).

► Water Consumption and Intensity in Each Year



3.4 Waste Management

NEXCOM has established a waste management plan objectives based on fundamental principles and framework of ISO 14001 environmental management system. Effectiveness of waste management are regularly supervised and analyzed to ensure all measures taken are effectively comply with relevant environmental regulations. Moreover, NEXCOM takes a proactive approach to use recyclable and environmentally friendly materials as the first choice for products and packaging to achieve waste minimization from source controlling. Efforts are also devoted to establishing management standards and promoting communication to ensure that all NEXCOM employees are participating waste materials sorting to avoid improper disposal.

The waste generated by NEXCOM is divided into general industrial waste and hazardous industrial waste. General industrial waste is mainly incinerated. Hazardous industrial waste is physically disposed of by incineration and electrostatic separation followed by crushing. Headquarters and its subsidiaries are in the same building. The main domestic waste produced is uniformly processed by the building's qualified removal suppliers. The general and hazardous waste generated by each business unit after product development is classified and stored, and then handed over to Sanmin Factory conducts unified cleaning and transportation.

Waste electronic materials, solder paste cans, and waste liquids are generated from the production processes of Sanmin and Hua-Ya Factory. In addition, domestic waste and waste wood (packaging materials), waste cartons, waste plastics and other waste not generated by the manufacturing process are entrusted to be handled by qualified removal suppliers, and a removal contract is signed with the removal suppliers in accordance with legal requirements. Manage waste removal situations. In terms of waste liquid removal and treatment, due to the small output, it is temporarily stored in the factory. When the removal volume is met, qualified manufacturers are then entrusted with removal and incineration treatment, with an average of 1 to 2 times a year.

Circular Economy and Waste Management Policy

(1) Circular Economy Policy

NEXCOM continues to promote circular economy practices. The Company's key management approaches are as follows:

1. Environmentally Friendly Raw Material Management:

During product development and material selection processes, NEXCOM prioritizes the evaluation and adoption of reusable, recyclable, and low-impact materials to reduce environmental burdens.

2. Product and Packaging Reduction Design:

NEXCOM continuously promotes packaging reduction and packaging reuse initiatives to minimize the generation of waste materials, including waste wood, cardboard, and plastics.

3. Resource Recycling and Reuse Management:

The Company strengthens waste sorting and recycling practices at operational sites, improves the reuse rate of general industrial waste, and promotes efficient resource circulation.

4. Legal Waste Disposal and Proper Handling:

All waste is handled by qualified waste collection and disposal contractors. Waste storage, transportation, and final disposal processes are managed in accordance with applicable environmental regulations.

5. Employee Environmental Education and Awareness Promotion:

NEXCOM continuously promotes waste classification, resource recycling, and waste reduction awareness to enhance employees' environmental responsibility.

(2) Waste Reduction Management Objectives and Initiatives

1. Waste Reduction Management Policy and Targets

To minimize environmental impacts caused by waste generation, NEXCOM has established 2025 as the baseline year and set the following waste reduction and resource circulation targets:

- Reduce total waste generation by 1% annually compared with the baseline year.
- Achieve a cumulative 5% reduction in total waste generation by 2030 compared with the baseline year.

2. Implementation Measures

To achieve the above objectives, NEXCOM continues to implement the following initiatives:

- Source Reduction Management

Evaluate environmental impacts during product development and material selection, and prioritize the use of recyclable, low-impact, and reusable materials.
- Packaging and Resource Reuse

Promote the recycling and reuse of cardboard boxes, packaging materials, and plastics to reduce waste generation.
- Strengthening Waste Sorting Management

Continue implementing waste classification systems at operational sites and conduct employee awareness campaigns to improve recycling efficiency.
- Waste Disposal and Regulatory Compliance Management

Entrust qualified waste management contractors to handle various types of waste and conduct waste storage, reporting, and transportation management in accordance with environmental regulations.
- Regular Tracking and Performance Review

Regularly track waste generation, recycling volumes, and disposal methods as the basis for continuous improvement and future management target adjustments.

(3) Annual Performance and Achievement

In 2025, NEXCOM generated a total of 52.140 metric tons of waste, representing an increase compared with 2024, mainly due to increased operational activities and R&D activities. However, the amount of general industrial waste recycled and reused increased from 11.76 metric tons to 20.47 metric tons, resulting in a significant improvement in the recycling rate. This demonstrates that the Company's resource circulation initiatives have gradually achieved positive results. Looking ahead, NEXCOM will continue to promote source reduction, resource recycling, and circular reuse management to progressively achieve its waste reduction and circular economy objectives.

► Waste Statistics

Unit: Metric Tons

Site Area	Category	2023	2024	2025	
Headquarters Sanmin Factory Hua-Ya Factory	Household Waste	1.20	1.20	1.20	
	General Business Waste	32.98	33.58	38.82	
	Hazardous Industrial Waste	Spent Liquids	10.516	7.88	10.59
		Electronic Waste	0.87	2.01	1.52
	Total	45.566	44.672	52.140	

Note: The data source is NEXCOM.

► Waste Disposal

Unit: Metric Tons

Category	Disposal Method	2023	2024	2025
Hazardous Industrial Waste	Incineration	0.87	2.01	1.52
	Physical Shredding Treatment	10.516	7.88	10.594
General Business Waste	Incineration	15.895	21.82	18.365
	Reuse	17.085	11.76	20.47
Total		44.366	43.472	50.940

Note: The data source is NEXCOM.

3.5 Climate Change Response

The impacts of global climate change and extreme weather are intensifying. To proactively address the risks and opportunities arising from climate change, NEXCOM follows the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify the company's climate change risks and opportunities. This enables effective response and management. Based on the four core elements of the TCFD recommendations, NEXCOM has established a risk framework to identify significant risks and opportunities that could affect operations and develop corresponding response strategies.



3.5.1 Sustainable Development Management Committee

NEXCOM has established the Board of Directors as the highest governance body for addressing climate change. To enhance the Board's oversight responsibilities on sustainability matters and to promote and implement its sustainability vision, the company formed a Sustainability Committee in 2022. The Chairman of the Board serves as the convener of the Sustainability Committee, which is responsible for reviewing various sustainability policies and decisions, and overseeing the advancement of sustainability-related initiatives.

Board Oversight of Climate-Related Issue

NEXCOM continuously incorporates climate change-related issues into the Board of Directors' decision-making process to ensure that the company demonstrates leadership and sustainability in addressing climate change.

► 2025 Board of Directors - Key Climate-Related Proposals and Reports



3.5.2 Risk and Opportunity Identification and Assessment Process

To mitigate the impacts of climate change, the members of the Sustainability Committee at our company have identified significant risks and opportunities related to climate change. This identification process takes into account the specific characteristics of the company and its supply chain relationships, referencing the TCFD framework's categories of transition risks, physical risks, and opportunities. Subsequently, different scenario analyses are conducted to evaluate these risks and opportunities. Based on these assessments, response strategies are developed to mitigate potential financial losses from these risks. Additionally, some strategies may transform potential crises into opportunities, thereby creating greater benefits for the company.

► Risk and Opportunity Identification and Assessment Process



Risk and Opportunity Assessment Benchmarking

Based on NEXCOM's internal operational conditions, financial impact and risk likelihood are determined to assess the significance of risk values. The company categorizes likelihood and financial impact into 5 levels each. The risk impact level is calculated as Risk Impact = Likelihood x Financial Impact (see diagram below).

► Likelihood Scale

Likelihood Level	Expected Probability	Score
High	Greater than 95%	5
Medium-High	75%~95%	4
Medium	50%~75%	3
Medium-Low	20%~50%	2
Low	Less than 20%	1

► Financial Impact Scale

Financial Impact Level	Impact Amount (NTD)	Score
High	Greater than 50 million	5
Medium-High	Greater than 10 million, less than 50 million	4
Medium	Greater than 5 million, less than 10 million	3
Medium-Low	Greater than 1 million, less than 5 million	2
Low	Less than 1 million	1

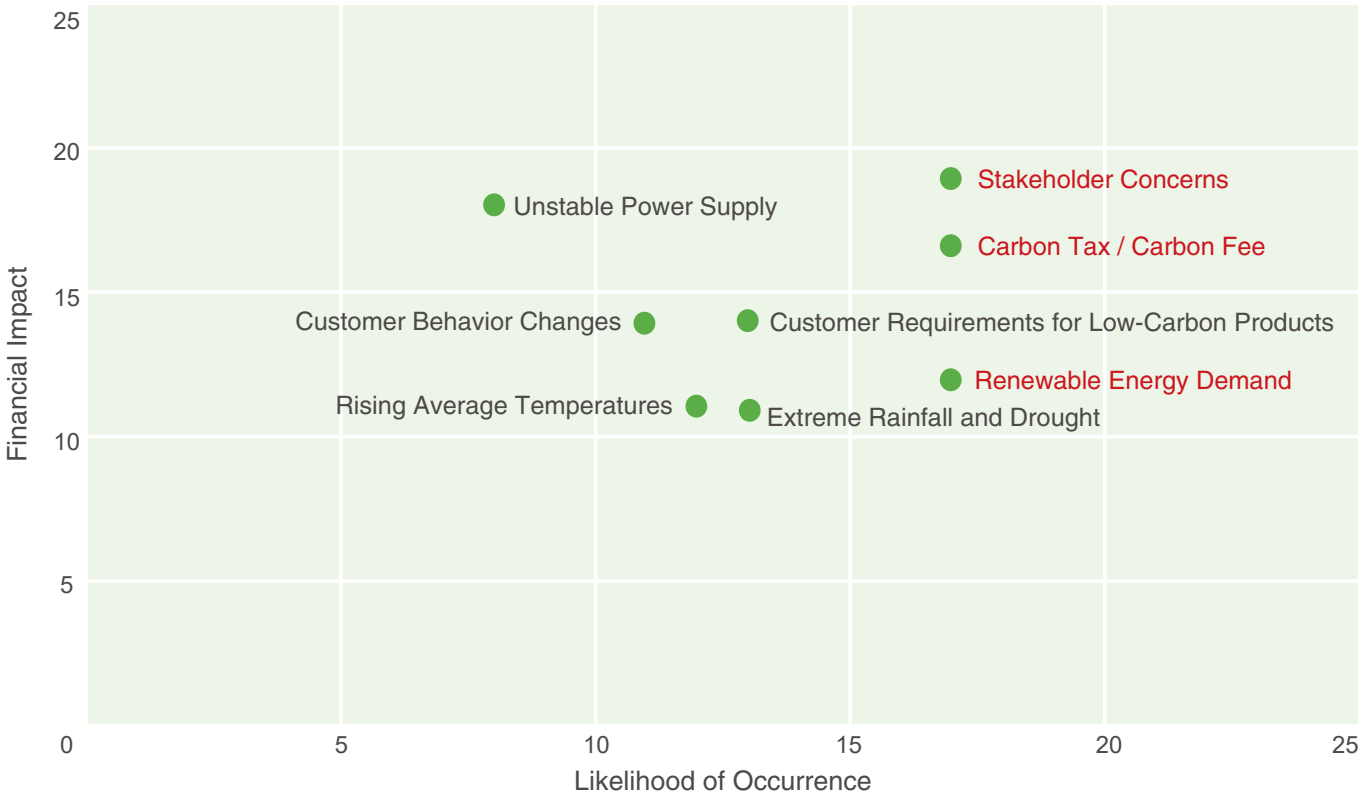
► Risk Impact Level

Risk Level	Risk Value	Description
High Risk	15~25	Risk tolerance requires prioritizing corresponding management plans and regularly tracking performance.
Medium Risk	5~14	Risk tolerance does not require immediate action; continuous monitoring of changes.
Low Risk	1~4	Risk tolerance is acceptable.

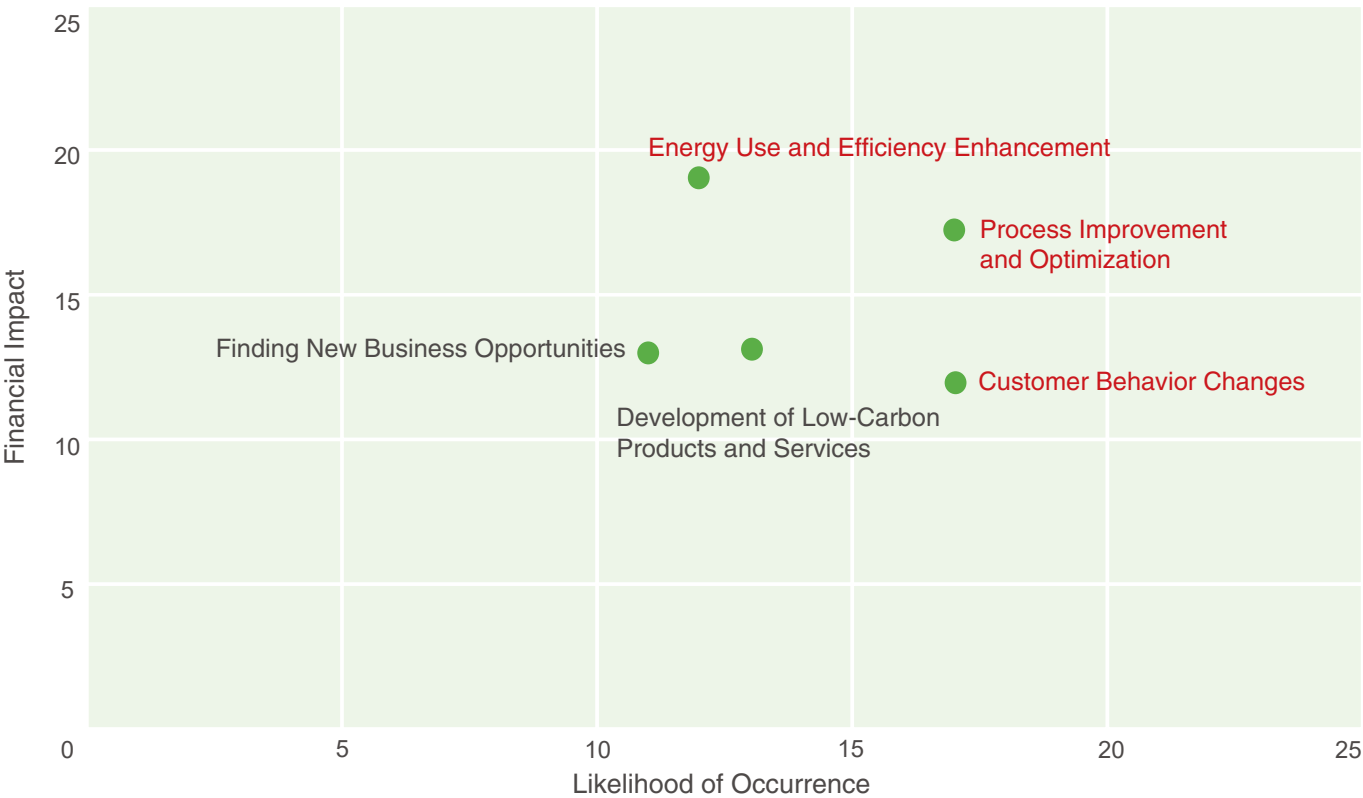
3.5.3 Climate-Related Risk and Opportunity Matrix

Each team member evaluates the likelihood and financial impact of various climate-related risks and opportunities. The risk values are averaged to create the risk and opportunity matrix (see the detailed diagram below).

► Climate-Related Risk Matrix



► Climate-Related Opportunity Matrix



3.5.4 Identification Results of Climate Change Risks and Opportunities

Based on the results of the risk and opportunity matrix, there are a total of 3 major risks and 3 major opportunities with risk and opportunity values greater than or equal to 12 points. The relevant management strategies and impact explanations are shown in the table below:

► Major Risks

Risk Type	Risk Item	Occurrence Time	Potential Financial or Operational Impact	Actions/Responses
Transition Risk	Stakeholder Concerns	Mid-term	If stakeholder expectations are not met, the group's reputation may be affected, potentially impacting market value or leading to a decrease in investor funding.	- Engage proactively with stakeholders to understand their expectations and suggestions regarding NEXCOM's climate-related issues. - Regularly provide stakeholder feedback to the Group Sustainability Committee to effectively grasp external expectations. - Actively participate in ESG forums and other environmental sustainability activities to inform stakeholders about NEXCOM's climate-related operations.
	Renewable Energy Demand	Mid-term	- Higher green electricity prices increase production costs. - Difficulty in obtaining renewable energy limits production. - Suppliers may pass on renewable energy costs, increasing procurement costs.	- Evaluate purchasing green electricity certificates or renewable energy power. - Assess the feasibility of installing additional renewable energy generation devices. - Promote energy management and reduction planning to key suppliers.
	Carbon Tax / Carbon Fee	Short-term	- Increased indirect costs. - Suppliers may pass on carbon tax/carbon fee costs, increasing procurement costs. - Limits on capacity expansion.	- Set a target for the entire company to achieve net zero emissions by 2050. - Provide guidance on carbon emission sources and reduction projects for key suppliers. - Execute the ISO 14064-1 greenhouse gas inventory management system, completing two energy-saving projects in 2025, saving 6,845 kWh of electricity and reducing greenhouse gas emissions by 3.2445 metric tons CO₂e. - Continue to phase out high-energy-consuming equipment and reduce equipment power consumption.

► Major Opportunities

Opportunity Type	Opportunity Item	Occurrence Time	Potential Financial Opportunities	Actions/Responses
Products & Services	Customer Behavior Changes	Mid-term	- Changes in product mix accelerate the positive development of the overall supply chain. - Obtain orders, expanding revenue. - Enhancing order stability, reducing revenue fluctuations. - Improving corporate goodwill.	- Promote new product design in to meet customer needs. - Increase the portfolio of green or low-energy products. - Establish a carbon emission information platform for product carbon footprint and carbon emission statistics, setting product carbon emission optimization plans. - Respond to customer requests for energy-saving and carbon reduction. - Stay updated on domestic and international sustainability issues, improving transparency and goodwill in sustainability practices.
Resource Efficiency	Process Improvement and Optimization	Mid-term	- Reduce carbon emissions, decreasing carbon tax/carbon fee expenses. - Obtain orders and expand revenue.	- Continuously invest in energy-saving and carbon-reduction measures for process equipment. - Encourage suppliers to innovate and optimize their processes to reduce product carbon footprints, thereby enhancing product competitiveness.
Toughness	Energy Use and Efficiency Enhancement	Short-term	- Reduce production and operating costs. - Enhance sustainability reputation, increasing customer trust and potential order revenue.	- In 2025, multiple energy-saving projects were planned, including the replacement of the heat recovery adsorption dryer, the gradual replacement of lighting with LED fixtures, and the phase-out of outdated equipment to promote energy efficiency. - Continue implementing energy-saving measures in office spaces, such as adjusting air conditioning on/off times and evaluating regional air conditioning control to improve energy use efficiency. - Continuously invest in energy improvement measures for various equipment.

3.5.5 Climate Change Scenario Analysis

NEXCOM follows the TCFD recommended guidelines, utilizing both transition and physical risk types to address the worst-case scenario. The analysis results are incorporated into the strategy resilience assessment.

Transition risks are referenced from the 2016 World Energy Outlook 450 Scenario published by the International Energy Agency (IEA WEO 450 Scenario, 2016) and the Nationally Determined Contribution (NDC) targets set by the locations of each manufacturing site. Taiwan, in its Intended Nationally Determined Contribution (INDC) report, has set a target to reduce greenhouse gas emissions by 50% from the Business as Usual (BAU) scenario by 2030.

Transition Risk

- IEA WEO 450 Scenario
- Intended Nationally Determined Contribution (INDC)

Reduce greenhouse gas emissions by 50% from the Business as Usual (BAU) scenario by 2030.

Physical risks reference the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction. Analyses are conducted based on scenarios RCP2.6, RCP4.5, and RCP8.5 to project temperature rise, precipitation, flooding, and drought conditions for the period 2020-2040.

Physical risk

TCCIP and the National Science and Technology Center for Disaster Reduction (RCP2.6, RCP4.5, RCP8.5)

Project the conditions for 2020-2040, including sea level rise, areas below tidal lines, areas below the 2050 flood level, temperature rise, average drought duration, changes in precipitation rates, maximum consecutive rainy days, and total rainfall.



► Scenario Analysis Results

Risk type

Physical risk

Scenario

RCP 8.5

Hazard Level

Hazard Vulnerability

Level 1

Level 2

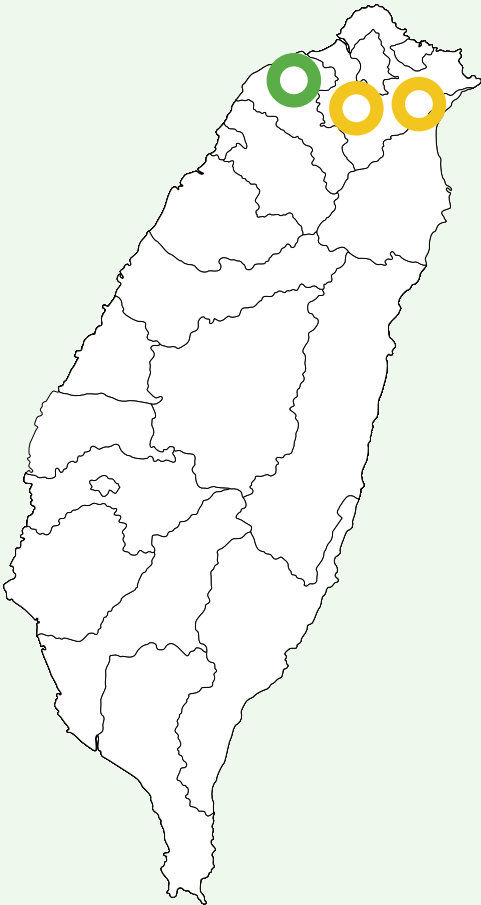
Level 3

Level 4

Level 5

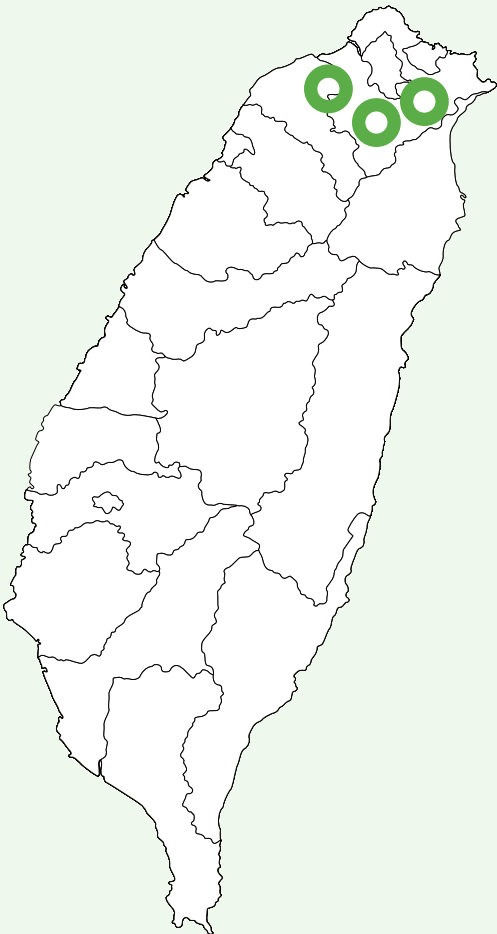
Flood risk assessment classification:

The risk of flooding in two of the company sites (Zhonghe Headquarter and Sanmin Factory) is assessed as moderate risk, and the risk tolerance level is to take no action at the moment and continue to monitor changes.



Drought risk assessment classification:

The drought risk in three of the company's sites (Zhonghe Headquarter, Sanmin and Hua-Ya Factory) was assessed as low risk, and the risk tolerance was acceptable.

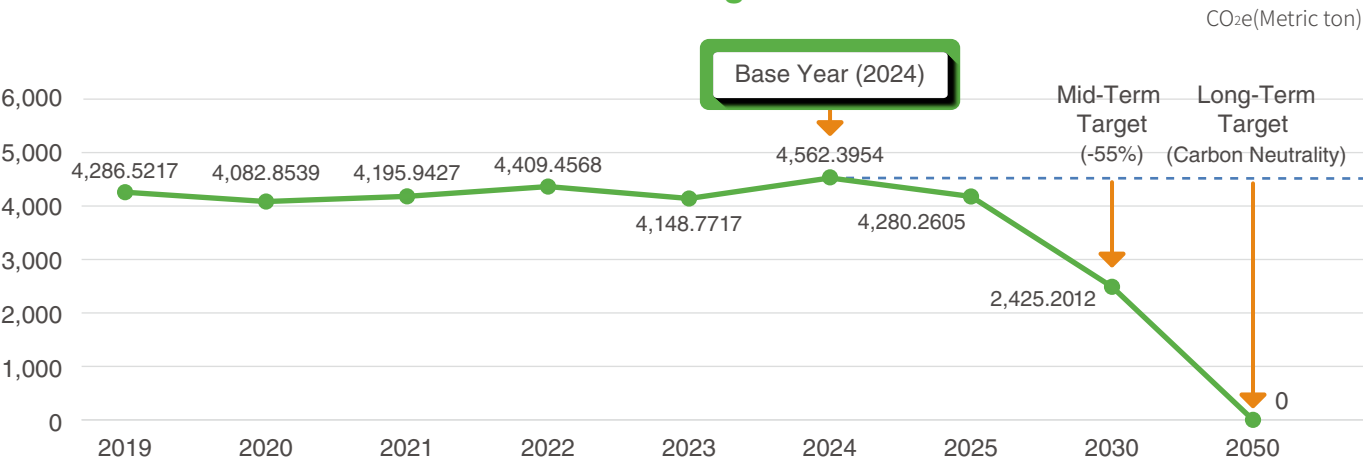


3.5.6 Indicators and Target

Carbon Reduction Targets

To achieve the vision of a low-carbon economy transition, NEXCOM has set a long-term target of reaching carbon neutrality by 2050. Internally, it has established mid-term and long-term indicators (for 2030 and 2050) to monitor progress toward this target. The timeline and target emissions are as follows:

► NEXCOM Carbon Reduction Path Planning



Note: This statistical data pertains to Category 1 and Category 2.

Performance Achievement and Targets

To achieve NEXCOM vision of a net-zero future, the group has committed to green protection targets across multiple areas, including greenhouse gas emission management, energy management, Risk management, and supply chain management. In addition to the overall corporate targets, specific targets are set for each operational site. The performance is monitored, and results are reviewed regularly.

Topic	2025 Performance Results	Future Direction and Targets
Greenhouse Gas Emission Management	- Completed NEXCOM Group's ISO 14064-1 greenhouse gas emission third-party verification. - Completed greenhouse gas verification for overseas subsidiaries, exceeding regulatory requirements. - Again Awarded the 1.5° C Climate Target Certification under Commonwealth Magazine's Corporate Carbon Reduction Thermometer Initiative.	- Achieve net-zero greenhouse gas emissions by 2050. - Reduce emissions by 55% from the 2024 base year by 2030. - Continue implementing energy-saving and carbon-reduction measures for various equipment.
Energy Management	- Replaced office lighting with LED fixtures, resulting in a total electricity saving of 5,445 kWh. - Replaced the chilled water pump motor for the air-conditioning system at the Zhonghe Headquarters, saving 1,400 kWh of electricity annually.	- Continue to propose and implement energy-saving management plans annually. - Continuous investment in energy improvement measures for various equipment.
Product Carbon Footprint Management	Implemented and obtained ISO 14067 Product Carbon Footprint Verification.	- Establish an automated carbon footprint management platform. - Optimize eco-design by increasing the use of low-carbon materials and environmentally friendly components.
Supply Chain Management	- Completed the signing of the “Code of Conduct for Corporate Social and Environmental Responsibility” by new suppliers, achieving a 100% response rate. - Completed the “Supplier Social Responsibility Questionnaire” survey, with a 100% response rate.	Continuously implement various environmental sustainability requirements for suppliers.

3.6 Environmental Management

NEXCOM places great importance on environmental protection and sustainable development. In accordance with applicable environmental laws and regulations, the Company has established a comprehensive environmental management framework and implemented the ISO 14001 Environmental Management System (EMS) to systematically promote pollution prevention, energy conservation, carbon reduction, resource recycling, and environmental risk management, thereby minimizing the environmental impacts of its operations.

Through the Environmental Management System, NEXCOM continuously identifies environmental aspects and potential risks associated with its operational activities, establishes environmental objectives, management programs, and improvement measures, and incorporates energy conservation, carbon reduction, waste management, resource efficiency enhancement, and regulatory compliance into its daily management practices to strengthen overall environmental performance.

To ensure the effectiveness of its environmental management system, NEXCOM conducts annual internal audits and third-party external verification in accordance with ISO 14001 requirements. The Company regularly reviews the implementation and effectiveness of its management system through management review meetings and continuously monitors the achievement of environmental objectives to ensure compliance with the Company's environmental policy, applicable regulations, and stakeholder expectations.

Environmental Management Performance in 2025

1. Conducted environmental aspect identification and environmental risk assessments, and established corresponding environmental management programs and improvement actions.
2. Performed quarterly environmental regulatory compliance reviews to ensure all operational activities complied with applicable environmental laws and regulations.
3. Continued promoting waste segregation, resource recycling, and waste reduction initiatives to improve resource circularity and recycling efficiency.
4. Implemented energy conservation, carbon reduction, and greenhouse gas management initiatives to strengthen low-carbon operations.
5. Conducted regular environmental, health, and safety (EHS) training programs to enhance employees' environmental awareness and risk management capabilities.
6. Performed annual ISO 14001 internal audits and management reviews to drive continual improvement of the environmental management system.
7. Successfully completed third-party certification audits for the ISO 14001 Environmental Management System, maintaining the effectiveness and compliance of the management system.

EXCOM has implemented and obtained certification for the ISO 14001:2015 Environmental Management System, which has been independently verified by an accredited third-party certification body to ensure the effectiveness of the environmental management system and compliance with international standards.

Environmental Management System Certification

- Certification Standard: ISO 14001:2015 Environmental Management System
- Certification Body: TÜV Rheinland Taiwan Ltd.
- Certification Validity: October 15, 2023 – October 14, 2026

Looking ahead, NEXCOM will continue to enhance its environmental management system by strengthening energy conservation, carbon reduction, and resource management initiatives, improving its capability to address climate change-related risks, and integrating environmental management into its corporate sustainability strategy. Through these efforts, the Company remains committed to advancing toward low-carbon operations and long-term sustainable development.