

## Climate change risk management and countermeasures

The frequent extreme weather events in recent years indicate that the crisis brought about by global warming is growing. Governments around the world are highly concerned about climate change issues, and have formulated and amended regional laws and regulations to urge companies to incorporate climate change issues into their business operations and management. Ablerex has identified operational risks brought about by climate change and referred to the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) to incorporate the four core elements, governance, strategy, risk management, and metrics and targets, into the operations management. The governance performance is also disclosed in the sustainability report. It is hoped that stakeholders will take this opportunity to understand the impact of climate change-related risks and opportunities faced by Ablerex, and related response measures to be taken.

Governance	The Corporate Governance and Sustainability Committee, chaired by the chairman, holds meetings to discuss climate change issues. Meetings are held every year, and the discussions include potential environmental impacts such as climate change and utilization efficiency of energy and resources on the Company's operations. The climate change issues, and implementation status are regularly reported to the board every year.
Strategy	In response to climate-related risks and opportunities affecting the Company's strategy and financial planning, Ablerex has referred to the TCFD's climate-related scenario analysis and used quantitative and qualitative climate-related scenario analysis to adopt corresponding strategies. We have discussed the 2°C Scenario (2DS) in the meetings of the sustainability working group and used the tools by the TCCIP (The Taiwan Climate Change Projection Information and Adaptation Knowledge Platform) for the assessment of physical risk scenario of climate change. Finally, we have decided to adopt the 2DS / RCP 2.6 scenario, and conducted subject descriptions of climate change risks and opportunities for physical risks, regulatory transition risks, etc. Finally, we have identified climate risks and opportunities related to our scope of business and referred to the TCFD reports related to the manufacturing industry: Using a 10-year period as the basis for our long-term business development, we have defined short-term as 1 to 3 years, mid-term as 3 to 5 years and long-term as 6 to 10 years.
Risk Management	Discuss risks and opportunities involving climate change with members in meetings, and identify the following risks and propose action plans: 1. Response to transition risks: (1) Raise the GHG emissions pricing -- always Pay attention to the updated status of laws and regulations. Review the Company's conformity to regulations and then develop various measures for regulatory compliance. (2) Changes in customer behavior -- We integrate the concept of reducing

	<p>environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.</p> <p>(3) Rising raw material costs -- For main raw materials in the supply chain, develop a backup or second supplier. Change production areas and continually develop power equipment and green products.</p>
	<p>2. Response to physical risks:</p> <p>Increased severity of extreme weather events such as typhoons and floods -- The Company has incorporated the ISO 14001 Environmental management system into the business to reduce risks to a controllable level by planning objectives, actual implementation, reviewing results, and continuous improvement.</p>
	<p>3. Response to opportunities:</p> <p>Use more efficient production and distribution processes -- Continue to develop new products that are even more energy efficient</p>
<p>Indicators and objectives</p>	<p>1. Greenhouse gas emissions: Intensity (metric ton/NT\$ million) reduced by 1%.</p> <p>2. Water resources management: Water use intensity (thousand liters/person) reduced by 1%.</p> <p>3. Waste management: Intensity (metric ton/NT\$ million) reduced by 2%.</p> <p>4. Improvement results of energy-saving benefits of new product technology over the years</p>

Number	Climate change risk issues	Risk levels	Scope	Number	Climate change opportunity issues	Opportunity levels
R1	Raise the GHG emissions pricing	High	Short-term, mid-term, long-term	O1	Adopt more efficient transportation methods	Low
R2	Strengthen emissions reporting obligations	Low	-	O2	Use more efficient production and distribution processes	High
R3	Requirements and supervision of existing products and services	Low	-	O3	Recovery and reuse	Low
R4	At risk of litigation	Low	-	O4	Move to more efficient buildings	Low
R5	Replace existing products and services with low-carbon goods	Low	Mid-term	O5	Reduce water usage and waste	Low
R6	Failed investment in new technology	Low	-	O6	Use low-carbon energy	Low
R7	Costs of transition to low-carbon technologies	Low	-	O7	Adopt an incentive policy	Low
R8	Changes in customer behaviors	High	Short-term, mid-term, long-term	O8	Use new technology	Low
R9	Uncertain market news	Low	Short-term	O9	Participate in carbon trading market	Low
R10	Rising raw material costs	High	Short-term, mid-term, long-term	O10	Shift to decentralized energy	Low
R11	Shifting consumer preferences -- Stigma of the industry	Low	-	O11	Develop and/or increase low-carbon goods and services	Medium
R12	Increasing concern and negative feedback from stakeholders	Low	-	O12	Develop climate adaptation and insurance risk solutions	Low
R13	Increased severity of extreme weather events such as typhoons and floods	High	Short-term, mid-term, long-term	O13	R&D and innovation in developing new products and services	Low
R14	Change in rainfall (water) patterns and extreme change in climate patterns	Low	Long-term	O14	Diverse business activities	Low
R15	Average temperature rises	Low	Long-term	O15	Shifting consumer preferences	Low
R16	Sea-level rises	Low	Long-term	O16	Enter new markets	Medium
				O17	Make good use of incentives offered by the public sector	Low
				O18	Acquire new assets and regions that need to be insured	Low
				O19	Participate in renewable energy programs and implement energy conservation measures	Medium
				O20	Energy alternatives/diversification	Low