

Excellence Optoelectronics Co., Ltd.(EOI)
TCFD report

Foreword

In the Global Risks Report 2025 published by the World Economic Forum, the immediate threats facing the global community underwent a significant shift. "State-based armed conflict" surged to become the top short-term risk, closely followed by "Extreme weather events" in second place. Although geopolitical tensions have intensified in the short term, environmental risks completely dominate the long-term ten-year horizon, with the top four positions occupied entirely by ecological and climate crises: (1) Extreme weather events, (2) Biodiversity loss and ecosystem collapse, (3) Critical change to Earth systems, and (4) Natural resource shortages. The 2025 report specifically emphasizes that climate change has matured into a "structural driver" that continuously accelerates and amplifies social fragmentation, economic inequality, and geopolitical volatility. To identify climate change risks, strengthen climate resilience adaptation, and reduce the operational disruptions and impacts brought by climate change, immediate action is imperative. Excellence Opto. Inc. aligns its disclosure with the Task Force on Climate-Related Financial Disclosures (TCFD) framework to map indicators and identify climate-related risks and opportunities.

About this report

Reporting scope

The information disclosed in this report covers the period from January 1, 2025, to December 31, 2025. The scope is defined as the Taiwan Headquarters of Excellence Opto. Inc. and excludes other subsidiaries, operational sites, and investment companies included in the consolidated financial statements.

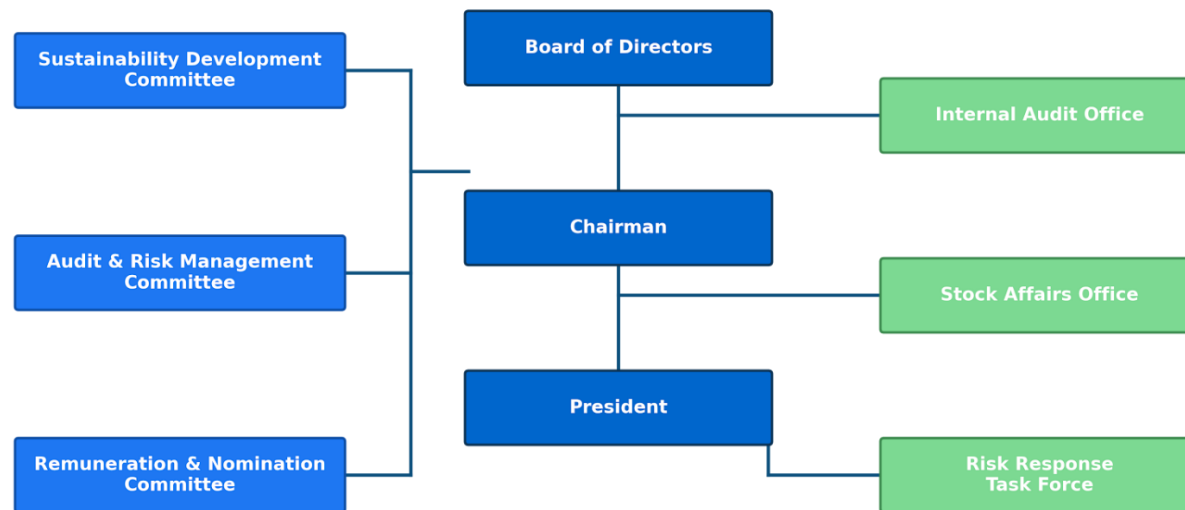
Reporting Principles

This report adheres to the framework recommended by the Financial Stability Board (FSB) via the Task Force on Climate-related Financial Disclosures (TCFD). It is structured around the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

TCFD

Governance

Climate governance architecture



- To demonstrate its commitment to sustainable development, enhance ESG (Environmental, Social, and Governance) management, and conduct risk assessments across these three dimensions to ensure corporate long-term viability, the Board of Directors approved the establishment of the "Sustainable Development Committee" on December 26, 2024. The committee comprises 3 independent directors and 1 director. The Sustainable Development Committee meets at least twice a year to assist the Board in fulfilling its oversight of corporate sustainability goals and reinforcing sustainable governance.
- The "Sustainable Development Committee" operates under its official Charter, and its primary responsibilities include: formulating, promoting, and strengthening the Company's sustainable development policies, annual plans, and strategies; reviewing, tracking, and amending sustainability performance and execution; supervising sustainability information disclosure and reviewing the "Corporate Sustainability Report"; and overseeing the execution of the Company's Sustainable Development Best Practice Principles or other sustainability-related tasks resolved by the Board.
- The "Audit and Risk Management Committee" oversees group operational risk management. The President serves as the highest executive supervisor for risk management, while heads of respective departments and business supervisors serve as risk management officers, forming dedicated Risk Response Task Forces based on specific incidents.
- The "ESG & Sustainable Development Department" acts as the dedicated management unit for climate change risk prevention and response, regularly reviewing potential risks within its scope of business and updating the potential risk identification register and risk distribution profiles.

Risk Management

Integrate climate risks into overall risk management policies

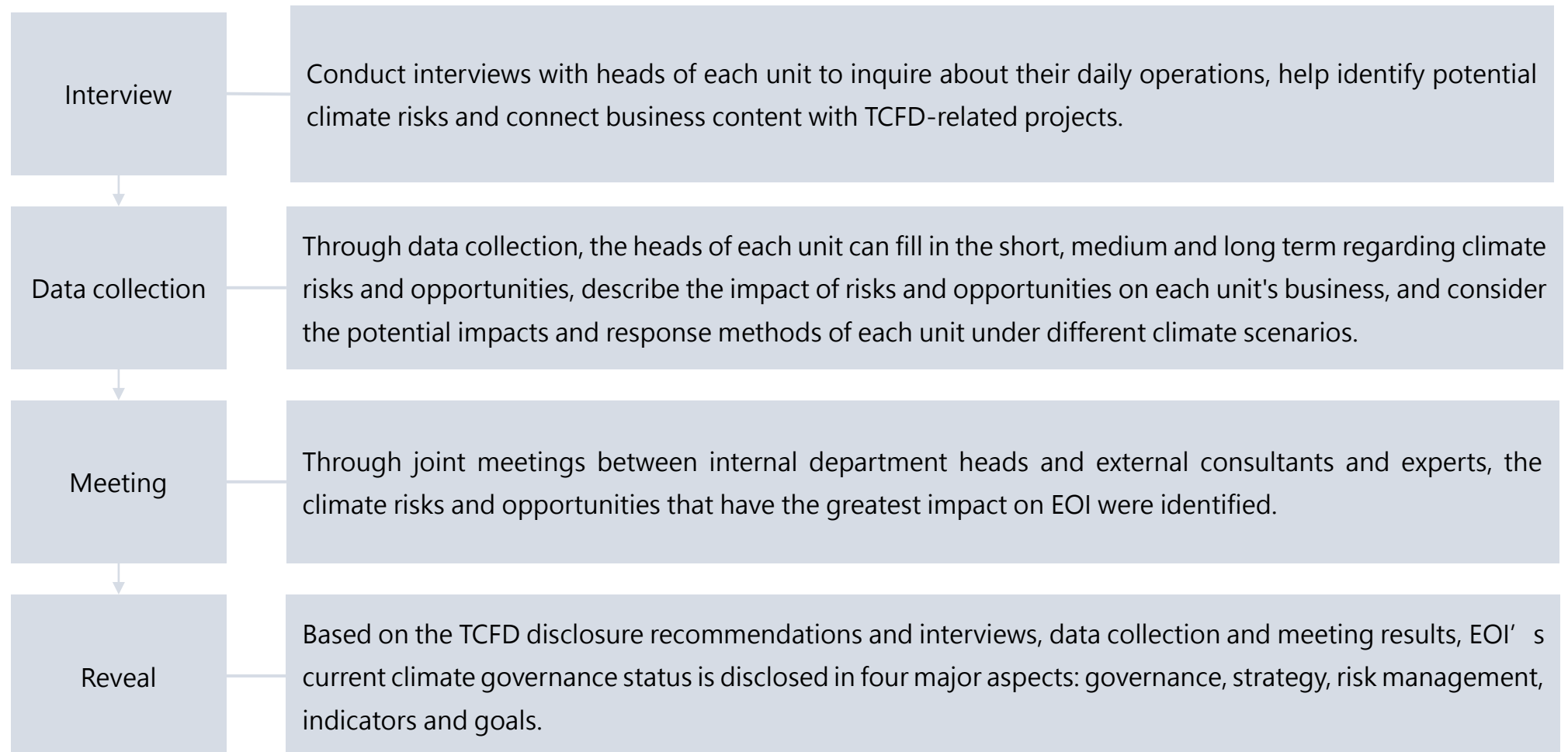
- Excellence Opto. Inc. incorporates corporate business continuity risks, climate change, and natural disasters into the group's overarching risk management policy, and reports regularly to the Board of Directors regarding risk management operations.
- Climate change risks have been formally integrated into the Excellence Opto. Inc. Sustainable Development Best Practice Principles.

Climate change risk/opportunity identification process

In accordance with the climate-related risk and opportunity categories defined by TCFD, physical risks, transition risks, and opportunity projects are established. Through joint alignment meetings involving the President, internal department heads, and external consultants, the company assesses and focuses on the climate change risks and future potential opportunities that impact daily business operations. The climate change management policy is then formulated through Corporate Governance and Sustainability Committee meetings and by closely tracking domestic and international regulatory trends.

Strategy

In the face of the increasingly serious climate change, which may cause potential risks and impacts on corporate operations, but at the same time, it may also create opportunities under climate change. According to the TCFD information disclosure recommendations, EOI discloses actual and potential climate-related information for business, organization and financial planning. Impact and formulate corresponding management policies:



Climate change risks and management approaches

risk	risk category	Risk projects	illustrate	Short, medium and long term identification	Potential operational and financial impacts (Description of risk impact)	management policy
physical risk	Immediateness - typhoon/heavy rainfall	Damage to operating equipment	Abnormal events caused by extreme weather conditions such as typhoons and heavy rainfall (such as flooding due to extreme rainfall, etc.) cause damage to EOI's operating buildings, operations and information equipment, and have a direct impact on the operating base.	long	Typhoons or heavy rainfall events may prevent employees from working or damage factory equipment, resulting in operational interruption or financial losses.	Formulate an emergency response plan for major natural disasters. After the disaster occurs, set up an emergency response team, set up faxes, contact numbers and related necessary equipment, designate 24-hour contact standby personnel, accept telephone and fax notifications, and respond immediately to emergencies. processing and post-disaster

						recovery.
		supply chain disruption	Due to the frequent occurrence of extreme weather events, the supply of raw materials and energy is unstable, which in turn interrupts the operation or production of EOI's supply plants. This has caused EOI's supply chain to be interrupted, resulting in the inability to produce or operational problems.	short	Extreme weather may cause delays in supplier shipments and logistics, leading to production interruptions and affecting subsequent shipments or breach of contract compensation.	1. Each supplier has a mechanism to prepare its own large water storage equipment and purchase water sources from outside to prevent supply chain interruptions. 2. With risk diversification as the core, when developing new suppliers, it is important to consider having production lines in different regions. In the event of a major climate event, the same materials can be supplied by different factories. 3. A small number of
	Long term – climate change impacts	Shortage of raw materials and water shortage	Long-term climate change has led to drastic changes in the global environment, such as droughts and water shortages, which in turn have led to shortages in the supply	long	Various PCB supply chains require a large amount of water due to their manufacturing process characteristics, and have experienced	

			of raw materials. In turn, EOI cannot operate normally due to the shortage of raw materials .		drought and water shortage problems.	material supply chains in China have occasional power outages, resulting in delivery delays, and overtime work is required to compensate for working hours. 4. The factory area is equipped with automatic sprinkler systems and water storage systems. Flooding, drought, strong winds and other abnormalities can easily cause power interruptions. The park is equipped with two sets of power supply systems. 5. Conduct regular
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						supplier evaluations. 6. The Taiwan factory currently has a local procurement ratio of > 80% and continues to increase the local procurement ratio.
Transition risk	Policies and regulations	Carbon Fee/Energy Tax	Government policies are in line with the carbon neutrality goal of the 2050 Paris Agreement. Therefore, greenhouse gas reduction requirements, energy conservation and power consumption policies or regulations have become stricter, which may increase operating costs, such as rising electricity bills or the imposition of carbon fees, carbon taxes and	middle	In the future, you may have to pay carbon fees in Taiwan, and you will have to pay carbon taxes when exporting to Europe and the United States, which will lead to an increase in operating costs.	● Implement ISO 14064 and set an annual carbon reduction target of 1%. ● Implement ISO 50001 Energy Management System.

			other costs in the future.			
		Cap/Emissions Trading	In the future, the climate change response law will enter the mandatory reduction stage, and total greenhouse gas control and emission trading will be implemented. For EOI, costs may increase in the future due to total emission control or the need to purchase carbon rights.	middle	In addition to the increased cost of purchasing carbon rights, under the cap control, carbon reduction will also become one of the primary goals of operations.	1. Packaging design is minimal. 2. Set up local factory for production.
	technology risk	Demand for low-carbon products and services	Regulations in Taiwan and other countries have increasingly stringent low-carbon requirements for products. Companies must carefully manage product carbon emissions, energy and	middle	In order to meet the low-carbon demand, resources need to be invested to reduce energy consumption, improve production	1. Implemented ISO 14067 product carbon footprint verification since 2024, completing checks for two LED automotive lighting modules. 2. In the ESG meeting, relevant departments

			water consumption in the production process, or air pollution control.		efficiency or product performance, which will increase operating costs.	were joined to discuss reducing electronic material waste , optimizing power efficiency, and selecting environmentally friendly electronic materials in circuit design . 3. The materials are made of electronic components that are more resistant to high temperatures; the design incorporates temperature detection control components and introduces a current de-rating mechanism; dynamic voltage adjustment reduces IC load.
	market risk	Changing consumer behavior and preferences	Customers prefer to produce more energy-saving and low-carbon products to cater to consumer preferences and require supply chains to reduce product carbon footprints.	middle	In response to customer needs, green product design may be developed, which requires a large amount of resources and costs to be invested in the process.	

						4. New manufacturers of production materials must provide a green product guarantee letter when logging in.
	Reputation risk	climate change	Customers' impressions of whether EOI is committed to low-carbon transformation and concerned about climate change may indirectly affect the company's goodwill and earnings; and if the company fails to actively engage in climate change issues of concern to stakeholders, it may affect the company's image and Credibility.	middle	Unmanaged climate risks may affect stakeholders' assessment of the company and may also reduce investors' willingness to invest.	Introduce TCFD to implement climate governance and disclosure.

Climate change opportunities and management approaches

Since the automotive industry attaches great importance to environmental and climate issues, if net-zero emissions and water and energy consumption do not keep pace with the times, they may be eliminated by the industry, which will have a huge impact. This threat also applies to other industries, so the gradual implementation process It will also create new opportunities.

Opportunity categories	opportunity projects	illustrate	Short, medium and long term identification	Potential operational and financial impacts	management policy
resource usage efficiency	Green process; environmentally friendly manufacturing	Following the trend of environmental protection and energy conservation, EOI will introduce environmentally friendly technologies, technologies and equipment into EOI's processes and production lines to reduce the use of electricity, water resources, etc. Through energy-saving measures, the company's energy costs can be reduced.	short	Products comply with energy-saving regulations, meet power-saving features and reduce overall production costs, enhance customers 'willingness to cooperate and create revenue growth.	1. Implemented ISO14064-1. 2. Implemented ISO50001. 3. Implemented ISO14067. 4. Develop high-efficiency LED street lights, optimize design to reduce material usage, use recyclable materials, reduce packaging waste during the production process, and increase freight loading and transportation volume.

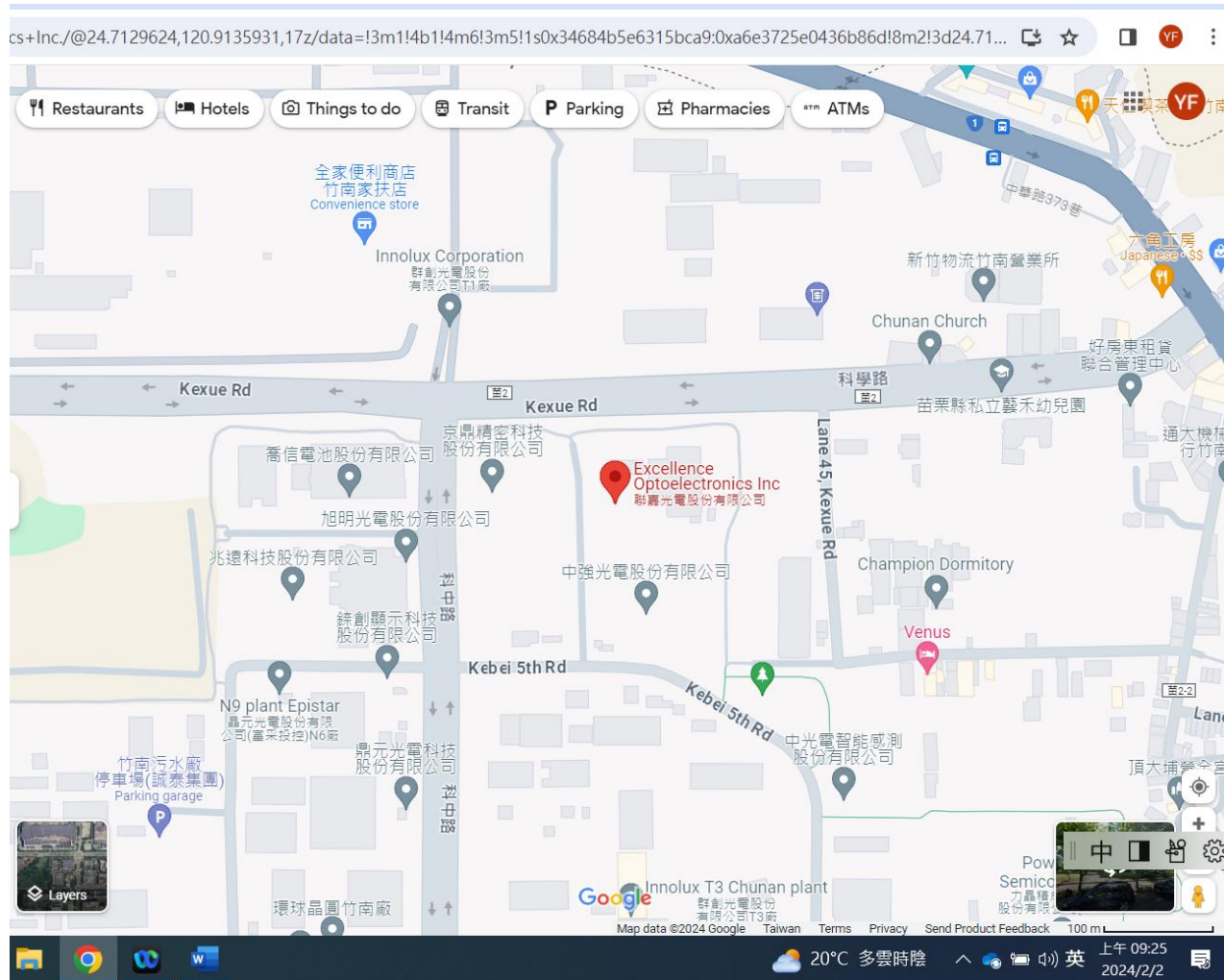
energy source	Build renewable energy	In the future, the revision of relevant laws and regulations on renewable energy, as well as the development of low-carbon energy construction, purchase of green electricity, related certificates or the construction of solar panels for power generation, etc.	middle	Using green energy reduces carbon fees and product carbon footprints, reduces production costs and increases customers' willingness to cooperate.	Pay attention to developments related to renewable energy and continuously evaluate whether the company needs to purchase it.
product and service	Low carbon products	Develop low-carbon, environmentally friendly, and long-lasting products to increase competitiveness.	short	In order to meet the needs of carbon reduction and environmental protection, resources need to be invested in design and development in the early stage, but this may make EOI's products more competitive.	1. Establish soft and firmware capabilities to increase product life. 2. New products are introduced into functional safety systems to ensure the superior quality of product development.
market	Develop in line with consumer preferences	In line with market ESG trends, we launch LED products that are more environmentally friendly,	short	Developing more energy-saving and longer-lasting products in response to market and customer	

		energy-saving and have long product life.		needs will involve a certain amount of research and development costs, but it may also attract more customers and increase revenue.	improved and power consumption is reduced.
toughness	Build business resilience	Establish disaster prevention mechanisms and mechanisms related to the introduction of climate change risk management to build a more resilient EOI.	middle	Building a disaster prevention mechanism or investing in a prevention mechanism will increase short-term costs, but in the long run, it will make the company more operationally resilient.	1. Introduce TCFD to implement climate governance and disclosure. 2. Set guidelines for managing climate risks and opportunities.

Scenario Analysis : Physical Risks

According to the disclosures recommended by TCFD, the impact of risks and opportunities that the company may face are disclosed in the strategy, and the company's response methods are also explained through management policies. According to the 3D disaster potential map of the National Disaster Prevention and Protection Technology Center , the company's headquarters is not directly located in a rainfall potential area, nor is it directly located in a debris avalanche potential area, but there are some within 500 meters nearby; the rest are like landslides Our company has no direct access to potential streams, downhill slopes and other potential areas and is not within the potential range within 500 meters (see Appendix 1 for details). Therefore, there is little risk of flooding or landslides causing disruption to the

company's operations. . However, for the purpose of risk management, the company still calculates the property losses in the short term if climate-related events unfortunately occur and lead to work stoppages: Since the company's products are produced according to customer needs, if there is a work stoppage, the losses will mainly be concentrated on fixed expenses and financial costs. Based on the headquarters It appears that the daily impact is approximately 1,771 thousand yuan. (Calculated based on 2024-year employee benefit expenses of 499,125 plus depreciation and amortization of 99,451 + 18,834 plus financial costs of 20,418) .



EOI headquarters location

Remark:

1. Source: National Disaster Prevention Technology Center 3D Disaster Potential Map ([3D Disaster Potential Map \(nat.gov.tw\)](http://3D-Disaster-Potential-Map.nat.gov.tw))
2. Scope of analysis: Excellence Headquarters (No. 2, Kedong 1st Road, Zhunan Town, Miaoli County, 120.9 ° E, 24.7 ° N)
3. The definition of rainfall classification by the Central Meteorological Bureau: heavy rain 80mm-200mm/24hr ; heavy rain 200mm-350mm/24hr ; heavy rain 350mm-500mm/24hr ; super heavy rain 500mm or more /24hr .

Scenario Analysis: Transition Risks

In addition to physical risks, the Company also considers the impact of different potential carbon pricing systems in the future, such as carbon fees, carbon taxes or total control. Moreover, the current regulations and systems are still in the early stage of formulation and will still be highly volatile in the future. Therefore, this review is carried out. The company hopes to use relevant scenario simulations provided by international organizations to evaluate the short, medium and long-term financial impact of the future carbon pricing system on the calculation scenario assumptions of the company's greenhouse gas emissions, carbon fees and cap control.

project	The potential cost of carbon fees	Potential Costs of Cap Control
Scenario Hypothesis Description	1. Carbon emissions scenario: using IEA Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE) scenarios as future carbon emission estimates. 2. Carbon fee level scenario: Use the Taiwan Ministry of Environment, Greenpeace, EU ETS , NGFS NDC , and NGFS 2050 Net Zero models as estimates of future carbon prices.	1. Carbon reduction path setting: EOI assumes a reduction target of 1% (EOI's current target) and 4.2% (SBTi specification) each year. 2. Total control quota amount: Assume that the country starts to implement total control in 2030 , and assume that 50% of the carbon emissions of EOI under the STEPS scenario is EOIs' carbon emission verification quota, and that net zero carbon emissions will be achieved in 2050. Analysis basis.

	3. Model estimation period: 2025 to 2050 .	3. Penalty for emissions exceeding the quota: If the greenhouse gas emissions exceed the total limit and cannot be purchased in the emissions trading market, a fine of NT\$3,000 per ton will be imposed. 4. Model estimation period: 2025 to 2050 .																					
potential financial impact	Take N GFS Taking the NDC model as an example, the carbon fee cost estimate is as follows: Unit: Thousands of New Taiwan Dollars <table><tr><td></td><td>STEPS</td><td>APS</td><td>NZE</td></tr><tr><td>2030 __</td><td>9,050 _</td><td>7,550 _</td><td>6 01</td></tr><tr><td>2050 __</td><td>2 8,340</td><td>1 0,950</td><td>-</td></tr></table> 1. Under the STEPS scenario , the carbon fee cost in 2030 is estimated to be NT \$ 9,050,000 (accounting for approximately 0.20 % of 2023 revenue); the carbon fee cost in 2050 is estimated to be NT\$ 28,340 Thousand yuan (accounting for approximately 0.65 % of 2023 revenue) 2. the APS scenario , the carbon fee cost in 2030 is estimated to be NT\$ 7,550,000 (accounting for approximately 0.17% of 2023 revenue); the carbon fee cost in 2050 is estimated to be NT\$		STEPS	APS	NZE	2030 __	9,050 _	7,550 _	6 01	2050 __	2 8,340	1 0,950	-	Calculated based on reductions of 1 % and 4.2% respectively , the total control cost is estimated as follows: Unit: Thousands of New Taiwan Dollars <table><tr><td></td><td>1%</td><td>4.2 %</td></tr><tr><td>2030 __</td><td>7,970</td><td>12,850</td></tr><tr><td>2050 __</td><td>3,390 _</td><td>-</td></tr></table> 1. In 2030 , if a 1 % annual reduction is used as the target, the expected total control cost will be approximately NT\$7,970,000 (accounting for approximately 0.18 % of 2023 revenue); With an annual reduction of 4.2% as the target, the expected total control cost is approximately NT\$ 3,390,000 (accounting for approximately 0.07 % of 2023 revenue). 2. In 2050 , if the annual 4.2% reduction is set as the target, the expected total control cost will be approximately NT\$ 12,850,000 (accounting for approximately 0.29 %		1%	4.2 %	2030 __	7,970	12,850	2050 __	3,390 _	-
	STEPS	APS	NZE																				
2030 __	9,050 _	7,550 _	6 01																				
2050 __	2 8,340	1 0,950	-																				
	1%	4.2 %																					
2030 __	7,970	12,850																					
2050 __	3,390 _	-																					

	7,550,000 (accounting for approximately 0.17 % of 2023 revenue) ; 10,950 thousand yuan (accounting for approximately 0.25 % of 2023 revenue) 3. the NZE scenario, the carbon fee cost in 2030 is estimated to be NT\$ 601,000 (accounting for approximately 0.013 % of 2023 revenue); net zero emissions will be achieved in 2050 , with no carbon fee-related costs .	of 2023 revenue); if the annual A reduction of 4.2% is set as the target. Since net-zero emissions have been achieved in 2050 , there are no costs related to total volume control.
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Remark:

1. Data source: I EA World Energy Outlook 2023 ; NGFS Scenario Explorer. 2022 ; Xiao Daiji , Lin Shimo, Huang Qixiu , Fu Yuxuan, Zheng Chuxin, Hong Shengbang " Net Zero Game is Coming: International Carbon Border Tax Taiwan Impact Report"

Metrics and Goals

short term	1. 1% electricity saving rate, meeting the Bureau of Energy's annual 1% conservation mandate. 2. 1% carbon reduction in 2026. 3. 3% reduction in packaging material consumption. 4. Ban on environmentally hazardous materials. 5. Circuit conversion efficiency reaching 80%. 6. PCB panel sharing (combinatorial design) to minimize material waste. 7. Increase component operational margin by 15% to extend service life. 8. Adopt TNFD (Taskforce on Nature-related Financial Disclosures) framework. 9. •Adopt IFRS S1 and S2 sustainability disclosure standards.
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medium term	1. Reduce the waste of resources in the overall supply chain, reduce carbon, improve environmental protection and reuse resources. 2. Using MCU can adjust the current to extend the electronic life. 3. Streamline product architecture and integrate heterogeneous high-end packaging technologies.
long	1. Plan the development of solar warning systems, smart solar sign systems, solar street light systems, etc. that integrate self-generated power and signal lights and street light systems. 2. Towards system integration of existing products, self-generated power systems and remote platform management.

future outlook

EOI actively develops energy-efficient and long-life products, striving to meet market demand while contributing to environmental sustainability. The company balances both financial and non-financial goals, as customers increasingly require supply chain-wide carbon reduction or greenhouse gas inventory.

Having successfully implemented greenhouse gas inventories (ISO 14064-1) and product carbon footprint tracking (ISO 14067), EOI has started procuring small-scale green power, adopting TNFD and IFRS S1/S2 frameworks, and steadily working toward the national goal of 2050 net-zero carbon emissions.

Appendix 1: 3D Disaster Potential Map Analysis Report

 **分析報告**

您所在地為 **苗栗縣竹南鎮頂埔里 (120.9161 , 24.71304)**

查詢到可能的災害潛勢說明如以下列表，其計算過程是利用您所查詢的位置或圖面中心位置套疊網站上潛勢圖資並以鄰近500公尺內所涵蓋到潛勢類別為列表，其結果僅作為災害整備與減災規劃使用，其他土地開發或建築許可..等應依主管機關公告及其他相關規定辦理。

災害潛勢	有/無	說明
淹水潛勢		
6小時降雨350毫米潛勢區	有	無直接位於6小時降雨350毫米潛勢區，但鄰近500公尺範圍內有
12小時降雨400毫米潛勢區	有	無直接位於12小時降雨400毫米潛勢區，但鄰近500公尺範圍內有
24小時降雨500毫米潛勢區	有	無直接位於24小時降雨500毫米潛勢區，但鄰近500公尺範圍內有
24小時降雨650毫米潛勢區		無直接位於24小時降雨650毫米潛勢區，但鄰近500公尺範圍內有
土石流潛勢溪流	無	
大規模崩塌潛勢地區	無	500公尺範圍內無潛勢區
順向坡	無	500公尺範圍內無潛勢區
岩體滑動	無	500公尺範圍內無潛勢區
岩屑崩滑	有	無直接位於潛勢區，但鄰近500公尺範圍內有
落石	無	500公尺範圍內無潛勢區
土壤液化潛勢區	無	
活動斷層	無	斷層敏感區 500公尺範圍內無潛勢區
海嘯溢淹潛勢區	無	

火山潛勢	無	
核子事故緊急災害應變區	無	

判斷規則

- ①直接位於潛勢區
- ②無直接位於潛勢區，但鄰近500公尺範圍內有
- ③500公尺範圍內無潛勢區

Appendix 2: TCFD comparison table

Four aspects	Suggested Disclosure Projects	page number
Governance	1. Describe the board' s oversight of climate-related risks and opportunities. 2. Describe management' s role in assessing and managing climate-related risks and opportunities.	02-03
Risk Management	3. Describe the organization's process for identifying and assessing climate-related risks. 4. Describe the organization's processes for managing climate-related risks. 5. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management system.	03-04
Strategy	6. Describe the climate-related risks and opportunities identified by the organization in the short, medium and long term. 7. Describe the impact of climate-related risks and opportunities on the organization's business, strategic and financial planning. 8. Describe the organization's strategic resilience and consider different climate-related scenarios (including 2°C or more severe scenarios).	05-19
Metrics and Goals	9. Expose the metrics used by the organization to assess climate-related risks and opportunities as part of its strategy and risk management processes. 10. Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks. 11. Describe the objectives used by the organization to manage climate-related risks and opportunities, and its performance against these objectives.	19-20

Appendix 3 : Download the report