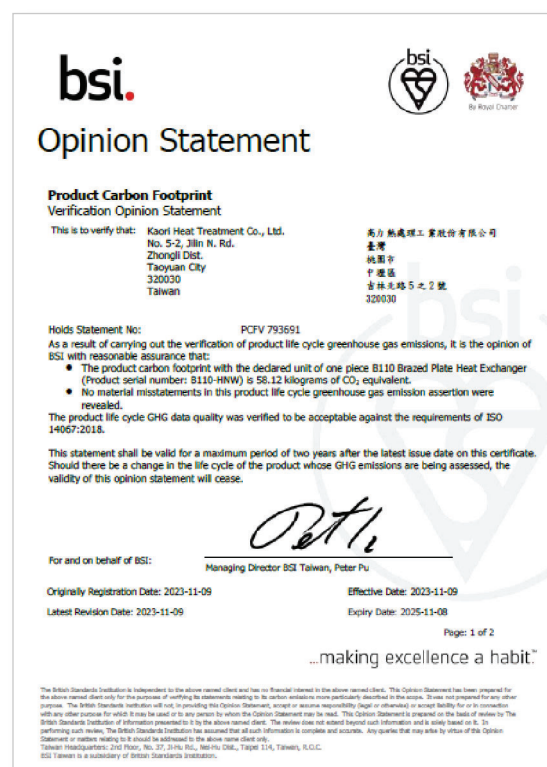


## Goals and Indicators

Kaori has implemented the ISO 14064-1:2018 Greenhouse Gas Inventory Standard for two consecutive years and has obtained third-party verification certificates. The inventory boundary covers all plants in Taiwan. The Company plans to conduct annual inventories to monitor emission levels and trends. For details on Kaori's greenhouse gas emissions over the past two years, please refer to Section 6.4.2 Greenhouse Gas Management. In 2024, the inventory process for the Ningbo subsidiary in China was completed, and the Company has now obtained a full picture of the Group's overall greenhouse gas emissions, enabling the review of emission volumes and the setting of short-, medium-, and long-term carbon reduction targets.

In 2023, Kaori completed its first product carbon footprint inventory verification under ISO 14067:2018 (as shown in the image on the right). In 2024, an additional 12 product carbon footprints were completed, allowing the Company to effectively monitor and manage emissions across all stages of the product life cycle. This initiative responds to growing market and international demands for carbon reduction. Kaori also plans to continue investing in R&D personnel and funding to develop lower-carbon products and emerging technologies, progressively increasing the share of low-carbon products in its portfolio to expand into new markets and enhance its competitiveness.



## 6.4 Environmental and Energy Management

### Material topic

### Management Approach

**Energy management policy** Regulatory compliance and development of renewable energy

**Greenhouse gas management policy** Energy and waste reduction, pollution prevention, and ongoing improvements

**Goal** Effectively monitor and manage energy consumption and GHG emissions

**Commitment** Implement due diligence and early warning communication methods to implement the Company's energy management, energy conservation, and carbon reduction measures to reduce the financial impact of climate change on the environment

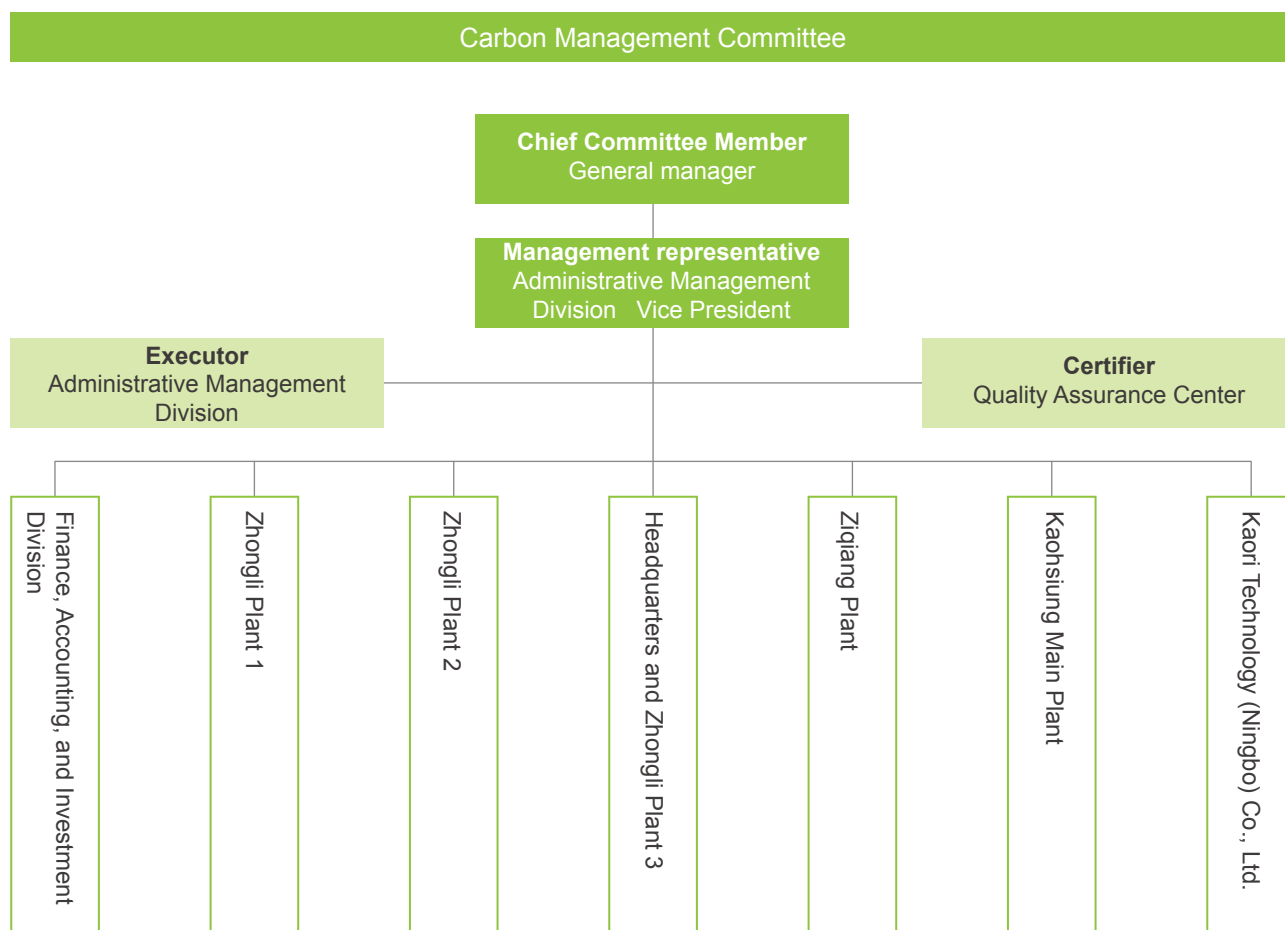
### Measures

1. Passed the "ISO 14001:2015 Environmental Management System" certification to effectively reduce electricity consumption and align with government policies to invest in green electricity
2. Passed the ISO 14064-1:2018 Greenhouse Gas Inventory verification, established a "Carbon Management Committee," and implemented the "Energy Saving and Carbon Reduction Management Procedures" to effectively manage energy



Energy and GHG management

Climate change has emerged to become one of the most critical issues in the 21st century. Extreme weather, floods, and droughts in recent years have prompted government agencies, businesses, and private organizations to undertake more active mitigations of the risks. Meanwhile, Kaori contributes its part to environmental protection and social values by enforcing energy management throughout its operations and by investing into the research and development of new materials and production procedures. A Carbon Management Committee has also been assembled to oversee GHG reduction, energy/resource conservation, water conservation, waste recycling, and mitigation of environmental impact. At the same time, Kaori continues to invest into environmental protection facilities and incorporate green management and energy conservation practices into business activities for sustainable growth.



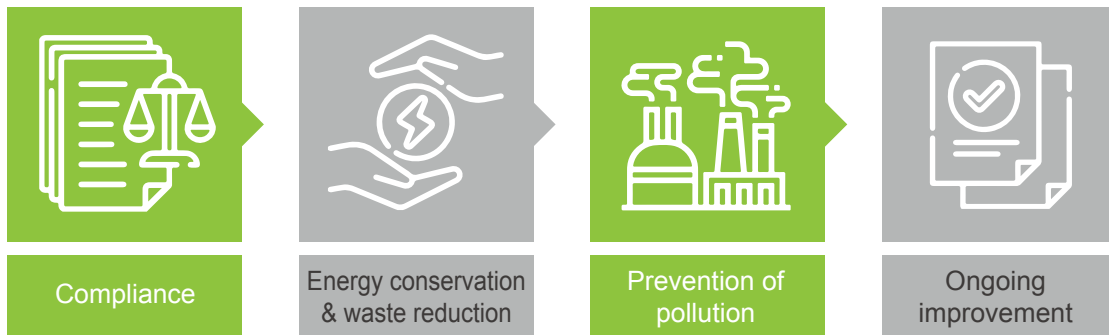
#### 6.4.1 Environmental Management and Energy Conservation

Kaori (Kaohsiung Benzhou Plant) passed certification for ISO 14001:2015 Environmental Management System in 2019. From greenhouse gases, air pollution, and effluent discharge to waste treatment, Kaori is fully committed to making improvements and minimizing environmental impact. As a result, no major violations of environmental regulations have occurred in the year of the report.

Through the introduction of ISO 14001:2015 Environmental Management System, Kaori has been able to implement environmental management policies along with effective management processes at plant sites to enforce environmental compliance, order, safety, training, and so on to lessen the impact of organizational activities on the environment, while at the same time ensuring the safety of products and services offered as well as employees' health and safety at work.

In the early stages of ISO 14001:2015 adoption, Kaori requested a series of reviews to ensure compliance with environmental protection laws (including air, water, waste, soil, and noise). After making improvements in accordance with the opinions of the Environmental Protection Bureau, Kaohsiung City Government, the Company was deemed to have fully complied with legal requirements.

## Environmental Policy



- Execution of Environmental Tests, Methods of Environmental Risk Assessment, and Outcomes
  1. Drinking fountains in plant areas are tested for quality every 3 months
  2. Kaori reports effluent volume to Benzhou Service Center every 6 months, and engages a certified environmental protection service provider to conduct tests
  3. Effluent values and reporting
  4. The effluents meter is calibrated (by certified service providers) on a regular basis each year

In 2023 and 2024, all the above-mentioned items complied with regulations and are being continuously implemented.

## Energy Management and Goals

- Energy management
 

The Company introduces new energy conservation measures on a yearly basis, such as purchasing energy-efficient models, replacing outdated machinery, and optimizing production schedules. Kaori draws on the wisdom of many to achieve energy and carbon reduction goals. In the future, more attention will be directed toward improving production procedures and reducing energy consumption and promoting Kaori as a green, sustainable business. Energy intensity was lowered by 13.71% in 2024 compared to 2023.

## Energy Usage

Kaori persistently monitors the energy consumption of its equipment and makes appropriate adjustments to increase energy efficiency, reduce waste, and lower energy consumption. Renewable Energy Plan: The Kaohsiung Benzhou Plant has installed a 744.51 kW commercial rooftop solar power system, which became operational in September 2022. In 2024, the total electricity generated by the system reached 1,014,070.5 kWh. In the fourth quarter of the same year, the Company evaluated the feasibility of installing an additional 472.05 kW commercial rooftop solar power system at Zhongli Plant 3 and the Ziqiang Plant. The installation is expected to be completed and operational in 2025, further expanding the Company's renewable energy capacity. Additionally, we will gradually phase out diesel-based forklifts and is currently evaluating the feasibility of using electric forklifts as a way to reduce carbon emissions and air pollution to implement sound energy management.

• Energy Efficiency and Energy Intensity Performance Over the Past Three Years

| Year                              | 2022      | 2023      | 2024      |
|-----------------------------------|-----------|-----------|-----------|
| Energy intensity (GJ/NTD million) | 20.60     | 15.17     | 13.09     |
| Energy efficiency value (NTD/GJ)  | 38,922.50 | 65,919.63 | 76,408.62 |

| Year                                       |          | 2022            | 2023            | 2024            |
|--------------------------------------------|----------|-----------------|-----------------|-----------------|
| Types of Energy                            |          |                 |                 |                 |
| Fuel Purchased for Company Vehicles (kL)   | Gasoline | 27.9818         | 35.2504         | 33.3975         |
|                                            | Diesel   | 11.9468         | 11.6922         | 12.5457         |
| Fuel Purchased for Stationary Sources (kL) | Diesel   | 0.5487          | 0.2200          | 0.6703          |
| Natural Gas (m³)                           |          | 30.2660         | 1.2600          | 0.0000          |
| Liquefied Petroleum Gas (kL)               |          | 0.2080          | 0.0960          | 1.0835          |
| Purchased Electricity (kWh)                |          | 14,698,935.0000 | 17,677,480.0000 | 14,113,334.1200 |
| Total Energy Consumption (GJ)              |          | 55,298.4686     | 65,625.3679     | 52,389.3834     |

Descriptions:

- Types of Energy: Gasoline, diesel, natural gas, liquefied petroleum gas (LPG), and purchased electricity
- Calorific Value Calculation: The calorific values for 2022 and 2023 were based on the "Energy Product Unit Calorific Value Table" published by the Bureau of Energy  
In 2024, the calorific values for gasoline, diesel, and natural gas were calculated based on the standards announced by the Ministry of Environment, while those for liquefied petroleum gas and purchased electricity were based on the "Energy Product Unit Calorific Value Table" published by the Bureau of Energy
- Reporting Boundary: 2022: Zhongli Plant 1, Zhongli Plant 2, Zhongli Plant 3, Kaohsiung Plant  
2023 and 2024: Zhongli Plant 1, Zhongli Plant 2, Zhongli Plant 3, Kaohsiung Plant, Ziqiang Plant, Kaori Technology (Ningbo) Co., Ltd.
- Annual Revenue in Financial Reports: 2022: Standalone revenue of NTD 2,684 million.  
2023: Consolidated revenue of NTD 4,326 million.  
2024: Consolidated revenue of NTD 4,003 million.

• 2024 Kaohsiung Plant Management Goals and Achievements:

- 1% energy conservation:  
The Company's vacuum furnace capacity enhancement project aims to increase the production capacity of each furnace by at least 50%, which has the potential to reduce excess vacuum furnace cycles and operating time by at least 50%, thereby lowering the cost of electricity and the volume of energy used in production.
- Saving of energy in lighting:  
Stair areas and motorcycle parking areas are installed with sensor tube lights; plant workers turn off lights during lunch hours and break times.
- Reduced waste by 1%:  
Kaori recycles and reuses 100% of its protective materials and containers.
- An environmental goal was set to reduce the total usage of gasoline and diesel by 5% compared to the previous year, and the target was fully achieved in 2024.

| Energy usage        | Unit           | 2022    | 2023    | 2024    | YoY     |
|---------------------|----------------|---------|---------|---------|---------|
| Gasoline and diesel | Kiloliter (kL) | 13.752  | 13.867  | 11.515  | -16.98% |
|                     | Gigajoule (GJ) | 491.427 | 494.375 | 410.826 |         |

## Energy Conservation Targets

Short-term  
(within 1 to 2 years)

- Replace diesel forklifts with electric forklifts
- Replace mercury vapor lamps with LED lights at the Zhongli Plant 1
- Replace conventional air compressors with variable-frequency air compressors at the Zhongli Plant 1
- Replace air conditioners with variable-frequency models for heat pumps at the Zhongli Plant 2

Medium-term  
(3 to 5 years)

- Progressively replace 7.5-horse power reciprocating air compressors with energy-saving, variable-frequency air compressors at plant sites
- Replace air conditioners with variable-frequency models at plant sites
- Implementation of solar power system

Long-term  
(over 5 years)

- Implementation of energy storage systems

## Progress of Energy Conservation and Improvement Solutions in 2024

Kaori is actively engaged in energy-saving and carbon reduction initiatives, consistently promoting projects focused on electricity conservation, energy efficiency, and carbon reduction. In 2024, a total of three energy-saving measures were implemented, resulting in electricity savings of 528,692 kWh (equivalent to 1,903,291.2 MJ), with a financial benefit of NTD 2,533,148.

| Item No. | Energy Saving Measures                                           | Execution Outcome                                                                                                                                                                                                                                                                                                            | Before improvement                                                                                                          | After improvement                                                                                                                                          | Power saved (MJ) | Energy Conservation Benefits (NTD) |
|----------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------|
| I        | Improvement of vacuum furnace scheduling                         | <ul style="list-style-type: none"> <li>• Zhongli Plant 1 - Brazing Production Line</li> </ul>                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• 16 units produced per furnace</li> </ul>                                           | <ul style="list-style-type: none"> <li>• 24 units produced per furnace</li> <li>• Total power saved: 16,042 kWh</li> </ul>                                 | 57,751.2 MJ      | NT\$ 75,717                        |
| II       | Improving Output of the Degreasing and Cleaning Process          | <ul style="list-style-type: none"> <li>• Location: Zhongli Plant 2</li> <li>• Equipment: Water-Based Degreasing Tank</li> <li>• Practices: Redesigned the placement structure of the degreasing tank baskets to increase loading capacity</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>• The original basket design accommodated four layers of degreasing trays</li> </ul> | <ul style="list-style-type: none"> <li>• It was modified to accommodate six layers of degreasing trays</li> <li>• Total power saved: 12,650 kWh</li> </ul> | 45,540 MJ        | NT\$ 57,431                        |
| III      | Energy Efficiency Improvement of the Vacuum Furnace Water System | <ul style="list-style-type: none"> <li>• Location: Kaohsiung Plant 2</li> <li>• Equipment: Cooling Tower/New Water System for Vacuum Furnace</li> <li>• Practices: Uses the water tank temperature to control the start and stop of both the internal and external water pumps, as well as the cooling tower fan.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual Power Consumption Before Improvement 792,000 kWh</li> </ul>                 | <ul style="list-style-type: none"> <li>• Total power saved: 500,000 kWh</li> </ul>                                                                         | 1,800,000 MJ     | NT\$ 2,400,000                     |

Note: Data sourced from energy-saving declaration records.

### Power Conservation Rate by Plant

All plant sites comply with the laws of the Bureau of Energy, Ministry of Economic Affairs. As a major energy user that Taiwan Power Company has signed a contract with to supply at least 800 kW of power, the Company reports annual energy performance and improvement plans in accordance with Article 9 of the Energy Administration Act. The Company has set goals to achieve an "annual power conservation rate" or "average annual power conservation rate" of more than 1%. The Zhongli Plant 2 and Kaohsiung Benzhou Plant have appointed dedicated energy management officers to enforce energy conservation plans and achieve an average annual power conservation rate of more than 1%.

| Plant/Year      | Power conservation rate 2022 (%) | Power conservation rate 2023 (%) | Power conservation rate 2024 (%) | Average power conservation rate 2015 - 2024 (%) |
|-----------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------------------------|
| Zhongli Plant 1 | 0.17                             | 6.08                             | 0.76                             | 2.33                                            |
| Zhongli Plant 2 | 3.03                             | 1.42                             | 0.54                             | 1.68                                            |
| Kaohsiung Plant | 3.05                             | 6.19                             | 8.18                             | 4.32                                            |

### 6.4.2 GHG management

Since 2021, Kaori has been implementing the ISO 14064-1:2018 greenhouse gas inventory standard. For the third consecutive year, Kaori has passed third-party inspection and verification with a 100% achievement rate. Furthermore, the subsidiary in Ningbo, China, completed its inventory and verification process in 2024, following the same procedures as the parent company.

- 2024 greenhouse gas inventory operation status

The inventory is conducted in accordance with the ISO 14064-1:2018 Greenhouse Gas Inventory Standard. The boundary scope covers all factories and subsidiaries in Taiwan, with a total of six sites. The internal verification was completed from April 23 to April 25, 2025, and the external verification will be completed in the third quarter of the same year. Driven by the internal Carbon Management Committee, preliminary calculations based on collected data show that total Scope 1 and Scope 2 emissions in 2024 amounted to 7,163.4911 tCO<sub>2</sub>e, representing a 15.14% reduction in carbon intensity compared to 2023.

Unit: tCO<sub>2</sub>e

| Category\Year                                | 2022        |        | 2023        |        | 2024 (Note) |        |
|----------------------------------------------|-------------|--------|-------------|--------|-------------|--------|
| Scope 1 (A)                                  | 292.4936    | 1.10%  | 271.0538    | 0.95%  | 265.9905    | 1.49%  |
| Scope 2 (B)                                  | 7,275.9728  | 27.32% | 8,851.4510  | 31.12% | 6,897.5006  | 38.57% |
| Scope 3                                      | 19,059.0917 | 71.58% | 19,319.4109 | 67.93% | 10,718.3007 | 59.94% |
| Total volume                                 | 26,627.5581 | 100.0% | 28,441.9157 | 100%   | 17,881.7918 | 100%   |
| Annual revenue (D)                           | 2,684       |        | 4,326       |        | 4,003       |        |
| Greenhouse Gas Emission Intensity (A+ B) / D | 2.82        |        | 2.11        |        | 1.79        |        |

#### Restatement of Greenhouse Gas Information

The Company has restated previously disclosed greenhouse gas emissions data for 2022 and 2023. The primary reason for this restatement is that the verification process for each year was completed in the third quarter, requiring adjustments based on the final verification results. The restated data for 2022 and 2023 have been revised in accordance with the latest methodologies and standards, such as the GHG Protocol and ISO 14064-1. The updated information has been simultaneously incorporated into relevant reports and internal management systems to ensure data accuracy and consistency.

Note: 1. In accordance with ISO 14064-1:2018, the internal verification of the 2024 greenhouse gas inventory was completed from April 23 to April 25, 2025. Third-party external verification is scheduled for the third quarter. Unit of measurement (D) is defined as revenue (NTD million) in the current year.

2. Inventory Boundary: 2022: Headquarters and Zhongli Plant 3, Zhongli Plant 1, Zhongli Plant 2, Kaohsiung Main Plant  
2023 and 2024: Headquarters and Zhongli Plant 3, Zhongli Plant 1, Zhongli Plant 2, Kaohsiung Main Plant, Ziqiang Plant, Kaori Technology (Ningbo) Co., Ltd. (a group subsidiary)

3. Annual Revenue: 2022: Standalone revenue of NTD 2,684 million. 2023: Consolidated revenue of NTD 4,326 million. 2024: Consolidated revenue of NTD 4,003 million.



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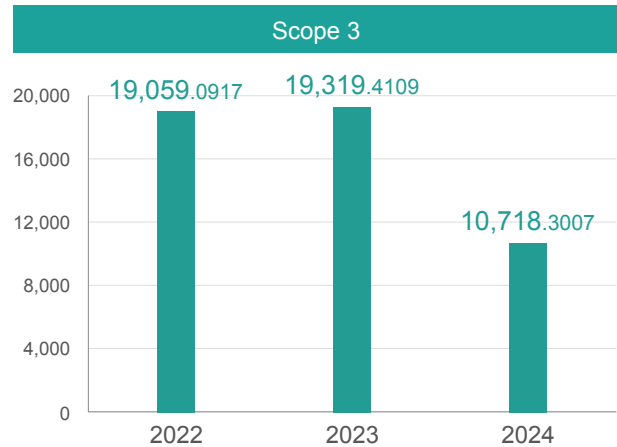
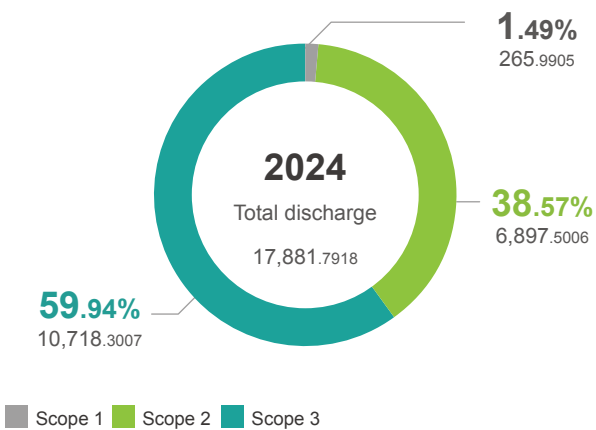
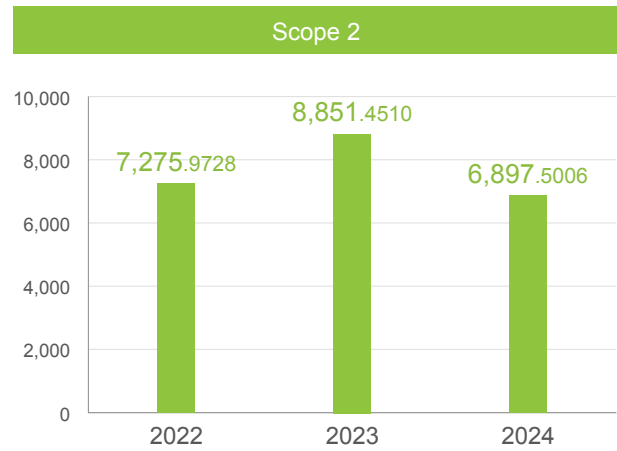
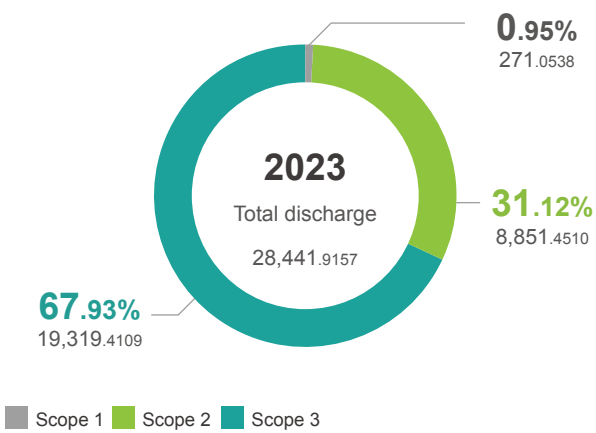
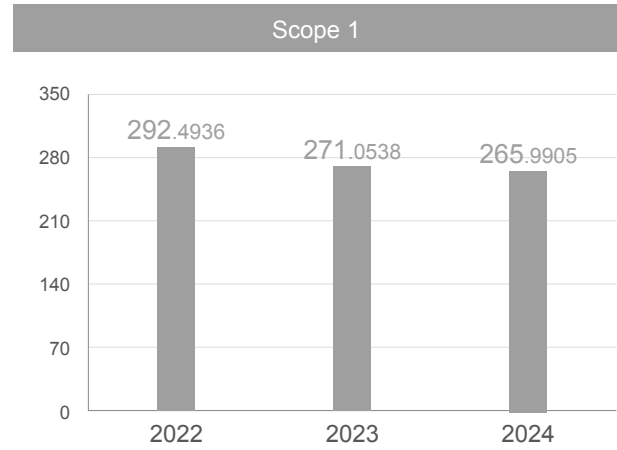
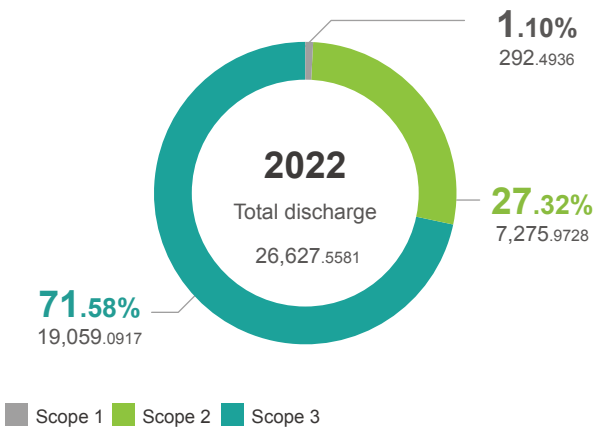
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Sustainable  
Environment

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A





## Carbon Management Planning in Response to International and Domestic Carbon Tariffs

## International

The European Union's Carbon Border Adjustment Mechanism (CBAM) entered into a transitional phase from October 2023 through December 31, 2025, and is officially scheduled to take effect on January 1, 2026.

Kaori completed its first product carbon footprint inventory and verification under ISO 14067:2018 in 2023, and added 12 more product carbon footprints in 2024. Based on the carbon emissions across the product life cycle, the Company will establish carbon footprint reduction plans to comply with CBAM requirements.

## Domestic

On August 29, 2024, the Ministry of Environment announced the "Carbon Fee Collection Regulations," "Voluntary Emissions Reduction Plan Management Regulations," and the "Designated Greenhouse Gas Reduction Targets for Entities Subject to Carbon Fee Collection." In the initial phase, the carbon fee applies to entities in the power supply, gas supply, and manufacturing sectors with annual emissions of 25,000 metric tons of CO<sub>2</sub>e or more. Starting from the year following the implementation of the carbon fee, the payable amount will be calculated annually based on the previous year's greenhouse gas emissions and must be submitted by the end of May each year. In 2024, Kaori's total Scope 1 and Scope 2 emissions amounted to 7,163.4911 tCO<sub>2</sub>e, which falls below the domestic carbon fee threshold.

- Plans for Green and Renewable Energy Sources

The net zero movement has become the world's most important issue today, and all leading businesses with strong sustainability awareness are starting to adopt green energy as the first step. Renewable Energy Plan: Kaori's Kaohsiung Benzhou Plant has installed a 744.51 kW commercial rooftop solar power system, which became operational in September 2022. Over a 20-year period, the system is expected to reduce carbon emissions by approximately 9,390 metric tons of CO<sub>2</sub>, which is equivalent to the carbon absorption capacity of about 23 Daan Forest Parks. In 2024, the system generated a total of 1,014,070.5 kWh of electricity. In the fourth quarter of the same year, the Company assessed the feasibility of installing an additional 472.05 kW commercial rooftop solar power system at Zhongli Plant 3 and the Ziqiang Plant.

The installation is scheduled for completion and commercial operation in 2025, further increasing the share of renewable energy in the plants' overall electricity consumption.



## Air Pollution Management

Kaori did not emit any nitrogen oxide (NO<sub>x</sub>), sulfur oxide (SO<sub>x</sub>), or other legally regulated hazardous gases.