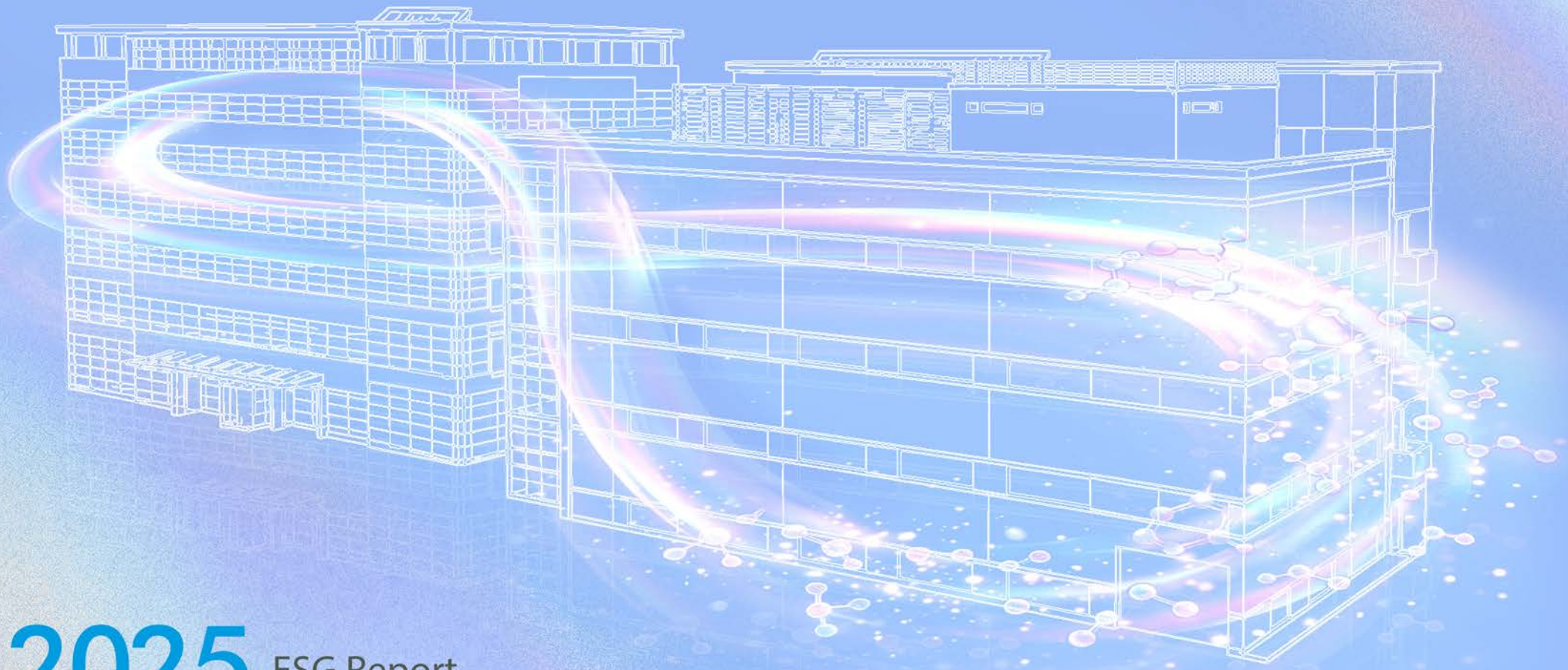
DAXIN

A Materials Design House, and More.



2025 ESG Report

Chapter 04

Green Manufacturing

4 Green Manufacturing

As Taiwan advances its carbon fee scheme and carbon trading market, enterprises face growing pressure on carbon cost internalization and climate disclosure. Daxin has positioned energy conservation and carbon reduction as core environmental strategies, focusing on process energy efficiency, energy structure optimization, and greenhouse gas management. Guided by circular economy principles, the Company actively identifies recyclable by-products and solvents, reducing final disposal rates and transforming environmental responsibility into sustainable value creation.

Corresponding GRI Material Topics: GRI 302 (Energy), GRI 305 (Emissions), GRI 306 (Waste)

Management Policy

Policies and Actions	Low-Carbon Facilities	Renewable Energy	Energy Efficiency	Source Reduction	Reuse and Resource Recovery
Daxin follows ISO 14064-1:2018 to conduct regular greenhouse gas inventories with third-party verification, integrating climate risk response, energy efficiency, and resource circularity into operational decision-making.	Conduct annual greenhouse gas inventories in accordance with ISO 14064-1:2018 with third-party verification. Establish a carbon management platform to systematically integrate emissions data and progressively implement product carbon footprint accounting. Strengthen refrigerant (HFCs) management to reduce the climate impact of high global warming potential gases.	Install solar photovoltaic systems and continuously increase the share of renewable energy through green power transfer or Renewable Energy Certificate (T-REC) procurement.	Implement energy-saving projects, replace high-energy-consuming equipment, optimize utility system operations, and drive process improvements to reduce energy consumption per unit of product.	Continuously improve processes and optimize operating conditions to reduce raw material input and waste generation.	Implement waste solvent segregation and collection, and improve overall resource efficiency through internal recycling and external resource recovery partnerships.

Objectives and Targets

2025 Performance Outcomes

- Waste Solvent Recycling Rate (including energy recovery) : **94%**
- Hazardous Industrial Waste Recycling Rate (including energy recovery) : **94%**
- Waste Treatment Facilities with EHS Management System Certification : **75%**
- Annual Electricity Savings Rate [Note 1] : **2.1%**
- Completed Product Carbon Footprint Assessments : **10** products
- Renewable Energy Usage : **3%** [Note 2] (New Facilities) [Note 3]; **100%** (Headquarters Operations) [Note 4]
- Major environmental violations: **0** (Note 5)
- Waste treatment facility on-site audit completion rate: **100%** (Note 6)
- Organizational GHG verification under ISO 14064-1: External verification completed (Note 6)
- Carbon management platform upgrade: Product carbon footprint module implemented (Note 6)

Short-term Objectives (2026)

- Waste Solvent Recycling Rate (including energy recovery) : **≥ 93%**
- Hazardous Industrial Waste Recycling Rate (including energy recovery) : **≥ 93%**
- Waste Treatment Facilities with EHS Management System Certification : **≥ 75%**
- Annual Electricity Savings Rate : **≥ 1.5%**
- Completed Product Carbon Footprint Assessments : 10 products
- Renewable Energy Usage : **10%** (New Facilities) [Note 3] ; **100%** (Headquarters Operations) [Note 4]

Mid- to Long-term Objectives (2030)

- Waste Solvent Recycling Rate (including energy recovery) : **≥ 95%**
- Hazardous Industrial Waste Recycling Rate (including energy recovery) : **≥ 95%**
- Waste Treatment Facilities with EHS Management System Certification : **≥ 80%**
- Cumulative Annual Electricity Savings Rate : ≥ 15% [Note 7]
- Establishment of a Comprehensive Product Carbon Footprint Database
- Renewable Energy Usage : **10%** (Company-wide) ; **100%** (Headquarters Operations)
- Organizational GHG Emissions Reduction : **25%** (Existing Facilities) [Note 8]

Note 1: Energy-saving measures cover facility utility systems, process equipment improvements, and R&D energy efficiency initiatives.
Note 2: The 2025 renewable energy target of 10% for new facilities was not met, primarily due to delays in the solar PV system installation schedule at the Chungke plant.
Note 3: "New facilities" refers to plants commissioned after 2023, including the Advanced Manufacturing Center II at the Chungkang Plant (semiconductor materials facility).
Note 4: Renewable energy data previously categorized under "office facilities" has been updated to "headquarters operations" to align with the operational site boundaries defined in this report.
Note 5: Major violations are defined as incidents where cumulative fines for a single event reach NT$1,000,000 or above.
Note 6: These items have completed their phased targets and have been transitioned into ongoing operational mechanisms. They are no longer tracked as annual targets; implementation outcomes will continue to be disclosed in the relevant sections of this report.
Note 7: The mid- to long-term target has been revised to a cumulative electricity savings rate starting from 2022, reflecting strategic continuity and future uncertainties.
Note 8: "Existing facilities" refers to all operational sites excluding new facilities.

Milestones and Achievements

Aug. 2007	First obtained third-party certification for the ISO 9001 management system.
Jun. 2008	First obtained third-party certification for ISO 14001 and OHSAS 18001 management systems.
Dec. 2010	First obtained third-party verification of greenhouse gas inventory in accordance with ISO 14064-1:2006.
Jan. 2011	Received the「Supplier Greenhouse Gas Inventory and Verification Demonstration Program」award and became a member of AUO's green partner program.
Jun. 2022	Recognized by customers with the「Best Circular Economy Partner Award.」
Aug. 2022	First obtained third-party verification of greenhouse gas inventory in accordance with ISO 14064-1:2018.
Nov. 2022	Received the「Outstanding Unit for Waste Reduction and Circular Resource Management」award from the Central Taiwan Science Park Bureau.
Jun. 2023	Successfully passed recertification audits for ISO 14001:2015 and ISO 45001:2018 (three-year cycle).
Dec. 2024	Recognized as a「2024 Green Enterprise」by the Chinese Association for Organic Living and Environmental Education Promotion.
Nov. 2025	Received the "Environmental Management System Performance Benchmark Award" from an international certification body.

Note 1: Daxin's management systems (ISO 9001, ISO 14001, ISO 45001) undergo annual third-party certification, and GHG inventories under ISO 14064-1 are independently verified, ensuring compliance with international standards.

Key Highlight In 2025, Daxin received the ISO 14001 Environmental Management System Performance Excellence Award, recognized alongside several leading industry companies for its achievements in environmental governance and continuous performance improvement.

2025 EMS Performance Benchmark Award

Joint Award Ceremony: 5 November 2025

Through comprehensive evaluation by a third-party international certification body and an expert review panel, Daxin received strong recognition for its commitment and implementation in environmental management.
The Company demonstrated outstanding performance in the institutionalization of environmental governance, enhancement of management effectiveness, and continuous improvement mechanisms.
As a result of the annual assessment, Daxin was awarded the ISO 14001 Environmental Management System Performance Benchmark Award, and was honored alongside other leading benchmark enterprises.

4.1 Climate Action

4.1.1 Climate Targets

Low-Carbon Transition Pathway

Daxin has established 2022 as its greenhouse gas emissions base year and is advancing its low-carbon transition through a three-phase strategy: Energy Efficiency and Carbon Reduction, Low-Carbon Energy Deployment, and Integrated Net-Zero Transition.

Phase 1 :
Energy Efficiency and Carbon Reduction

Daxin has established a greenhouse gas inventory system in accordance with international standards to identify major Scope 1 and Scope 2 emission sources. Through equipment upgrades, process efficiency improvements, and energy optimization, the Company reduces energy consumption per unit of product and operational carbon intensity.

Phase 2:
Low-Carbon Energy Deployment

The Company expands low-carbon energy use through solar PV systems, green electricity procurement, and Renewable Energy Certificates (RECs), progressively increasing renewable energy share and reducing Scope 2 emissions while balancing cost efficiency and power supply stability.

Phase 3:
Integrated Net-Zero Transition

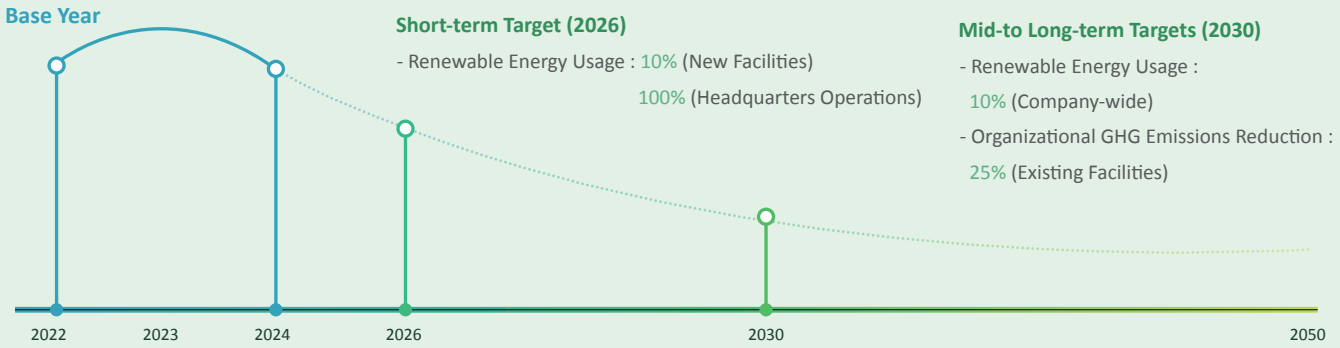
Daxin deepens its low-carbon operating model by integrating energy and resource circularity mechanisms. Emerging low-carbon and net-zero technologies will be evaluated as they mature, with carbon credits and offset mechanisms considered as supplementary tools to reduce residual emissions in support of the global 2050 net-zero goal.

Low-Carbon Transition

Climate Action

	Scope 1	Scope 2	Scope 3
	1. Adoption of Low-GWP Refrigerant (R448A) 2. Adoption of Low-GWP Refrigerant (R407H) 3. HFC Management and Control	1. Energy-Efficient Equipment 2. Operational Optimization 3. Renewable Energy (Solar PV Systems and Green Power Procurement)	1. Recycling and Reuse of WasteSolvents 2. Polyimide Recycling and Circular Utilization 3. Process By-product Recovery and Valorization
2025 Carbon Reduction Benefit Estimation (2,017 tCO_2e)	● GHG Emissions Reduction : **589 tCO_2e**	● Annual Electricity Savings Rate : **2.1 %** ● Renewable Energy Share : **2.5 %** ● GHG Emissions Reduction : **296 tCO_2e**	● Waste Solvent Recycling Rate : **94 %** ● GHG Emissions Reduction : **1,132 tCO_2e**

Note : GHG emissions reduction is estimated based on the difference in emissions before and after the implementation of respective climate actions, to reflect the carbon reduction contribution of such measures. This estimation does not represent the verified results of the annual GHG inventory.



Climate Action Commitment

Daxin prudently establishes short-term (2026) and mid- to long-term (2030) climate action commitments, advancing carbon reduction through systematic management and energy-saving measures. In 2025, energy-saving initiatives expanded to 43 projects, achieving an annual electricity savings rate of 2.1%. The headquarters reached 100% renewable energy usage, becoming Daxin's first RE100 demonstration site, with new facilities targeted to achieve RE10 by 2026. Through electricity savings, renewable energy adoption, and low-carbon refrigerant deployment, total GHG emissions in 2025 decreased by approximately 7% compared to the 2022 base year, with existing facilities achieving a 17% reduction, reflecting steady progress toward mid- to long-term decarbonization targets.

Strategies and Action Plans	2025 Performance Results	Short-term Targets (2026)	Mid- to Long-term Targets (2030)
Enhancing Energy Efficiency Implement annual energy-saving initiatives to improve energy efficiency through energy-efficient equipment and operational optimization.	Annual Electricity Savings Rate [Note 3]: 2.1%	Annual Electricity Savings Rate ≧ 1.5%	Cumulative Electricity Savings Rate: ≧ 15% (Cumulative period : 2022–2030)
Adoption of Clean Energy Invest in solar power generation systems and green electricity procurement to expand the use of renewable energy.	RE[Note2]:100%(Corporate Headquarters) [Note 6] RE : 3% (New Facilities) [Note 4]	RE100 (Corporate Headquarters) RE 10 (New Facilities)	RE100 (Corporate Headquarters) RE10 (Company-wide Operations)
Development of Low-Carbon Facilities Conduct annual greenhouse gas verification to identify emissions hotspots across facilities and implement transition measures such as the adoption of low-carbon refrigerants.	GHG Emissions Reduction: 17% [Note 1] (Existing Facilities[Note 5]) Completed Product Carbon Footprint Assessments : 10 products	Completed Product Carbon Footprint Assessments : 10 products.	GHG Emissions Reduction : 25% (Existing Facilities) Establishment of a Comprehensive Product Carbon Footprint Database.

Note 1: The greenhouse gas emissions base year is set as 2022.
Note 2: RE (Renewable Energy) represents the share of renewable energy usage.
Note 3: Annual electricity savings rate = Electricity savings ÷ (Total electricity consumption + Electricity savings) × 100%.
Note 4: "New facilities" refers to plants commissioned after 2023, including the Advanced Manufacturing Center II at the Chungkang Plant (semiconductor materials facility).
Note 5: "Existing facilities" refers to all operational sites excluding new facilities.
Note 6: Renewable energy data previously categorized under "office facilities" has been updated to "headquarters operations" to align with the operational site boundaries defined in this report.

4.1.2 Climate Governance

Organizational Governance Structure

Daxin's Sustainable Development Committee oversees climate action and management mechanisms, conducting climate-related risk and opportunity assessments in alignment with the TCFD framework to formulate response strategies and set management targets. The Company also references the IFRS S2 framework to disclose governance, strategy, risk management, and climate-related metrics and targets. Progress is reported to the Board of Directors annually, with the Board fulfilling its oversight responsibilities.

Level	Supervisory Body	Management Body	Working Group
Organization	Board of Directors	Sustainable Development Committee	Environmental Sustainability Task Force
Roles and Responsibilities	Oversee sustainability initiatives and provide guidance as appropriate.	● Identify material sustainability issues, climate-related risks and opportunities. ● Review and approve sustainability policies, strategic planning, and response actions. ● Report sustainability performance and progress to the Board of Directors.	● Implement climate risk management and mitigation and adaptation actions. ● Track progress toward climate targets. (quarterly) ● Report climate risk management performance to the Sustainable Development Committee. (annually)

Plan Risk Management
Risk Issue Assessment Materiality Identification
How to Identify, Assess, and Manage Climate Risks

Do Strategy
Climate-related Risks Approaches to Managing
Impacts on Business, Strategy, and Financial Planning

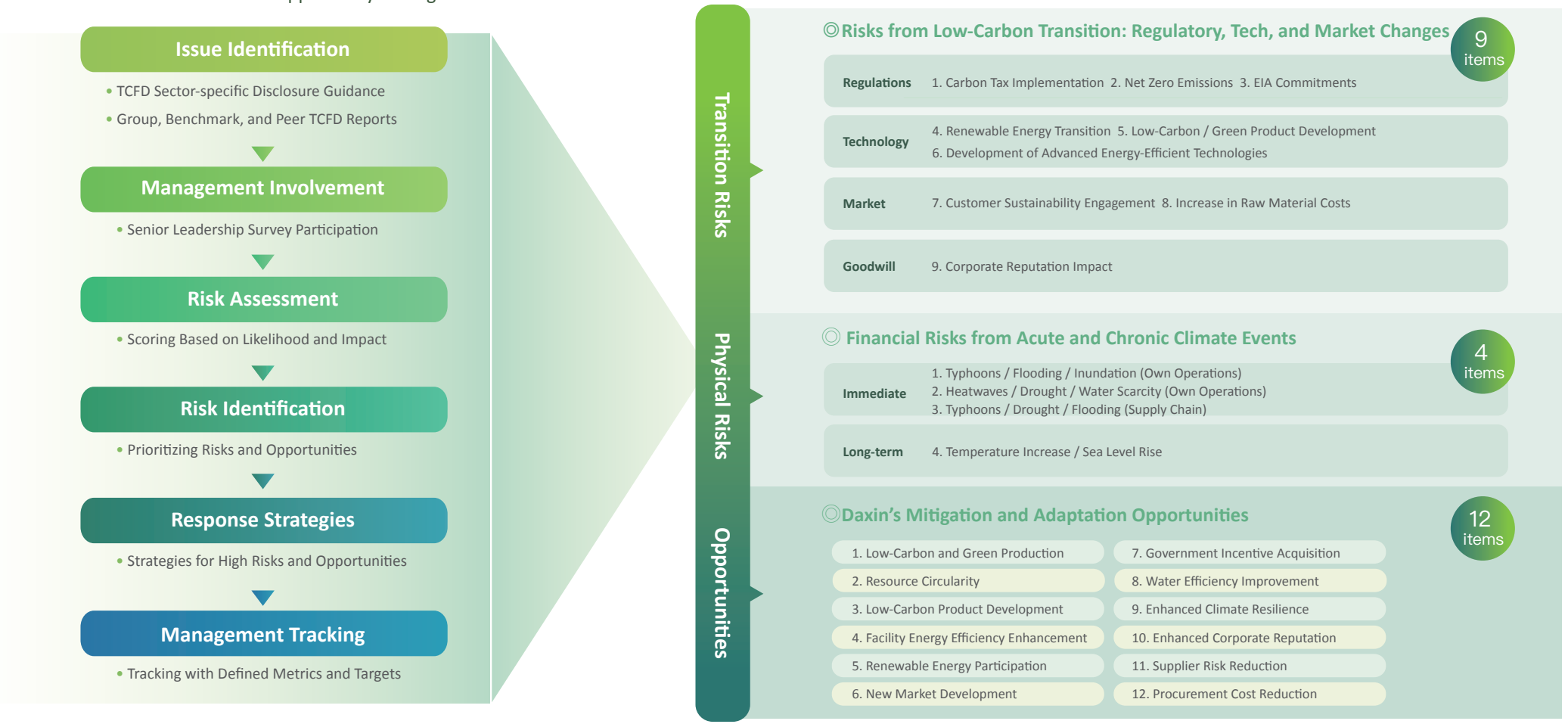
Action Governance
Climate-related Risks Management Oversight
Governance of Climate-related Risks and Opportunities (Board /Sustainable Development Committee)

Check Metrics and Targets
Climate-related Risks Operational Monitoring
Metrics and Targets for Climate-related Risks and Opportunities

Identification and Management Process

Daxin has established a "Climate-related Risk and Opportunity Management Process" referencing the TCFD framework, comprising six stages: issue identification, executive engagement, risk assessment, risk identification, response strategy development, and management tracking. The assessment scope covers transition risks (regulatory, technological, market, and reputational), physical risks (acute and chronic), and climate-related opportunities (resource efficiency and product and service innovation), with analysis of potential impacts on operations and financial performance. Climate-related management approaches, risk assessment results, and implementation performance are reported to the Board of Directors annually to ensure effective execution of climate strategies.

Climate-related Risk and Opportunity Management Process



4.1.3 Risk Assessment

Identification of Climate-related Risks and Opportunities

Referencing IFRS S2 and peer TCFD disclosures, Daxin continuously assesses climate-related risks and opportunities, evaluating the likelihood of occurrence and potential financial impacts of each identified issue. Through cross-functional discussions, the Company has identified 8 material risks (7 transition risks and 1 physical risk) and 5 opportunities, with response strategies developed for short-, medium-, and long-term financial impacts.

Climate-related Financial Impacts and Responses

Risk Type	Risk Category	Material Risk Issues	Time Horizon	Potential Financial Impacts	Key Response Measures
Transition Risks	Regulatory	Carbon Pricing	Mid- to Long-term	• Domestic Carbon Pricing-Related Carbon Costs • Energy Saving and Carbon Reduction Measures and Green Power Costs	• ISO 14064 verification and digital carbon platforms support energy efficiency and renewable energy adoption.. • Rising carbon costs increase material and operating expenses, driving strict supply chain decarbonization demands.. Upstream, Daxin Operation, Downstream
	Technological	Net Zero Emissions	Mid- to Long-term	• Capex for Equipment Replacement • Opex Increase from Energy-Saving Measures	• Energy-saving upgrades utilize equipment modernization and operational optimization • Higher capital requirements for low-carbon manufacturing standards drive facility upgrades and operational efficiency. Daxin Operation, Downstream
		Renewable Energy Transition *	Mid- to Long-term	• Capex for Renewable Energy Facilities • Opex Increase from Green Electricity Procurement	• Solar PV investments and green power procurement secure on-site solar and renewable electricity sourcing. • Renewable energy pressure shifts procurement strategies, creating cost pressures and competitiveness risks. Daxin Operation, Downstream
		Low-Carbon Product Development	Mid- to Long-term	• R&D for Low-Carbon Sustainable Products • R&D for Low-Carbon Materials	• Sustainable product R&D drives low-carbon product development and process innovation. • Low-carbon market demand creates heightened customer expectations for eco-friendly product lines. Daxin Operation, Downstream
	Market	Customer Sustainability Engagement	Long-term	• Opex Increase from Climate Initiative Participation • Opex Increase from Carbon Footprint Verification	• CDP participation and product carbon footprint tracking ensure sustainability reporting. • Heightened sustainability disclosure requirements affect customer cooperation and supply chain transparency. Daxin Operation, Downstream
		Rising Raw Material Costs	Mid- to Long-term	• Import Carbon Tax Impact on Raw Material Costs • Electricity Price Impact on Raw Material Costs	• Raw Material Carbon Footprint Management and Low-Carbon Procurement Assessment • Raw material volatility introduces price fluctuations and operational vulnerabilities in the supply chain. Daxin Operation, Company
Physical Risks	Long-term	Sea Level Rise	Long-term	• Flood-related Production and Supply Chain Disruption	• Climate resilience and business continuity planning (BCP) incorporate risk insurance and operational continuity. • Climate change risks pose operational vulnerabilities across global facilities and logistics networks. Upstream, Daxin Operation, Downstream
Opportunities	Market	Low-Carbon Product Development	Short-, Medium-, and Long-term	• Revenue Growth through Customer Demand Fulfillment	• Carbon Emission Reduction and Carbon Cost Savings • Electricity Reduction and Operating Cost Savings Daxin Operation, Downstream
	Resource Efficiency	Low-Carbon Manufacturing Initiatives Improvement of Facility Energy Efficiency	Short-, Medium-, and Long-term	• Carbon Emission Reduction and Carbon Cost Savings • Electricity Reduction and Operating Cost Savings	• Energy-saving initiatives lower electricity and carbon fee impacts.. Daxin Operation
		Participation in Renewable Energy Programs *	Short-, Medium-, and Long-term	• Renewable Energy Certificates as Tradable Assets	• Solar PV Investment and Green Electricity Procurement for Renewable Energy Expansion • Renewable energy demands reshape procurement and customer partnerships. Daxin Operation, Downstream
		Recycling and Resource Recovery	Short-, Medium-, and Long-term	• Circular Economy for Operating Cost Reduction • By-product Valorization for Revenue Generation	• Polyimide and By-product Resource Recovery for Value Creation • Material and waste disposal costs reduce profit margins and resource circularity. Daxin Operation, Downstream

Note : * New climate-related risks and opportunities identified in 2025

4.1.4 Impact Analysis

Climate Scenario Assumptions

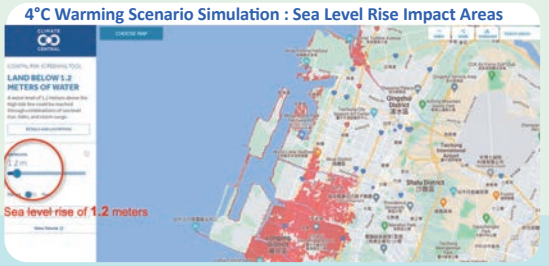
In alignment with the TCFD framework, Daxin analyzes the potential impacts of material transition and physical risks under different scenarios. For transition risks, the Company references IEA scenarios including the Net Zero Emissions Scenario (NZE) and Stated Policies Scenario (STEPS). For physical risks, the Company adopts the IPCC Sixth Assessment Report (AR6) scenarios, including the low-emissions scenario (SSP1-2.6) and very high-emissions scenario (SSP5-8.5). As no significant changes occurred in organizational scale, operating model, or site distribution this year, the level of climate risk exposure remains comparable to the prior year, and existing scenario assumptions and financial impact assessments remain applicable and relevant for decision-making.

Risk Type	Scenario Analysis	Scenario Description	Temperature Scenario	Assumptions	Scenario Tools
Transition Risks	STEPS Stated Policies Scenario (High Emissions Scenario)	Reflects currently implemented national energy and climate policies Emissions plateau by 2050, not reaching net zero	2.5˚C	NT$ 1,500[Note1] (per tCO_2e) (2030 carbon price)	International Energy Agency (IEA)
	NZE Net Zero Emissions Scenario (Low Emissions Scenario)	60% Emissions Reduction by 2050 Net Zero Achieved Within the Century	1.5˚C	NT$ 2,880[Note2] (per tCO_2e) (2030 carbon price)	International Energy Agency (IEA)
Physical Risks	SSP5-8.5: Very High Emissions Scenario SSP1-2.6 Low Emissions Scenario	Taiwan Climate Data (AR6 Scenarios) Sea Level Rise Projections under Different Warming Scenarios in Taiwan	4˚C 2˚C	1.2 m Sea Level Rise 0.5 m Sea Level Rise	Taiwan Climate Change Projection and Adaptation Knowledge Platform

Note 1 : 2030 carbon fee – NT$1,200–1,800 per tCO_2e (midpoint), based on Ministry of Environment proposal.
Note 2: 2030 carbon price: USD 90 per tCO_2e (≈NT$2,880), based on IEA NZE scenario.

Physical Risks

Daxin continuously monitors the potential impact of sea level rise on plant sites and surrounding roads. Under the 2°C warming scenario (SSP1-2.6), sea levels around Taiwan are projected to rise by approximately 0.5 meters, with both the Chungkang and Chungke plants assessed as low-risk areas with limited operational impact. Under the 4°C warming scenario (SSP5-8.5), projected sea level rise of approximately 1.2 meters may present higher risk exposure for the Chungkang plant. Assessment results are consistent with the prior year, and the Company will continue to monitor sea level changes and related risks.

Scenario Tools	Scenario Description	Scenario Analysis	Simulation Results
Taiwan Climate Change Projection and Adaptation Knowledge Platform	• Taiwan Climate Data (AR6 Scenarios) • Sea Level Rise Projections under Different Warming Scenarios in Taiwan	SSP1 - 2.6 Low Emissions Scenario	
		SSP5 - 8.5 very High Emissions Scenario	

Transition Risks

Under a no-mitigation scenario, the estimated financial impact in 2030 is approximately 0.5%–1% of revenue. Through continued energy-saving measures and renewable energy adoption, impacts can be reduced to approximately 0.1%–0.3% under the STEPS scenario and 0.3%–0.5% under the NZE scenario. As no significant changes in operational conditions occurred during the reporting year, assessment results remain consistent with prior analyses.

Regulatory Carbon Pricing Impact Analysis

Unit: Financial Impact as a Percentage of Revenue

Management Scenarios	STEPS Scenario	NZE Scenario
No Mitigation Scenario	0.5 - 0.7%	0.8 - 1%
Mitigation Scenario (Proactive Carbon Reduction)	0.1 - 0.3%	0.3 - 0.5%

※ Note 1 : Financial impact assessment considers only regulatory carbon pricing effects and excludes related decarbonization costs
※ Note 2 : It is assumed that the Company will be subject to carbon fee regulation by the Ministry of Environment starting in 2030, with 2030 as the base year for financial impact assessment.
※ Note 3 : For the STEPS scenario, the carbon price is assumed to be NT$1,500 per tCO_2e from 2030 onward, based on the Ministry Environment's carbon fee review proposal.
※ Note 4 : For the NZE scenario, the carbon price is assumed to be USD 90 per tCO_2e (approximately NT$2,880), based on the International Energy Agency report.

Sustainability and Environmental Education Seminar

Sustainability Literacy X Climate Governance

Enhancing Management's Sustainability Awareness and Environmental Responsibility, with Stronger Execution Capability

To enhance sustainability literacy and awareness among managerial personnel, Daxin organized a "Sustainability and Environmental Education Seminar" in 2025, featuring a keynote session by Distinguished Professor Shin-Cheng Yeh.

Professor Yeh has long been dedicated to sustainable development, climate governance, and environmental education, with extensive experience spanning academia, public policy, and corporate sustainability practices. The seminar, aligned with Daxin's industry characteristics and operational scale, provided a comprehensive overview of the evolution of CSR, the SDGs, and ESG. Key topics included climate-related risks, net-zero transition, and supply chain management. Through a macro-level and interdisciplinary perspective, the session aimed to deepen management's sustainability mindset, strengthen strategic thinking on climate governance and low-carbon transition, and further embed sustainability principles into Daxin's operational decision-making and corporate culture.

※ Sustainability Literacy :
An individual should possess the knowledge, skills, and mindset to understand the interconnections among social, economic, and environmental issues, and to make informed and effective decisions or take actions that advance both personal and organizational progress toward a sustainable future. ◦ UNESCO, Education for Sustainable Development Goals: Learning Objectives, 2017

4.2 Greenhouse Gas Management

Daxin continues to reduce greenhouse gas emissions through energy efficiency improvements, renewable energy adoption, and low-carbon equipment deployment. With 2022 as the base year, the Company has set a mid- to long-term target to reduce GHG emissions by 25% by 2030, driving ongoing climate action and carbon reduction management.

4.2.1 Greenhouse Gas Inventory

Carbon Management Platform

Daxin independently developed a carbon management platform in 2023 to digitally integrate departmental inventory data, improving the efficiency and accuracy of carbon emissions data collection and management. Third-party verification of the greenhouse gas inventory was completed in 2025, with the platform continuing to coordinate departmental carbon inventory activities and energy-saving and carbon reduction projects.

Greenhouse Gas Inventory and Disclosure

Since 2022, Daxin has conducted greenhouse gas inventories in accordance with ISO 14064-1:2018. The inventory boundary is consistent with the Company's financial reporting scope, covering headquarters, the Chungke plant, and the Chungkang plant. Subsidiaries are excluded due to the absence of actual operational activities. The operational control approach is used to quantify Scope 1, Scope 2, and Scope 3 emissions, with annual third-party verification conducted and verification statements obtained.


DNV

Independent Verification Opinion

DAXIN MATERIALS CORPORATION

Carbon Management Platform

Real-time Monitoring and Data Audit Mechanism

Transitioning from an annual inventory approach to real-time monitoring, the Company strengthens data accuracy and traceability through monthly reviews and managerial verification.

Reduced Verification Time and Improved Audit Efficiency

A built-in emissions factor database enables automatic calculation and generation of emissions inventories compliant with ISO 14064-1, shortening inventory and verification timelines. Cloud-based storage of data and supporting documentation supports rapid review by verification bodies.

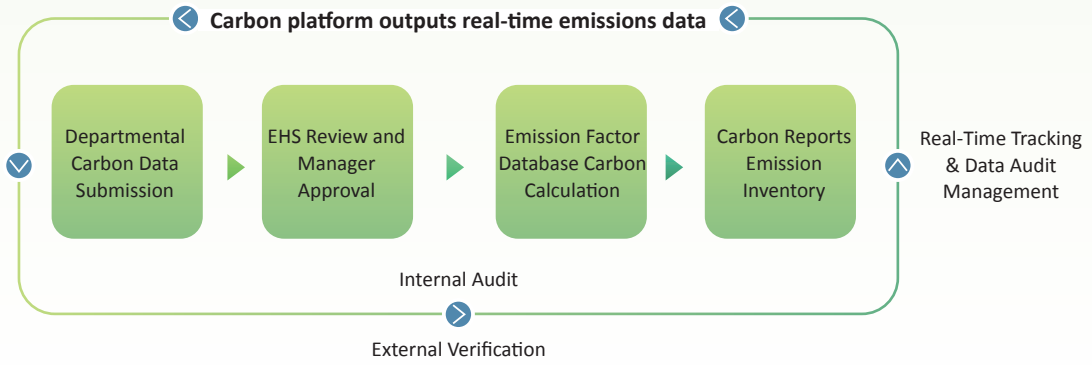
Emission Hotspot Visualization Dashboard

Monthly carbon emissions data is consolidated and visualized to help management monitor emission trends across facilities, identify high-emission hotspots, and inform carbon reduction planning.

Carbon Awareness and Employee Engagement

Regular GHG inventories and reporting mechanisms establish a cross-functional carbon reduction model, encouraging all departments to incorporate low-carbon thinking into product design and operational management. The Company continues to assess the feasibility of an internal carbon pricing mechanism to support its low-carbon transition.

Carbon Management Platform: Operation and Verification Process

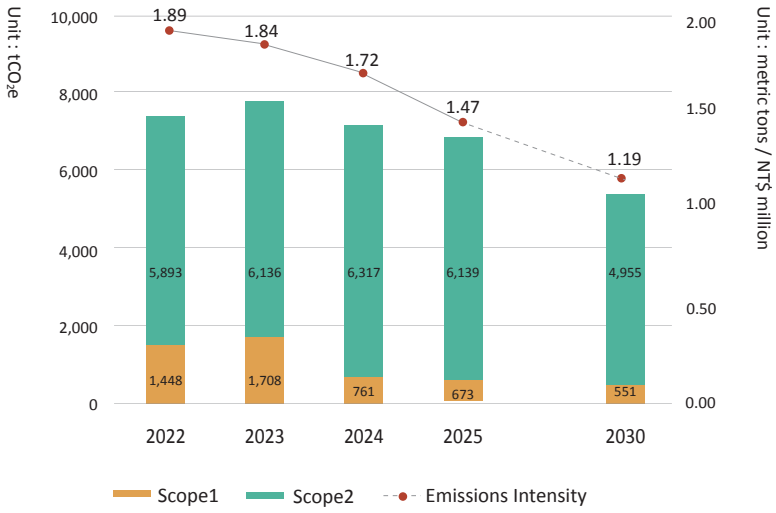


Organizational Operational Emissions (Scope 1 and Scope 2)

In 2025, total Scope 1 and Scope 2 emissions amounted to 6,812 tCO_2e, an approximate 7% reduction from the 2022 base year. Excluding capacity expansion at the new plant, emissions from existing facilities totaled 6,123 tCO_2e, a 17% reduction from the base year, reflecting steady progress toward the 2030 target of a 25% reduction.

Item	2023		2024		2025	
Scope 1: Direct Greenhouse Gas Emissions (Unit: tCO_2e)	1,708	22%	761	20%	673	10%
Scope 2 : Energy Indirect Greenhouse Gas Emissions (Unit: tCO_2e)	6,136	78%	6,317	80%	6,139	90%
Total Greenhouse Gas Emissions (Unit: tCO_2e)	7,844	100%	7,078	100%	6,812	100%
－Total Emissions from Existing Facilities (Unit: tCO_2e)	6,204	79%	6,543	92%	6,123	90%
－Total Emissions from New Facilities (Unit: tCO_2e)	1,640	21%	535	8%	689	10%
Revenue (Unit : NTD million)		4,264		4,118		4,630
Greenhouse Gas Emission Intensity (Unit: tCO_2e / NTD million)		1.84		1.72		1.47

※ Note 1 : Total emissions include all facilities (Chungke plant and Chungkang plant).
※ Note 2 : New facilities: Plants commissioned after 2023 (AMC II – Zhonggang Semiconductor Materials Plant).
※ Note 3 : Existing facilities exclude new facilities.



Value Chain Emissions (Scope 3)

Daxin includes Scope 3 emissions within its greenhouse gas inventory and verification boundary. In accordance with ISO 14064-1:2018, significant indirect emission sources are identified through a materiality assessment process. A total of 7 emission categories are disclosed — 4 transportation-related and 3 upstream indirect emission sources — with total Scope 3 emissions amounting to 20,003 tCO_2e in 2025.

Value Chain (Scope 3: Other Indirect Greenhouse Gas Emissions) Emissions Summary

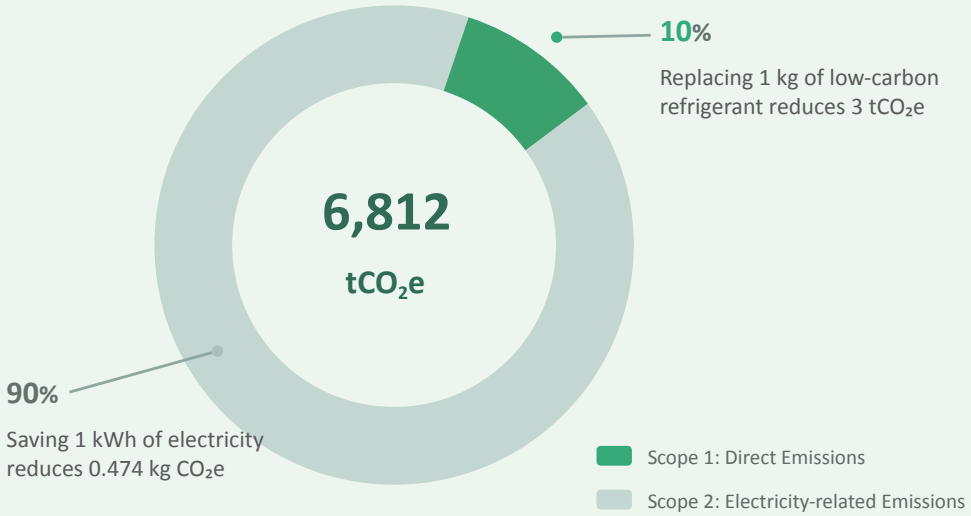
ISO 14064	GHG Protocol	Activity Data Source	Emissions (tCO_2e)
Category 3 : Transport and Distribution (Indirect Emissions)	C4 Upstream Transport and Distribution	Emissions from transport of key raw materials from supplier dispatch sites to all facilities.	192
	C9 Downstream Transport and Distribution	Emissions from outbound transportation of products from plants to customers.	100
	C6 Business Travel	Emissions from employee business travel (HSR, private vehicles, taxis, etc.)	44
	C5 Operational Waste (Collection and Disposal)	Emissions from transportation of operational waste to treatment facilities.	17
Category 4 : Products Used by the Organization (Indirect Emissions)	C1 Purchased Goods and Services	Life cycle emissions of top 40 purchased raw materials and tap water (MOENV carbon footprint database).	17,751
	C5 Operational Waste (Treatment)	Emissions from wastewater and waste treatment (incineration, chemical, physical treatment, and sewer discharge).	456
	C3 Fuel- and Energy-Related Activities (Excluding Scope 1 & 2)	Emissions from diesel, gasoline, and electricity consumption (MOENV cradle-to-gate factors).	1,443
Total Scope 3 (Other Indirect Emissions)			20,003

4.2.2 Operational Carbon Management

Emission Sources and Carbon Reduction Strategy (Scope 1 & Scope 2)

According to the 2025 greenhouse gas inventory, Scope 2 emissions (purchased electricity) account for approximately 90% of total operational emissions and represent the primary emission source. The Company reduces Scope 2 emissions through energy efficiency improvements, on-site solar PV systems, and green power purchase agreements.
Scope 1 emissions (direct emissions) account for approximately 10% of total emissions, primarily from HFC refrigerant leakage in process cooling and refrigeration systems. Given the high global warming potential (GWP) of HFCs, the Company references the COP28 Global Cooling Pledge and relevant regulatory frameworks in Europe and the United States to progressively adopt low-GWP refrigerants, combined with equipment management measures to reduce direct emissions and ensure alignment with mid- to long-term carbon reduction targets.

Total Greenhouse Gas Emissions in 2025 (Scope 1 and Scope 2)



Electricity Emissions	90%	Septic Tank CH_4	1%	Air Pollution Control Systems	<0.5%
Refrigeration Equipment	5%	Company Vehicles (Gasoline)	<0.5%	CO_2 Extinguishers	<0.5%
Refrigerant Charging	4%	Diesel Forklifts	<0.5%	CO_2 Cylinders	<0.5%

Energy Efficiency

Year	Electricity Saving Rate (%)	Action Plan
2025	2.1%	1. Equipment Replacement (Energy Efficiency) 2. Process and Equipment Optimization 3. Annual Energy-Saving Measures Tracking
2030	Cumulative ≥ 15% (2022-2030)	

Renewable Energy Expansion

Year	Renewable Energy (%)	Action Plan
2025	HQ : 100% ; New Facilities : 3%	1. Solar PV Deployment 2. Annual Green Power Procurement
2030	Company-wide ≥ 10%	

Low-Carbon Facilities

Year	Reduction Target	Action Plan
2030	≥ 25% (Existing Facilities)	1. Use of Low-GWP Refrigerants (GWP < 1,500) 2. HFC Management in Line with National Policies

Project Initiatives : Expansion of Renewable Energy and Energy Efficiency

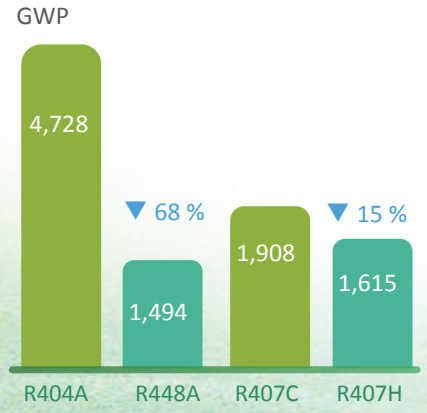
Operational Carbon Hotspots and Key Actions

Daxin continues to expand renewable energy usage through the installation of on-site solar photovoltaic systems (self-consumption) and the procurement of renewable electricity via green power purchase agreements.
In 2025, renewable electricity consumption reached 337,000 kWh, resulting in an estimated reduction of approximately 160 tCO_2e.
In parallel, the Company promotes energy-saving initiatives across utility systems, production equipment, and R&D laboratories. Through equipment efficiency improvements, optimized operational management, and process enhancements, energy efficiency has been improved, achieving annual electricity savings of 287,000 kWh, corresponding to an estimated reduction of approximately 136 tCO_2e.

Project Initiative: Low-Carbon Refrigerant Adoption

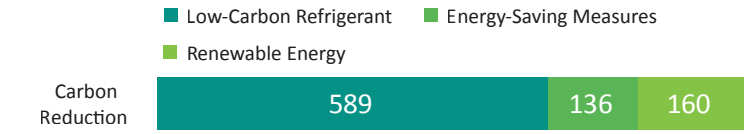
The Company has introduced low global warming potential refrigerants, replacing R404A with R448A in refrigeration systems and R407C with R407H in process chillers.In 2025, these initiatives resulted in a carbon reduction of 589 tCO_2e, accounting for approximately 8% of the organization’ s operational carbon reduction.

Calculation Items	Case 1 (R448A replaces R404A)	Case 2 (R407H replaces R407C)
Refrigerant Charge (kg)	180	23
Baseline Emissions (tCO_2e)	851	44
Post-Improvement Emissions (tCO_2e)	269	37
Emission Reduction (tCO_2e)	582	7
Reduction Rate (%)	68%	15%



Carbon Reduction Performance

In 2025, Scope 1 emissions were reduced by 589 tCO_2e through the introduction of two low-carbon refrigerants (R448A and R407H). Scope 2 emissions were reduced by 296 tCO_2e through 43 energy-saving initiatives and renewable energy adoption. Total operational emissions from Daxin's production facilities decreased by 885 tCO_2e.

Emissions Boundary	Greenhouse Gases	Carbon Emissions (Unit : tCO_2e)	Carbon Reduction (Unit : tCO_2e)	2025 Carbon Reduction Performance (Unit : tCO_2e)
Organizational Operations Daxin Materials	Scope 1 Scope 2	6,812	885	

Greenhouse Gases	Emission Sources	Action Plans	Carbon Reduction Strategy	2025 Carbon Reduction Performance	Carbon Reduction (tCO_2e)
Scope 1	Refrigerants (HFCs)	Promotion of Low-Carbon Refrigerant Standards	Adopt low-carbon refrigerants (GWP < 1,500) to reduce carbon emissions from new equipment procurement and refrigerant charging.	Adoption of Low-Carbon Refrigerants (R407H replaces R407C) (R448A replaces R404A)	589
Scope 2	Purchased Electricity	Annual Tracking of Energy-Saving Measures	Reduce energy consumption and carbon emissions through equipment replacement, efficiency improvements, and enhanced operational management.	A total of 43 energy-saving measures were managed and tracked, resulting in electricity savings of 287,000 kWh.	136
		Investment in New On-site Solar Photovoltaic System (Self-consumption)	Install rooftop solar PV systems for self-consumption and obtain renewable energy certificates to reduce grid electricity usage and associated carbon emissions.	Self-consumption of renewable electricity: approximately 187,000 kWh	89
		Renewable Energy Procurement Plan (Green Power Wheeling or Certificates)	Sign power purchase agreements (PPAs) or procure renewable energy certificates to offset Scope 2 emissions.	Green electricity wheeling amounted to 150,000 kWh.	71

4.2.3 Value Chain Carbon Management

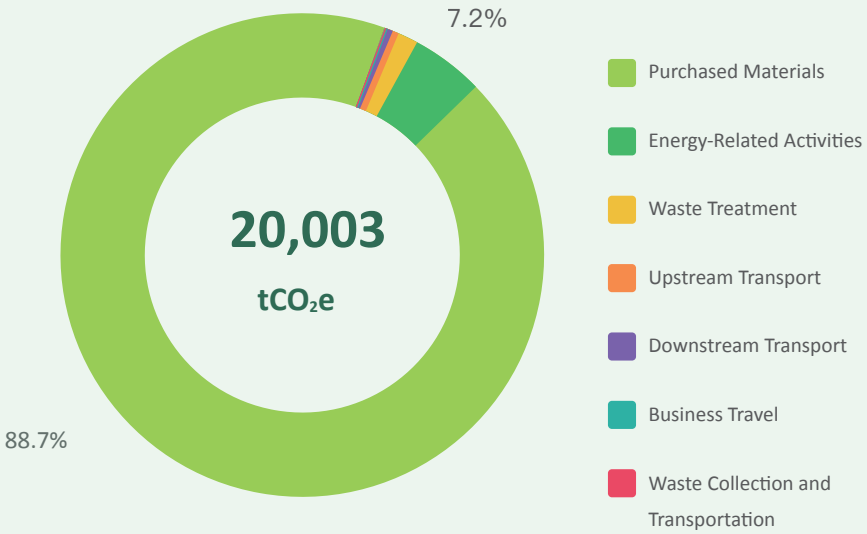
Emission Sources and Carbon Reduction Strategy (Scope 3)

According to the 2025 greenhouse gas inventory, Scope 3 emissions are primarily concentrated in upstream raw material procurement and waste treatment, together accounting for more than 90% of total Scope 3 emissions. These two categories are prioritized as key focus areas for Scope 3 carbon reduction, with ongoing control measures in place.

In raw material management, the Company has adopted a product carbon footprint system following ISO 14067 since 2024, establishing carbon footprint templates and calculation methodologies covering raw material production, transportation, and manufacturing stages. The feasibility of low-carbon material substitution and improved material efficiency is evaluated, with carbon considerations progressively integrated into procurement decisions.

In waste management, the Company promotes source reduction, resource circularity, and waste solvent recovery and reuse to reduce incineration and landfill emissions. In collaboration with customers and environmental service partners, waste solvents are converted into industrial-grade solvents or used as alternative fuels to replace natural gas, effectively reducing downstream carbon emissions associated with virgin material or fuel procurement.

2025 Value Chain Greenhouse Gas Emissions (Scope 3)



Purchased Materials	88.7%	Upstream Transport	1.0%	Waste Collection and Transportation	0.1%
Energy-Related Activities	7.2%	Downstream Transport	0.5%		
Waste Treatment	2.3%	Business Travel	0.2%		

Resource Efficiency

Year	Circular Model	Action Plan
2025	Polyimide Circular Economy Project	Closed-loop to Customer Process : 1
	By-product Recycling & Valorization	By-product to Product Conversion : 2

Recycling Rate

Year	Circular Model	Action Plan
2025	Waste Solvent Recyclin and Reuse	Proper Segregation of Waste Solvents (Recovery Rate ≥ 93%)
2030		Proper Segregation of Waste Solvents (Recovery Rate ≥ 95%)

Low-Carbon Materials

Year	Circular Model	Action Plan
2030	Substitution of Virgin Materials with Recycled Materials	Continuous Assessment of Recycled Material Adoption

Project Initiative : Circular Transformation

Waste Solvent Recycling and Reuse

By reducing direct incineration and landfilling, the Company maximizes the resource value of waste solvents. High-calorific-value waste solvents are utilized as auxiliary fuels to replace natural gas (energy recovery), while high-purity waste solvents are reused as industrial-grade solvents (material recovery).These practices reduce carbon emissions associated with downstream value chain activities, including fuel procurement and the production of virgin materials.

Value Chain	Emission Sources	Baseline Scenario	Recovery Measures	Carbon Reduction Benefits (Unit : tCO_2e)
Treatment Facility	Waste Treatment	Incineration Treatment	Distillation Recovery Treatment	27
Treatment Facility	Raw Material Procurement	Natural Gas	Auxiliary Fuel	114
Downstream Customers	Raw Material Procurement	Virgin Materials	Industrial-Grade Solvent	768
		Total		909

※ Note 1 : The baseline scenario assumes that waste solvents are directly outsourced for incineration without any resource circularity measures.
※ Note 2 : Resource recovery measures refer to the use of high-calorific-value waste solvents as auxiliary fuel by treatment facilities, and the recovery of high-purity waste solvents for reuse by downstream customers as industrial-grade solvents.

Circular Supply Chain Development

Resource Circularity Project	Emission Sources	Value Chain	Carbon Reduction Benefits (Unit: tCO_2e)
Polyimide Circular Resource	Waste Treatment	Treatment Facility	6
	Fossil Fuel Procurement	Treatment Facility	0
	Virgin Material Procurement	Downstream Customers	76
	Purification of Recovered Materials	Daxin	-4
	Project Total		78
Process By-product Recycling and Valorization	Waste Treatment	Treatment Facility	13
	Fossil Fuel Procurement	Treatment Facility	1
	Virgin Material Procurement	Downstream Customers	145
	Purification of Recovered Materials	Daxin	-14
	Project Total		145
Overall Total			223

Daxin promotes resource circularity initiatives by purifying and distilling customer process-derived materials and returning them to the original production process for closed-loop use. This initiative generated a carbon reduction benefit of 78 tCO_2e over the product life cycle.
In 2025, through the valorization of process by-products, the Company recovered and produced 60 metric tons of high-purity acetic acid and 14.88 metric tons of high-purity IPA for reuse in other industries, resulting in a carbon reduction benefit of 145 tCO_2e. In total, these initiatives contributed a value chain carbon reduction benefit of 223 tCO_2e.

Total Value Chain Carbon Reduction
223 tCO_2e

Product Carbon Footprint

Since 2024, Daxin has aligned with the Group's "Low-Carbon Industrial Supply Chain Ecosystem Initiative," establishing carbon footprint templates and calculation methodologies in accordance with ISO 14067. Cross-functional training for managers from R&D, manufacturing, procurement, and facility departments has been completed, developing internal carbon inventory seed personnel. By 2025, product carbon footprint assessments have been expanded to 10 key products, laying the foundation for a comprehensive digital carbon footprint database.

01 2024 : Capability Building Phase

- **Achievements**
  Completed product carbon footprint assessments for 4 products.
- **Seed Personnel Training**
  Conducted professional training for managers from R&D, manufacturing, procurement, and facility departments to build internal capability for in-house carbon inventory management.
- **Product Carbon Footprint System Implementation**
  In alignment with government initiatives to promote a low-carbon supply chain, the Company implemented a product carbon footprint system developed by the Group nd established standardized carbon accounting tools.

02 2025 : Inventory Expansion Phase

- **Achievements**
  Completed product carbon footprint assessments for 10 products.
- **Tool and Process Optimization**
  Established product carbon footprint templates and conducted segmented training for seed personnel to enhance carbon accounting capabilities and strengthen management of confidential information disclosure.
- **Expansion of Inventory Coverage**
  The scope of assessment was expanded from 4 to 10 products, covering mass-produced semiconductor materials, display materials, and key raw materials, thereby improving both coverage and accuracy of carbon footprint inventories.

03 2030 : Database Integration and Verification

- **Mid- to Long-term Target**
  Establish a comprehensive product carbon footprint database.
- **Digitalization and Data Management**
  Develop an electronic product carbon footprint database to enable tracking, visualization, and analysis of product carbon emissions. ◦
- **Customer Integration**
  Conduct verification in accordance with the ISO 14067 standard for product carbon footprint to ensure transparency and credibility of carbon footprint information, and support customers in advancing low-carbon supply chain management.

Scope 3 Carbon Reduction Performance

Emissions Boundary	Greenhouse Gases	Carbon Emissions (Unit : tCO_2e)	Carbon Reduction (Unit : tCO_2e)
Upstream and Downstream Value Chain	Scope 3	20,300	1,132

2025 Carbon Reduction Performance (Unit : tCO_2e)

Greenhouse Gases	Emission Sources	Action Plans	Carbon Reduction Strategy	2025 Carbon Reduction Performance	Carbon Reduction (tCO_2e)
Scope3	Waste Treatment	Waste Solvent Outsourced Recycling and Reuse	Recovered solvents via distillation for industrial reuse or auxiliary fuel substitution, reducing virgin material and natural gas-related emissions.	Waste Solvent Recovery Rate : 94%	909
		Polyimide Resource Circularity Project	Closed-loop collaboration with customers to reuse purified regenerated solutions, reducing emissions from waste treatment and virgin material procurement.	Resource Circularity Rate : 93%	78
		Recycling and Value-Added Utilization of Process By-products	Purification and valorization of process by-products into industrial resources, reducing virgin material demand and value chain emissions.	By-product Derived Product Sales : 75 tons	145

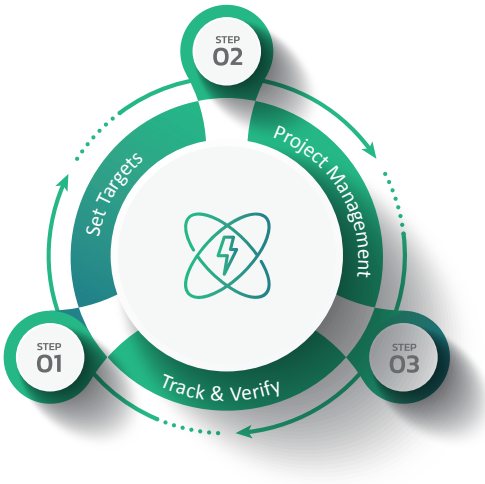
4.3 Energy Management

4.3.1 Energy Structure

2026 Electricity Savings Target	2030 Cumulative Electricity Savings Target
≥ 1.5%	≥ 15%

Management Strategy and Targets

Daxin incorporates energy management as a core operational priority, with objectives of improving energy efficiency, reducing energy consumption, and lowering greenhouse gas emissions. Through energy-efficient equipment adoption, process improvements, and enhanced operational management, the Company continuously improves facility and process energy efficiency. A cross-functional energy-saving management mechanism has been established, with defined criteria and tracking procedures for energy-saving initiatives, regular energy management meetings to review performance, and results incorporated into ISO 14001 management review meetings. The Company targets an annual electricity savings rate of more than 1.5% by 2026, with a cumulative electricity savings rate of more than 15% by 2030 based on the 2022 baseline year.



Step 1 Set Targets

- 2025 Electricity Saving Rate : 1.5%
- 2030 Cumulative Saving Rate : 15%
- Energy-Saving Management Criteria
- Energy Meeting Decisions

Step 2 Project Management

- Facility, Equipment & Process Energy Saving
- R&D & Laboratory Energy Saving
- Quantifiable Measures
- Verifiable Evidence

Step 3 Track & Verify

- Management Review Tracking
- Quarterly Electricity Saving Verification
- Quarterly Safety Committee Review
- Annual Target Achievement Review

Energy Consumption Statistics and Analysis

Daxin's energy inventory covers both the Chungke and Chungkang plants. Process heat is primarily supplied by electric boilers and electric thermal oil heaters, with no fossil fuels used in manufacturing processes. Diesel is used solely for emergency generators, fire pumps, and forklifts, while gasoline is used for company vehicles.
In 2025, total energy consumption amounted to 47,997 GJ, with an energy intensity of 1.19 GJ/m². The overall energy structure is dominated by purchased non-renewable electricity, accounting for more than 98% of total consumption. Total electricity consumption increased by 3.0% compared with 2024, primarily due to the phased expansion of production lines at the Advanced Manufacturing Center II – Chungkang Semiconductor Materials Plant. Electricity consumption growth at existing facilities was contained at 0.1%. Renewable energy accounted for 2.5% of total company-wide energy consumption in 2025, reflecting gradual diversification of the energy structure.

Energy Consumption Categories		Energy Consumption Note		
		2023	2024	2025
Purchased Non-renewable Energy	Electricity	44,531	45,945	46,548
	Gasoline	354	284	196
	Diesel	41	42	42
Total Non-renewable Energy Consumption		44,926	46,271	46,786
Purchased Renewable Energy	Electricity	0	0	540
Self-generated Energy (Solar Power)	Electricity	0	438	671
Total Renewable Energy Consumption		0	438	1,211
Total Energy Consumption		44,926	46,709	47,997
Operational Area（M²）		39,309	40,359	40,359
Energy Intensity（GJ/M²）		1.14	1.16	1.19
Purchased Electricity Ratio（%）		99%	98%	98%
Renewable Energy Utilization Rate（%）		0%	0.9%	2.5%

Note 1: The reporting boundary covers Daxin's Chungke and Chungkang plants. Unit: gigajoule (GJ).
Note 2: Calorific values are based on the 2024 Energy Statistics Handbook published by the Ministry of Economic Affairs.
Note 3: Electricity conversion factor: 1 kWh = 0.0036 GJ; 1 kcal = 4.184 kJ. Calorific values of fossil fuels: gasoline: 7,520 kcal/L; diesel: 8,629 kcal/L.
Note 4: Operational area is adopted as the basis for energy intensity measurement, reflecting the Company's phased production line expansion and capacity growth.

4.3.2 Renewable Energy

Green Electricity Strategy

Daxin expands renewable energy usage through a dual approach of on-site renewable energy installations and external green electricity procurement. A 429.18 kW solar PV system was commissioned in 2020 in compliance with large electricity consumer regulations. In 2024, a 137.78 kW system was commissioned for self-consumption, marking the first introduction of renewable electricity into plant and manufacturing operations. In 2025, an additional 315.81 kW system was installed at the Chungke plant, further expanding on-site generation capacity. The Company continues to evaluate available rooftop space for further solar PV expansion, and combines energy-saving measures to reduce purchased electricity demand. For electricity demand not yet covered by on-site generation, renewable energy purchase agreements supplement green electricity supply, in support of the mid- to long-term targets of RE100 at headquarters by 2026 and RE10 company-wide by 2030.

STEP 01

Policy Alignment

- Solar PV installation (10% of contracted capacity)
- 2020 Installed Capacity : 429.18 kW

STEP 02

Expansion of Renewable Energy Use

- Installation of Solar Photovoltaic Systems (Self-Consumption)
- 2024 : Solar PV commissioned (137.78 kW)
- 2025 : Solar PV installed (315.81 kW)

STEP 03

Decarbonization Roadmap Implementation

- Signing of Renewable Energy Power Purchase Agreements
- 2025 : HQ RE100
- 2026 : New facilities RE10
- 2030 : ≥25% Emission Reduction (Existing Plants)

Renewable Energy Use

As of 2025, Daxin has installed solar PV systems with a total capacity of 453.59 kW, with an estimated annual generation of approximately 570,000 kWh. A renewable energy power purchase agreement has also been signed, securing approximately 150,000 kWh annually, bringing total planned renewable electricity to approximately 720,000 kWh per year.
Due to construction delays affecting the new solar PV system at the Chungke plant, actual renewable energy consumption in 2025 was 337,000 kWh, accounting for approximately 2.5% (RE2.5) of total company-wide electricity consumption. The headquarters has achieved its RE100 target, with new facilities planned to achieve RE10 by 2026.

2025 Renewable Energy Consumption Statistics

Renewable Energy Statistics	Green Power Sources	Estimated Green Electricity (10,000 kWh/year)	Actual Consumption in 2025 (10,000 kWh)
Self-generated Energy (Solar Power)	Chungkang Plant – Solar PV System	18	18.7
Self-generated Energy (Solar Power)	Chungke plant – Solar PV System	39	Expected to Commence Operation in 202615.0
Purchased Electricity	Signing of Renewable Energy Power Purchase Agreement	15	15.0
Total Renewable Energy Consumption in 2025 (10,000 kWh)			33.7

Chungkang Plant – Rooftop Solar PV

2025 Generation : ~**187,000** kWh

Corporate Power Purchase Agreement

2025 Purchase : ~**150,000** kWh

4.3.3 Energy-Saving Measures

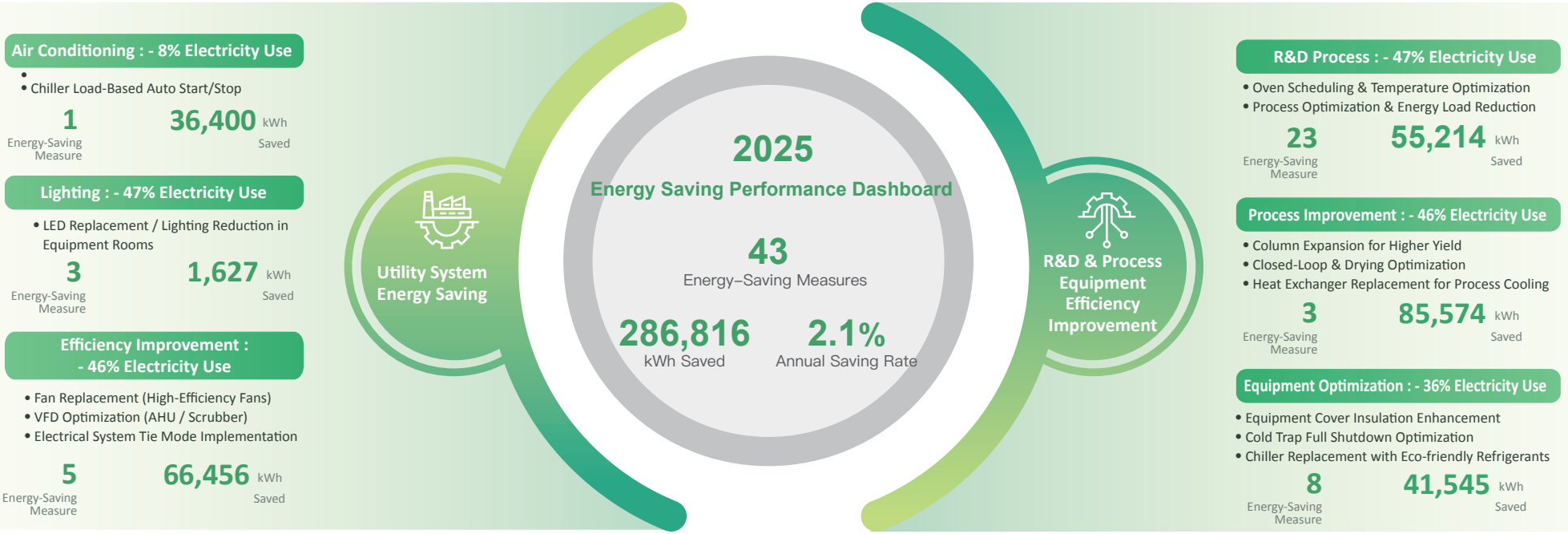
Energy-Saving Plan

Daxin continuously implements energy-saving projects through plant-level Energy Saving Teams (facility, equipment, and manufacturing units) and a Laboratory Energy Saving Team (R&D unit). Projects are evaluated based on quantifiable energy-saving benefits and traceable documentation, reviewed through regular energy-saving meetings, and incorporated into ISO 14001 management reviews with quarterly progress tracking.
In 2025, 43 energy-saving projects were under management, comprising 20 utility system and production equipment improvement projects and 23 laboratory energy conservation projects. Key measures include:

- Process equipment improvements (cooling systems and reactor equipment)
- Air conditioning optimization (automated start/stop control of chiller systems)
- Lighting system upgrades (full adoption of LED lighting)
- Equipment efficiency enhancement (low-carbon refrigerant adoption for 9 chillers)

2025 Energy-Saving Measures Management Criteria

Management Criteria	Direct Measurement Records	Indirect Calculation Method (Theoretical Energy Savings)
Quantifiable Energy-Saving Measures	• Dedicated Meter Installation • Before/After Energy Use Comparison	• Thermodynamic / Energy Conversion Formulas • Government-Approved Energy-Saving Calculation Methods
Verifiable Supporting Documentation	• System Monitoring Logs • Manual Readings • Meter Calibration	• Capital Investment in Equipment: Specification Documents Demon strating Equipment Efficiency Improvement (e.g., fixed-speed vs. variable-speed, power rating, horsepower, operating frequency, etc.) • Management Improvement: Time-Series Operational Records Demonstrating Changes in Operating Parameters (e.g., start/stop logs, operating frequency, pressure, tempera ture, humidity, number of production batches, etc.)

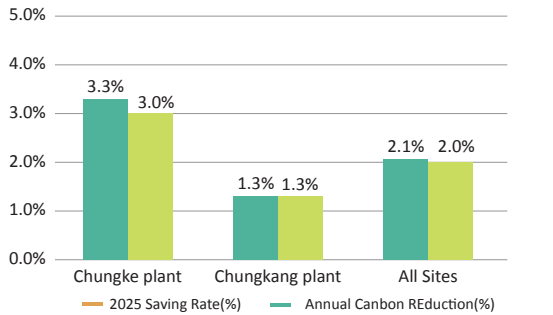


Energy-Saving Performance

In 2025, total electricity savings reached 286,816 kWh, with an investment of NT$865.5 thousand, achieving an annual electricity savings rate of 2.1% and meeting the management target of ≥ 1.5%. These initiatives reduced greenhouse gas emissions by approximately 136 tCO_2e, representing an overall carbon reduction benefit of approximately 2.0% across the Company's facilities.

2025 Energy-Saving Performance

Plant	Electricity Consumption (kW)	Electricity Savings (kWh)	Energy-Saving Benefits (%)	Carbon Emissions (tCO_2e)	Carbon Reduction (tCO_2e)	Carbon Reduction Benefits (%)
Chungke plant	5,145,600	177,039	3.3%	2,723	84	3.0%
Chungkang plant	8,120,925	109,777	1.3%	4,088	52	1.3%
Total	13,266,525	286,816	2.1%	6,812	136	2.0%



※ Note 1 : Carbon reduction was estimated using the 2024 electricity emission factor of 0.474 $kgCO_2e/kWh$.

※ Note 2 : All figures represent the combined total of Daxin Materials' Chungke plant and Chungkang Plant.

All Facilities Saving Rate
2.1%
Annual Carbon Reduction
2.0%

4.4 Pollution Prevention and Control

4.4.1 Air Pollution Prevention and Control

Air Emissions Monitoring

Daxin complies with environmental regulations for air pollution prevention and adopts multi-layered control measures to minimize the environmental impact of process emissions. At the process level, pretreatment technologies such as condensation and scrubbing are applied for source reduction. End-of-pipe control facilities include fluidized bed adsorption/desorption systems, scrubbers, and activated carbon adsorption towers to treat air pollutants generated from testing and manufacturing processes.

The Company holds permits for stationary emission sources, with dedicated personnel conducting regular emission monitoring to ensure regulatory compliance and timely reporting to competent authorities. The Chungkang Plant has additionally installed CCTV and AI-based image recognition systems around emission stacks to dynamically detect abnormal smoke emissions, improving response efficiency and management transparency. Over the past five years, all plant emissions have complied with applicable regulatory standards, with no environmental penalties incurred.

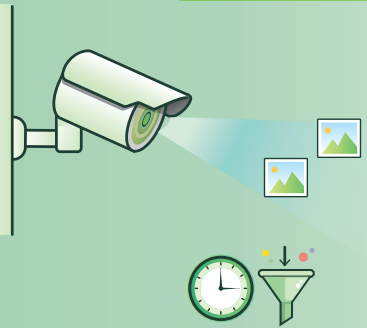
Air Pollutants	2023 Emissions (kg)	2024 Emissions (kg)	2025 Emissions (kg)
Volatile Organic Compounds (VOCs)	7,729	8,458	5,781
Total Suspended Particulates (TSP)	124	116	116
Sulfur Oxides (SOx)	702	704	616
Nitrogen Oxides (NOx)	1,492	1,398	1386

Note 1 : Air pollutant emissions represent the combined total of the Chungke plant and Chungkang Plant.
Note 2 : Air pollutant emission data were obtained from the Ministry of Environment's Stationary Pollution Source Management Information Disclosure Platform.
Note 3: VOC emissions were recalculated in 2025 in response to regulatory authority requirements, and air pollutant data for 2023–2024 has been updated accordingly. This information is disclosed in the Major Disclosure Revisions section and on the Ministry of Environment's platform, and has not been subject to re-examination under limited assurance.

AI

- Scheduled CCTV Image Capture
- Model I : YOLO Detection Model
- Model II : Weather Condition Model
- Alert Notification Transmission

Image Recognition and Core Decision-Making Process



Scheduled Image Capture
Images are periodically captured from the CCTV system and filtered using predefined screening criteria to effectively reduce false-positive rates in the AI model.

YOLO Non-transparent Smoke Detection
During the core recognition stage, the AI model performs precise detection of non-transparent smoke appearing in the monitored area.

Dedicated Model for Severe Weather Conditions
The system is equipped with environmental adaptability and automatically switches to a dedicated processing model under severe weather conditions.

Alert Notification and Accuracy Optimization

Dual-channel Real-time
NotificationSimultaneous notifications are sent through both Email (with image transmission) and LINE (text-based alerts) to promptly inform relevant personnel.

Process Source Control

Given the extensive use of organic solvents as primary raw materials, Daxin places strong emphasis on VOC emission control at the process level. Equipment components are continuously monitored, with leakage rate KPIs used as the basis for performance tracking. Internal management standards require net VOC monitoring values to remain below 100 ppm; if exceeded, on-site supervisors immediately identify and address the leakage source. Despite an increase in the number of process equipment components over the past three years, the VOC leakage rate has remained at 0%, demonstrating the continued effectiveness of the Company's process control and maintenance practices.

2023 - 2025 Process Equipment Component Leakage Rate

Reporting Year	Number of Equipment Component Monitoring Points	VOCs Leakage Rate (%)
2023	13,814	0.0
2024	14,009	0.0
2025	15,327	0.0

4.4.2 Wastewater Treatment

Discharge Management

Daxin has established rainwater and wastewater segregation systems at all facilities, with regular internal and external water quality monitoring to ensure compliance with discharge standards. All wastewater is discharged into the sewer systems of the Central Taiwan Science Park and Chungkang Industrial Park, treated by centralized wastewater treatment plants, and discharged only after meeting national regulatory requirements and the stricter Environmental Impact Assessment standards. Discharge quality is maintained through self-monitoring and daily inspections. Over the past five years, wastewater operations have remained stable with no environmental penalties incurred at any facility.

Plant	Monitoring Item	2023		2024		2025	
		Discharge Standard	Annual Average Value Note 1	Discharge Standard	Annual Average Value Note 1	Discharge Standard	Annual Average Value Note 1
Chungke plant	pH	5 - 10	7.65	5 - 10	7.6	5 - 10	7.35
	COD (mg/L)	500	89.3	500	99.45	500	46.80
	SS (mg/L)	300	7.6	300	9.9	300	6.70
	NH_3-N (mg/L)	50	20.75	50	20.95	50	13.80
Chungkang plant	pH	5 - 9	7.05	5 - 9	6.9	5 - 9	7.65
	COD (mg/L)	450	197	450	163.65	450	171
	SS (mg/L)	250	10.7	250	18.35	250	19.4
	NH_3-N (mg/L)	100	0.04	100	1.94	100	34.05

※ Note 1 : The annual average monitoring value was calculated based on the average results of outsourced semi-annual monitoring tests.

4.5 Resource Circularity

4.5.1 Water Resource Management

Water Resource Management Strategy

Daxin's Chungke and Chungkang plants are located in Taichung City, classified as a low-to-medium water stress region (10–20%) according to the WRI Water Risk Atlas. Both facilities source water exclusively from tap water supplied by the Central Taiwan Science Park and Chungkang Industrial Park water supply systems, with no groundwater usage, limiting the impact on local water resources.
In 2025, water consumption intensity was 3.8 metric tons/m², a 4.5% increase from 2024, primarily due to expanded semiconductor wet chemical process capacity. The Company promotes water circularity through a Reverse Osmosis Recycled Water Reuse System (RORR), with a facility-wide water recycling rate target of 95% or above. Based on the Water Usage Plan calculation methodology issued by the Water Resources Agency, the 2025 water recycling rate reached approximately 97%, meeting park benchmarks and achieving average daily water savings of approximately 33 metric tons.This corresponds to an average water savings of approximately 33 metric tons per day. Through continuous monitoring and management of water usage, the Company reduces water-intensive process consumption and advances sustainable water resource management.

2025 facility-wide water recycling rate: approximately **97%**

Average daily water savings: approximately **33** metric tons

Water Usage Note 1

ITEM	2023	2024	2025
Water Withdrawal Note 2 (Million Liters)	131	146	152
Water Discharge (Million Liters)	74	82	87
Water Consumption Note 3 (Million Liters)	57	64	65
Recycled / Reused Water Volume Note 4 (Million Liters)	4,758	4,758	4,758
Water Recycling Rate (Reuse Rate) Note 5 (%)	98 %	97 %	97 %
Operational Area （m²）	39,309	40,359	40,359
Water Intensity Note 6 (Metric Tons/m²)	3.3	3.6	3.8

Note 1 : Water consumption data represent the combined total of the Chungke plant and the Chungkang Plant.
Note 2 : Water withdrawal is defined as the sum of municipal water intake and reclaimed water (condensate recovery).
Note 3 : Water consumption = Water withdrawal − Water discharge.
Note 4 : Reused water volume refers to the total recycled water, including cooling tower water, scrubber water, and total reclaimed process water.
Note 5 : Water recycling rate (reuse rate) = (Reused water volume + condensate recovery) ÷ (Water withdrawal + Reused water volume) × 100%.
Note 6 : Water intensity = Water withdrawal ÷ operational area.
Note 7 : The water recycling rate (reuse rate) is calculated in accordance with the Water Usage Plan guidelines and format issued by the Water Resources Agency, Ministry of Economic Affairs.

4.5.2 Raw Materials

Daxin has long been dedicated to developing and manufacturing electronic chemical materials, utilizing over 300 types of chemical raw materials in synthesis and formulation processes. As most products and packaging materials come into direct contact with chemicals, recycling and reuse would require extensive solvent cleaning, potentially creating a greater environmental burden than the materials themselves. Comprehensive recycling measures have therefore not yet been implemented.
Daxin remains committed to the circular economy. Should customers promote upstream and downstream recycling integration mechanisms that are both feasible and environmentally beneficial, the Company will actively assess and participate in relevant initiatives.

Raw Material Name	Unit	Renewable [Note 1] / Non-renewable [Note 2] resources	2023	2024	2025
23L Plastic Photoresist Barrel	PCS	Non-renewable	26,400	28,000	32,800
20L Plastic Photoresist Drum	PCS	Non-renewable	17,236	19,124	23,432
40L Plastic Photoresist Drum	PCS	Non-renewable	20,754	21,472	28,200
60L photoresist steel drum	PCS	Non-renewable	4,860	4,212	No longer in use
20L Photoresist Drum	PCS	Non-renewable	98,944	96,992	88,192
3.8L gallon bottle	PCS	Non-renewable	24,840	18,240	33,463
Chemical Raw Materials [Note3]	metricton	Non-renewable	14,458	12,378	15,485
Carton Packaging Materials	PCS	Renewable	14,510	13,100	15,700

Note 1: Renewable material — resources that can be replenished within a short period through ecological cycles or agricultural cultivation. Due to their renewable nature, materials derived from these resources will not be depleted and can continue to be used by future generations. Examples include water, plants, and sunlight.
Note 2: Non-renewable material — resources that cannot be regenerated within a short period. Examples include coal, natural gas, metals, minerals, and petroleum.

For certain process materials and packaging materials, the Company actively promotes material purification and reprocessing, as well as the use of recycled plastic packaging, to effectively replace single-use materials. This reduces waste, advances circular economy principles, and lowers dependence on virgin materials — delivering both environmental and operational cost benefits.

4.5.3 Waste Management

Management Strategy and Policy

Daxin has established a systematic waste management framework in accordance with ISO 14001, covering waste identification and classification, storage management, waste flow tracking, outsourced treatment supervision, and internal audits. The 3R principles (Reduce, Recycle, Reuse) are integrated into daily operations and manufacturing processes.

The Company applies the PDCA cycle to continuously improve waste management performance: the Plan phase establishes recycling and resource recovery targets based on annual risk assessments; the Do phase implements process improvements, source reduction, and resource recovery measures; the Check phase uses internal audits and performance indicators to evaluate waste generation intensity and resource recovery rates; and the Act phase dynamically adjusts management measures and annual targets based on performance outcomes.

Project Initiative : Solvent Material Flow Management

Reduce - Source Reduction and Process Optimization

Recycle - Resource Regeneration and Value Recovery

Reuse - Extending the Solvent Life Cycle

Key Material Flow in Operations

Daxin adopts source prevention as a core management principle. Through process optimization design, process control, and operational condition improvements, the Company enhances solvent utilization efficiency and reduces solvent consumption per unit of product. Recovered process solvents are purified through in-house solvent distillation systems and reused for cleaning purposes within operations.

In addition, real-time recording and tracking mechanisms are strengthened to identify abnormal end-of-process losses and output generation. Based on the analysis results, process parameters and management measures are continuously adjusted to reduce waste solvent generation and improve overall resource efficiency.

By applying distillation recovery and regeneration technologies, waste solvents are transformed into industrial-grade recycled solvent products for reintegration into both internal and external circular use systems.

This approach increases the economic value and circularity benefits of resource reuse, while supporting waste minimization and resource value maximization.

By promoting solvent-sharing mechanisms among internal laboratories and project teams, combined with proper on-site waste classification and segregation management, Daxin maximizes the utilization of reusable solvents, extends their service life, and reduces the demand for new solvent procurement and raw material input.

Life Cycle Management

Daxin's waste life cycle management centers on source control, circular utilization, and compliant disposal, with waste management considerations embedded early in R&D and process design stages. Through process improvements, raw material usage controls, and material flow analysis, waste generation intensity per unit of product is continuously reduced.

During production operations, standardized classification and quality control mechanisms strengthen waste segregation management. Internal reuse systems, combined with external environmental service providers, enable recycling, purification, and reuse initiatives. For waste that cannot be internally circulated, resource recovery feasibility is assessed first across diversified pathways; compliant final disposal is adopted only when resource recovery is not feasible. Supplier evaluation, periodic audits, and waste flow tracking ensure regulatory compliance, continuously advancing resource circulation maximization and minimizing final disposal.

Waste Generation Structure and Flow

Daxin's waste is classified into hazardous and non-hazardous industrial waste in accordance with the Waste Disposal Act, with a complete management process covering source segregation, on-site storage, collection and transportation, and final disposal. All industrial waste is handled by licensed contractors, with GPS real-time tracking installed on collection vehicles to ensure transparent and traceable waste flows.

In accordance with GRI 306, total industrial waste generation in 2025 from the Chungke and Chungkang plants amounted to 1,132 metric tons, comprising 896 metric tons of hazardous waste and 236 metric tons of non-hazardous waste. Approximately 94% (841 metric tons) of hazardous waste was treated through material and energy recovery pathways, of which approximately 69% (616 metric tons) was classified as non-energy material recovery. The Company has maintained a record of zero regulatory violations related to waste management to date.

2025 Total Waste Generated
1,132 metric tons

Hazardous Waste Recovery Rate
94%

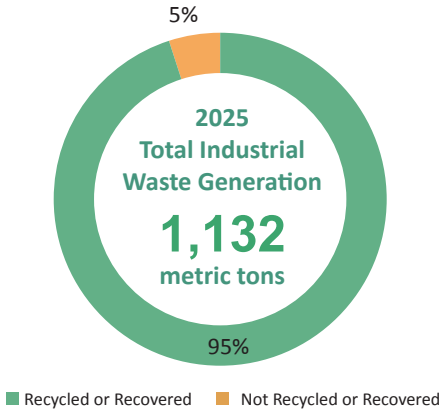
Waste Treatment Status

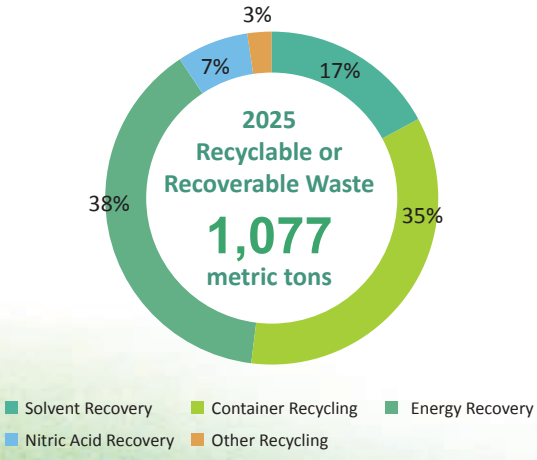
TYPE	TREATMENT METHOD		QUANTITY (T/YEAR)	DESCRIPTION
Hazardous Industrial Waste	Recycling	Container Recycling	366	Physical or cleaning treatment, converting waste into recycled drums, plastic pellets/sheets
		Solvent Recovery	167	Distillation and purification, converting waste into industrial-grade recycled solvents
		Nitric Acid Recovery	76	Chemical treatment, converting waste into industrial-grade sodium nitrate
		Other Recycling	7	Chemical treatment for neutralization or formulation in process applications
	Incineration	Including Energy Recovery	225	Waste solvents or mixed waste used as auxiliary fuel
		Excluding Energy Recovery	55	Landfill disposal
Non-hazardous Industrial Waste	Recycling	Container Recycling	9	Physical or cleaning treatment, converting waste into recovered resource products
		Solvent Recovery	20	Distillation and purification, converting waste into industrial-grade recycled solvents
		Other Recycling	22	R-class regulated recyclable waste
	Incineration	Including Energy Recovery	185	Waste solvents or mixed waste used as auxiliary fuel

Note 1 : Industrial waste generation data are compiled from the Environmental Protection Administration's Industrial Waste Reporting and Management Information System (online manifest reporting data), rounded to the nearest whole number.

Note 2 : Industrial waste generation data represent the combined total of the Chungke plant and the Chungkang plant.

Note 3 : All industrial waste is properly treated off-site by qualified environmental contractors.



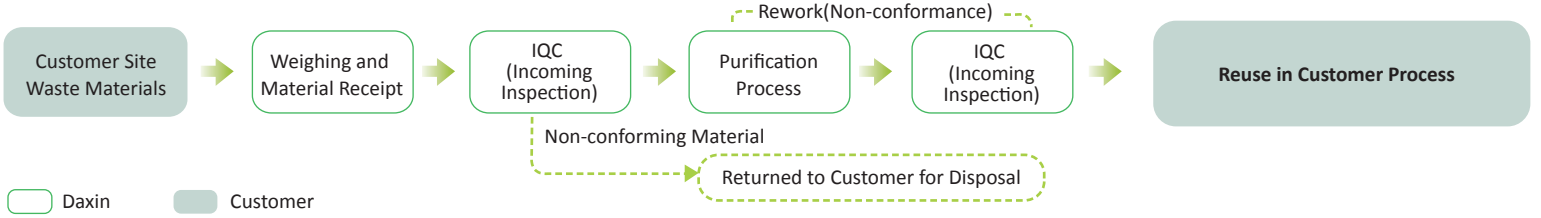


Value Chain Resource Circularity

Daxin follows the Ellen MacArthur Foundation (EMF) circular economy framework, implementing product life extension, by-product reuse, resource recovery, and energy recovery measures in collaboration with customers and environmental service partners to establish a cross-industry circular value chain.

Circular Model 1: Product Life Extension

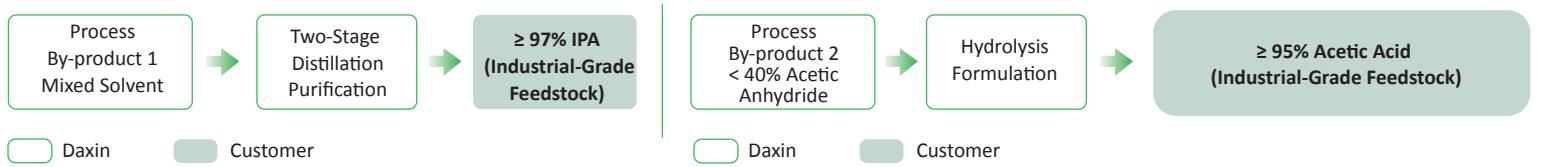
Polymer materials returned from customers are purified and quality-adjusted by Daxin for reintroduction into customers' original processes. The reuse rate exceeded 93% in 2025, effectively reducing customers' demand for virgin raw materials.



Reconditioning Reuse Rate
93%

Circular Model 2: By-product Recovery and Industrial Symbiosis

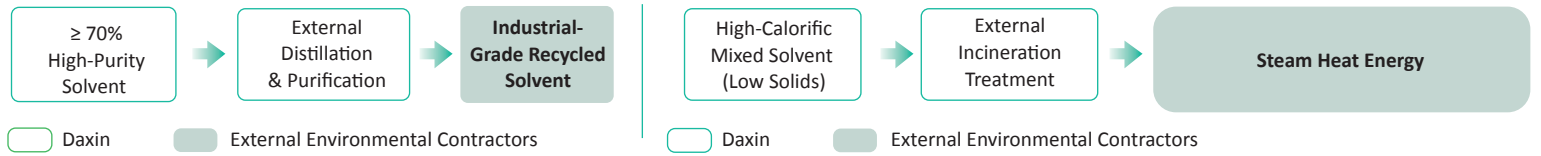
Process by-products (IPA solvent and acetic acid) are converted through distillation purification into high-purity acetic acid (≥95%) and IPA (≥97%) for use as industrial raw materials. In 2025, approximately 75 metric tons of industrial-grade recovered products were generated and supplied to other industries, achieving cross-industry resource circularity.



Industrial-Grade Recycled Products
75 t/year

Circular Model 3: Resource Recovery

Waste materials that cannot be reused internally are segregated by source and entrusted to qualified contractors for material recovery (industrial-grade recycled solvents) or energy recovery (auxiliary fuel). In 2025, approximately 532 metric tons of waste solvents were recovered, reducing final disposal rates.



Waste Solvent Recovery
532 t/year

Project Initiative : Polyimide Resource Circularity

First MOENV-Approved Circular Economy Project

In customer manufacturing processes, overflow liquid polyimide is determined, in accordance with Article 2 of the Waste Disposal Act, not to constitute waste as it has not lost its original functionality and retains market value. As such, it does not require formal reuse qualification and can be directly integrated into downstream value chain purification processes. The material is further converted into regenerated polyimide solution and returned to the customer's original production process for closed-loop reuse, forming a circular resource system. Daxin collaborates with customers to promote the「Polyimide Resource Circularity Project」which was the first resource circularity project approved by the Ministry of Environment under the "Review Guidelines for Resource Circularity Projects (2nd Revision, issued December 2019)."
From 2021 to 2025, the project achieved a recovery and regeneration rate of over 91%, demonstrating stable circular utilization performance.

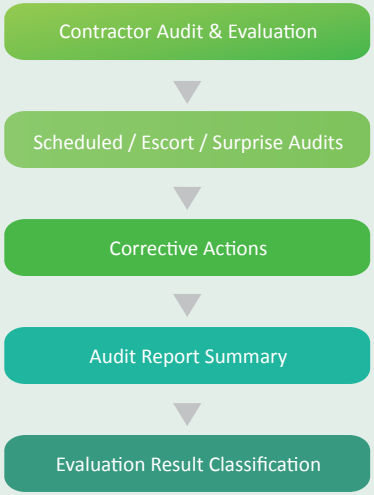
Environmental Contractor Management and Audit System

Daxin has established the "Environmental Contractor Evaluation and Control Procedure," covering contractor qualification review, risk assessment, periodic on-site audits, and annual performance evaluations. During the selection of new treatment facilities, the validity of permits, approved treatment scope, historical violations, pollution control facilities, and waste flow traceability mechanisms are verified, with findings documented in the "Environmental Contractor Evaluation Report" and submitted for management approval before onboarding. All treatment facilities undergo at least one on-site audit annually — through scheduled, escort, or unannounced audits — to prevent illegal dumping or improper handling.
In 2025, the on-site audit completion rate for treatment facilities reached 100%, with all facilities rated Grade A. Approximately 78% of contracted waste treatment facilities have obtained EHS management system certification, and Daxin continues to guide contractors toward broader certification coverage to strengthen sustainable governance across the value chain.

01 | On-site Inspection and Evaluation Items

02 | Contractor Qualification Review

03 | Annual Evaluation and Audit



Evaluation Rating	Percentage Score Range	Follow-up Actions
A	≥ 80	Maintain and prioritize for renewal
B	65 - 79	Watch list with corrective actions and enhanced audits
C	≤ 64	Phase out and replace with alternative contractors

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