

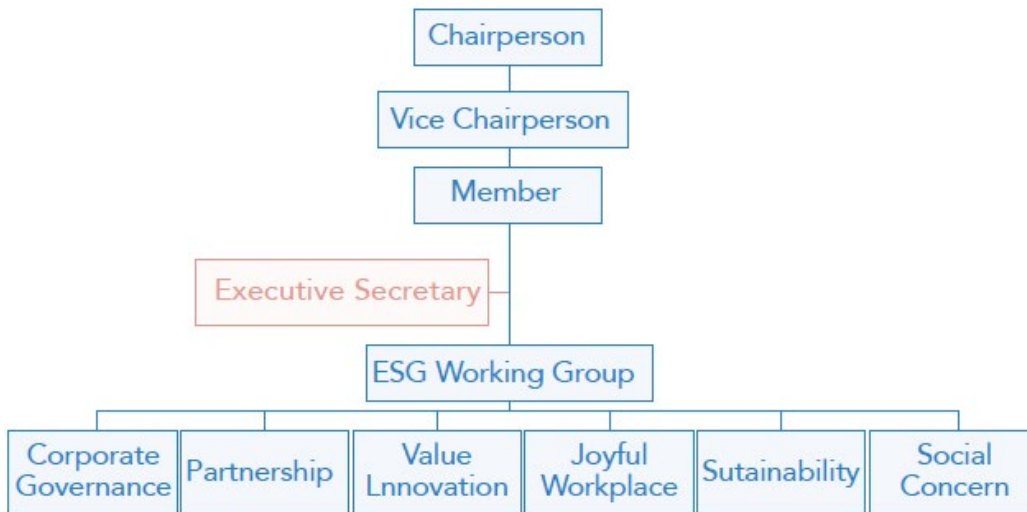
Dyaco TCFD

Four Core Elements

A. Governance

Dyaco International has established the 'Corporate Sustainable Development Committee,' with Chairman Mr. Yu-Ying Lin as the Chairperson and Independent Director Mr. Chin-Po Wu as the Vice Chairperson. This committee is responsible for reviewing the company's sustainable development policies, formulating management strategies for climate change issues, setting short-, medium- and long-term goals, and conducting periodic performance reviews. Regular reports are submitted to the board of directors.

The ESG working group is tasked with formulating the direction and goals of sustainable development, and proposing and executing plans for related management policies, including climate change. Regular reports are submitted to the Corporate Sustainable Development Committee.



B. Strategy

To collectively achieve 'Net Zero Emissions by 2050,' Dyaco International is actively enhancing the awareness of climate issues among internal management executives and employees. In addition to arranging periodic training sessions, Dyaco releases a Sustainability Bi-weekly Report, disseminating sustainable knowledge to improve adaptive and problem-solving capabilities when facing the impact of climate change. This initiative aims to reduce the operational impacts on the environment.

Currently, Dyaco has set short-term goals (3 years) for managing energy consumption, greenhouse gas emissions, and inventory. Mid-term (5 years) and long-term (10 years) goals will focus on improving resource consumption based on carbon inventory results, progressively reducing greenhouse gas emissions each year.

Dyaco has distributed a climate change-related risk questionnaire to internal senior executives, identifying the risks and financial impacts Dyaco may face. Discussions have led to the identification of four significant risks and a minor risk, including greenhouse gas reduction and carbon pricing, changes in customer preferences, increased raw material costs, low-carbon technology transformation, typhoons, and heavy rainfall. Additionally, two opportunities were identified: participating in renewable energy projects and adopting energy-saving measures, and entering new markets while increasing consumer purchasing intentions.

C. Risk Management

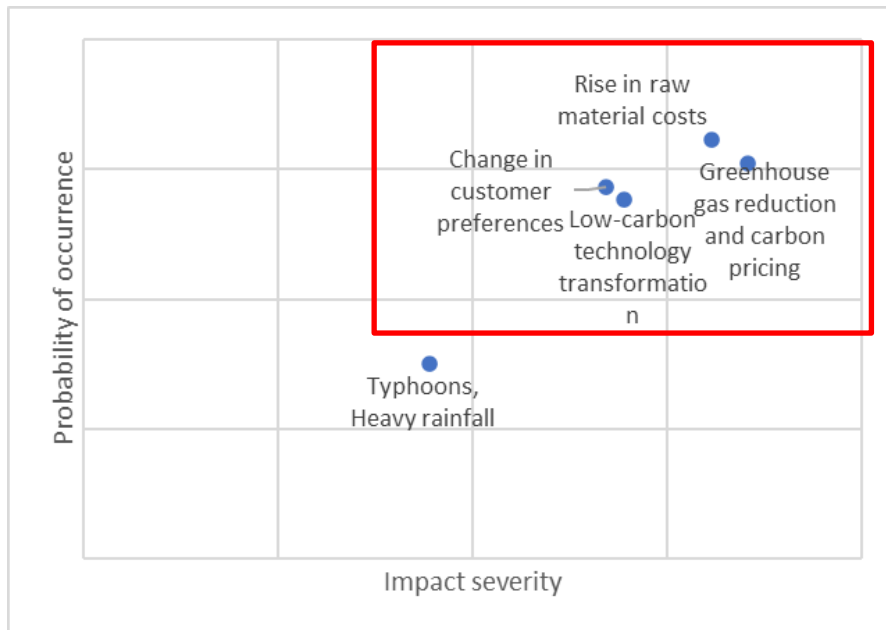
Dyaco International, in reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), is assessing potential climate-related risks and opportunities. Dyaco is actively gathering and studying international climate change trends and industry-related developments to identify risks and opportunities.

Subsequently, Dyaco will use matrix analysis to assess the likelihood and impact of the identified risks. Based on this assessment, Dyaco will formulate climate change strategic policies and mitigation measures.

D. Metrics and Targets

Dyaco International has devised specific measures in response to the '2050 Net Zero Emissions' goal. These measures include: (1) building design and equipment should meet energy-saving standards when establishing new factories. (2) optimizing processes to reduce air pollution. (3) identifying high carbon-emission hotspots and formulating carbon reduction plans.

Dyaco will formulate key climate performance indicators related to green energy adoption, water and electricity consumption reduction, and product design. Dyaco has already obtained the Taiwan region's ISO 14064-1 Greenhouse Gas Inventory Statement. Regarding greenhouse gas reduction, Dyaco will regularly review emissions to achieve the targets and establish a Net Zero Emissions plan by 2050.



Risk Level	Risk Type		Risk Factors	Risk Description	Financial Impact	Impact Duration	Response Strategies and Objectives for Dyaco
Significant	Transition Risks	Policy and Legal Risks	Greenhouse gas reduction and carbon pricing	Following the carbon reduction goals set by domestic regulatory authorities in response to climate change, the company must conduct carbon inventories and implement carbon reduction plans. Additionally, with the government promoting carbon pricing mechanisms, exceeding carbon emission limits may result in fines, leading to additional operational costs.	Increase in operating costs	Short-term (3 years)	To respond to the global carbon pricing mechanism, Dyaco has initiated the ISO 14064-1 greenhouse gas inventory. Subsequently, Dyaco will identify emission hotspots and come up with carbon reduction plans.
		Market Risk	Change in customer preferences	In response to the global or regional rise in sustainability awareness, customers prefer low-carbon or environmentally friendly products. Products that do not meet consumer demands may face market elimination.	Decrease in income. Increase in research and development expenses.	Short-term (3 years)	Dyaco follows the global trend of energy conservation and carbon reduction by developing and manufacturing green energy products that

							meet consumer demands, such as electric-assist bicycles. The company evaluates the use of recyclable materials in manufacturing and aims to increase the revenue share of green energy products in the future.
			Rise in raw material costs	Climate change leads to an increase in the cost of raw materials. This results in suppliers raising the costs with the company, thereby causing an increase in manufacturing costs.	Increase in operating costs.	Medium-term (5 years)	Conducting supplier audits and surveys to understand the greenhouse gas emissions of each supplier, reducing collaboration frequency with suppliers that have high greenhouse gas emissions or have not

							set emission reduction targets. This strategy aims to effectively mitigate the risks associated with increased costs of raw materials.
		Technology Risk	Low-carbon technology transformation	Due to the factors associated with climate change, adopting innovative processes or procedures under existing conditions, or altering the way services are provided, becomes necessary to meet the low-carbon demands of both the government and customers.	Increase in operating costs. Increase in operating expenses.	Short-term (3 years)	Dyaco plans to conduct an inventory of existing factories and equipment, assessing the greenhouse gas emissions at various stages of the production process. Identifying high-emission hotspots will enable the formulation of a carbon reduction plan.

Minor	Physical Risks	Acute Risk	Typhoons, Heavy rainfall	The increased frequency of severe typhoon impacts and extreme rainfall may result in operational disruptions for the company. This could potentially lead to flooding or water accumulation in the factory, causing asset losses and impacting equipment production schedules.	Decrease in operating income. Increase in operating costs.	Short-term (3 years)	Dyaco will enhance disaster preparedness drills and awareness at various locations, ensuring personnel safety. Additionally, the company will implement supply chain management measures to reduce the risk of disruptions due to shortages or breaks in the supply chain.
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Opportunities Type	Opportunities Factors	Response Strategies and Objectives for Dyaco	Financial Impact	Impact Duration
Resilience	Participation in renewable energy programs and adoption of energy-efficiency measures	Dyaco has installed solar panels on the roofs of all three factories in Changhua. Solar power generation has been planned on the rooftops in constructing new facilities and participating in renewable energy projects.	The initial setup of solar power generation may incur additional cost expenditures, but subsequent solar power generation can increase revenue through selling excess electricity.	Short-term (3 years)
Markets	Access to new markets and increasing consumer willingness to purchase	Dyaco is entering the green energy market, not only developing and manufacturing electric-assist bicycles but also continuing research and development of low-carbon products. This aims to meet consumer demand for green energy, enhancing the company's green and sustainable image and reputation.	The product will incur increased research and development expenses during the development and manufacturing stages. However,	Medium-term (5 years)

			once the product is sold, it will contribute to higher operating income.	
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