5. Measures in Response to Climate Changes

5.1 Climate Action

5.2 Carbon Management

5.3 Energy and Resource Management

5.4 Water Management

5.5 Waste Management

5.6 Carbon Footprint

Davicom recognizes the potential impacts of climate change on its operating environment and has progressively advanced relevant management practices, with a particular focus on greenhouse gas (GHG) emissions inventories, energy conservation initiatives, and regulatory compliance. Through cross-departmental collaboration and resource integration, the Company strengthens its capacity to address climate-related risks while embedding climate considerations into its broader sustainability framework. These efforts are supported by continuous optimization of internal management processes and enhanced information transparency, thereby bolstering organizational resilience and adaptability.

5.1 Climate Action

In response to climate change and global net-zero transition trends, Davicom Semiconductor continues to advance its climate action. Through greenhouse gas (GHG) inventories, energy management, and resource circulation, the company actively tracks its emissions profile to serve as a foundation for carbon reduction management. By continuously aligning with regulatory requirements and customer requirements for carbon reduction, Davicom enhances enterprise climate resilience and sustainable competitiveness. Since 2017, Davicom has promoted energy-efficient product R&D, establishing a target to reduce power consumption in new products by 20%. Using 2021 as the base year, the company implemented a GHG reduction plan for 2022 to 2025. Key objectives included maintaining stable Scope 1 emissions, reducing Scope 2 carbon emissions and electricity consumption by 2% annually, cutting daily waste by 1 kg, and increasing the packaging material recycling and reuse rate by 3% per year to continuously improve energy efficiency and resource circulation.
Looking ahead, Davicom has set its climate management goals for 2026 to 2030 using 2025 as the new baseline:
Scope 1: Maintain recent emission levels (approximately 90–100 tCO_2e) while continuously evaluating feasible reduction initiatives.
Scope 2: Lower carbon emissions and electricity consumption by 0.2% to 1% annually to progressively boost energy efficiency.
Scope 3: Drive waste reduction at the source and resource recycling, targeting a daily waste reduction of 1 kg (totaling over 300 kg annually) and increasing the packaging material recycling rate by 1% per year—thereby strengthening resource cycle management and fulfilling low-carbon sustainable operations.

To proactively respond to climate change risks and carbon management trends, Davicom Semiconductor established a "GHG Inventory Task Force" in 2022 to systematically drive greenhouse gas accounting and management operations. In accordance with the ISO 14064-1:2018 standard, the company defines its organizational boundary using the operational control approach and sets its inventory scope based on its geographical boundaries. This encompasses Davicom’s Hsinchu headquarters and all entities included in its consolidated financial statements. By conducting a comprehensive inventory of GHG emissions across operational activities, Davicom establishes a vital baseline for carbon management, decarbonization strategy planning, and continuous improvement.

5.2 Carbon Management

Material Topic	Significance to the Company	Policy/Commitment	Short-term Goal	Mid- to Long-term Goals	1. Resources Invested / 2. Achievements	Responsible Department / Grievance Mechanism	Evaluation Mechanism / Outcomes
Emissions of greenhouse gases	Greenhouse gas (GHG) emissions are a major driver of global climate change, significantly impacting corporate operations, supply chain stability, and regulatory compliance. Amid accelerating net-zero trends and rising customer demands for supply chain decarbonization, continuously advancing GHG inventory and carbon management enables companies to mitigate climate risks, comply with domestic and international regulations, and meet customer requirements—ultimately enhancing enterprise sustainable competitiveness and market trust.	Davicom is committed to conducting greenhouse gas (GHG) inventories in accordance with ISO 14064-1 standards and to progressively advancing carbon reduction initiatives. Through systematic emissions management, the Company seeks to mitigate the environmental impacts arising from its operations.	**Short-Term:** 1.Conduct ongoing greenhouse gas (GHG) inventories to strengthen carbon emissions data management. **Medium- to Long-Term:** 1.Continuously refine carbon management mechanisms, drive GHG reduction initiatives, and enhance energy efficiency. 2.Align with domestic and international net-zero trends and supply chain decarbonization requirements to bolster enterprise sustainable competitiveness.		1. Execution of internal inventories. 2. Complete the 2025 greenhouse gas (GHG) inventory to establish foundational carbon emissions data.	The Sustainability Task Force： sanri_hsiao@davicom.com.tw	Reports inventory progress to the Board of Directors on a quarterly basis.

5.2.1 Greenhouse Gas Emissions – Scope 1 and Scope 2

In 2025, Davicom's direct greenhouse gas (GHG) emissions (Scope 1) totaled 93.5870 tCO_2e, representing 19.2% of total emissions. The primary sources include refrigerators, water dispensers, and chillers—equipment essential for daily operations and employee needs. While the Company is committed to reducing energy consumption and related emissions, current technological maturity and operational considerations limit the availability of viable alternatives. Davicom will continue to monitor advances in energy-saving technologies and low-carbon applications, evaluating feasibility for future implementation to progressively reduce Scope 1 emissions. Scope 2 emissions, primarily from purchased electricity, amounted to 394.1289 tCO_2e, representing 80.8% of total emissions.

GHG Emissions and Emission Intensity – Past Two Years

Unit：tCO_2e

Category	2024	2025
Scope 1 Emissions	93.7000	93.5870
Scope 2 Emissions	390.4479	394.1289
Total GHG Emissions	484.1479	487.7159
Annual Revenue (NT$ million)	165.861	187.756
GHG Emission Intensity (Scopes 1 & 2)	2.9189	2.5976

Notes 1：Conversion factors for direct GHG emissions are based on Version 6.0.4 of the GHG Emission Coefficient Management Table published by the Ministry of Environment.
Notes 2：Global Warming Potentials (GWP) of various gases are adopted from the IPCC Sixth Assessment Report (AR6).
Notes 3：Scope 2 emissions for 2025 were calculated using the 2023 electricity emission factor of 0.494 $kgCO_2e$ for January–June and the 2024 factor of 0.474 $kgCO_2e$ for July–December.
Notes 4：Calculation formula for GHG emission intensity: Total GHG emissions (tCO_2e)/NT$ million in revenue.
Notes 5：Scope 1 and Scope 2 include the following gases: CO_2,N_2O, CH_4, HFCs, PFCs, SF_6, and NF_3..

5.2.2 Scope 3 Greenhouse Gas Emissions

In accordance with ISO 14064-1:2018 inventory standards, Davicom's 2025 Scope 3 (other indirect GHG emissions) inventory scope covers categories including employee commuting, business travel, downstream transportation and distribution, waste disposal (general waste and industrial waste), and downstream leased assets.
Pursuant to the standard guidelines, emissions of greenhouse gases—including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3)—are calculated and uniformly converted into carbon dioxide equivalent (CO_2e).
In 2025, total Scope 3 (Categories 3–5) other indirect GHG emissions amounted to 918.2475 tCO_2e. The breakdown by category is as follows:

Scope 3 Category	Emission Source	(tCO_2e)	(%)
Employee Commuting	Employee commuting transportation	59.9200	6.5
Business Travel	Domestic & international business travel transportation	12.3048	1.3
Downstream Transportation & Distribution	Product transportation & distribution	330.0800	35.9
Waste Disposal	General waste & industrial waste	11.1914	1.2
Downstream Leased Assets	Use of leased assets	504.7513	55.0
Total		918.2475	100.0

5.3 Energy and Resource Management

Material Topic	Significance to the Company	Policy/Commitment	Short-term Goal Mid- to Long-term Goals	1. Resources Invested / 2. Achievements	Responsible Department / Grievance Mechanism	Evaluation Mechanism / Outcomes
Energy Management	Enhancing energy efficiency lowers operational costs and GHG emissions, improves resource efficiency, supports corporate sustainable development, and bolsters operational resilience.	Davicom continuously drives energy management by improving energy efficiency, implementing conservation measures, and raising employee awareness to reduce operational energy consumption. Aligning with regulatory requirements and customer expectations for low-carbon operations, Davicom continually refines its energy management practices.	**Short-Term:** Optimize the operational efficiency of HVAC and lighting equipment, while actively advocating energy conservation to raise overall employee awareness. **Medium- to Long-Term:** Continuously monitor energy consumption, progressively boost energy efficiency, reduce unit power consumption, and refine energy management mechanisms in alignment with carbon management strategies.	1. Implemented variable frequency control for HVAC systems, moderately adjusted indoor air conditioning temperatures, replaced old lighting with LED fixtures, and optimized lighting layouts. 2.Promoted habits such as turning off power when leaving and prioritizing stairs over elevators to jointly realize energy conservation and carbon reduction.	The Sustainability Task Force： sanri_hsiao@davicom.com.tw	Regularly track electricity consumption and energy usage trends, review the effectiveness of energy-saving measures, and use results as a baseline for continuous energy management improvements and future conservation planning.

As an IC design company, Davicom Semiconductor's energy consumption stems primarily from office operations. The company's energy source is 100% purchased electricity (Scope 2), supplied by Taiwan Power Company (Taipower). Davicom tracks and manages monthly electricity usage via independent electric meters, continuously monitoring energy consumption patterns to serve as a baseline for energy efficiency improvements and energy management.

In 2025, total electricity consumption was 814,242 kWh. In recent years, driven by climate change, an increasing number of high-temperature summer days has heightened air conditioning demands, impacting overall power consumption and electricity costs to a certain extent.

5.3.1Concrete Energy Conservation and Carbon Reduction Initiatives

1.Install Variable Frequency Drives (VFDs): Retrofit HVAC equipment with VFDs to enhance overall energy efficiency.

2.Optimize Corridor Lighting: Reduce the number of hallway lighting fixtures to lower electricity consumption.

3.Adjust AC Temperature Setpoints: Raise indoor air conditioning temperatures by 1°C to boost energy savings.

4.Practice Power-Off Habits: Turn off lights during lunch breaks and whenever leaving offices to conserve electricity.

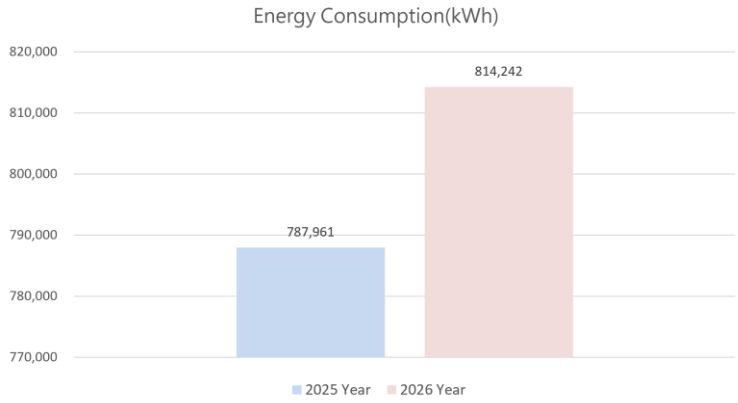
5.Upgrade Window Insulation: Install heat-insulating window films and thermal blinds to improve energy efficiency.

6.Utilize Recycled Water: Harvest rainwater and reuse Reverse Osmosis (RO) reject water for plant irrigation to enhance resource efficiency.

7.Promote Stair Use: Encourage employees to take the stairs instead of elevators to foster personal health and reduce energy usage.

8.Advocate Green Commuting: Promote carpooling and eco-friendly transportation (e.g., bicycles) during labor-management meetings, birthday celebrations, and other company events.

9.Encourage Reusable Tableware: Promote the use of eco-friendly tableware and encourage employees to bring their own utensils at birthday gatherings and in the company cafeteria, putting resource circulation and low-carbon living into practice.



5.4 Water Management

Energy and Resource Consumption

All energy and water required for Davicom's operations are externally supplied. Electricity is provided by Taiwan Power Company (Taipower), while office water is 100% sourced from Taiwan Water Corporation. Water is utilized primarily for daily operational needs, such as drinking, sanitation, and facility maintenance, with zero consumption or wastewater generated from manufacturing processes.

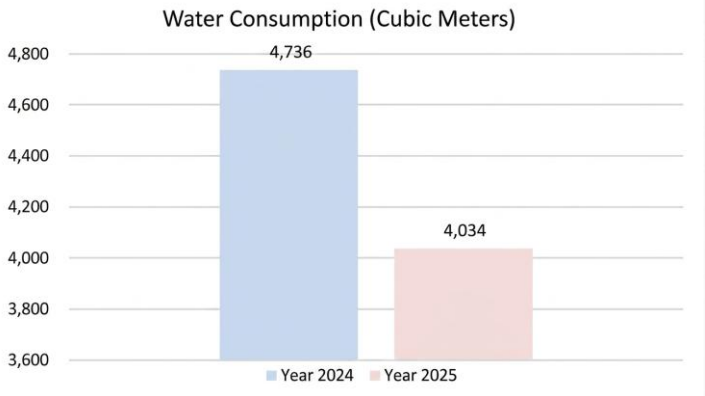
The company continuously drives energy and water conservation initiatives by installing energy-efficient lighting and water-saving fixtures across office premises. Additionally, Davicom has introduced rainwater harvesting and Reverse Osmosis (RO) reject water reuse mechanisms to irrigate on-site greenery, thereby enhancing water use efficiency and practicing resource recycling.

Water Resource Usage and Performance

Davicom's operational facilities are not located in water-stressed areas, and its water withdrawal activities exert no significant impact on local water resources. All wastewater generated from operations consists of domestic sewage, which is discharged into the public sewage system in full compliance with Hsinchu Science Park regulations and relevant legal standards.

To enhance water efficiency, Davicom continuously refines its water management practices. Starting in 2024, through water-saving campaigns, heightened employee awareness, daily usage controls, and routine facility inspections, annual water consumption dropped by 2.9% compared to 2023.

In 2025, the company further optimized water management by strengthening usage monitoring, improving equipment efficiency, and encouraging employees to embed water-saving habits into daily routines. As a result, total annual water consumption decreased to **4,034 metric tons (m^3)**, down **702 metric tons** (approx. **14.8%**) from **4,736 metric tons (m^3)** in 2024, demonstrating the sustained effectiveness of Davicom's water conservation initiatives.



5.5 Waste Management

Davicom Semiconductor is primarily engaged in IC design and sales and does not operate in-house manufacturing processes such as wafer fabrication, packaging, or testing. Consequently, no manufacturing process waste is generated during operations. The hazardous waste disclosed in this report mainly consists of chip samples and defective ICs generated during research and development (R&D), testing, and product verification. In compliance with applicable environmental regulations, the company regularly reports waste generation and temporary storage quantities to competent authorities, ensuring rigorous waste management and full regulatory compliance.

Regarding waste disposal, Davicom adheres to internal scrapping management procedures. Based on accumulated waste volumes, the company entrusts qualified and licensed waste removal and treatment vendors to handle recycling or disposal. This practice ensures that all waste management activities fully comply with legal requirements, thereby mitigating operational impacts on the environment.

Waste Generation over the Past 2 Years:

Year	Hazardous Waste (Metric Tons)	Non-hazardous Waste (Metric Tons)	Total Weight (Metric Tons)	Waste Intensity (Metric Tons / NTD Million Revenue)
2024	0.396	2.331	2.727	0.0164
2025	0.370	2.976	3.346	0.0178

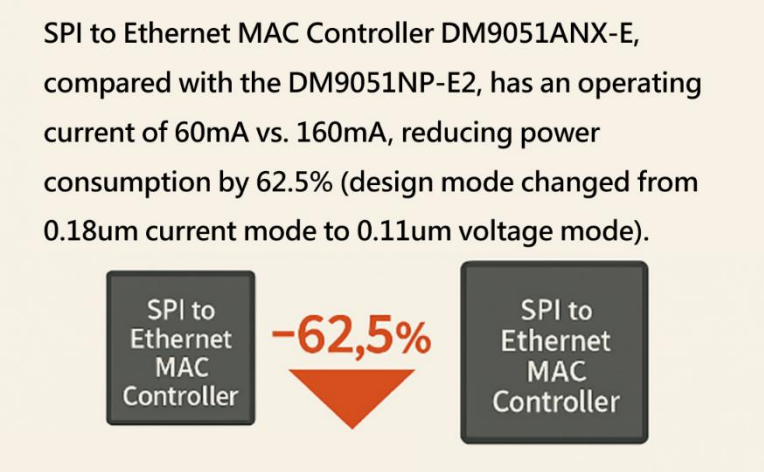


5.6 Carbon Footprint

Product Environmental Footprint

Disclosing product environmental footprint (PEF) information enhances Davicom Semiconductor's corporate sustainability profile, actively addressing the expectations of customers, investors, and supply chain partners for low-carbon products and green supply chains. The product environmental footprint measures the total environmental impacts generated across all stages of a product's life cycle—including raw material acquisition, manufacturing, transportation, usage, and disposal—encompassing energy and resource consumption, greenhouse gas (GHG) emissions, and other environmental impacts.

Davicom is primarily engaged in IC design and sales, fully outsourcing production processes—such as wafer fabrication, packaging, and testing—to specialized professional suppliers. Designed for broad applications in networking equipment and infrastructure, Davicom's products derive their environmental footprint primarily from upstream supply chain stages, notably wafer manufacturing, packaging, testing, and transportation.

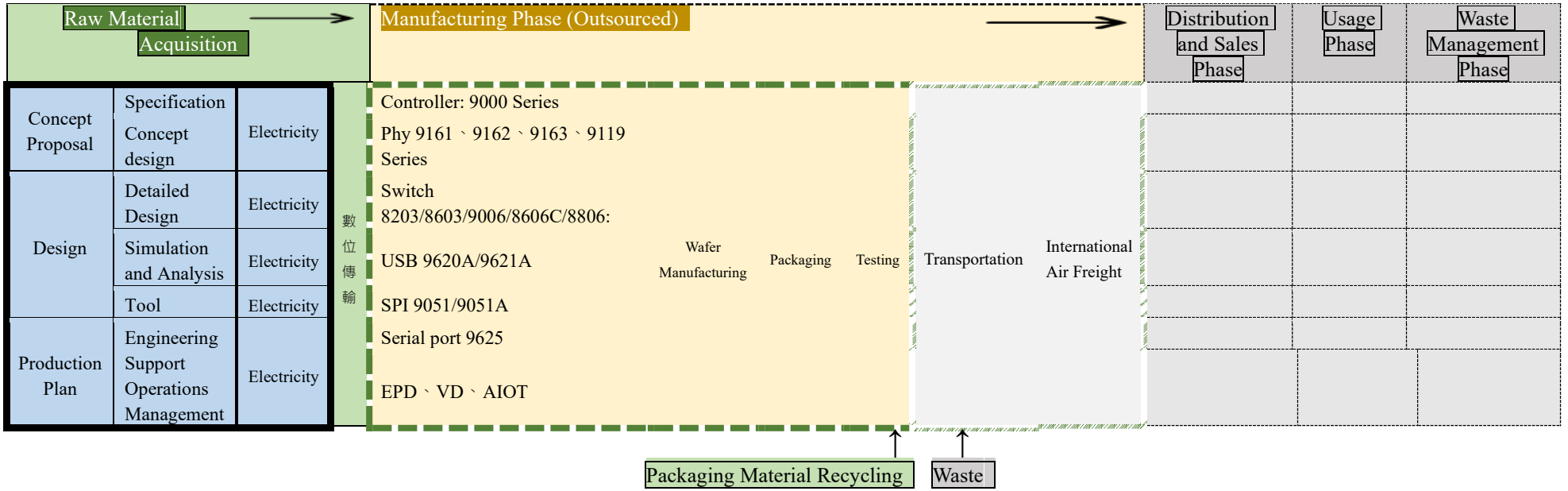


As environmental data across the product life cycle is primarily held by supply chain partners—and given that certain suppliers are still establishing their carbon emission data infrastructure—Davicom will maintain active communication and collaboration with suppliers to progressively collect manufacturing and supply chain environmental data. This will serve as the foundation for future product carbon footprint (PCF) assessments and carbon management. In the short term, the company will continue to strengthen its supply chain sustainability management mechanisms and progressively drive product environmental disclosures based on industry trends and customer demands, thereby enhancing product sustainability transparency.

Davicom is committed to enhancing resource efficiency and reducing energy consumption during the product use phase through energy-efficient product design and low-power R&D, actively supporting global Sustainable Development Goals (SDGs). From 2024 to 2025, the company launched the new SPI to Ethernet MAC Controller (DM9051ANX-E2). Compared to the previous model (DM9051NP-E2), its operating current was reduced from 160mA to 60mA, achieving a 62.5% reduction in power consumption (achieved by transitioning the design architecture from 0.18 µm current mode to 0.11 µm voltage mode). Additionally, the chip die size of the DM9051ANX-E2 was reduced by 57.6% compared to the DM9051NP-E2.

Product Carbon Footprint: B2B (Cradle to Gate)

Process Map



As the primary carbon emissions across the product life cycle originate from outsourced processes—such as wafer fabrication, packaging, and testing—Davicom is actively collaborating with suppliers to collect carbon emission data and progressively establish a product carbon footprint database. This will serve as the foundation for future product carbon footprint (PCF) evaluation and disclosure.

Raw Material Acquisition Phase - Utilization of energy and resources

Category	Data on activities	Emission Factor	Carbon emissions (tCO_2e)
Power Consumption	814,242 kWh	1.108E-01 $kgCO_2e$	902.1801
Water Consumption	4,034 cubic metre	5.530E-01 $kgCO_2e$	22.3080
		Total	924.4881

Note 1: Emission factors were calculated with reference to the Carbon Footprint Emission Factor Database on the Product Carbon Footprint Information Platform of the Ministry of Environment (MOE).

Cargo distribution

Category	Data on activities	Emission Factor	Carbon emissions (tCO_2e)
International air freight	275,721 t/Km	1.16E+0$kgCO_2e$	319.8364
The Transportation of Domestic Processing	7814.4 t/Km	1.310E+0$kgCO_2e$	10.2369

Disposal of wastes

Category	Data on activities	Emission Factor	Carbon emissions (tCO_2e)
General waste incineration	2,976Kg	3.40E+2 $kgCO_2e$	10.1184
Industrial waste disposal	370Kg	2.90E-1 $kgCO_2e$	1.0730
		Total	11.1914

Recycling and reuse

Category	Data on activities	Emission Factor	Emission reduction (tCO_2e)
PPE Recycle (2,935pcs)	470Kg	1.95E+0 $kgCO_2e$	0.9165
Cardboard recycling (2,792pcs)	838Kg	1.69E+0 $kgCO_2e$	1.4162
		Total	2.3327

Product Life Cycle Carbon Footprint Allocation Table (Pursuant to ISO 14067 Allocation Principles)

Carbon Footprint (tCO_2e)		Controller	Phy	Switch	USB	SPI	Serial	EPD、VD、AI SoC
Energy and resources acquisition phase	924.4881	204.2194	395.9583	57.9654	87.7339	147.6407	0.5547	30.5081
Manufacturing Phase - Waste	11.1914	2.4772	4.7933	0.7017	1.0621	1.7873	0.0067	0.3693
Distribution and Sales Phase	330.0733	72.9192	141.3820	20.6973	31.3240	52.7127	0.1980	10.8927
Recycling and reuse	(2.3327)	(0.5153)	(0.9991)	(0.1463)	(0.2214)	(0.3725)	(0.0014)	(0.0770)
Product Environmental Footprint	1,263.4471	279.0955	541.1344	79.2181	119.9011	201.7725	0.7581	41.6938

The allocation of product carbon footprints is calculated based on the sales volume proportion of each product in FY2025.

Product	Proportion (%)
Ethernet Controller 9000	22.09
Phy 9161、9162、9119	42.83
Switch 8203、8603、8606	6.27
USB 9621、9620	9.49
SPI 9051	15.97
Serial port 9625	0.06
EPD、VD、AI Soc、MCU	3.30

Davicom Semiconductor estimates its Product Carbon Footprints (PCFs) by pairing activity data across each stage of the product life cycle with corresponding emission factors. Greenhouse gas emissions from each life cycle stage are allocated to different product categories based on their respective sales volume proportions, encompassing stages such as energy and resource procurement, manufacturing (waste disposal), distribution and sales, as well as end-of-life recycling and recovery. As a fabless IC design company, Davicom outsources wafer fabrication, packaging, and testing to specialized suppliers. Data provided directly by suppliers is prioritized for calculating associated emissions; where primary data is unavailable, calculations are supplemented using public Life Cycle Assessment (LCA) databases. Through PCF analysis, Davicom gains clear visibility into the environmental impacts across product life cycles, establishing a vital reference for supply chain decarbonization, product design optimization, and corporate sustainability management strategies.