

## **Hongtai Electric's internal carbon pricing pricing basis**

In response to the impact of climate change and the need to adapt to carbon emissions, Hung Tai Electric Co., Ltd. officially established an internal carbon pricing ( ICP ) system starting in 2025. Using the shadow pricing method as the assessment basis, the system internalizes the cost of carbon emissions and does not actually collect carbon fees internally. Referring to the rates announced by the 6th Carbon Fee Rate Review Committee of the Ministry of Environment of Taiwan, the carbon pricing for 2025-2026 is set at NT \$ 300 per metric ton of carbon dioxide equivalent. After 2027 , the pricing will be reviewed and dynamically adjusted in a timely manner according to the rate situation at that time.

the ICP mechanism, it will also work with the company's original greenhouse gas reduction targets to increase the use of green electricity through renewable energy transformation, reduce electricity carbon emissions through equipment optimization, reduce energy carbon emissions by selecting fuels with low emission coefficients, promote and implement ISO 50001 ( in conjunction with an energy management system ) to identify carbon emission hotspots, and encourage investment in low-carbon innovation, carbon credits, zero-waste circular economy and other technologies, in order to improve the overall goal of energy conservation and carbon reduction.

2025 is the starting year for the implementation of ICP . In anticipation of the Ministry of Environment's future carbon emission policies, our company has calculated the ICP based on the assumption that a carbon fee will be required for every 5,000 metric tons of CO<sub>2</sub> equivalent. This results in an external carbon fee of approximately NT\$ 1.029 million per year. By converting potential external carbon costs into internal carbon reduction costs, our company can more effectively manage risks in its short-, medium-, and long-term carbon reduction planning projects.