## 2025 Qisda Value Chain Biodiversity Risk Analysis

Beginning in 2023, Qisda has incorporated climate and nature-related issues into its corporate risk management framework. In 2024, Qisda adopted the WWF Biodiversity Risk Assessment Tool to evaluate the dependence and impact risks that the "Electronics Manufacturing Industry" may face. This assessment was combined with the "Qisda Biodiversity Questionnaire" to conduct an initial stakeholder survey aimed at identifying the dependence and impact risks arising from corporate operations. This process also seeks to understand the importance of biodiversity to society and daily life, enabling Qisda to initiate its biodiversity action plan.In 2025, Qisda will incorporate biodiversity risk management into its value chain for the first time, and will conduct risk identification for upstream suppliers and downstream customers in the value chain to assess whether they have potential dependence on or impact on biodiversity, so as to gradually establish a complete value chain biodiversity risk management mechanism.

## 1. Description of the Scope of Qisda's Value Chain Analysis

Qisda follows the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP methodology (Locate, Evaluate, Assess, Prepare) to identify its upstream and downstream dependencies, impacts, risks, and opportunities related to natural capital within its supply chain. This methodology emphasizes that companies should identify operational sites and delineate priority areas to maintain the integrity of biodiversity.

In order to strengthen the management of nature-related risks in the value chain, in 2025, Qisda launched a biodiversity survey targeting upstream suppliers and downstream customers in the value chain to identify the impact and dependence of the value chain on nature and the environment. In 2024, Qisda will analyse the top 100 value chain partners in terms of transaction value to assess whether the value chain has a direct dependence on and impact on natural capital. The 100 value chain partners analysed had a total of 133 operating sites, which were examined for nature-related risks based on geographic data, and a nature risk analysis of the 133 operating sites was performed .In order to further identify the top 100 value chain partners in terms of the weight of Qisda's transaction value in terms of natural and biological diversity, we utilize analytical tools such as Geographic Information System (GIS). We also employ the water risk tool (Aqueduct) developed by the World Resources Institute (WRI), along with data from the United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature and Natural Resources (IUCN), specifically the IUCN World Database on Protected Areas (IUCN WDPA), as well as relevant mapping resources from Taiwan's Forestry and Nature Conservation Administration for ecological green networks. This will facilitate the analysis of nature-related risks.

Table 1: Statistical Table of the Top 100 Value Chain Partners in terms of Transaction Value

| Region | Number of Top 100 Value Chain Partners | Analysis Sites |
|---|---|---|
| Taiwan | 39 | 45 |
| China | 55 | 71 |
| Korea | 1 | 1 |
| USA | 2 | 6 |
| Netherlands | 1 | 2 |
| Japan | 1 | 7 |
| Singapore | 1 | 1 |
| Total | 100 | 133 |

## 2. Methodology Description

According to the TNFD framework's recommended LEAP methodology, which consists of four stages: Locate, Evaluate, Assess, and Prepare, Qisda has prioritised the identification and execution of analyses of the top 100 value chain partners in terms of transaction value, with a total of 133 operating locations. By converting the factory locations into coordinates, we perform spatial analysis using geographic information to visualize the data. Based on the coordinates of the operational sites, we establish a buffer zone with a radius of 2 kilometers, allowing for better identification of the potential impacts and dependencies related to nature at the suppliers' operational sites. The results of this analysis will serve as a guiding strategy for Qisda's future management approaches concerning biodiversity issues, and we will gradually disclose information related to nature-related topics.

**Table 2: Qisda's Adherence to the LEAP Methodology**

| Locate | Evaluate | Assess | Prepare |
|---|---|---|---|
| • Locate the surrounding natural and biodiversity areas of the factory sites | • Identify Qisda's significant biodiversity risks<br>• Identify impacts and dependencies based on the actual status of the factory sites | • Assess the implications of substantial and potential risks and opportunities on financial performance<br>• Use scenarios as a reference for assessing biodiversity risks | • Commit to avoiding and minimizing biodiversity impacts, actively engaging in conservation actions such as hillside conservation, and establishing relative targets for impacts and indicators. |

## 3. Definitions of Terms

According to the TNFD recommended framework, there is an interdependent relationship between a company's operations and natural capital. This includes dependencies, which refer to the reliance of corporate operations on the functions provided by natural capital or ecosystem services; and impacts, which refer to the changes that corporate operations may cause to natural capital. When these dependencies or impacts further translate into effects on factors such as the stability of corporate operations or resource availability, they result in dependency risks and impact risks.

To identify the dependencies and impacts of supply chain operational sites, Qisda utilizes the IUCN WDPA, local conservation mapping resources established by the Forestry and Nature Conservation Administration, and the WRI Aqueduct water risk tool for analysis. The characteristics of the aforementioned mapping resources are described as follows:

### (1) World Database on Protected Areas(WDPA)

Maintained jointly by the United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature and Natural Resources (IUCN), the World Database on Protected Areas (WDPA) is the most comprehensive protected area database globally. Its content includes legally established national parks, nature reserves, habitat management areas, and more from various countries. However, the WDPA does not provide a risk classification based on IUCN Management Categories. Therefore, an initial risk level is established using the importance and overlapping quantity of IUCN Management Categories (Table 4).

Table 3: Explanation and Definitions of WDPA-IUCN Management Categories

| IUCN Management Category | Explanation | Definition |
|---|---|---|
| Ia. | Strict Nature Reserve | Protect original ecosystems and biodiversity, allowing only non-destructive research and monitoring. |
| Ib. | Wilderness Area | Protect large undeveloped natural areas, typically allowing only minimal human activities. |
| III. | Natural Monument | Protect specific sites with unique natural or cultural features. |
| IV. | Habitat/Species Management | Protect specific species or habitats, typically requiring active management intervention. |
| V. | Protected Landscape/Seascape | Protect areas with special aesthetic, cultural, or ecological value, allowing for low-impact traditional activities. |
| VI. | Managed Resource Protected Area | Protect ecosystems and cultural values while allowing for sustainable resource use that is compatible with conservation objectives. |

Table 4: Establishing Risk Levels and Weights Based on the Importance of IUCN Management Categories

| IUCN Management Category | IUCN Management Category Risk | Weight Score |
|---|---|---|
| Ia. | High | 5 |
| Ib. | High | 5 |
| III. | Medium | 3 |
| IV. | High | 5 |
| V. | Medium | 3 |
| VI. | Low | 2 |

Note: The risk and weight scores for IUCN Management Categories are defined by Qisda

Table 5: Qisda's Geographic Impact Risk Classification Indicators for Overseas Operations

| Impact Risk Level | Qisda's Geographic Impact Risk Classification Indicators for Overseas Operations |
|---|---|
| High Risk | 1. The environmental analysis results of the site involve IUCN Category Ia.<br>2. The protected area is designated as a Ramsar Site.<br>3. The environmental analysis results of the site involve more than three protected areas of IUCN Categories Ib-VI. |
| Medium Risk | The environmental analysis results of the site involve more than two protected areas of IUCN Categories Ib-VI. |
| Low Risk | The environmental analysis results of the site involve fewer than |

| Impact Risk Level | Qisda's Geographic Impact Risk Classification Indicators for Overseas Operations |
|---|---|
| | one protected area of IUCN Categories Ib-VI. |
| No Risk | No protected areas of IUCN Categories are involved. |

Note: Qisda's Geographic Impact Risk Classification Indicators for Overseas Operations are defined according to the risk and weight scores of IUCN Management Categories.

### (2) Taiwan Forestry and Nature Conservation Administration Conservation Mapping Resources - National Ecological Green Network Mapping Resources

The National Ecological Green Network Mapping Resources of the Taiwan Forestry and Nature Conservation Administration were made public in May 2023. The mapping content includes conservation corridors, biodiversity hotspots, areas of concern for the green network, and ecological information such as national green network ditches. This resource is built upon years of ecological surveys to connect the conditions of habitats such as forests, farmland, wetlands, ponds, and rivers, as well as issues of concern and expert opinions, to establish areas of concern for the national green network across Taiwan.

However, the mapping resources are presented in terms of spatial distribution and do not provide risk classifications for the involved categories. Qisda defines the importance of each layer based on the National Ecological Green Network Mapping Resources and assigns weight scores to establish risk levels (Table 6). Additionally, Qisda has developed Geographic Impact Risk Classification Indicators for domestic operations (Table 7).

Table 6: Explanation and Definitions of the Forestry and Nature Conservation Administration - National Green Network Mapping Resources

| Mapping Resource Name | Definition | Explanation | Weight |
|---|---|---|---|
| Important Bird Habitat | Important Bird Areas (IBAs) are designated by BirdLife International and are regions of global or regional significance for bird conservation. These areas are typically important breeding sites, migratory stopover points, or winter habitats for birds, and they often possess rich biodiversity. | Designated as Internationally Recognized Key Habitat | 5 |
| Conservation Corridors of the National Ecological Green Network Areas | Specific areas designated to connect the Central Mountain Range to the coast, linking different ecological habitats. Through ecological surveys, land use assessments, policy resource investments, and expert opinions, the goal is to integrate "forests, rivers, villages, and seas" to address habitat fragmentation issues, maintain biodiversity, and promote the health and continuity of ecosystems. | Functioning as an ecological corridor, playing a role in ecological connectivity. | 4 |
| Areas of Concern in the National Green Network | Areas designated with special ecological significance that require priority attention, based on an inventory and analysis of biodiversity hotspots, important habitats, and ecological corridors, while considering the priorities for habitat restoration and connectivity. | Designated as Strengthened Conservation Corridor Ecological Areas | 3 |
| Ditches of the National Green Network | Particular attention is given to irrigation ditches and their role in maintaining biodiversity and functioning as ecological corridors. | Functioning as Microhabitats for Aquatic Organisms or Ecological | 2 |

| Mapping Resource Name | Definition | Explanation | Weight |
|---|---|---|---|
| | | Corridors | |
| Zoning of the National Green Network | Taiwan's main island is divided into seven green network zones based on geographical location, climatic conditions, and administrative convenience. This division aims to inventory areas of concern and target species, followed by the formulation and promotion of conservation policies. | Related to Scale Spatial Planning | 1 |

Note: The weight scores for each mapping resource from the Forestry and Nature Conservation Administration are defined by Qisda.

Table 7: Qisda's Geographic Impact Risk Classification Indicators for Domestic Operations

| Risk Level | Indicator Description |
|---|---|
| High Risk | Involves Important Bird Habitats or a Total Weight Score of ≥2.6 |
| Medium Risk | 2 < Total Weight Score < 2.6 |
| Low Risk | Total Weight Score ≤ 2 |
| No Risk | Not Involved in Conservation Layers |

Note: Qisda's Geographic Impact Risk Classification Indicators for Domestic Operations are defined according to the weight scores of each mapping resource from the Forestry and Nature Conservation Administration.

### (3) World Resources Institute (WRI) - Water Risk Tool (Aqueduct)

The WRI Aqueduct Water Risk Tool, developed by the World Resources Institute (WRI), is used to assess global water resource risks. Its data encompasses various indicators, including baseline water stress risk, flood risk, drought risk, and future scenario projections. Additionally, Aqueduct can evaluate the water stress scenarios faced by different industry sectors (such as manufacturing, agriculture, energy, etc.) in various regions, helping to assess the interdependence between corporate operations and water resources.

For dependency risks, Qisda utilizes the Baseline Water Stress (BWS) from the WRI Aqueduct to identify the risk levels of operational sites. BWS is used to measure the ratio of water withdrawal to the total renewable water resources in a given area. However, a single supplier may have multiple operational sites, each facing different levels of baseline water stress risk, leading to dispersed risk assessments. Qisda sums the baseline water stress scores of each operational site to obtain an average value, which is then matched to the BWS risk level (Table 8), serving as the basis for assessing the degree of dependency risk.

Table 8: WRI - Baseline Water Stress (BWS) Risk Levels

| Risk Level | Score Range |
|---|---|
| Extremely High | BWS score Value Range 4.0-5.0 |
| High | BWS score Value Range 3.0-4.0 |
| Medium – High | BWS score Value Range 2.0-3.0 |
| Low – Medium | BWS score Value Range 1.0-2.0 |
| Low | BWS score Value Range 0-1.0 |

## 4. Impact Risk Results

Based on the results of geospatial analyses, 39 of Qisda's 100 value chain partners are located in Taiwan, and 61 are located outside of Taiwan. The analysis tool used is ArcGIS for geographic spatial identification, overlaying the operational sites of overseas suppliers with WDPA mapping resources, and overlaying those in Taiwan with the mapping resources from the Forestry and Nature Conservation Administration. This allows for the examination of whether the 133 operational sites provided by Qisda's value chain are situated in or near ecologically sensitive areas, identifying any indirect potential impact risks associated with these operational sites of the 100 value chain partners.

### (1) Geographic Risk Analysis of Qisda's Value Chain Sites Using WDPA

For the operational sites of the 61 value chain partners, the IUCN Management Category risk levels were integrated to consolidate the risks from the operational site level to the supplier level. Based on Qisda's Geographic Impact Risk Classification Indicators and the integrated weights, one value chain partner was identified as having a high-risk level for geographic impact, and two value chain partner were identified as having a medium-risk level for geographic impact (Table 9); the remaining 58 value chain partner were assessed as having no risk (Table 10).

Table 9: Potential Geographic Impact Risk - Overseas Analyses and Ranking Tables

| Code | Distribution Area | IUCN Overlap Count | Weighted Score (Total Score / Overlap Count) | Potential Geographic Impact Risk Level |
|---|---|---|---|---|
| USA-01 | USA | 1 | 3 | Medium |
| USA-02 | Malaysia | 6 | 3.3 | Medium |
| | Japan | | | |
| | USA | | | |
| BEL-01 | Netherlands | 5 | 5 | High |

Note: The threshold values are defined as follows: High Risk (Weight Score ≥ 4), Medium Risk (2.6 ≤ Weight Score ≤ 3.9), Low Risk (Weight Score ≤ 2.5).

Table 10: Statistical Tables of Foreign Countries with Potential Geographic Impact Risks

| Geographic Impact Risk Level | Statistical Quantity |
|---|---|
| High | 1 |
| Medium | 2 |
| Low | 0 |
| No | 58 |
| Total | 61 |

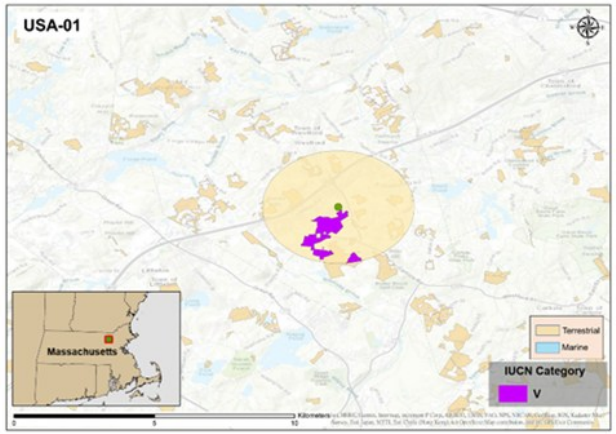


Figure 1: Potential geographic Impact risk - USA Supplier 01

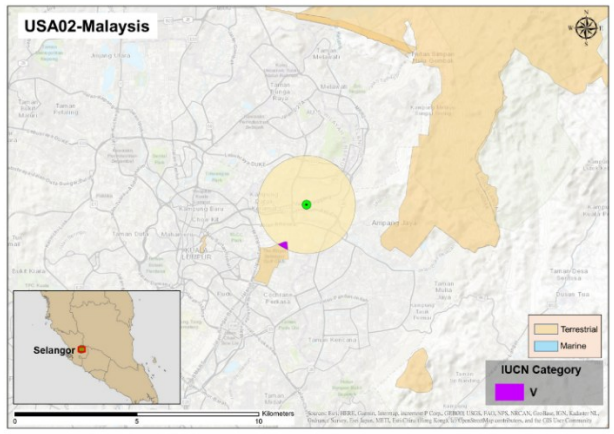


Figure 2: Potential geographic Impact risk - USA Supplier 02(Malaysia)

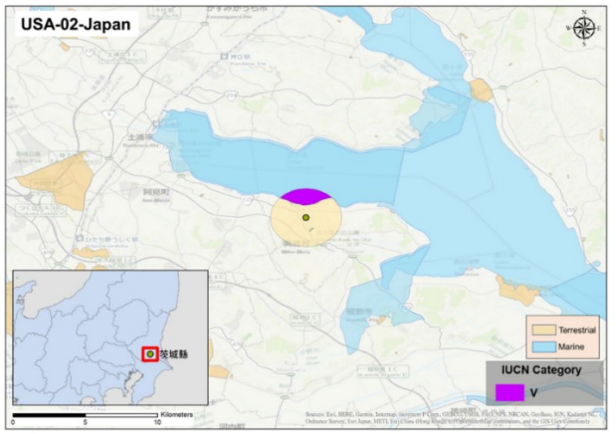


Figure 3: Potential geographic Impact risk - USA Supplier 02(Japan)

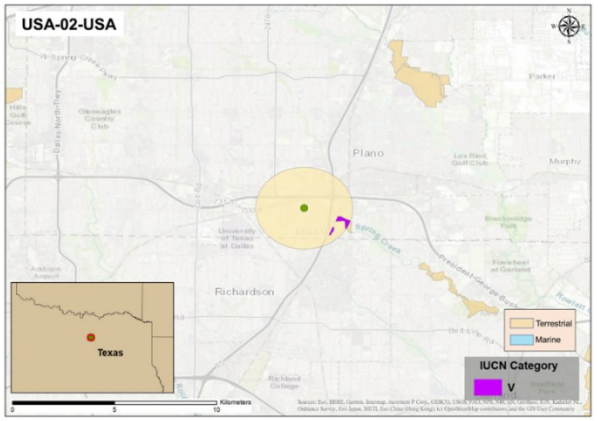


Figure 4: Potential geographic Impact risk - USA Supplier 02(USA)

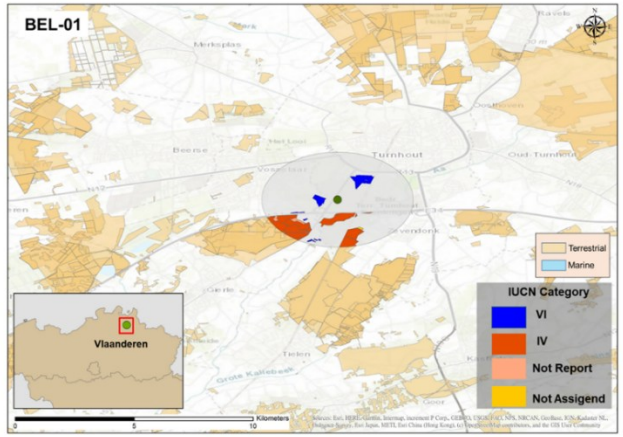


Figure 5: Potential geographic Impact risk - Belgium Supplier 01

### (2) Geographic Risk Analysis of Qisda's Value Chain Sites Using Mapping Resources from the Forestry and Nature Conservation Administration

For the operational sites of the 39 suppliers, geographic impact risk analysis was conducted using the National Ecological Green Network mapping resources from the Forestry and Nature Conservation Administration to identify whether these sites are located in or near ecologically sensitive areas. However, a single supplier may be adjacent to or located near different layers of the National Ecological Green Network. Qisda performed weight integration on the mapping resources from the Forestry and Nature Conservation Administration and consolidated the risks from the operational site level to the supplier level.

Based on Qisda's Geographic Impact Risk Classification Indicators and the integrated weights, 12 suppliers were identified as having a high-risk level for geographic impact, 10 suppliers as having a medium-risk level, and 11 suppliers as having a low-risk level for geographic impact (Table 11); the remaining 6 suppliers were assessed as having no risk (Table 12).

Table 11: Geographic Impact Risk Levels of Qisda's Domestic Supply Chain Suppliers

| Item No. | Supplier Name | Important Bird Habitat | Conservation Corridors of the National Ecological Green Network Areas | Areas of Concern in the National Green Network | Ditches of the National Green Network | Zoning of the National Green Network | Weight Integration (Total Score / Overlap Count) | Risk Classification |
|---|---|---|---|---|---|---|---|---|
| 1 | TW01 | | V | V | | V | 2.83 | High |
| 2 | TW02 | | V | V | | V | 2.83 | High |
| 3 | TW03 | | V | | | V | 2.75 | High |
| 4 | TW04 | | V | V | | V | 2.89 | High |
| 5 | TW05 | V | | | | V | 3 | High |
| 6 | TW06 | V | | | | V | 3 | High |
| 7 | TW07 | V | | | | V | 3 | High |
| 8 | TW08 | V | | | | V | 3 | High |
| 9 | TW09 | V | | | | V | 3 | High |
| 10 | TW10 | | V | V | | V | 2.83 | High |
| 11 | TW11 | V | | | V | V | 2.6 | High |

| Item No. | Supplier Name | Important Bird Habitat | Conservation Corridors of the National Ecological Green Network Areas | Areas of Concern in the National Green Network | Ditches of the National Green Network | Zoning of the National Green Network | Weight Integration (Total Score / Overlap Count) | Risk Classification |
|---|---|---|---|---|---|---|---|---|
| 12 | TW12 | V | V | V | | V | 3.3 | High |
| 13 | TW13 | | | V | | V | 2 | Medium |
| 14 | TW14 | | | V | | V | 2 | Medium |
| 15 | TW15 | | | V | | V | 2 | Medium |
| 16 | TW16 | | | V | | V | 2 | Medium |
| 17 | TW17 | | | V | | V | 2 | Medium |
| 18 | TW18 | | | V | | V | 2 | Medium |
| 19 | TW19 | | | V | | V | 2 | Medium |
| 20 | TW20 | | | V | | V | 2 | Medium |
| 21 | TW21 | | | V | | V | 2 | Medium |
| 22 | TW22 | | | V | | V | 2 | Medium |

| Item No. | Supplier Name | Important Bird Habitat | Conservation Corridors of the National Ecological Green Network Areas | Areas of Concern in the National Green Network | Ditches of the National Green Network | Zoning of the National Green Network | Weight Integration (Total Score / Overlap Count) | Risk Classification |
|---|---|---|---|---|---|---|---|---|
| 23 | TW23 | | | | | V | 1 | Low |
| 24 | TW24 | | | | V | V | 1 | Low |
| 25 | TW25 | | | | V | V | 1.5 | Low |
| 26 | TW26 | | | | V | V | 1.5 | Low |
| 27 | TW27 | | | | V | V | 1.5 | Low |
| 28 | TW28 | | | | V | V | 1.5 | Low |
| 29 | TW29 | | | | V | V | 1.5 | Low |
| 30 | TW30 | | | | V | V | 1.5 | Low |
| 31 | TW31 | | | | V | V | 1.5 | Low |
| 32 | TW32 | | | | | V | 1 | Low |
| 33 | TW33 | | | | | V | 1 | Low |

Note: The threshold values are defined as follows: High Risk (Weight Score ≥ 2.6), Medium Risk (1.5 ≤ Weight < 2.5), Low Risk (< 1.5).

Table 12: Statistics of Geographic Impact Risk in Qisda's Domestic Supply Chain

| Geographic Impact Risk Level | Number of Suppliers |
|---|---|
| High | 12 |
| Medium | 10 |
| Low | 11 |
| No | 6 |
| Total | 39 |

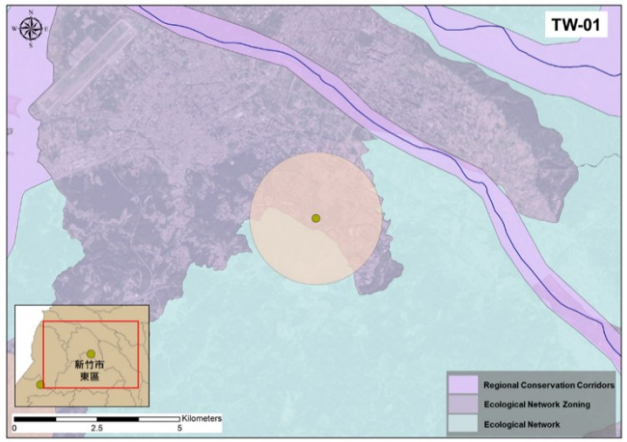


Figure 6: Potential geographic Impact risk - TW01

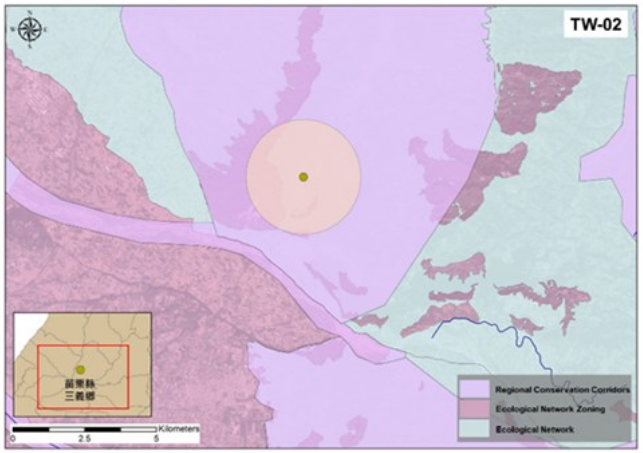


Figure 7: Potential geographic Impact risk - TW02

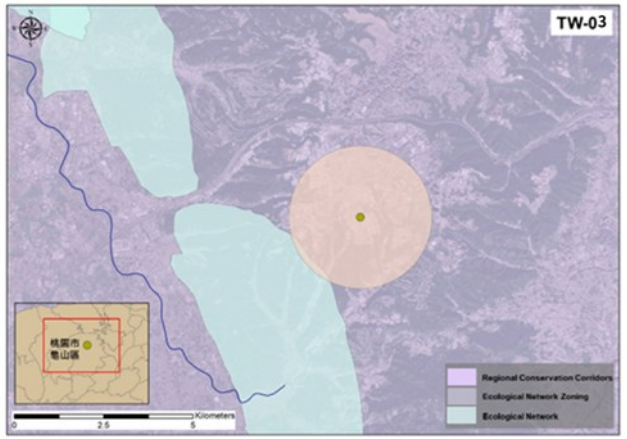


Figure 8: Potential geographic Impact risk - TW03

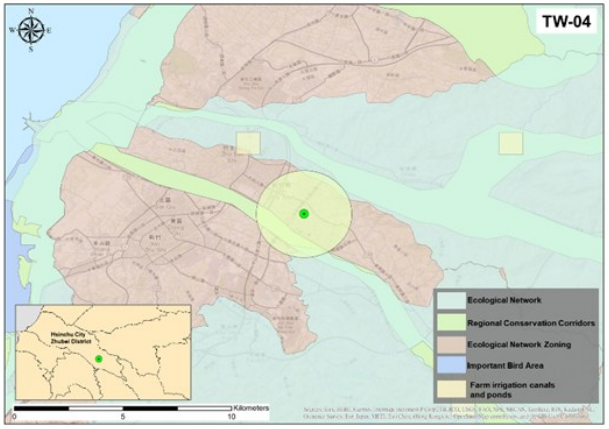


Figure 9: Potential geographic Impact risk - TW04

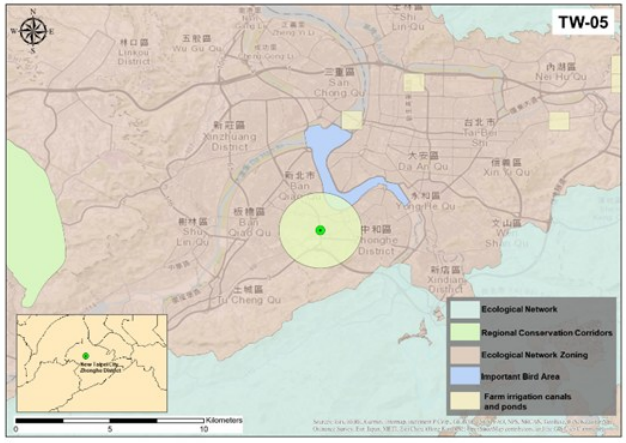


Figure 10: Potential geographic Impact risk - TW05


Figure 11: Potential geographic Impact risk - TW06

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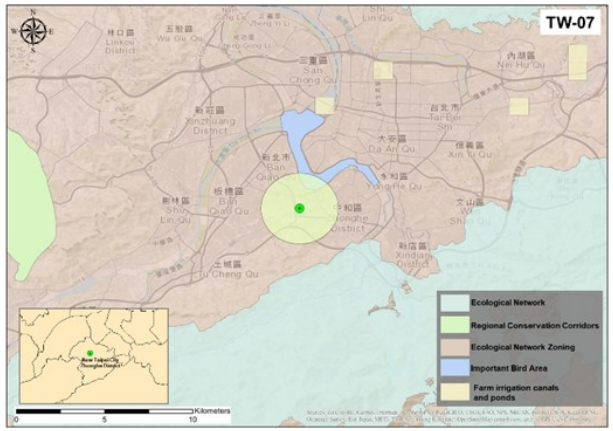
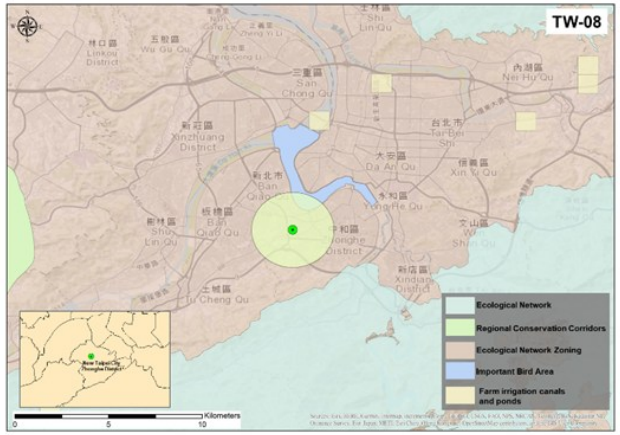
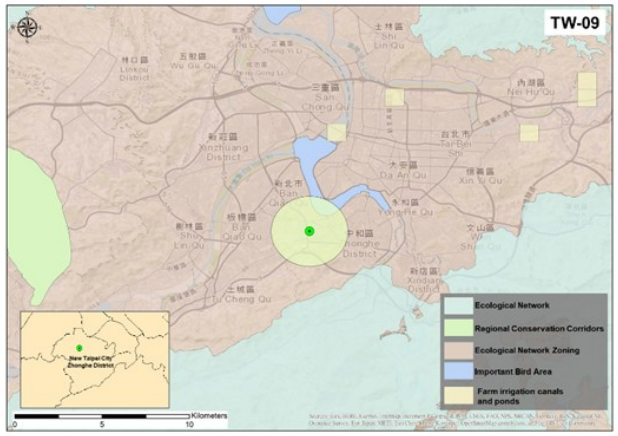
|  |  |  |
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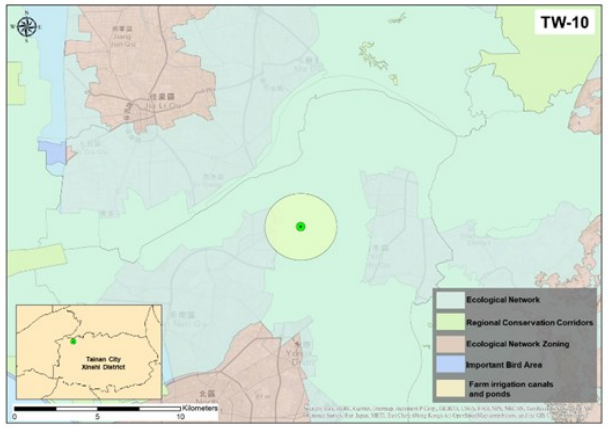
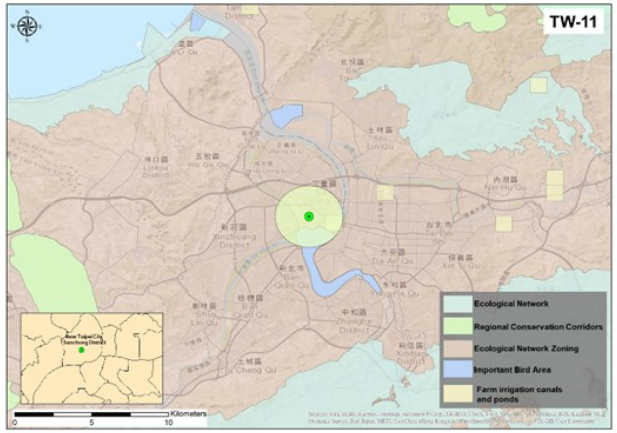
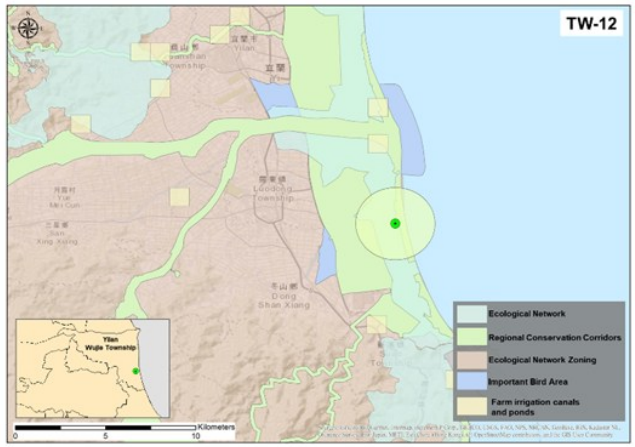
|  |  |  |
| Figure15:Potential geographic Impact risk-TW10 | Figure16:Potential geographic Impact risk-TW11 | Figure17:Potential geographic Impact risk-TW12 |

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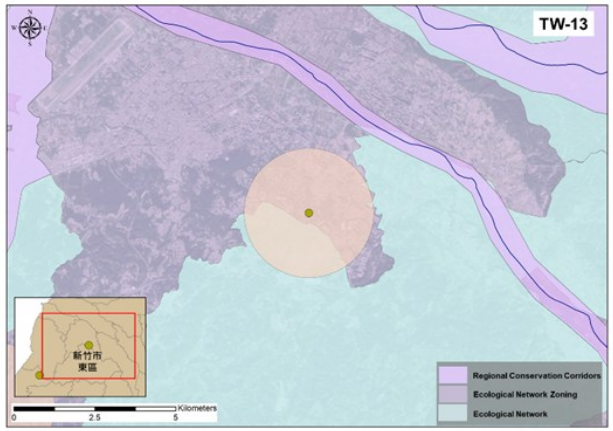
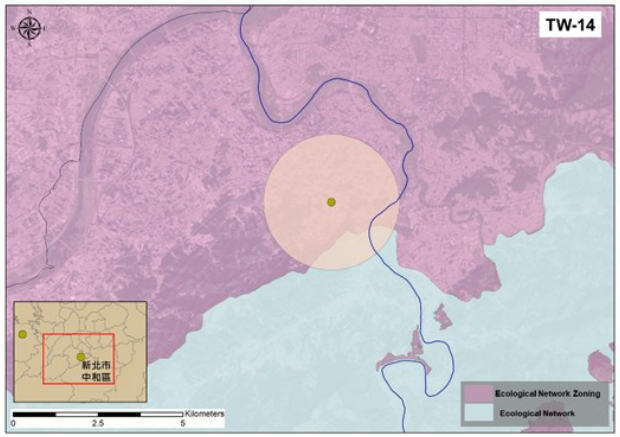
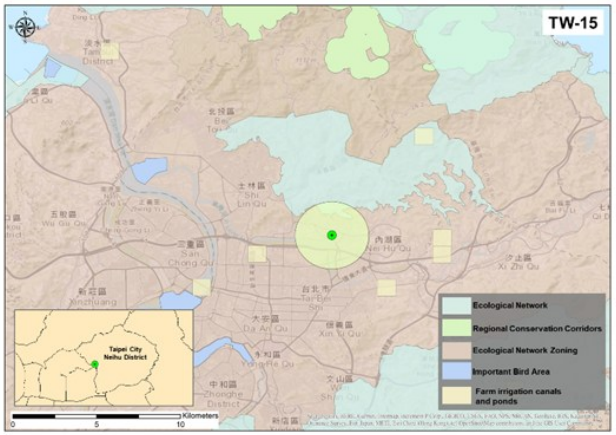
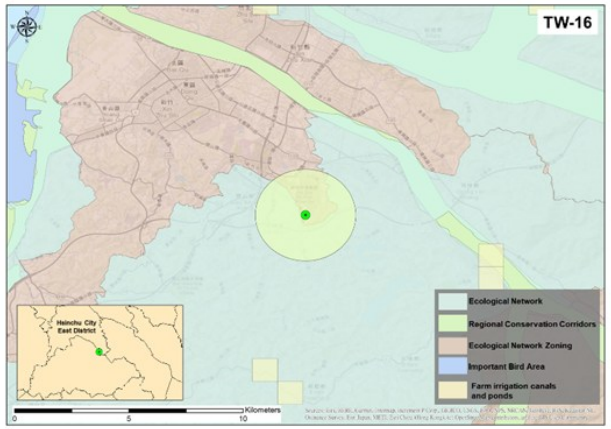
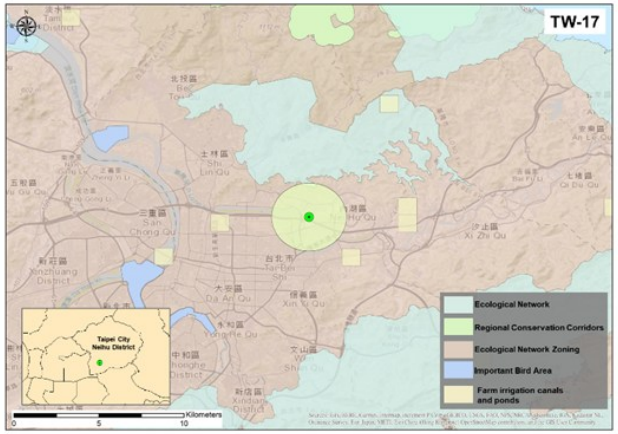
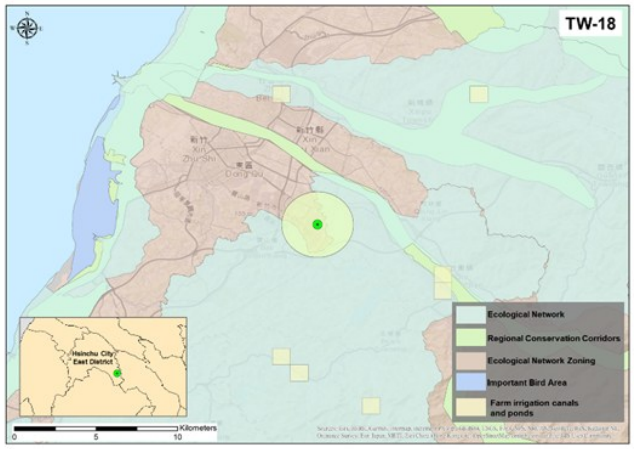
|  |  |  |
| Figure18:Potential Medium Risk Geographic Impact Risk-TW13 | Figure19:Potential Medium Risk Geographic Impact Risk-TW14 | Figure20:Potential Medium Risk Geographic Impact Risk-TW15 |
|  |  |  |
| Figure21:Potential Medium Risk Geographic Impact Risk-TW16 | Figure22:Potential Medium Risk Geographic Impact Risk-TW17 | Figure23:Potential Medium Risk Geographic Impact Risk-TW18 |

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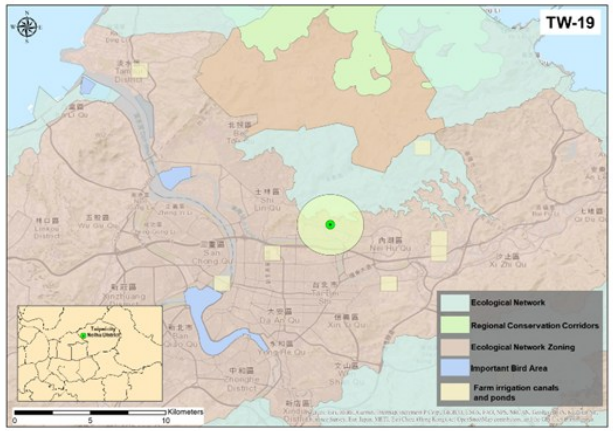
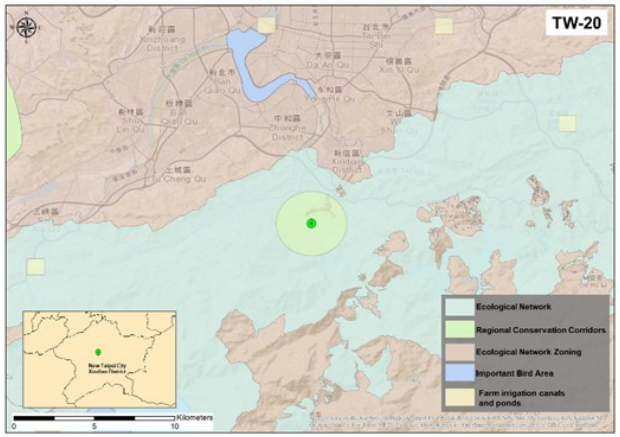
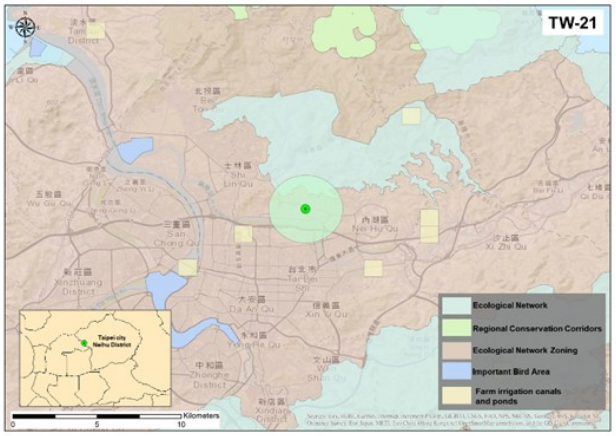
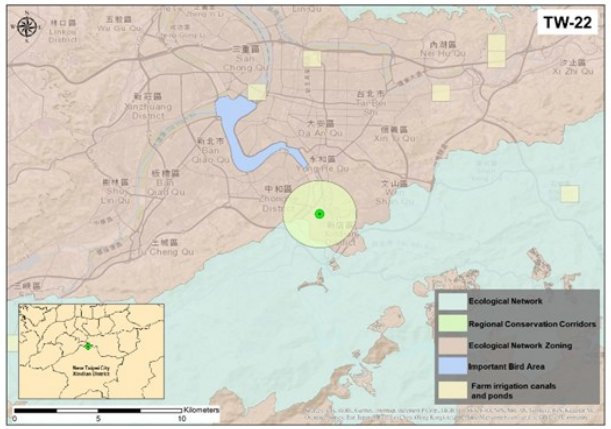
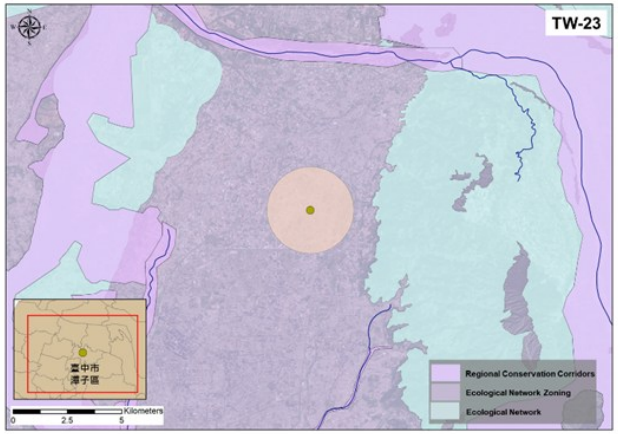
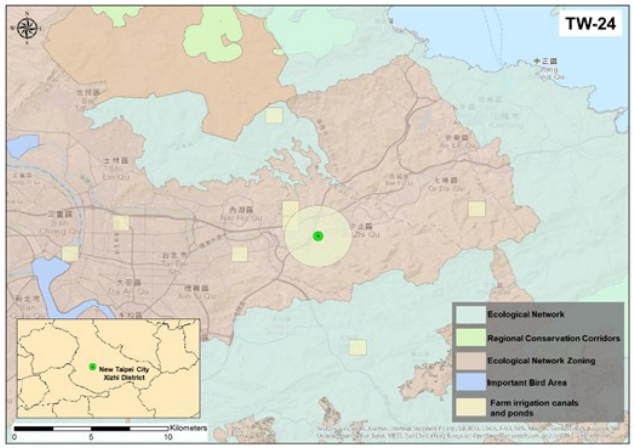
|  |  |  |
| Figure24:Potential Medium Risk Geographic Impact Risk-TW19 | Figure25:Potential Medium Risk Geographic Impact Risk-TW20 | Figure26:Potential Medium Risk Geographic Impact Risk-TW21 |
|  |  |  |
| Figure27:Potential Medium Risk Geographic Impact Risk-TW22 | Figure28:Potential Medium Risk Geographic Impact Risk-TW23 | Figure29:Potential Medium Risk Geographic Impact Risk-TW24 |

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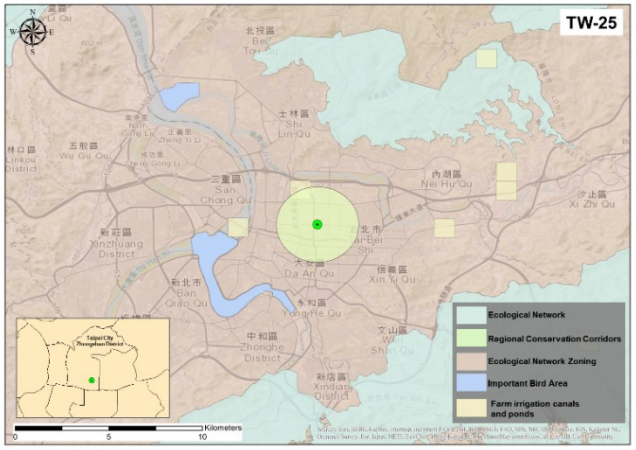
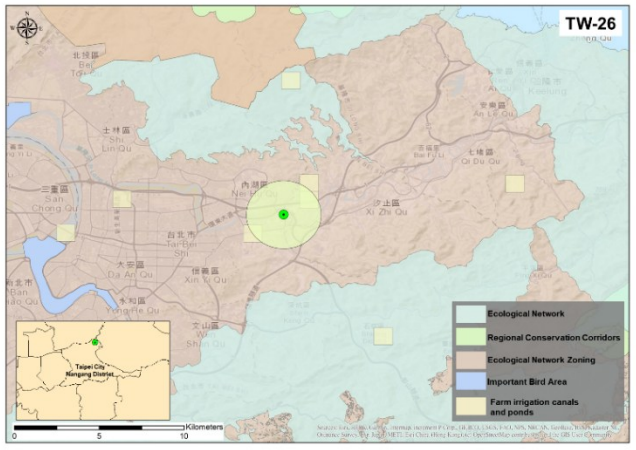
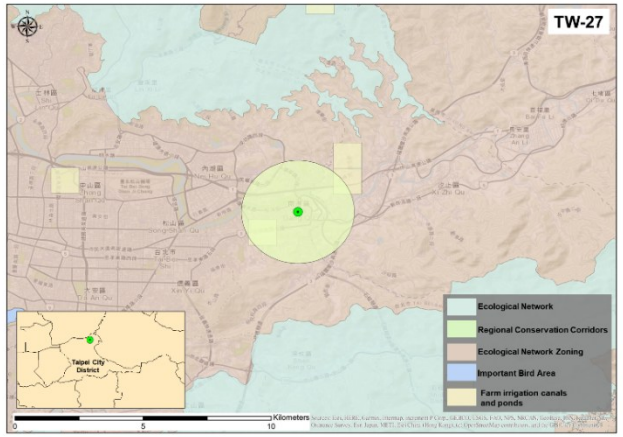
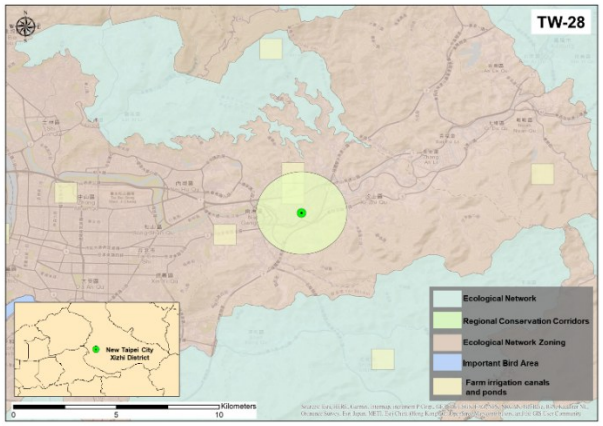
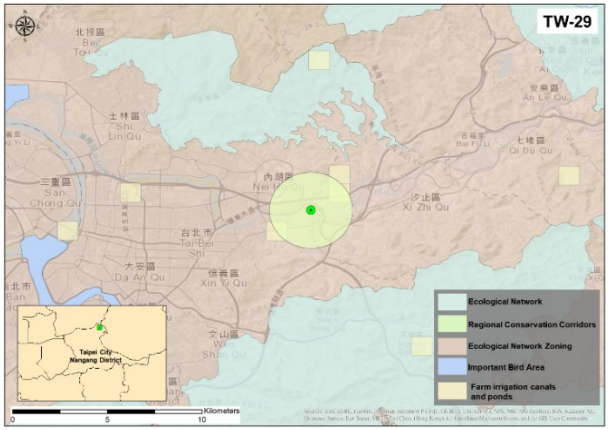
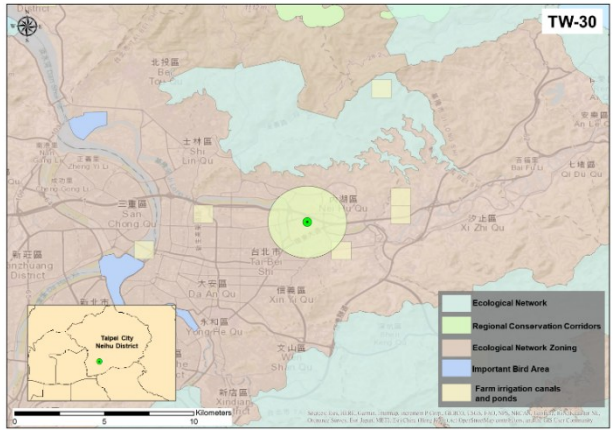
|  |  |  |
| Figure30:Potential Medium Risk Geographic Impact Risk-TW25 | Figure31:Potential Medium Risk Geographic Impact Risk-TW26 | Figure32:Potential Medium Risk Geographic Impact Risk-TW27 |
|  |  |  |
| Figure33:Potential Medium Risk Geographic Impact Risk-TW28 | Figure34:Potential Medium Risk Geographic Impact Risk-TW29 | Figure35: Potential Medium Risk Geographic Impact Risk-TW30 |

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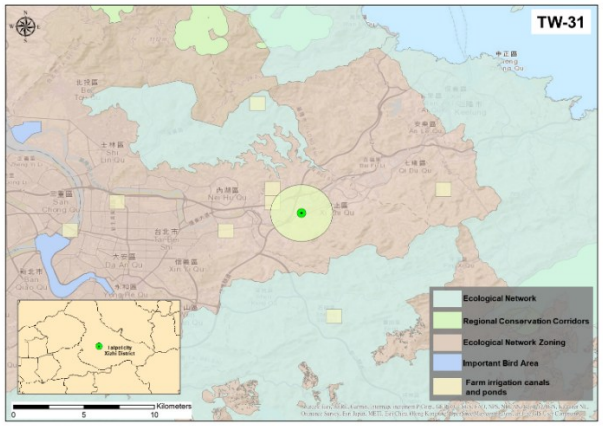
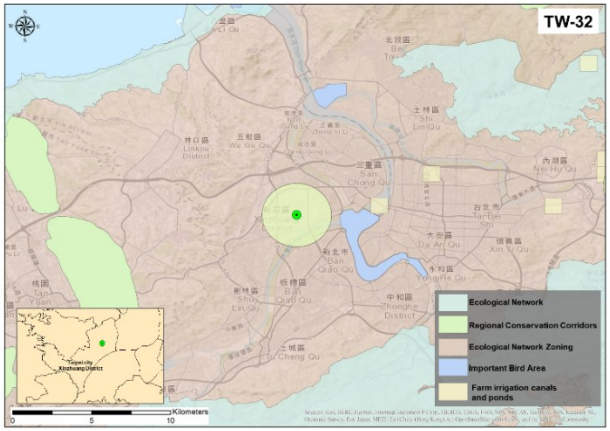
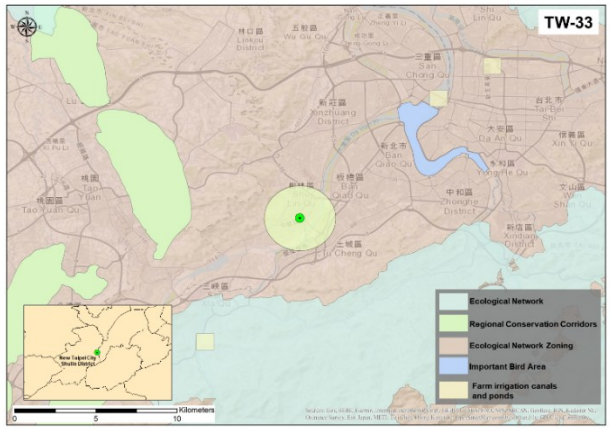
|  |  |  |
| Figure36:Potential Medium Risk Geographic Impact Risk-TW31 | Figure37:Potential Medium Risk Geographic Impact Risk-TW32 | Figure38:Potential Medium Risk Geographic Impact Risk-TW33 |

## 5. Dependency Risk Results

The analysis tool used is ArcGIS for geographic spatial identification. A 2-kilometer buffer zone was established around the 133 operational sites of Qisda's 100 value chain partners, allowing for the overlay of the WRI Aqueduct's Baseline Water Stress (BWS). This enables the examination of the degree of water resource dependency of Qisda's value chain partners in different regions, thereby identifying potential risks for subsequent natural and environmental risk management. To avoid the dispersion of risk assessments a single analysed subject having multiple operational sites, each facing different levels of baseline water stress risk, Qisda sums the baseline water stress scores of each operational site to obtain an average value. The average result is then matched to the corresponding BWS risk level to identify the supplier's degree of water resource dependency.

### (1) Qisda's Value Chain Sites - Dependency Risk Analysis Using WRI Aqueduct

There are a total of 61 value chain partners located overseas. Using the aforementioned WRI Baseline Water Stress (BWS) risk level classification, 30 value chain partners are categorized as having extremely high dependency risk, 4 as having high dependency risk, 12 as having medium-high dependency risk, 10 as having medium-low dependency risk, and 5 as having low dependency risk (Table 15).

Table 15: Statistical Tables of Potential Foreign Dependency Risk Households

| Risk Level | Score Range | Statistical Quantity |
|---|---|---|
| Extremely High | BWS score Value Range: 4.0-5.0 | 30 |
| High | BWS score Value Range: 3.0-4.0 | 4 |
| Medium – High | BWS score Value Range: 2.0-3.0 | 12 |
| Low – Medium | BWS score Value Range: 1.0-2.0 | 10 |
| Low | BWS score Value Range: 0-1.0 | 5 |
| Total | | 61 |

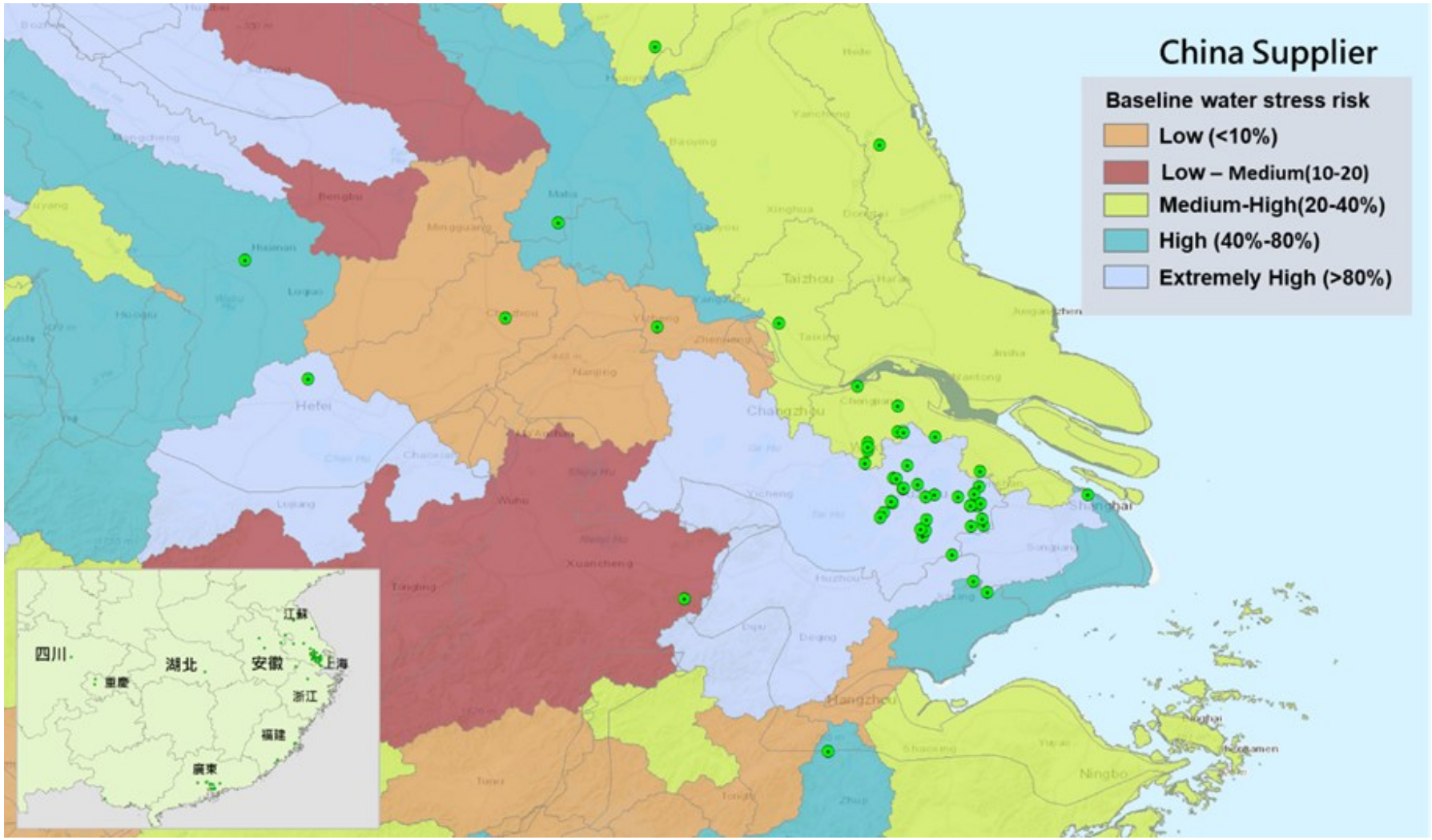



Figure 12: Potential risk of dependence - China

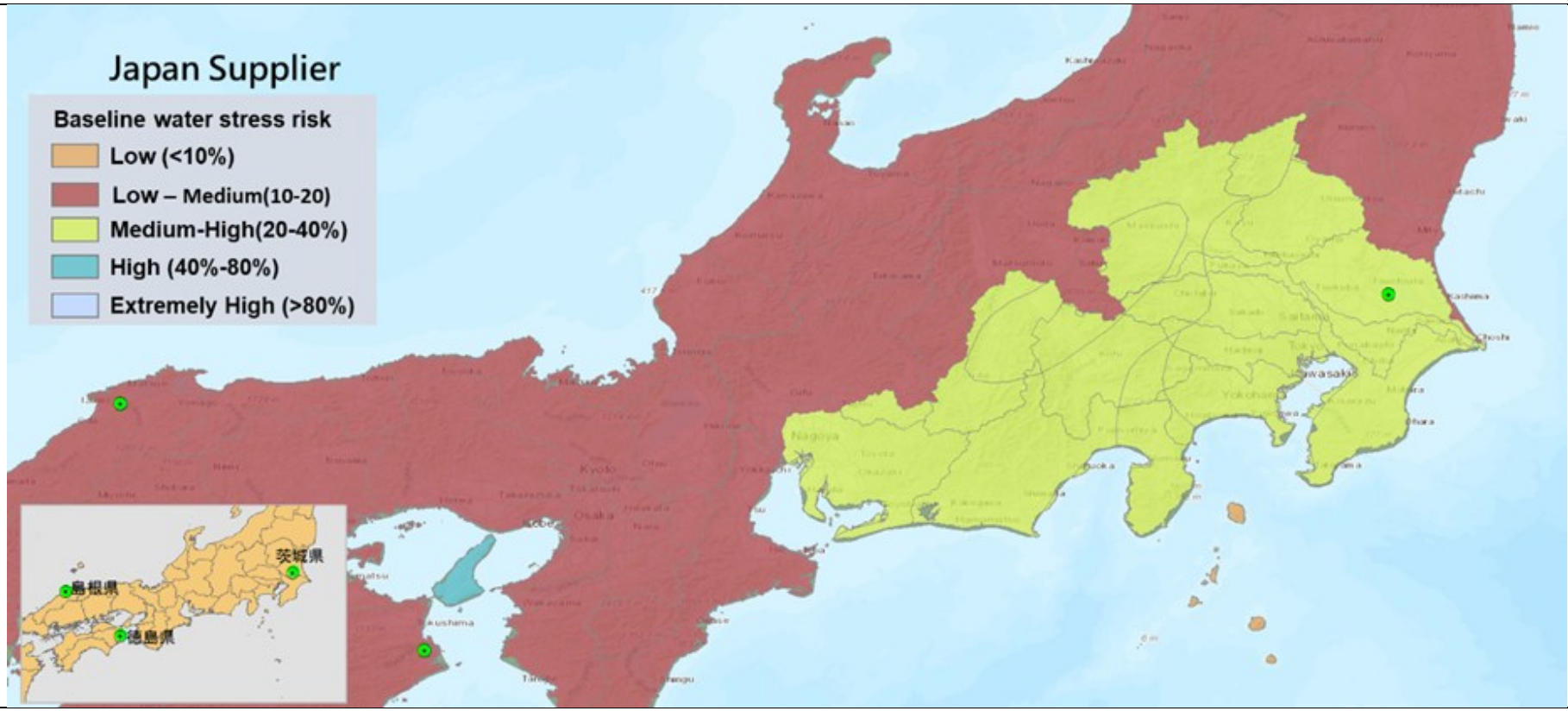



Figure 13: Potential risk of dependence - Japan

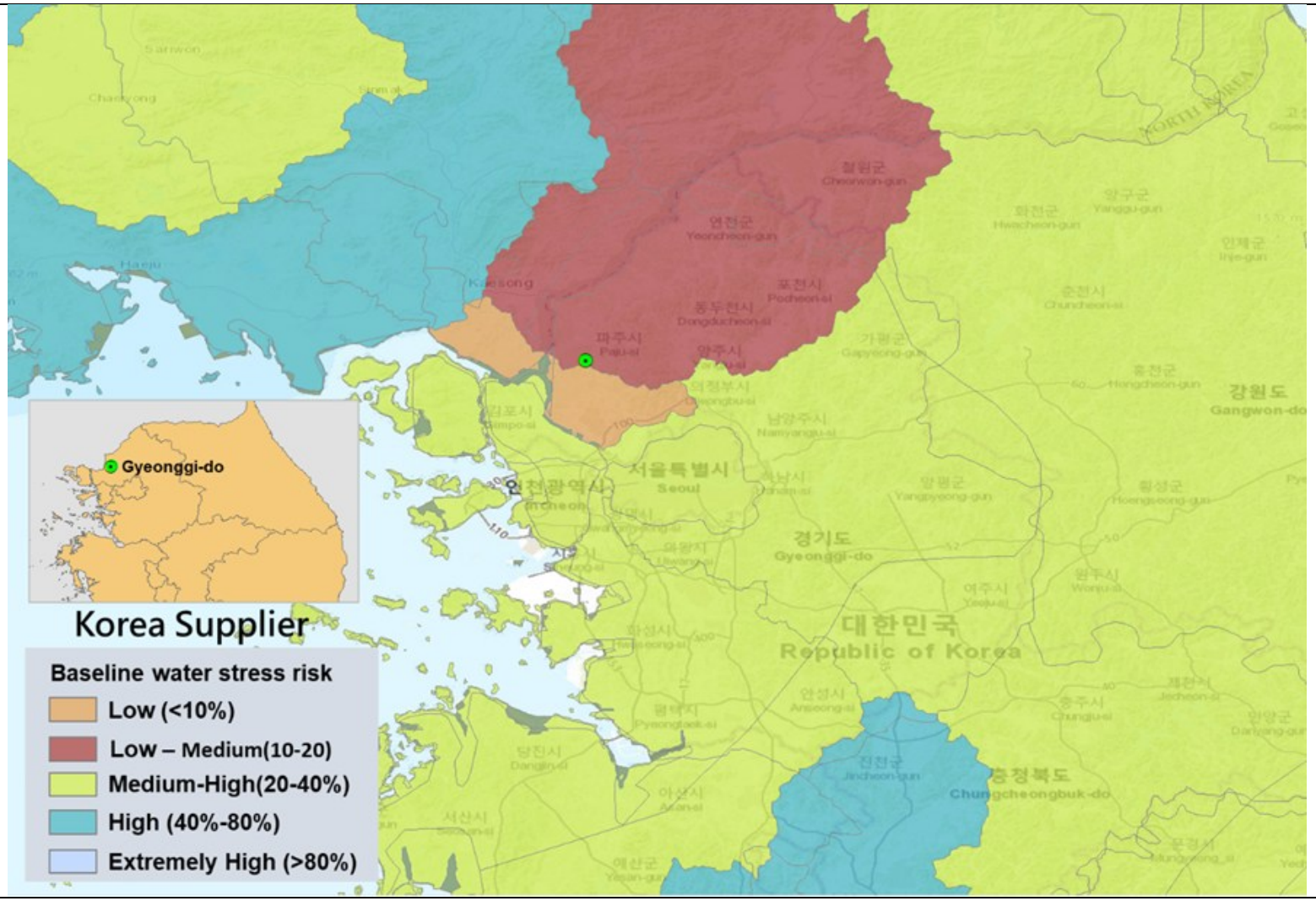



Figure 14: Potential risk of dependence - Korea

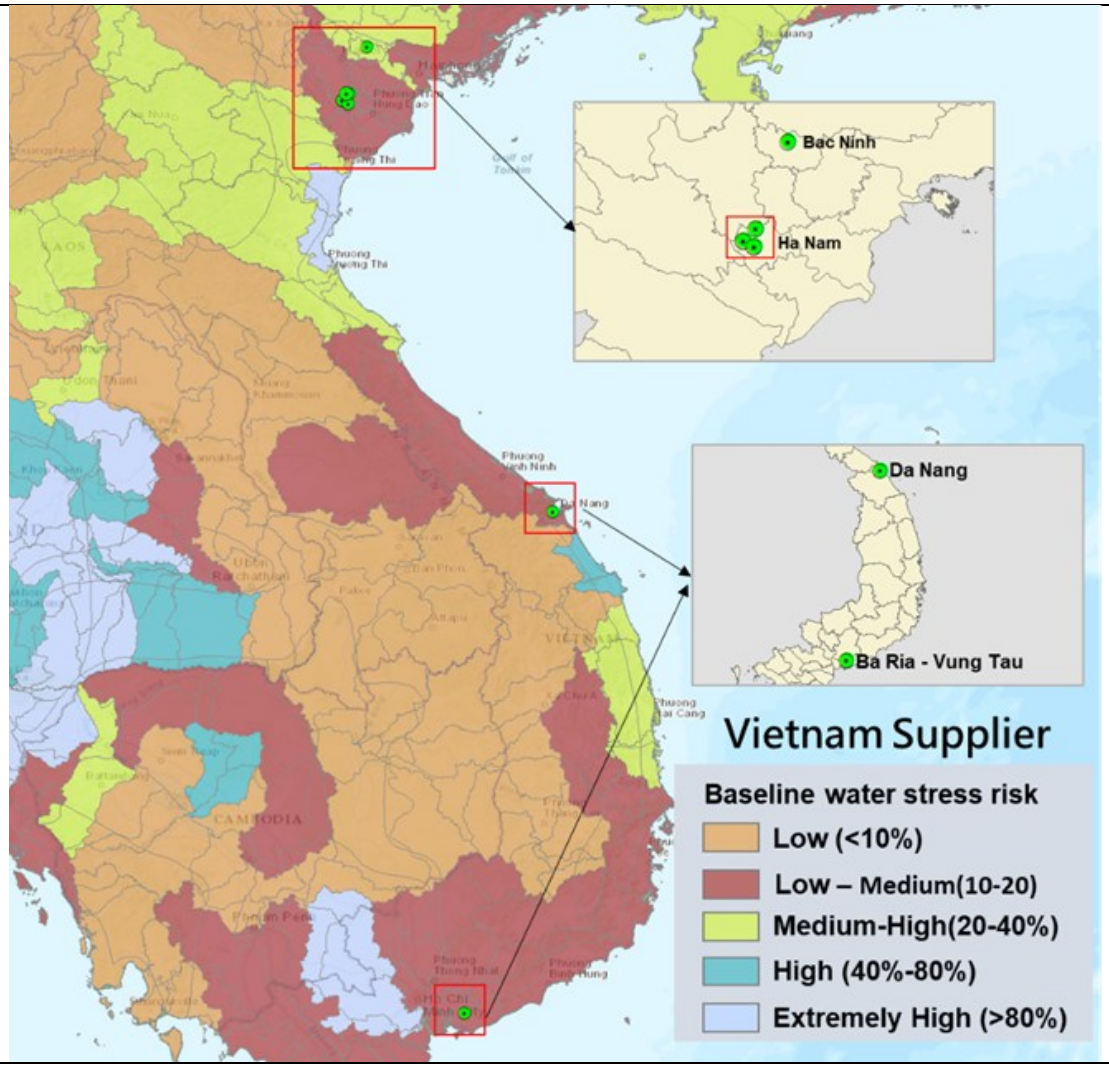



Figure 15: Potential risk of dependence - Vietnam

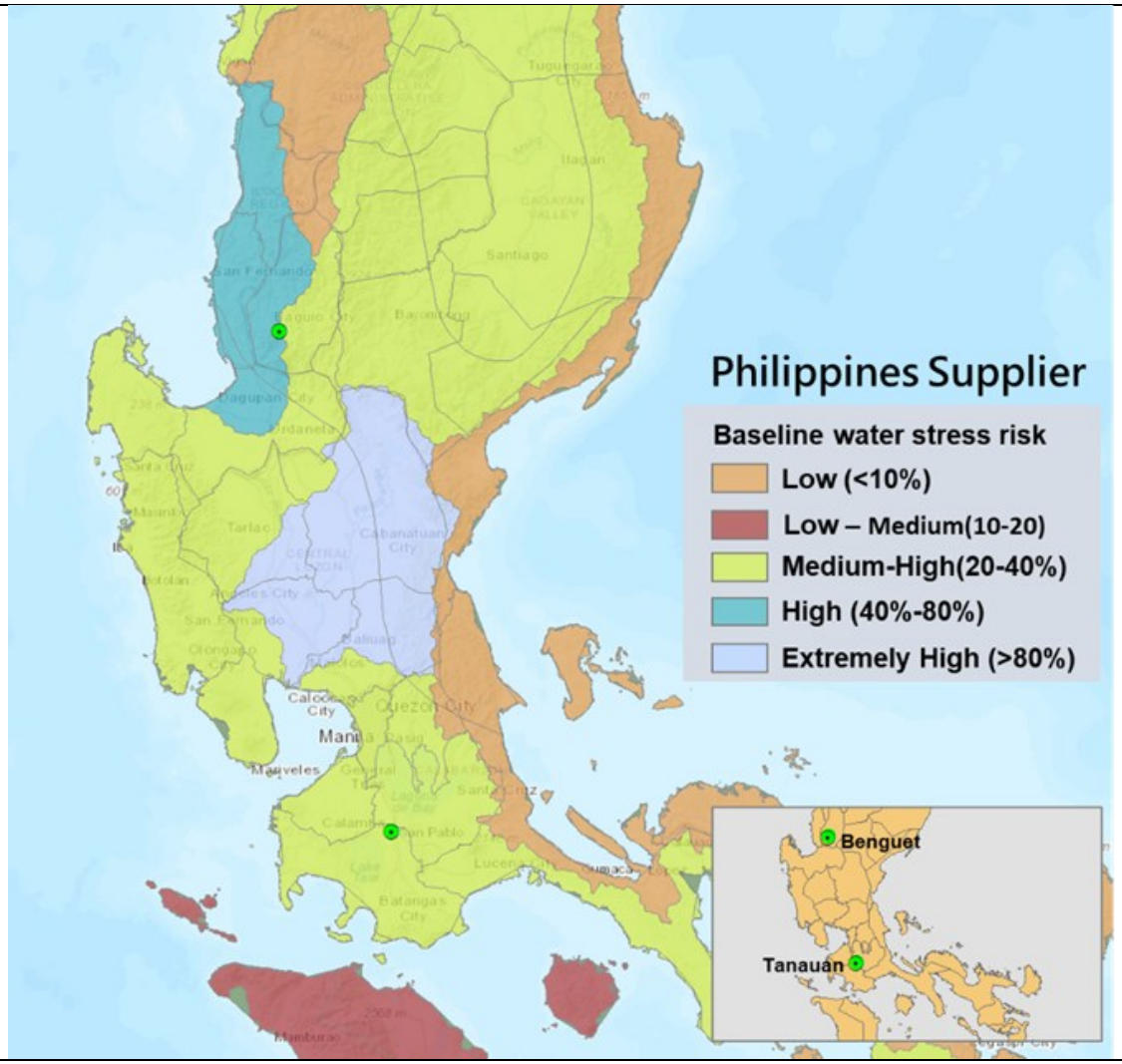



Figure 16: Potential risk of dependence - Philippines

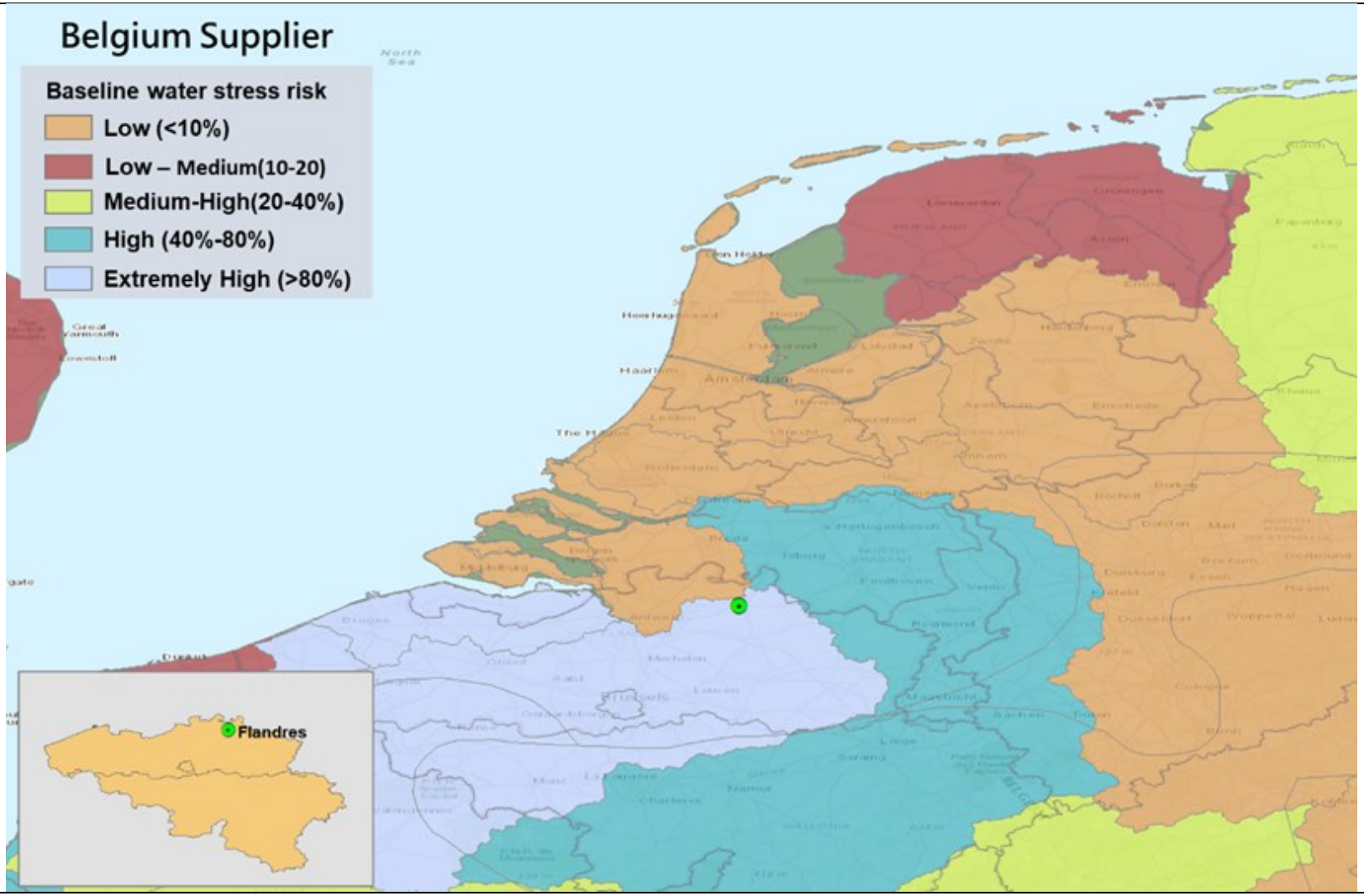



Figure17 : Potential risk of dependence - Belgium

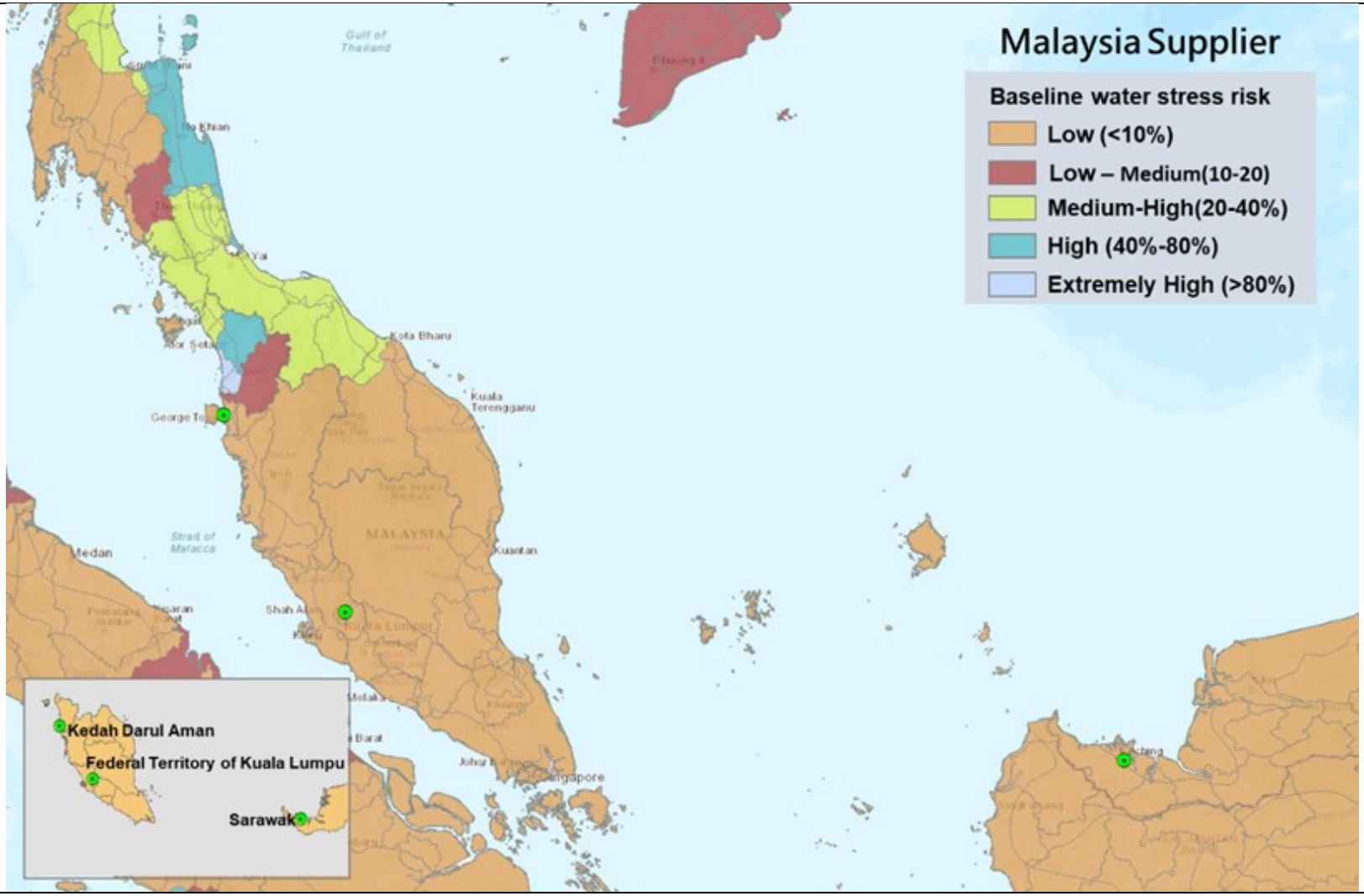



Figure 18: Potential risk of dependence - Malaysia

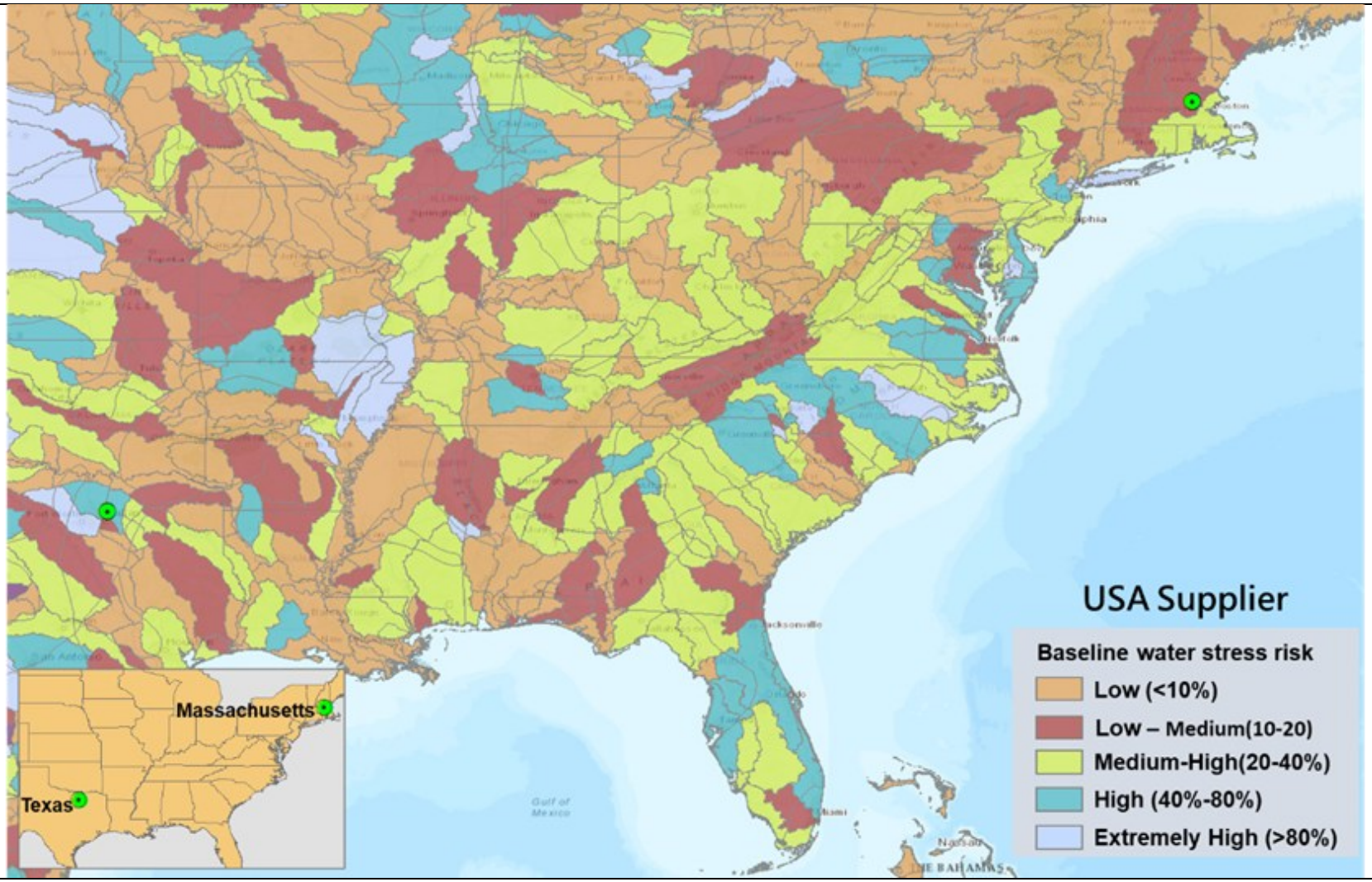



Figure19 : Potential risk of dependence - USA

**(1) Qisda's Value Chain Sites - Dependency Risk Analysis Using WRI Aqueduct**

There are total of 39 value chain partners located domestically. Using the aforementioned WRI Baseline Water Stress (BWS) risk level classification, there is 1 with very high dependence risk, 0 with high dependence risk, 2 with medium-high dependence risk, 30 with medium-low dependence risk, and 6 with low dependence risk (Table 16).

Table 16: Domestic Dependency Risk Households Statistics

| Risk Level | Score Range | Statistical Quantity |
|---|---|---|
| Extremely High | BWS score Value Range 4.0-5.0 | 1 |
| High | BWS score Value Range 3.0-4.0 | 0 |
| Medium – High | BWS score Value Range 2.0-3.0 | 2 |
| Low – Medium | BWS score Value Range 1.0-2.0 | 30 |
| Low | BWS score Value Range 0-1.0 | 6 |
| Total | | 61 |

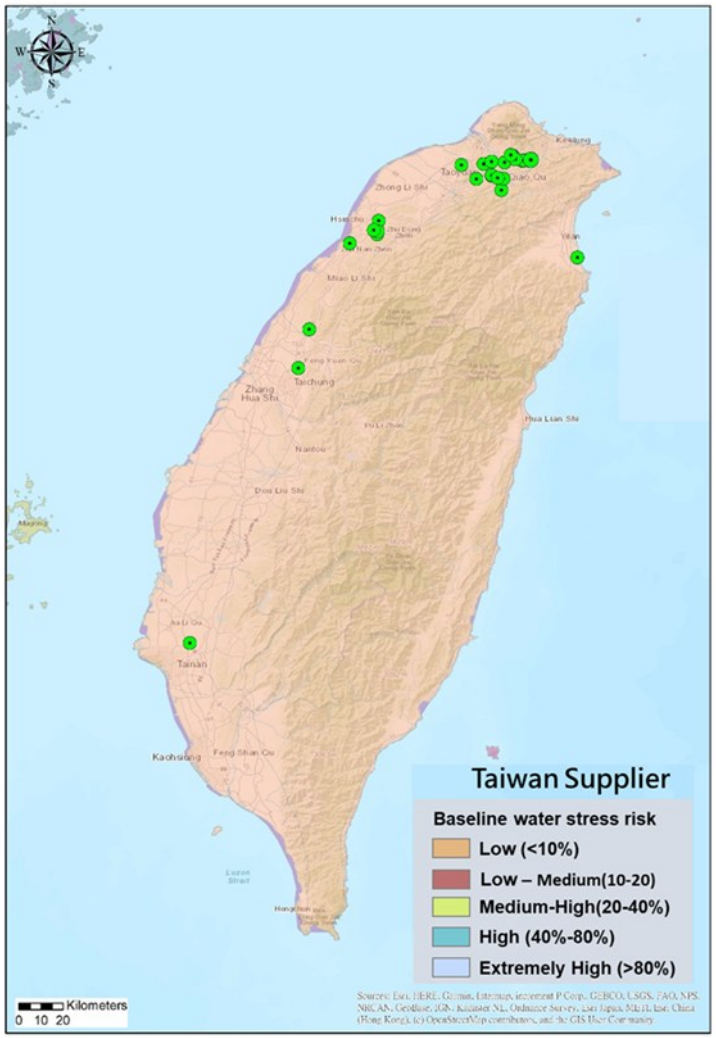



Figure 20 : Potential risk of dependence - Taiwan

**6. Qisda identifies suppliers with significant impacts and significant dependencies.**

To further identify and assess the potential natural-related impacts and dependency levels of these locations, Qisda employs geographic information analysis techniques to convert the geographic impact risk scores and water dependency risk scores into weighted scores. Subsequently, the importance scores of the top 100 value chain partners, based on their transaction amount, are transformed into numerical scores for differentiation. By integrating the aforementioned impact and dependency risk results, a matrix illustrating the impacts and dependencies of Qisda 's upstream suppliers and downstream customers' operational sites is created.

In the geographic impact risk matrix, the X-axis represents the weighted geographic impact risk score, revealing the potential impact of its operational sites on nature. The Y-axis represents the weighted transaction amount score, indicating the importance of the value chain partners to Qisda. By combining the results from the X and Y axes, the risk matrix categorizes the risk levels into a 5x5 potential geographic impact level score, with the risk levels divided into five categories: Very low, low, medium, high, and extremely high.

In the impact risk analysis, due to the characteristics of the analytical mapping resources used, domestic analysis employs the National Ecological Green Network mapping resources established by the Forestry and Nature Conservation Administration, which are more localized and effectively present the relationship between operational sites and conservation mapping resources. For overseas sites, the WDPA is used, focusing on national-level protected areas, with mapping resource attributes at a larger scale. Although the two mapping resources differ in scale and the type of information presented, they still assist Qisda in comprehensively reviewing the biodiversity impact risks of supply chain operational sites. After weight conversion, In 2025, Qisda's value chain has a significantly high impact risk, with 11 in Taiwan and 1 in the Netherlands.

Figure 48 Geographic Impact Risk Matrix

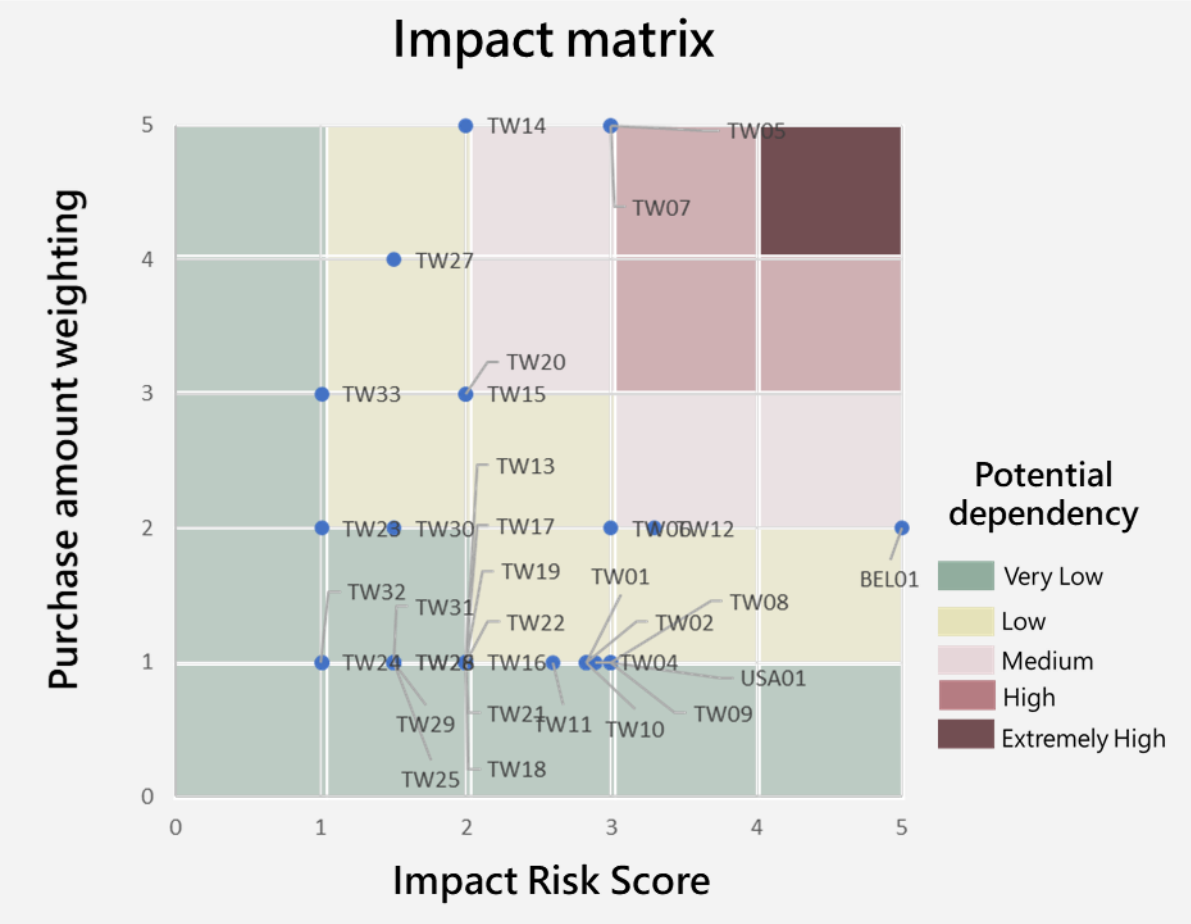



Table 17: Qisda's Top 100 Value Chain Partners by Transaction Value - Significantly High Impact Risk Statistics

| Region | Statistical Quantity | Geographic Impact Risk Matrix |
|---|---|---|
| Taiwan | 11 | High |
| Netherlands | 1 | High |
| Totals | 12 | |

In the water dependency risk matrix, the X-axis represents the weighted water dependency risk score, which reveals the potential reliance of its operational sites on nature. The Y-axis again represents the weighted transaction amount score, indicating the importance of the value chain partners to Kaistar. By combining the results from the X and Y axes, the risk matrix categorizes the risk levels into a 5x5 potential water dependency level score, with the risk levels divided into five categories: Very low, low, medium, high, and extremely high. here are 30 locations in China and 2 locations in Taiwan with a significantly high dependency risk; there are 4 locations in China with a significantly high dependency risk.

T Qisda further reviewed its geographical information and found that most of its operations in China are concentrated in Jiangsu Province, which is part of the Yangtze River Delta industrial base, where there is a high concentration of industrial activities and a high demand for water for both industrial and domestic use, which in turn leads to high baseline water pressures (BWS) in this region. This has resulted in high BWS in the region. Based on this analysis, Qisda has prioritised areas with high BWS, established water monitoring and set up water risk improvement plans.

Figure 49 Water Dependency Risk Matrix

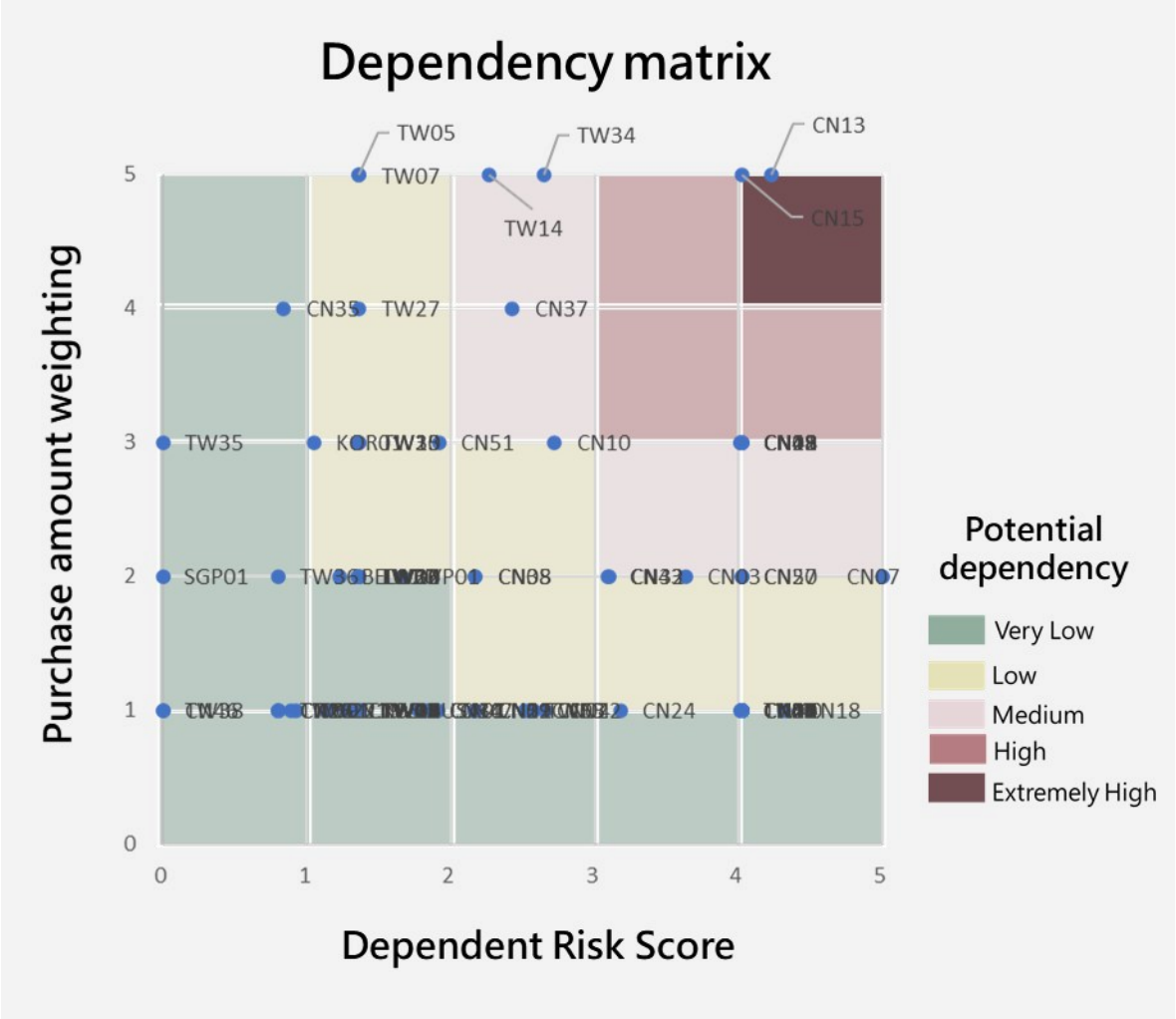


Table 18: Qisda's Top 100 Value Chain Partners by Value Chain Transaction Volume - Significantly Higher Risk Dependence Statistics

| Country | Statistical Quantity | Dependency Risk Matrix |
|---|---|---|
| China | 30 | Extremely High |
| Taiwan | 2 | Extremely High |
| China | 4 | High |
| Total | 36 | |

## 7. Qisda's Future Responses and Actions Based on Analysis Results

In accordance with TNFD recommendations, Qisda will invest in biodiversity surveys within its value chain in 2025. Utilizing the LEAP methodology, Qisda will prioritize the assessment of whether the top 100 value chain partners by procurement amount have direct dependencies and impacts on natural capital. By employing WDPA, conservation mapping resources from the Forestry Conservation Administration, and WRI Aqueduct, a 2-kilometer buffer zone will be established around the 133 assessed operational sites to identify whether they are located in or near ecologically sensitive areas and to analyze baseline water stress risks.

For suppliers identified with significant high impacts, Qisda will prioritize the implementation of biodiversity risk guidance and review procurement policies to avoid or reduce sourcing from critical biodiversity areas or forest regions. Qisda will also adhere to the mitigation hierarchy by taking measures to "avoid, mitigate, restore, and compensate." Additionally, for suppliers assessed as having extremely high dependency on water resources, Qisda will further strengthen water resource management measures, such as improving the efficiency of recycled water use in processes, introducing recycling or reclaimed water systems, and conducting water footprint analyses. Through these measures, Qisda aims to identify the primary water usage of suppliers to further improve and reduce water consumption.