Climate Change Risk Management

Realtek has defined risk management and action planning for each climate change topic to realize the three goals of environment and energy renewal, creation of green environment, and CSR fulfilment. Faced with the increasingly severe threat posed by climate change, Realtek has worked to reduce the impact of climate change through risk identification, proposal of effective responses and supporting measures, and review of actual initiatives during the year. We can then effectively control and recover rapidly from climate disasters.

Risk Identification		Impact	Response Measure	Annual Initiatives
Physical Risk	1.Climate Disaster Risk 2.Electricity rationing, flooding, water shortage	1. Business Interruption 2. Property Damage 3. Lost Orders	1. Cooperate with electricity rationing by reducing load and carbon emissions or running generators. 2. Define typhoon response plan to prevent flooding. 3. Plan for water shortages through water storage or water transfer.	1. Develop energy-saving response plans for 3%/5% electricity rationing and other emergency situations. Not activated as there were no physical risk events in 2019. 2. A response meeting is convened before each typhoon. A team is also assigned to monitor the situation and manage emergency repairs. Evaluations and reviews are then carried out. The result this year was positive as a leak was contained in time. Continuous improvements will be made to windshields in the future. 3. Responses to water shortage and drought included additional water storage, personnel education, and adjustment to air-conditioning water supply. Personnel education and control measures performed well this year resulting in lower average water consumption.
Transformation Risk	1.Amendments to environmental legislation 2.Calculation of carbon footprint based on	1. Increase in workload led to an increase in manpower costs 2.Customer's specification	1. Defining waste management measures. 2. Discharge of emissions and effluents complied with the relevant regulations.	1. Carried out in accordance with the law, computerized online operations, with full compliance audits to be conducted every year in the future. 2. Set targets carried out plans to realize further reductions in domestic waste.

	regulatory advice	requirements		3. Elimination of specialized effluent. 4. Generator exhaust was measured to determine if catalytic converters needed to be fitted to comply with emission standards and prevent air pollution. Around 60% of the equipment now has catalytic converters fitted.
Opportunities	1.Supply issues from energy shortage 2.Carbon reduction for products and testing equipment including factory generators	1.Limited resources and high energy costs 2.Energy-saving equipment is relatively more expensive than standard models	1. Energy-saving gains from improved product performance with low power consumption. 2. Power equipment with high conversion efficiency to improve electricity utilization. 3. Water recovery and reuse system to improve carbon reduction.	1. Continue to develop low-energy products. 2. Continue to replace conventional lighting with LED lights to save on power consumed by lighting. 90% of all lighting has now been upgraded. LED energy-saving lights will also be used throughout new factories built in the future. 3. Power harmonics improvement, gas equipment performance improvement, and replacement of variable-frequency equipment. Positive results that were reflected in the energy savings. Obsolete equipment will continue to be replaced in the future. 4. Condensation from air-conditioning recovered for flushing toilets. Large cooling fins for cooling towers to improve operating performance. The results from 2019 were positive. Installation of filtration equipment to extend equipment service life is now under study.
	1.Renewable Energy Topic 2.Assess improvements in solar conversion efficiency	1. Improve corporate image 2. Reduce electricity costs	1. Install additional solar panels. 2. Assess the purchase of Renewable Energy Certificates (REC).	1. Use solar power to supplement water heaters for showers. Installation of additional solar panels when space permits to be assessed in the future. 2. Continue to assess the benefits of purchasing RECs