STARLUX Airlines

2025

TCFD | TNFD



Content

1 Preface 5
2 Four Pillars 6
2.1 Governance 6
2.2 Strategy 8
2.2.1 Climate-related Strategy 8
2.2.2 Nature-related Strategy 13
2.3 Risk & Impact Management 18
2.3.1 Risk Management Process 18
2.3.2 Key Issue Management Approaches 20
A. Management of Climate-related Risks and Opportunities 20
B. Management of Nature-related Risks and Impacts 23
2.3.3 Risk Management Measures 24
2.4 Metrics & Targets 25
2.4.1 Climate-related Metrics and Targets 25
2.4.2 Nature-related Metrics and Targets 28
3 Conclusion 29

List of Figures

Figure 1. STARLUX Airlines Climate and Nature Governance Structure 7

Figure 2. Climate Risk and Opportunity Identification Matrix Chart 9

List of Tables

Table 1. Assessment of Climate Risks and Opportunities-Transformation Risks 10

Table 2. Assessment of Climate Risks and Opportunities-Physical Risks 11

Table 3. Assessment of Climate Risks and Opportunities-Opportunity 12

Table 4. STARLUX Ecologically Sensitive Area Identification Results 15

Table 5. STARLUX Nature Dependency and Impact Analysis Results 16

Table 6. STARLUX Climate Risk Management Process 19

Table 7. STARLUX Top Three Climate Risks and Opportunities 21

Table 8. Summary of STARLUX Risk Management Measures 24

Table 9. Summary of STARLUX Climate-related Metrics and Targets 26

Contact Information

Sustainable Steering Committee

Email: esg@starlux-airlines.com

Address: 11F, No. 525, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan 110055

This report primarily focuses on STARLUX Airlines' performance and initiatives for fiscal year 2025 (from January 1 to December 31, 2025). To provide comprehensive context and highlight key trends, we have included select data from 2023 and 2026. This approach offers stakeholders a more nuanced view of our company's trajectory and the effectiveness of our long-term strategies.

1 Preface

The impact of climate change on the global economy, society, and corporate operations continues to escalate. At the same time, environmental risks associated with biodiversity loss, ecosystem collapse, critical changes to Earth systems, natural resource shortages, and pollution have also become issues of growing concern. In recent years, international sustainability governance and disclosure trends have evolved from a primary focus on climate change to a broader consideration of natural capital, biodiversity, and ecosystem-related issues, prompting companies to adopt a more comprehensive perspective when assessing the risks and opportunities associated with their operational activities.

This development reflects the increasing attention given by the global financial system to environmental issues and the associated financial risks. As a result, the scope of corporate disclosure has expanded beyond climate-related risk management to include natural capital, biodiversity, and ecosystem-related issues, leading to the development of international disclosure frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD).

As an emerging international airline, STARLUX Airlines Co., Ltd. ("STARLUX" or "the Company") continues to strengthen its governance practices and progressively enhance its risk management and disclosure mechanisms through international frameworks such as the TCFD and TNFD in response to the growing trend toward the integrated governance of climate- and nature-related issues. Recognizing the interconnections between climate change and natural capital, and the potential for related risks and opportunities to simultaneously affect business operations, value chains, and long-term development, STARLUX has incorporated climate- and nature-related issues into its overall governance framework to enhance corporate resilience and sustainable development capabilities.

STARLUX is committed to complying with relevant international, national, and local regulatory requirements in its operations. The Company also continues to strengthen disclosures under the TCFD and TNFD frameworks and utilizes appropriate tools to conduct climate- and nature-related risk assessments and management. In addition, STARLUX draws upon the principles of the United Nations Convention on Biological Diversity (CBD) to promote biodiversity and ecosystem protection initiatives, avoiding adverse impacts on endangered and

protected species and their habitats. By integrating both climate and nature resilience into its operational and investment decision-making processes, STARLUX implements responsible corporate governance and steadily advances toward its goals of low-carbon transformation and sustainable aviation development.

2 Four Pillars

This report is prepared in accordance with the four pillars adopted by both the TCFD and TNFD: Governance, Strategy, Risk & Impact Management, and Metrics & Targets.

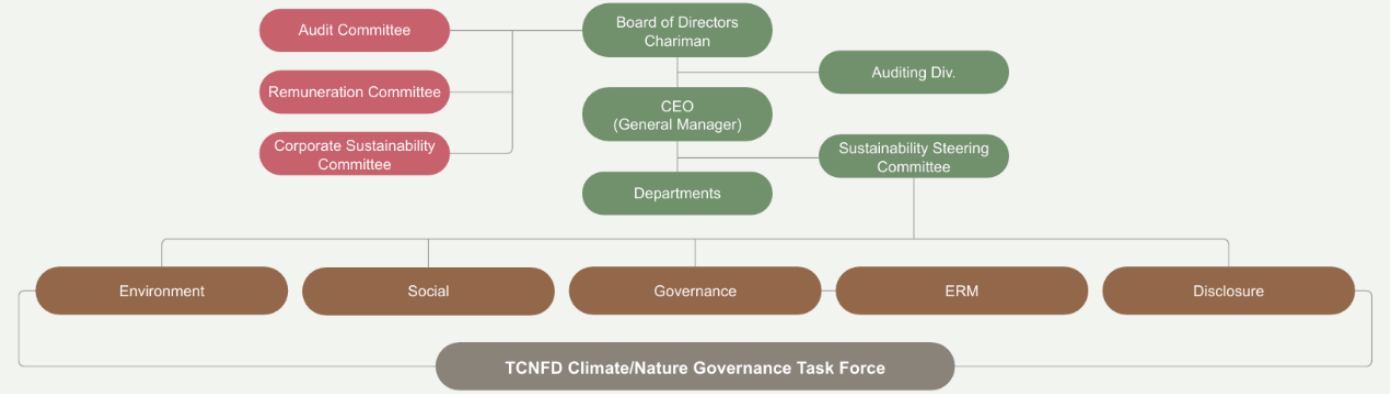
2.1 Governance

To effectively integrate climate- and nature-related issues into the Company's decision-making and operational management processes, and to further strengthen the application of the TCFD and TNFD frameworks, STARLUX has established a climate and nature governance structure encompassing the Board of Directors, functional committees, and cross-departmental task forces. Through clearly defined roles and responsibilities, as well as regular monitoring mechanisms, the Company promotes the implementation of related strategies, targets, and action plans.

The Board of Directors is the highest governance body for STARLUX Airlines' climate and nature risk management. It is responsible for driving and making decisions on the Company's climate- and nature-related strategic directions. At the governance level, the Board expects STARLUX to be a highly efficient and energy-saving airline, while also playing a role in supervising the implementation of the Company's overall climate and nature actions. The "Corporate Sustainability Committee" established under the Board of Directors is a functional committee responsible for the Company's sustainable development and overall coordination. The Committee oversees important sustainability matters, including the review of the Sustainability Report, greenhouse gas inventory and verification activities, and the implementation of IFRS Sustainability Disclosure Standards.

Additionally, the Sustainability Steering Committee has been established under the Corporate Sustainability Committee to serve

as the executive body for sustainability initiatives. To address climate and nature-related issues, the Task Force on Climate-related Financial Disclosures and Taskforce on Nature-related Financial Disclosures (TCNFD) Task Force has been integrated and formed by the corporate governance and environmental sustainability teams, comprising members from the procurement, finance, and corporate security departments. Meetings are held regularly (at least semi-annually) to promote cross-departmental collaboration and implementation plans. The Task Force regularly reports to the Corporate Sustainability Committee on the progress of key initiatives related to sustainable aviation fuel (SAF), carbon emissions management, climate change adaptation, nature, and biodiversity. The TCNFD Task Force is also responsible for gathering information on international climate- and nature-related risk trends, analyzing industry developments, and identifying climate- and nature-related risks and opportunities faced by various departments across the Company. These efforts are designed to assist STARLUX in enhancing its dual resilience toward both climate and nature.



▲ **Figure 1. STARLUX Airlines Climate and Nature Governance Structure**

2.2 Strategy

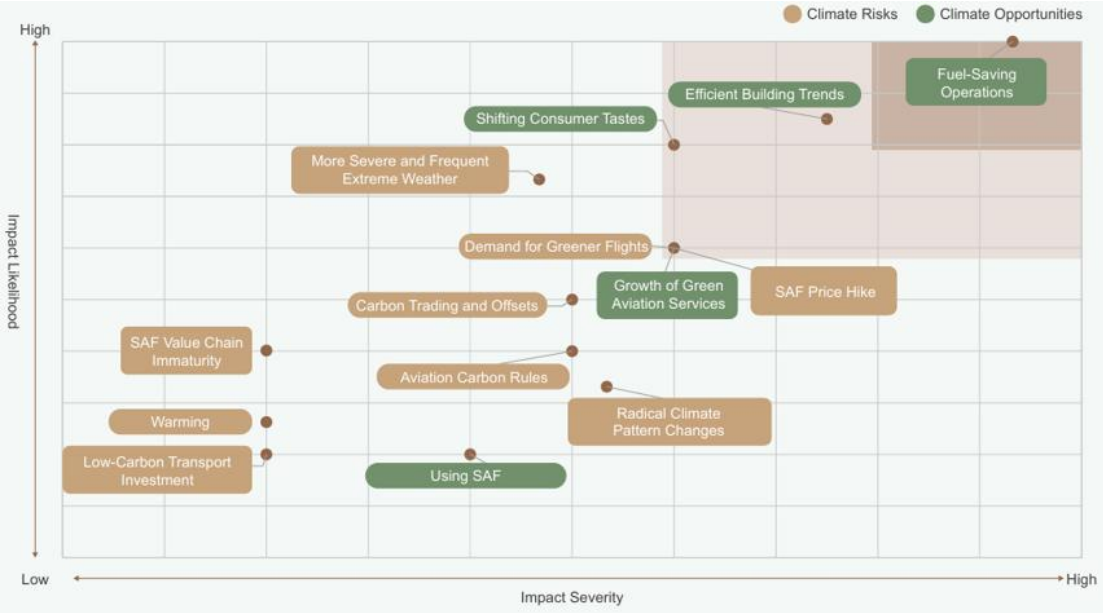
As corporate sustainability management continues to evolve from a primary focus on climate-related issues to a broader consideration of natural capital and biodiversity, climate and nature are no longer viewed as separate topics. Instead, they have become critical factors that jointly influence corporate resilience and long-term value creation. For the aviation industry, issues such as extreme weather events, resource availability, ecosystem changes, and environmental degradation may affect business operations through operational sites, supply chains, and market conditions.

To better understand these risks and opportunities, STARLUX follows the TCFD and TNFD frameworks and aligns with international sustainability disclosure standards and emerging regulatory developments. In conducting its assessments, the Company references IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information”, IFRS S2 Climate-related Disclosures, the International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and the European Union Emissions Trading System (EU ETS), as well as other relevant international standards, frameworks, and policy requirements. STARLUX analyzes climate-related risks and opportunities, nature-related dependencies and impacts, environmentally sensitive operational locations, and value chain impacts to evaluate their potential implications for the Company's business model, strategic planning, and financial performance. Based on these assessments, the Company seeks to strengthen operational resilience and enhance its capacity for sustainable development. The following section presents STARLUX's strategic analysis and assessment results regarding climate- and nature-related issues.

2.2.1 Climate-related Strategy

In 2025, STARLUX continued to build on the identification results from the previous year, maintaining the Company's focus on 14 climate-related risks and opportunities, including 6 transition risks, 3 physical risks, and 5 climate opportunities. The TCFD task force interviewed relevant departments and evaluated the likelihood and impact of various risks and opportunities, to complete the ranking and materiality matrix analysis for 14 topics. Based on the analysis results, STARLUX

has prioritized the major opportunity of "operational models to improve fuel efficiency" to address major risks of moderate concerns of "increased sustainable fuel costs" and "consumer preference for low-carbon flights," alongside major opportunities of moderate concern, including "transitioning toward more efficient buildings," "changing consumer preferences," and the "development and/or expansion of low-carbon aviation services". The Company has also conducted impact analyses and developed management responses for these areas, reporting the relevant outcomes to the Sustainability Steering Committee.



▲ **Figure 2. Climate Risk and Opportunity Identification Matrix Chart**

Table 1. Assessment of Climate Risks and Opportunities-Transformation Risks

Climate Transformation Risk Type		Risk Description	Impact Timeline[1]	Value Chain Impact[2]
Policies and Regulations	Aviation Carbon Rules	• Conduct carbon emissions monitoring, reporting, and verification activities in accordance with aviation-related carbon management regulations and international disclosure requirements, increasing manpower and external verification costs.	S	I
	Carbon Trading and Offsets	• Adhere to net-zero emission pathways and strategies of achieving net-zero emissions by 2050. • Implement carbon levies and offsetting mechanisms, leading to increased operational costs.	S	I
Technology	SAF Immaturity	• Limited infrastructure for the production and storage of SAF, as well as a lack of recognized production standards and related measures.	M	U, I
	Low-Carbon Transport Investment	• Continued investment in low-carbon aircraft development by the aviation manufacturing industry, impacting future aviation power designs; the company commits more capital expenditure to introducing more fuel-efficient and carbon-reducing aircraft models and fleets.	S	I
Market	SAF Price Hike	• Increasingly stringent regulations on sustainable fuel use globally, coupled with rising demand, leading to higher production costs for SAF, surpassing those of traditional jet fuel, resulting in increased fuel raw material costs.	M	U, I
Reputation	Demand for Greener Flights	• Consumers consider climate change adaptation measures when traveling; corporate clients are mindful of carbon emissions from business travel and are more inclined to choose flights with lower carbon footprints. Failure to meet consumer demands may result in reduced revenue.	M	I, D

Note: 1. Code Description - Impact Timeline: S: Short-term (0-3 years), M: Medium-term (3-10 years), L: Long-term (through 2050)
2. Code Description - Value Chain Impact: U: Upstream Supply Chain, I: Internal Operations, D: Downstream Customers

Table 2. Assessment of Climate Risks and Opportunities-Physical Risks

Climate Physical Risk Type		Risk Description	Impact Timeline[1]	Value Chain Impact[2]
Acute	More Severe and Frequent Extreme Weather	• Extreme weather events like typhoons and floods cause flight delays or cancellations, increased flight times, resulting in additional costs such as passenger rebooking, flight crew scheduling, and increased fuel usage. • Damage to infrastructure such as aprons and runways due to extreme weather.	S	U, I, D
Chronic	Warming	• High temperatures reduce aircraft lift during takeoff, affecting aircraft performance and imposing limitations on maximum takeoff weights, leading to reduced revenue. • Increased fuel costs to maintain cabin air conditioning comfort.	L	U, I, D
	Radical Climate Pattern Changes	• More frequent and intense rainfall affects flight paths and flight operations, potentially leading to flight cancellations, delays, and diversions due to safety concerns. • Prolonged rainfall reduces equipment lifespan, leading to increased equipment and maintenance costs.	L	U, I, D

Note: 1. Code Description - Impact Timeline: S: Short-term (0-3 years), M: Medium-term (3-10 years), L: Long-term (through 2050)
2. Code Description - Value Chain Impact: U: Upstream Supply Chain, I: Internal Operations, D: Downstream Customers

Table 3. Assessment of Climate Risks and Opportunities-Opportunity

Climate Opportunity Types		Opportunity Description	Impact Timeline[1]	Value Chain Impact[2]
Products and Services	Growth of Green Aviation Services	• Lightweight Unit Load Devices (ULDs) are employed to reduce payload; pre-selection of meals and waste management reduce resource consumption and food wastage. • Implementation of systems to calculate carbon emissions per flight, reducing fuel usage while lowering greenhouse gas emissions. • The fleets adopt paperless operations to reduce aircraft weight and implement low-carbon flight management.	S	I
	Shifting Consumer Tastes	• Procurement of next-generation aircraft models with high fuel efficiency and noise reduction to meet demand for low-carbon travel and to establish brand image.	M	I, D
Energy Sources	Use of SAF	• Participation in collaborations related to SAF, attending aircraft manufacturer conferences to promote SAF commercialization, ensuring stable supply and reasonable purchasing costs of sustainable fuel.	M	U, I
Resource Efficiency	Fuel-Saving Operations	• As a newly established global airline, possessing the latest and most energy-efficient aircraft models and fleets, offering competitive advantages over peers. • Establishment of fuel-saving teams to regularly discuss fuel-saving schemes, outlining specific plans to reduce fuel procurement costs and potential carbon levies and offsetting costs.	S	I
	Efficient Building Trends	• Evaluation of smart green building designs for the new headquarters, incorporating renewable energy facilities. • Accessing preferential interest rates by meeting the financing conditions for obtaining the Taiwan Green Building Silver Certification.	M	I

Note: 1. Code Description - Impact Timeline: S: Short-term (0-3 years), M: Medium-term (3-10 years), L: Long-term (through 2050)
2. Code Description - Value Chain Impact: U: Upstream Supply Chain, I: Internal Operations, D: Downstream Customers

2.2.2 Nature-related Strategy

STARLUX launched its TNFD implementation initiative in 2025, gradually integrating nature and biodiversity considerations into its operational management and supply chain assessment mechanisms. This initiative establishes a foundation for identifying nature-related dependencies, impacts, risks, and opportunities. Going forward, the results of these assessments will be incorporated into operational planning and major investment decision-making processes. During the development of the Taoyuan Aerotropolis, STARLUX will adopt green building standards, recycled materials, renewable energy solutions, and smart design measures to reduce potential impacts on the natural environment while enhancing operational resilience and sustainable development capabilities.

To better understand the implications of nature-related issues on the Company's operations and strategic development, STARLUX assessed the exposure of its operational sites to nature-related risks, as well as the dependencies and impacts of its operational activities on the natural environment. The assessment results indicate that some operational sites are located near ecologically sensitive areas or in regions with relatively high-water scarcity risks. In addition, aviation transport services are highly dependent on ecosystem services, particularly landscape value and climate regulation functions, and may also contribute to ecosystem disturbance and the spread of invasive alien species. The assessment results have been incorporated into the Company's nature-related risk and opportunity assessment process and serve as a reference for future operational planning and the development of management measures.

Identification Results of Ecologically Sensitive Areas for Operations

STARLUX follows the LEAP methodology recommended by the TNFD, which comprises four stages: Locate, Evaluate, Assess, and Prepare. In 2025, the Company conducted the "Locate" and "Evaluate" stages for its own operations, utilizing domestic and international tools recommended by the TNFD to identify key natural dependencies and impact factors.

The implementation and results of the ecological impact assessment indicate that some operational sites are located within or adjacent to ecologically sensitive areas. Among these sites, 26 locations in Japan are situated within 15 kilometers of ecologically sensitive areas, while 5 locations in Hong Kong and Macau are located directly within ecologically sensitive areas. In addition, 16 operational sites in Southeast Asia are in areas facing medium to high water scarcity risks.

The analysis results indicate that some of the Company's operational sites may be exposed to potential biodiversity- and water-related issues. These findings will be incorporated into the Company's nature-related risk and opportunity assessment process and taken into consideration in future operational planning and management decision-making.

Table 4. STARLUX Ecologically Sensitive Area Identification Results

Operating region	Number of Sites			Summary of Ecologically Sensitive Areas Identification Results
	Ecologically Sensitive Areas		Water stress area (Medium-High Risk and Above)	
	Within	≤ 15 km		
Taiwan	1	9	0	The Taichung Airport office is located at the Taiwan Ecological Network Concerned Area - West II Zone. This area serves as a critical corridor linking shallow mountain woodlands with coastal ecosystems, providing a sanctuary for various endemic species facing significant survival pressures, such as the leopard cat, ring-necked pheasant, Taiwan pear and Callery pear.
Japan	1	26	0	The Takamatsu Airport office in Japan is situated within the Ponds in Sanuki Plain, a priority area for biodiversity conservation designated as an "Important Wetland in Japan" and an Important Bird and Biodiversity Area (IBA). The ponds surrounding this biodiversity area serve as one of the most critical habitats in the Shikoku region for the Naniwa dragonfly, an extremely important protected species.
Hong Kong, Macau	5	3	2	The Macau International Airport office and cargo facility are situated in the Taipa-Coloane area, a priority zone for biodiversity conservation. As a vital wetland ecological resource and migratory bird habitat in Macau, this area is dedicated to the protection of species of the black-faced spoonbill and diospyros vaccinioides.
North America	0	5	6	Our business locations in the U.S. include Los Angeles, Ontario, and Phoenix, and the business locations in these three cities are all situated in high water stress areas, representing 50% of the total number of North American locations.
Southeast Asia	1	11	16	Several operational sites in the Southeast Asia region are located in areas facing medium-to-high water scarcity risks, with Vietnam accounting for the largest concentration, followed by Indonesia, Thailand, and the Philippines. The results indicate that some operational sites have a certain degree of dependence on water resources. STARLUX will continue to monitor changes in local water resource conditions and potential operational risks.

Nature Dependency and Impact Assessment Results

To better understand the interactions between its operational activities and the natural environment, STARLUX utilizes the ENCORE(Exploring Natural Capital Opportunities, Risks and Exposure) tool to conduct an ecosystem dependency and impact analysis across the Company's operating locations. The results indicate that the air transportation industry maintains a very high dependency on "visual amenity services" and "rainfall pattern regulation services." Regarding the impact dimension, "disturbances" and the "introduction of invasive species" are identified as having a very high level of impact. These findings help identify the Company's key nature-related issues and serve as a foundation for the subsequent management of nature-related risks and opportunities.

Table 5. STARLUX Nature Dependency and Impact Analysis Results

Ecosystem Service Dependency	Dependency Level		Nature-related Impact Items	Impact Level	
	Passenger	Cargo		Passenger	Cargo
Visual Landscape Services	●●●●●	--	Disturbances (e.g., noise, light pollution)	●●●●●	●●●●●
Rainfall Pattern Regulation Services	●●●●●	●●●●●	Introduction of Invasive Alien Species	●●●●●	●●●●●
Global Climate Regulation Services	○○●●●	○○●●●	GHG Emissions	○●●●●	○●●●●
Local (Micro- and Mesoscale) Climate Regulation Services	○○○●●	○○○●●	Land Use Area	○○●●●	○○●●●
Soil and Sediment Retention Services	○○○●●	○○○●●	Non-GHG Air Pollutant Emissions	○○●●●	○○●●●
Storm Regulation Services	○○○●●	○○○●●	Water Withdrawal	○○●●●	○○●●●
Water Flow Regulation Services	○○○●●	○○○○●	Fresh Water Use Area	○○○●●	○○○●●
Water Supply Services	○○○○●	○○○○●	Seabed Use Area	○○○●●	○○○●●

Ecosystem Service Dependency	Dependency Level		Nature-related Impact Items	Impact Level	
	Passenger	Cargo		Passenger	Cargo
Noise Reduction Services	○○○○●	○○○○●	Discharge of Toxic Pollutants into Water and Soil	○○○●●	○○○●●
Atmospheric and Ecosystem Dilution Services	○○○○●	○○○○●	Discharge of Nutrients and Pollutants to Water and Soil	--	○○○●●
Air Filtration Services	○○○○●	○○○○●	Solid Waste Generation and Disposal	○○○●●	○○○●●
Biological Control Services	○○○○●	○○○○●			
Visual Landscape Services	○○○○●	○○○○●			

Note: Dependency and Impact Level from High to Low:

●●●●●: Very High, ○●●●●: High, ○○●●●: Medium, ○○○●●: Low, ○○○○●: Very Low, --: Not Applicable

2.3 Risk & Impact Management

To effectively manage the potential impacts of climate- and nature-related issues on business operations, STARLUX has incorporated risk and impact management into its overall governance framework. Through a systematic process, the Company identifies, assesses, and manages climate- and nature-related risks and opportunities. In addition to its established climate risk management mechanisms, STARLUX is progressively expanding its assessment scope to include nature-related dependencies, impacts, risks, and opportunities to better understand the interactions between its operational activities and the natural environment. This section outlines STARLUX's management processes, key issue management approaches, and related management measures.

2.3.1 Risk Management Process

STARLUX has established the "Sustainable Development Practices Guidelines" and "Risk Management Procedures" to address key climate opportunities and risks. These documents outline the Company's approach to evaluating the current and future potential risks and opportunities associated with climate change, conducting and disclosing greenhouse gas inventories, implementing energy conservation and carbon reduction policies, and incorporating carbon credit acquisition into the Company's carbon reduction strategy. These measures are intended to mitigate the impacts of climate change on the Company's operational activities.

Each year, the Corporate Sustainability Committee, through the TCNFD Task Force, systematically collects peer sustainability reports, climate-related risks and opportunities identified in CDP Climate Change Questionnaires, and emerging trends in the aviation service industry. The TCNFD Task Force also conducts interviews with relevant departments to assess the impact and likelihood of various climate-related issues. These findings are consolidated to identify STARLUX's key annual climate risks and opportunities and are subsequently reported to the Corporate Sustainability Committee for review, enabling the Board of Directors to make resolutions and formulate corresponding

strategies.

Going forward, STARLUX will continue to follow the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and progressively incorporate nature-related dependencies, impacts, risks, and opportunities into its existing management mechanisms, thereby strengthening the integrated governance of climate- and nature-related issues.

Table 6. STARLUX Climate Risk Management Process

Gathering Issues	• Collect key climate risk issues from sources including the TCFD Guidelines, industry CDP questionnaires and sustainability reports, and trends in the aviation service industry.
Identifying Risks and Opportunities	• Conduct interviews with various units. • Each unit assesses the likelihood and impact of risks and opportunities and estimates their effects in the short term (0 to 3 years), medium-term (3 to 10 years), and long-term (>10 years) timeframes to formulate short-, medium-, and long-term response strategies.
Formulating Response Measures	• The Corporate Sustainability Committee integrates the analysis results of key climate risks and opportunities into the Company's overall operational and risk management strategies. Corresponding measures and targets are developed through discussions with responsible departments.
Tracking and Management	• The Corporate Sustainability Committee and its TCNFD Task Force regularly monitor and review the implementation of climate-related risk response measures, adjusting management strategies as necessary in response to changes in the internal and external environment and evolving risk conditions to ensure the effectiveness of response measures. • Responsible units periodically review implementation progress and submit annual reports on target achievement to the TCNFD Task Force, continuously strengthening climate governance and management effectiveness.

2.3.2 Key Issue Management Approaches

Through the aforementioned risk management process, STARLUX regularly identifies and assesses climate- and nature-related risks, impacts, and opportunities, which serve as an important basis for the development of management strategies and response measures. For key issues identified as having relatively significant potential impacts, the Company further analyzes their potential implications for operations, the value chain, and financial performance, and develops corresponding management approaches to mitigate risks, capture opportunities, and enhance corporate resilience. The management approaches adopted for these key issues are described below.

A. Management of Climate-related Risks and Opportunities

Based on the results of the climate-related risk and opportunity materiality assessment, STARLUX has identified key issues with significant potential impacts on its operations and financial performance. The Company further evaluates and manages their potential financial implications and corresponding response measures. Climate-related opportunities primarily arise from enhanced resource efficiency, the development of low-carbon products and services, and growing market demand for sustainable consumption. Climate-related risks, on the other hand, are mainly associated with market, technological, and cost pressures encountered during the transition process. To mitigate these risks and capitalize on transition opportunities, STARLUX continues to implement various carbon reduction and operational optimization initiatives while regularly reviewing the effectiveness of its strategic actions. The analysis results of the top three climate-related risks and opportunities are presented below.

Table 7. STARLUX Top Three Climate Risks and Opportunities

Category		Risk or Opportunity Issues	Potential Financial Impact	STARLUX Response Strategies
Resource Efficiency Enhancement	Opportunities	Fuel-Saving Operations	Reduction in operating costs Increase in operating revenue	• Provide a comprehensive fuel management plan to the Civil Aviation Administration, approved by the authority to reduce contingency fuel carried, thereby reducing fuel load and consumption, while increasing payload and consequently increasing operating revenue. • Through cross-unit collaboration, include all routes in the application for Reduced Vertical Separation Minimum (RVSM) operations, increasing cruising altitude to reduce air resistance and avoid turbulence, thereby reducing fuel consumption.
		Efficient Building Trends	Increase in capital expenditures Reduction in operating costs	• Construct a new headquarters with the goal of achieving Taiwan's Green Building Silver certification and architectural energy efficiency design principles and obtain preferential rates for ESG sustainable development loans. • Plan to install solar photovoltaic energy storage systems to achieve carbon reduction while maintaining stable power supply.
Consumer Preferences	Opportunities	Shifting Consumer Tastes	Increase in operating revenue	• Continuously introduce more fuel-efficient aircraft models compared to previous generations to reduce fuel usage and carbon emissions and specify in the procurement of new aircraft that the aircraft types must comply with SAF fuel standard documents, integrating them into the company's existing quality system or other management mechanisms. • Collaborate with Google and provide estimated carbon emissions for selected flights and cabin classes on the official booking platform, allowing passengers to calculate and understand the environmental impact of their flights.

Category		Risk or Opportunity Issues	Potential Financial Impact	STARLUX Response Strategies
	Transformation Risks	Demand for Greener Flights	Decrease in operating revenue	• Pay attention to the requirements and considerations of corporate partners regarding low-carbon flying, jointly seeking solutions to reduce the environmental impact of business travel. • Implement a flight carbon emissions calculator to provide consumers with the option of low-carbon flights, while continuously monitoring flight carbon emissions, allowing customers to continuously track and achieve the goal of sustainable low-carbon travel.
Low Carbon Aviation Products and Services	Transformation Risks	SAF Price Hike	Increase in operating costs	• Regularly participate in meetings of the Bureau of Standards, Metrology and Inspection under the Ministry of Economic Affairs, Civil Aviation Administration, and annual meetings of civil aircraft manufacturers to keep abreast of trends in SAF regulations and technological developments. • Formulate policies with reference to the ICAO Guidance on Potential Policies and Coordinated Approaches for the Deployment of Sustainable Aviation Fuels.
	Opportunities	Development and/or Expansion of Low-Carbon Aviation Services	Decrease in operating costs	• During the purchase of Unit Load Devices (ULDs), we prioritize weight considerations and expand optimized off-site washing processes to other long-haul routes to reduce on-board weight. • Manage meal supply situations and ensure that station personnel effectively handle on-site meal additions and subtractions to reduce resource waste and food leftovers.

B. Management of Nature-related Risks and Impacts

Based on the results of STARLUX's ecologically sensitive area identification and nature dependency and impact analysis, the transportation industry demonstrates a relatively high dependency on "visual amenity services" and "rainfall pattern regulation services." From the impact perspective, "disturbances" and the "introduction of invasive species" have been identified as the primary nature-related impact issues. STARLUX incorporates these findings into its nature capital-related risk management assessment and uses them as an important basis for the planning of subsequent management measures and the strengthening of internal control mechanisms.

Regarding the issue of the introduction of invasive species, aviation transportation may increase the risk of invasive species dispersal and illegal wildlife trade through cross-border passenger travel, cargo transportation, and the carriage of live animals. According to the results of the RouteRisk analysis, most of STARLUX's existing routes do not exhibit medium- to high-risk signals. Nevertheless, as a preventive measure, the Company has established management regulations for the transportation of live animals as an important control measure to mitigate the risks of illegal wildlife trafficking and biological invasions. Guided by the principles of biodiversity conservation and habitat protection, STARLUX's animal transportation policy explicitly prohibits the carriage of specific high-risk species and their derivative products. All related operations fully comply with the International Air Transport Association's (IATA) Live Animal Regulations (LAR), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the applicable regulatory requirements of authorities in the Company's operating locations. In addition, through its prohibited cargo management mechanism, STARLUX prohibits the transportation of high-risk items such as hunting trophies, wildlife specimens, ivory, and ivory products, thereby reducing potential adverse impacts on the natural environment and biodiversity.

Going forward, STARLUX will continue to deepen its management of nature-related issues in accordance with the

recommendations of TNFD. The Company will further assess the risks and opportunities arising from its nature-related dependencies and impacts, progressively establish management strategies, performance indicators, and monitoring mechanisms, and incorporate the related outcomes into its corporate governance and decision-making processes. Through these efforts, STARLUX will continue to strengthen its management effectiveness regarding natural capital and biodiversity while enhancing the Company's resilience to nature-related risks.

2.3.3 Risk Management Measures

STARLUX continues to incorporate environmental issues, including waste management, water resource management, energy management, and greenhouse gas management, into its operational management mechanisms to reduce impacts on the natural environment and strengthen its capacity to address climate- and nature-related risks. The corresponding management measures are summarized below.

Table 8. Summary of STARLUX Risk Management Measures

Management Topic	Key Management Focus
Waste Management	Following the 5R principles, STARLUX promotes source reduction, circular use, and green design. Waste reduction, reuse, and recycling practices are incorporated into office operations, cabin services, cargo operations, and catering services to minimize waste generation and environmental impacts.
Water Resource Management	Through water risk assessments, rainwater harvesting, water-saving equipment, and wastewater management measures, STARLUX improves water-use efficiency and operational resilience while reducing water scarcity risks and potential impacts on water resources.
Energy Management	In alignment with national net-zero policies, the ICAO Long-Term Aspirational Goal (LTAG), and the IATA net-zero pathway, STARLUX promotes the adoption of energy-efficient equipment, renewable energy planning, fleet renewal, and the application of Sustainable Aviation Fuel (SAF) to continuously reduce energy consumption and greenhouse gas emissions.

Greenhouse Gas Management	In accordance with ISO 14064-1, STARLUX conducts greenhouse gas inventories and third-party verification, continuously monitors emissions and carbon reduction performance, and uses the results as the foundation for carbon reduction strategy planning and net-zero transition management.

These management measures cover energy management, water resource management, waste management, and greenhouse gas reduction. Through the continuous enhancement of management systems, optimization of management mechanisms, and improvement of operational processes, STARLUX strengthens its capacity to address climate- and nature-related risks. For detailed information regarding management strategies, implementation results, and performance achievements, please refer to Chapter 5, “Environmental Sustainability,” of the 2025 STARLUX Airlines Sustainability Report.

2.4 Metrics & Targets

To effectively manage climate- and nature-related risks and opportunities, STARLUX has progressively established relevant management strategies, performance indicators, and targets in alignment with international disclosure frameworks and the Company's sustainable development objectives. Through regular monitoring and periodic reviews, STARLUX evaluates implementation effectiveness and management progress. With respect to climate-related issues, the Company has established management strategies and targets for key topics, including greenhouse gas emissions, transition risks, capital allocation, and internal carbon pricing. Regarding nature-related issues, STARLUX continues to follow the recommendations of the TNFD framework and is progressively developing a management approach for nature-related risks and opportunities to enhance overall corporate resilience and sustainable development capabilities.

2.4.1 Climate-related Metrics and Targets

In accordance with the recommendations of the TCFD, STARLUX has established relevant metrics and targets for key management topics, including greenhouse gas emissions, climate-related risks and opportunities, capital allocation, and

internal carbon pricing. Through regular monitoring and performance reviews, the Company tracks implementation progress and management effectiveness. The climate-related governance metrics and targets are presented below.

Table 9. Summary of STARLUX Climate-related Metrics and Targets

<table>
<tr><th colspan="2">Indicator types</th><th colspan="2">Management of Response Strategies and Objectives</th></tr>
<tr><td colspan="2" rowspan="2">Greenhouse Gas Emissions</td><td>Carbon Reduction Strategies</td><td>• Commit to fully cooperating with national net-zero emission pathways and strategies, working towards the goal of achieving net-zero carbon emissions by 2050.
• Develop carbon reduction plans and conduct goal checks and policy formulation every six months.</td></tr>
<tr><td>Carbon Reduction Performance and Targets</td><td>• For the 2025 goals, performance, and achievement status, as well as the 2026 goals and mid- and long-term targets, please refer to Section 1.4, "Identification and Analysis of Material Topics," in the STARLUX Airlines 2025 Sustainability Report.</td></tr>
<tr><td rowspan="3">Risks and Opportunities</td><td>Transformation Risks</td><td rowspan="3">After identifying STARLUX's material climate issues, which closely relate to enhancing energy efficiency, adopting lower-carbon fuels, offering consumers low-carbon flight experiences, and disclosing carbon information, relevant indicators and targets have been established to track progress.
• 2025 Annual Performance
In 2025, a total of 7,626,576.18 kilograms of fuel were saved, reducing carbon emissions by 24,099.98 metric tons.</td><td rowspan="3">Goals:
• Introduce low-carbon emission freighter A350F.
• In addition to procuring lightweight ULDs, reduce aircraft weight through controlling meal waste and implementing paperless onboard operations.</td></tr>
<tr><td>Physical Risks</td></tr>
<tr><td>Climate Opportunities</td></tr>
</table>

Indicator types	Management of Response Strategies and Objectives	
Capital Allocation	• In response to the expansion of the scale of operations and the consequent enlargement of its fleet, STARLUX, with strong support from its banking consortium, secured a syndicated loan of NTD 32 billion to introduce the most advanced and environmentally friendly aircraft models and to continue procuring aircraft and ground equipment equipped with carbon reduction technologies.	
Internal Carbon Pricing	• STARLUX complies with the International Civil Aviation Organization's CORSIA regulations, with carbon emissions in 2019 as the baseline. From 2025 to 2035, emissions must be reduced by 15%; if emissions exceed this threshold, the airline must purchase carbon credits for offsetting.	**Goals** • Continue monitoring internal carbon pricing strategies within the industry and participating in relevant meetings to effectively manage carbon risks and seize carbon opportunities through exchanges. Simultaneously, internalize the external costs of carbon emissions by incorporating these costs into decision-making and investment evaluations. • Internal carbon pricing will be gradually implemented in the future, with ongoing monitoring of market prices and social cost information as a reference for subsequent decisions
Compensation	• The Company plans to link remuneration with climate-related performance to ensure the effective implementation of climate risk and opportunity response actions within the organization.	**Goals** • Include the outcomes of corporate sustainability implementation in performance evaluations. • Future discussions will continue on issues and mechanisms related to remuneration for directors and senior management concerning climate risks and opportunities.

2.4.2 Nature-related Metrics and Targets

STARLUX launched its TNFD implementation initiative in 2025 and has progressively integrated natural capital, biodiversity, and ecosystem-related issues into its operational management and risk assessment mechanisms. During 2025, the Company completed the identification of ecologically sensitive areas associated with its operational activities, as well as nature dependency and impact analyses, thereby establishing a foundation for the management of nature-related risks and opportunities. Going forward, STARLUX will continue to follow the recommendations of the TNFD framework, progressively expand the scope of nature-related assessments, strengthen the evaluation of key suppliers and operational sites, and develop management strategies, performance indicators, and targets for nature-related risks and opportunities. Through these efforts, the Company aims to enhance its resilience to nature-related issues and improve biodiversity management performance.

3 Conclusion

As international sustainability disclosure requirements continue to evolve, the risks and opportunities faced by companies have expanded beyond climate change to encompass natural capital, biodiversity, and other sustainability-related issues. STARLUX will continue to monitor developments in the IFRS Sustainability Disclosure Standards, the TCFD, the TNFD, and other relevant international initiatives, while regularly reviewing and enhancing its governance, strategy, risk management, and disclosure mechanisms to strengthen corporate resilience and sustainability management effectiveness.

Looking ahead, in addition to continuously strengthening the management of climate- and nature-related issues, STARLUX will further align with international sustainability disclosure standards and emerging trends. The Company will continue to reference IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, IFRS S2 Climate-related Disclosures, the TCFD, the TNFD, as well as international standards, frameworks, and policy developments such as the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the European Union Emissions Trading System (EU ETS). Through these efforts, STARLUX will progressively enhance its sustainability governance framework, performance management mechanisms, and the quality of its sustainability disclosures.

At the same time, STARLUX will continue to assess the relevance of human rights, supply chain responsibility, and other material sustainability issues to its business operations. Through more comprehensive risk management, governance mechanisms, and disclosures, the Company seeks to respond to stakeholder expectations and steadily advance toward its goals of sustainable aviation and long-term value creation.