福懋興業股份有限公司
FORMOSA TAFFETA CO.,LTD.

2024 氣候相關風險財務揭露報告書

Task Force on Climate-Related Financial Disclosures

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Preamble

In recent years, global warming caused by greenhouse gas (GHG) emissions has brought significant risks to the global economy and is expected to impact an increasing number of businesses. However, it remains challenging for investors to identify which companies are vulnerable to climate change risks, which companies are adequately prepared, and which are actively taking response measures.

To address this issue, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD), which, after 18 months of consultation with numerous business and financial leaders, published the "Recommendations of the Task Force on Climate-related Financial Disclosures" in June 2017. The report provides clear guidance for the disclosure of climate-related risks and opportunities, offering a comprehensive framework that also links to financial reporting.

Formosa Taffeta Co., Ltd. (hereinafter referred to as "FTC"), in response to global trends, has registered as a TCFD supporter and is committed to disclosing the risks and opportunities associated with climate change in accordance with the TCFD Recommendations. FTC endeavors to fulfill its corporate responsibility and strategy, and aims to achieve a more rational and effective allocation of capital, thereby advancing its vision of a transition to a low-carbon economy.

Chapter I Governance

1.1 Company Profile

FTC has developed a diversified business portfolio, with major products including polyamide and polyester fabrics with special finishing, cotton fabrics, blended fabrics, filament and staple fiber woven fabrics, functional fabrics, staple yarns, specialty processed textiles, tire cords, polyethylene (PE) bags, bulletproof fabrics, flame-retardant home furnishing fabrics, carbon fibers, and composite materials. The Company also operates gas stations.

Today, FTC is recognized as one of the world's leading manufacturers in both production volume and quality of nylon filament and polyester taffeta fabrics. FTC places strong emphasis on quality management, innovation, and precision testing, and has established strategic alliances with internationally renowned suppliers. Through active participation in major global exhibitions and close collaboration with customers, FTC has built a solid reputation for excellence and mutual growth.

Company Name: Formosa Taffeta Co., Ltd.

Date of Establishment: April 19, 1973

Date of Listing: December 24, 1985

Capital: NT$16,846,646,370

1.2 Organization and Responsibilities

- **Board of Directors' Responsibilities**

The primary responsibilities of the Board of Directors of Formosa Taffeta Co., Ltd. (FTC) include approving material business decisions, ensuring the timely and transparent disclosure of corporate information, and maintaining legal compliance. The Board has also established the "Sustainable Development Best Practice Principles" to ensure that the Company integrates environmental sustainability, economic growth, and social welfare throughout its development process. By actively listening to stakeholder opinions and fulfilling its corporate social responsibility, the Company aims to achieve long-term sustainable operations.

The Board of Directors oversees the Company's climate change management initiatives. To further strengthen its oversight of sustainability-related matters, FTC established the "Sustainable Development Committee" under the Board of Directors in 2022. This Committee is responsible for reviewing sustainable development policies, strategies, and management guidelines, as well as supervising the promotion and implementation of related initiatives.

The Company reports the status of sustainability initiatives to the Board of Directors at least once annually. In 2024, the Board reviewed matters including the greenhouse gas (GHG) inventory results and the Company's climate-related financial disclosures under the TCFD framework.

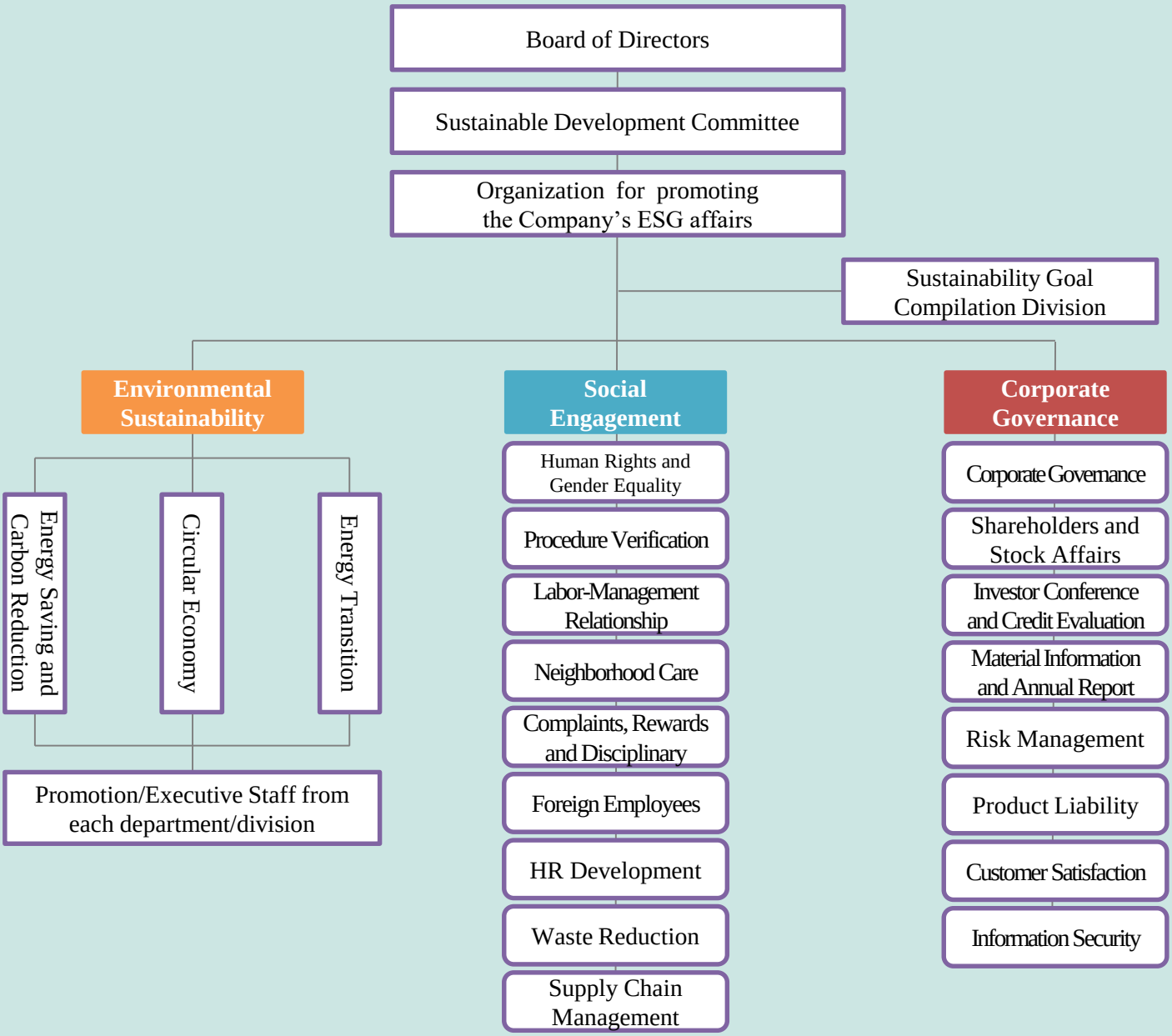
- **Management Responsibilities**

The Company has established a "Sustainability Committee" chaired by the President, with Vice Presidents of business units as Vice Chairs. The Committee oversees the Environmental Sustainability Department, Social Engagement Department, and Corporate Governance Department.

The Environmental Sustainability Department includes three groups: Energy Conservation and Carbon Reduction, Circular Economy, and Energy Transition. Each department and plant assigns staff responsible for collecting environmental data, identifying climate-related risks and opportunities, assessing material impacts, and proposing response measures.

Group leaders formulate action plans and report progress at monthly meetings chaired by the Committee. In 2024, key achievements included receiving the highest honor in the CDP Climate Change Questionnaire, and achieving Leadership Level in the CDP Water Security Questionnaire.

◆ Organization of Sustainable Promotion



1.3 Organizational Boundaries

Company	Description of Plant Site/Business Activities
Formosa Taffeta Co., Ltd.	• MainPlant/Plant II: Manufacturing of textile products, tire cords, and PE plastic bags • Petroleum Business Division: Distribution of oil-related products • Taipei Office: Distribution and trading of textile products
Formosa Development Co., Ltd.	• Located within the main factory of the parent company (FTC), primarily engaged in land development.
Formosa Taffeta (Hong Kong) Co., Ltd.	• Hong Kong Office: Distribution and trading of textile products.
Formosa Taffeta (Zhong Shan) Co, Ltd.	• Zhongshan Plant: Manufacturing of textile products.
Formosa Taffeta Vietnam Co., Ltd.	• Tay Ninh Plant: Manufacturing of textile products.
Formosa Taffeta (Dong Nai) Co., Ltd.	• Dong Nai Plant: Manufacturing of textile products.
Formosa Taffeta (Changshu) Co., Ltd.	• Changshu Plant: Manufacturing of textile products.
Public More Internation Company Ltd.	• Office: Human resource agency.

Chapter II Strategy

2.1Sustainability Strategy

FTC's sustainable development strategy focuses on integrating expertise with environmental responsibility by innovating green processes and products, promoting lean production, enhancing resource efficiency, adopting eco-friendly materials and renewable energy equipment, supplying ecologically safe products, and driving continuous growth to meet stakeholder expectations.

To achieve these goals, the Company has formulated the "7 Green Strategies," encompassing Green Building, Green Energy, Green Procurement, Green Production, Green Emissions, Green Products, and Green Supply Chain.

2.2 Short-Term Strategy (0~3 Years)

① Use of Low-Carbon Fuels

As part of the Company's broader energy transition strategy, one key initiative is to replace high-emission pyrolysis fuel oil (PFO) with lower-emission natural gas. This transition effectively reduces carbon emissions and air pollution charges. The PFO phase-out plan was launched in 2020 and was fully completed in 2024, resulting in an estimated reduction of approximately 12,000 tonnes of carbon emissions, or about 2.8%.

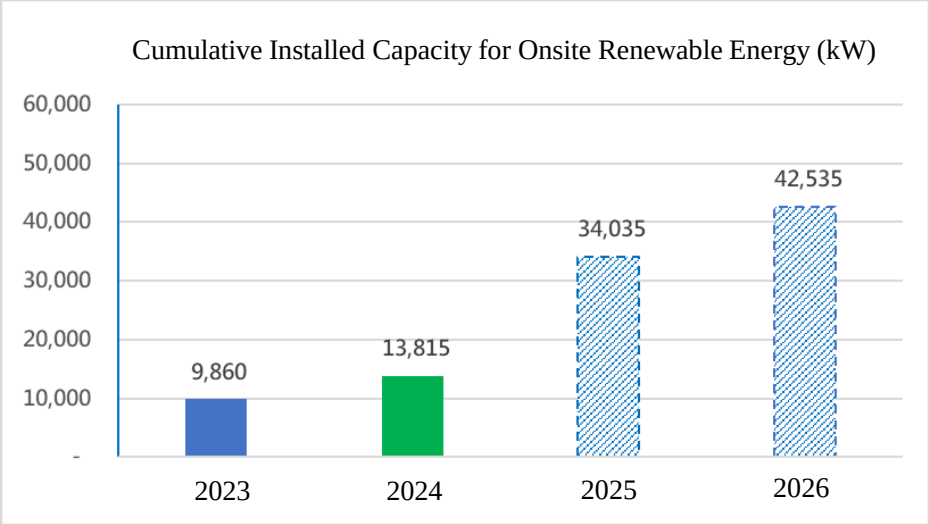
② Phase-Out of Coal Usage

Historically, the Company's primary energy sources were coal and purchased electricity. While coal is a relatively low-cost energy source, it carries a high carbon emission factor. In line with the Glasgow Climate Pact reached at COP26 and to address sensitivity to coal price fluctuations, the Company adopted a strategy to phase out coal usage. This includes decommissioning the coal-fired cogeneration units at the Taiwan facilities and shifting towards increased reliance on purchased electricity and natural gas. At the same time, the Company is replacing coal-fired boilers at the Vietnam Tay Ninh Plant with natural gas and biomass fuel. Full coal phase-out is expected to be achieved by 2025.

③ Dual Strategy for Renewable Energy Deployment

Onsite Renewable Power Generation: The Company has allocated available rooftop space across all plant sites to install solar photovoltaic systems. In Taiwan, a total capacity of 2,600 kW has been installed, with 100% of the electricity generated used for internal operations. Subsidiaries in Vietnam and China have also adopted this policy, and all sites are now equipped with solar power systems. By the end of 2024, the total installed capacity will reach 13,815 kW. Additionally, the Vietnam production facility plans to install 28,720 kW of additional solar capacity within the next two years, with the total installed renewable energy capacity expected to reach 42,535 kW.

Procured Renewable Power: The Company has entered into long-term Power Purchase Agreements (PPAs) with renewable energy suppliers for its major operating sites in Taiwan. Under the agreements, 2,600 MWh of green electricity will be supplied annually starting in 2026, increasing to 5,000 MWh per year from 2028. In Vietnam, the Company has initiated the development of a 1,000 kW wind power generation project combined with an energy storage system (grid-connected).



④ Dedicated Sustainability Team for Textile Products

To respond to the growing demand for sustainable supply chains, the Company has established a dedicated "Sustainable Development Team." This team is responsible for understanding and meeting brand customers' expectations, aligning with international sustainability standards such as the Sustainable Apparel Coalition (SAC) and Bluesign. The team autonomously sets sustainability goals and tracks performance to support the Company's long-term sustainable growth.

⑤ Carbon Pricing Strategy

In response to the "Climate Change Response Act" and the implementation of the " Regulations Governing the Collection of Carbon Fees" announced by Taiwan’s Ministry of Environment, FTC has proactively submitted a voluntary reduction plan, aiming to achieve the most stringent reduction targets to secure the most favorable carbon fee rates. The internal carbon pricing is aligned with the carbon fee rate announced by the Ministry of Environment and is set at NT$50 per ton. This internal carbon price is applied to assess greenhouse gas-related risks and opportunities within the Company.

⑥ Strengthening Resource Recycling and Reuse

FTC actively promotes the recycling and reuse of waste, wastewater, and exhaust gas to maximize resource value, reduce overall resource consumption, and minimize environmental impacts through the reduction of emissions. These initiatives contribute to the Company’s efforts in achieving circular economy objectives and enhancing environmental sustainability.

2.3Medium-Term Strategy (3~10 Years)

1 . AI-assisted Production Optimization

The dyeing process is a critical factor influencing the Right First Time (RFT) rate, and optimizing it is key to enhancing corporate competitiveness. FTC utilizes big data analytics combined with AI technology to develop predictive models that forecast the optimal dyeing curves to maximize RFT rates. This initiative not only reduces costs—such as raw material consumption, energy usage, and waste treatment—but also contributes to carbon reduction, aligning with the Company's sustainability vision. It is estimated that this optimization could lead to annual reductions in raw material, energy, and water resource costs.

2. Environmentally Friendly, Recyclable Materials and Low-Carbon Products

FTC's R&D strategy focuses on two key pillars:

A、Development of eco-friendly and recyclable products: In addition to using recycled nylon and polyester fibers to produce eco-friendly fabrics, FTC is actively developing two categories of low-carbon products:

(1) Non-petrochemical materials: FTC focuses on bio-based alternatives, such as castor oil and corn-derived materials, to produce bio-based polyamides like PA11, PA4,10, and PA5,6, replacing traditional petroleum-based PA6 and PA66 fibers. For example, PA4,10 is synthesized using 70% bio-based chemicals extracted from castor oil. It grows on arid land without competing with food crops or requiring extensive irrigation. Compared to conventional PA66 (6.5 kg CO_2e), PA4,10 achieves a significantly lower carbon footprint of just 1.9 kg CO_2e.

(2) Low-carbon manufacturing processes: FTC is integrating biodegradable fibers into existing weaving and dyeing processes. Once developed, garments produced with these materials can decompose within five years in landfill conditions, substantially reducing environmental impact.

B、Development of functional fabrics: FTC is also innovating in smart textiles, including the development of garments with active warning functions and thermal insulation capabilities.

2.4 Long-Term Strategy (11 Year and Beyond)

The Company's Sustainable Development Strategy: Seven Green Policies - FTC adheres to its "Seven Green" strategies to promote sustainable development:

2.4 Long-Term Strategy (11 Year and Beyond)

The Company’s Sustainable Development Strategy: Seven Green Policies - FTC adheres to its "Seven Green" strategies to promote sustainable development:

- ✓ Green Building: All new constructions and plant expansions are designed according to green building principles.
- ✓ Green Energy: Utilize renewable energy through direct supply, proprietary installations, and third-party sourcing.
- ✓ Green Procurement: Incorporate suppliers’ carbon-related performance into procurement management and evaluation criteria.
- ✓ Green Production: Reduce GHG emissions during production processes, with results reflected in product carbon footprints.
- ✓ Green Emissions: Use GHG emissions as key reduction indicators, subject to continuous third-party verification annually.
- ✓ Green Products: Continuously develop renewable and recyclable materials and actively promote them to customers.
- ✓ Green Supply Chain: Collaborate with upstream and downstream partners to implement carbon reduction initiatives and lower product-related emissions.

Chapter III Climate-Related Risks and Opportunities

3.1 Identification of Climate-Related Risks and Opportunities

The Company has integrated the identification of climate-related risks and opportunities into its ISO 14001 procedures to strengthen overall management mechanisms. An annual risk assessment of internal and external environmental issues is conducted, jointly led by the R&D, Energy Management, Occupational Health & Safety, and Sustainable Development departments. Each department evaluates the relevance and severity of identified issues from multiple perspectives in relation to business operations.

Risk scenario analysis is conducted in alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017), taking into account transition risks (policy and legal, market, technology, reputation), physical risks (chronic and acute), and opportunities (resource efficiency, energy, products and services, market, and resilience). A financial impact exceeding NT$20 million is considered an enterprise-level risk or opportunity, indicating a material financial impact.

3.2 Management of Material Risks

For events identified as material risks, corresponding management plans must be developed to minimize potential losses. The Company evaluates all feasible risk response options—categorized as risk elimination, risk mitigation, or risk diversification—and sets appropriate indicators. The final implementation strategy is determined through internal discussions. All management plans are subject to regular monitoring and are integrated into the Company's Environmental Management System (ISO 14001), ensuring alignment with the broader enterprise risk management framework.

Step 1

Collection of Issues:
Internal and external issues, as well as stakeholder communications, are consolidated for analysis.

Step 2

Identification of Climate-related Risks and Opportunities.

Step 3

Risk Assessment

1. financial impact
2. type of risk
3. timing of impact
4. affected stakeholders across the value chain
5. risk likelihood
6. identification of risk drivers

Step 4

material risk

If the estimated financial impact of a risk exceeds NT$200 million, it is classified as a material risk. Corresponding targets and mitigation measures are then established, followed by monitoring and review.

3.3 Climate-Related Risks, Opportunities, and Response Strategies

To provide a comprehensive overview of the climate-related risks and opportunities identified in Section 3.2, the Company has summarized the associated financial impacts and corresponding response strategies in the following tables:

◆ Transition Risks

Risk Type	Climate-related Issue	Potential Financial Risk	Timeframe of Impact	Response Strategy
Policy and Legal	Taiwan climate policy - Renewable Energy Development Act - Climate Change Response Act - Cost of purchased electricity	Regulatory compliance costs (e.g., renewable energy surcharge, carbon fees)	Short term	Adopt the favorable carbon fee Option A (NT$300/ton reduced to NT$50/ton); achieve a 42% emissions reduction in 2030 compared to 2021 levels.
	Vietnam climate policy - Government reporting requirements	Administrative compliance costs	Short term	Fulfill local regulatory reporting obligations
	China climate policy - Government reporting requirements	Administrative compliance costs	Short term	
Technology	Low-emission/low environmental impact technologies and alternatives to existing technologies	High production costs of waterless dyeing technologies; products lack scalability due to insufficient order volume, resulting in weak sales performance.	Short term	Develop new customer base and modify equipment to enable production of other waterless dyeing products
		Low yield rate due to instability in early-stage AI adoption may lead to increased consumption of raw materials and energy, thereby raising operational costs.	Short term	Strengthen trial protocols and standardize processes to improve product quality

◆ Transition Risks

Risk Type	Climate-related Issue	Potential Financial Risk	Timeframe of Impact	Response Strategy
Market	Customer demand for sustainable/environmentally friendly/low-carbon products	Failure to meet customer expectations may result in loss of revenue	Medium term	- Conduct R&D on recyclable products and low-carbon production processes - Phase out coal usage and achieve zero-coal target by 2025
	Volatility in international fossil fuel prices	Rising coal and natural gas prices may increase operating costs	Current	- Improve energy efficiency - Reduce dependency on fossil fuels - Explore opportunities for self-generation of renewable energy (e.g., solar power)
	Increase in raw material supplier pricing	Rising raw material costs may reduce Company profitability	Medium term	- Establish long-term contracts with key suppliers to reduce risk - Diversify raw material sources
Reputation	Reputational risks associated with fossil fuel-based products	Brand customers shifting toward the use of sustainable and recyclable products may result in decreased revenue	Medium term	Continue investing in the development of sustainable/environmentally friendly (non-petrochemical) products

◆ **Physical Risks**

Risk Type	Climate-related Issue	Potential Financial Risk	Timeframe of Impact	Response Strategy
Acute	Extreme weather events (e.g., heavy rainfall, typhoons) – Parent company sites	- Flooding in plant areas may damage equipment, affecting partial production operations and increasing capital expenditures on equipment replacement - Impact on employee commuting safety - Flooding in the plant area may lead to wastewater tank overflow, resulting in reputational damage and a potential decline in customer orders. - Production equipment may be damaged, leading to increased capital expenditures and potential delays in product delivery.	Short, medium and long term	- Strengthen emergency response measures - Conduct regular inspections and cleaning of drainage systems - Maintain comprehensive insurance coverage
	Extreme weather events (e.g., heavy rainfall, typhoons) – Subsidiary sites			
Chronic	Sea Level Rise	Parent Company: None	None	- Monitor changes in sea level and water levels
		Subsidiary: Production suspension	Long term	
Market	Drought (Increase in consecutive dry days)	Delay in product delivery, breach of contract penalties	Long term	- Continue investing in water recycling solutions - Participate in Taiwan's secondary water source initiatives (e.g., reservoir development) - Prepare production backup capacity
	Increase in Average Temperature	Decline in revenue and profit due to decreased sales/orders for cold-weather products	Long term	- Develop temperature-adaptive products to support sales
		Higher air conditioning power consumption and operating costs		- Continuously improve energy efficiency (e.g., ISO 50001 Energy Management System)

◆ Climate-related Opportunities

Opportunity Type	Climate-related Issue	Potential Financial Opportunity	Timeframe of Impact	Response Strategy
Resource Efficiency	Smart Factory AI Planning	Reduce electricity, water, and raw material costs	Current	Integrate big data analytics with AI modeling to improve the RFT rate
	ISO 50001 Energy Management Program	- Reduce operating costs of power - Reduce uncertainties associated with GHG-related regulations.	Current	Implement ISO 50001 certified energy-saving measures and monitor results through energy efficiency committees
	Wastewater Recycling System	Improve sustainability reputation, strengthen customers' trust, and increase potential revenues from sales orders	Current	Invest in wastewater recycling systems to increase recycling rates and reduce dependence on freshwater
Market	Opportunity to switch from fossil fuels	- Reduce uncertainty related to future climate regulations - Reduce the Company’s carbon emissions	Current	- Retrofit existing fuel-based heating systems to use lower-emission fuels (natural gas) to reduce carbon emissions - Adopt rice husk biomass fuel to lower air pollution and reduce carbon emissions

◆ Climate-related Opportunities

Opportunity Type	Climate-related Issue	Potential Financial Opportunity	Timeframe of Impact	Response Strategy
Resource Efficiency	Smart Factory AI Planning	Reduce electricity, water, and raw material costs	Current	Integrate big data analytics with AI modeling to improve the RFT rate
Products and Services	Eco-friendly and Low-carbon Products	- Capitalize on emerging market trends and brand client demand, increasing product sales - Reduce emissions during the product-use phase to enhance environmental sustainability performance	Short term	Continue collaboration with international partners to expand the use of recycled materials and allocate intelligent and automated R&D resources
Resilience	Alternative Raw Materials	- Reduce dependence on fossil fuels in packaging products	Current	Increase biomass material content from 30% to 50%, achieving a 20% improvement in renewable content

3.4 Scenario Analysis

FTC has adopted the TCFD guidelines and conducted scenario analysis based on three distinct climate-related scenarios to evaluate potential operational and financial impacts.

① INDC Scenario:

Under this nationally determined contribution (INDC) scenario, Taiwan aims to reduce greenhouse gas (GHG) emissions by 20% below 2005 levels by 2030, targeting an emissions cap of 214 million metric tons. This scenario outlines policy implications for seven key sectors: energy, industry, residential, commercial, transportation, agriculture, and waste—each potentially impacting the Company.

Under the Business-As-Usual (BAU) trajectory, national emissions could reach 428 million metric tons by 2030, while the INDC target remains at 215 million metric tons. Taiwan's energy policy also excludes nuclear power by 2030.

Due to the lack of an official electricity price projection by Taiwan Power Company (TPC) for 2030, FTC estimated potential energy cost increases by referencing TPC's published data on energy mix, unit prices, and power sales. If Taiwan increases its renewable energy share from 4.9% in 2018 to 40% by 2030 as targeted, electricity costs may rise by 50% due to higher renewable energy generation costs. The estimated impact on FTC’s operational costs under this scenario would be an increase of approximately 0.6%.

② Well-below 2℃ Transition Scenario

FTC adopted the Science Based Targets initiative (SBTi) framework to evaluate risks under the Well-below 2℃ scenario. According to SBTi guidance, emissions must be reduced by 2.5% annually. If renewable electricity procurement is the primary mitigation strategy, the estimated cost of achieving the target by 2027 would result in a 1.4% increase in FTC’s operational costs.

③ Physical Risk Scenario

For Taiwan-based operations, FTC applied the Shared Socioeconomic Pathways (SSPs) defined in the IPCC Sixth Assessment Report (AR6) to model future emissions scenarios, including low (SSP1-2.6), medium (SSP2-4.5), high (SSP3-7.0), and very high (SSP5-8.5) pathways. Using data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), FTC assessed key climate indicators such as temperature rise relative to 1850–1900 and projected mid-term (2041–2060) physical impacts. Disaster risk data from the National Science and Technology Center for Disaster Reduction (NCDR) was also incorporated to assess the acute and chronic physical risks of flooding, extreme heat, drought, and landslides for each plant location.

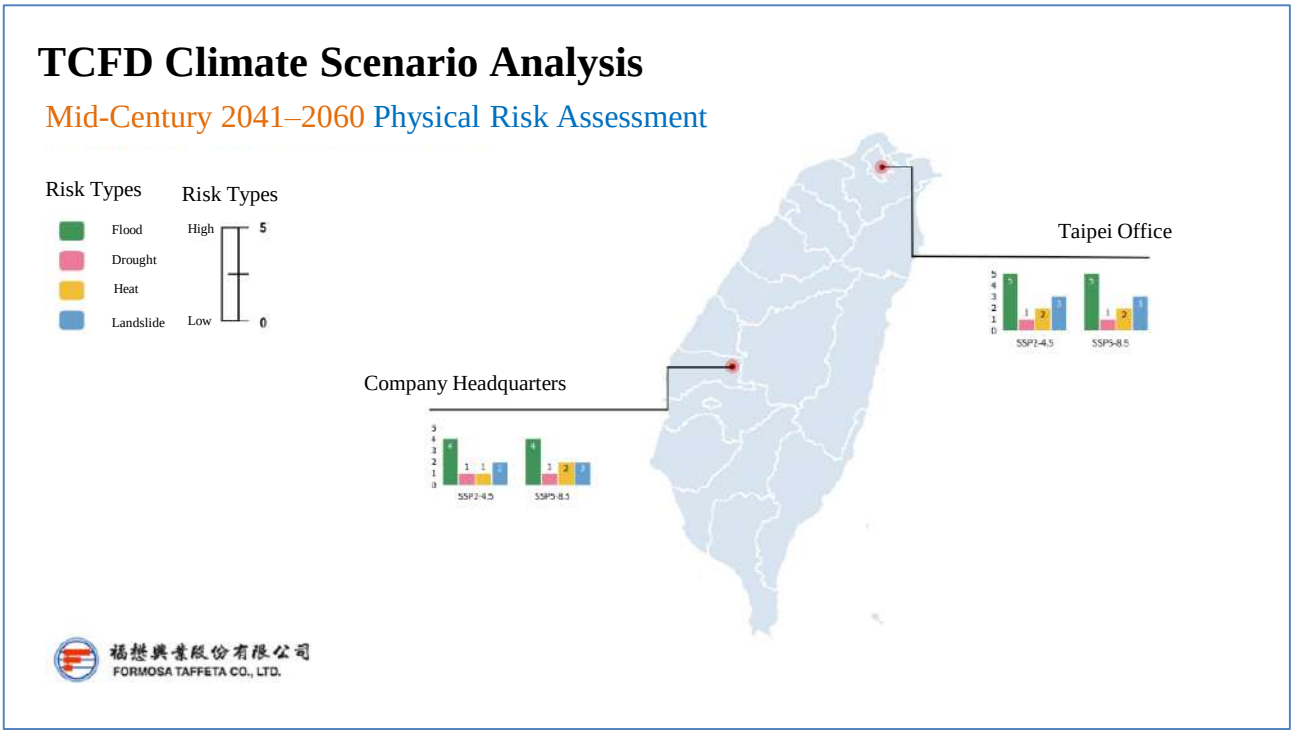
As TCCIP data is limited to Taiwan, FTC used alternative risk modeling tools to assess physical climate risks for its overseas manufacturing sites.

◆ Climate Impact Assessment – Taiwan Operating Sites

	MainPlant/Plant II
Average Temperature Change (°C, mean)	+ 1.6 °C
Maximum Daily High Temperature Change (°C, mean)	+ 1.6 °C
Extreme Heat Duration Index – HWDI (days, mean)	+ 46.6 days
Total Precipitation Change Rate (%, mean)	+ 7.7 %
2060 Flood Depth Inundation Risk	No inundation risk within 500-meter radius
Sea Level Rise Inundation Risk	No inundation risk within 500-meter radius
Total Rainfall Volume (%, mean)	+ 7.7%

* Note: These figures are based on SSP5-8.5 scenario, assuming mid-century (2041–2060) climate projections for extreme climate risk management.

◆ Physical Risk Assessment for Mid-Century 2040–2060



Plant Site	Scenarios	Acute Flooding			Drought			High temperature			Landslide		
		Short term	Medium term	Long term	Short term	Medium term	Long term	Short term	Medium term	Long term	Short term	Medium term	Long term
Taipei Office	SSP1-2.6	5	5	5	1	1	1	1	1	1	3	3	3
	SSP2-4.5	5	5	5	1	1	1	1	1	3	3	3	3
	SSP3-7.0	5	5	5	1	2	3	1	2	4	2	3	3
	SSP5-8.5	5	5	5	1	1	3	1	2	5	2	3	4
Company Headquarters	SSP1-2.6	4	4	4	1	1	1	1	1	1	2	2	2
	SSP2-4.5	4	4	4	1	1	1	1	1	2	2	2	2
	SSP3-7.0	4	4	4	1	1	2	1	1	3	2	2	2
	SSP5-8.5	4	4	4	1	1	2	1	2	4	2	2	2

*Note 1: A score of 5 represents the highest level of risk, while a score of 1 represents the lowest.

*Note 2: Data is based on the updated 2024 database from the Taiwan Climate Change Projection and Information Platform (TCCIP).

Disaster Potential	Main Plant	Plant II
Potential debris flow streams		
Large-scale landslide-prone areas		
Dip slopes		
Rock mass movement		
Rockfall and debris slides		
Falling rocks		
Soil liquefaction potential zones		
Active fault zones		

- No Risk (No hazard zones within a 500-meter radius)
- Low Risk (Not directly located in a hazard zone, but within 500 meters of one)
- Medium Risk (Directly located in a low hazard zone)
- High Risk (Directly located in a medium or high hazard zone)

The acute flooding scenario is based on flood simulation maps provided by the National Science and Technology Center for Disaster Reduction, using 650 mm of accumulated rainfall over a 24-hour period as the evaluation parameter. This highlights the need for the Company to remain vigilant regarding flood risks posed by extreme rainfall events. Upon reviewing the drainage capacity and corresponding response procedures (typhoon contingency plans and emergency response procedures) of the two sites, it has been confirmed that both facilities possess adequate capability to manage such heavy rainfall scenarios, thereby minimizing potential disruptions to production.

◆ Analysis Results of Overseas Operating Facilities

Climate Disasters	Scenarios	overseas operations			
		Dong Nai	Tay Ninh	Zhongshan	Changshu
Heavy Rainfall	SSP1-2.6	5	5	2	5
	SSP2-4.5	5	5	2	5
	SSP3-7.0	5	5	2	5
	SSP5-8.5	5	5	2	5
Sea Level Rise	SSP1-2.6	3	5	1	1
	SSP2-4.5	3	5	1	1
	SSP3-7.0	3	5	1	1
	SSP5-8.5	3	5	1	1
Drought (RCP)	RCP-2.6	1	1	2	1
	RCP-4.5	1	1	2	1
	RCP -6.0	1	1	2	2
	RCP-8.5	1	1	1	2

Risk Level Categorie
No Risk
1
2
3
4
5
No Data

*Note 1: The scenario tools applied to overseas operations do not include SSP scenarios; therefore, RCP scenarios are used to represent future climate conditions for overseas sites.

*Note 2: Data sources for landslides and slope disaster assessments are only available for Taiwan.

The acute flooding scenario is based on international simulation data, which considers the combined effects of extreme rainfall and sea level rise. The results highlight the need for the Company to remain vigilant regarding flood risks caused by heavy rainfall. Upon reviewing the drainage capacity and emergency response procedures (e.g., typhoon preparedness and emergency plans) of our overseas subsidiaries, each site was found to have sufficient capacity to respond effectively to heavy rainfall scenarios, thereby minimizing disruption to operations.

In the long term, sea level rise may pose a risk to production at our subsidiary in Vietnam. To address this, we have conducted a comprehensive review of the plant's drainage systems and are closely monitoring sea level trends.

Chapter IV Metrics and Targets

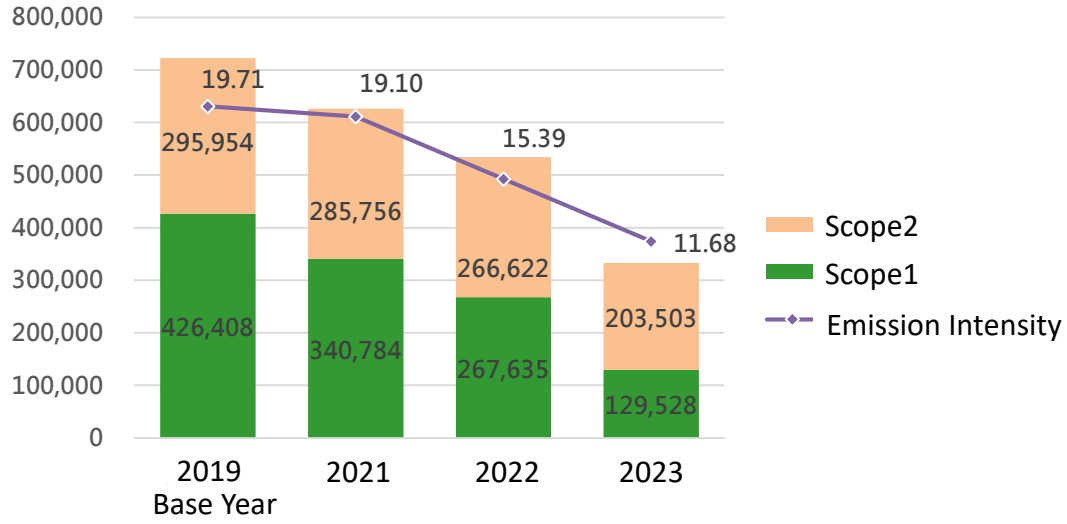
4.1Carbon Reduction Target

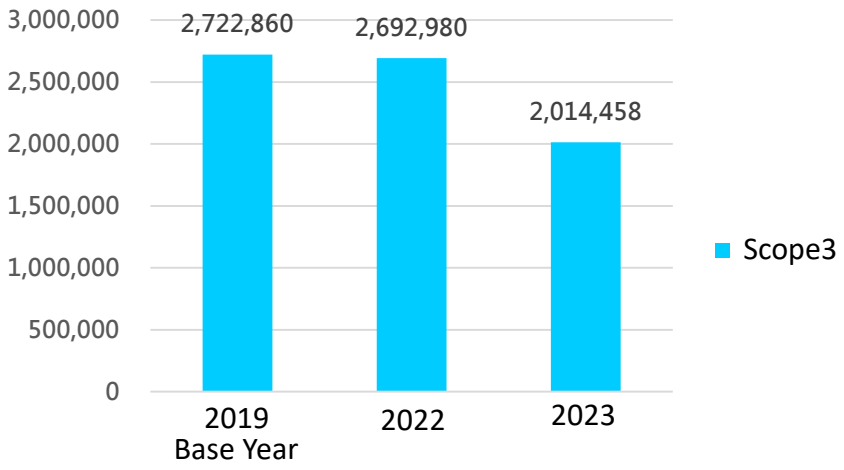
The Company has completed the validation process with the Science Based Targets initiative (SBTi) and has officially set science-based targets (SBTs). For Scope 1 and Scope 2 emissions, an absolute near-term target was set under the Well-Below 2°C (WB2°C) scenario using the market-based method. The base year is 2019, with a target year of 2027, aiming for a total reduction of 26.3% over the 8-year period.

For Scope 3 emissions, the Company also adopted an absolute near-term target aligned with the WB2°C scenario, targeting a 20% reduction from the 2019 base year to 2027.

Annual greenhouse gas inventories will be conducted and disclosed in the environmental chapter of the Company's sustainability report. All emissions data will be verified by a third-party organization to ensure accuracy.

The significant reduction in emissions—26%—is primarily attributable to the cessation of coal-fired cogeneration at the Taiwan plant in 2022. During the transition, electricity was sourced from Taipower, which has a lower emission factor. Additionally, a self-owned 2,600 kW solar photovoltaic system was installed and put into operation, further contributing to emission reductions.





*As Scope 3 emissions for 2024 are still under calculation and verification, the relevant data was not available prior to this report's publication and will be disclosed through other public channels upon completion.

4.2 Other Target

The Company sets annual targets for water, electricity, and steam consumption per unit of product.

Water Saving 5%: Based on either 95% of the previous year's actual unit product water consumption or the previous year's target value, whichever is more stringent. Unit: tons/unit product.

Electricity Saving 5%: Based on either 95% of the previous year's actual unit product electricity consumption or the previous year's target value, whichever is more stringent. Unit: tons/unit product.

Steam Saving 5%: Based on either 95% of the previous year's actual unit product steam consumption or the previous year's target value, whichever is more stringent. Unit: tons/unit product.

4.3 Other Indicators

The Company has established an economic intensity indicator to monitor the progress of its decarbonization efforts within its business model. The unit of measurement is tons of CO_2e per NT$1 million in revenue. In response to the SBTi initiative, the Company recalculated this indicator starting from 2019.

◆ Emissions Comparison Table (Intensity Indicator)

Year	Scope 1-3 Emission Intensity Indicator (Ton-CO_2e per NT$1 million revenue)	Comparison with Base Year (%)
2019	93.7	-
2022	92.9	-0.9%
2023	82.4	-12.1%
2024	In Progress	

4.4 Other Data

The Company compiles and discloses its total energy consumption in the Environmental section of the Sustainability Report.

◆ Energy Consumption Statistics

Unit: Gigajoules (GJ)

	2019	Ratio	2024	Ratio
Coal	3,550,486	55.6%	30,750	0.77%
Fue Oil	707,765	11.1%	0	0
Diesel	2,725	0.0%	1,378	0.03%
Natural Gas	468,522	7.3%	1,521,267	37.88%
Liquified Petroleum Gas	-	-	451,781	11.25%
Purchased Electricity	1,402,851	22.0%	1,125,458	28.02%
Purchased Steam	256,280	4.0%	724,597	18.04%
Renewable Energy	-	-	47,988	1.19%
Biomass Fuel	-	-	123,988	3.09%
Total Energy Consumption	6,388,629	100%	4,015,921	100%

Appendix: Report Management

Editorial Principles

This report has been prepared primarily in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017). Based on the core elements of governance, strategy, risk management, and metrics and targets, the Company outlines the strategies and measures adopted in response to climate change.

Boundaries and Scope of Report

The data presented in this report covers the period from January 1, 2024, to December 31, 2024. The reporting boundaries include the parent company and its subsidiaries. If any disclosed data differs, it is noted in the respective sections.

Overview of Report Issuance

Date of issuance of the previous year's report: June 2024

Date of issuance of the current report: August 2025

Expected date of issuance of the next report: 2026

Contact Information

Contact Unit: Safety and Health Division, Project Audit Group

Contact Person: Po-Sheng Wang, Assistant Administrator

Telephone: +886-5-557-7158

Email: t142001@ftc.com.tw

Appendix TCFD Index

Category	Recommended Disclosures	Corresponding Chapters	Page
Governance	Describe the monitoring of climate-related risks and opportunities by the Board of Directors.	Chapter I Governance	2
	Describe the management's process in assessing and managing climate-related risks and opportunities.	Chapter I Governance	2
Strategy	Describe the short, medium and long term climate-related risks and opportunities already identified by the organization.	Chapter III Climate Related Risks and Opportunities	10
	Describe the climate-related risks and opportunities that cause major impacts to the business, strategy, and financial planning of the organization.	Chapter III Climate-Related Risks and Opportunities	10
	Describe the organization’s strategy resilience incorporating the different scenarios of climate change, including 2° or a more severe scenario.	Chapter II Strategy	11

Appendix TCFD Index

Category	Recommended Disclosures	Corresponding Chapters	Page
Rish Management	Describe the processes for the identification or assessment of climate-related risks by the organization.	Chapter III Climate-Related Risks and Opportunities	10
	Describe the processes for managing climate-related risks by the organization.	Chapter III Climate-Related Risks and Opportunities	10
	Describe the organization's procedures for identifying, assessing, and managing climate-related risks and how these are integrated and incorporated into the overall risk management.	Chapter III Climate-Related Risks and Opportunities	10
Metrics and Targets	Disclosure of the indicators used by the organizations for the evaluation on climate-related risks and opportunities complying to their strategies and risk management processes.	Chapter IV Metrics and Targets	20
	Disclose the emissions and related risks for Scope 1, 2, and 3.	Chapter IV Metrics and Targets	20
	Describe the organization goals for managing climate-related risks and opportunities and the performance of related goals.	Chapter IV Metrics and Targets	20

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