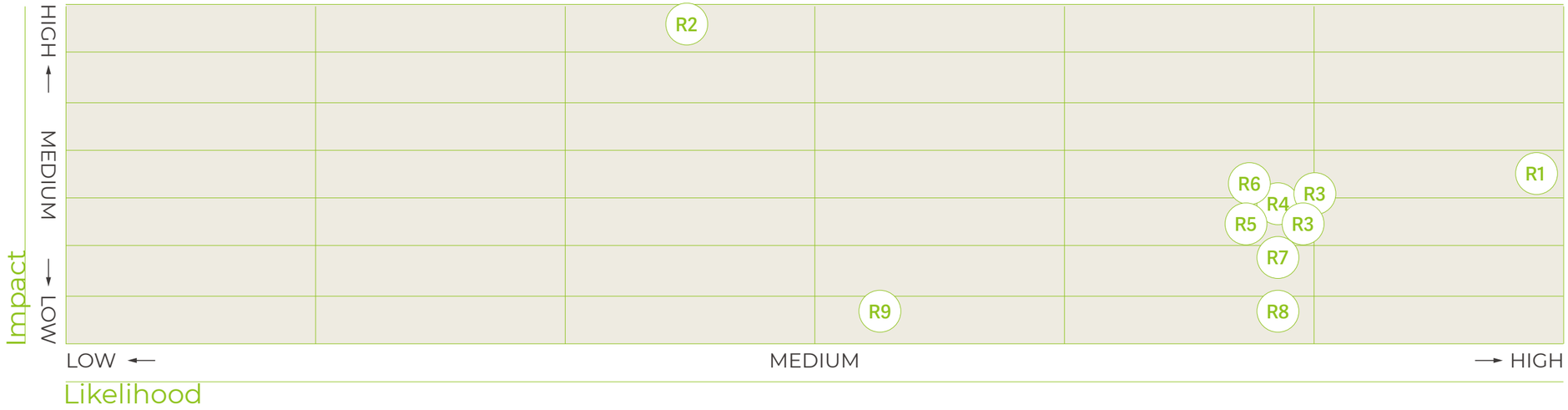
Climate Change Governance(TCFD)

In response to global trends in mitigating and adapting to climate change, Molicel is committed to energy conservation and carbon reduction. The company has voluntarily adopted the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines to establish a risk management framework to identify significant risks and opportunities that climate change might pose to Molicel and proposes corresponding strategies responses.

In 2024, Molicel hosted the first TCFD Workshop, inviting department heads to discuss and analyze climate change-related risks and opportunities. The workshop aims to develop related risk mitigation and prevention measures, thereby reducing risks and seizing opportunities. Three Molicel high-risk factors and three high-opportunity factors were identified, and the climate change risk matrix and opportunity matrix are shown in the figure below:

Climate Change Governance(TCFD)

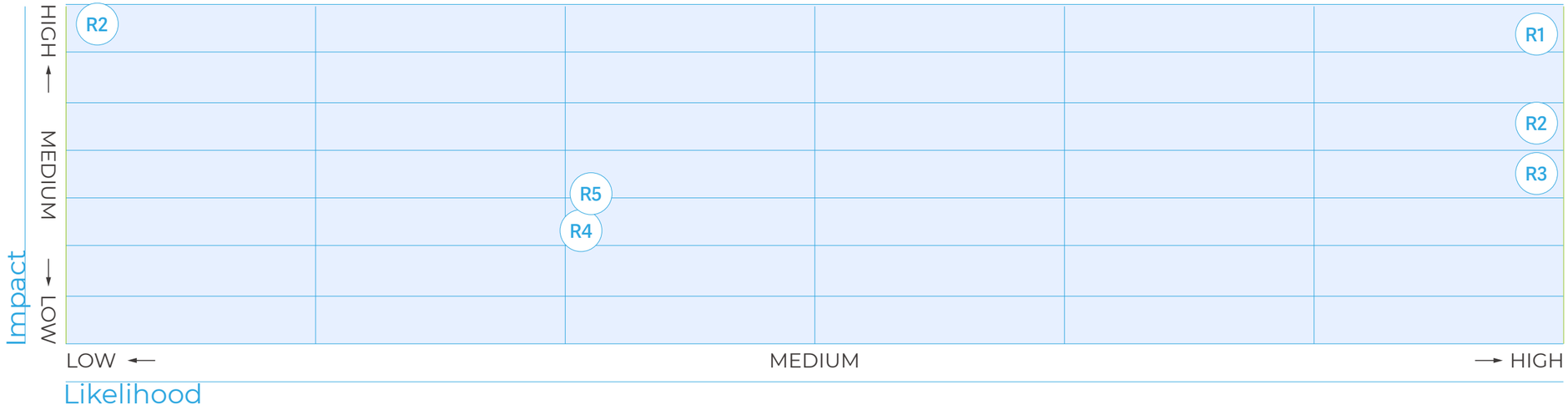
Climate Risks Matrix



- **R1** Increased severity of extreme events such as typhoons and floods
- **R2** Increased costs of electricity and raw materials
- **R3** Enhanced emissions-reporting obligations
- **R4** Changing customer behavior
- **R5** Stigmatization of sector
- **R6** Increased stakeholder concern or negative stakeholder feedback
- **R7** Increased pricing of gGHG emissions
- **R8** Substitution of existing products and services with lower emissions options
- **R9** Changes in precipitation patterns and extreme variability in weather patterns

Climate Change Governance(TCFD)

Climate Opportunities Matrix



R1 Shift in customer preferences
R2 Recycling and reuse
R3 Development of new products or services through R&D and innovation
R4 Use of more efficient modes of transport
R5 Reduced water usage and consumption
R6 Utilization of renewable energy and energy storage technologies

Climate Change Related Risk and Opportunity Management Strategies

Risks	Time	Impact Content	Coping Strategy
Increased severity of extreme events such as typhoons and floods	Short term	**Risk Impact** ◆Flooding may damage or shut down equipment. ◆Customers or our battery assembly plants may be affected by wind and flood disasters, causing assembly line interruptions, sudden order reductions, and thereby affecting production volume and turnover of Molicel ◆Extreme weather disasters may cause accidents and injuries to personnel during commuting, or prevent personnel from attending work **Financial Impact** ◆Decreased revenue; equipment maintenance or scrapping leads to increased operating costs	◆Establish a risk fund to prepare for the needs of extreme climate change events ◆Strengthen infrastructure and equipment protection, reinforce the structural endurance of factory buildings and equipment storage areas, and improve drainage systems ◆Actively monitor the climate risk of upstream suppliers to actively adjust preparations ◆Regularly announce rainy day vehicle defense advocacy information; and conduct traffic safety advocacy related education and training

Climate Change Related Risk and Opportunity Management Strategies

Risks	Time	Impact Content	Coping Strategy
Increased costs of electricity and raw materials	Short to medium term	**Risk Impact** ◆Due to climate-related regulations, the operational costs of suppliers have increased, which in turn has been passed on to the costs of raw materials ◆Climate disasters cause supplier chain disruptions, resulting in material shortages that have increased costs ◆Due to electricity shortages, turning to purchase renewable energy leads to a continuous increase in electricity costs **Financial Impact** ◆The cost of raw materials and electricity rises lead to an increase in operating costs	◆Long-term fixed pricing with suppliers to stabilize the supply source and price of raw materials ◆Evaluate energy-saving schemes, improve electricity efficiency, reduce electricity consumption

Climate Change Related Risk and Opportunity Management Strategies

Risks	Time	Impact Content	Coping Strategy
Enhanced emissions-reporting obligations	Short term	**Risk Impact** ◆In response to the requirements of the EU Battery Regulation and Taiwan Climate Change Response Act, it is necessary to strengthen the disclosure of GHG inventory and product carbon footprint information ◆Collect supplier's GHG emission information, communication and management costs increase	◆Promote the establishment of internal carbon management mechanisms ◆Obtain ISO 14064-1 third-party certification annually ◆Promote the product carbon footprint inventory and gradually expand to all products
		Financial Impact ◆The cost of raw materials and electricity rises, leading to an increase in operating costs	

Note: Definition of time range: Short term: 2024-2026, Medium term: 2027-2030, Long term: 2031-2050.

Climate Change Related Risk and Opportunity Management Strategies

Opportunities	Time	Impact Content	Coping Strategy
Shift in customer preferences	Medium to long term	**Risk Impact** ◆As consumers/clients become more aware of climate issues, they choose low-carbon and energy-saving products, such as electric cars, which increases the demand for related components	◆Enhance product performance with high-capacity and high-charge-discharge ◆Develop low-resistance products to reduce energy consumption, less prone to heat and increase safety ◆Implementing automation in production lines and an energy management system, ISO 50001, to save energy in the plant and increase production
		Financial Impact ◆Increased market demand leads to increased revenue	

Climate Change Related Risk and Opportunity Management Strategies

Opportunities	Time	Impact Content	Coping Strategy
Recycling and reuse	Long term	**Risk Impact** ◆Reuse waste from manufacturing processes to enhance resource recycling ◆Use recycled raw materials to reduce the carbon footprint of products, while meeting regulations and customer expectations ◆Improve product recyclability and extend product life cycle ◆Establish a product recycling mechanism to reintroduce materials into the production process, achieving circular economy benefits **Financial Impact** ◆Enhance product value to meet market demands, leading to increased revenue.	◆Recycle and extract black mass from waste cathode and waste cathode slurry generated during the manufacturing process for reuse ◆Waste wooden boxes and pallets used for raw material procurement are provided to manufacturers for gasification power generation, achieving resource recycling and zero waste ◆Partner with excellent suppliers to use low-carbon production materials, and introduce better quality materials ◆Initiate cooperative development projects for the recycling and reuse of raw materials, reducing resource consumption and waste in manufacturing ◆Cooperate with recyclers and invest in the research of waste battery recycling procedures to develop new technologies that transform waste materials into reusable materials

Climate Change Related Risk and Opportunity Management Strategies

Opportunities	Time	Impact Content	Coping Strategy
Development of new products or services through R&D and innovation	Medium to long term	**Risk Impact** ◆Invest in the development of advanced energy storage solutions ◆Continuously develop high-security and high-energy density batteries to maintain a competitive advantage in the market ◆Develop low-carbon products to expand the product application market	◆Continuously develop batteries with high-density for applications requiring high power transfer efficiency, such as eVTOLs, electric sports cars, and electric motocross ◆Collaborate with the energy business group planned by TCC, develop alternative energy, and form a strategic alliance with customer groups with this demand to jointly build a power system. ◆Collaborate with the energy business group of TCC to develop alternative energy and strategically partner with clients who have such needs, jointly building power systems
		Financial Impact ◆Increased market demand leads to increased revenue	

Note: Definition of time range: Short term: 2024-2026, Medium term: 2027-2030, Long term: 2031-2050.

Editorial Team

FACTORY	NEIL CHEN, LI-JA YANG
ESH	DEMI LI, ANDY KO, MIN-XUAN CHOU
RESEARCH AND DEVELOPMENT	AARON WENG, VIVIAN CHIANG
PURCHASING	CELESTE SUN, JI-TING CHEN, TSAI-YING WANG
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HUMAN RESOURCE	CANDACE KUO
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