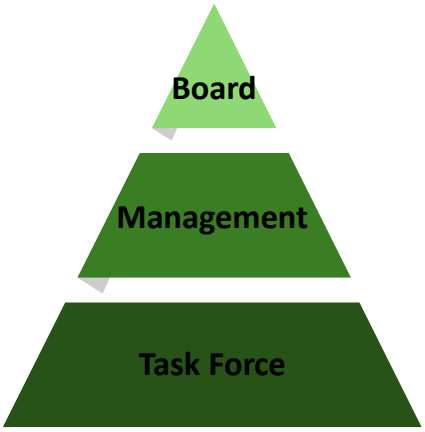
4.2 Management and Countermeasures for Climate Change

In response to the growing impact of climate change and extreme weather events, Catcher adopts the TCFD (Task Force on Climate-related Financial Disclosures) framework to systematically assess climate-related risks and opportunities relevant to its industry. Through scenario analysis, the Company identifies potential operational and financial impacts, establishes corresponding response strategies and targets, and ensures continuous management and monitoring to enhance climate resilience.

4.2.1 Governance

Board Oversight of Climate-Related Issues

◆ The Board of Directors serves as Catcher's highest decision-making body for sustainability and is responsible for overseeing the Company's sustainability performance. A Chief Sustainability Officer (CSO) has been appointed from among senior executives, supported by the Sustainability Office (formerly the Corporate Social Responsibility Task Force), which reports directly to the Chairman. The Office plays a key role in integration and cross-departmental communication. It regularly reports to the Board on the implementation plans and progress of key sustainability and risk-related issues, thereby ensuring effective oversight and governance.



Management's Assessment and Management of Climate-Related Issues

◆ Catcher's Sustainability Office consolidates international sustainability-related risks and opportunities, along with stakeholder expectations, and convenes regular sustainability meetings. Through these meetings, management jointly identifies material risks and opportunities, analyzes their potential positive and negative impacts on the Company's operations and financial performance, and formulates the necessary strategies, action plans, and short-, medium-, and long-term targets. The Sustainability Office also monitors and tracks the implementation status and progress of projects carried out by responsible units across corporate governance, environmental, and social dimensions.

4.2.2 Strategy

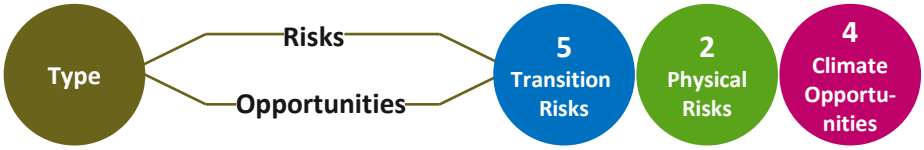
Identify short-, medium-, and long-term climate-related risks and opportunities

◆ Catcher adopts the Task Force on Climate-related Financial Disclosures (TCFD) framework as the basis for its climate governance. In alignment with the Company's operational activities, industry characteristics, and supply chain relationships, Catcher identifies both physical risks, transition risks, and opportunities arising from climate change.

◆ Based on external and internal issues under each risk category, a total of 12 climate-related risks and opportunities were collected, including 5 transition risks, 3 physical risks, and 4 opportunities. Through Sustainability Committee meetings, these items were evaluated and prioritized according to:

- Likelihood of occurrence: very low (<20%), low to medium (20–40%), medium (40–60%), medium to high (60–80%), very high (>80%)
- Severity of impact: very low, low, medium, medium-high, high
- Time horizon: short term (1–3 years), medium term (3–10 years, to 2030), long term (>10 years, to 2050)

Following this structured assessment, the Sustainability Committee resolved to select 11 material climate-related risks and opportunities, as presented in the table below.



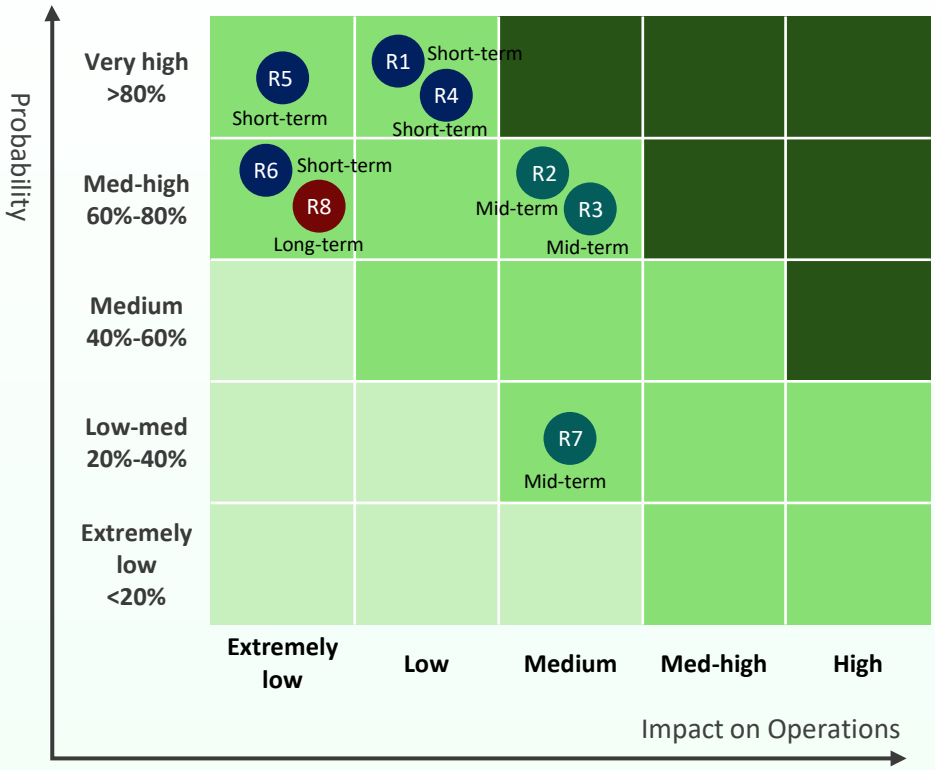
Climate-Related Risks and Opportunity Issues

Risk Type	Risk Code	Item	Risks/Opportunities	Risk Location			Time Frame	Inclusion
				Up-stream	Catcher	Down-stream		
Transition Risks	R1	Policy and Legal Risk	International carbon tariffs, Taiwan's carbon fees, Taiwan's Renewable Energy Development Act, and mandatory disclosure obligations for ESG-related reporting.	√	√	√	Short-term	YES
Transition Risks	R2	Technology Risk	In response to the trend of low-carbon technology development, we are investing in research and development by incorporating low-carbon and recycled materials.	√	√		Mid-term	YES
Transition Risks	R3	Technology Risk	In terms of products and services, we are implementing a low-carbon production transformation and enhancing the energy efficiency standards of various assets, which requires upgrading and replacing equipment.		√		Mid-term	YES
Transition Risks	R4	Market Risk	In response to customer and international initiative requirements, we are increasing the proportion of renewable energy usage and related expenditures.	√	√	√	Short-term	YES
Transition Risks	R5	Reputation	Brand customers value sustainable development trends. Failure to take proactive environmental sustainability measures may result in negative reputation and loss of customer and investor favor. →Catcher actively engages in sustainability initiatives and carbon reduction efforts, proactively establishing an absolute reduction target of 1.5°C through SBT. Furthermore, The Company discloses its carbon inventory and reduction performance on an annual basis.		√	√	Short-term	NO
Physical Risks	R6	Acute Risk	Due to the increased frequency and severity of sudden heavy rain and flooding, we anticipate potential capacity shortages and financial losses for The Company.	√	√	√	Short-term	YES

Climate-Related Risks and Opportunity Issues

Risk Type	Risk Code	Item	Risks/Opportunities	Risk Location			Time Frame	Inclusion
				Up-stream	Catcher	Down-stream		
Physical Risks	R7	Chronic Risk	Changes in rainfall patterns leading to drought and water shortages require water resource management, which is expected to result in increased operational costs and impacts.	√	√	√	Mid-term	YES
Physical Risks	R8	Chronic Risk	The continuous rise in temperatures and heat impacts the operation of machinery and equipment, leading to increased intensity of air conditioning and energy usage	√	√	√	Long-term	YES
Climate-Related Opportunities	O1	Products and Services	International brands require their supply chains to reduce carbon emissions, and responding proactively may lead to receiving more orders.	√	√	√	Short-term	YES
Climate-Related Opportunities	O2	Resource Efficiency/ Energy Source	Investing in waste reuse, water recycling systems, and renewable energy equipment can effectively improve resource efficiency and offer opportunities to reduce operating costs.		√		Mid-term	YES
Climate-Related Opportunities	O3	Resource Efficiency	By implementing smart manufacturing automation processes, we aim to improve production efficiency and reduce the consumption of energy and resources, thereby lowering certain operational costs.		√		Short-term	YES
Climate-Related Opportunities	O4	Resilience	Actively participate in low-carbon initiatives within the upstream and downstream supply chains to gain customer favor and increase orders.	√	√	√	Short-term	YES

Risk Analysis Matrix



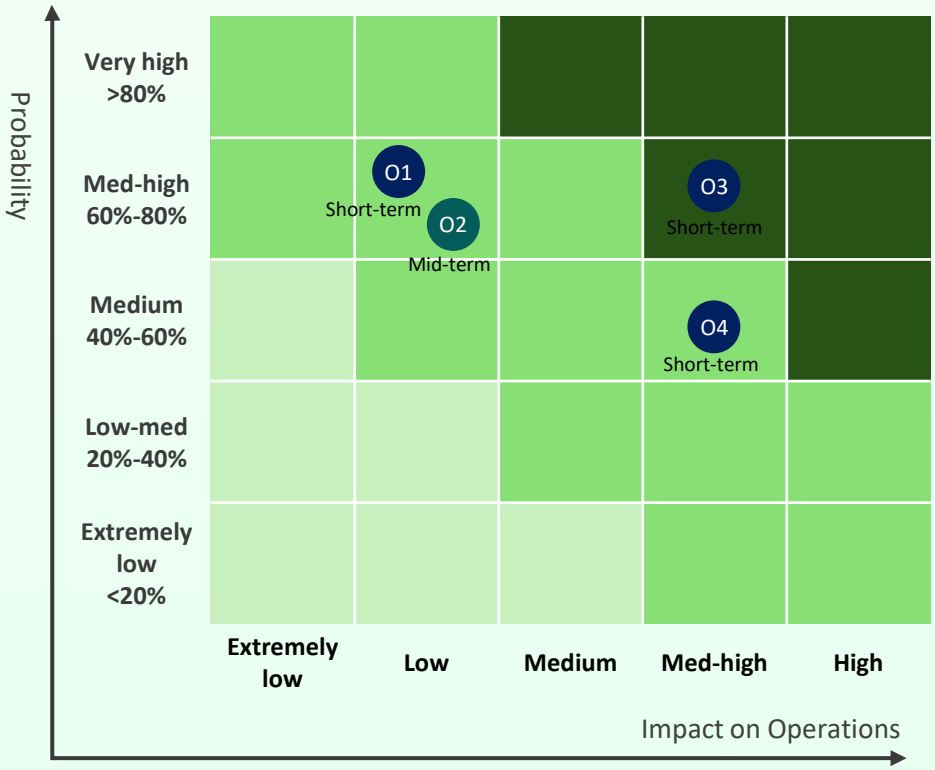
Transition Risk

- **R1** Imposition of carbon tariffs/carbon fees; Mandatory carbon-related disclosure requirements
- **R2** Adoption of low-carbon and recycled raw materials
- **R3** Transition to low-carbon production and upgrading/replacement of resource and energy efficiency systems
- **R4** Addressing requirements from customers and international sustainability initiatives
- **R5** Failure to take proactive actions could lead to adverse reputational impact

Physical Risk

- **R6** Rising frequency and intensity of extreme weather events, including typhoons, heavy rainfall, and flooding
- **R7** Droughts resulting from changes in rainfall patterns
- **R8** Sustained increase in temperatures and prolonged high heat

Opportunity Analysis Matrix



Opportunity

- **O1** Proactively implementing sustainability measures
- **O2** Investment in recycling systems and renewable energy facilities
- **O3** Implementing smart manufacturing processes and equipment
- **O4** Enhancing sustainable operational resilience

- Low Risks
- Medium Risks
- High Risks

Note:

- Duration of occurrence: predicted short-term (1-3 years), medium-term (3-10 years, to 2030), and long-term (>10 years, to 2050)
- Impact severity: extremely low, low, medium, medium-high, high
- Probability: extremely low <20%, low 20%-40%, medium 40%-60%, medium-high 60%-80%, high >80%

The impact of climate-related issues on the Company's business model, strategy and financial planning

After identifying climate-related risks and opportunities, their financial impacts and corresponding response measures are summarized in the following table, followed by separate analyses of climate risks and climate opportunities.

Risks and Opportunities	Issues Identified	Assessment of Operational and Potential Financial Impacts	Risk Mitigation Measures
R1 Imposition of carbon tariffs/carbon fees	Taiwan will officially begin levying a carbon tax starting in 2026.	Paying carbon fees is expected to increase operating costs.	1. Catcher has passed the SBTi review, setting absolute greenhouse gas reduction targets under the 1.5°C scenario, and publicly discloses carbon inventory results and reduction performance each year. 2. Implement a green procurement system by selecting energy-efficient equipment and low-carbon/recycled raw materials. 3. Enforce regular maintenance of production equipment to ensure high operational efficiency. 4. Plan to participate in net-zero related initiatives.
R1 Mandatory carbon-related disclosure requirements	There will be an increase in greenhouse gas inventory operations and third-party verification requirements.	◆ Greenhouse gas inventory results require third-party verification, which is expected to increase operating expenses. ◆ Failure to comply with mandatory disclosure regulations will result in fines, which is expected to increase operating expenses.	
R4 Addressing requirements from customers and international sustainability initiatives	In response to customer and international initiative requirements, ESG performance must be reported on designated public platforms.	◆ Due to customer requirements, sustainability-related expenses must be increased, leading to higher operating costs.	
R2 Adoption of low-carbon and recycled raw materials	The adoption of low-carbon and recycled raw materials is expected to increase procurement costs.	◆ Procurement of low-carbon/recycled raw materials is expected to increase operating costs. ◆ Adoption of low-carbon raw materials requires the development of new technologies, which is expected to increase R&D and testing-related expenses.	Seek low-carbon and recycled raw materials, such as recycled aluminium, to develop low-carbon technologies and implement quality control for recycled materials.
R3 Transition to low-carbon production and upgrading/replacement of resource and energy efficiency systems	The expansion of solar equipment is expected to increase equipment costs and maintenance expenses.	Investment in green energy and energy-saving equipment is expected to increase capital expenditures.	1. Establish a waste reduction and recycling system to effectively reduce waste and increase the reuse rate. 2. Install a water recycling system, including new flow filtration equipment and pipeline modifications, to utilize water resources more efficiently. 3. Invest in energy-saving equipment, such as replacing variable-frequency motors and consolidating air compression systems. 4. Complete the installation of solar power generation equipment at the Y.K.I.P. Factory in 2024. 5. Seek collaboration opportunities with renewable energy and low-carbon technology providers.
R8 Sustained increase in temperatures and prolonged high heat	Increased air conditioning and energy usage are expected to raise operating costs.	Increased temperatures have led to higher electricity and energy consumption, which is expected to increase operating costs.	
O2 Investment in recycling systems and renewable energy facilities	Investing in waste recycling equipment, water recovery systems, and expanding solar power equipment.	Investing in waste reduction and recycling systems, water resource recovery systems, and renewable energy equipment will effectively improve resource efficiency and is expected to reduce operating costs in the mid-term.	

Risks and Opportunities	Issues Identified	Assessment of Operational and Potential Financial Impacts	Risk Mitigation Measures
O3 Implementing smart manufacturing processes and equipment	Introducing smart manufacturing processes and equipment.	Introducing smart manufacturing processes and equipment to enhance production efficiency and reduce energy and resource consumption is expected to potentially lower certain operating costs.	Introduce smart manufacturing processes and equipment (such as automated machining programs and machinery) to enhance production efficiency.
R6 Rising frequency and intensity of extreme weather events, including typhoons, heavy rainfall, and flooding	Temporary typhoons, heavy rainfall, and flooding will disrupt production.	Operational sites forced to suspend work due to flooding are expected to result in insufficient production capacity and financial losses.	1. Regularly review emergency response plans for plant impacts from typhoons, floods, strong winds, and heavy rainfall. 2. Conduct regular inspections and clearance of drainage systems.
R7 Droughts resulting from changes in rainfall patterns	Droughts or water shortages will disrupt production.	◆ Suspension of operations at sites due to water shortages may reduce revenue. If supply must be maintained through measures such as water conservation, transporting water by tanker trucks across regions, or reallocating goods from other plants, operating costs are expected to increase. ◆ Policy adjustments resulting from droughts are expected to increase operating costs.	Improve the efficiency of water resource reuse: 1. Continuously optimize wastewater recycling and reuse equipment. 2. Reuse wastewater from the pure water system as replenishment for cooling towers. 3. Introduce wastewater filtration systems to recycle and reuse grinding wastewater.
O1 Actively Implementing Sustainability Measures	Actively pursue sustainability goals to enhance The Company's positive image, with the expectation of receiving more orders.	International brands require supply chains to reduce carbon emissions. A proactive response is expected to increase revenue.	1. Actively participate in sustainability initiatives and carbon reduction actions to enhance positive reputation. 2. Actively engage in industry low-carbon programs and implement various carbon reduction measures (such as procuring renewable energy and participating in government-led industry carbon reduction programs). 3. Strengthen collaboration across the supply chain to jointly implement carbon reduction plans.
O4 Enhancing Resilience in Sustainable Operations	Actively participate in low-carbon initiatives within the supply chain to gain customer favor and increase orders.	◆ Enhancing sustainable operational resilience creates more opportunities to increase market share, thereby boosting revenue. ◆ Enhancing sustainable operational resilience may improve access to financing.	

Strategic Resilience: Assessing the Impact of Different Climate-related Scenarios on Operations and Potential Financial Risks

◆Transition Risk:

Based on the Net Zero by 2050 scenario from the International Energy Agency (IEA), the SSP1 1.9 scenario from the IPCC AR6, and the emission reduction targets set by Taiwan's Nationally Determined Contribution (NDC), this analysis assesses the impact on company operations and potential financial implications under the 1.5°C scenario.

◆Physical Risk:

Using the water risk assessment tool of the World Resources Institute, Taiwan's National Disaster Prevention and Rescue Center, and the IPCC AR6 SSP5 8.5 worst-case scenario from the Taiwan Climate Change Estimation Information and Adaptation Knowledge Platform, the impact on company operations and potential financial risks is assessed.

Risk Type	Risk Assessment Tool	Base	Scenario Setting Explanation	Assessment of the Scenario's Impact on Operations and Potential Financial Performance
Transition Risk: Net Zero Emissions	Taiwan's Nationally Determined Contribution (NDC) Target and carbon fee regulations	Taiwan	• The calculation is based on Taiwan's carbon emissions of 70,132.64 tco2e in 2022. • Based on the Net Zero Emissions (NZE) scenario and the global objective of limiting temperature rise to 1.5 ˚C, it is estimated that greenhouse gas emissions in 2030 will be reduced by 13.90% compared to 2022. • Assuming that all Factory locations have no exemption reduction quotas. • Estimated carbon fee of NT$1,500 per tCO_2e (estimated by the Environmental Protection Administration: NT$1,200 per tCO_2e to NT$1,800 per tCO_2e).	Due to the collection of carbon fees, it is estimated that carbon fees in 2030 will account for about 0.3% of Catcher Group's revenue in 2022; if other countries also levy carbon taxes in the future, the proportion of carbon taxes to the Group's revenue will increase.
	The 2024 World Energy Outlook report published by the International Energy Agency (IEA)	Taiwan	• The calculation is based on Taiwan's carbon emissions of 70,132.64 tco2e in 2022. • Based on the Net Zero Emissions (NZE) scenario and the global objective of limiting the temperature rise to 1.5 ˚C, it is estimated that greenhouse gas emissions in 2030 will be reduced by 13.90% compared to 2022. • Assuming that all Factory locations have no exemption reduction quotas. • Estimated carbon fee of NT$2,880 per tCO_2e	Due to the collection of carbon fees, it is estimated that carbon fees in 2030 will account for about 0.6% of Catcher Group's revenue in 2022; if other countries also levy carbon taxes in the future, the proportion of carbon taxes to the Group's revenue will increase.
Physical Risk: Drought/ Water Shortage	Water Risk Assessment Tool of the World Resources Institute (WRI)	Taiwan	Under the current situation, it is expected that the water shortage risk for Factory locations in Taiwan will be less than 5% in 2030.	It is expected that drought/water scarcity-induced shutdowns will lead to a reduction in revenue.
		Suqian	Under the current situation, it is expected that the water shortage risk for Factory locations in Taiwan will be between 5% and 25% in 2030.	
Physical Risk: Flooding Disasters		The Group	The evaluation of coastal flood risks for the Taiwan and Suqian Factories in 2030 and 2050 indicates that the risk level is low to Medium (ranging from 7 in 100,000 to 3 in10,000).	It is expected that flooding disasters will lead to insufficient production capacity and reduced revenue.
	Flood Disaster Potential Map from the National Disaster Prevention and Protection Center of Taiwan	Taiwan	The 24-hour rainfall reached 650 mm, which had no direct impact on the location of our Tainan Factory.	
Physical Risk: High Temperature	Taiwan Climate Change Projection and Adaptation Knowledge Platform, TCCIP	Taiwan	In the SSP5-8.5 scenario of the IPCC AR6 (6th Assessment Report), for the location of The Company's Tainan Factory, the calculated maximum daily temperature average from 1995 to 2014 was 35.4054 ˚C. It is projected to reach 36.8564 ˚C from 2004 to 2060, indicating a temperature increase of 1.451 ˚C.	Rising temperatures lead to increased electricity and energy consumption, resulting in higher operational costs.

4.2.3 Risk Management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

- The management process of climate-related risks has been integrated into The Company's overall risk management system. Please refer to Section 2.6.2 Risk Management.

4.2.4 Indicators and Target

Evaluate climate-related risks and opportunities using indicators aligned with strategy and risk management processes.

- Catcher establishes relevant indicators and Target based on the risks of climate change and their impacts.
- The setting of indicators and Target includes Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and associated risk assessments, renewable energy management, energy savings, air pollution, waste management, and water resource management, with short, Medium, and Long-term indicators and Target. These will be disclosed annually regarding their progress. Please refer to Section 4.3 Greenhouse Gas and Energy Management and 4.4 Environmental Mitigation for the implementation of various indicators.

Catcher's internal carbon pricing: NT$ 300 /tCO_2e

In response to global carbon tax mechanisms, Taiwan has enacted the "Climate Change Response Act" and the "Renewable Energy Development Act", and will officially begin collecting carbon fees in 2026. The Company uses internal shadow carbon pricing, based on a carbon fee of NT$300/tco2e, to simulate the impact of external carbon fees, conducts trial calculations for the Southern Taiwan Science Park Factory, and incorporates this into operational decisions. It will then be gradually extended to other factories in Taiwan.