

(SUSTAINABILITY INITIATIVES IN 2023)



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## About this Report

Thank you for reading the 2024 Corporate Sustainability Report of YULON MOTOR CO., LTD (hereinafter, referred to as “Yulon Motor” or “we”). It is Yulon Motor’s 70th anniversary in 2023, and this year, we take “The New Future of Mobility” as the vision, consistent with our business philosophy of “People, Vehicle, Life” all along. In addition to vehicle manufacturing, we wish to provide our customers with the freedom of mobility.

In 2022, Yulon Motor established the ESG department, reflecting its commitment to sustainable development, and devised three major ESG strategies: environmental sustainability with energy saving and waste reduction; social engagement and inclusive growth; governance implementation and resilience enhancement, for endless creation of new opportunities with innovative thoughts. We explicitly disclose the results and strategic targets about sustainability topics to facilitate a better understanding of Yulon Motor’s efforts and commitment to corporate sustainability of our stakeholders, and build stakeholders’ consensus on sustainability to enable mutual growth with the industry and supply chain for a better society.

### Reporting boundary

The reporting period for the 2024 Report is from January 1, 2023 to December 31, 2023, and this Report was issued in July 2024. Reports are issued on our official website and the Market Observation Post System annually as an important media for stakeholder communication. The boundary of this Report primarily covers YULON MOTOR CO., LTD., whose consolidated financial statements include 155 entities. Contents involving other companies affiliated to the Yulon Group, such as Yulon Nissan Motor and Luxgen Motor will be marked. Data collection for sustainability information of the remaining entities included in the consolidated financial statements is underway, and such information will be gradually disclosed in the future. This report contains both past and future plans in order to present relevant information on corporate sustainability thoroughly.

### Publication Time

Yulon Motor issues the corporate sustainability report on an annual basis.  
Publication of the previous issue: July 2023  
Publication of this issue: July 2024  
Publication of the next issue: Scheduled for July 2025

### Report Writing Guidelines

This report was prepared in accordance with the GRI Standards issued by the Global Sustainability Standard Board (GSSB) in 2021 and the industry standards issued by the Sustainable Accounting Standards Board (SASB). The financial data disclosed was based on information from the consolidated financial statements attested by CPAs while other non-financial data and information were provided by each responsible unit, edited and prepared by each task team under the ESG Committee and ultimately confirmed by the Chairperson.

### Feedback and contact

This report is published in Mandarin. As the Company adopts paperless operations in answer to environmental protection, the whole content of this report is available in PDF format on the official website of Yulon Motor (<https://ylesg.yulon-motor.com.tw/>) for all people to download. Please feel free to contact us via email if you have any opinions or suggestions on this report or on the sustainable development of the Company. We will reply to you as soon as possible. Thank you!

YULON MOTOR CO., LTD. ESG Committee  
Contact person: Section Chief Mei-Man Hung  
Address: No. 39-1, Bogongkeng, Sanyi Township, Miaoli County  
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### Report Assurance

We have retained the service of Deloitte Taiwan, which is independent and accountable, to provide a limited assurance on the 2024 Corporate Sustainability Report prepared under the GRI Standards in accordance with the International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information.” The assurance engagement results have been fully communicated to the governance body, and please refer to the Independent Assurance Statement attached to this Report for the assurance scope and conclusion.

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## Letter from the Chairperson

Yulon Motor is a corporation that can stand the test of time; during the 70 years since its inception, the Company has never ever stopped moving forward. To respond to the changes in the overall environment, we have experienced business reengineering several times, made continuous adjustments and reinforced our corporate structure to pursue sustainable operations with the corporate culture of “Innovation (I), Speed (S) and Team (T).” We have been adhering to the sustainable business principles “Customer Satisfaction, Social Contribution, Value Creation” for years without any diversion and persist in driving the growth of automotive industry in Taiwan. For a wide range of contribution to social progress and prosperity, we not only pay attention to business innovation and success, but also focus on the national demands for living and mobility of the general public by promoting solutions for accessible travel and mobile healthcare and education in remote areas. Since its launch in April 2019, the “Happy Wheels in the South Link Area in Taitung” program had served 25,662 local people in the South Link areas with a total driving distance of over 1.19 million km as of the end of 2023. Since 2017, the “9453 Friendly Traveler Plan” has invited over 20 physically challenged disadvantaged families and groups to participate in the campaign and motivated the elderly care institutions to join accessible travel. It has also been promoted to the Group, which subsequently hosted the Gratitude Trip for the elderly that attracted over 800 participants. In 2023, the Company along with this program won the AREA Asia Corporate Social Responsibility Award - Social Welfare Development Award.

Yulon Motor has kept its unique culture and norm since our establishment, and by continuously advancing the corporate governance, upholding ethical management, enhancing the transparency and quality of information disclosure, strengthening investment and information security risk management and improving competency of the Board and relevant functional committees, we uplift the value of corporate sustainability. As a result, we have been ranked in the top 5% in the corporate governance evaluation for 10 consecutive years and in the meantime deployed a wide range of sustainable business development through integrating smart manufacturing and low-carbon operations. Our persistence has pushed us towards independent R&D, development of self-owned and jointly owned brands, development of smart vehicles using green energy and implementation of smart plant, in order to improve the customer satisfaction with the products and services and further enhance the customer and brand value. Along the way, Yulon Motor has not only opened the door to the development of the automotive industry in Taiwan, but also built great relations with stakeholders, including shareholders, clients, suppliers, employees, government, non-profit organizations, community and media.

With respect to the people-oriented approach and social capital, Yulon Motor continues to build a friendly workplace, increase the employment opportunities for physically disabled people and boost industry-academia collaboration for training outstanding talents to promote the “Talent Training and Acquisition through Industry-Academia Collaboration,” cultivate specialists in automotive electro-mechanics by providing scholarships for special projects and competitions

and introducing internship and early-hire systems bridging the gap after graduation and train wood carving talents with the Youth Training Scholarship. For social engagement, we have sponsored the Taiwan International Competition of Wood Sculpture in Miaoli and a basketball team for a long time to promote sports activities for all and taken initiatives in local care, including the “Happy Wheels” and the “9453 Friendly Travel,” in the hope of supporting disadvantaged transportation in remote areas and bringing the value of sustainable mobility to the community. We also exhibit more positive influence on local community development in Miaoli through the “Warm Donation” and “Lonely Senior Care” projects. In terms of green operations and natural capital, as of 2023, Yulon Motor has completed the installment of solar generators at the Sanyi plant with a total capacity of 15.38 MW, greater than the total power consumption of the plant, to reduce the impact of a professional manufacturer on the environment. We have taken initiatives such as the facilitation of greenhouse gas inventory and verification; the monitoring of energy consumption and carbon hotspots; the establishment of sustainable development organization to implement manufacturing process improvement, energy saving and waste reduction; the electrification and decarbonization of vehicles, zero waste resource recycling; and the platform for resource reuse and recycling. These initiatives are expected to play a role in achieving the national net zero emission goal with an annual energy saving and carbon-reduction rate of 4.2%.

In the future, Yulon Motor will adhere to the philosophy of “Pursuing Customer Satisfaction, Creating Corporate Prosperity, Contributing to Society” in the implementation of corporate sustainability. Rooting in Taiwan and facing the world, Yulon Motor is committed to sustainable practices from every aspect with our love for this land, continuous advance of mobility value of Yulon Motor and actively fulfilling the responsibility as a corporate citizen in the pursuit of a sustainable future.

YULON MOTOR CO., LTD.

Chairman Yen Chen Li-Lien



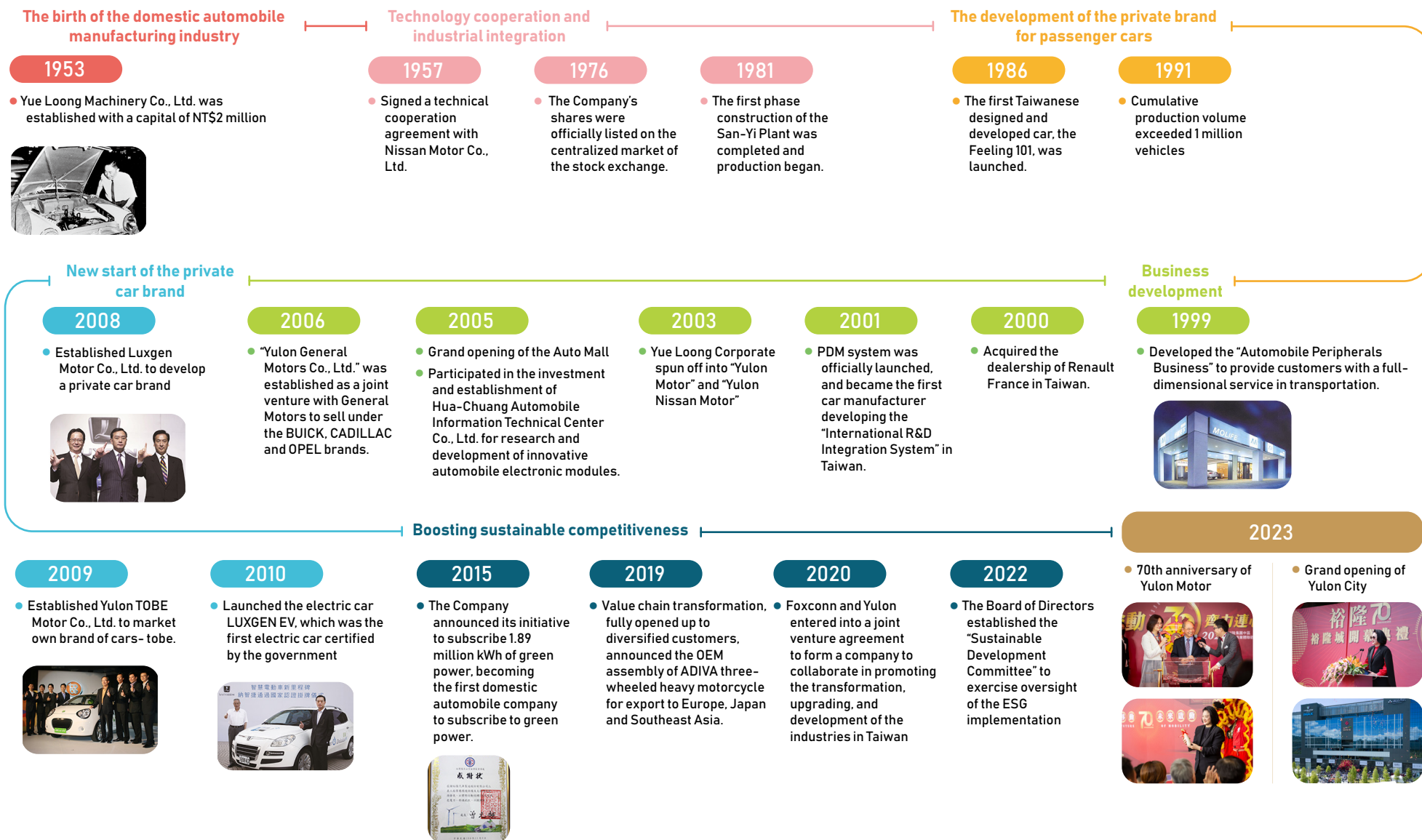
## About Yulon Motor Co., Ltd.

Yulon Motor has transformed from a conventional company with over 50 years of experience in manufacturing to a manufacturing service provider. We have built a service system extended from the existing operational system, and involved in the IA (IT+Auto) plan following the governmental policy to assist the IT industry in entering the automotive electronic part market and form a competitive edge of the automotive IA industry in Taiwan. In the future, Yulon Motor will maintain our ability in research, development and design and at the same time drive the new business model of an open platform and sharing economy for global automotive industry. Through the collaboration and complementation in resources with the Group and its partners, Yulon Motor builds key future mobility solutions for target clients around the globe. Yulon Motor also keeps abreast of the global sustainable green energy trend by tapping into the energy storage product market and developing green energy business platform.

We adhere to the philosophy of “Pursuing Customer Satisfaction, Creating Corporate Prosperity, Contributing to Society” in the implementation of corporate sustainability. Rooting in Taiwan and facing the world, we are committed to sustainable practices from every aspect with the love for this land and continuous advance of Yulon Motor’s value in mobility.



# History





## Special Column for Yulon's 70th Anniversary

Yulon Motor Co., Ltd. has rooted in Taiwan for 70 years with the commitment to producing high quality vehicle models domestically. In 2023, welcoming the global influx of new energy vehicles, we launched the all-new X-TRAIL mild hybrid model, which is the very first one equipped with the "VC-Turbo engine" in Taiwan and also features the complete ProPILOT intelligent driving system, providing consumers with the ultimate safety driving experience of low carbon emissions and low energy consumption and setting a new milestone for Yulon's future of mobility service. In the celebration ceremony for its 70th anniversary in 2023, Yulon Group's CEO Yen Chen Li-Lien gave a deeply emotional speech to wish happy 70th birthday to Yulon. In the presence of Yulon's long-term partners, Nissan Motor, contract manufacturers and distributors, she installed the

license plate for the first X-TRAIL rolled off the assembly line in person wishing the best sales of NISSAN X-TRAIL mild hybrid model. Carrying forward the cause and forging ahead into the future, Yulon Group is expected to inherit the existing foundation, keep abreast of pulse of the future, and constantly innovate and break through.

Since the inception of its Xindian plant in 1953, Yulon Motor Co., Ltd. has domestically produced over 2.7 million vehicles. For the common good of the industry, we have joined our technology partners, contract manufacturers and distributors to build and develop Taiwan's automotive value chain, and constantly advance and innovate automotive engineering technology. We have witnessed the development of Taiwan's automobile industry along with our contribution in providing products of outstanding quality one step at a

time. In the celebration of our 70th anniversary, we especially exhibited four Yulon Nissan classic models, Blue Bird, Sulley 301, CEFIRO and the first-generation X-TRAIL, telling the stories and prospects about people, vehicle and life within our 70 years of history.

Looking ahead, Yulon will focus on providing more high quality mobility service experience revolving around the core value of "Launching the Future of Comprehensive Mobility Service." Oriented on automobiles, we will expand our services and scope of attention to every mobility demand aiming at the goal of corporate sustainable development. Through digital development, electric vehicles and energy deployment, Yulon will once again create a new era of Taiwan's mobility value chain and achieve the vision of people, vehicle and life.

Plant anniversary celebration: Employees formed words wishing happy 70th birthday.



70th anniversary celebration: X-trail rolling-off ceremony



70th anniversary celebration: Exhibition of classic models



## Business Overview of Yulon Motor

<b>Listing date</b>	July 8, 1976 ; stock code 2201
<b>Total No. of employees</b>	1,136 employees (December 2023)
<b>Headquarters</b>	No. 39-1, Bogongkeng, Sanyi Township, Miaoli County
<b>Capital</b>	NTD 10,700,013 thousand
<b>Operating revenue</b>	NTD 82,120,679 thousand
<b>Major business items and proportion</b>	The manufacture and sale of various automobiles and related components accounted for 93.5% of business.
<b>Major operational location</b>	Sanyi Township, Miaoli County (headquarters, R&D Center, manufacturing location)





## Performance in Sustainability and Highlights in 2023

### Environmental protection, promotion of energy saving and waste reduction

- Since 2017, the Sanyi plant has been installing solar power generators, and until now the cumulative capacity has reached 15.38 MW
- The waste reuse rates for the most recent 5 years has been kept above 90%.
- In 2023, an energy use optimization measure was implemented to control paint temperature at the large paint mixing room during non-production hours. This measure resulted in a total reduction of 92.97 tCO<sub>2</sub>e.
- The carbon emissions were reduced by 1,616 metric tons, from 12,602 metric tons (scopes 1 and 2) in 2022 to 10,986 metric tons (scopes 1 and 2) in 2023, an achievement of the yearly goal of 12.8% reduction in greenhouse gas emissions.
- Obtained the statement for ISO 14064-1 greenhouse gas verification



### Sustainable supply chain driving value production



- Assisted 39 suppliers in quality improvement supervision and 15 suppliers in the assessment of QAR self supervision in 2023.
- Assisted 8 contract manufacturers in the improvement of 33 environmental, health and safety issues in 2023.
- Total green procurement of NT\$22,699,006 was made in 2023.
- Held activities to promote to suppliers about energy saving and carbon reduction and guide them to take the ISO 14064 and ISO 14067 training, totaling 25.5 hours with 250 participants.
- Launched the guidance in GHG inventory and carbon reduction activities for 14 subsidiaries, and completed the 2022 GHG inventory list and report
- Completed the "Post-pandemic Upgrading and Transformation Diagnosis and Guidance Program for Transport Equipment Manufacturing Industry" of the Industrial Development Administration, Ministry of Economic Affairs for 6 qualified subsidiaries.

## Innovative R&D leading to the future of mobility

- In 2023, we completed the performance test for 3 motors (scooter, passenger car, electric bus) and the rolling resistance and minimum energy performance tests for 3 electric vehicles.
- In 2023, we operated 102 vehicle charging stations (self-operated charging station, partnering vehicle manufacturing charging station) and 229 motorcycle charging stations in total, and the charging counts have reached over 500,000 times.
- In 2023, Energy storage containers with a total capacity of 1.15 GWh were actually manufactured.
- Completed the off-assembly-line trial, mass production trial on assembly line and verification for electric vehicles
- Introduced smart manufacturing process (introduction of automated inspection equipment, automated manufacturing equipment) to 49 workstations



## Integrity and transparency steering corporate governance



- Ranked the top 5% for the 10th consecutive year in the "Corporate Governance Evaluation for Listed Companies" hosted by the Financial Supervisory Commission
- Included as a constituent of the FTSE4Good Taiwan Sustainability Index.
- Received the CommonWealth Magazine's Sustainable Citizen Award – Large Enterprise Award TOP50
- Received the TCSA Award for Comprehensive Performance of Sustainability
- Received the TCSA Sustainability Report Award – Silver Medal
- Obtained the D&B ESG Sustainability Mark
- Completed the anti-corruption risk assessment at 16 retail locations in 2023
- To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification

## Friendly workplace of diversity and inclusiveness

- Offered minimum employee salary that was 1.278 times the minimum wage required by law.
- The average salary adjustment in 2023 was 3.00% while that for outstanding employees reached 6.56%.
- 58% of employees are local residents in Miaoli area.
- In 2023, the Happiness Point program was launched, which gave out a total of NT\$510,350.
- The total budget for employee education and training in 2023 reached NT\$4,122,109.
- 0 catastrophes and fatal occupational accident/year



## Social welfare with virtuous influential actions



- The social welfare solution "Easy Transportation in the South Link Area" has served 25,662 persons in the South Link Area since 2019.
- Collaborated with Chiayi City Government in the social project "9453 Friendly Travel" to build the first "Elderly Friendly Model City" in Taiwan, and thus received the AREA Asian Corporate Social Responsibility Award - Social Welfare Development Award and the Taiwan Corporate Sustainability Award (TCSA) - Social Inclusion Leadership Award.

# Chapter

# 1

## **Sustainability Strategies and Vision**

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**1-1 Sustainability blueprint**

**1-2 Sustainable Development Committee and ESG Committee**

**1-3 Stakeholder communication – analysis of material topics**

**1-3-1 Stakeholder engagement**

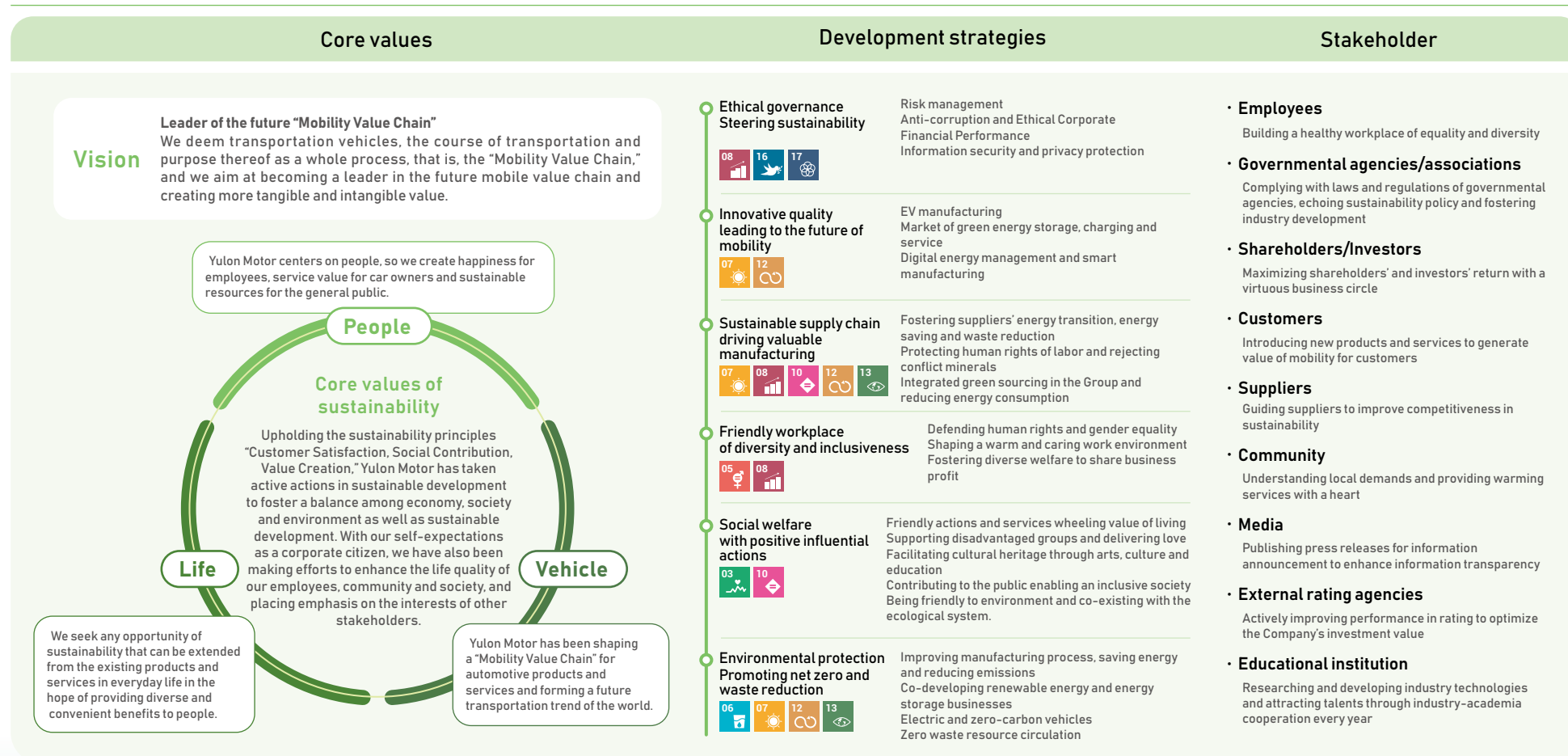
**1-3-2 Analysis of material topics and assessment of impacts**



## 1-1 Sustainability blueprint

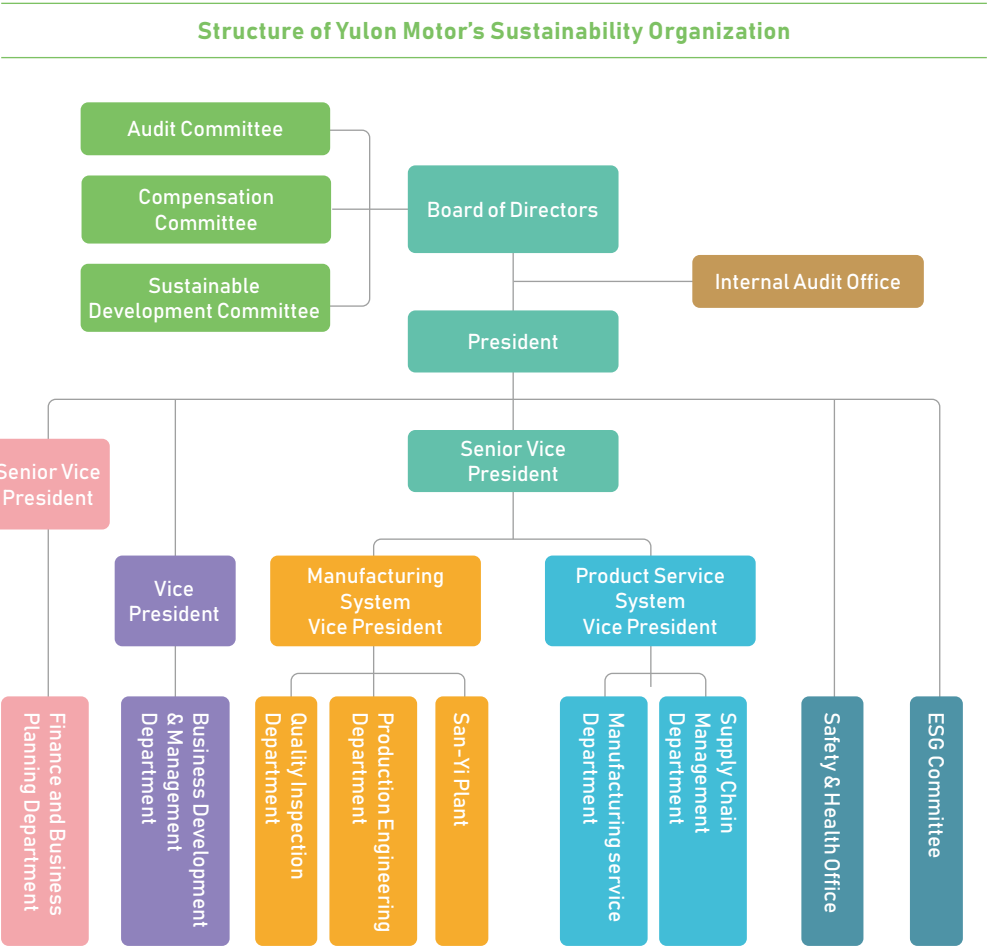
Yulon Motor strives to become the leader of “Mobility Value Chain” wishing to provide the general public a more sustainable and better driving experience and develop more environmentally friendly products and services with over six decades of local experience and our advocacy of the business philosophy of “Customer Satisfaction, Social Contribution, Value Creation” while promoting sustainability in respect of “People, Vehicle, Life.” Oriented on this core philosophy, Yulon Motor has further developed the six major sustainability strategies- “Ethical Governance,” “Innovative Quality,” “Sustainable Supply Chain,” “Friendly Workplace,” “Social Relationships” and “Environmental Protection,” and eight sustainable development goals (SDGs) to guide our implementation of sustainability. In addition to addressing the challenge for all on the earth and concerns of all stakeholders, we will layout the short-, mid- and long-term goals and action plans under the six major sustainability strategies by taking into account the global trend and local needs while constantly scrutinizing the performance of such mechanism and implementation thereof to put together the sustainability blueprint of Yulon Motor.

### Yulon Motor's sustainability blueprint



Yulon Motor cares about stakeholders’ rights, and by understanding their expectations and demands via a wide range of communication channels, we have incorporated the objective “Taking from Society and Giving Back to Society” into our operational strategies and management. Yulon Motor grasps various types of virtuous possibility for sustainability with its mission and responsibility for society in mind, so we established the ESG implementation body and adopted the “Corporate Social Responsibility Best-Practice Principles” in 2014 for the practice of corporate governance and promotion of environmental and social welfare, so as to create the new value of “People, Vehicle, Life” for society.

## 1-2 Sustainable Development Committee and ESG Committee



Coping with the trend of sustainability, Yulon Motor’s Board of Directors officially adopted the establishment of the “Sustainable Development Committee” in November 2022 as a mean for implementing ESG strategies.

### Duties of the “Sustainable Development Committee”

- Review the corporate sustainable operation strategy
- Review environmental sustainability, social engagement, corporate governance (ESG) work promotion
- Scrutinizing the mid- and long-term strategy planning and the implementation thereof.
- Examining the adoptions of and amendments to the Company’s major regulations such as the Articles of Incorporation, Rules of Procedure for Shareholders’ Meetings, Procedure for Board of Directors Meetings, Corporate Governance Best-Practice Principles, Sustainable Development Best Practice Principles and Ethical management;
- examining the adoptions of and amendments to the charters of functional committees under the Board of Directors
- Supervising and guiding the Company to participate in various corporate governance evaluations and assessing the results thereof; evaluating the performance of the Board and functional committees in accordance with the Regulations for the Performance Evaluation of the Board of Directors



For achieving our sustainability mission and vision, Yulon Motor has set the ESG Committee (formerly known as the CSR Committee before January 2022) as the management platform chaired by the President to supervise the Company's ESG strategy planning and activities and prepare the annual sustainability report. From the three major aspects, environment, society and governance, the heads of each department lead and assign jobs for ESG initiation, and the ESG Committee meets monthly to review, track and share the progress and results of each ESG program, and subsequently reports to the Board of Directors on a quarterly basis. A report on the implementation result of the year is briefed to the Board at least once a year, and the follow-up ESG strategies and plans shall be approved by the Board of Directors.



## Information on ESG Committee's meetings:

### Frequency and number of meetings

The Committee meets semi-annually, and in 2023, the ESG Committee reported to the Board **4** times with **5** proposals passed



### Achievements

1. Obtained the statement for ISO 14064 greenhouse gas verification in April 2023
2. Ranked the top 5% in the 9th corporate governance evaluation for listed companies in April 2023.
3. The Sustainability Report passed the third-party assurance in July 2023.
4. Received the Asian Corporate Social Responsibility Award - Social Welfare Development Award in June 2023.
5. 15.38 MW of solar installations completed in 2023



## Plan for the sustainability blueprint

Major development strategy in the blueprint	Achievement in 2023	Short-term (2024–2025)	Medium-term (2026–2027)	Long-term (After 2027)	Corresponding 2023 sustainability topics (2023 sustainability topics are in bold)
Environmental protection, promotion of energy saving and waste reduction	<ul style="list-style-type: none"> <li>Reduced 12.8% GHG emissions/year (scopes 1 and 2)</li> <li>Waste usage to be reduced by 39.44%/year</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> <li>Water consumption to be reduced by 10%/year</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> <li>A total of 17.7 MW of solar power generation capacity to be installed by 2025</li> <li>Waste usage to be reduced by 5%/year</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 50% by 2030</li> <li>100% electrification of vehicles in the plant by 2030</li> <li>Net zero carbon emissions by 2050</li> </ul>	<ul style="list-style-type: none"> <li><b>GHG emissions</b></li> <li>Air pollution</li> <li>Biodiversity</li> <li>Hazardous substance disposal</li> <li>Energy management</li> <li>Water resource utilization and wastewater discharge management</li> </ul>
	<ul style="list-style-type: none"> <li>Level of VOCs emissions to be lowered to: 67.2 g/m<sup>2</sup></li> <li>Waste recycling ratio reached 95.28%</li> </ul>	<ul style="list-style-type: none"> <li>Level of Volatile Organic Compounds emissions (hereinafter referred to as VOCs) to be lowered to: below 68 g/m<sup>2</sup></li> <li>Recycling ratio reached over 90%</li> </ul>	<ul style="list-style-type: none"> <li>Level of VOCs emissions to be lowered to: below 67 g/m<sup>2</sup></li> <li>Recycling ratio reached over 90%</li> </ul>	<ul style="list-style-type: none"> <li>Level of VOCs emissions to be lowered to: below 65 g/m<sup>2</sup></li> <li>Recycling ratio reached over 90%</li> </ul>	
	<ul style="list-style-type: none"> <li>Grew 2,101 tubs of 26 varieties of native sapling in total</li> </ul>	<ul style="list-style-type: none"> <li>Keep cultivating native saplings (20 varieties; more than 2,200 saplings)</li> <li>Establish campus eco tree islands and promote tree-care education</li> </ul>	<ul style="list-style-type: none"> <li>Expand the scale of campus eco tree islands and continue to promote tree-care education</li> <li>Cultivate environmental education volunteers</li> <li>Establish a native plants database</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate environmental education volunteers</li> <li>Continue to expand the native plants database</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity</li> </ul>

Major development strategy in the blueprint	Achievement in 2023	Short-term (2024–2025)	Medium-term (2026–2027)	Long-term (After 2027)	Corresponding 2023 sustainability topics (2023 sustainability topics are in bold)
Sustainable supply chain driving value production	<ul style="list-style-type: none"><li>Local sourcing ratio (equipment/ expenses 89.3%, materials/ indirect materials 37.6%)</li><li>Assisted 39 suppliers in quality improvement supervision and 15 suppliers in assessment of QAR self-supervision.</li></ul>	<ul style="list-style-type: none"><li>Purchase amount of locally sourced parts to reach more than 40% of total purchase amount of parts</li><li>Assist sustainability high-risk suppliers in on-site audit</li><li>Carry out carbon inventory for subsidiaries included in the consolidated financial statements</li><li>Initiate evaluation of supplier sustainability</li></ul>	<ul style="list-style-type: none"><li>Continue to increase the proportion of purchase amount of locally sourced parts to total purchase amount of parts</li><li>Continue to increase the proportion of suppliers who signed the “Supplier’s Undertaking of Corporate Social Responsibility”</li><li>Assist sustainability high-risk suppliers in on-site audit</li></ul>	<ul style="list-style-type: none"><li>Assist sustainability high-risk suppliers in on-site audit</li></ul>	<ul style="list-style-type: none"><li><b>Sustainable supply chain</b></li><li><b>GHG emissions</b></li></ul>
Innovative quality leading to the future of mobility	<ul style="list-style-type: none"><li>n<sup>7</sup> was launched in 2024</li></ul>	<ul style="list-style-type: none"><li>Introduce battery electric vehicle n<sup>7</sup> to the market in 2024 and continue the electric vehicle R&amp;D</li></ul>	<ul style="list-style-type: none"><li>To keep growing the self-owned brand Luxgen with the open platform and shared resources by rolling out more competitive and demand-oriented new products</li></ul>	<ul style="list-style-type: none"><li>To keep fostering technology innovation in Taiwan’s electric vehicle industry and creating forward-looking energy-storage technology and products</li></ul>	<ul style="list-style-type: none"><li><b>EV development</b></li><li><b>Product quality and reliability</b></li><li><b>Technology R&amp;D and innovation</b></li><li>Customer relationship management</li></ul>
	<ul style="list-style-type: none"><li>Completed the off-assembly-line trial, mass production trial on assembly line and verification for electric vehicles</li><li>Introduced smart manufacturing process (introduction of automated inspection equipment, automated manufacturing equipment) to 49 workstations</li><li>Improved the quality of rolled-off vehicles – lowered the number of vehicle defects by 15%.</li></ul>	<ul style="list-style-type: none"><li>To strengthen the development and management ability for new vehicles: 100% qualification rate for the five major electrical tests for electric vehicles (before the first current)</li><li>To boost ability in smart manufacturing:<ul style="list-style-type: none"><li>To have more than 36 stations capable of connecting, capturing and uploading the manufacturing process parameters and quality-related parameters online</li><li>Immediate risk alert for critical procedures with key parameters captured for analysis and early warning management</li></ul></li></ul>	<ul style="list-style-type: none"><li>To strengthen the management ability in new vehicle development:<ul style="list-style-type: none"><li>To establish traceability records for key procedures and processes where quality tests are conducted in the mass production stage instead of in the trial production stage of new vehicles</li><li>Achieving 100% improvement rate for the Quality Assurance Rate (QAR) of the risky stations at each stage and raising the assurance rate to 3.8 points and above</li></ul></li><li>To boost ability in smart manufacturing:</li><li>Implementing immediate risk alert at critical procedures of more than 46 stations with key parameters captured for analysis and the early warning management</li></ul>	<ul style="list-style-type: none"><li>To keep improving quality, enhancing testing technology and optimizing management skill</li></ul>	
	<ul style="list-style-type: none"><li>Completed the prototype development of energy storage container, obtained the verification of safety requirements and completed the microgrid demonstration site</li><li>Completed the production line construction, which went into production in response to customer demands in 2023. The total capacity for energy storage containers was 1.15 GWh, capable to meet order quantity.</li></ul>	<ul style="list-style-type: none"><li>Obtain domestic and international verifications (VPC and IEC 62619) for the self-developed energy storage product (Rack)</li><li>Mass production and launch of energy storage container products</li><li>Expand the scale of energy storage container R&amp;D- container integration and technology</li></ul>	<ul style="list-style-type: none"><li>Boost market development for existing energy container products, expand scopes of services and sale</li><li>In answer to market trend, invest in R&amp;D of household energy storage products</li><li>Develop various energy storage products and integrate manufacturing services</li></ul>	<ul style="list-style-type: none"><li>Continue to improve the R&amp;D technology, patent strategy and product efficiency for energy containers</li><li>Explore the business opportunities for energy containers in overseas markets</li><li>Develop liquid-cooling energy storage products and integrate manufacturing services</li></ul>	




Major development strategy in the blueprint	Achievement in 2023	Short-term (2024–2025)	Medium-term (2026–2027)	Long-term (After 2027)	Corresponding 2023 sustainability topics (2023 sustainability topics are in bold)
Ethical governance steering sustainability	<ul style="list-style-type: none"> <li>Ranked the top 5% in the corporate governance evaluation for 10 consecutive years</li> <li>Included as a constituent of the FTSE4Good Taiwan Sustainability Index.</li> <li>Received the CommonWealth Magazine's Sustainable Citizen Award – Large Enterprise Award TOP50</li> <li>Received the TCSA Award for Comprehensive Performance of Sustainability and Sustainability Report Award-Silver Medal</li> <li>Obtained the D&amp;B ESG Sustainability Mark</li> <li>Completed the anti-corruption risk assessment at 16 retail locations in 2023</li> <li>To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification from a third party</li> </ul>	<ul style="list-style-type: none"> <li>To improve credit rating and lower the capital costs for developing manufacturing services and investing in energy storage business</li> <li>Ranked the top 5% in the corporate governance evaluation</li> <li>Continue to update the framework of sustainability report and introduce the TNFD</li> <li>Pass certifications for ISO 27001 Information Safety System, the ISO 46001 Water Efficiency Management System and the ISO 50001 Energy Management System.</li> <li>To implement diversification for increasing revenue from new businesses</li> </ul>	<ul style="list-style-type: none"> <li>To improve communication efficiency between the Company and external personnel</li> <li>To keep close relations with the capital market in order to increase the number of diverse funding channels and seek appropriate investment targets</li> <li>Ranked the top 5% in the corporate governance evaluation</li> <li>Continue to update the framework for sustainability report and introduce IFRS S1 and S2 frameworks</li> <li>Continue to refine certifications for automobile industry and manufacturing, including ISO 9001/14001/45001/14064/17025 and IATF16949.</li> <li>To implement diversification for increasing revenue from new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Ranked the top 5% in the corporate governance evaluation</li> <li>Keep improving disclosures in the sustainability report in accordance with international standards.</li> <li>Continue to refine certifications for automobile industry and manufacturing, including ISO 9001/14001/45001/14064/17025 and IATF16949.</li> <li>To implement diversification for increasing revenue from new businesses</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and financial performances</b></li> <li><b>Risk management</b></li> <li>Corporate governance</li> <li><b>Brand image</b></li> <li>Information security and privacy management</li> </ul>
Friendly workplace of diversity and inclusiveness	<ul style="list-style-type: none"> <li>In 2023, rolled out 3 types of industry-academia collaboration: Yen Ching-Ling's Foundation's industry-academia collaboration; summer internships; the human resources data program with Sun Yat-sen University.</li> <li>The percentile rank of employee satisfaction was 49</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45</li> <li>Turnover rate of new employees &lt;21%</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 50</li> <li>Turnover rate of new employees &lt;18%</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 55</li> <li>Turnover rate of new employees &lt;15%</li> </ul>	<ul style="list-style-type: none"> <li><b>Recruitment and retention</b></li> <li><b>Occupational Health and Safety</b></li> <li>Human Rights</li> <li>Career development, education and training</li> </ul>
	<ul style="list-style-type: none"> <li>0 catastrophes and fatal occupational accident/year</li> <li>3 employee work injury/year</li> <li>48 safety and health promotional events/year</li> <li>12 employee safety seminars/year</li> </ul>	<p>To reduce the rate of work injuries and occupational diseases: Through periodical risk assessments, provision of health and medical care and health improvement services, and training on occupational safety and health for supervisors and employees, to avoid injuries arising from work.</p> <ul style="list-style-type: none"> <li>0 catastrophes and fatal occupational accident at the plant/year</li> <li>4 Injury cases at the plant ↓ /year</li> <li>40 ↑ safety and health promotional events /year</li> <li>12 ↑ employee safety seminars/yea</li> </ul>	<p>To enhance employees' awareness of occupational safety and health: to realize through the occupational safety and health education and training, enhancement of safety culture among supervisors and employees and routine organization of safety seminars, and in turn improve employees' understanding and awareness of occupational safety and health.</p>	<p>To improve the management of occupational safety and health: to implement through the establishment of complete occupational safety and health policies and procedures, a sound management system and a monitoring and risk assessment mechanism, and in turn enhance the corporate and organization's awareness and management of occupational safety and health.</p>	
Social welfare with virtuous influential actions	<ul style="list-style-type: none"> <li>AREA Asian Corporate Social Responsibility Award - Social Welfare Development Award</li> <li>Taiwan Corporate Sustainability Awards (TCSA) Social Inclusion Leadership Award</li> <li>Arts and Business Award from the Ministry of Culture - Silver Award</li> </ul>	<ul style="list-style-type: none"> <li>Help local arts and cultural industries by supporting the development of wood carving externally and encourage employees to participant in arts and cultural events internally</li> <li>Join other relevant units to assist rural transportation, involve in public welfare and give back to the community with our expertise in automobiles.</li> </ul>	<p>To continue to strengthen and develop differentiated featured programs in regard to becoming environmentally friendly and support for disadvantaged groups, which meet the SDGs</p>	<p>To work with governmental agencies in Miaoli, Taipei City and New Taipei City, companies at the industrial park, social welfare organizations and communities to introduce caring events that connect to SDGs with local color and to support local events that address topics on steering value, social engagement and support for disadvantage groups.</p>	<ul style="list-style-type: none"> <li><b>Social Relationships</b></li> </ul>







## 1-3 Stakeholder communication – analysis of material topics

Yulon Motor cares about the demands of all stakeholders and hopes to create total value among the economy, environment, society, and ourselves with the efforts of the Board of Directors, management, and all of our employees. We have constructed a variety of channels, e.g. company website, business reports, routine meetings, investor conferences, shareholders' meetings, annual reports and sustainability reports, which are issued annually, in order to capture stakeholders' needs and facilitate communication with them. In addition to understanding topics of stakeholders' concern, picking material topics and disclosing properly, we have also built a model for long-lasting mutual trust and interaction through the said means.

### 1-3-1 Stakeholder engagement

Based on the different levels of interaction during the daily operations and with reference to the AA1000 Stakeholder Engagement Standard, Yulon Motor has identified nine major groups of stakeholders that have influence on or are influenced by Yulon Motor.

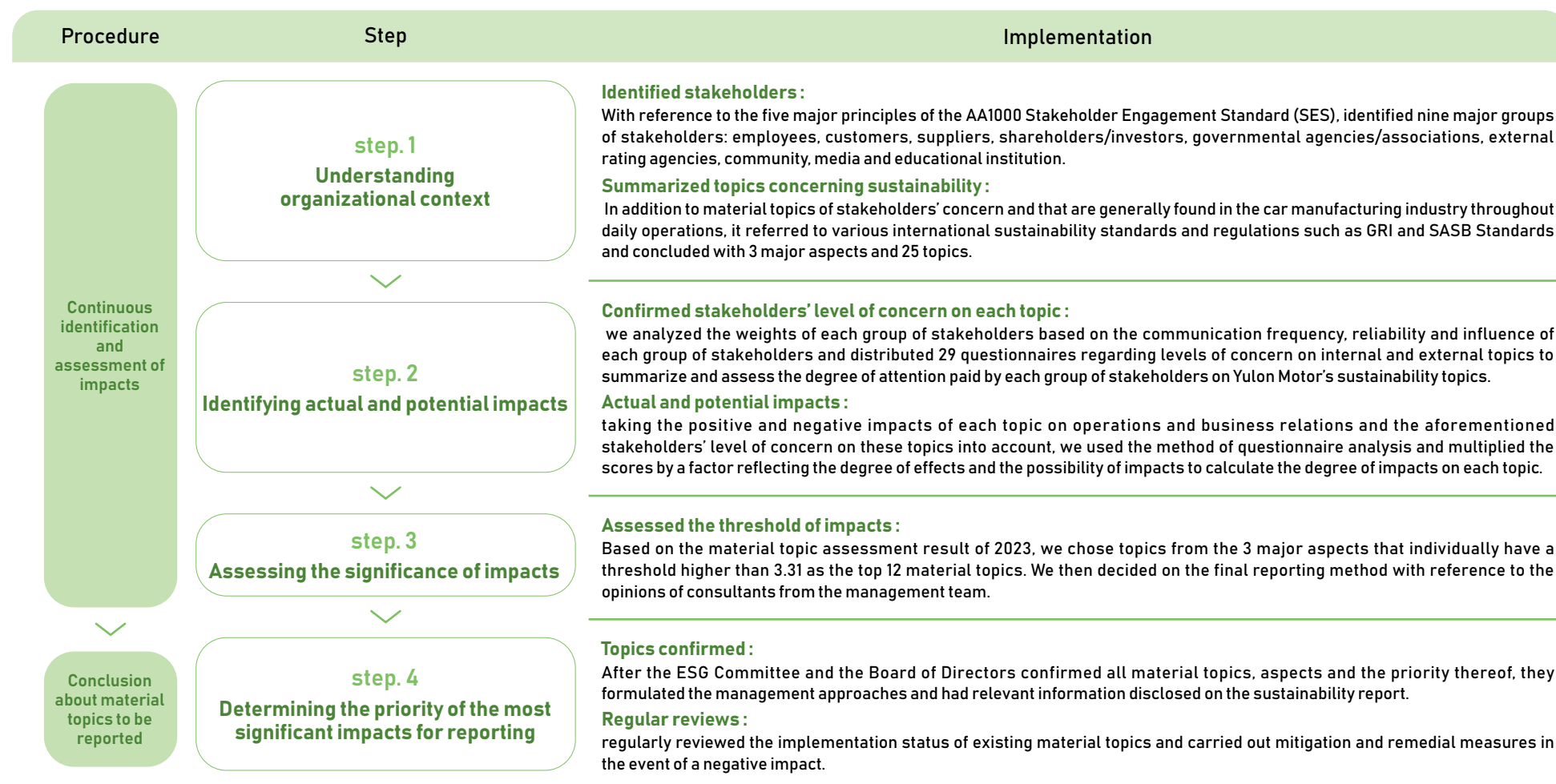
Stakeholder	Significance to Yulon Motor	Topics of concern	Communication channel(s)/frequency	Achievement	Corresponding chapter(s)
 <b>Employees</b>	Employees are the foundation of Yulon Motor's development, so it offers a wide range of competitive welfare and compensation to attract and retain talents, thereby improving its operational efficiency	<ul style="list-style-type: none"> <li>EV development</li> <li>Recruitment and retention</li> <li>Occupational health and safety</li> <li>Career development, education and training</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management meetings (quarterly)</li> <li>New employee seminars (quarterly)</li> <li>Employee seminars (annually)</li> <li>Employee satisfaction survey (biennially).</li> <li>New employee satisfaction survey (semi-annually)</li> <li>Employee magazines (annually)</li> <li>Employee feedback mailbox (irregularly)</li> <li>Nice to meet Yu Line@ (irregularly)</li> <li>Employee grievance hotline (irregularly)</li> <li>Manager consensus camp (semi-annually)</li> <li>Education and training (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>Held 4 labor-management meetings and new employee seminars</li> <li>Received 40 feedback letters from the employee feedback mailbox</li> <li>The Line@ account received 13 messages with 100% reply rate.</li> <li>Employees completed and consulted about illegal infringements at workplace.</li> <li>Promotional events concerning illegal infringements and legal issues – 3 physical courses, 2 online course and 2 legal circulars</li> </ul>	<ul style="list-style-type: none"> <li>3-1 Leading products and innovative R&amp;D</li> <li>5-1 Diverse talent strategy</li> <li>5-3 Friendly and safe work environment</li> </ul>
 <b>Media</b>	Media is the important bridge between Yulon Motor and our stakeholders, and we improve the transparency of information through publication of newsletters.	<ul style="list-style-type: none"> <li>Sustainable supply chain</li> <li>Brand image</li> <li>EV development</li> <li>Climate strategy</li> <li>Energy management</li> <li>Air pollution</li> <li>GHG emissions</li> <li>Natural disaster adoption</li> <li>Social Relationships</li> </ul>	<ul style="list-style-type: none"> <li>Publication of newsletters via media (irregularly)</li> <li>Media interviews (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Published 11 newsletters regarding topics such as performance of corporate governance, corporate social responsibility and ESG and sustainability actions</li> </ul>	<ul style="list-style-type: none"> <li>2. Ethical governance</li> <li>3-1 Leading products and innovative R&amp;D</li> <li>4 Sustainable supply chain</li> <li>6 Social Relationships</li> <li>7-1 Climate change management</li> <li>7-2 Energy management</li> </ul>
 <b>Governmental agencies/associations</b>	Yulon Motor complies with relevant standards and regulations provided by governmental agencies/associations and takes the initiative to communicate and offer opinions as a reference for their decisions.	<ul style="list-style-type: none"> <li>Technology R&amp;D and innovation</li> <li>Climate strategy</li> <li>Biodiversity</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Communication with associations (annually)</li> <li>Seminars, public hearings and conferences (irregularly)</li> <li>Official documents (irregularly)</li> <li>Corporate governance evaluation (annual)</li> </ul>	<ul style="list-style-type: none"> <li>Received 76 official documents on average every month</li> <li>Ranked the top 5% in the 10th Corporate Governance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>3-1 Leading products and innovative R&amp;D</li> <li>3-3 Customer relationship management</li> <li>6-2 Becoming environmentally friendly</li> <li>7-1 Climate change management</li> </ul>

Stakeholder	Significance to Yulon Motor	Topics of concern	Communication channel(s)/ frequency	Achievement	Corresponding chapter(s)
 Shareholders/ Investors	Shareholders/Investors are an important source of capital. Transparent disclosure of financial and non-financial information indicates the use of fund and further creates value for shareholders.	<ul style="list-style-type: none"> <li>Risk management</li> <li>Operational and financial performances</li> <li>Technology R&amp;D and innovation</li> <li>Brand image</li> <li>Biodiversity</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of shareholders (annually)</li> <li>Publication of annual reports (annually)</li> <li>Investor conferences (quarterly)</li> <li>Announcements of material information on the Market Observation Post System (irregularly)</li> <li>Calls/emails from minority shareholders (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>The annual report was published in May</li> <li>Investor conferences were held in April, May, August and November</li> <li>Made 64 material information announcements</li> <li>Received inquiries from 36 minority shareholders</li> </ul>	<ul style="list-style-type: none"> <li>2. Ethical governance</li> <li>3-1 Leading products and innovative R&amp;D</li> <li>3-3 Customer relationship management</li> <li>6-2 Becoming environmentally friendly</li> </ul>
 Customers	Customers' support is a major source of Yulon Motor's revenue. As a symbolic car manufacturer in Taiwan, we provide high-quality products and services to attain sustainability and for the common good.	<ul style="list-style-type: none"> <li>Information Security and Privacy Security Management</li> <li>Technology R&amp;D and innovation</li> <li>Brand image</li> <li>EV development</li> <li>Product quality and reliability</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey (annual)</li> <li>Production and sales meetings (monthly)</li> <li>Market quality meetings (weekly)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 2 customer satisfaction surveys regarding delivery</li> <li>Held a total of 30 production and sales meetings</li> <li>Held a total of 120 market quality meetings and investigated, tracked and improved production issues based on market feedback</li> </ul>	<ul style="list-style-type: none"> <li>2. Ethical governance</li> <li>3-1 Leading products and innovative R&amp;D</li> <li>3-2 Quality Control and Safety Guarantee</li> <li>3-3 Customer relationship management</li> </ul>
 Suppliers	Suppliers are Yulon Motor's most important business partners. In addition to producing high quality products, we work with these partners in value chain to create the value of sustainability.	<ul style="list-style-type: none"> <li>Brand image</li> <li>Product quality and reliability</li> <li>Air pollution</li> <li>GHG emissions</li> <li>Social Relationships</li> <li>Occupational health and safety</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Annual review of suppliers' specification compliance and inspection on 8 major aspects (annually)</li> <li>Supplier conferences (annually)</li> <li>Quality audit meetings (annually)</li> <li>SCM Platform (irregular)</li> <li>SQM Platform (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>Inspections have been carried out on 39 suppliers</li> <li>Quality audit meetings with 15 suppliers were held</li> <li>Examined the platform regarding early indication, view and change of presentation</li> </ul>	<ul style="list-style-type: none"> <li>2. Ethical governance</li> <li>3-2 Quality Control and Safety Guarantee</li> <li>3-3 Customer relationship management</li> <li>5-3 Friendly and safe work environment</li> <li>6 Social Relationships</li> <li>7-1 Climate change management</li> <li>7-4 Pollution control management</li> </ul>
 External rating agencies	The rating results of external rating agencies may influence the decisions and views of investors. By actively engaging with rating agencies, we improve the rating performance and hence increase the overall investment value of the Company.	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Operational and financial performances</li> <li>Sustainable supply chain</li> <li>Information Security and Privacy Security Management</li> <li>Brand image</li> <li>EV development</li> <li>Product quality and reliability</li> <li>Climate strategy</li> <li>GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Publication of sustainability reports (annually)</li> <li>Company website (irregularly)</li> <li>Election data/interviews (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Published the Sustainability Report of the year</li> <li>Maintained ESG-related information on a monthly basis</li> <li>Participated in 9 elections/ interviews</li> </ul>	<ul style="list-style-type: none"> <li>2 Ethical management</li> <li>3-1 Leading products and innovative R&amp;D</li> <li>3-2 Quality Control and Safety Guarantee</li> <li>4 Sustainable supply chain</li> <li>5-1 Diverse talent strategy</li> <li>5-2 Human rights protection</li> <li>6-2 Becoming environmentally friendly</li> <li>7-1 Climate change management</li> </ul>
 Community	Community allows Yulon Motor to gain a more diverse point of view, and together, we pose virtuous impact through constant communication and cooperation.	<ul style="list-style-type: none"> <li>Brand image</li> <li>Air pollution</li> <li>Recruitment and retention</li> <li>Social Relationships</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer services (irregularly)</li> <li>Community visits (irregularly)</li> <li>Announcements on the company website (irregularly)</li> <li>Schools (annually)</li> </ul>	<ul style="list-style-type: none"> <li>Held 6 volunteer services and activities</li> <li>Paid 9 visits to community</li> <li>Made 151 announcements on the company website</li> <li>Offered sponsorship to 34 schools/ communities</li> </ul>	<ul style="list-style-type: none"> <li>2. Ethical governance</li> <li>5-1 Diverse talents strategy</li> <li>5-3 Friendly and safe work environment</li> <li>6 Social Relationships</li> <li>7-4 Pollution control management</li> <li>7-1 Climate change management</li> </ul>
 Educational institution	Educational institutions cultivate talents for the industry, and through the industry-academia collaboration every year, we research and develop industry technology and attract talents.	<ul style="list-style-type: none"> <li>Information Security and Privacy Security Management</li> <li>Recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>Industry-academia collaboration (yearly)</li> </ul>	<ul style="list-style-type: none"> <li>4 industry-academia collaboration activities</li> </ul>	<ul style="list-style-type: none"> <li>2-4 Risk Management</li> <li>5-1 Diverse talent strategy</li> </ul>



### 1-3-2 Analysis of material topics and assessment of impacts

The identification of material sustainability topics were carried out in compliance with the latest GRI Standards (2021). During the identification process, Yulon Motor facilitated a good understanding about topics of stakeholders' concern via various channels such as the media, the website, the union, relevant meetings, annual reports and internal publications. We also referred to information from media reports, consumer surveys for vehicle purchases, customer satisfaction surveys, social media and benchmark in the global automotive industry using the method of questionnaire analysis. Based on the summary and analysis result, we have listed the key topics in order from an objective point of view, and concluded the top 12 material topics that may pose significant impacts on "Yulon Motor" and "economy, environment and people" and set them as this year's goals for sustainability. Meanwhile, based on the materiality of impacts on Yulon Motor, economics, environment and society, we have explicitly disclosed the material topics and in the meantime described our actions for sustainability on other relevant topics.



## Materiality matrix



Note 1: In comparison to 2022 material topics, brand image, technology R&D and innovation and sustainable supply chain have been added to the 2023 material topics, and based on the materiality, air pollution has been removed, showing stakeholders' concern on sustainability-related topics has changed.

## List of material topic movements

Material topic	Priority in 2023	Priority in 2022	Movement
■ Brand image	1	13	▲
■ EV development	2	2	Unchanged
◆ Recruitment and retention	3	9	▲
■ Product quality and reliability	4	4	Unchanged
■ Operational and financial performances	5	1	▼
■ Technology R&D and innovation	6	12	▲
◆ Occupational health and safety	7	7	Unchanged
■ Sustainable supply chain	8	22	▲
◆ Social Relationships	9	10	▼
■ Risk management	10	3	▼
● Climate strategy	11	5	▼
● GHG emissions	12	6	▼

## List of material topics and description of impact boundary

Priority	Material topic	Aspect	Description of impact	Corresponding GRI-specific topic	Reporting boundary										Corresponding chapter for management approach
					Within the organization				Outside the organization						
					Employees	Customers (end consumers)	Shareholders	Suppliers	Customers (brand owners)	Community	Media	Governmental agencies/ associations	External rating agencies	Educational institution	
1	Brand image	G	<p><b>Positive impact:</b>The brand image can help to raise stakeholders' trust and bring about their supports to the Company's operations, such as customers' willingness to purchase, suppliers' willingness to cooperate with the Company's strategy, employees' support, and talents' willingness to join the Company.</p> <p><b>Negative impact:</b>A negative brand image can lead to unsupportive stakeholders who may even boycott the Company's operations, for example, consumers' boycott of the Company's products, suppliers' refusal to take orders, employee strikes or resignation, and recruitment challenges.</p>	Self-defined topics	✓	✓	✓	✓	✓	✓			✓	2. Ethical governance	
2	EV development	G	<p><b>Positive impact:</b> Following the rise of the electric vehicles(EV), if Yulon Motor can tap into the EV market as early as possible, it will be able to capture some business opportunities and at the same time lower the costs arising from any probable ban on gasoline cars in the future.</p> <p><b>Negative impact:</b> If the development of electric vehicles does not meet expectations, it may result in debts or unrecoverable resources invested for entering the market.</p>	Self-defined topics	✓	✓	✓	✓	✓		✓			3-1 Leading products and innovative R&D	
3	Recruitment and retention	S	<p><b>Positive impact:</b> If we can provide more competitive salary and welfare, we will be able to attract more talents of diversity, raise the retention rate and reduce additional costs for recruitment.</p> <p><b>Negative impact:</b> Unfavorable talent recruitment and retention can cause high recruitment costs of the human resources department arising from endless new recruits and increased frequency of handovers.</p>	GRI 401-1	✓		✓			✓			✓	5-1 Diverse talents strategy	
4	Product quality and reliability	G	<p><b>Positive impact:</b> Good product quality and reliability will influence customers' trust in us, our goodwill, and the impression that investors and the general public may have of us.</p> <p><b>Negative impact:</b> In addition to fines for violations of laws, product quality issues may also result in consumer distrust or boycotts.</p>	Self-defined topics	✓	✓	✓	✓	✓				✓	3-2 Quality Control and Safety Guarantee	
5	Operational and financial	G	<p><b>Positive impact:</b> Financial and operational strategies and profits are crucial to the Company's overall performance since they will directly affect the economic performance of the Company and consequently its R&amp;D, environmental protection and human resource expenses.</p> <p><b>Negative impact:</b> Unfavorable financial performance may lead to endangered operations and tightened business investment strategies.</p>	GRI 201-1	✓	✓	✓	✓	✓				✓	2-2 Financial Performance	
6	Technology R&D and innovation	G	<p><b>Positive impact:</b> Technology innovation enables extensive product competitiveness, increased barriers to entry and product uniqueness.</p> <p><b>Negative impact:</b> Unfavorable technology innovation includes overinvestment or incorrect strategies on technology development that limit the Company's financial freedom and accessible resources or even waste its R&amp;D capacity.</p>	Self-defined topics	✓			✓				✓		3-1 Leading products and innovative R&D	

Priority	Material topic	Aspect	Description of impact	Corresponding GRI-specific topic	Reporting boundary										Corresponding chapter for management approach
					Within the organization				Outside the organization						
					Employees	Customers (end consumers)	Shareholders	Suppliers	Customers (brand owners)	Community	Media	Governmental agencies/ associations	External rating agencies	Educational institution	
7	Occupational health and safety	S	<p><b>Positive impact:</b> Ensured health and safety of operational personnel in the plant that increase employee trust and satisfy environmental safety laws and regulations.</p> <p><b>Negative impact:</b> If we fail to effectively manage occupational safety at the plant, in addition to the impacts on employees' health, we will face high medical costs, violation of relevant laws and loss on human resources, which will further affect the work shifts at the plant and inventory level.</p>	GRI 403-1~403-9	✓		✓	✓							5-3 Friendly and safe work environment
8	Sustainable supply chain	G	<p><b>Positive impact:</b> Push Yulon to work with its suppliers from the perspectives of sustainable development, for instance, to seek carbon neutrality environmentally, to emphasize human rights topics on the social aspect and to meet evaluation requirements for its corporate governance (e.g. ISO), in order to meet legal requirements and enhance industry competitiveness.</p> <p><b>Negative impact:</b> Failure in sustainable supply management, inability to connect with suppliers to improve their quality, failure to meet governmental regulations (such as carbon inventory of subsidiaries) and lowered competitiveness.</p>	GRI 204-1 GRI 414-1	✓			✓			✓		✓		4 Sustainable supply chain
9	Social Relationships	S	<p>Positive impact: We have invested in community activities for a long time and enabled a better brand image of Yulon Motor through media reporting. In the meantime, we have also supported disadvantaged groups in many remote areas.</p> <p>Negative impact: Unfavorable social relationships may result in Yulon's inability to build positive relationships with society and thus affect its brand image, thereby stakeholders' boycotts.</p>	Self-defined topics	✓					✓	✓				6 Social Relationships
10	Risk management	G	<p><b>Positive impact:</b> Proper management and prevention of any potential risks in the future may mitigate losses arising from different crises and build confidence in employees and investors.</p> <p><b>Negative impact:</b> Risk management errors may result in the Company's untimely response to risks due to omission of potential risks or defective corresponding strategies, thus leading to violations of laws or lagging behind market trends.</p>	Self-defined topics	✓	✓	✓	✓	✓						2-4 Risk Management
11	Climate strategy	E	<p><b>Positive impact:</b> In the face of tightened environment-related laws and regulations, we shall formulate a group-level climate strategy in answer to the international net zero trend as soon as possible to mitigate the impact of climate change and improve adoption measures.</p> <p><b>Negative impact:</b> An incomplete climate strategy may not comprehensively answer to all risks and may thus result in Yulon's below average performance in the globe and the industry.</p>	GRI 201-2	✓		✓	✓		✓	✓	✓	✓		7-1 Climate change management
12	GHG emissions	E	<p><b>Positive impact:</b> A good GHG emissions strategy can gradually reduce the emissions to achieve carbon neutrality and save the money spent on future renewable energy investment.</p> <p><b>Negative impact:</b> If we fail to reduce GHG emissions with our partners in the value chain, we may face expensive environmental compliance costs and worsen the progression of global climate change.</p>	GRI 305-1~305-6	✓		✓	✓		✓	✓		✓		7-1 Climate change management

# Chapter 2

## Ethical governance steering sustainability

2-1 Sustainable Governance Framework

2-2 Financial Performance

2-3 Ethical Corporate and Anti-corruption

2-4 Risk management

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2-4-2 Information security and privacy management





### Material issue

Operational and financial performances, Risk management

### Major stakeholders

Governmental agencies/associations, employees, shareholders/investor, external rating agencies, media

### Performance highlights

- Ranked the top 5% for the 10th consecutive year in the “Corporate Governance Evaluation for Listed Companies” hosted by the Financial Supervisory Commission
- Included as a constituent of the FTSE4Good TIP Taiwan ESG Index in 2023
- Named CommonWealth Top 100 Sustainable Enterprise under the Sustainable Citizen Award in 2023
- Awarded by TCSA for Comprehensive Performance of Corporate Sustainability in 2023
- Awarded Silver Medal by TCSA for Sustainability Report in 2023
- Awarded the D&B ESG Sustainability Mark in 2023



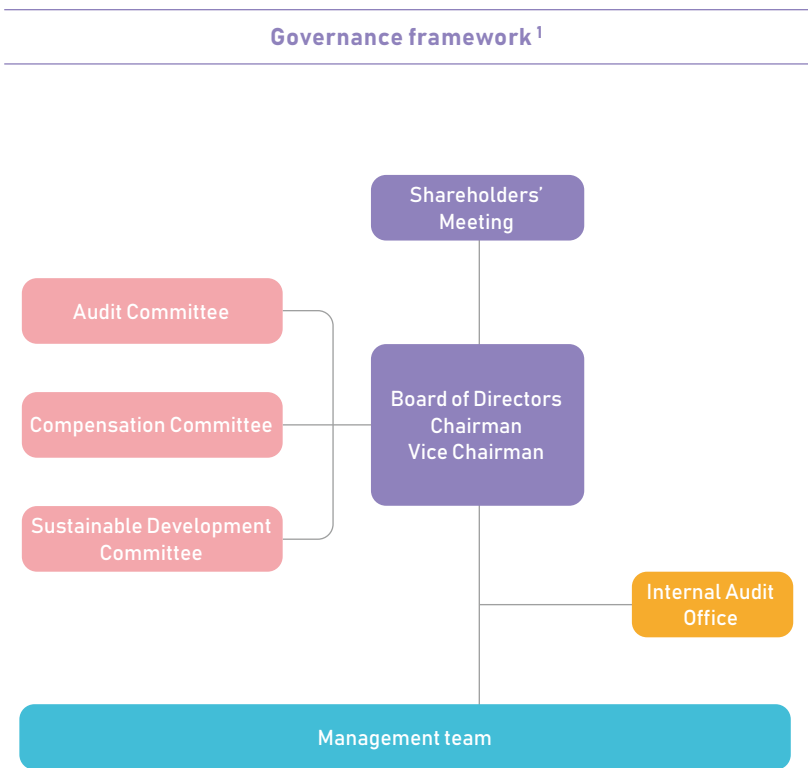
Since its inception in 1953, Yulon Motor has always been thinking about the development of Taiwan's automotive industry and realized the importance of corporate governance to Taiwan. Therefore, our carefulness and caution have rewarded us with the title of top 5% in the Corporate Governance Evaluation for 10 consecutive years as the best proof of our efforts. In 2023, we saw the trends of net zero emissions and sustainability in the world, and Yulon Motor understands our responsibility for the transformation of Taiwan's automotive industry and for the expectations from a wide array of stakeholders, e.g. proportion of female directors, remuneration to senior management and its connection to sustainability performance. Therefore, we have established the ESG Committee, along with the existing Audit Committee and Compensation Committee, and adopted and amended the “Corporate Social Responsibility Best-Practice Principles” and the “Corporate Governance Best-Practice Principles” in 2014 and 2016, respectively. A dedicated unit shall summarize the implementation status of corporate governance and regularly report to the Board of Directors and the senior management. We will step up to lead the transformation in Taiwan's automotive industry and stabilize profits under a comprehensive governance framework while creating more positive impacts on society and environment.



## Management approach to brand image

<b>Significance to Yulon Motor</b>	The brand Yulon represents quality, innovation and reliability in customers' mind. By tapping into the good image, we boost our market competitiveness, increase the trust from society, attract talents and build strong partnerships. We have been active in showing our corporate values to affirm our leadership in the industry and continue to build a sustainable corporate image.	
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>• Complete a sound vehicle product quality management system to ensure a brand quality based on product quality.</li> <li>• Participate in the corporate governance evaluation and continue to disclose information on corporate governance required by laws and regulations</li> <li>• Disclose corporate business information via the sustainability report to maintain the continuous communication with stakeholders</li> </ul>	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>• Ranked the top 5% in the corporate governance evaluation</li> <li>• Continue to have the ISO systems, including the ISO 9001/14001/45001/14064/17025 and the IATF16949 Automotive Quality Management System certified.</li> <li>• To introduce the ISO 27001 Information Security Risk Management System</li> <li>• Continue to update the framework of sustainability report and introduce the TNFD</li> </ul>
	<b>Medium-term</b> (2026-2027)	<ul style="list-style-type: none"> <li>• Ranked the top 5% in the corporate governance evaluation</li> <li>• Continue to have the ISO systems, including the ISO 9001/14001/45001/14064/17025 and the IATF16949 Automotive Quality Management System certified.</li> <li>• Continue to update the framework for sustainability report and introduce IFRS S1 and S2 frameworks</li> </ul>
	<b>Long-term</b> (after 2028)	<ul style="list-style-type: none"> <li>• Ranked the top 5% in the corporate governance evaluation</li> <li>• Continue to have the ISO systems, including the ISO 9001/14001/45001/14064/17025 and the IATF16949 Automotive Quality Management System certified.</li> <li>• Keep improving disclosures in the sustainability report in accordance with international standards.</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	Ranked the top 5% in the corporate governance evaluation	Ranked the top 5% in the corporate governance evaluation for 10 consecutive years
<b>Responsible unit</b>	Governance Team, Quality Inspection Department, Manufacturing Service Department, ESG Committee	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>• Rank the top 5% in the corporate governance evaluation</li> <li>• Continue to have the ISO systems and the IATF16949 Automotive Quality Management System certified.</li> <li>• Publicly disclose the sustainability report and participate in competitions for disclosure assessment (2023 TCSA Awards- Silver Medal for Sustainability Report)</li> </ul>	

## 2-1 Sustainable Governance Framework



Note 1: The Chairperson of Yulon Motor internally presides over the shareholders' meetings, the meetings of the Board of Directors, and the meetings of the managing directors whereas the President is the head of senior management. The Chairperson and the President are not the same person.

Note 2: In 2023, there was yet any representative of disadvantaged groups sitting on Yulon Motor's Board of Directors.

### Performance of the Board of Directors

The Board of Directors is the highest governance body of Yulon Motor mainly in charge of guiding the Company's operational strategy, overseeing the management and is responsible for the Company and its shareholders. According to relevant regulations, one general meeting of shareholders shall be held annually, one general meeting of the Board of Directors shall be held quarterly, and special meetings may be held when necessary. The Board of Directors is composed of nine professionals who have rich experience in the industry or academia, including six directors and three independent directors, and they all have professional abilities in finance, accounting, management or law and hold a 3-year term of office. We believe that the diverse approach for corporate governance is helpful for improving the Company's overall performance, so all current members have constituted a board of diversity with their complementary cross-industry skills. The Board of Directors has already included one female member. <sup>2</sup>

The nine directors (three independent) of the 17th Board of Directors are equipped as a whole with the capabilities of operational judgment, decision-making leadership, business administration, global views, and crisis handling. Among them, Chairwoman Yen Chen Li-Lien, Vice Chairman Chi-Sen Tso, and Director Shin-I Lin and Chen-Hsiang Yao are equipped with industrial experience and professional capabilities in leadership, operational judgment, business administration, crisis handling, industrial knowledge and global views, while Director Jack, J.T. Huang and Independent Director Yun-Hua Yang are competent in legal affairs, and Director Zhang Liang and Independent Director Zhongqi Zhou and Yen-Chin, Tsai are experts in economic financing. The 17th board has 33% of the members with financial expertise, and 22% with legal compliance professionalism. The body of the Board mainly comprises senior and experienced members over 50 years old.

Yulon Motor's Board members are first nominated by the Board of Directors where the qualification of an independent director was reviewed by the Board, and raised forward to a shareholders' meeting for election. Candidates for directors are nominated based on their contribution to the diversity of the Board, independency and professionalism in addition to their experience in academia and in the industry.

Please refer to Yulon Motor's annual report and major corporate regulations for details regarding the composition of the Board, major resolutions made in the fiscal year and regulations for corporate governance.



Yulon Motor's  
annual report



Major corporate  
regulations

## Continuing education of directors

Yulon Motor constantly improves the competency of directors where directors take courses in corporate governance, economics, environment and society in compliance with the competent authority's regulations to acquire new knowledge and keep abreast of the global trend of corporate governance. Along with directors' experience and knowledge in actual practices, they are expected to offer valuable opinions to the Company's development and pay comprehensive and adequate attention to the interests of stakeholders. In 2023, the education received by the directors totaled 54 hours; all the directors met the requirements of the competent authority, and the average participation time per director was around 6 hours.

## Operation of the functional committees

For a more comprehensive protection of stakeholders' rights, Yulon Motor has established the functional committees to coordinate and process various functional issues, thereby enhancing the operational efficiency of the governance organization.

## Director independence and management of conflicts of interest

In the independence evaluation of directors, factors such as whether the directors concerned are able to continuously raise constructive questions to the management team and other directors, whether the views expressed are independent of the management team and other directors, and whether their conduct inside and outside the board are appropriate are taken into account.

The "Procedures for Board of Directors Meetings" adopted explicitly stipulate that a director shall recuse himself/herself/itself from proposals of his/her/its interest. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting and shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. Regarding the directors' compliance with the interest avoidance in 2023, all of our directors and supervisors have performed their duties in good faith and with due care and attention, and no litigation or illegal acts have occurred.

Name of committee	Major responsibilities	Composition of members	The state of operation in 2023	
			No. of meetings held	Average attendance of committee members
Compensation Committee	The committee is responsible for setting and reviewing the policies, systems, standards and structures of long-term performance goals and remuneration for the Company's directors and managerial officers, regularly evaluating the achievement of the performance goals for the directors and managerial officers, and setting their individual remuneration.	Composed of three independent directors	<b>3 times</b> (a minimum of 2 times per year)	<b>100%</b>
Audit Committee	Responsible for the fair presentation of the Company's financial statements, the selection (dismissal) and independence of CPAs, the effective implementation of internal controls, and the control on existing or potential risks to the Company, thereby strengthening our internal control mechanism.	Composed of three independent directors	<b>6 times</b> (a minimum of once per quarter)	<b>100%</b>
Sustainable Development Committee	Responsible for examining the Company's sustainability strategies and its implementation of ESG initiatives so as to assist Yulon Motor in the continuous pursuit and implementation of such ESG initiatives	Composed of three independent directors	<b>2 times</b> (a minimum of 2 times per year)	<b>100%</b>

Note 1: The re-election of independent directors of Yulon Motor was held in 2022, so these committee members individually serve for the "Fifth Compensation Committee" and the "Third Audit Committee" with the same term of office from July 1, 2022 to June 30, 2025.

Note 2: The Sustainable Development Committee was established in November 2022.

## Performance Evaluation of the Board of Directors

To ensure that the board members perform their duties in good faith, exercise the due care of a good administrator, and use their powers based on high self-discipline and carefulness, the Company has developed the "Board of Directors Evaluation Measures" pursuant to the "Corporate Governance Best-Practice Principles for TWSE or TPEX Listed Companies" to evaluate the performance of the board (including the functional committees) and the individual directors annually. With respect to the performance self-evaluation, the five aspects covered by the 2023 self-evaluation were the Board's operation, the Board members, the Audit Committee's operation, the Compensation Committee's operation and the Sustainable Development Committee's operation.

Besides this, at least one performance evaluation of Yulon Motor's Board of Directors shall be carried out by external independent professional institutions or by external experts or scholars every three years. The latest evaluation on the "efficiency of the Board's operation" was conducted by the Taiwan Institute of Ethical Business appointed at the ended of 2021, and the result was reported to the Board of Directors. Such an evaluation included four major aspects: professional competency of the Board, efficiency of the Board's decision making, degree of attention and supervision of the Board on internal control and the Board's commitment to corporate social responsibility. The average score of the said external evaluation was 4.75 where the "professional competency" and the "efficiency of decision making" scored the highest 4.78 points while the "internal control" scored the lowest 4.74 points. The next external evaluation is scheduled for 2024.

## Remuneration policies for the Board of Directors and senior executives

Yulon Motor has established the independent Compensation Committee, of which members are responsible for assisting the Board in evaluating and overseeing the Company's overall remuneration policy. Personnel who the Committee may seek opinions from may be invited to attend its meetings. The Committee evaluates the remuneration of directors and senior executives and raises their suggestions forward to the Board of Directors' meetings.

The remuneration to directors and executives is paid in accordance with the remuneration policies, systems, standards and structure set by the Compensation Committee by taking into consideration of the accomplishment of the annual and long-term performance goals of the Company's directors and executives. Along with the additional considerations of the salary amount, payment method and future operational risk, payments are subsequently made upon the approval of the Board of Directors; payments to be distributed from earnings shall be raised to a Shareholders' Meeting for approval before proceeding.

Policy for the distribution of remuneration	Description of policy
Remuneration policy for directors (independent directors included)	<ul style="list-style-type: none"> <li>The remuneration to directors is determined by the Board of Directors based on the level of contribution to the Company of each individual with reference to the standard of the industry. If the Company records a profit, an amount of no more than 0.5% of the profit of the fiscal year may be allocated as directors' remuneration (excluding independent directors) in accordance with Article 27-1 of the Company's Articles of Incorporation.</li> <li>Independent Directors are paid with fixed amounts of compensation and attendance fee.</li> <li>According to the "Board Evaluation Guideline," except the Chairperson, directors, excluding independent directors, are remunerated based on the evaluation result as regards the degree of participation in the Company's operations, professionalism, continuing education and internal control. In the future, the Company will consider including the performance in corporate sustainable development as one of the criteria of the Board performance evaluation.</li> </ul>
Remuneration policy for executives	<ul style="list-style-type: none"> <li>Remunerations appropriated for employees shall not be more than 0.1% of the annual business profit, if any.</li> <li>Remuneration to executives: <ol style="list-style-type: none"> <li>Salary: taking the industry standard, job title, job level, education, professional skills and responsibilities into account.</li> <li>Bonuses: distributed based on the evaluation results of executives and employees in accordance with the "Regulations for Performance Evaluation"</li> <li>Pension: The pension for executives to whom the Labor Standards Act applied is separately financed and paid by the Company; the pension for executives to whom the new labor retirement system applies is transferred to individual labor pension accounts monthly by the Company.</li> </ol> </li> <li>Criteria for the evaluations of executives: in addition to professional management and operational goals and daily management performance of each department, corporate governance, social engagement and environmental sustainability are also covered in the evaluation. By referring to the Company's overall profitability, goal achievement rate, operational efficiency and contribution of executives, remuneration is calculated accordingly and reasonably and constantly reviewed to align with the Company's actual business performance and applicable laws and regulations.</li> <li>In order to enhance corporate governance and enable sustainable development, we increased the weight of sustainability performance indicators in assessing the remuneration of senior management (the president and vice presidents) by initiating a sustainability indicator with a 5% weight in this year's KPI of the Company: to implement net zero waste reduction and obtain the 2023 ISO14064-1 GHG inventory verification statement in 2024; to reduce carbon density by more than 4.2% every year aiming to reduce carbon by 30% in 2025 in comparison to 2021. Execution of such a goal shall be supervised by vice presidents and senior managers, and the progress thereof shall be controlled in the monthly meetings chaired by the President to reinforce the implementation and execution of the Company's sustainable development policy</li> </ul>

## 2-2 Financial Performance

### Management approach to operational and financial performance

<b>Significance to Yulon Motor</b>	We are committed to becoming a leader in the mobility value chain in the Chinese-speaking markets, so we have developed a service system that leads to the growth of economic profit and sales and strengthen our ability in asset management from the existing manufacturing model. As a result, we increase the Company's competitiveness and provide a wider range of service value for stakeholders.	
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>Under the trend of EV development, Yulon Motor continues to provide turnkey solutions for targeted global clients with the new business model of open platform and resource sharing to improve and stabilize its profitability.</li> <li>Yulon Motor has been active in the energy storage market and developing the green energy business platform in order to lead the trend of green transportation and energy, and this multi-dimensional and breakthrough business deployment will lead to the outstanding of the Company.</li> </ul>	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>To boost ability in smart manufacturing and new vehicle development and management, implement preventive quality management, and ensure new vehicle development timeline using digital billboards.</li> <li>To coordinate partners in the development of large power plants and to participate in Taipower's ancillary service market</li> <li>To improve credit rating and lower the capital costs for developing manufacturing services and investing in energy storage business</li> </ul>
	<b>Medium-term</b> (2026-2027)	<ul style="list-style-type: none"> <li>To improve communication efficiency between the Company and external personnel</li> <li>To keep close relations with the capital market in order to increase the number of diverse funding channels and seek appropriate investment targets</li> </ul>
	<b>Long-term</b> (after 2028)	<ul style="list-style-type: none"> <li>To root in Taiwan and aim at the world; to keep the most essential and critical R&amp;D technologies and resources in Taiwan for both the existing manufacturing services and energy storage products that we have been actively involved in.</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	<ol style="list-style-type: none"> <li>Ensured the timely new model development: Nissan X-TRAIL Mild Hybrid Model</li> <li>Operating revenue: NT\$27,114,958 thousand</li> <li>Diversification through new business development</li> </ol>	<ol style="list-style-type: none"> <li>Timely mass production and launch of new model: Nissan X-TRAIL Mild Hybrid Model in Q3</li> <li>Secured operating revenue: NT\$25,200,703 thousand with a 92.9% achievement rate</li> <li>Diversification through new business development: continued to develop the energy storage business</li> </ol>
<b>Responsible unit</b>	Manufacturing service department, Business development department and Finance and Business Planning Department	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>Used the preventive quality management approach and information billboards to reflect the timeline of new cars development in real time, so as to enhance management abilities in smart manufacturing and new cars development</li> <li>Lowered the capital costs for developing manufacturing services and investing in energy storage business so as to increase the credit rating</li> </ul>	

## Challenges in the market

Accompanied by the subsided COVID-19 pandemic, the recovered economy, and the stable supply of both domestically produced and imported vehicles, the number of newly registered vehicles in Taiwan in 2023 was 466 thousand, an increase of 12.29% from 415 thousand in 2022. Among which, the two major brands NISSAN and LUXGEN under Yulon Motor held the market shares of 5.1% and 0.5% in 2023, respectively. Looking ahead in 2024, despite the uncertainties on global political and economic environment and currency policies of various countries, the automotive market size in Taiwan is estimated to reach 450 thousand vehicles annually as the supply from various car manufacturers returns to normal.

In Taiwan market, as car manufacturers introduce a variety of new energy vehicles making it a trending top, the competition among new energy vehicles have also been intensified. In order to take part in the new energy vehicle market, Yulon Group introduced the X-TRAIL e-POWER mild hybrid model and the KICKS e-POWER model in 2023 and joined Foxtron to introduce the battery electric vehicle LUXGEN n<sup>7</sup> to be launched in 2024; at the same time, it increased the number of charging stations all over Taiwan to eliminate EV drivers' range anxiety; it also integrated with Line Taxi to increase the reach of the Group's vehicle models to Line Taxi's extensive member base. Yulon Motor will continue to actively boost the soundness of its business, create new business models and seek stable growth.

### Production value and sales of Yulon Motor (Standalone)

Year / item	Yield (vehicle)	Output value (NTD thousand)	Sales volume (vehicle)	Sales value (NTD thousand)
2021	30,460	13,858,110	31,928	22,637,485
2022	24,962	11,883,242	27,687	20,705,668
2023	23,885	12,986,838	27,374	23,282,072

### Consolidated condensed statement of comprehensive income of Yulon Motor

Item/company	Yulon Motor Co., Ltd.
Operating revenues	82,120,679
Gross profit (residual economic value)	28,861,985
Operating profit and loss	8,591,508
Gain or loss in current period	8,494,230
Payments to contributors	992,474
Earnings per share (NT\$)	4.63
Employee salary and welfare	10,464,681
Payments (income tax) to government	1,761,489

Unit: Thousand NTD

Note: Payments to contributors are the total dividends paid by Yulon Motor to external personnel in 2023.

### Operating revenues of Yulon Motor and its significant subsidiaries, and which as a percentage to the Group's consolidated operating revenue

Year/ company	Yulon Motor Co., Ltd.		Other (Luxgen Motor Co., Ltd.)		Others (Yulon Finance Corporation)	
	Revenues	Revenues	Revenues	Proportion %	Revenues	Proportion %
2021	24,310,315	31.15%	7,743,105	9.92%	31,962,181	40.95%
2022	22,410,271	29.07%	5,396,886	7.00%	36,556,719	47.43%
2023	25,222,538	30.71%	5,303,876	6.46%	41,489,371	50.85%

Unit: Thousand NTD

## Tax risk management and governance mechanism

Tax filings, general tax administration and tax payments are executed by different responsible personnel in accordance with ISO standards and reviewed by the supervisor of the Finance and Business Planning Department to ensure Yulon Motor's duty to pay taxes is duly performed. In the event that any major tax issues occur during a fiscal year, it consults with the National Taxation Bureau and the accounting firm appointed for professional opinions and responds with a plan lawfully. At the end of a fiscal year, the appointed accounting firm conducts an audit to confirm the taxable income for the year calculated by Yulon Motor according to laws, and the tax filing is completed thereafter.

Yulon Motor also has subsidiaries in other locations such as Mainland China and Philippine. Following the rollout of anti-tax avoidance system in the globe, new tax laws are gradually introduced in Taiwan and other areas, so for effective tax risk management, Yulon Motor assesses the impacts of new laws on the Company's taxes before their enactments and consults with the accounting firm appointed for further tax planning. In recent years, we have collected information on capital expenditure that meets the requirements provided in the Statute for Industrial Innovation and filed such information with the Ministry of Economic Affairs for applying the investment credits, which effectively lowers the tax rate.



## Future business development plan

Timeline	Program	Description
Short-term development plan	1. Automobile value chain strategic transformation	<p>(1) Asset-light model and efficiency: the brand Luxgen is operated under an asset-light model, which integrates functional units in the value chain to improve operational efficiency.</p> <p>(2) Full opening up and diversified OEM: In response to the market demand and to achieve economies of scale, Yulon Motor is actively engaged in value chain strategic transformation, opening up its operations to get diversified customers and promoting its professional OEM services.</p>
	2. Multi-brand manufacturing	To build a more comprehensive and mature product portfolio, effectively lift the capacity utilization rate and lower production costs, we will continue to make use of the resources shared within the entire value chain of Yulon Group while satisfying the new generation's demands for cars in all aspects.
	3. Increase the satisfaction level of manufacturing services	We are committed to the enhancement of manufacturing quality, costs, delivery, and service satisfaction of each brand and wish to become the best professional automobile manufacturer who can create a win-win-win situation among the brands, Yulon Motors, and consumers by furnishing the most competitive manufacturing quality.
	4. Activation of asset utilization	The YES!LIFE Yulon City development project in Xindian hosted its grand opening on September 28, 2023.
	5. Internal process improvement	Continues to improve the effectiveness of risk management, control and monitoring processes through internal process improvement and audits. We also use the Kernel Objectives Management (KOM) system to grasp the implementation status of each department's objectives, and hygiene to effectively improve the Company's operational management performance and quality.
	6. Quality resource integration	Connecting the industrial supply chain with the assembly factory as the center, we will take the initiative to visit the suppliers for quality management, implement a comprehensive quality management system, form the operation mechanism of the quality value chain, and adopt a two-way control mode to drive the overall industrial value chain.
Long-term development plan	1. Alliances with ICT industry, solutions and ecosystem services	<p>(1) Through the joint venture, Foxtron Vehicle Technologies, which the Company established with Hon Hai, we promote the new business model of MIH open platform and sharing in the global automobile industry, combining the complementary of both companies in vehicle research and development and ICT industry resources to provide overall solutions to our target customers.</p> <p>(2) With the advanced open platform and shared resources of JV, we will continue to cultivate the self-owned brand, Luxgen, focusing on the brand sales and channels, and launching new competitive products that meet the market demand.</p>
	2. Value chain strategic transformation and diversified manufacturing services	We will seek opportunities for collaboration other than four-wheeled passenger vehicles, including three-wheeled heavy motorcycles and energy storage containers, and continuously assess and find other OEM opportunities.

## 2-3 Ethical Corporate and Anti-corruption

To create an environment of fair competition, the Company's operations and activities are all in compliance with relevant regulations



Yulon Motor adheres to the business principles of integrity, transparency and accountability and has adopted various policies and regulations oriented on ethics, such as the “Ethical Corporate Management Best-Practice Principles,” the “Operating Procedures for Processing Internal Material Information” and the “Operating Procedures for the Prevention of Insider Trading.” Employees are required to subscribe to these policies and regulations while Yulon Motor regularly conducts internal and external audits and compliance examinations and participates in various evaluations to curb any possibility of corruption.

### Creation of an ethical business culture

Yulon Motor believes that creating an ethical business culture leads to consistency in a corporate and shapes a stauncher business system of the Group. As new directors were elected at the shareholders’ meeting in 2022, besides making the Operating Procedures for the Prevention of Insider Trading known to all new directors and having all directors sign the non-disclosure agreement, we have also had all new directors sign the three declarations for the abidance by the “Corporate Governance Best-Practice Principles,” the “Sustainable Development Best-Practice Principles” and the “Ethical Corporate Management Best-Practice Principles.” Meanwhile, all of the three presidents of the subsidiaries overseas appointed at the end of 2022 have also signed the “Code of Ethical Services.” As for employee anti-corruption management, we have the “Operating Procedures for the Prevention of Insider Trading” published on our company website for downloading by all users and as a promotion to all employees where the coverage rate has reached 100% of all employees (1,136/1,136). Yulon Motor pays attention to the anti-corruption training for employees and had organized the “Insider Trading 101” course for all new employees since 2022 where, as of the end of 2023, 100% of new employees have taken the anti-corruption training, representing 13.5% (153/1,136) of the total number of employees. Conditions in connection with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” have also been added to the sales contract sample and/or contractor agreements for supplier management.

With respect to anti-bribery, Yulon Motor has adopted the “Yulon Motor Regulations Governing Accepting and Offering Gifts,” which explicitly state the details such the limit of total gift value and the internal reporting procedures to ensure all of Yulon Motor’s employees do not accept requests or agreement in any form and do not receive any bribery or other improper benefits. In the event of doubtful behaviors or behaviors violating the code of conduct, a report shall be made to the supervisor or directly to the internal audit officer, or via the whistleblowing system. At the same time, we also care about the safeguard of intellectual property rights, so we educate new employees about the idea during the orientation and require them to sign the “Intellectual Property Non-Disclosure Agreement.”

## Relevant education and training for ethical management and legal compliance

Course topic	Course content	Number of participants	person-hours	Anticipated courses in 2024
<b>YL 2023 Law and Intellectual Property Department Course - Patent Search and Analysis</b>	In response to the Company's business in innovative technology, promote and introduce the basic idea of patents and emphasize the importance in the course.	11	22	Continue to host relevant education courses providing employees training for intellectual property, patents and copyright and knowledge about business secrets, such as business secrets, the Personal Data Protection Act, fundamental education and training for intellectual property, education and training on TIPS management system and intellectual property management regulations for all employees and the course on legal use of software.
<b>2023 Yulon Motor - An Introduction to Copyright</b>	In order to prevent and eliminate intellectual property risk and enhance awareness of intellectual property protection, introduce the basic concept, practice and cases of copyright.	16	34	
<b>YL 2023 Law and Intellectual Property Department Course - Patent Dispute Resolution 0926</b>	Through real cases, explain about patent infringement, and how to determine patent infringement and lower the risk of patent infringement.	11	22	
<b>2023 Yulon TIPS and internal auditing education and training for all employees</b>	In alignment with the Company's introduction of TIPS verification, provide relevant employees with the training on TIPS introduction and major verification tasks for 2023 to help them have better understanding about paperwork and key regulations. This course also focuses on topics of audits and qualification standards.	17	66	
<b>2023 training course on TIPS (Level A) and legal compliance for intellectual property with respect to corporate governance.</b>	As a prerequisite for TIPS verification, two employees were assigned to participant in the training and obtained the certificates of attendance. The training curriculum is described below: 1. Trend of intellectual property management and the executive system of Taiwan Intellectual Property Management System. 2. Guidance on planning of an intellectual property management system and the key to adoption 3. Procedures for the TIPS verification of an intellectual property management system and the essentials for preparation 4. Available resources for guidance on intellectual property management	2	60	
<b>An introduction to intellectual property (compatible video version)</b>	As the awareness of intellectual property rights increases, governments and citizens pay more attention to issues regarding intellectual property rights. We hope to raise employees' awareness and understanding of intellectual property rights protection through the education about legalization of intellectual property rights protection and applicable laws.	27	50	
<b>Personal Information Protection Awareness - Overview of Personal Data Protection Act</b>	In response to laws and regulations related to personal data, we regularly assign employees whose jobs relate to the Personal Data Protection Act to take the course as a means for better understanding and awareness raising. Including: Overview of the Personal Data Protection Act in Taiwan, agenda for the Personal Data Protection Act, outsourcing, incident reporting and legal liability, and data subjects' exercise of rights.	67	19	
<b>Legal issues a supervisor needs to know</b>	Assigned to new supervisors as a compulsory course to prevent any violations of law.	11	64	
<b>Insider trading 101 (digital course)</b>	Facilitating a good understanding about insider trading for new employees with videos and helping employees understand insider trading and the 5Ws of insider trading.	51	10	
<b>Online course on workplace unlawful infringement awareness and prevention (digital course):</b>	Answering to the requirements of laws, this course is assigned to new employees as a compulsory course allowing them to understand workplace misconduct and means for further prevention while we also provide employees with the reporting channel EAP when any misconduct is spotted.	51	9	

## Ethics and legal compliance

Yulon Motor Co., Ltd.'s business is founded on the philosophy of ethics, so it adopted the "Ethical Corporate Management Best Practice Principles" as a guideline for ethical business practice to sculpt its business culture. We also announced the "Ethical Corporate Management Best-Practice Principles" on the Company's website to facilitate the general public's awareness of Yulon's attitude and practice toward "Ethics."

We also realized that suppliers are significant partners for Yulon in putting ethics and legal compliance into practice. By including the code of ethics into sales contracts and services contracts, it makes suppliers and business partners understand the code of business conduct and ethics and comply therewith, and incorporates the business philosophy of "ethics" into its supply chain, thereby ensuring ethical business conduct.

Yulon has required all subsidiaries to submit an internal control self-assessment statement that is signed and approved by their chairmen, presidents and finance managers in order to tighten the control over subsidiaries' business conduct and ethics and take relevant responsibilities for the compliance with regulations of these subsidiaries. It also demands officers posted to these subsidiaries to sign the "Code of Ethical Service."

We now provide a variety of channels for reporting and accept anonymous reports in order to hear the voice from internal employees, subsidiaries, suppliers and other external sources and thus protect stakeholders' and the Company's rights. The internal audit unit or relevant management unit will handle and follow up by properly recording and secretly investigating incidents reported and proposing improvement measures. They will also keep information about the whistleblowers or personnel involved in the investigation confidential to prevent any issues derived. In addition, the internal audit unit will report on the investigation and punishment for the incident after the investigation is completed. Any punishment involving internal personnel shall be proceeded based on the decision made at a Reward and Punishment Committee's meeting.

## Management measures for business ethical conduct

Ethical conduct management includes the investigation, confirmation and handling when an issue arises; the prevention and regular review by internal unit beforehand; the finding of risk exposure, issue resolution and operational process reset when an ethical incident occurs.

### ◆ Prevention:

- ① During onboarding, new employees shall sign a statement of ethics and are provided with the Work Rules and the regulations for handling gifts, treatments, rebates, bribes or other improper benefits in any form. (A total of 98 new employees in 2023.)
- ② All new employees and incumbent employees are provided with the training on code of conduct and legal compliance, and since 2022, the "Insider Trading 101" course has been organized for all new employees where, as of the end of 2023, 100% of new employees have taken the anti-corruption training.
- ③ Internal promotion through emails (6 articles published in the Law Intellectual Property Bimonthly Magazine in 2023.)
- ④ Promotion of the code of business conduct and ethics to suppliers (the ethical corporate management best practice principles were included in 709 contracts from 2021 to 2023).
- ⑤ Promotion of the code of business conduct and ethics to subsidiaries. In 2023, we conducted corruption risk assessments on all 16 retail locations with control and did not find any corruption risks in subsidiaries.

### ◆ Internal self-review:

- ① Annual internal control self-assessment and regular internal audits by each subsidiary of Yulon Motor Co., Ltd.
- ② Internal reporting pathways: Reporting process for internal whistleblowers, I Have Something to Say mailbox (employee reporting system.)
- ③ External reporting pathways: Independent Directors' mailbox (mailbox for reporting: 2201\_999@yulon-motor.com.tw), Internal Audit Officer hotline (037-878551).
- ④ Administrative punishment or legal sanctions: If an incident reported and punishment therefor are confirmed by the internal audit unit and the Reward and Punishment Committee upon the investigation, actions such as termination of employment contracts or transactions will be taken.

### ◆ Continuous improvement:

review, analyze and conduct the risk assessment on incidents; the Reward and Punishment Committee and relevant units review violation incidents to keep improving the Company's management process and internal control procedures by proposing timed improvement plan, and the internal audit unit carries out the improvement plan by following up the process and result of improvement thoroughly.



"Insider trading 101"

## Compliance with laws and regulations

Yulon Motor strictly abides by laws and regulations. We have set up exclusive unit for legal affairs, which pays close attention to all laws and development thereof may have impacts on the Company, and had the compliance assessments of laws and policies in place to assist each unit in implementing various regulations. Since the Company's operations cover locations overseas, the Company has adopted a legal compliance system to ensure that each of its business complies with applicable local laws and regulations. Through data collection, new laws evaluation, establishment and implementation of regulations and legal compliance plan, and education and training, we pay close attention to any movement of domestic and international policies and laws that may have material impact on the Company's business and finance.

If the laws or regulations are related to ethical management, such as the "Management Measures for Preventing Insider Trading," Yulon Motor Co., Ltd. will also announce relevant information on its website for concerned personnel's attention. For laws or regulations concerning topics such as individual employee rights, workplace bullying, anti-discrimination and personal data, Yulon Motor Co., Ltd. remind its supervisors and employees about matters requiring attention by internal awareness raising activities to prevent any violation.

To avoid the omission of any newly established or amended laws or regulations, relevant units of the Company take inventory of and identify laws and regulations, evaluate legal compliance, adopt or update new regulations and organize awareness-raising training. Every year, the internal audit unit conducts audits on whether the Company's internal regulations have been added or amended according to new or amended laws and regulations of the year. The audit also examines whether the operational process complies with relevant laws and regulations.

In 2023, there were three occupational safety and environmental safety incidents as follows: track pulley fell off, chemical oxygen demand (COD) for discharge wastewater exceeded the limit, and odor of the stationary pollution source stack exceeded the control limit. In 2023, the Company was fined NT\$441,000, and it has subsequently increased the patrol frequency and strengthened internal control measures on concerned matters and planned to introduce the digital monitoring system. There were four occupational safety incidents in 2022, e.g. the contractors and subcontractors were fined for their violations of applicable laws and regulations during a construction at the plant. A total fine of NT\$320 thousand was given in 2022, and we have intensified the safety supervision and the frequency of inspection.

## Whistleblowing system and confidentiality

We have adopted the "Work Rules" and the "Regulations for Handling Employee Grievances" to prevent any violation of laws or corruption. "I have something to say" is an anonymous reporting system inside the Company providing employees a channel to give suggestions or report a grievance by completing a reporting form on the system. We have also built a whistleblowing system via the Audit Office hotline. For any violations that have been confirmed after an investigation of the Grievance Committee, the applicable work rules come into play. If necessary, we will seek damages through legal proceedings to protect the Company's reputation and rights.

Each grievance or whistleblowing event is handled by dedicated personnel or units, and the internal independent whistleblowing mailbox is managed by independent directors where independent directors can assign the in-charge unit and the recording and storage of the acceptance, investigation process, result and preparation of related documents for each whistleblowing case. There are relevant measures set up to keep the identity of whistleblowers and the reporting content confidential ensuring accessibility of the reporting channel and protecting the whistleblowers from suffering any consequence of reporting an incident.

### Methods for whistleblowing and grievance

- | Audit Office hotline: 037-878551
- | Mailbox for whistleblowing: 2201\_999@yulon-motor.com.tw
- | I have something to say (employee feedback system)





## 2-4 Risk management

### Management approach to risk management

<b>Significance to Yulon Motor</b>	In order to mitigate the operational risk and seize business opportunities, Yulon Motor makes forecasts about various types of uncertain factors, properly manages risk topics from all aspects to minimize evitable risks, costs and losses, and consequently devises appropriate countermeasures to continuously enhance its corporate competitiveness and influence.	
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>• Evaluating current operational risk and proposing long-term strategy and corrective measures.</li> <li>• Based on the movement of economy, monitoring and managing projects individually.</li> <li>• Organizing education and training to increase the awareness of risk management for all employees</li> <li>• Reporting the state of risk management operation to the Board of Directors on an annual basis</li> </ul>	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>• To pass the re-review and re-verification for the Taiwan Intellectual Property Management System (TIPS)</li> <li>• To introduce the ISO 27001 Information Security Risk Management System</li> <li>• To implement diversification for increasing revenue from new businesses</li> </ul>
	<b>Medium-term</b> (2026-2027)	<ul style="list-style-type: none"> <li>• To introduce the ISO 27001 Information Security Risk Management System and obtain verification from a third party</li> <li>• To implement diversification for increasing revenue from new businesses</li> </ul>
	<b>Long-term</b> (after 2028)	<ul style="list-style-type: none"> <li>• To implement diversification for increasing revenue from new businesses</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification	Completed the introduction of the Taiwan Intellectual Property Management System (TIPS) and obtained the verification
<b>Responsible unit</b>	Corporate Governance Team	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>• To set up a digitalized supply chain early warning system</li> <li>• To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification</li> <li>• To introduce the ISO 27001 Management System</li> <li>• To take regular inventory of all of the Company's business secrets</li> <li>• To have the IATF 16949 Automotive Quality Management System verified</li> </ul>	

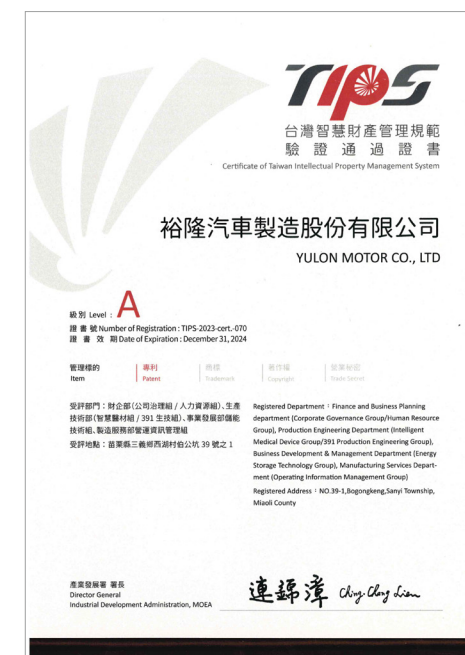
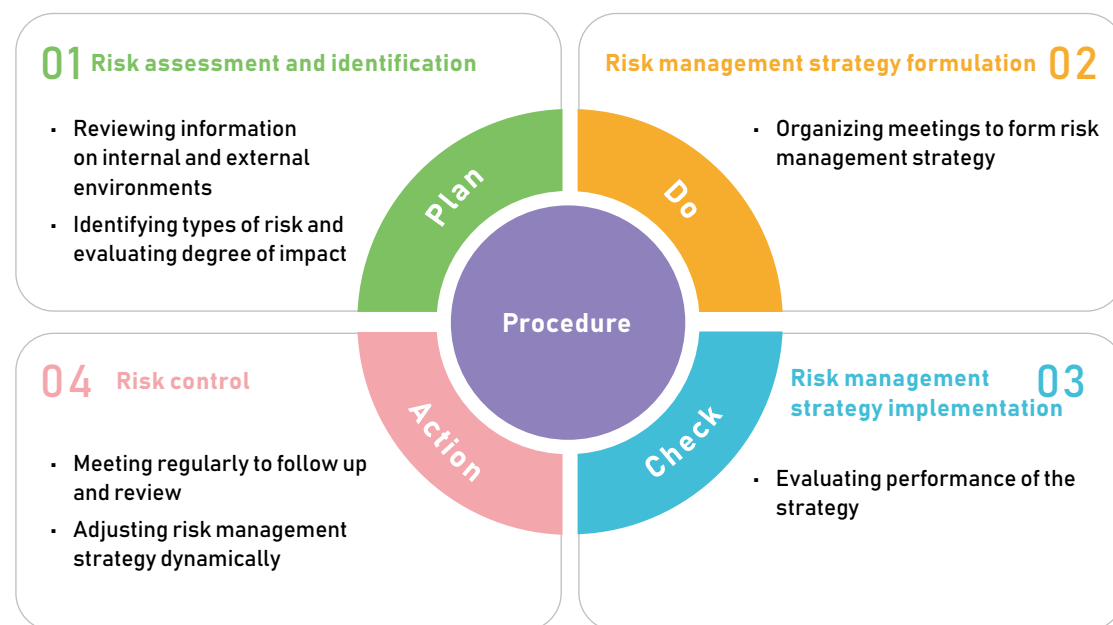
## 2-4-1 Risk management and maintenance

Yulon Motor has adopted a corporate risk management mechanism, which performs a risk assessment beforehand, and developed crisis handling procedures and recovery plan for the material risk incidents, in order to reduce the severity of impacts on our operations. We also continue to improve the risk management mechanism and shorten the reaction time to enhance the completeness of risk management and the effectiveness of risk control.

### Systematic risk management

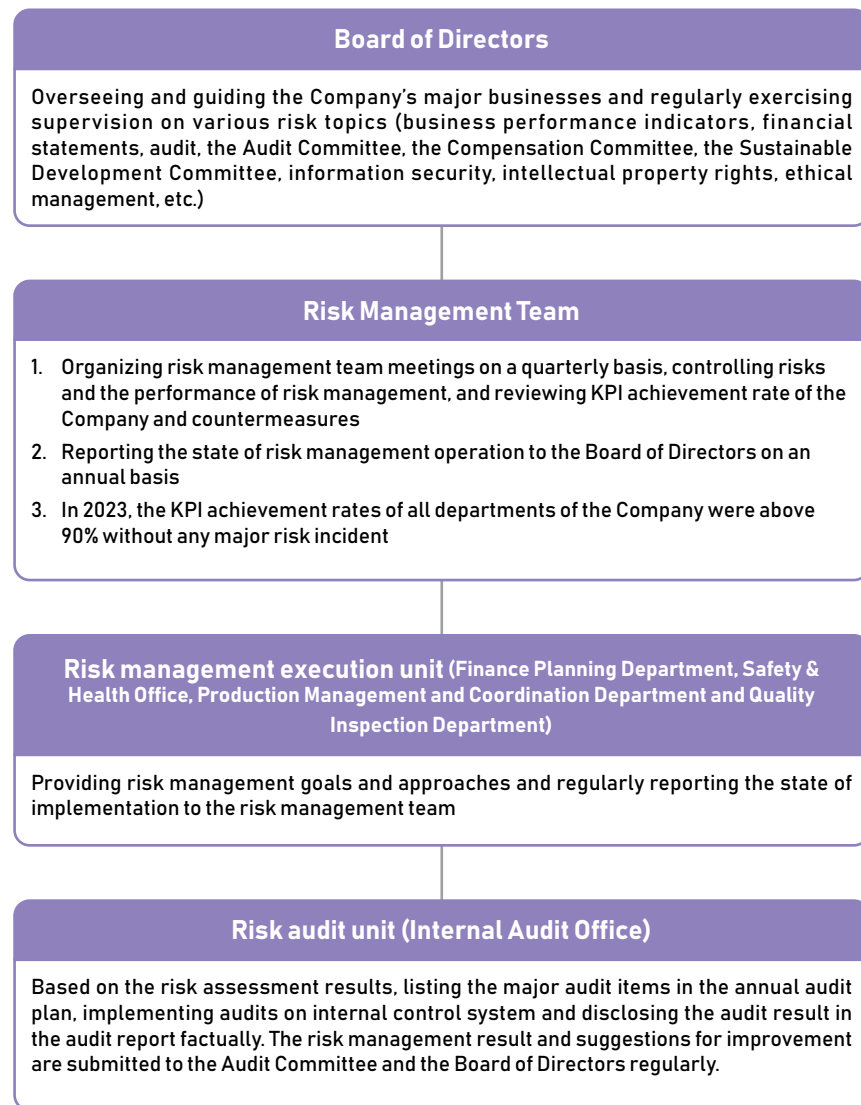
In order to maintain stable operations, the Company has responsible units for management and auditing in the areas of business operations, safety and health, environment, and information, and the Audit Office will include major audit items in the annual audit plan based on the risk assessment results, perform audits on the internal control system, disclose the audit results in the audit report, and follow the Plan → Do → Check → Action (P.D.C.A.) cycle to track improvements.

In 2023, the risk management measures taken under the PDCA model included: management of the Company's confidential documents, introduction and verification of the Taiwan Intellectual Property Management System (TIPS) and the digitalized supply chain early warning system, taken charge by different responsible departments.



Taiwan Intellectual Property Management System (TIPS) Certificate

## Structure of risk management organization



## Scope of Risk Management



### Environmental risks

#### Responses to laws and changes thereto

CAFE, Euro 6, phase-out of fossil fuel vehicles, carbon pricing

#### National policy development

ECFA, commodity tax exemption, energy saving and carbon reduction, green energy, EVs (electric vehicles)

#### Industrial technology innovation or market changes

Tariff adjustment, falling market share of domestically produced cars, IOT, AI, increasing capital expenditures

#### Geopolitics

Cross-Strait relations, U.S.-China relations



### Hazard risks

#### Natural disasters

Typhoon, drought/flood, lightning strike, fire

#### Climate change

Global warming, extreme weather

#### Pandemic

COVID-19, influenza



### Operational risks

#### Productivity

Personnel/machines/materials/regulations, supply of parts

#### Changes in customer demands

M-shaped consumption, aging society, sub-replacement fertility

#### Information security

Confidentiality, completeness and availability

#### Human resources

Provision of human resources, cost of workforce, structure of human resources

#### Corporate image

Goodwill, litigation, ESG, environmental protection, industrial/occupational safety, labor-management relationship



### Financial risks

#### Systematic risks

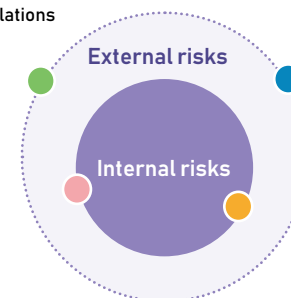
Interest rates, exchange rates, inflation/deflation, financial crises

#### Non-systematic risks

Cash flow risk

Financial leverage, investment in financial instruments

Strategic investment



## Risk management for key incidents

Risk	Risk management content and actions										
<b>Risks of business management</b>	The Finance Planning Department is in charge of formulating the Company's business strategies and goals and controlling the operational plan. By rigorous control and regular update of information regarding technology changes, industry trend and amendments to domestic and international policies and laws, reducing corporate risks. Supervise each unit and subsidiary to include revenue and profit in the annual KPI and track the achievement in order to avoid the risk of operational performance.										
<b>Production risk control</b>	<p>Yulon Motor has stayed resilient while enhancing its corporate strength. It has constructed a full-dimensional risk management system that keeps the Company on track toward its operational goals and protects the best interests of clients and stakeholders under the concept of "Innovation, Speed, Teamwork."</p> <table> <tr> <th>Management goals</th><th>Implementation approach</th></tr> <tr> <td>Staff</td><td> <ul style="list-style-type: none"> <li>Regular staffing check</li> <li>Training multi-skilled workers and providing relevant education and training</li> </ul> </td></tr> <tr> <td>Production arrangement to lower inventory level</td><td> <ul style="list-style-type: none"> <li>Coordinating production and marketing demands, arranging production precisely</li> <li>Controlling materials every day and summarizing digital delivery dashboard</li> </ul> </td></tr> <tr> <td>Materials and supplier management</td><td> <ul style="list-style-type: none"> <li>Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period</li> <li>follow-up of material preparation progress for 3-6 months</li> </ul> </td></tr> <tr> <td>Logistics &amp; transport</td><td> <ul style="list-style-type: none"> <li>Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period</li> <li>follow-up of material preparation progress for 3-6 months</li> <li>Connecting to transport information and controlling risk geographical navigation and ports</li> <li>Following up logistics dynamically and instantly</li> </ul> </td></tr> </table>	Management goals	Implementation approach	Staff	<ul style="list-style-type: none"> <li>Regular staffing check</li> <li>Training multi-skilled workers and providing relevant education and training</li> </ul>	Production arrangement to lower inventory level	<ul style="list-style-type: none"> <li>Coordinating production and marketing demands, arranging production precisely</li> <li>Controlling materials every day and summarizing digital delivery dashboard</li> </ul>	Materials and supplier management	<ul style="list-style-type: none"> <li>Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period</li> <li>follow-up of material preparation progress for 3-6 months</li> </ul>	Logistics & transport	<ul style="list-style-type: none"> <li>Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period</li> <li>follow-up of material preparation progress for 3-6 months</li> <li>Connecting to transport information and controlling risk geographical navigation and ports</li> <li>Following up logistics dynamically and instantly</li> </ul>
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<b>Foreign exchange risk management</b>	Has established a foreign exchange hedging operation group in order to reduce the risk of exchange rate fluctuations. In addition, in order to reduce foreign exchange requirements and material prices, we also set annual targets for domestic procurement of parts.										
<b>Climate Risk Management</b>	<p>In the face of climate change risk management, Yulon Motor has proactively enhanced the energy efficiency of equipment, implemented energy conservation and waste recovery, and kept in line with the relevant government measures. The main responses are described in short as follows:</p> <ul style="list-style-type: none"> <li><b>Developing low-carbon electric vehicles:</b> with a forward-looking vision, Yulon Motor established Hua-Chuang Automobile Information Technical Center Co., Ltd. in December 2005 and took the initiative in the R&amp;D of electric vehicles. Now, it has developed the high-performance, high-efficiency and energy saving electric vehicle LUXGEN EV+, making the dream of introducing electric vehicles under the Taiwanese brand come true. In 2020, the Company and Foxconn jointly founded Foxtron Vehicle Technologies Co., Ltd., and this new company aims to promote the new business model of open platform and resource sharing in the global automotive industry. By combining the complementary advantages of both parties in automobile R&amp;D and ICT industry resources, Yulon Motor will provide turnkey solution services to the targeted clients in the globe.</li> <li><b>GHG reduction, energy saving and carbon reduction:</b> Yulon Motor joined the plan and measures for GHG inventory and voluntary emission reduction initiated by the Bureau of Energy, Ministry of Economic Affairs in 2005. Until now, we continue to invest in equipment that can reduce GHG emissions and implement the energy saving R&amp;D plan aiming at lowering the carbon emission volume per unit/vehicle.</li> <li><b>Disclosure of carbon emissions:</b> The management of carbon emissions and the disclosure of emission information are becoming important, and we have implemented the GHG emissions inventory and reduction plan in the past years. The results were disclosed in this Report and on the Company's website. The verifications of ISO 14064 GHG Inventory in 2021 to 2023 were completed.</li> </ul> <p>Please refer to <a href="#">Q 7-1 Climate Change Management</a></p>										
<b>Safety and health risk management</b>	The Safety & Health Office is responsible for tracking, collecting data and management, and it reports the implementation status to the President for approval and subsequently follows up until improvements have been completed based on the risk level of each individual case. On top of the Company's internal safety audits, the scope of audits has been expanded to include the eight major external suppliers since 2015, Yulon Motor evaluates, guides, audits, tracks and requests the suppliers' implementation of safety and health management. Reports about each supplier's improvement progress are reported to the President monthly to ensure zero risk incident internally and externally.										
<b>Information risk management</b>	Please refer to <a href="#">Q 2-4-2 Information Security and Privacy Management</a>										

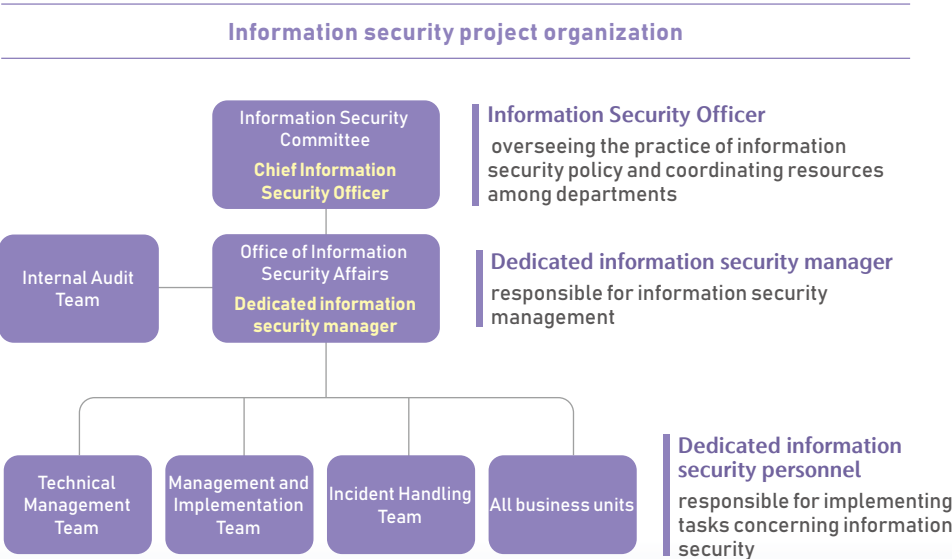
2-4-2 Information security and privacy management

Information security governance system

In order to mitigate information security threats and risks arising from the application of emerging information technologies and environmental changes, Yulon Motor ongoingly optimizes its information security system, enhances defensive ability and adopts relevant internal operational regulations as required for a computerized information processing system in Article 9 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies” to make sure that all information-related operational procedures comply with standard procedures for information security. Since 2017, Yulon Motor has constructed the information security risk internal control measures, aligned with international information security trend and strengthened risk management for confidentiality in accordance with the Group’s information security development blueprint, which indicates the short-term principle for handling emergent threats, the mid-term principle for optimizing information security procedures and the long-term development with dynamic reviews and responses. In the face of fickle information security threats and cybersecurity incidents in the industry, in addition to joining the TWCERT/CSIRT alliance for information sharing on defense, we were active in introducing the new breach defense framework in 2023 to develop our multi-layer defense in depth and reaction capability.

Structure of information security management organization

The manufacturing service department is the responsible unit for the information security of Yulon Motor. Four IT officers and several professional personnel have been appointed to develop information security policies, devise and carry out information security operations, and promote information security measures. The unit also reports the general information security governance status to the board of Yulon Motor on a regular basis. From 2022, we established the Information Security Committee as required for all first-tier listed companies by the competent authority. The Information Security Committee is an internal task force of the Company, which holds one meeting for context analysis and one meeting for management review every year in accordance with ISO 27001.



Information security management strategy

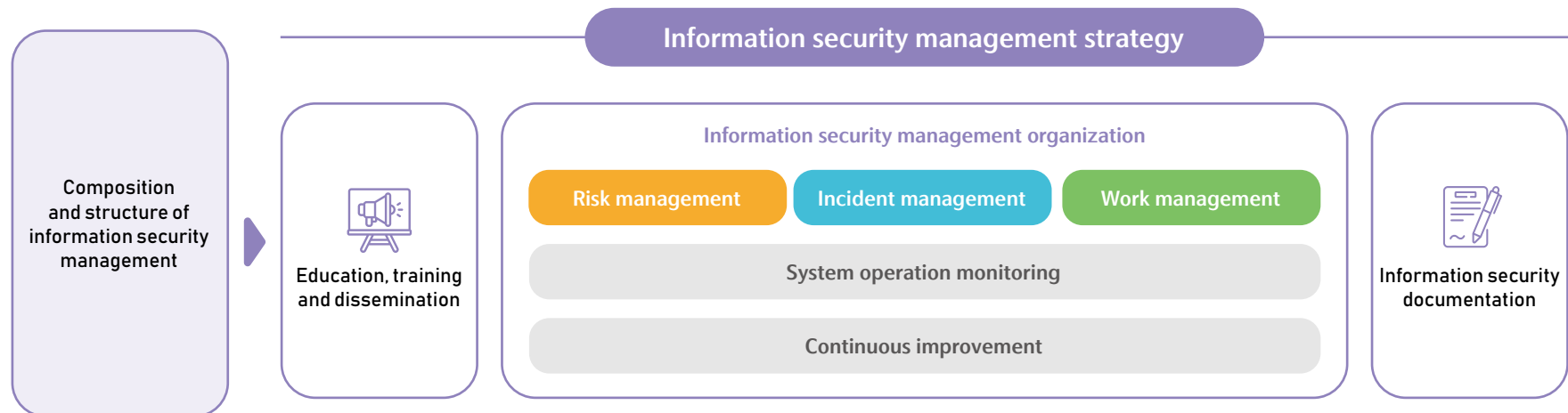
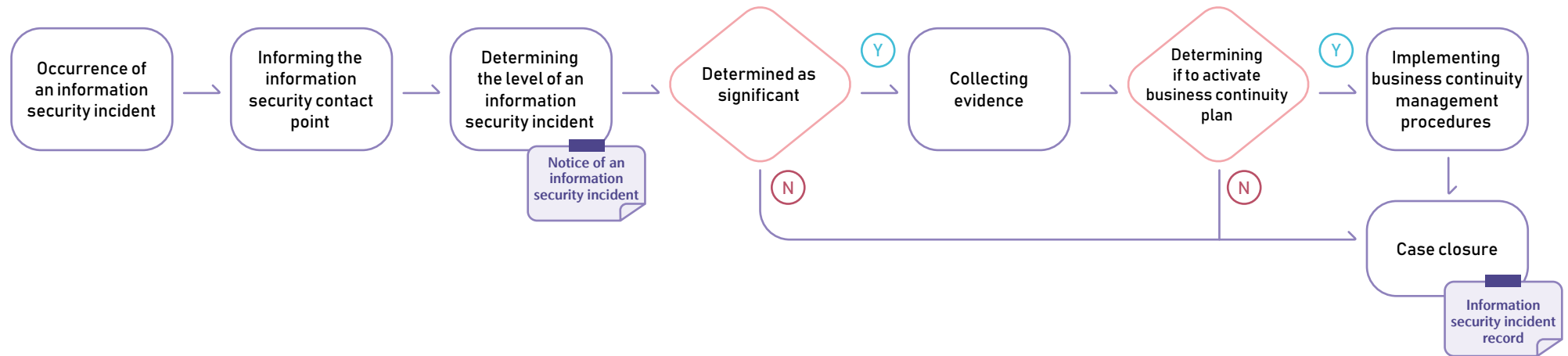
The PDCA cycle is adopted for managing Yulon Motor’s information security and ensuring the achievement of targeted reliability and constant improvement.

In order to manage information security risks, we respond to and prevent the occurrence of risk events from three aspects:

- 1 Before the occurrence**  
Periodic independent inventory and inspection from the process and technical aspects, in order to proactively prevent information security incidents.
  - a Intrusion prevention: Proactive defense against attacks from intranet and extranet to prevent such attacks from invading and damaging the information systems.
  - b Leakage prevention: Proactive actions to prevent the Company’s sensitive data and trade secrets from leaking.
  - c Accident prevention: Proactive prevention of the production loss caused by factors within the environment (malfunction/power outage/virus/lost equipment).
- 2 When the event occurs**  
Damage control emergency response.
  - a Thorough mechanism: Establishment of an effective disaster response mechanism to rapidly bring the damages under control.
  - b Implementation of drills: Drills conducted to ensure that everything can come back to normal within the shortest time possible to maintain the continuity of corporate operations.
- 3 After the occurrence**  
Tracking and inclusion in the prevention scheme.
  - a Avoidance of the problems: Development of strategies for new prevention measures by following up on the causes based on the system records.
  - b Enhancement of audit method: Introduction of external advisors/vulnerability inspection team to reduce the blind spots of audits and increase the reliability of internal control mechanism.

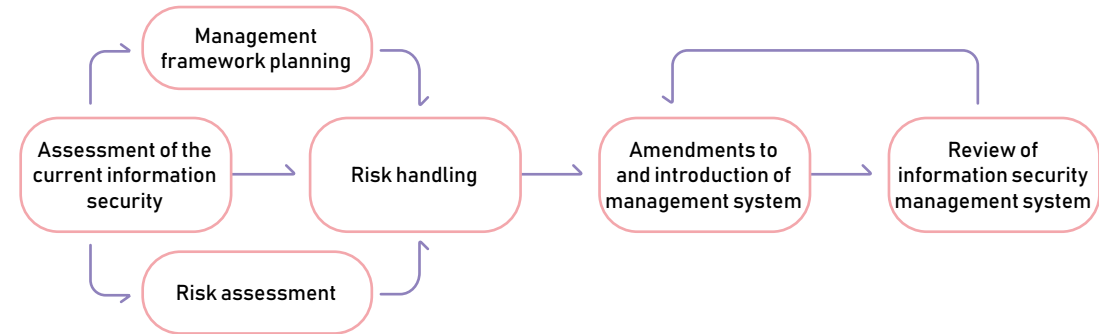


Flow chart for handling information security incidents



Inclusion of CIA in the information security management

Routinely inspecting the balance and commonality between the nature of information security (the three core factors of information security – C.I.A.) and the current information security risk internal control measure to assess the direction for its improvement. Integrating the Cyber Defense Matrix (CDM) with approaches such the risk rating, 5W1H and Why-Why analysis to review past pain points on information security management as a result of industry characteristics and improve thereon; guiding the subsequent facilitation of information security policy, and further devoting information security resources that cater for the needs in business operations.



Performance in information security management and future plan

To reinforce the overall information security, a number of projects have been carried out from 2019 to 2023, including “offline backup enhancement,” “intranet breach detection,” “24/7 information security war room,” “anti-hacker of internal and external network transmission,” “employee information security awareness enhancement,” “malicious website prevention and control,” “remote work connection protection,” “system vulnerability improvement/penetration test,” “data leakage protection,” “cross-company off-site server room/backup enhancement,” “IT management framework (ISO/ISMS) enhancement,” “portable storage device control,” “email system optimization,” and “trade secret file management.” In 2023, there was not any complaint regarding infringement of customer privacy or loss of customer information.

Looking ahead, we have laid out the blueprint for facilitating the “Information Security Risk Internal Control Management Measures” to steadily roll out the overall medium- to long-term information security strategies that cover information infrastructure construction, smart manufacturing protection, and information security training. Based on the existing structure of information security internal control and with “boosting the information security resilience” as the focus, we will strengthen the capabilities of “effective screening and loss minimization, and rapid disaster reduction and recovery” to enhance the response capabilities to information security crises and business continuity management.



Information security drills and training results

Training/drill items	Participants and the number thereof	Training/content of drill
Social engineering drill (Phishing emails)	Sent two email samples to all employees of the Company with an email open and a mistaken click rate of 13%.	An explanation email was consequently sent upon the mistaken click allowing employees of high risk to know the key problem, thereby enhancing their awareness and making the concept known
ISO 27001 education and training	Seeds from each department participated in the official program and then offered the training to other employees in their departments. As a result, all employees passed the test.	Promoted the requirements of ISO 27001 standard to strengthen the Company's overall information security control
Nonroutine information security announcement	With the announcement, everyone in the Company can clearly understand the basic rules of information security, new information security knowledge and the latest news	Periodically announced and disseminated on the six key topics (software license, email security, network security, information confidentiality, account security, remote work security) to reinforce awareness of information security and employees' vigilance.

# Chapter 3

## Innovative quality leading to the future of mobility

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### 3-1 Leading products and innovative R&D

3-1-1 Value chain of Yulon Motor

3-1-2 Innovation and R&D

3-1-3 Sustainable products

### 3-2 Quality Control and Safety Guarantee

3-2-1 Product quality management

3-2-2 Product safety management

### 3-3 Customer relationship management

3-3-1 Customer relationship maintenance

3-3-2 Customer privacy protection



### ⚙️ Material issue

EV development, product quality and reliability

### 👤 Major stakeholders

Customers, suppliers and media external rating agencies, media

### ★ Performance highlights

- Obtained 2 technology patents for energy storage containers/ automatic energy storage products, and cumulatively manufactured energy storage containers of a total capacity of 1.15 GWh.
- In 2023, we operated 102 vehicle charging stations and 229 motorcycle charging stations in total, and the charging counts have reached over 500,000 times.
- In 2023, we completed the performance test for 3 motors (scooter, passenger car, electric bus) and the rolling resistance and minimum energy performance tests for 3 electric vehicles.
- Completed the off-assembly-line trial, mass production trial on assembly line and verification for electric vehicles
- Introduced smart manufacturing process (introduction of automated inspection equipment, automated manufacturing equipment) to 49 workstations



n7



U6 NEO



URX NEO



KICKS



Sentra



X-Trail

With over 60 years of development, Yulon Motor aims to lay a foundation for the Taiwanese automotive industry through our consistent strategy of innovation. In 2022, the National Development Council published Taiwan's Pathway to Net Zero Emissions in 2050 and an explanation of such a strategy, in which 100% of vehicles sold in Taiwan will be electric by 2040, indicating that there is no room for delaying our innovation. Therefore, we will make good use of Taiwan's abilities in quality and R&D to create an EV leading brand valued by the world and enable a sustainable mobility lifestyle of the general public. Yulon continues the product transformation and upgrade plan to construct a complete charging service system and the battery testing technology, and hence provides professional services for clients' EV products. During the process of product innovation, we clearly understand stakeholders' demands for product quality and information security, so we require ourselves to meet the highest standards for ensuring the best protection of every consumer. At the same time, we will exert our influence to lead the continuous progression of the supply chain in terms of innovation, quality and sustainability.

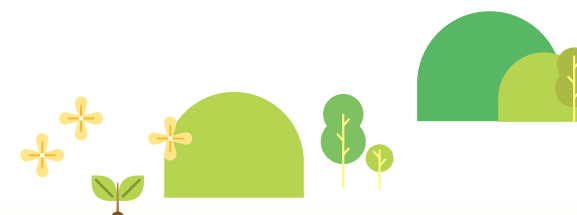
### 3-1 Leading products and innovative R&D

#### Management approach to technology R&D and innovation

<b>Significance to Yulon Motor</b>	Yulon constantly invests in technology R&D and introduces digitalized manufacturing process management to improve production efficiency, reduce costs and maintain product quality. Based on market demands and sustainability trend, it fosters the innovation of automotive products and collaborates with Hon Hai to develop EVs while taking the initiative to develop and research other renewable energy products to strengthen market competitiveness and achieve the goal of sustainable development.		
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>Continuously innovate products and constantly optimize product manufacturing technology to increase competitiveness</li> <li>Use new technology to improve manufacturing process, raise efficiency and reduce costs</li> <li>Comply with requirements of laws while committing to environmental conservation and sustainable technology for facilitating long-term sound business development</li> <li>Conform to the requirements of the relevant regulations and international conventions, or achieve an even higher performance.</li> <li>Do our best to reduce the discharge of waste gas, wastewater (sewage) and wastes if technically feasible, and adopt raw materials with the features of low pollution and low toxicity.</li> <li>Orient product R&amp;D on green design, health, comfort and convenience.</li> </ul>		
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<b>Automotive products</b> <ul style="list-style-type: none"> <li>Improvement of the optimized vehicle laser welding technology</li> <li>Research, develop and introduce the new-generation automotive body chassis joining technology (SPR/FDS) to replace the traditional arc spot welding and reduce energy consumption</li> <li>Research, develop and introduce the low temperature vehicle body electro deposition (ED) technology to reduce energy consumption and waste produced.</li> <li>Research, develop and introduce new-generation environmentally friendly refrigerant (e.g. R1234yf) to reduce GHG emissions.</li> <li>Research, develop and introduce smart manufacturing stations (introduce automated inspection equipment, automated manufacturing equipment) to eliminate negligence and communication and management costs while improving product reliability</li> </ul> <b>Energy storage containers</b> <ul style="list-style-type: none"> <li>Obtain domestic and international verifications (VPC and IEC 62619) for the self-developed energy storage product (Rack)</li> <li>Expand the scale of energy storage container R&amp;D- container integration and technology</li> </ul>	
	<b>Medium-term</b> (2026-2027)	<b>Automotive products</b> <ul style="list-style-type: none"> <li>Research, develop and introduce high-precision spray coating robotic arm to reduce paint usage and waste production</li> <li>Research, develop and introduce high solids paint to reduce paint usage and waste production</li> <li>Research, develop and introduce smart manufacturing stations (introduce automated inspection equipment, automated manufacturing equipment) to eliminate negligence and communication and management costs while improving product reliability</li> </ul> <b>Energy storage containers</b> <ul style="list-style-type: none"> <li>Boost market development for existing energy container products, expand scopes of services and sale</li> <li>In answer to market trend, invest in R&amp;D of household energy storage products</li> <li>Develop various energy storage products and integrate manufacturing services</li> </ul>	
	<b>Long-term</b> (after 2028)	<b>Automotive products</b> <ul style="list-style-type: none"> <li>Continue to focus on the R&amp;D and introduction of high efficiency/low energy consumption technologies</li> <li>Continue to introduce smart manufacturing stations (introduce automated inspection equipment, automated manufacturing equipment)</li> </ul> <b>Energy storage containers</b> <ul style="list-style-type: none"> <li>Continue to improve the R&amp;D technology, patent strategy and product efficiency for energy containers</li> <li>Explore the business opportunities for energy containers in overseas markets</li> <li>Develop liquid-cooling energy storage products and integrate manufacturing services</li> </ul>	

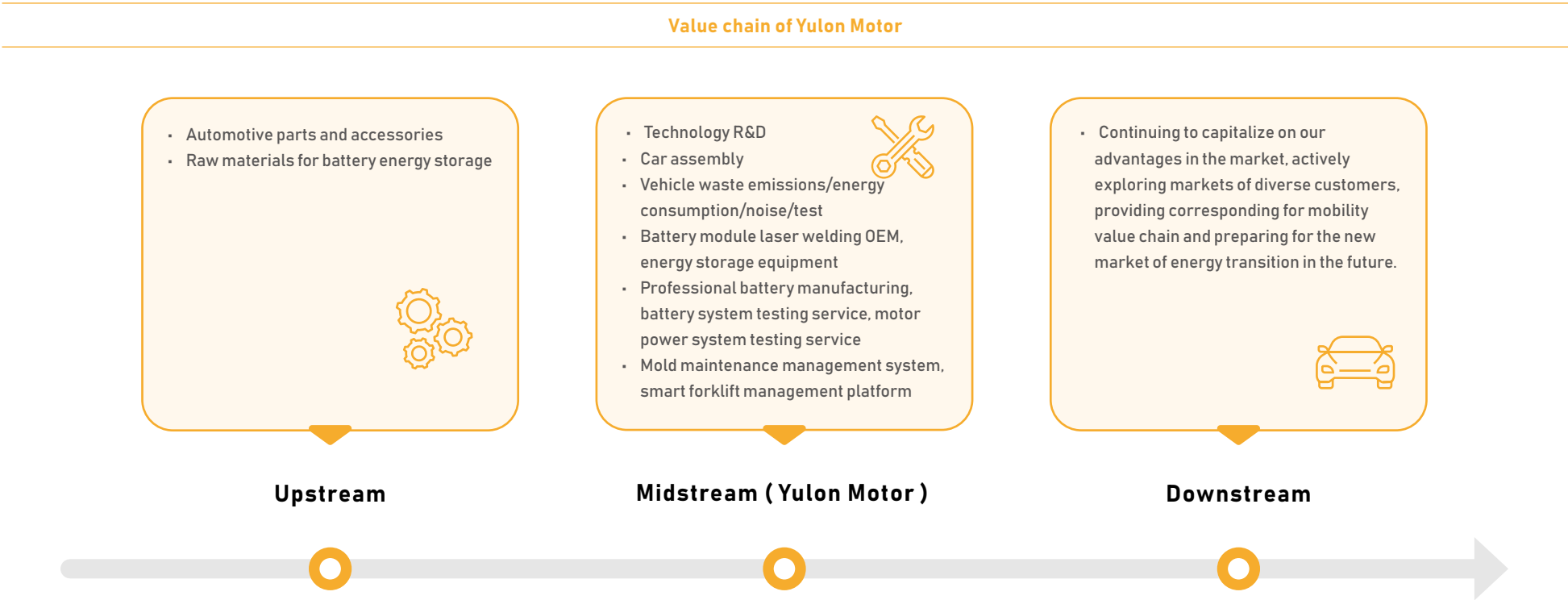


Achievement in the previous year	Goals of the previous year	Achievement
	<p><b>Automotive products</b></p> <ul style="list-style-type: none"> <li>Introduced smart manufacturing process (introduction of automated inspection equipment, automated manufacturing equipment) to 49 workstations</li> <li>Introduced new refrigerant charging machines in the automobile manufacturing line to reduce fugitive emission of refrigerant during charging</li> </ul> <p><b>Energy storage containers</b></p> <ul style="list-style-type: none"> <li>Developed energy storage container product protocol and conducted the safety test</li> <li>Planned the production line of energy storage products, including adjustment to production line equipment, parts stocking and test planning to meet customer demands and delivery schedule.</li> </ul>	<p><b>Automotive products</b></p> <ul style="list-style-type: none"> <li>Completed the introduction of smart manufacturing process (introduction of automated inspection equipment, automated manufacturing equipment) to 49 workstations</li> <li>Replaced with new refrigerant charging machines to reduce GHG emissions arising from fugitive emission of refrigerant during charging</li> </ul> <p><b>Energy storage containers</b></p> <ul style="list-style-type: none"> <li>Completed the prototype development of energy storage container, obtained the verification of safety requirements and completed the microgrid demonstration site</li> <li>Completed the production line construction, which produced in response to customer demands in 2023 with the total actual production of 1.15 GWh that meets order quantity.</li> </ul>
Responsible unit	Business development department, Biotechnology Department	
Specific actions	<ul style="list-style-type: none"> <li>Application of microgrid demonstration sites for load shifting such as peak cut and PV smoothing</li> <li>Focus on R&amp;D and introduction of environmentally friendly/low energy consumption manufacturing process technology</li> <li>Focus on the introduction of technologies in smart manufacturing field to boost assurance level of production lines and enhance product reliability</li> </ul>	



3-1-1 Value chain of Yulon Motor

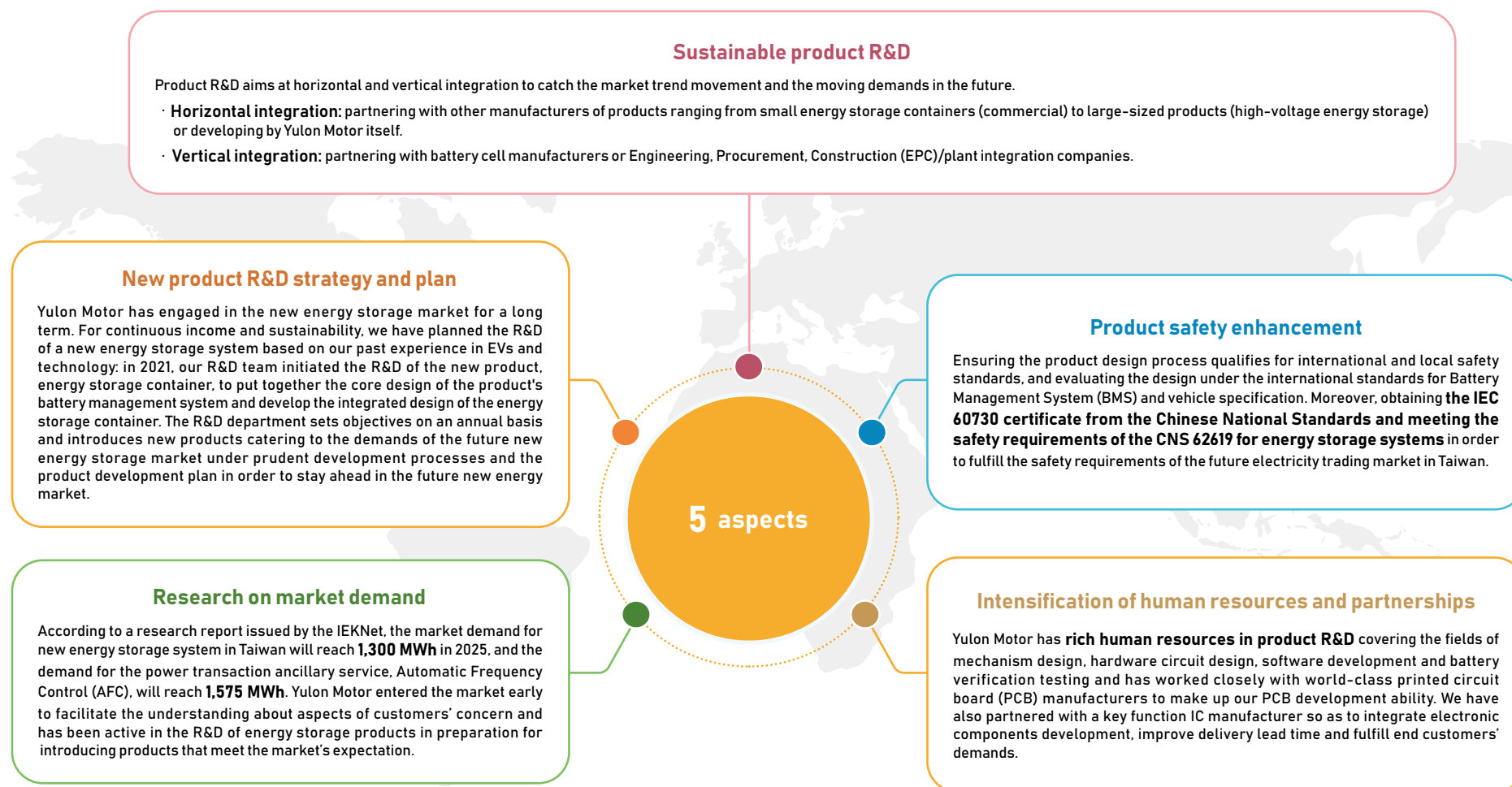
Yulon Motor mainly engages in the businesses of automobile manufacturing and sale of various automotive parts and components and is located in the midstream of the automotive industry. In this industry, the R&D unit researches, develops and designs products; Yulon Motor purchases raw materials and peripherals from the upstream and processes and assembles at Yulon's plants; the finished products then are sold to customers through the retailers of each brand after the passage of inspection. With over six decades of history, Yulon Motor adheres to its passion to innovate and to provide premium service, so it constantly boosts the innovative value of each model by continuously rolling out new products with its partners in the value chain. In the short term, the focus of Yulon Motor's value chain will stay on the transformation to an efficient and diversified OEM manufacturer while extending its reach to the fields of green energy and energy storage products so as to build a highly reliable and cost-competitive new energy business. Yulon Motor pays attention to both positive and negative impacts of our product value chain on environment and society and is committed to providing high quality vehicles and sustainable development through the close partnerships with our suppliers and other partners.



### 3-1-2 Innovation and R&D

#### Strategy formulation

Yulon Motor maintains its market competitiveness in the automotive industry with the new product R&D strategy oriented on the following 5 aspects:



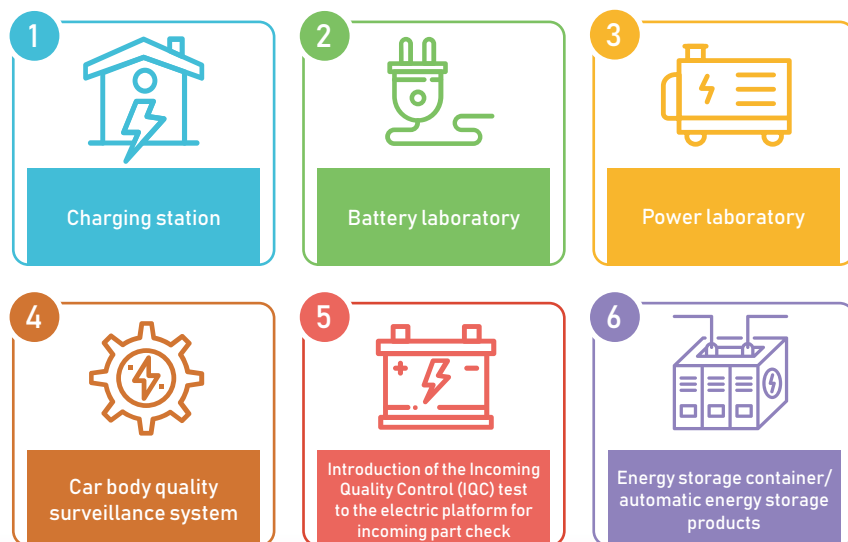
## Goals

Yulon Motor has set the short-, mid- and long-term goals in various R&D categories and regularly reviewed and tracked the development progresses:

Type	Short-term goals (2024–2025)	Mid-term goals (2026–2027)	Long-term goals (after 2028)
<b>EV business</b>	<ul style="list-style-type: none"> <li>Officially mass-produce battery electric vehicle n<sup>7</sup>, a collaboration with Foxtron, and deliver to customers</li> <li>Continue introducing the manufacturing process R&amp;D and mass production trial for battery electric vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Continue growing the independent brand Luxgen with the open platform and shared resources to roll out more competitive and demand-oriented new products</li> </ul>	<ul style="list-style-type: none"> <li>Keep active in promoting technology innovation and development of the electric vehicle industry in Taiwan and create diverse products with more forward-looking new energy technology</li> </ul>
<b>Design and R&amp;D of energy storage</b>	<ul style="list-style-type: none"> <li>To complete the prototype of energy storage container</li> <li>Functions of key subsystems to be verified for safety</li> <li>Energy storage system to pass the national safety accreditation for increasing the chance of patent approval</li> <li>Improvement of the optimized laser welding technology</li> </ul>	<ul style="list-style-type: none"> <li>To set up a demonstration site for energy storage market plant</li> <li>To intensify promotion and sales to customers</li> <li>Develop various energy storage products and integrate manufacturing services</li> </ul>	<ul style="list-style-type: none"> <li>Production lines to be applied to markets of energy storage, solar power storage and AFC (Automatic Frequency Control)</li> <li>To attain long-term income and stable revenue growth</li> <li>Develop liquid-cooling energy storage products and integrate manufacturing services</li> </ul>

## Innovation and R&D results

Yulon Motor's innovation and R&D results of 2023 are classified into six categories:



### 1 Charging station

Yulon Motor's professional system design, development and operation teams have built a complete charging service operation system, which features the advantageous ability in customization and connection with external systems and can address the needs of both EV owners and charging sites. In 2023, we operated 102 vehicle charging stations (self-operated charging station, partnering vehicle manufacturing charging station) and 229 motorcycle charging stations in total, and the charging counts have reached over 500,000 times.

### 2 Battery laboratory

Provides professional battery testing technology consulting and planning and other thorough peripheral services as well as grid search, best match and customization services for customers' battery products. In 2023, the laboratory tested 3 items including the battery cell, module and battery pack:

- Battery cell: completed the longevity test for 2 energy storage battery cells and the performance test for 2 energy storage battery cells
- Module: completed the longevity test for 1 battery module for energy storage
- Battery pack: completed the capacity test and the high temperature storage test for 2 electric bus batteries

### 3 Power laboratory

The world-class automatic vehicle location (AVL) system was also established. This laboratory has experience in developing tests for EV driving motors and powertrains and conducting inspections for compliance. With the achievement in simulating energy consumption under working conditions, tests were carried out under multiple modes similar to actual driving conditions, enabling early prediction of product issues and effective improvement and confirmation before mass production. In 2023, we completed the performance test for 3 motors (scooter, passenger car, electric bus) and the rolling resistance and minimum energy performance tests for 3 electric vehicles in total.



### 5 Introduction of the Incoming Quality Control (IQC) test to the electric platform for incoming part check

We developed the platform for incoming electrical part check, which mainly uses the On-Board Diagnostics (OBD) to monitor the software and hardware versions of electrical parts, conduct power on function testing and check function operability of parts for early detection of abnormal software and hardware versions and malfunctioning parts to eliminate the waste of work hours for replacement if any abnormal part enters the production lines. In 2023, the platform checked 946 parts and verified their functions with a 100% completion rate. With the part check and quality activity, the pass rate for parts entering the production lines reached 99% or higher.

### 4 Car body quality surveillance system

Yulon's car body welding test, a nondestructive testing method, uses an ultrasonic tester to precisely detect and locate welding defects on the car body and show the size of defects and the thickness of sheet metal. In 2023, we sampled a total of 540 cars with a 100% pass rate for car body welding quality to ensure the general public's driving safety.

### 6 Energy storage container/automatic energy storage products

We provide measurement, assembly and testing services for parts used by customers to build complete battery cells, modules, battery packs, controllers, junction boxes or energy storage containers, and testing services such as environmental temperature humidity performance test for high-power energy storage systems and large power battery charging and discharging test. In order to meet the safety requirements for transactions in Taiwan's electricity market in the future, Yulon continues to promote independent technologies and energy storage products, develop the key products for energy storage application – battery cabin and battery management system (BMS) and obtain safety certifications including IEC 61000-6-2/4, IEC 60730-1, ISO 13849PL-C, CNS 62919, and IEC 62619.

Moreover, in 2023, we launched Yulon's microgrid demonstration site and obtained the patented technologies "battery device and battery system with active temperature control" and "battery device and battery system with active error detection and communication alarm."



## Yulon Motor's energy storage products – a pioneer of green energy business

### Yulon Motor's energy storage products feature

1. Independent high quality product assembly technology and localization: Advantages from independent research and development and localized manufacturing and capacity
2. Automotive grade: the automotive-grade design features self-detection mechanism that increases equipment stability
3. Modularization: meet customer demands with the modular design
4. Automotive-grade ICs: feature self-detection mechanism that 24/7 surveils temperature and voltage to achieve high stability
5. Communication isolation: all communication interfaces are isolated with the shield design to prevent any hazard arising from voltage fluctuation
6. High measurement precision: provide the safest energy storage solution with the precision above the industry's standard for temperature and voltage measurement technology.

Furthermore, we have the ability for developing industrial energy storage cabinets and battery management systems and the ability for measuring and testing new battery management systems and batteries. Yulon Motor's energy storage container production line now has an annual capacity of 1.6 GWh, which is highly competitive in the market. Due to the China-US trade war in recent years, the US clients have been active in seeking overseas contracting manufacturers outside China. Since Yulon Motor owns the top laser welding technology for manufacturing EV batteries, we have earned clients' trust with our technology and rich experience. It therefore has won itself the title of the best assistant in sustainability and carbon reduction with its leading green energy technology.

### 3-1-3 Sustainable products

#### Management approach to EV development

<b>Significance to Yulon Motor</b>	Yulon Motor sets pollution prevention, continuous improvement, green design and ecological conservation as its goals. We cares about green design, so we prevent various kinds of pollutions such as air, water, noise, waste and hazardous substances; we pay special attention to the safety of personnel in production lines and abide by the principles of low pollution, energy saving and recyclability. We regularly conduct audits on the progress and performance of each plan annually and correct deficiencies found in the hope of achieving the environmental philosophy of "a Symbiosis of People, Vehicles and Nature." The EV development will connect each part of the Group to become an ecology of mobility service that prepares the local EV industry well for the future.	
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>Conform to the requirements of the relevant regulations and international conventions, or achieve an even higher performance.</li> <li>Do our best to reduce the discharge of waste gas, wastewater (sewage) and wastes if technically feasible, and adopt raw materials with the features of low pollution and low toxicity.</li> <li>Orient product R&amp;D on green design, health, comfort and convenience.</li> </ul>	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>Officially mass-produce battery electric vehicle n<sup>7</sup>, a collaboration with Foxtron, and deliver to customers</li> <li>Continue introducing the manufacturing process R&amp;D and mass production trial for battery electric vehicles</li> </ul>
	<b>Medium-term</b> (2026-2027)	To continue growing the self-owned brand Luxgen with the open platform and shared resources by rolling out more competitive and demand-oriented new products
	<b>Long-term</b> (after 2028)	Keep active in promoting technology innovation and development of the electric vehicle industry in Taiwan and create diverse products with more forward-looking new energy technology
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	In alignment with the launch schedule of Luxgen's EV n <sup>7</sup> in 2024, the off-assembly-line trial of engineering vehicles, mass production trial on assembly line and verification (including production line equipment adjustment, parts stocking and test planning) must be completed by the end of 2023.	Completed the off-assembly-line trial of engineering vehicles, mass production trial on assembly line and verification (including production line equipment adjustment, parts stocking and test planning)
<b>Responsible unit</b>	Biotechnology Department	
<b>Specific actions</b>	To execute the trial production of the private brand EVs and prepare for mass production. To prepare the production plan from the three aspects, "production equipment," "special materials" and "inspection equipment" to accommodate EV products and the characteristics of parts while effectively embedding into the production procedures and processes of fossil fuel vehicles	



Yulon Motor realizes that net zero emissions is a key objective in the promotion of sustainability globally and domestically, so we have incorporated the concept of environmental protection and energy saving in the newly designed vehicle models that allow vehicles driving on the road to save more energy by adapting to the external environment and achieve overall energy saving. For example, the Nissan Tiida 1.6 is an environmental protection model that features various fuel-saving technologies, lower power consumption and improvement in fuel efficiency. The 1.6L model's fuel consumption at higher speed reaches 20.3 km per liter while the 1.8 L model's fuel consumption at higher speed reaches 19.01 km per liter.

Yulon Motor will keep its commitment to R&D to build more energy saving products. The new-generation X-trail features a variable compression ratio engine (continuously variable compression ratio between 8:1 and 14:1) along with the mild hybrid power system, in which a petrol engine is assisted by an electric motor, and offers both power and energy efficiency with an enhanced average fuel economy of 16.0 km/L (satisfying EU's directive 1999/100/EC) whereas the average fuel economy of the old-generation was only 14.5 km/L.

Yulon Motor also responds to the market trend of EV development and production with the development of EV-related parts and assembly technology on the existing production lines. Such development was planned in advance by the Quality Inspection Department, Production Technology Department and supply units to ensure that the performance and quality of finished vehicles meet specifications. With respect to EV assembly, Yulon Motor partners with Foxtron to develop and manufacture the EV model Luxgen n<sup>7</sup>, which went through the trial run and is ready for mass production, and the delivery is expected to begin in 2024. This is Yulon Motor's new-generation mobility product that combines smart mobility technology and environmental sustainability to start a new chapter of domestically made battery electric SUV. The all new e-Power system of Nissan applies the same lithium-ion battery and motor technology, and its electricity is generated by the patrol engine without any external power supply so as to achieve 100% self-generated electricity driving.

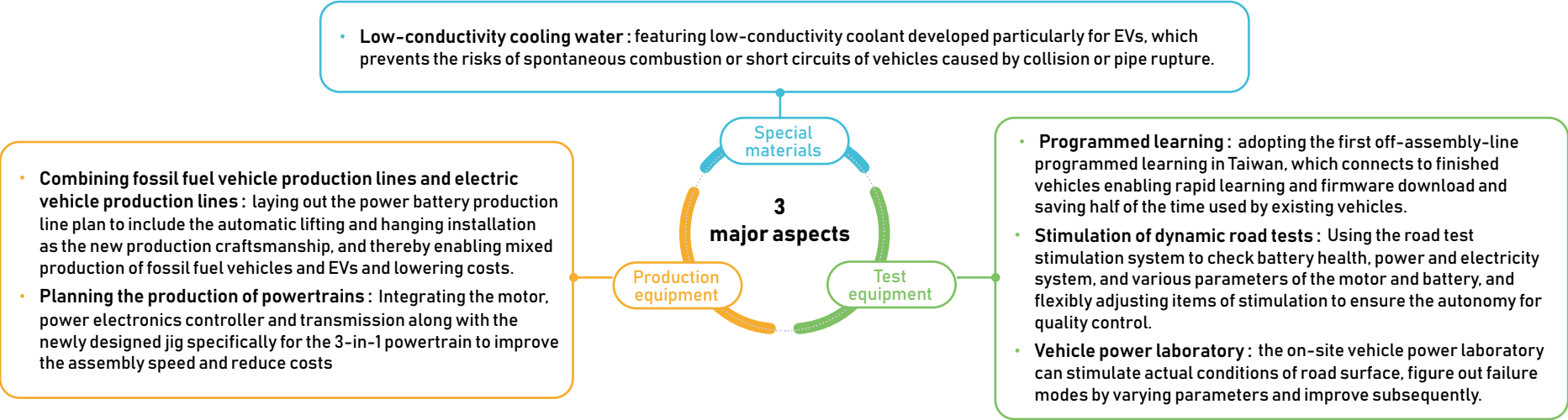
In terms of the statistics of the types and usage of major materials and additives, the key material cold-rolled medium thickness steel plates accounts for nearly 11.05% of the total weight. For safety and stability, steel scrap in a weight equivalent to approximately 11.15% of total weight is added to the steel bloom under precise testing. In 2023, a total of 302.42 metric tons of steel scrap was added, and the weight of renewable materials used made up 1.23% of the total weight of products. In addition to the raw materials sourced from renewed materials, we also endeavor to increase the product recycling rate. Currently, the recycling and reuse rates for all Nissan models are as follows:

EV – Nissan X-Trail e-Power



Standards		Vehicle recycling rate	Recycling and reuse rate
		80.0%	85.0%
Models produced by Yulon	TEANA	93.5%	95.0%
	MARCH	94.0%	96.2%
	TIIDA	92.7%	96.4%
	LIVINA	95.0%	98.1%
	SENTRA	94.4%	95.3%
	KICKS	92.1%	95.2%
	X-TRAIL	95.0%	95.9%

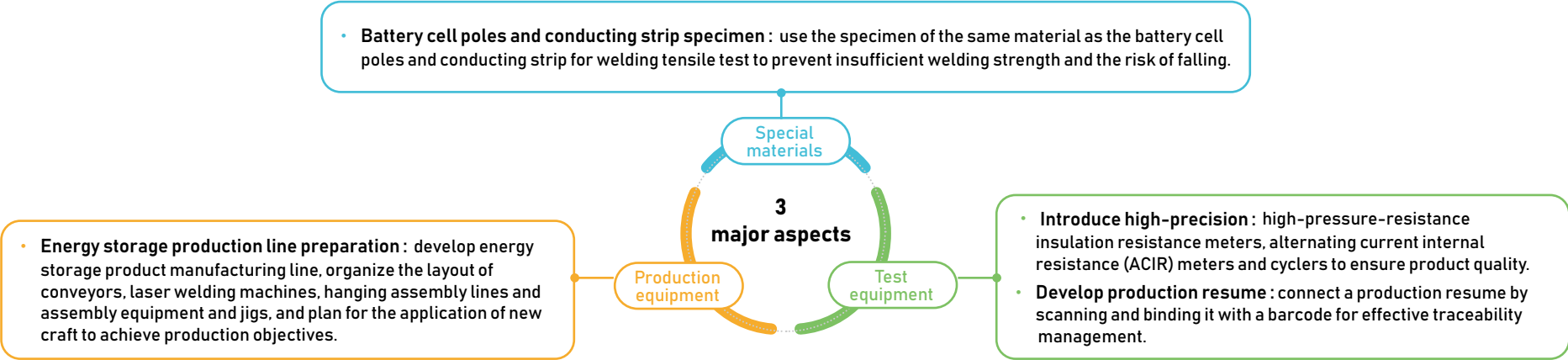
Yulon Motor has launched the project to trial run the production of the private brand EVs and prepare for mass production. A production plan tailored to EV products and the characteristics of EV parts and combined with our experience in fossil fuel vehicle manufacturing on the three major aspects is prepared and described as follows:



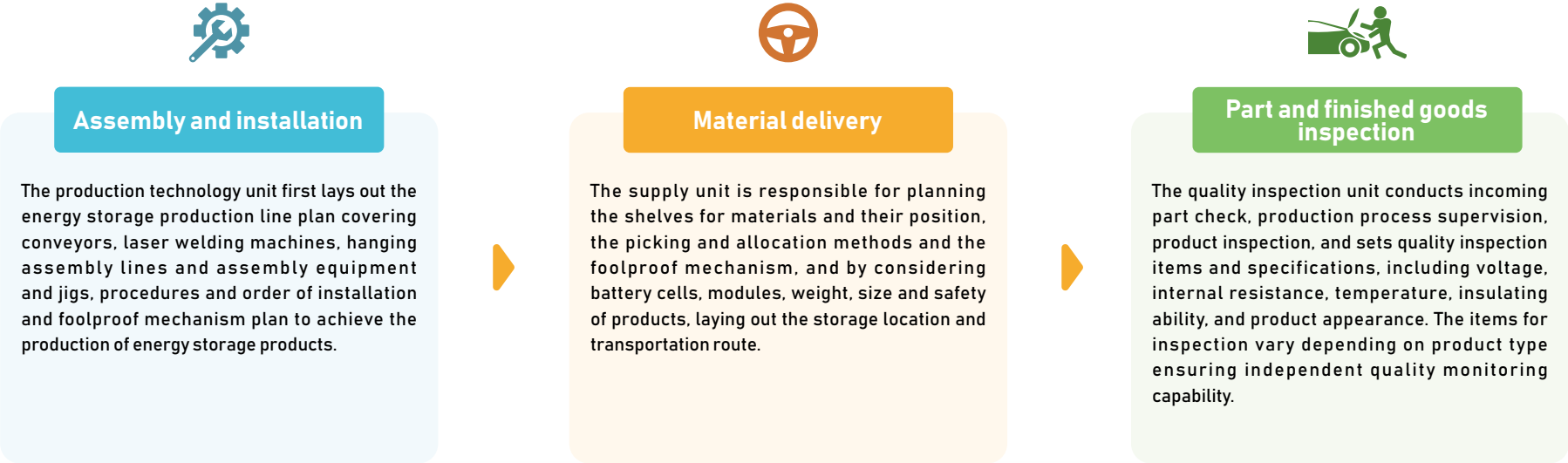
Main production process of EVs



Yulon Motor sets up the trial and mass production preparation project from three aspects of energy storage by incorporating the characteristics of energy storage products and parts and effectively integrating manufacturing processes and procedures.

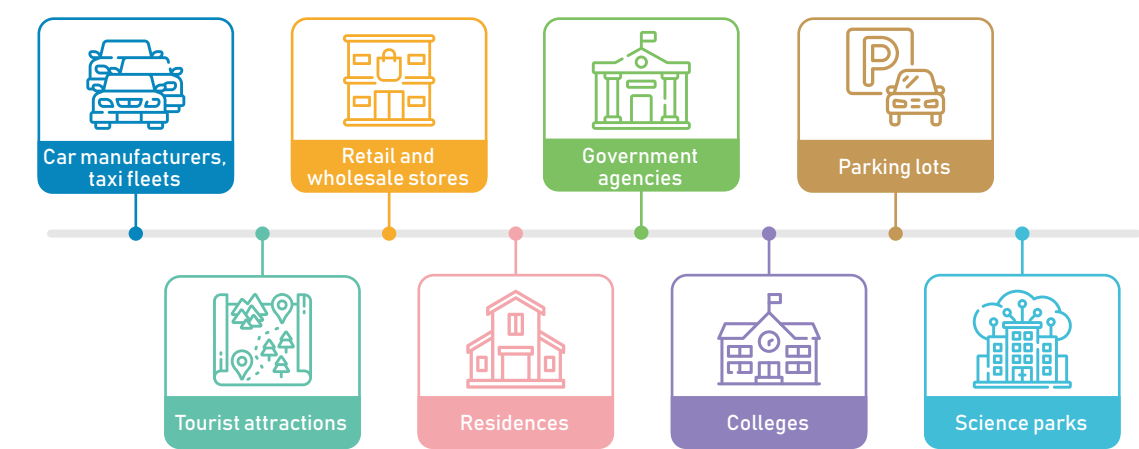


Primary production process of energy storage products



### Establishment of charging stations

The subsidiary of Yulon Motor, YES-Energy Service, has established over 4,500 electric vehicle/motorcycle charging guns all over Taiwan to extend Yulon Group’s reach in EV market and become the largest charging service provider by scale in Taiwan. Its major sites and partners include:



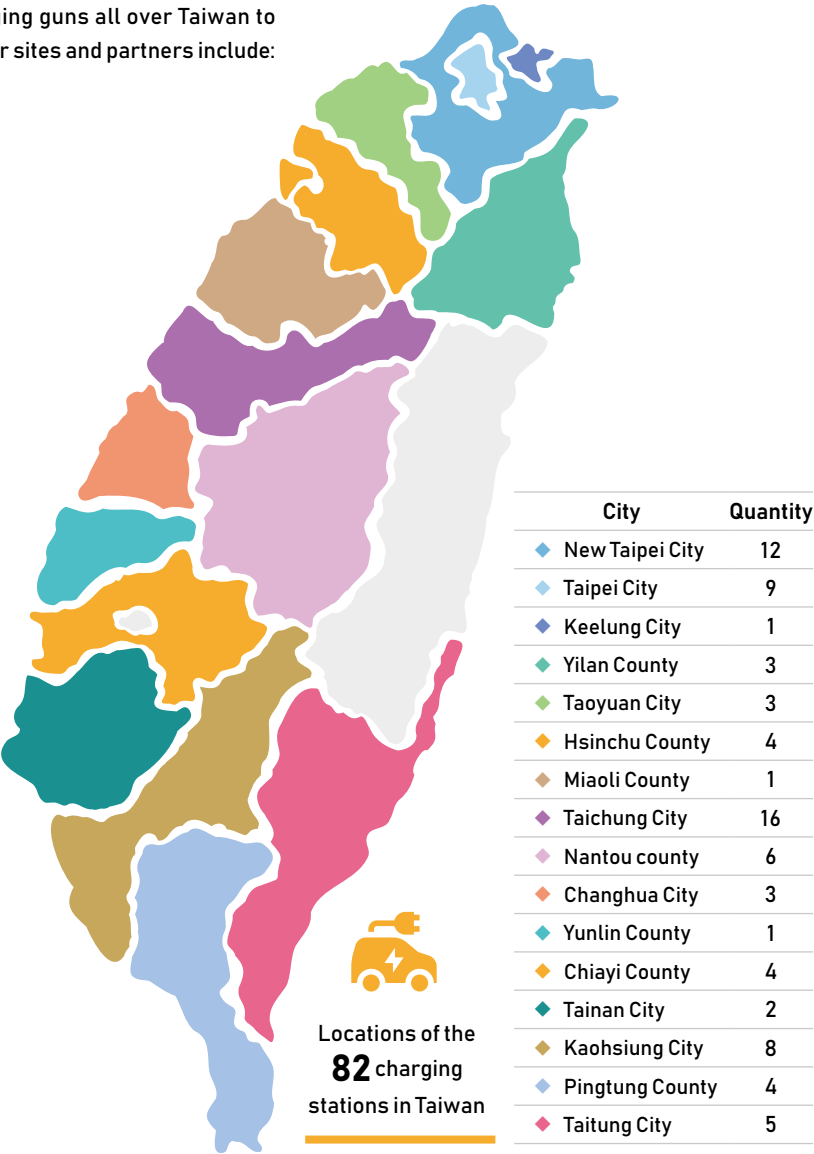
We also collaborate with Chinese Petroleum Corporation in energy transition by launching the payment system in June 2023 and completing the system establishment of 100 electric motorcycle charging stations at CPC stations in July of the same year. Establish the fast charging stations for electric motorcycles, and set up the self-operated YES! charging stations at large department stores and hotels.

DC charging station

AC charging station

Partnering with CPC to establish the fast electric motorcycle charging station at Xindian Beixin Rd. Station

Self-operated charging station at Q square



## 3-2 Quality Control and Safety Guarantee Management approach to product quality and reliability

<b>Significance to Yulon Motor</b>	Yulon Motor's manufacturing processes observe the most rigorous standards, inspectional and operational procedures to meet customers' expectation on top of the legal compliance. We also emphasize the quality of product sales and services, so we have adopted many applicable regulations, e.g. transparency of repair and part pricing, advance quotation for repair, consistent service quality standards, and product technical support and solutions, to improve customer satisfaction and adhesiveness.	
<b>Policy and commitment</b>	Sound Product Assurance System: <ul style="list-style-type: none"> <li>Quality control system: establishing a quality control system that meets international standards, such as ISO 9001 and IATF 16949 assuring product quality and reliability.</li> <li>Supplier management: strengthening the management and supervision of suppliers to make sure parts and components provided by suppliers meet the requirements for quality and reliability, and improving the communication and cooperation with suppliers.</li> <li>Product design and testing: Designing and testing products with high standards to make sure product design match consumers' demands and user environment, and conducting comprehensive tests and verification</li> <li>Product recalls: Boosting product monitoring and inspection. When any hidden safety issue is found in existing products, we conduct a product recall immediately to safeguard consumers' rights and safety.</li> <li>After-sales services: Increasing the quality and efficiency of after-sales services by timely response to consumer demand so as to raise customer satisfaction, adhesiveness and trust.</li> <li>Sustainable products: developing energy saving and carbon-reducing products, fostering a green supply chain and enhancing environmental protection during the manufacturing process to achieve the goal of sustainable development.</li> </ul>	
<b>Goals</b>	<b>Short-term</b> (2024-2025) <ul style="list-style-type: none"> <li>To strengthen the management ability in new vehicle development</li> <li>100% qualification rate for the 38 electrical tests for electric vehicles (before the first current)</li> <li>To boost ability in smart manufacturing</li> <li>To have more than 36 stations capable of connecting, capturing and uploading the manufacturing process parameters and quality-related parameters online</li> <li>Immediate risk alert for critical procedures with key parameters captured for analysis and early warning management</li> </ul>	
	<b>Medium-term</b> (2026-2027) <ul style="list-style-type: none"> <li>To strengthen the management ability in new vehicle development</li> <li>To establish traceability records for key procedures and processes where quality tests are conducted in the mass production stage instead of in the trial production stage of new vehicles</li> <li>Achieving 100% improvement rate for the Quality Assurance Rate (QAR) of the risky stations at each stage and raise the assurance rate to 3.8 points and above</li> <li>To boost ability in smart manufacturing</li> <li>Implementing immediate risk alert at critical procedures of more than 46 stations with key parameters captured for analysis and the early warning management</li> </ul>	
	<b>Long-term</b> (after 2028) <ul style="list-style-type: none"> <li>Continuously improving quality, enhancing testing technology and optimizing management skill.</li> </ul>	
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	<ul style="list-style-type: none"> <li>Enhanced vehicle manufacturing quality – target number of market significant quality issues attributed to manufacturer's liability: 1 case or less</li> <li>Set the goal to lower the failure cost of defective products: from 13% to 9%</li> <li>Improved the quality of rolled-off vehicles – the number of vehicle defects was lowered by 15%.</li> <li>Built a quality risk early warning system – incorporating the real-time vehicle quality data management billboards into production.</li> </ul>	<ul style="list-style-type: none"> <li>1 case of significant market quality issues attributed to manufacturer's liability (assembler's liability)</li> <li>Overachieved the goal to lower the failure cost of defective products, that is, 8.8%</li> <li>Improved the quality of rolled-off vehicles – lowered the number of vehicle defects by 15%.</li> <li>Successfully incorporated the cloud real-time billboards showing the vehicle quality data into on-site manufacturing process management</li> </ul>
<b>Responsible unit</b>	The primary responsible units are the quality inspection unit and the plant, and the secondary units are production engineering department, design unit, brand unit, etc.	
<b>Specific actions</b>	<ol style="list-style-type: none"> <li>Building a quality data digital platform and a quality data cloud information management center that integrate parameters of the 4Ms of production (man, machine, material and method) and provide real-time early warning for quality risk</li> <li>Promoting the quality consistency activity – to eliminate issues arising from manufacturer's liability and increase production quality assurance rate.               <ul style="list-style-type: none"> <li>Completing the installation of dynamic rating system at 155 body shops/painting stations</li> <li>Implementing the process and rating sheet for inspecting the static quality assurance rating, and completing the ratings of 291 engine/body/painting/accessory workstations</li> <li>Detecting risks within production process by assessment, conducting improvement and verification of activities and enhancing production</li> </ul> </li> </ol>	

Product quality and safety are critical to Yulon Motor, so we observe the most rigorous standards and procedures in the production process:

Systems and certifications  
observed by Yulon Motor



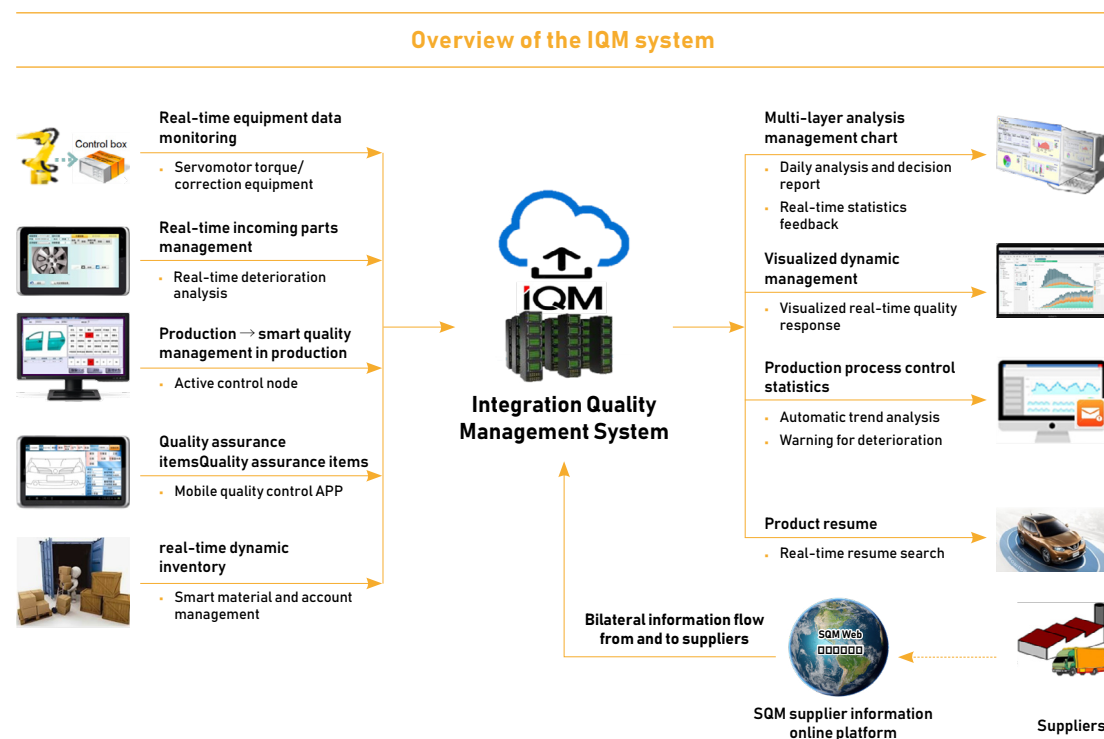
### 3-2-1 Product quality management

Yulon Motor has developed the production process management systems to ensure stable quality and at the same time build up a production resume for vehicles covering important part information, offline service record, quality resume, etc., as a reference for future repair and maintenance. In 2023, there was not any material complaint about product quality. Yulon Motor will continue to adhere to the highest-level production standards and procedures in production processes ensuring the high quality of vehicles and the fulfillment of laws and market standards.

### Integration Quality Management System (IQM)

In order to put quality management into practice and initiate vehicle production resumes, Yulon Motor's San-Yi Plant started to develop the Integration Quality Management System (IQM) in 2010, and officially introduced it in 2012. This system covers processes from sourcing from suppliers, assembly, to vehicle evaluation system (VES). In 2021, this system was extended to the production line of new energy business and effectively improved the equipment efficiency, quality yield and energy efficiency. In the future, we will further introduce the artificial intelligence application and, via big data analysis and cloud computation platform, make the best decision driven by real data, so as to achieve the goals of smart manufacturing and corporate digital transition.

Characteristics of the IQM system – checkpoints by processes and quality control process with multiple nodes:





The IQM (Integrated Quality Management) system is implemented across four major workshops: bodywork, painting, engine assembly, and vehicle accessories. With 180 PADs and 30 PCs, it dynamically manages 251 quality control checkpoints in real time, ensuring 100% inspection coverage for all quality check items. The GO/NO GO system is used at key stations in the production process to guarantee accurate quality checks. Visualized inspection images make defects easily identifiable, while the real-time SPC analysis provides automatic early warnings. The system also utilizes billboards to deliver real-time quality feedback and quickly generates analytical and decision-making reports.

### 6 major features of the IQM system

1. Mobile quality control APP: real-time inspections can be made online on PADs and PCs
2. Visualized UI inspection: visualized user interface inspection that specifies issues
3. Active control node: quality control in production processes with the Go/NO Go quality checkpoints. Only vehicles with 100% pass rate can be delivered
4. Automatic quality warning: SPC real-time analysis, automatic warning system for deviated quality control conditions
5. Real-time dynamic quality billboards: the visualized real-time quality control feedback billboards provide information for the management's decisions and thus effectively eliminate recurrence of issues.
6. Multi-dimensional management report: rapidly providing analysis and decision report for daily use.

- The laboratory has experience in performing EV driving engine and power test, compliance inspection and energy consumption stimulation.
- It has the experience in developing the test for EV energy flow and can assist customers in motor and powertrain quality accreditation
- Using the world-class design system with high measurement accuracy and stability where the test results can be used to predict product issues in advance allowing responsive correction and confirmation before mass production.



Motor power system testing service



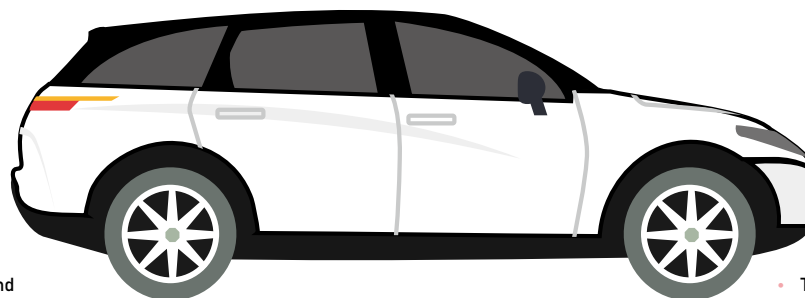
Mold maintenance management system

- Mold management with QR code, real-time stock-in and stock-out search
- Exclusive maintenance program based on the characteristics of industry
- The cloud platform supports various handheld devices
- Complete mold maintenance history record



Battery system testing service

- Providing professional battery test technical consultation and planning service and comprehensive peripheral services
- Providing service and consultation on battery product parameter search, best match and customization



Rainstorm test



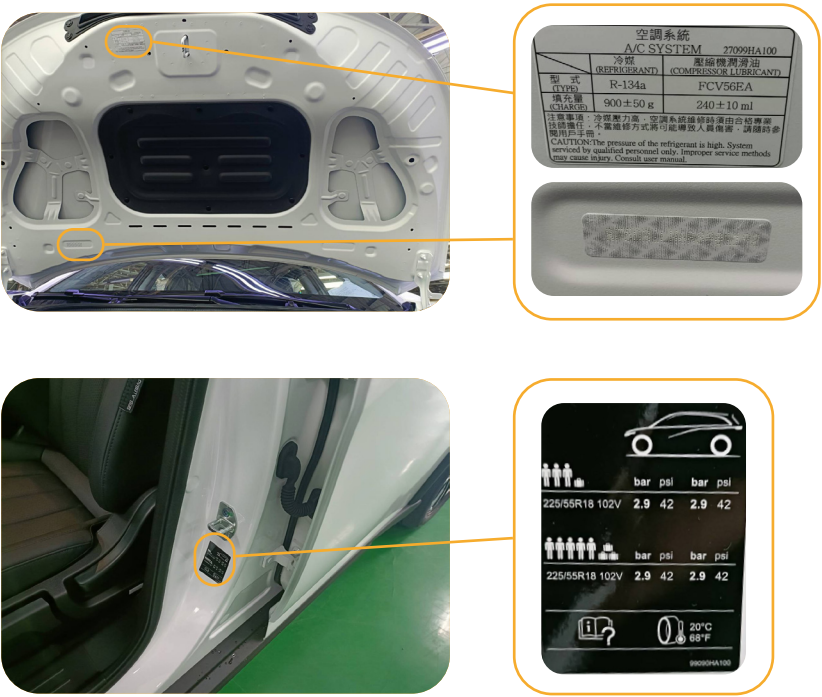
- The rainstorm testing line features the outdoor driving condition in pouring rain
- The water used in the test is filtered and recycled to minimize the water usage
- The testing equipment can stimulate both rainstorm mode and plum rain mode
- Automatic registering rolled-on inspections and uploading vehicle inspection resumes

All our vehicles have been tested by the commissioned testing organizations recognized by the central competent authority pursuant to the “Fuel Economy Standards and Regulations on Vehicle Inspection and Administration.” We have also applied to the competent authority for vehicle energy consumption certificates in accordance with relevant procedures. The whole testing process complied with the regulations, and there was no likelihood that the fuel consumption data was counterfeit.

Product labeling

Yulon Motor’s product-related data is displayed properly on the label of products to clearly inform the consumers. The instructions for the products are specified in the owner’s manual to give the consumers a full understanding of their specifications, functions, and instructions. There were not any Incidents of non-compliance concerning product and service information and labeling in 2023.

Product label location



Quality management training

In addition to the introduction of quality management system, Yulon Motor also pays attention to the training of relevant personnel to make sure all employees can operate the system effectively and jointly maintain the quality of production lines. In 2023, we held a total of 20 related courses with a total training time of 136 hours and a total of 192 participants.

Course name	Description	Training time	Number of participants
ISO 17025 – laboratory quality management training	Enhancing awareness of quality management in the laboratory	18	1
ESS-S/G rating education and training	Improving engine rating skill	2	3
Measuring instruments calibration personnel	Improving new employees’ logic and concept of TPM	8	2
Energy storage container ISO guidance and verification activities	Boosting training on important part operation	10	20
Education and training on important parts	Strengthening basic training on VES valuation	7	50
IATF 16949 auditor training	Learning techniques and applications of the graphics system	15	20
VES basic education and training	Enhancing awareness and spirit of quality	2	12
Manufacturing process training (manufacturing process audit)	Improving quality awareness and skills of internal auditors	2	12
Training for the Company’s internal specific quality requirements (manufacturing process audit)	Improving quality awareness and skills of internal auditors	2	12
Requirements of laws and regulations	Training and update on requirements of laws and regulations	2	12
Training on specific quality requirements for suppliers (second party)	Strengthening supplier supervision skill	2	12
Training on supplier manufacturing process audit	Strengthening supplier supervision skill	2	12
CATIA sketching on curved surface HD2	Strengthening inspection fixture quick design skill	16	4
CATIA sketching on curved surface HD1	Strengthening inspection fixture quick design skill	16	4
Standard operating procedures for 3D printing	Strengthening inspection fixture quick forming skill	4	4
On-the-job training for new car development (paperwork, equipment, inspection method)	Improving engineers’ knowledge and ability in new car development	8	4
Training in 3D scanning & fitting	Improving engineers’ analytical skill	8	4
Analysis on issues of vehicle DPHU hybrid interface	Improving engineers’ analytical skill	12	4

### 3-2-2 Product safety management

To ensure the general public's driving safety and adult occupants protection and to meet the four requirements for adult occupants under impact (frontal full width impact, frontal offset deformable barrier impact, lateral impact, side pole impact) in the four major domains provided in the Taiwan New Car Assessment Program (TNCAP) enforced by the Ministry of Transportation in 2023. Yulon has aligned with its home factory Nissan Motor to introduce ultrasonic tester monitoring car body welding spot quality since 2017. Under Nissan Motor's strict supervision and assessment, two car body inspectors passed the appraisal by Nissan Motor in July 2, 2023, qualified as an ultrasonic testing instructor and subsequently provided training for new employees. We continue to offer the safest car bodies.



Ultrasonic welding spot testing

#### Vehicle safety system and equipment



LUXGEN

##### Safeguard system

- Adaptive Cruise Control System (ACC) (including Stop & Go)
- Traffic Jam Assist System (TJA)
- Lane Following Control System (LFC)
- AR Around View+ panoramic AR safety view
- AR Chassis See-through View
- Eagle View 360° Panoramic View (multi-view switch)

##### Other safety-related equipment

- Electronic Stability Control System (ESC)
- Hill Launch Assist System (HLA)
- Lane Departure Warning System (LDWS)
- Lane Keep Assist System (LKA)
- Forward Collision Warning System (FCW)
- Automatic Emergency Braking (AEB)
- Blind Spot Detection System (BSD)
- Rear Cross Traffic Alert System (RCTA)
- Leading Vehicle Departure Alert (LVDA)
- Door Open Warning (DOW)



NISSAN

##### Safeguard system

- Predictive Forward Collision Warning System (PFCW)
- Intelligent Cruise Control System (ICC)

#### Supplementary notes

1. Predictive Forward Collision Warning System (PFCW): Its front sensors monitor the vehicle in front and the vehicle in front of the front one, and when it detects any risk of collision between the vehicles in front, it alerts drivers and gives drivers more time to react.
2. Intelligent Cruise Control System (ICC): The front sensors automatically detect the speed and distance of the front vehicle, and the system speeds up or slows down the vehicle accordingly to maintain a preset safe distance enabling more comfort and convenience for long-distance driving.
3. Adaptive Cruise Control System (ACC) (including Stop & Go): After setting the cruising speed and following distance, ACC's cruise control function will set in to maintain the speed and the following distance based on the presetting without drivers using the accelerator.
4. Traffic Jam Assist System (TJA): By detecting front traffic (front camera and mmWave radar) and lane markings (front camera) to maintain the following distance and keep the vehicle within lane markings assisting drivers in preventing a low-speed collision.
5. Lane Following Control System (LFC): keep the vehicle driving within lane markings on highways and at the same time maintain the preset speed and following distance. The LFC system includes the combined vertical and horizontal controls of the self-propelled vehicle.

### Supplementary notes

6. AR Around View+ panoramic AR safety view: With the external cameras on the vehicle, it stimulates a panoramic view around the vehicle and displays on the vehicle screen.
7. AR Chassis See-through View: Use the images from various cameras to stimulate a current view beneath the chassis and display on the vehicle screen.
8. Eagle View 360° Panoramic View (multi-view switch): Use the external cameras to stimulate the view around the vehicle with adjustable angles and display on the vehicle screen.
9. Electronic Stability Control System (ESC): Determine where the driver intends to travel and identify the vehicle's actual direction. If the vehicle is not driving in the correct direction, the system will intervene to control and apply the brakes and power to individual wheels, fixing the vehicle's dynamic direction, bringing the vehicle back in line with the intended direction, and further improving stability during driving and reducing the likelihood of rollovers.
10. Hill Launch Assist System (HLA): While the vehicle stops on a hill and the driver releases the brake pedal, the system can maintain a 2-second brake to prevent the vehicle from rolling and provide the driver enough time for stepping on the accelerator.
11. Lane Departure Warning System (LDWS): Use a set of ADAS front-end camera integrated beside the rear mirror to capture and identify lane markings on the front road, and calculate the relative locations of lane markings, the vehicle and the direction. If it detects any lane departure, it will sound the alarm to warn the driver.
12. Lane Keep Assist System (LKA): Use the ADAS front-end camera integrated beside the rear mirror to capture and identify lane markings on the front road, and calculate the relative locations of lane markings, the vehicle and the direction. If it detects any lane departure, it will temporarily steer the wheel to keep the car remaining in the marked lane.
13. Forward Collision Warning System (FCW): provides assistance when it detects a potential forward collision with vehicles, pedestrians or bicycles.
14. Automatic Emergency Braking (AEB): provides assistance when there is a potential collision with a vehicle or a pedestrian ahead. If it detects potential risk of a collision and the driver cannot slow down the vehicle within the reaction time or keep a safe distance from the vehicle in front, the system will automatically activate the vehicle braking system.
15. Blind Spot Detection System (BSD): uses the blind spot sensor integrated in the rear bumper to detect vehicles in adjacent lanes and reminds the driver to be careful about vehicles in adjacent lanes.
16. Rear Cross Traffic Alert System (RCTA): When the driver backs up, the RCTA system detects other vehicles approaching crossing using the mmWave radar to eliminate traffic accidents arising from backup blind spots.
17. Leading Vehicle Departure Alert (LVDA): During a stop at a traffic light or in traffic congestion, it uses the front camera and the mmWave radar on the vehicle to detect vehicles in front and notifies the driver with visual or audio alarms when the leading vehicle departs and the vehicle remains stopped.
18. Door Open Warning (DOW): detects other vehicles approaching from left rear side or right rear side using the mmWave radar for the driver or the passenger to eliminate open car door accidents.

### Post-sale product liability management

After the sale of vehicle, all employees and retail systems shall work on product liability prevention to avoid any damage to consumers' rights due to product defects. At the same time, we will set special conditions for the warranty of products after sale, which will be explicitly listed in the user manual for consumers, clearly informing consumers about their rights and the contents of post-sale services.

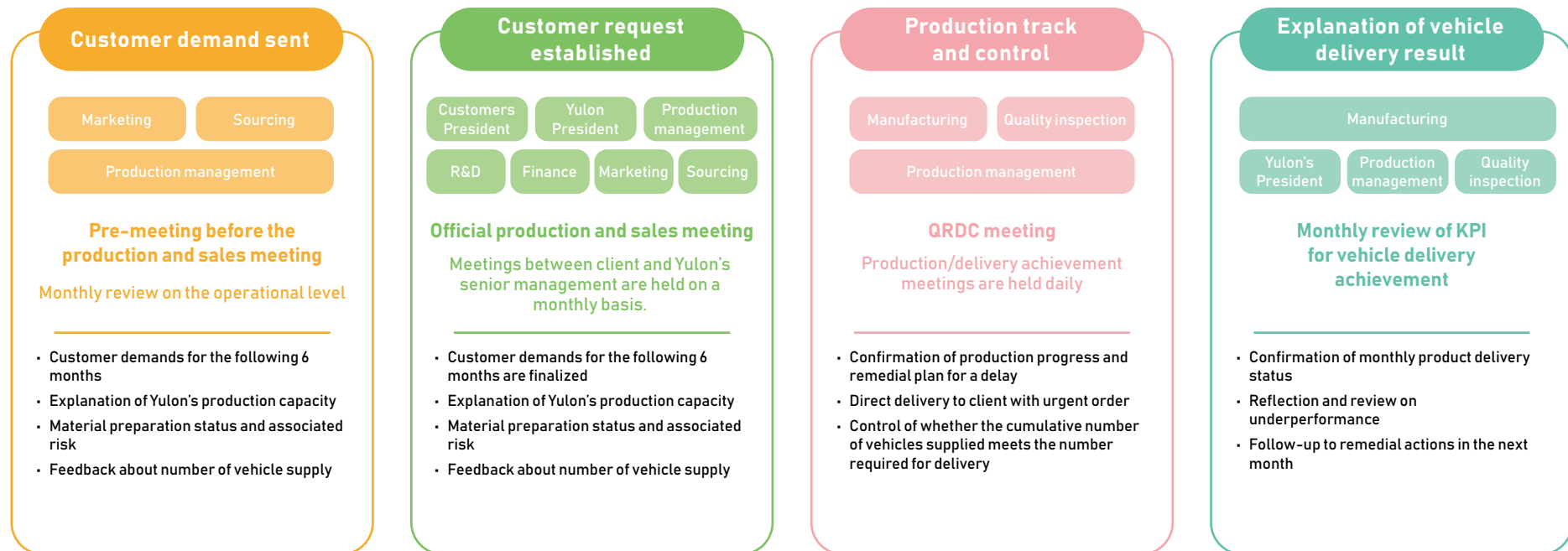
For proper handling of incidents in connection to product liability and protecting consumers' rights as well as legal compliance, Yulon Motor has established relevant handling guidelines such as the "Customer Complaint Handling Practice Standards," the "After-Sales Service Compensation Practice Standards," and "Vehicle Recall Correction Management Regulations" to assist consumers in solving problems immediately and to protect consumers' rights and interests. All product assurance standards and procedures are regularly reviewed and revised according to the ISO standards to ensure a rigorous and comprehensive product assurance system.

## 3-3 Customer relationship management

### 3-3-1 Customer relationship maintenance

Guided by Yulon Motor's principle of "People, Vehicle, Life," we not merely sell vehicles but also redefine the service model the automotive industry offers to clients and end-owners by the primary value proposition, the overall product and service experience. NISSAN, a brand represented by Yulon Motor, has set customer satisfaction improvement the goal of its product design, development, marketing and services, and by continuous introduction of innovative products and services, it secures consumers' trust and their recognition of the brand. The self-owned brand of Yulon Motor, LUXGEN, on the other hand, is guided by its brand spirit of "pre-planning to beyond expectations" to bring customers differentiated automobile products beyond their expectations and offer experience in user-friendly smart technology. In 2020, Foxconn and Yulon entered into a joint venture agreement to form the company Foxtron Vehicle to collaborate in promoting the transformation, upgrading, and development of the automotive industry in Taiwan and fostering popularization of electric vehicles in Taiwan with its outstanding automotive production speed. We hold the production and sales meetings of senior management on a monthly basis to address customer demands and the daily QRDC (Quick Response Delivery Control) meetings to track and control the production schedule and delivery to clients.

Customer service flowchart of Yulon Motor



Multiple customer service channels

The brands under Yulon Motor’s belt have free 24-hour service hotlines in place providing a wide range of customer services and handling complaints. For better customer experience, we develop relevant customer service management mechanisms, regularly improve customer hotlines, update information and train the personnel. We can also receive calls through the free 0800 service hotlines of our distributors to form channels for consumers to make inquiries about their rights.

In addition, the brands carried by Yulon Motor and the private brand all have distributors, business locations and repair shops in place all over Taiwan, and they all offer repair service at night and on holiday.

Type of service location	NISSAN	LUXGEN
Distributor	11	4
Business location	67	21 Fuel vehicle experience center : 16 Electric vehicle experience center : 5
Repair shop	80	28

Customer satisfaction survey

In order to fulfill customer demands and increase service capability of the brand, Yulon Motor regularly interviews its clients and asks them to give a rating from the three aspects of quality, delivery schedule and after-sales services in accordance with the regulations provided in the ISO 9001 and IATF 16949 standards. In 2023, all customer ratings were satisfied or better. Moreover, with respect to improvements suggested by clients, we routinely raised the action plans to the ISO 9001 and IATF 16949 system management review meetings held in 2023 and implemented the PDCA cycle to meet customer expectations and build long-term relationship with our clients.

Performance in customer satisfaction in the most recent 3 years (out of 10)							
Company	NISSAN			LUXGEN			Foxtron Vehicle
Year	2021	2022	2023	2021	2022	2023	2023
Score	8.8	8	8.4	8.8	8.7	9.2	9.7

3-3-2 Customer privacy protection

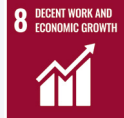
Yulon Motor adheres to the safeguard of customer privacy and abides by laws and regulations, such as the “Personal Data Protection Act,” and we have also included personal data protection as a key to corporate governance enhancement. We look into the cycle of personal data which involves its acquisition, handling, transfer, storage, archiving and destroying as well as personal data access control through the analysis of our business procedures and information system to come up with the optimal personal data protection solution. There were neither any complaints filed by customers arising from violations of laws, such as personal information leakage, customer privacy infringement, or loss of customers’ data in 2023, nor significant complaints that would pose an impact on society.



## Chapter

# 4

# Sustainable supply chain driving value production



4-1 Sourcing management

4-2 Supplier management

4-3 A net zero supply chain

4-3-1 Greenhouse gas inventory and verification of the supply chain

4-3-2 “Big companies lead the smaller ones” to jointly attain the goal of net zero emissions

### Material issue

Sustainable supply chain

### Major stakeholders

Employees, suppliers

### Performance highlights

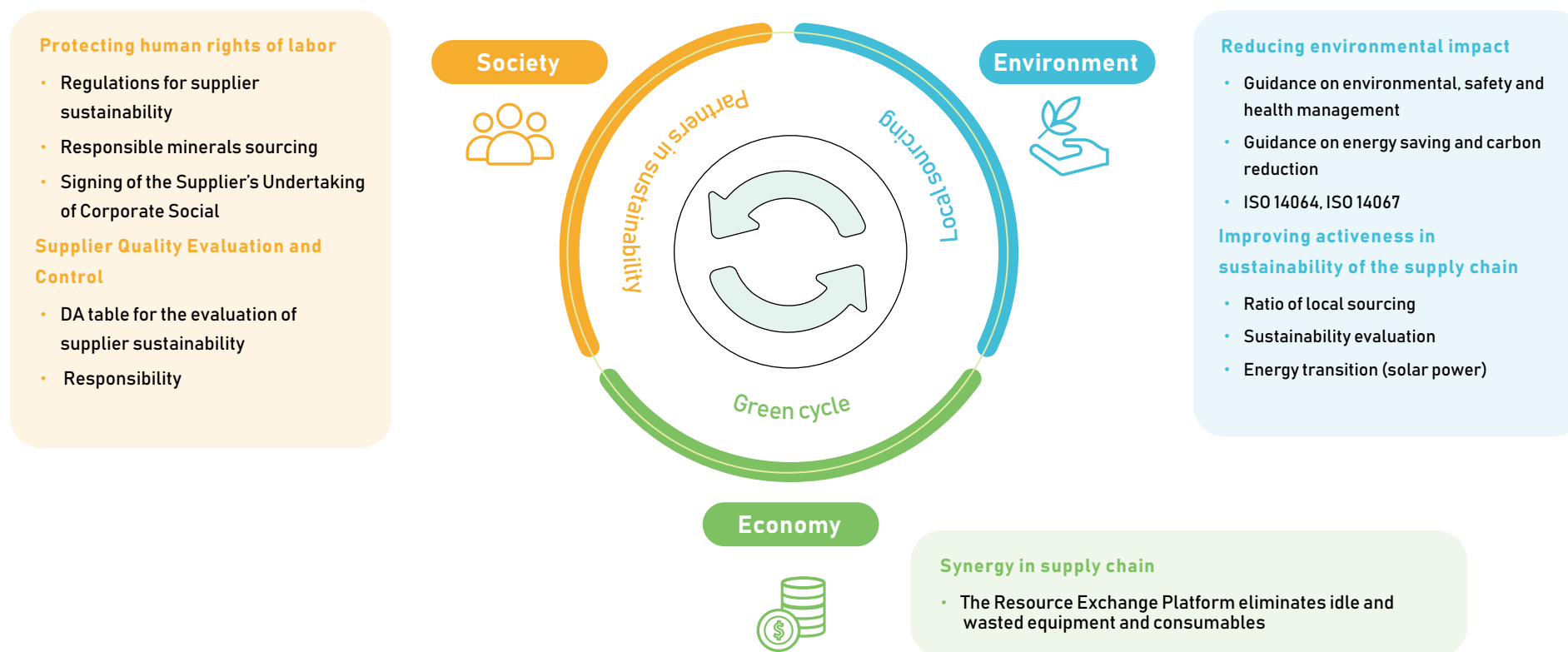
- Assisted 39 suppliers in quality improvement supervision and 15 suppliers in the assessment of QAR self supervision in 2023.
- Assisted 8 contract manufacturers in the improvement of 33 environmental, health and safety issues in 2023.
- Total green procurement of NT\$22,699,006 was made in 2023.
- Held activities promoting energy saving and carbon reduction to suppliers and guiding them to take the training on the ISO14064 and ISO 14067. A total of 25.5 hours of training was provided to 250 participants.
- Launched the guidance in GHG inventory and carbon reduction activities for 14 subsidiaries, and completed the 2022 GHG inventory list and report
- Completed the “Post-pandemic Upgrading and Transformation Diagnosis and Guidance Program for Transport Equipment Manufacturing Industry” of the Industrial Development Administration, Ministry of Economic Affairs for 6 qualified subsidiaries.



## Management approach to a sustainable supply chain

<b>Significance to Yulon Motor</b>	Yulon is committed to building a steady and transparent supply chain by means of sustainable procurement rating, supplier compliance requirements, energy efficiency improvement, waste and emissions reduction and reinforced human rights protection. We assess suppliers' performance in environmental, social and governance aspects, and through constant monitoring, evaluation and improvement, we collaborate with these partners to build an environmentally friendly, fair and sustainable supply chain in the pursuit of sustainability.	
<b>Policy and commitment</b>	<ul style="list-style-type: none"> <li>Active implementation of continuous monitoring on the supply chain and constant assessment and improvement of policies and improvement thereof to ensure the attainment of its sustainable development objectives.</li> <li>Implementation of the sustainability rating mechanism that evaluates suppliers' performance in environmental, social and corporate governance aspects</li> <li>Share commitment with partners and join suppliers to build an environmentally friendly, fair and sustainable supply chain.</li> </ul>	
<b>Goals</b>	<b>Short-term (2024–2025)</b>	<ul style="list-style-type: none"> <li>Education and training, green practices survey and carbon reduction plan for key suppliers</li> </ul>
	<b>Medium-term (2026–2027)</b>	<ul style="list-style-type: none"> <li>Ongoing improvement of key suppliers by guiding suppliers to reduce carbon by 2% annually</li> </ul>
	<b>Long-term (after 2028)</b>	<ul style="list-style-type: none"> <li>Accumulated carbon reduction of 10% for key suppliers</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement in the previous year</b>
	Build the green DA form rating system, local sourcing rate (85% for equipment/expenses, 39% for raw materials/indirect materials), green consumption rate (4.1% for equipment/expenses, 0.1% for raw materials/indirect materials), and form a resource recycling mechanism.	Built the green DA form rating system (the green DA form rating was launched on August 1) and promoted the green rating system; collected the scores of a total of 203 procurement projects from 182 suppliers (the average score was 108 points); local sourcing rate (89.3% for equipment/expenses, 37.6% for raw materials/indirect materials); green consumption rate (9.2% for equipment/expenses, 0.5% for raw materials/indirect materials); established the resource recycling mechanism.
<b>Responsible unit</b>	Sourcing Division	
<b>Specific actions</b>	<p><b>Increase the proportion of local sourcing</b></p> <ul style="list-style-type: none"> <li>The sourcing personnel review the specification of a purchase request and, for requests of a non-local brand, suggest the request personnel to instead use a local brand.</li> <li>Purchase directly from manufacturers, where possible, to eliminate purchases from agents.</li> <li>During negotiation, give priority to manufacturers who process and manufacture domestically.</li> </ul> <p><b>Increase the proportion of green sourcing</b></p> <ul style="list-style-type: none"> <li>The sourcing personnel review the specification of a purchase request, and require some items (e.g. light tubes, laptops/desktops, LCD, multi-function printers) to be certified with domestic or international environment labels (e.g. environmentally friendly badges and labels/energy label/water saving label).</li> </ul> <p><b>Increase the score of the green DA form</b></p> <ul style="list-style-type: none"> <li>Promote green activities to suppliers and encourage them to participate in sustainable activities and implement local/green sourcing and slowly improve their scores on the green DA form, which is helpful for renegotiation in subsequent sourcing projects (a project with a price difference within 5% that has a score meeting the required score range can be renegotiated).</li> </ul>	

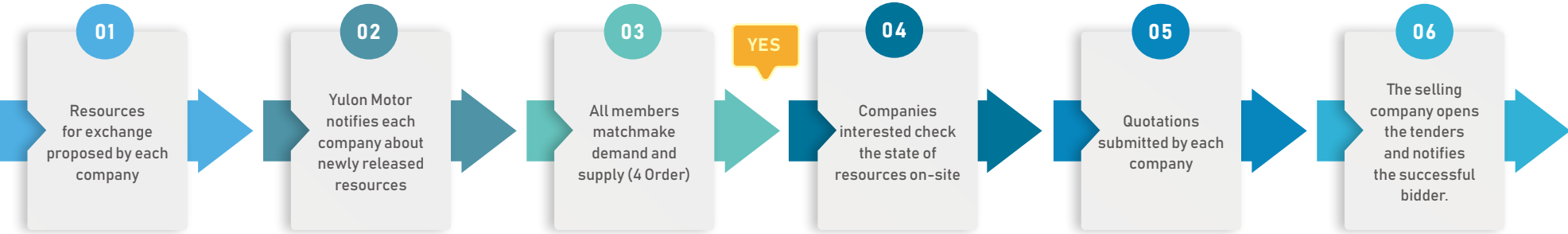
The development of Yulon Motor's sustainable supply chain revolves around three axes: "Sustainable Partner," "Local Sourcing" and "Green Cycle." Yulon Motor has called our sustainable partners and suppliers to sign the sustainable standards and the undertaking of corporate social responsibility in order to involve them in ESG topics such as human rights protection, and included the sustainability-related items in the supplier evaluation. It also promotes relevant knowledge about sustainability at the annual supplier conferences, and the topics promoted last year included: human rights, new knowledge in sustainability in the globe and the national net zero emissions trend. We have also strengthened the resilience of the supply chain, constantly increased the ratio of local sourcing, reduced carbon emissions from logistics, assisted suppliers in the ISO 14064 greenhouse gas inventory and introduced energy saving and carbon reduction measures to lower the impact on environment. By matching the idle resources of the network with our contracting manufacturers on the resource exchange platform, we create economic synergy.



Yulon Motor keeps good and long-lasting relations with its suppliers while helping partners in the supply chain on the environmental, labor condition, human rights and social aspects. On top of the prudent supply chain control mechanism, we have also been active in guiding our suppliers through the improvement of production processes and product quality, implemented energy saving and carbon reduction measures, and regularly host performance exchange events.

Launching the “Resource Exchange Platform” to jointly form a green cycle with suppliers

Yulon Motor has designed the “Resource Exchange Platform” with the mindset of sustainability cycle for achieving zero waste resource recycling, and this platform allows resources to circulate in the production system for reuse and breaks through the existing inertia of resource reuse. We help both sides on the platform to find appropriate channels for resource and equipment exchange, including machine tools for production lines, water dispensers next to offices or other resources to be phased out. The “Resource Exchange Platform” can match the idle equipment of each entity in the Company, or of contracting manufacturers and suppliers through its information listing on the platform, so that the supply and demand of the production side and the reuse units can be perfectly matched and exchanged, thereby improving recycling efficiency of resources, saving costs, maximizing the residual value and ultimately creating a green supply chain.



Yulon Motor further facilitates the recirculation model within the supply chain of the Group, and it has been promoting horizontally in the supply chain since October 2022 by putting the tradable idle resources of all entities within the Group and suppliers thereof on the cloud for matchmaking so as to achieve the goal of having resources shared on the platform recirculated. From October to December 2022, there were 15 suppliers joining this platform where 3 deals on materials and equipment, including exhaust gas analyzers, chassis dynamometer and product packaging materials, were made. For the year 2023, there were 67 suppliers participating on this platform with 81 deals on coordinate measuring machines, ultrasonic cleaners, server racks, polishing machines, etc. A web-based transaction platform is scheduled to be set up in the third quarter of 2024 for affiliates’ and contracting manufacturers’ inquiries so as to increase the scale of the resource exchange platform.

Participation status and participants of the Resource Exchange Platform in 2023	
Type of participant	Number in 2023
Affiliated companies of Yulon Group	16
Non-affiliated companies/suppliers	51



Equipment listed on the “Resource Exchange Platform”: Polishing machine



Equipment listed on the “Resource Exchange Platform”: Ultrasonic cleaner

## 4-1 Sourcing management

### 3 major characteristics of Yulon Motor's procurement:

1.  
Local sourcing



2.  
digital sourcing



3.  
green sourcing



Materials are mainly purchased from local suppliers due to not only the flexibility of material supply and speedy response but also the local employment opportunities and area prosperity. At the same time, we can intimately guide suppliers through the enhancement of quality, environmental awareness, energy saving transportation, and other applicable competencies. The sourcing unit has been active in facilitating the localization of parts, which is beneficial to local employment and lowers costs. In 2023, the amount of locally sourced parts accounts for 37.3% of the total amount of parts purchased. Yulon Motor has established the electronic procurement procedures, in which both the sourcing unit and suppliers process online paperless, to increase efficiency and reduce paper usage. Green material procurement is a critical standard referred to in Yulon Motor's supplier management, and we purchase relevant eco-labeled equipment in accordance with the "Recognition Scope of Green Products Declared by Private Enterprises and Organizations" issued by the Ministry of Environment:

Unit: NTD

Item	2023
Green procurement	22,699,006
Investment in production equipment (energy saving and carbon reduction)	37,901,891
Investment in solar energy equipment	62,550,000
Total	123,150,897

## 4-2 Supplier management

### Supplier management

Suppliers are essential to our sustainable development, so by capitalizing our corporate influence, Yulon Motor builds close relations with suppliers in order to have positive impacts on economy, environment and society. In recent years, we have assisted suppliers in obtaining the ISO 14001 certifications in order to encourage them to implement an environmental management plan; meanwhile, with regard to the protection of laborers' human rights, we also include the criterion that whether a supplier meets the requirements of the Labor Standards Act in the supplier selection. All conditions and terms in the agreements with partners in the supply chain are handled and filtered in accordance with national laws related to human rights, or terms and conditions regarding human rights are supplemented.



## Regulations for supplier sustainability

In addition to the signing of the "Supplier's Undertaking of Corporate Social Responsibility," Yulon Motor also added the requirements set forth in the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies in the agreements with suppliers to ensure that suppliers deliver quality products and meet Yulon Motor's regulations in connection with sustainability. (Please refer to [https://www.yulon-motor.com.tw/csr\\_environmental.aspx](https://www.yulon-motor.com.tw/csr_environmental.aspx) for supplier compliance and notes).

Information on suppliers who signed the agreement with the added requirements set forth in the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies in 2023

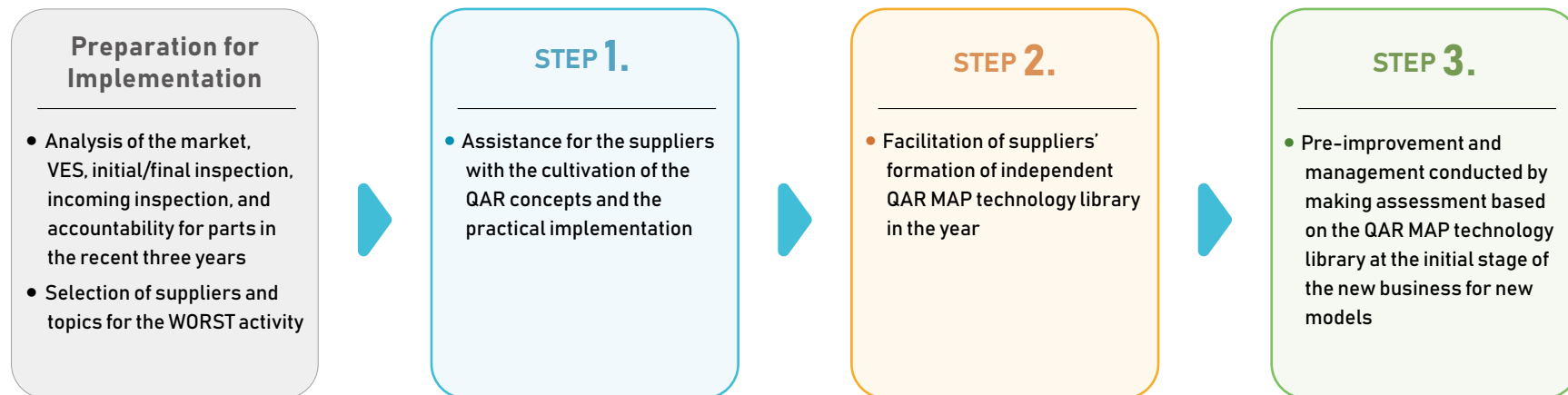
Stakeholder	Item	Cumulative total	Percentage
Suppliers	Equipment/expenses	154	76%
	Parts/mold procurement management	103	92.8%



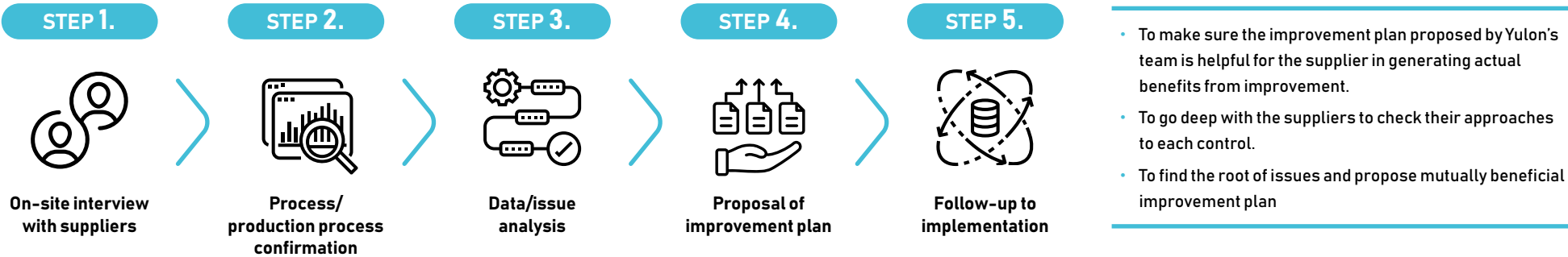
supplier compliance notes

## Supplier Quality Evaluation

We have carried out evaluations to check a supplier's performance in incoming materials, delivery, part production management and the operation of its quality management system. Since 2023, the quality improvement supervision project has been proposed to 39 suppliers in total, and in 2023, we guided 4 suppliers in improving their products to the A grade and 35 suppliers to the B+ grade with a 100% quality improvement project completion rate. We continue to guide suppliers through quality standard enhancement by facilitating events for Quality Assurance Requirements of suppliers' independent processes and assist key suppliers in conducting QAR self-supervision evaluation. A total of 15 suppliers completed the evaluations in 2023 and established their QAR MAP technology library, thereby enhancing quality of parts and averting reoccurrence of issues.



### Supplier evaluation process



We designate a responsible unit for the guidance and supervision of suppliers' improvements. Multiple effective communication and improvement activities designed for suppliers have been carried out via various channels such as the directors'/supervisors' meetings and the general meetings of the Yulon Motor Association and corporate seminars covering exchange activities, education and training and visit and learning activities to realize the ideals of "complementary environmental protection and economic development for coexistence and co-prosperity" and create overall social benefit in the protection of environment. We routinely track the results of improvement plans of suppliers with a low rating score and guide them through the enhancement of performance.

### Evaluation of supplier sustainability

We evaluate items in the topics of labor, ethics and environment in detail in the annual evaluation of suppliers and thus facilitate a good understanding of suppliers' overall sustainability risk and performance.

Criteria included in the 2023 Supplier Green Procurement DA Table		
<div><div>E</div><div><ul style="list-style-type: none"><li>● Restricted substances under REACH</li><li>● Environmental protection</li><li>● Product design (standardization, recyclability, low pollution, energy saving, package recyclability)</li><li>● Production process (water saving, energy saving, carbon reduction)</li><li>● Localized/Green procurement</li><li>● Use of renewable energy</li><li>● Greenhouse gas/carbon footprint inventory</li><li>● Provision of eco-labeled products (local and international labels)</li></ul></div><div>Weight 75%</div></div>	<div><div>S</div><div><ul style="list-style-type: none"><li>● Human rights and equality</li><li>● No child labor</li><li>● Compliance with the Labor Standards Act</li><li>● Gender equality at work</li><li>● Sustainability topics (social care activities, freedom to form a union, customer protection, ecological conservation, community engagement, support of innovative enterprises)</li></ul></div><div>Weight 5%</div></div>	<div><div>G</div><div><ul style="list-style-type: none"><li>● Personal Data Protection Act</li><li>● Ethical management</li><li>● Plant management systems (IATF 16494, OHSAS 18001); ISO (9001,14001, 45001,14064-1,14046, etc.)</li><li>● Supplier risk assessment and management</li></ul></div><div>Weight 20%</div></div>

## Yulon Motor has promoted the ongoing supplier sustainability management project as follows

Item	Description	Content of execution
Compliance with environmental protection regulations	Based on governmental laws, we require suppliers to comply with relevant laws and regulations with regard to air pollution, water pollution and waste management.	In the event of any violation, the supplier shall propose an improvement plan
Promotion of green suppliers	We will continue giving guidance and assistance in the facilitation of relevant operations based on the internationally recognized ISO 14001 certification in the hope that all suppliers can meet the requirements of environmental regulations and constantly improve.	Activities to guide and promote to suppliers about energy saving and carbon reduction
Improvement of safety and health	The key suppliers are classified for management pursuant to the international OHSAS 18001 certification standard or depending on if the safety and health work rules have been submitted to the competent authority for reference.	<ul style="list-style-type: none"> <li>We enhance the awareness of occupational safety among suppliers and improve their on-site safety management capability by sharing experiences in the practices of occupational safety and relevant cases.</li> <li>Requiring contracting manufacturers to put safety and health management into practice through evaluations, guidance, auditing and tracking.</li> </ul>
Implementation of labor rights	Based on governmental laws, we manage key suppliers by category and continue implementing and requiring all suppliers to comply with governmental laws.	<ul style="list-style-type: none"> <li>We enhance the awareness of occupational safety among suppliers and improve their on-site safety management capability by sharing experiences in the practices of occupational safety and relevant cases.</li> <li>Requiring contracting manufacturers to put safety and health management into practice through evaluations, guidance, auditing and tracking.</li> </ul>
Management of conflict minerals	We participate in the global green procurement policy and request key suppliers to sign the "Supplier's Undertaking of Corporate Social Responsibility" to avoid purchase of 3TG (tin, tantalum, tungsten, gold) metal materials from the conflict zone.	<ul style="list-style-type: none"> <li>Investigations on Yulon Motor's key suppliers are conducted to make sure none of the metal materials are sourced from the conflict zone.</li> <li>Suppliers shall sign the "Supplier's Undertaking of Corporate Social Responsibility" as a guarantee that they refuse to purchase metal materials from the conflict zone in the present and the future.</li> </ul>



Environmental, health and safety management of contracting manufacturers

Yulon Motor takes contracting manufacturers' environmental, safety and health management seriously, so we arrange safety inspections at contracting manufacturers' sites every year to conduct the on-site examination on three aspects: firefighting safety, environmental protection and safety and health, and keep the improvement plans on file for follow-up. Assisted 8 contract manufacturers in the improvement of 33 environmental, health and safety issues in 2023. On top of the safety inspections, we also exchange information on matters concerning environment, safety and health in the hope of jointly sculpting a corporate culture of occupational safety.



Fire control

- 1. Firefighting and disaster prevention plan
- 2. Firefighting safeguard plan
- 3. Annual inspection and repair report
- 4. Self-defense fire organization and drill



Environmental protection

- 1. Air pollution
- 2. Wastewater
- 3. Waste
- 4. Permit for toxic chemicals



Safety and health

- 1. Safety and health/nursing personnel staffing
- 2. License management
- 3. Safety and health work rules
- 4. Monitoring of work environment
- 5. Dangerous machines/equipment
- 6. Health protection and promotion



Inspection of suppliers' fire equipment



On-site audit on suppliers' production equipment



Communication and performance sharing about safety and health enhancement with suppliers

## 4-3 A net zero supply chain

Fostering a green supply chain, Yulon Motor divides sourcing items into the following categories.



### Parts

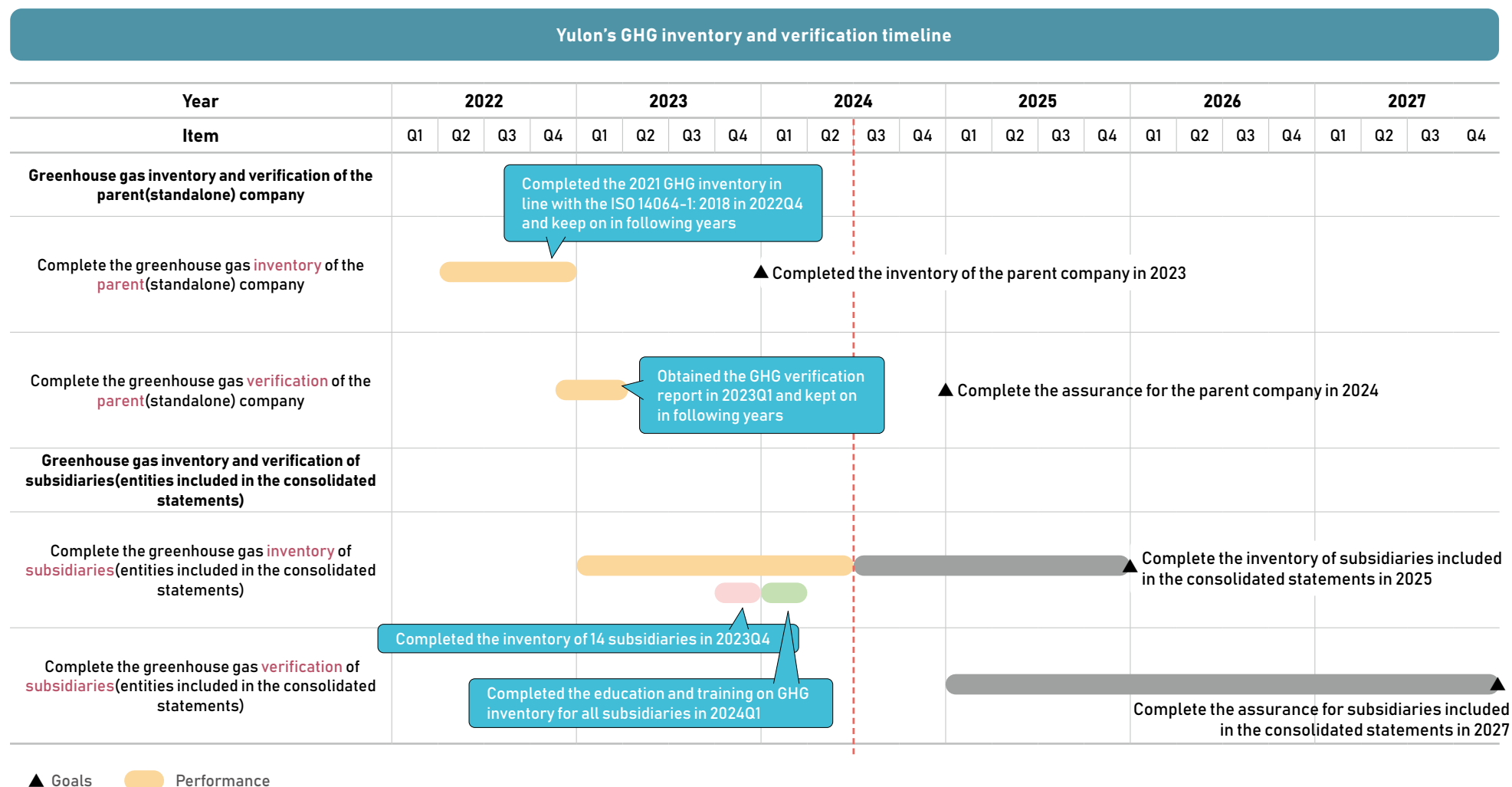
- Suppliers in the Parts category will use the online quoting system for paperless operation.
- New parts RFQ outsourcing (new business line) will be included in the Green DA Form in the future.
  - a. Suppliers' quality management system (QMS) and environmental management system certifications
  - b. Commitment to compliance with governmental laws and regulations related to environmental protection, labor, and safety (signing of the Letter of Commitment for Sustainable Development of Suppliers)
  - c. Certificates in association with energy saving/carbon reduction and performance in environmental improvement
- In order to encourage the current suppliers to keep promoting green improvement activities (package optimization, recyclable containers, etc.), regularly assess suppliers' performance in improvement in the future and include such an assessment in the annual supplier evaluation; praise suppliers having extraordinary improvement in the annual Supplier Conference



### Equipment

- For procurement in the Equipment category, manage local sourcing (suppliers with proof of domestic production and processing) and green sourcing (products with green labels, suppliers with sustainability certifications), and introduce paperless operation through bidding/negotiation/contract awarding on the electronic sourcing system.
- During the quotation of each sourcing project, the followings considerations are included in the green DA form:
  - Suppliers' confirmation that raw materials observe restrictions on chemical substances
  - Commitment to compliance with governmental laws and regulations related to environmental protection, labor, and safety (signing of the Letter of Commitment for Sustainable Development of Suppliers)
  - Quality, environmental management and sustainability certifications of suppliers
  - Suppliers' performance in environmental improvement activities (energy saving/carbon reduction, proportion of local/green sourcing)
  - Provision of products with environmentally friendly labels to satisfy the procurement project

#### 4-3-1 Greenhouse gas inventory and verification of the supply chain



In response to the guidance for and management of sustainable supply chains provided in domestic laws (e.g. the Sustainability Development Roadmap for Listed Companies issued by the Financial Supervisory Commission), corporates are demanded to reduce carbon emissions and increase their international competitiveness. In addition, Yulon's capital is above NT\$10 billion, so entities included in its consolidated financial statements shall complete their carbon inventory by 2025 and the assurance thereof by 2027. The Company has integrated the Group's resources and joined its partners, including the Industrial Technology Research Institute, Taiwan Green Productivity Foundation, Across Management Consulting, Wen-Yuan Management Consultants, Afnor, the Mental Industries Research and Development Centre, to conduct the intercompany GHG inventory and verification for the Company and its over 150 subsidiaries and set the GHG inventory timeline for Yulon.



## ISO 14064-1: 2018 Organization-level greenhouse gas inventory

In 2023, the Company internally completed the education and training material for GHG inventory, including the introduction to ESG and the instruction for the organization-level GHG inventory (Course 1) and the introduction to ISO14064-1 inventory forms in practice and Yulon's approach (Course 2), and worked with external consultants to prepare the training for internal verification personnel (Course 3) covering an outline of the ISO14064-1 standard, essentials of report preparation, and education and training on audit focus. In 2023, Yulon Motor applied the ISO 14064-1 standard to its relevant internal units and 14 subsidiaries included in the consolidated statements: A total of 16.5 hours of education and training course on 2018 organization-level greenhouse gas inventory was provided to 91 persons in total (28 internal personnel and 63 external personnel), and there were 45 participants passing the exam and receiving the certificate for internal verification personnel training.

## ISO 14067 Product Carbon Footprint

As a response to international carbon border taxes and governments' promotion of low carbon products, the government will request corporates to calculate their carbon footprint in the future. In December 2023, the Company started to offer a series of education and training courses on the ISO 14067 product carbon footprint (3 courses in total) and invited relevant internal units, subsidiaries included in the consolidated financial statements and major suppliers to participate in the course totaling 9 hours. There were 9 subsidiaries and 6 major suppliers, 15 in total, participating in this course with totals of 48 participants (18 internal personnel and 30 external personnel) and 159 times (65 times internally and 94 times externally), among which there were 40 participants passing the exam and receiving certificate for internal verification personnel training.

In summary, the education and training courses on organization-level GHG inventory offered to subsidiaries and suppliers in 2023, including carbon inventory (ISO 14064) and carbon footprint (ISO 14067), amounted to 25.5 hours with a total of 250 participants from the Group; since 2022, we have trained 55 qualified carbon inventory internal auditors and 40 qualified carbon footprint internal auditors.



Guidance for suppliers and carbon inventory education and training -ISO 14064-1: 2018 Organization-level greenhouse gas inventory



Guidance for suppliers and carbon inventory education and training -ISO 14067 Product Carbon Footprint

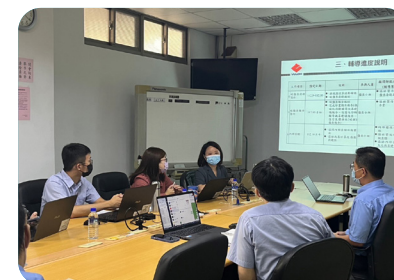
#### 4-3-2 “Big companies lead the smaller ones” to jointly attain the goal of net zero emissions

In addition to constant increase in local sourcing ratio and reduction of carbon emissions from logistics, Yulon Motor have also assisted suppliers in the ISO 14064 and ISO 14067 greenhouse gas inventory and introduced energy saving and carbon reduction measures to lower the impact on environment for strengthening the resilience of its supply chain and constructing a green and sustainable supply chain. In 2023, the Company collaborated with 6 subsidiaries to apply for the “Post-pandemic Upgrading and Transformation Diagnosis and Guidance Program for Transport Equipment Manufacturing Industry” initiated by the Industrial Development Administration, Ministry of Economic Affairs, and completed the 2022 GHG inventory list and report for 14 subsidiaries.

- Progress of voluntary carbon inventory for subsidiaries included in the consolidated financial statements: In December 2023, we completed the carbon inventory guidance and carbon emissions reduction activities for 14 pilot subsidiaries and prepared the 2022 GHG inventory list and report for these subsidiaries.
- In November 2023, we completed the “Post-pandemic Upgrading and Transformation Diagnosis and Guidance Program for Transport Equipment Manufacturing Industry” for the 6 qualified subsidiaries. By applying the concept of “Big Companies Lead the Smaller Ones,” we collaborate with our supply chain on carbon inventory, low carbonization and smart diagnosis.
- Guidance in carbon reduction for suppliers with high carbon emissions: The professional guidance, including on-site visits, diagnosis for energy saving and carbon reduction, performance of baseline inventories for energy saving and carbon reduction, issue analysis, equipment/system measurement, assessment of potential for reduction, supplier visits, and regular work conference, is provided to suppliers with high carbon emissions.



Internal kick-off meeting of suppliers



Internal closing meeting of suppliers



On-site visit and diagnosis for energy saving and carbon reduction



# Chapter

# 5

## Friendly workplace of diversity and inclusiveness

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### 5-1 Diverse talent strategy

#### 5-1-1 Workforce composition

#### 5-1-2 Development and Training of Talents

#### 5-1-3 Employee rights and welfare

### 5-2 Human rights protection

#### 5-2-1 Labor-management relations maintenance

#### 5-2-2 Respecting human rights

### 5-3 Friendly and safe work environment

#### 5-3-1 Occupational safety and health management system

#### 5-3-2 Occupational safety and health risk management and preventative measures



### Material issue

Recruitment and retention, occupational health and safety

### Major stakeholders

Employees

### Performance highlights

- Offered minimum employee salary that was 1.278 times the minimum wage required by law.
- The average salary adjustment in 2023 was 3.00% while that for outstanding employees reached 6.56%.
- 58% of employees are local residents in Miaoli area.
- In 2023, the Happiness Point program, which gave out a total of NT\$510,350.
- The total budget for employee education and training in 2023 reached NT\$4,122,109.



As a leader in the local automotive industry responding to demands for talents arising from the changes to the automotive industry and the rapid change of the entire business environment, we deeply believe that people are the source of our core competitiveness. Therefore, we see employees as our partners on the path of inclusive growth and provide them with a friendly and safety work environment while paying attention to workplace equality and respecting and protecting employees' basic human rights. In the meantime, we also launched the structural salary adjustment campaign to attract and retain talents. In addition, Yulon Motor has developed a comprehensive talent development system covering a wide array of education and training, such as the training program for supervisors of each generation, for employees' career development planning, and put effort into providing diverse employee welfare and relevant activities, thereby shaping a healthy, happy and sustainable work culture.

## 5-1 Diverse talent strategy

### Management approach to recruitment and retention

<b>Significance to Yulon Motor</b>	Yulon Motor's sustainable development and growth rely on employees' joint effort, so we see employees as our important assets with the mindset of "in-depth development" instead of "pragmatism." We treat all employees attentively in the hope that they will motivate the Company's growth in the long run.	
<b>Policy and commitment</b>	For enhancing employees' happiness, Yulon Motor upholds the "People-oriented" approach taking good care of every employee with love by providing a friendly work environment, a high level of care, competitive compensation packages and a wide range of training courses, as well as the opportunities for career development. The Company believes that by striving to make a "warm" work environment and bringing the employees happiness, the Company can keep the employees closer and make them enjoy their work, further improving the Company's performance.	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45</li> <li>Turnover rate of new employees &lt;16%</li> </ul>
	<b>Medium-term</b> (2026-2027)	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 50</li> <li>Turnover rate of new employees &lt;16%</li> </ul>
	<b>Long-term</b> (after 2028)	<ul style="list-style-type: none"> <li>To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns</li> <li>To intensify corporate talents development and raise the percentile rank of employee satisfaction above 55</li> <li>Turnover rate of new employees &lt;15%</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45	The percentile rank of employee satisfaction was 49
<b>Responsible unit</b>	Human Resources Team	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>Promoting school education to strengthen the industry-academia cooperation and providing intern salary better than that of the industry in order to recruit outstanding students at the early stage.</li> <li>Boosting the top-down communication channels, such as senior management forums and the Yulon Sustainability Newsletters for conveying the Company's business strategy and development direction.</li> <li>Initiating employee relation building activities and additional employee welfare to increase employee satisfaction</li> <li>Launching the LINE@ platform allowing new employees to grasp information on the Company faster and promptly.</li> <li>Fostering smooth communication channels and anonymous employee column to assist employees in issue resolution</li> </ul>	

## 5-1-1 Workforce composition

To protect employees' legal rights, Yulon Motor adheres to the policy of "People Orientation, Legality and Equality" for matters related to human resource management such as employment, promotion, performance evaluation, remuneration, education and training and retirement.

### Systematic recruitment mechanism

For an open and fair recruitment and selection process, Yulon Motor has adopted the standard guidelines and procedures to regulate the hiring process. We recruit based on the conditions provided by the recruiting unit and job vacancies, and work with the 104 Job Bank to introduce a corporate recruitment platform, by which we are able to control the progress of recruitment using the digital system and build a talent library. At the same time, we also created a personality DNA norm of Yulon, and by matching the personality test of candidates with the norm, we can measure the degree of suitability with jobs quantitatively. Every year, Yulon Motor also puts effort in the industry-academia cooperation and summer internship program to attract and cultivate potential talents.

### Fair employment

We strictly comply with the "Labor Standards Act" and the "Employment Service Act," and we do not employ child labor, or discriminate against any job applicant or employee, or treat them unequally on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, horoscope, blood type, or past membership in any labor union. Yulon Motor's hiring follows the regulations for standard compensation, which state that the salary for new hires with a bachelor's degree shall be NT\$38,000 or above, that for ones with a master's degree shall be NT\$44,000 or above and to be finally determined based on personal experience and job fit.

### Yulon Motor's workforce composition in 2023

In 2023, Yulon Motor had a total of 1,136 employees, all of whom are full-time, and 212 workers who are not employees. In comparison with the previous year, there was no significant variation. (There were 1,155 full-time employees and 201 non-employees workers in total in 2022.) Due to the nature of the industry that most jobs are frontline manufacturing workers, the percentage of male employees are higher, and the ratio of males to females was 9:1. Yulon Motor is committed to perking up local community and posing positive influence, so it hires local residents as on-site technicians and in other positions. The percentage of local hires reaches 58% where over 9% of the local hires are managers or above. As a result, employment stability is increased and so is the local economy. We also ensure the employment opportunities for disadvantaged groups and indigenous peoples in the hope of putting together a more diverse workplace.

Type		Male		Female		Total No. of People
		No. of People	Percentage	No. of People	Percentage	
Type of Employment	Full-time	1,015	89.35%	121	10.65%	1,136
	Part-time	0	0.00%	0	0.00%	0
Non-employee workers	Cleaning personnel	3	11.11%	24	88.89%	27
	Recycling personnel	3	75.00%	1	25.00%	4
	Dispatched personnel	43	68.25%	20	31.75%	63
	Gardening personnel	15	100.00%	0	0.00%	15
	Security guard	24	100.00%	0	0.00%	24
	Logistics personnel	24	92.31%	2	7.69%	26
	Other outsourced personnel	43	81.13%	10	18.87%	53

Note 1: Calculation basis: the total number of incumbent employees as of December 31, 2023 where permanent employees were deemed as full-time employees. There were no "temporary employees," "employees under a zero-hour contract" or "part-time employees"; all percentages were rounded to 2 decimal places.

Note 2: Workers who are not employees are those who perform work for the organization but are not in an employment relationship with the organization.

Note 3: Students participating in an industry-academia cooperation program were not included.

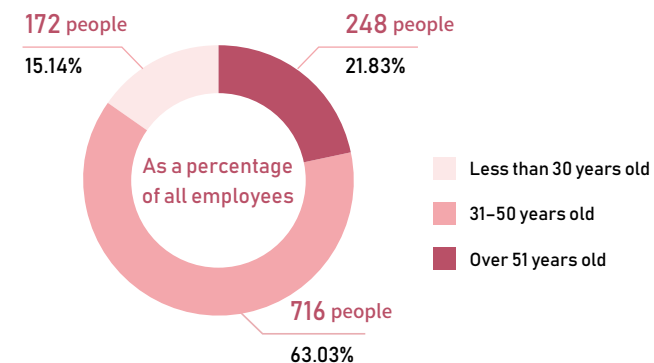
Note 4: Other contractors who are not cleaning, recycling, dispatched, gardening, security or logistics personnel are classified as other outsourced personnel.



### Age structure of Yulon Motor's employees in 2023

Type		Male		Female		Total No. of People	As a percentage of all employees
		No. of People	Percentage	No. of People	Percentage		
Age	Less than 30 years old	138	80.23%	34	19.77%	172	15.14%
	31-50 years old	651	90.92%	65	9.08%	716	63.03%
	Over 51 years old	226	91.13%	22	8.87%	248	21.83%

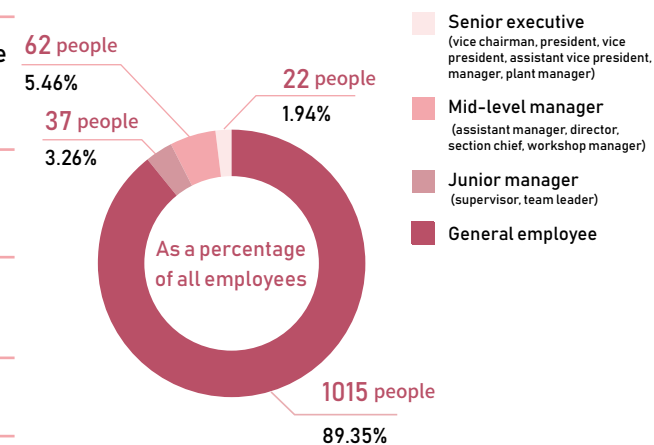
Note: Rounded to 2 decimal places



### Functional Structure of the Employees in the 2023

Type		Male		Female		Total No. of People	As a percentage of all employees
		No. of People	Percentage	No. of People	Percentage		
Job level	Senior executive (vice chairman, president, vice president, assistant vice president, manager, plant manager)	19	86.36%	3	13.64%	22	1.94%
	Mid-level manager (assistant manager, director, section chief, workshop manager)	59	95.16%	3	4.84%	62	5.46%
	Junior manager (supervisor, team leader)	37	100.00%	0	0.00%	37	3.26%
	General employee	900	88.67%	115	11.33%	1,015	89.35%

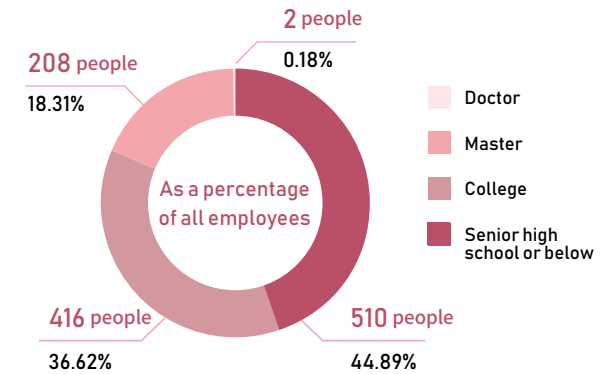
Note: Rounded to 2 decimal places



### Education of Yulon Motor's employees in 2023

Type		Male		Female		Total No. of People	As a percentage of all employees
		No. of People	Percentage	No. of People	Percentage		
Education	Doctor	2	100.00%	0	0.00%	2	0.18%
	Master	169	81.25%	39	18.75%	208	18.31%
	College	353	84.86%	63	15.14%	416	36.62%
	Senior high school or below	491	96.27%	19	3.73%	510	44.89%

Note: Rounded to 2 decimal places



### Diverse employment in 2023

Type	No. of People	Percentage
The disabled	13	1.14%
Indigenous peoples	6	0.53%

### Employment and turnover rates for the most recent 3 years

Item	2021	2022	2023
Employment rate	21.71%	6.67%	8.63%
Turnover rate	10.55%	9.43%	6.96%

Note: Rounded to 2 decimal places

Note: Employment rate = (no. of new employees for the year) / (total no. of employees at the end of the year); turnover rate (total no. of employees resigned for the year) / (total no. of employees at the end of the year + total no. of employees resigned)

Number of new employees and gender ratio

Type	Male		Female		Total No. of People
	No. of People	Percentage	No. of People	Percentage	
Less than 30 years old	56	65.88%	8	61.54%	64
31-50 years old	29	34.12%	5	38.46%	34
Over 50 years old	0	0.00%	0	0.00%	0
Total	85	100.00%	13	100.00%	98

Note: Rounded to 2 decimal places

Number of employees resigned and gender ratio

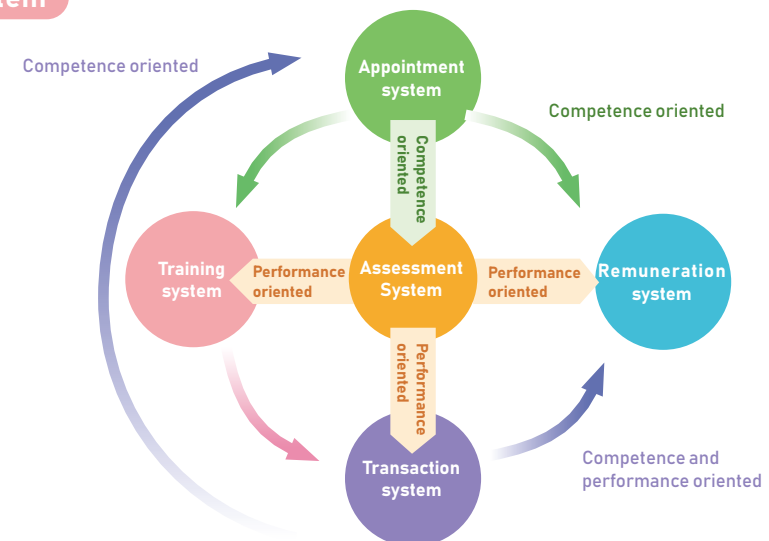
Type	Male		Female		Total No. of People
	No. of People	Percentage	No. of People	Percentage	
Less than 30 years old	25	30.86%	1	25.00%	26
31-50 years old	56	69.14%	2	50.00%	58
Over 50 years old	0	0.00%	1	25.00%	1
Total	81	100.00%	4	100.00%	85

Note: Rounded to 2 decimal places

## 5-1-2 Development and Training of Talents

### Introduction to the human resources management and development system

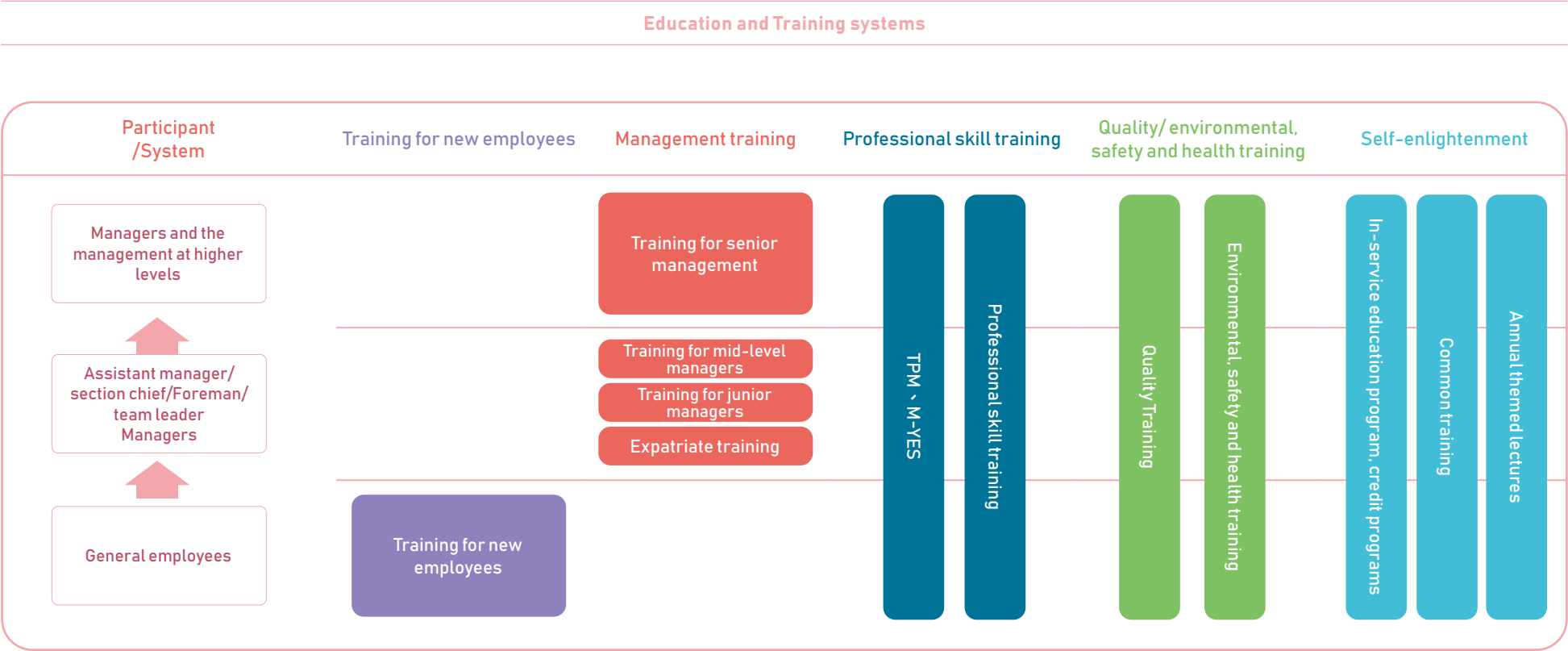
We care about employees' competency development and thus create a human resources management and development system revolving around competency development and performance management. Human resource quality is enhanced through regular performance management and a diverse competency cultivation plan. The career development and compensation of an individual are consequently determined on the basis of personal performance and competency. We have been active in providing employees an environment and resources for learning and development and encouraged employees to participate in training held by external organizations in order to give assistance in employees' continuous growth in the hope that they can contribute to the Company.



### Comprehensive Talent Training System

In addition to the corporate culture of “innovation, speed, and team,” “learning” is a core value essential for Yulon Motor’s employees. Our employees enhance the professional skills required at work and managerial competencies through on-the-job training.

Yulon Motor conducts talent training and development in line with the four guiding principles of “Lifelong Learning, Diversified Development, Deep Cultivation Spirit, and Human Orientation.” We actively provide a learning and development environment for our employees and encourage them to improve the skills required for their jobs through various channels, including on-the-job training, apprenticeships, job rotation, project-based practice, and on-the-job continuing education, enabling them to grow continuously and apply what they have learned at work.

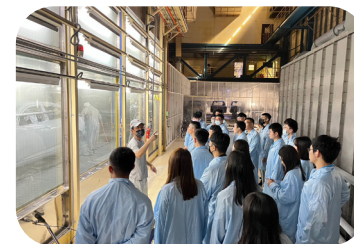


According to the skills required for work, we provide general, professional and management training courses. The total training costs in 2023 amounted to nearly NT\$4,122 thousand and the average training cost per employee was about NT\$3,629. The training hours totaled 15,294.22, and these training courses provided by the Company include six major categories as follows:



## 1 | Training for new employees

General training organized for newcomers to help them quickly become familiarized with the Company's corporate culture and working environment and vehicle disassembly and trial assembly courses provided for the new employees of the R&D, production, and quality management departments to give them a better understanding of the overall vehicle structure and the relationship between parts and components. The Human Resources unit also assists each department to build a library of professional publications; within the 3-month adaptation period of a new hire, senior employees and supervisors together discuss about the job duties of the new employee, design a personal study plan, and pass down experience. For continuously cultivating new employees abilities in project execution and management in depth, guided by their supervisors in person, new employees who have joined the Company for three months have to give a presentation about what they have learned during the learning stage.



## 2 | Common training

There are general training courses for all employees of the Company, covering computer skills training, language skill training, general study, happiness workshops, etc.



## 3 | Professional skill training

Training courses with the aim of enhancing professional skills, including courses on CATIA 3D drawing techniques, measurement system analysis (MSA), fault tree analysis (FTA), Taguchi analysis, why-why analysis, failure mode and effect analysis (FMEA), advanced product quality planning (APQP), statistical process control (SPC), work flow management, engineering capability analysis, finance, human resource management, production and manufacturing, production management, and labor safety and health.



#### 4 | Management training

Training with various management themes planned based on the management capabilities required for management at different levels, including motivational consensus camps for middle and senior management; management skill courses and lectures on management practices for middle management; and on-site management skill courses for entry-level management trainees.



#### 5 | Annual themed training

According to the Company's development policy, training on particular topics are offered to address the business goal.



#### 6 | Environment, safety and health training

In order to build employees' understanding about hazards at workplace, the knowledge and awareness of safety and health required for disaster prevention and those they may encounter at work, we offer safety and health education and training on disaster prevention necessary at work, and provide necessary safety and health education and training to employees operating dangerous machinery or equipment to avoid occupational accidents.



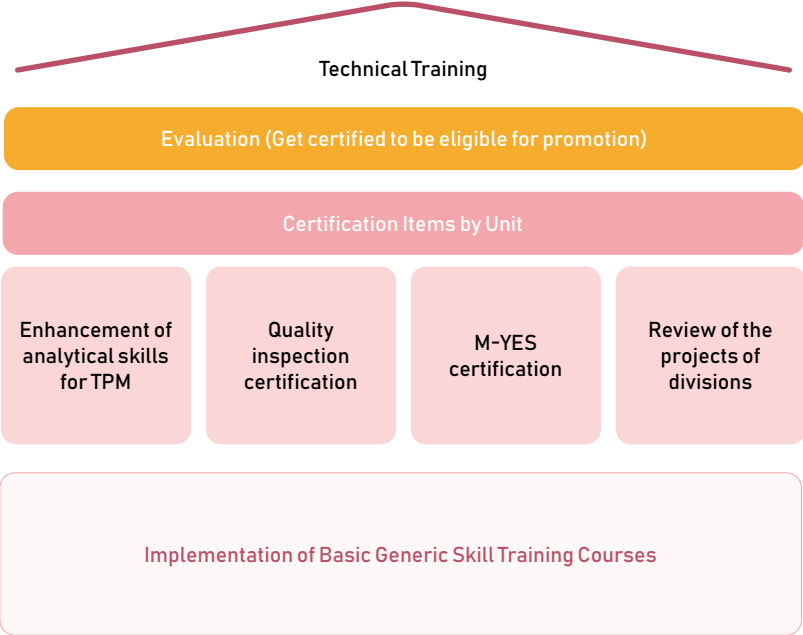
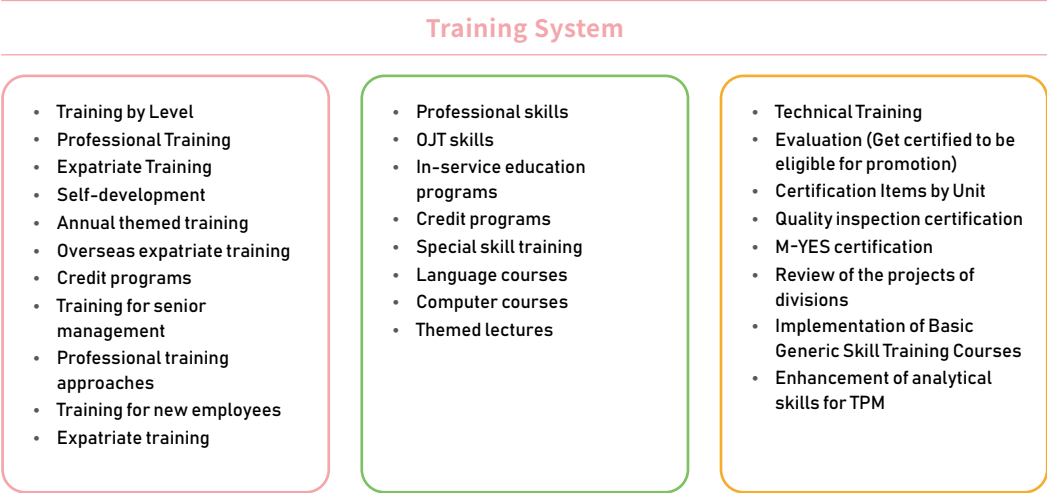
### Implementation of Education and Training in 2023

The Company developed a TTQS-based training system and formulated education and training programs according to the Company's vision-based medium-to-long-term strategic plans. The training outcomes were evaluated at the reaction level and through pre-training and post-training action plans. We will continuously make efforts to promote employee learning. The employees may use our rotation system to develop various professional skills in Yulon Motor, the overseas invested companies (in China and the Philippines), and the horizontally and vertically invested automobile-related businesses.

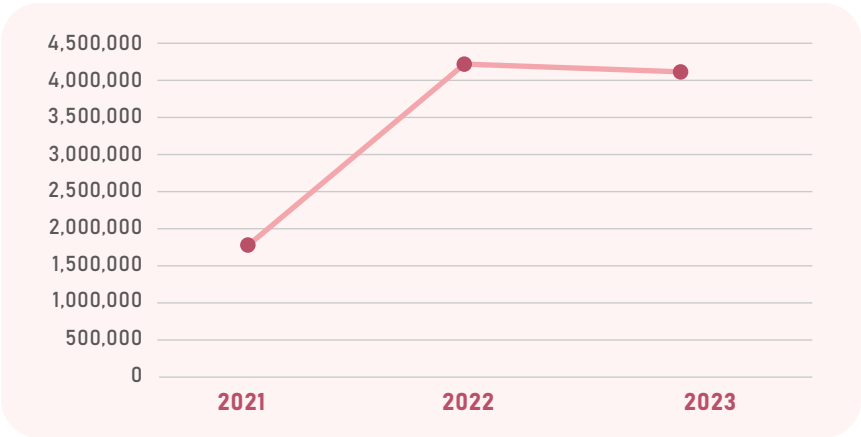


### Enhancement of Management Skills

There are plenty of learning channels for Yulon Motor’s employees. In addition to the Company’s common core courses for the employees to enhance their generic skills, we develop technical training certification programs based on the functions of each department to boost their professional skills. Employees are also encouraged to participate in training courses organized by external organizations or on-the-job continuing education.



### Actual education and training expense for the most recent three years



Note: Due to the pandemic, the number of physical courses was reduced in 2021.

Year	2021	2022	2023
Actual education and training expense for the most recent three years (NT\$)	1,888,485	4,200,476	4,122,109
Number of employees (Person)	1,248	1,155	1,136
Average education and training expense per employee (NT\$/person)	1,513	3,452	3,629

### Training hours by gender

Item	Senior executive		Mid-level manager		Junior manager		General employee		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Total training hours by gender	203.69	146.47	969.81	106.20	601.85	0.00	10,801.43	2,464.76	15,294.22
No. of People	19	3	59	3	37	0	943	135	1,199
Average training hours by gender	10.72	48.82	16.44	35.40	16.27	0.00	11.45	18.26	12.76

Note 1: Employee training hours in 2023 were calculated based on the education and training hours received by full-time and dispatched employees in the year while the number of employees receiving education and training was based on the numbers of full-time and dispatched personnel as of December 31, 2023.

Note 2: Education and training are offered to dispatched personnel due to job requirements.

## Industry-academia cooperation

In order to get in touch with potential talents at schools, Yulon Motor takes the initiative to integrate the Group's resources and government resources and launch the Roots Downward program that nurtures the Industry-academia cooperation programs. In 2023, the following three major programs have been rolled out: Yen Tjing Ling Industrial Development Foundation's Industry-Academia Cooperation Program, the Summer Internship Program, and the Human Resources Data Project.

### Yen Tjing Ling Industrial Development Foundation's Industry-Academia Cooperation Program

Incorporating Yen Tjing Ling Industrial Development Foundation's purposes of sponsoring and cultivating talents in R&D and industry in R.O.C. and promoting other related charity events, we strive for forward-looking engineering technology R&D and industry-academia cooperation that the growth of industrial technologies. In 2023, Yulon Motor worked with National Taiwan University of Science and Technology, and National Cheng Kung University to complete four industry-academia cooperation programs. A total of 7 graduate students participated in these programs where a total subsidy amount of NT\$4.575 million was granted.

### Summer Internship Program

For the purpose of exploring more recruitment channels, our Summer Internship Program in 2023 offered internship opportunities at 6 units, and a total of 8 students joined the Summer Internship Program of the year. During their internship, we offered a babysitting system in which a corporate mentor, who may be a section chief or above and an employee of the same profession, would take care of these students and help them lay out their internship plans and teach them to put theories into real practices. Meanwhile, we also scheduled courses and activities such as the labor safety and education training, the on-the-job automobile manufacturing training, and the forums to boost these students' professional skills and understanding about industry trends and in turn bridged the gap between the Company and these students.



Activities and courses in the Summer Internship Program – on-the-job automobile manufacturing training



Activities and courses in the Summer Internship Program – on-the-job automobile manufacturing training

#### Reflection of interns

##### Reflection shared by student intern Kao:

After the two-month internship, I feel that I lack professional knowledge and abilities because some of them may come from the courses for juniors or seniors or I did not respond well to some basic duties. I expect myself to continue to improve skills in major disciplines, programming and application, as well as communication.

##### Reflection shared by student intern Hsu:

Within the busy two-month journey of internship, I deeply felt the difference between academia and the industry and learned a lot therefrom. I am fortunate to join the team, which has broadened my horizons and allowed me to explore many professional areas rarely encountered in everyday life, and I am therefore motivated to develop my professional career. I felt sad for such limited time because I could not give a thorough project presentation within such a short time frame. I will take this internship as a starting point for my self-development, and through endless self-challenges and learning, I will constantly improve and grow my professional skills.

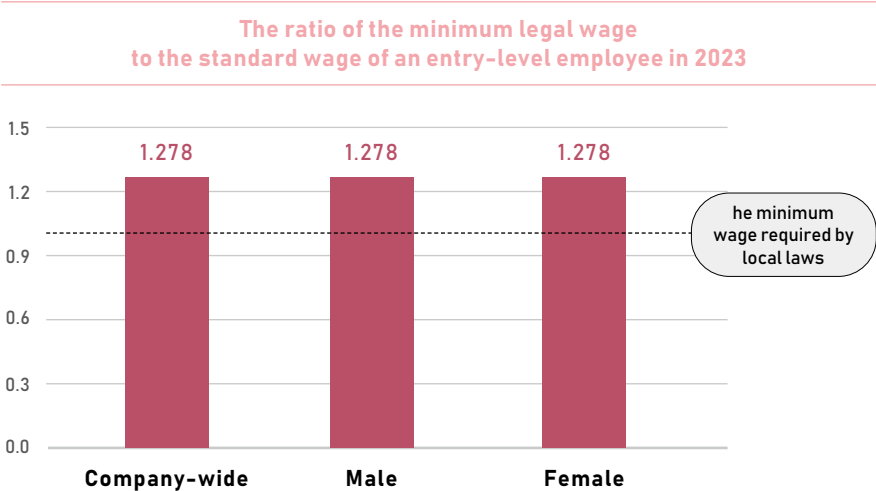
### Human resources data project

Big data analysis is a required subject for students nowadays, so Yulon collaborated with the College of Management, Sun Yat-sen University to launch the “Human Resources Data Analysis Program” in 2023 in order to assist academia in cultivating students who possess big data analysis skills. The Program lasted for half a year and focused on human resources data analysis in combination with industry data analysis practice. We hope to help talents in human resources to form unprecedented insight into human resources and enhance their practical experience in data management.

### 5-1-3 Employee rights and welfare

#### Remuneration policies

Yulon Motor does not compensate our employees differently as a result of their gender, race or other personal traits. Instead, we determine employees’ salary level based on their education, working experience, professional knowledge and skillsets, seniority and personal performance. On top of the basic salary that is 1.278 times the minimum legal wage and the bonus for three major holidays, we also flexibly remunerate our employees according to the Company’s annual business performance, e.g. performance bonus, employee bonus, additional annual bonus, to incentivize employees and retain talents.



Note: The ratio is calculated using “the minimum wage required by local laws: standard wage of an entry-level employee” where the minimum wage in Taiwan announced in January 2023 was NT\$26,400.

Type	Basic salary		Compensation (including total bonuses)	
	Female	Male	Female	Male
Senior executive	1	1.194	1	1.3
Mid-level manager	1	0.987	1	0.82
Non-manager employees	1	0.959	1	1.05

Note 1: The value of females is set as 1 in the ratio.  
Note 2: The bonuses include performance bonus and annual bonus.  
Note 3: Part-time workers are not included.

## Salary adjustment system

Because the traditional “low wage, high bonus” salary structure of the automotive industry is less favorable for attracting the young generation, Yulon Motor carried out a salary structure adjustment plan in 2022 that moved part of the bonuses paid in the three major holidays to the wage and thus increased the monthly disposable income of employees relative to the industry standard, so that the calculation base for overtime pay and the payment for unused days of paid leave, as well as the bracket for pension appropriation, were all increased. As a result, we retain talented people and improve our competitiveness in recruitment.

We regularly review and adjust the salary level and reward system for employees based on the industry salary survey report. In addition, we properly implement a structural or performance-based salary adjustment plan to align with the Company’s business performance and overall salary competitiveness. In 2023, the average salary adjustment was about 3% while that for individuals is determined with reference to a comprehensive range of factors in connection with work performance and market competitiveness. An outstanding employee may have their salary increase by 6.56%.

Information on employee compensation for the most recent 3 years			
Type	2021	2022	2023
Total amount of full-time non-manager employees’ compensation (unit: NT\$ thousand)	1,049,442	980,604	980,823
Total number of full-time non-manager employees	1,217	1,120	1,092
Average amount of full-time non-manager employees’ compensation (unit: NT\$ thousand)	862	863	898
Median of full-time non-manager employees’ compensation (unit: NT\$ thousand)	804	812	847

Annual total compensation ratio	
Ratio of the highest total annual compensation of an individual to the median of the total annual compensation of other employees	Ratio of the percentage increased in the highest total annual compensation of an individual to the percentage increased in the median of the total annual compensation of other employees
10.15	3.49

Note: The table above covers only full-time employees and is not applicable to other workers such as part-time employees.

## Performance Management

Yulon Motor has adopted a fair and just performance evaluation system and set up the regulations for performance evaluation based on job type and system, that is, the Kernel Objectives Management system. At the beginning of each year, the Company sets the business goals and extends such goals to personal objectives. Achievements of these goals are followed up and examined routinely during the year, and reviewed and rated at the end of the year to ensure the alignment between employees’ work performance and the Company’s goals. Then, by the mechanism of self-review and performance interview, employees can have a better understanding about the achievement of their work goals and receive clear feedback for ongoing improvement and performance development. In 2023, 100% of the Company’s official employees completed the evaluation, which linked to their personal remuneration, promotion and career development.

Employees evaluated in 2023						
Type	Male		Female		Total number of employees evaluated	As a percentage of the total number of employees required to be evaluated
	Number of employees evaluated	As a percentage of the number of employees required to be evaluated	Number of employees evaluated	As a percentage of the number of employees required to be evaluated		
Engineering and administration staff	257	78.8%	69	21%	326	100%
Technician	758	94%	50	6%	808	100%

Note: New employees who were within their first three months at the Company were not included in the annual performance evaluation, so the total number of employees appraised was (1,134), different from the total number of employees (1,136).

Note: Rounded to 2 decimal places.

## Employee insurance

In addition to the general labor and health insurance and monthly pension contribution, Yulon Motor also purchases the “group insurance” covering term life insurance (employees only), inpatient hospital care, cancer insurance, fracture cover and overseas emergency assistance (only for employees on a business trip and overseas expatriates) for all of its employees, as well as their spouses and children. Yulon Motor also purchases accident insurance for employees with higher injury risk (such as car test drivers).

## Maternal care and support

Echoing the Act of Gender Equality in Employment, we offer care and support better than those required by laws, e.g. during an employee's term of pregnancy, the Company grants seven days of leave for pregnancy checkups and the pregnancy checkup leave may be granted in half-hour units with regular pay; for pregnancy checkups, pregnancy checkup accompaniment and paternity leaves, employees may take 7 days of leave during a 15-day window before and after the gestation period and the day their spouses are in labor, and regular wages shall be paid. We implement wraparound birth and parenting care, and provide attentive care at each stage (pregnancy → delivery → parenting), such as producing a care handbook for pregnant mothers, subsidizing self-funded checkups, holding birth and parenting seminars, handing out newborn congratulation gifts by the general manager, and holding "Baby Day" sharing activities.



Parenting Experience Sharing Workshop

## Unpaid Parental Leave in 2023

Item	Male	Female
A. The number of employees who were eligible for parental leave in the year (2023)	97	10
B. The number of employees who actually applied for unpaid parental leave in 2023	9	5
Application rate (B/A%): the ratio of the number of employees who actually applied for unpaid parental leave to the number of employees who were eligible for parental leave	9.28%	50.00%
C. The number of employees shall reinstate in their jobs in the year (2023)	5	3
D. The number of employees applied for reinstatement in 2023	3	3
Reinstatement rate (D/C%): reinstatement rate after unpaid parental leave	60.00%	100.00%
E. The number of employees who actually reinstated after unpaid parental leave in the previous year (2022)	1	3
F. Reinstatement for a year after the unpaid parental leave in the previous year (2022)	1	3
Retention rate (F/E%): retention rate after reinstatement after unpaid parental leave	100.00%	100.00%

Note: Rounded to 2 decimal places

Former Chairman Kenneth Yen once said that "happy employees lead the corporate to a self-motivated corporate culture," so Yulon Motor hopes to build a happy company that invests tremendous resources into the provision of welfare and care services every year in addition to competitive compensation. Thus, we address the demands of employees at various life stages and ensure they work in a quality and happy place and develop a happy and stable career and life. We offers a wide range of welfare covering food, clothing, shelter, transportation, education, entertainment, maternal and parental care and bonuses and subsidies, and the total expenses amounted to nearly NT\$60 million in 2023.



Yulon Motor also pays attention to the balanced development of the employees' work, life and family. Therefore, we organize a series of activities, including Family Day, summer camps, group festival activities, domestic and international trips, volunteer club charity events, and friendly contests between clubs. Exchange and sharing in these activities can facilitate the interaction between employees from different units, improve the team atmosphere and relationships, and allow employees to take care of their health and family besides busy days of work. To give employees who are single more opportunities to step outdoors and meet new friends, we not only reimburse the employees who participate in the Ministry of Internal Affairs' matchmaking event for the registration fee but also provide free movie tickets in support of the event encouraging single employees to sign up for the event, as well as their happiness. Furthermore, welcome activities, management consensus camps, and retirement events are organized for employees at different ages and levels to enable employees' communication with the management in these activities at the beginning of their career in the Company and give them a clear grasp of their future career development and post-retirement planning.

## Happiness enhancement



"Hand in Hand to Welcome the Year of the Dragon"



Parenting Experience Sharing Workshop



"Starlight Stage" welcome activity in 2023



2023 Mother's Day celebration event - handmade flower DIY



2023 Father's Day Massage Tutorial and Experience Tournament



2023 Greater Yulon United Badminton Tournament



2023 Dragon Boat Festival Fun Walkii Online Sports Day



Birthday celebration events



## Health and stress relief



Health and Fitness Month events



Starlight Road Running



Marimo Moss Balls DIY



Spring Couplets DIY



My Plate and Diet Weight loss method



Cheering for Yulon Dinos Basketball Team event



Tabata+ Stretching



Mindfulness at Workplace, Happiness Easy Go



Leukemia Experience Sharing held by Tzu Chi



## Investment and wealth management



5-minute Investment per Year



Are you insured by your insurance?



## Charity and public welfare



Visit to Yulon Motor paid by Children from the orphanage and the Dreams Come True Program



Organized the blood donation touring event "Love Meets You, Youth & Passion for Health Donation" each in April, August and December



The "Year-end Heart-Warming Donation" fundraising activity was launched in December, and the total of NTD 759,500 raised was fully donated to Miaoli Guangai House of Correction, Youan House of Correction, Huashan Foundation, Mingde House of Correction, Genesis Social Welfare Foundation, St. Francis Xavier Home for Children and Juvenile, and Happy Dog Halfway House Association



## Retired employee care and system

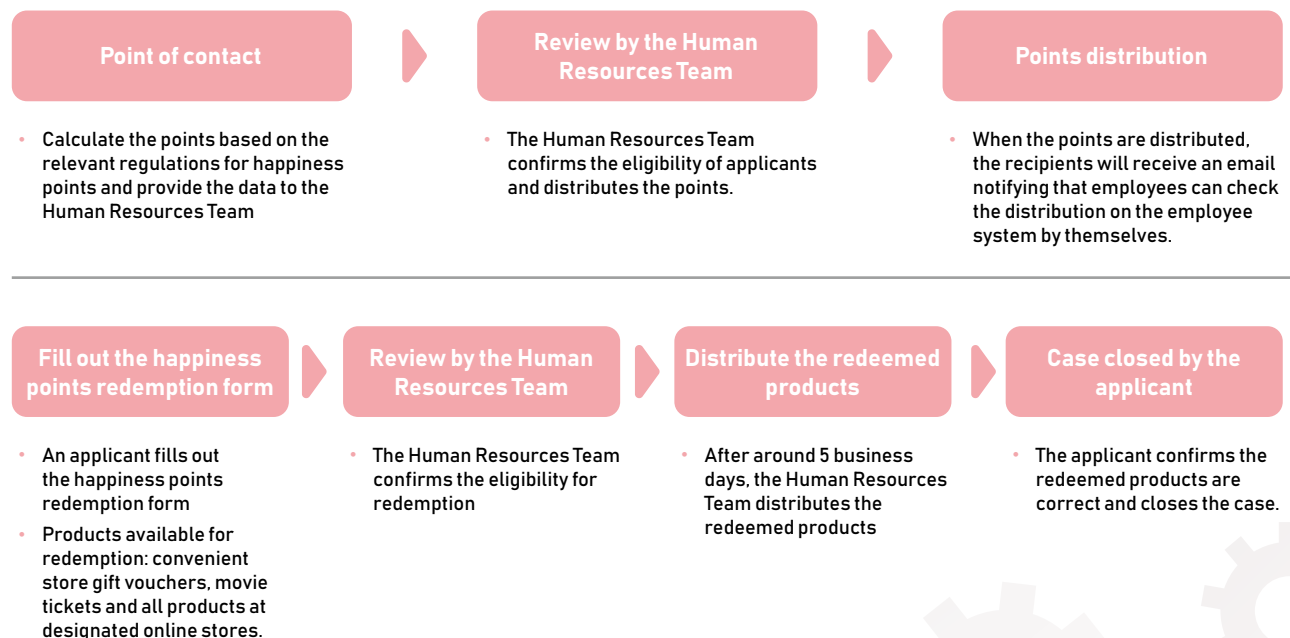
Yulon Motor contributes to the labor pension fund and handles employee retirement in accordance with the provisions regarding both the old pension system and new pension system. In 2023, the contributions amounted to NT\$20,068,910 for the old pension system and NT\$29,645,543 for the new pension system. Besides compliance with basic laws and regulations, we also encourage employees to seek opportunities for self-development, so we introduce and announce preferential retirement plan depending on circumstances every year, and qualified employees may apply for this plan. Upon approval, an additional 7 bases (the unit used for calculating seniority stated in the Labor Standards Act) will be given to the applicants.

We also provide the following assistance solutions to employees who are retired or have had their employment terminated to continue their employment and career plan:

- **Job referrals:** provide information on job opportunities available at affiliates, contractors, neighboring companies of the Group to help employees to better understand potential job opportunities and help to make matches.
- **Re-employment mechanism:** When an employee retires or resigns, inquire about their willingness for continuous employment and voluntarily contact him or her for re-employment and knowledge inheritance when there is a job opening.
- **Career planning:** The Company lawfully offers pension and severance pay to employees who are retired or have their employment terminated for life protection, and it also organizes seminars related to post-retirement financial planning, including pension management and investment strategies.
- **Psychological support:** Host the retired employees social club as a platform for interaction and mutual support.

### Highlighted cases column: Happiness points

Since 2022, we have adopted the employee reward mechanism, "Happiness Points" to enhance employee cohesiveness, company recognition and culture and create a happy corporate. There are nine ways to receive the happiness points, including "learning and growth," "patent development," "being an officer," "rewards for marriage and pregnancy," "presentation of new hires and interns," "promotion," "mentorship," "car purchase" and "company activities." Employees who meet the set standards in each category can receive "Happiness Points," which can be used in exchange for over 400 products such as automotive accessories, life accessories, cultural and creative products, gift vouchers and movie tickets. The remaining points at the end of the year can be exchanged for cash. In 2022, points equivalent to NT\$387,250 were cashed in total; in 2023, points equivalent to NT\$510,350, a 31.7% growth, were cashed in total.



## Care of overseas expatriates

Yulon Motor's expatriates may face various challenges, and we will do our best to support them to adapt to local life and new work environment by the following means:

### Arrangement before departure

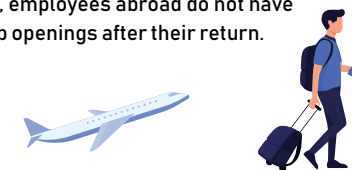
1. Workshops before departure and accommodation arrangement: workshops are held in Taiwan to explain things to notice before departure, and accommodation is arranged by local employees beforehand.
2. Business introduction: Before departure, an employee take business trips to the location to be relocated and take over business from a local expatriate. The local expatriate would also lead and accompany the employee to adjust to local culture and life.
3. Survey of whether to relocate with family: We ask employees whether they would like to relocate with their family, and if the answer is yes, we help them to book flight tickets.

### Healthcare

1. Health checkup: One full-body health checkup for senior managers every year.
2. Insurance: In addition to employee group insurance, overseas business travel insurance and medical protection for hospitalization are also provided.
3. Care: Birthday gift vouchers for family members, new year gifts and gift vouchers (for employees unable to reunion with family in Taiwan due to the pandemic).
4. Others: Yulon Motor provides subsidies for quarantine expenses during the pandemic and encourages employees to work from home or remotely to ensure the health of employees overseas. In order to make employees feel safe about working abroad, we provide a thoughtful employee support scheme and keep in close contact with them during their expatriation to keep them abreast of the Company's status and eliminate their sense of unfamiliarity when returning.

### Career development

The knowledge of expatriates is the intangible intellectual property for the organization, so Yulon Motor especially pays attention to knowledge transfer of these expatriates and the arrangement of job position when they return. We regularly review the requests for return and repatriation, and if there is any management vacancy, employees abroad are first considered for promotion to such a position when they return, or they will be allocated to a suitable unit responsible for passing on their overseas experience. Thus, employees abroad do not have to worry about job openings after their return.



## Highlight 01 : Physical and mental health promotion project

### 1. Health promotion activities

In the post-pandemic era of 2023, the Company organized multiple health promotion and soothing activities for relaxing, soothing and health promotion in addition to the annual physical and mental health care. In the first half, it hosted the "Health and Fitness Month events" such as one workshop each month from March to May: healthy diet in March, aerobic exercise in April and stretching and soothing in May. At the same time, it also encouraged fitness by holding the weight loss competition, and invited the top 3 winners to share their thoughts and performance in weight loss after the competition. In response to the Health and Fitness activities, the "Dragon Boat Festival Fun Walkii Online Sports Day" will be held in conjunction with the Dragon Boat Festival in May. In June, the "Greater Yulon United Badminton Tournament" was jointly organized with the Badminton Club, with a total of 51 colleagues reporting teams and 9 teams participating, with a total of 150 participants. In October, the annual Charity Starlight Road Run was held, attracting about 306 colleagues to sign up for the event, and the volunteer club donated NT\$30,600 to the charity group according to the number of participants. In the second half of the year, we will organise soft stress relief health talks, such as: the "Well-being Workshop- Stretching and Tabata" and the "Well-being Workshop - Mindfulness at Workplace, Happiness easy go" were held. Together, these events formed the Physical and Mental Health Promotion Project.



Health and fitness month event poster



Weight loss thought sharing

## Highlight 01 : Physical and mental health promotion project

### 2. Healthcare

In addition to the employee clinic, the Company also furnished employees with discounted outpatient service by dedicated doctors. The Company also regularly hosts free health checks, and from the results, it identifies employees who are at high risk. Individual health education, follow-up, and care are then provided for early prevention. It also responds to employees' demand by providing monthly on-site visits of doctors in occupational medicine who offer individual assessments and consultation on proper allocation of jobs, guidance and suggestions on abnormal health check results, illegal infringement prevention, work-related disease prevention, musculoskeletal disease prevention, breastfeeding room for maternity protection, competence improvement, and reinstatement after occupational injuries. Moreover, the Company also pays the employee group insurance (including for their spouses and children) and life insurance premiums in full. In order to make employees feel safe about working abroad, we provide an employee support scheme and keep in close contact with them during their expatriation to keep them abreast of the Company's status and eliminate their sense of unfamiliarity when returning.

### 3. Physical and mental healthcare

In order to build a friendly workplace, strengthen employee relations, and enhance new employees' workplace experience, Yulon Motor takes care of new employees starting from the recruitment period, and arranges an actual job preview allowing new employees to understand their job contents and work environment before onboarding. Personnel from the Human Resources subsequently answer their questions concerning jobs, accommodation and life via telephone or Line messenger.

After onboarding, new employees are invited to join the "Nice to meet Yu," and employees trained with a certificate in mentoring act as the mentor to provide one-on-one teaching and work adaptation. A NT\$600 meal subsidy is also provided to bring the relationship between new employees and mentors closer. The Company also uses the LINE@ tool to integrate information related to the Company's welfare and provide them with assistance in adaptation, and holds regular interactive activities thereon.

All employees can use the "I Have Something to Say" function on the Company's EIP to raise questions. Every month the Human Resources issues an EAP caring email;

the Safety and Health Office gives out health education and offers customized care and case management to special personnel; the senior management would appoint one day every month as the "Go Home on Time Day" and the "No-Meeting Day," and two days as the "Growth Day" in which supervisors of each unit guide and help subordinates in their team solve problems at work.

### 4. Happiness Point Program

For raising employee welfare and creating a happy workplace, the Happiness Point reward program has been provided to internal personnel since 2022 on top of the existing welfare to encourage employees. This program can motivate employees to perform better at work for points that can be redeemed for over 300 gifts including internal products of the Company, external products, movie tickets, and convenient store vouchers. As of 2023, the performance in redemption is growing year by year (30%). With such a program, we raise the welfare for new employees and create a happy work place.

## Highlight 02 : Employee Family Friendly Program

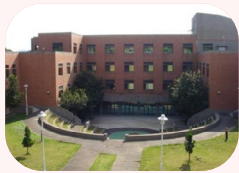
### I. Purpose

Yulon Motor's vision is "becoming a leader in the mobility value chain in the Chinese-speaking markets," and it primarily produces all vehicle models under the brands NISSAN and LUXGEN. In recent years, the Company has implemented a strategy to offer manufacturing services to multiple brands with resilient production lines that meet the demands from multiple brands and models. In comparison with employees of other vehicle manufacturing lines that focus on a single brand and certain models, the Company's employees actually face higher work pressure and job difficulty, so in order to drive passionate and worry-free employees and allow them to relieve work stress, the Company takes the initiative to introduce various work-life (family) balance policies. In addition to the facilities provided to employees for physical health, such as employee housing, an employee vegetable garden, a sports hall, a swimming pool, and a gym, it also arranges a series of dedicated care and subsidies for employees' families and children with the objectives below:



## Highlight 02 : Employee Family Friendly Program

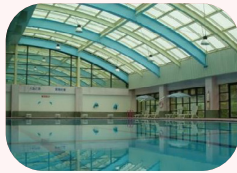
1. Balance life and family to strengthen parent-child interaction and family relationship.
2. Effectively relieve employees' stress and allow employee to work without worries.
3. Improve employee physical and mental health and make employees live happily and work enthusiastically.
4. Build an employee family friendly environment to reduce burden arising from parenting.



Yulon Motor employee housing



Employee housing common area



Employee indoor heated swimming pool



Cafeteria

### II. Program approaches

#### | Multifunctional sports park |

We provide employees who live far from the Company with free housing located on a campus featuring sports facilities such as a sports hall, swimming pool, and gym, so that employees can exercise to relax. There is even an employee garden in the housing campus enabling self-sufficient life for employees. Thereby, we build a happy environment specifically for Yulon's living circle.

#### Employee trips held by the Employee Welfare Committee



Overseas: Kyushu, Japan



Domestic: Hualien

#### ● A diverse and flexible leave policy

The Company arranges the flexible holiday schedule yearly upon agreement with the union. It takes advantage of the time for annual production equipment modification and maintenance to schedule the "little summer break," which is better than what its peers offer, as well as the "little winter break." It also provides the "little spring break" allowing employees to take Lunar New Year holiday earlier than employees of its peers, enjoy a longer holiday, and arrange trips with family. Thus, there will be no longer the circumstance that employees worry about their absence may affect the production and therefore fear to take time off. In addition, we also respect local traditions by adjusting the holiday schedule to accommodate local Hakka employees' needs on Hakka Tomb Sweeping Day.

#### ● Flexible leave policy

The Company has offered the paid ritual leave (leave for children's wedding, leave for siblings' wedding, leave for children's first day of school, bereavement leave for the death of parents' siblings or their spouses, bereavement leave for the death of siblings or their spouses, bereavement leave for the death of spouses' siblings or their spouses) that is better than the legal requirements. In 2023, the special leave for parents with the need to help their children adapt to new environment was added.

Flexible leave policy				
Item	Policy content (type of leave)	Starting time	Number of leave days/hours	Pay
1	Leave for children's wedding	2016	1 day	Full pay
2	Leave for siblings' wedding	2016	1 day	Full pay
3	Leave for children's first day of school	2019	1 day	Full pay
4	Bereavement leave for the death of parents' siblings or their spouses	2016	1 day	Half pay
5	Bereavement leave for the death of siblings or their spouses	2016	1 day	Half pay
6	Bereavement leave for the death of spouses' siblings or their spouses	2016	1 day	Half pay
7	Special parental leave within the first month after reinstatement from unpaid parental leave	2023	4 days	Half pay
8	Special parental leave within the first month after reinstatement from maternity leave	2023	4 days	Half pay

## 🌟 Highlight 02 : Employee Family Friendly Program

### 🔴 Relevant mother-to-be-friendly measures

In addition to the maternity-friendly measures required by laws, it also gives additional preferable care measures including caring gifts, nurse advice, subsidies for maternity inspection, newborn congratulation gifts, and parent experience sharing to take care female employees from pregnancy to delivery. The caring measures by each stage are described as follows:

### 🔴 Promotional activities for family diversity

Through opportunities from various interactive activities, the interactions among couples, parents, and children have been enhanced leading to harmonious family relationships so as to make employees feel safe with family and happy at work, thereby improving work efficiency. For example, we have:

1. arranged warm meal meetings between supervisors and newlyweds
2. hosted a basketball summer camp for employees' children (invited professional basketball players to coach)
3. Family Day activities and subsidies
4. education subsidy
5. travel subsidy
6. designed family festival celebration activities (Father's Day, Mother's Day)
7. family Volunteer Day - beach cleaning

The purpose of designing these activities and procedures is to effectively foster interaction among family members and allow families of our employees to engage in and strengthen the interaction between the Company and their families. Thereby, we not only take a good care of our employees but also make their families feel safe and related.

### Pregnancy

1. New parent caring pamphlet for caring gifts (baby bubble bath) redemption
2. A NT\$2,000 subsidy for female employees' self-funded checkups.
3. Care, advice and follow-up from nurses

### Delivery

1. A NT\$6,000 new baby gift per person.
2. Parenting Experience Sharing Workshop
3. Special gifts for the third child and Yulon baby
4. Assessment and adjustment of work environment

### Parenting

1. Set up a breastfeeding room and offer unlimited breastfeeding time
2. Sign contracts with childcare institutions
3. Newborn care workshop
4. An annual parenting subsidy of NT\$12,000 per person

### Parenting Experience Sharing Workshop



Fun races



Parenting Experience Sharing Workshop

### Promotional activities for family diversity



Interactive games at newlywed dinner party



Yulon Family Day

## 5-2 Human rights protection

### 5-2-1 Labor-management relations maintenance

#### Labor-management policy

The Company complies with the ILO Conventions and forbids any form of forced labor. If employees work overtime due to capacity needs, they are entitled to either overtime pay or compensatory leave. If operation faces dramatic change and could affect labor rights, the Company makes announcement in advance according to the Labor Standards Act and other relevant regulations to protect workers' rights. Employees may report an issue and seek help for any damage to or infringement of their rights and interests via internal grievance channels. In 2023, there were not any employee grievance cases or cases in connection with violation of applicable laws, strikes or cease of operations.

#### Labor-management communication

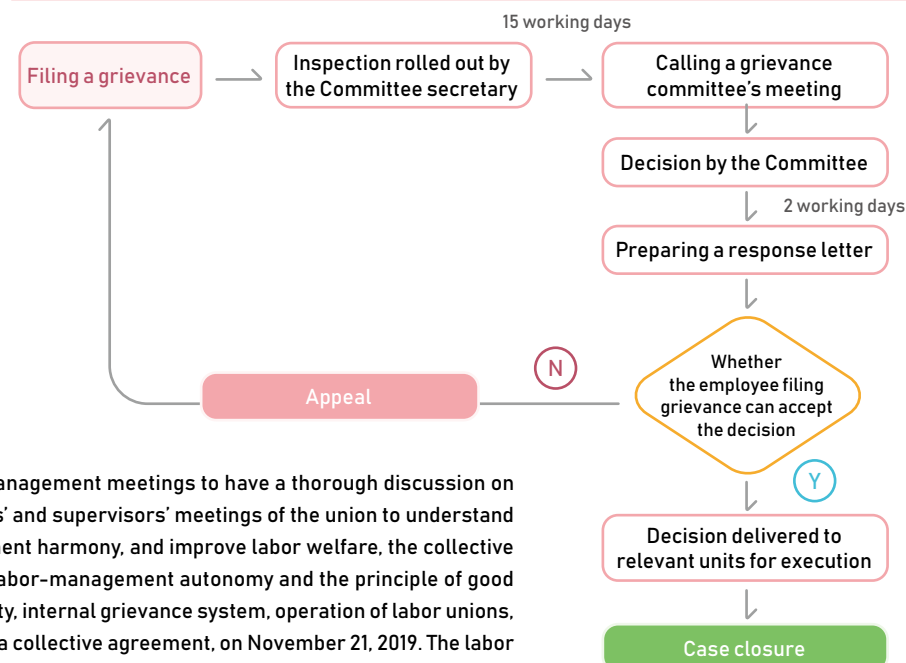
For the smooth communication between laborers and the management, Yulon Motor convenes the labor-management meetings to have a thorough discussion on improvement of issues between labor and management and assigns personnel to attend the routine directors' and supervisors' meetings of the union to understand and reply to the union's requests. In order to stabilize labor-management relations, promote labor-management harmony, and improve labor welfare, the collective agreement, procedure was initiated on March 21, 2019. During the process, both parties uphold the spirit of labor-management autonomy and the principle of good faith, and negotiated on labor-related matters covering labor conditions, welfare measures, occupational safety, internal grievance system, operation of labor unions, and the use of facilities in the enterprise, etc. After 9 months and 6 meetings, the two parties finally concluded a collective agreement, on November 21, 2019. The labor conditions set forth in the collective agreement remain in effect from the date of signing to the time when the contract has not been renewed or a new contract has been signed, and all employees are covered by this collective agreement. We often seek advice from the administrative authority governing labor issues and experts aiming to optimize our labor rights protection system and organize labor-management training courses regularly to increase labor's awareness of self-rights and interests.

Where the Company wants to terminate a contract due to significant operational changes, it shall give an advance notice according to the Labor Standards Act: where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance; where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance; where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

Besides the labor-management meetings, Yulon Motor has established various channels and systems for employee grievances, e.g. we created the "Employee Message Column" in 2021 covering rolling company information and the summary of frequent Q&A, the grievance channel "I Have Something to Say" and search function for past cases to allow employees to express issues using the anonymity function of the platform comfortably when they have troubles or questions of any kind. When the dedicated point of contact receives the question, he or she will transfer the case to relevant unit for reply and follow-up to ensure the employee's question can be specifically addressed and effectively improved.

Communications on the Employee Message Column in 2023								
Type	Food	Clothing	Transportation	Suggestions about environment	Suggestions about welfare	Suggestions about management	Total	Case closure ratio
Quantity	3	1	1	13	2	10	30	100%

#### Procedures for handling grievances



#### Employee communication channels

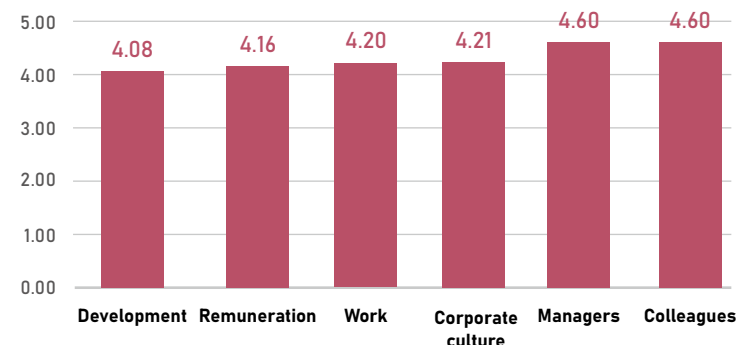
- Labor-management meetings
- Directors' and Supervisors' meetings
- New employee seminars
- President Seminars
- Employee representatives' meetings
- Employee Message Column
- Environmental safety officers' meetings
- Training officers' meetings
- Employee Welfare Committee's meetings
- Nice to meet Yu Line@
- Employee grievance hotline (I Have Something to Say)
- Employee satisfaction

## Employee satisfaction

Yulon Motor cares about employee development and retention, so it carries out employee satisfaction survey every two years to grasp employees' core demands and formulate corresponding measures. We introduced the online questionnaire system for the 2023 employee satisfaction survey and adjusted and added questions to the survey by referring to the conditions of domestic and international industry benchmarks. Thereby, we extended the scope of topics covered in the survey and consequently facilitated a better understanding of employees' opinions or demands for the Company's existing system. Subsequently, we devised the corresponding improvement measures by benchmarking against industry peers. Combining with various existing channels, Yulon Motor has put employee communication and discussion into practice and continues driving the cooperation between labor and management for a better future.



Satisfaction Survey Result by Aspect



## Improvement measures

Aspect	Measure
Remuneration	In the future, we will take into account the difference between the salary of various job types and the market standard in the salary adjustment on top of the comprehensive consideration of price level, business performance, personal performance and development potential.
Development	<ol style="list-style-type: none"> <li>1. Employees with promotional needs were provided with technical certification courses.</li> <li>2. Promotion and certification criteria for new employees were loosened.</li> <li>3. The "parallel" development of the management system and expert system was reinforced to help the employees better develop their careers in management, technical or professional fields based on their personality traits and expertise.</li> <li>4. Program for employee career development planning and guidance was established.</li> </ol>
Corporate culture	<ol style="list-style-type: none"> <li>1. We introduce the management consensus courses to shape a consistent value from top to bottom and make sure that they carry through the corporate culture.</li> <li>2. We use the "President Seminar Time" to convey and promote the Company's vision for the future, new business development blueprint, mission and value proposition.</li> </ol>
Work	We build diverse communication channels and provide anonymous opinion column and LINE@ live Q&A to facilitate effective delivery of employees' questions and opinions.

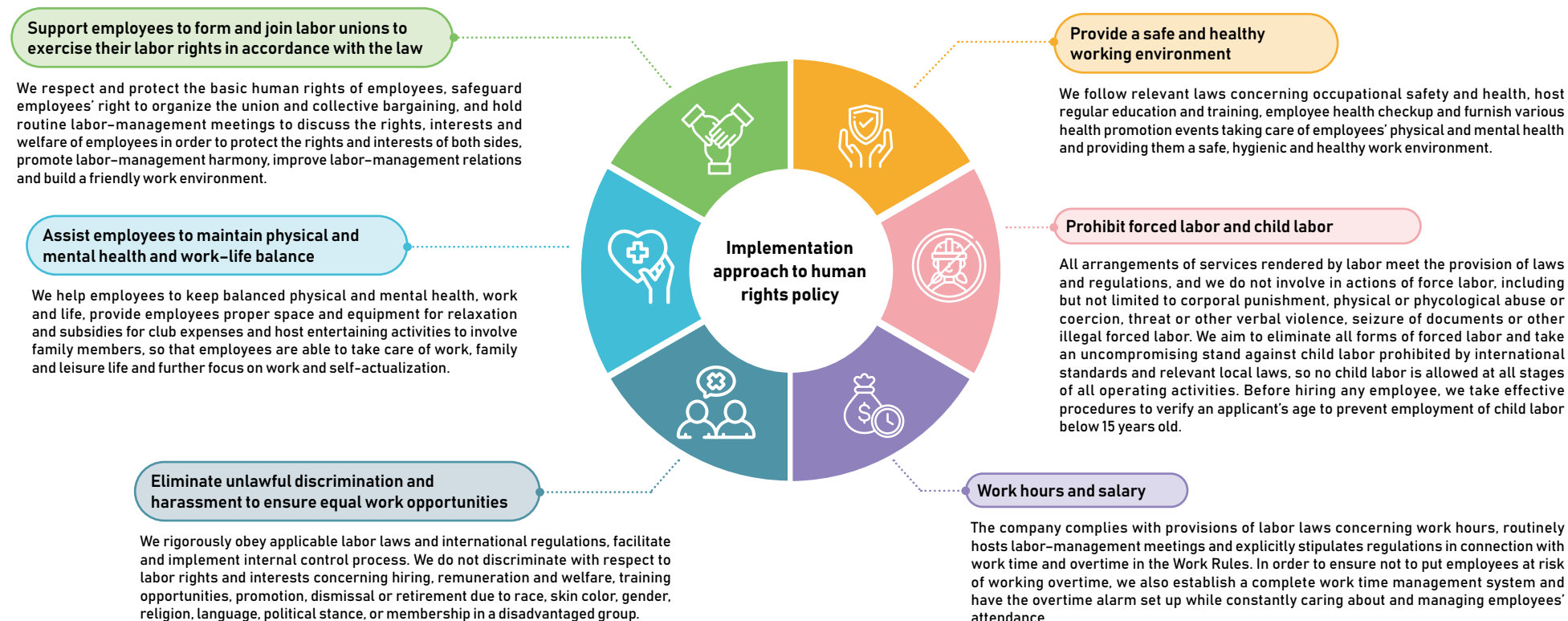
## 5-2-2 Respecting human rights

YULON MOTOR CO., LTD. subscribes to and complies with various international human rights conventions such as the “International Human Rights Law,” the “UN Global Compact,” the “United Nations Guiding Principles on Business and Human Rights,” “International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work,” “Organization for Economic Cooperation and Development’s (OECD) Guidelines for Multinational Enterprises” and “OECD’s Due Diligence Guidance For Responsible Business Conduct,” and we are strictly abide by local applicable labor laws and regulations of the Company’s operational locations. We prohibit any conducts that infringe or violate human rights and treat all employees, clients and stakeholders with respect and dignity. Yulon Motor’s human rights policy and actions are jointly formulated by the ESG Committee, Human Resources Team and Safety & Health Office and implemented in the Company, please refer to the official website for detailed human rights policy.



human rights policy

### Implementation approach to human rights policy





## Identification of human rights risk and mitigation measures

Yulon Motor conducts the human rights risk assessment to identify potential human rights risk in the Company, and through mitigation or remedial measures to eliminate the human rights risk and implement human rights management. Major actions taken include: conducting risk assessment on stakeholders such as employees, and establishing corresponding mitigation and remedial measures and grievance channels; in addition, strengthening employees' awareness of human rights through regular training courses in connection with human rights; planning to communicate and share information concerning human rights policy with suppliers, business partners and all internal and external stakeholders. Yulon Motor will continue to improve and introduce human rights due diligence, thereby increasing the importance of respecting human rights in workplace and business environment.

Item No.	Stakeholder	Human rights topic	Mitigation measures	Remedial measures	Grievance channels	Method and frequency of follow-ups	Number of grievances and result
1	All employees	Safe and healthy working environment	<ul style="list-style-type: none"> <li>Establishing dedicated occupational safety and health unit, hiring professional doctors and nursing personnel, and organizing regular occupational safety and health education and training</li> <li>Senior executives chair the safety and health meetings on a monthly basis</li> <li>Adopting the regulations for hazardous substances (chemicals) and routinely conducting hazardous substances inspections</li> <li>Arranging regular differentiated health checkup for employees at high-risk work areas</li> <li>Arranging regular on-site visit of doctors in occupational medicine</li> <li>Providing a health checkup every three years, and for employees who work in closed spaces, a health checkup is offered once a year for better follow-up and care.</li> <li>The care team is established to proactively follow up the subsequent reinstatement of injured employees every month</li> <li>Job adjustment or psychological counseling are provided based on the results of a health checkup questionnaire, together with an evaluation from doctors in occupational medicine</li> </ul>	<ul style="list-style-type: none"> <li>Discussing job content with supervisors and the occupational medicine doctor</li> <li>Providing sufficient medical support (infirmary)</li> <li>Lawfully providing leave and compensatory salary</li> <li>Rearranging jobs or work areas depending on circumstances</li> <li>When the situation is serious, a punishment in accordance with the Work Rules shall apply</li> <li>To employees with abnormal health checkup results, providing health education and improvement advice</li> <li>Increasing hardware equipment protection and intensifying promotion to employees</li> </ul>	<ul style="list-style-type: none"> <li>Unit supervisors</li> <li>HR contact point</li> <li>infirmary</li> <li>The anonymous platform "I Have Something to Say"</li> <li>Safety and Health Committee members</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: Monthly report</li> <li>Method: Email record</li> </ul>	In 2023, there were a total of 39 employee special care cases (employee medical requests); as of the end of December 2023, 28 cases were closed and 11 cases were ongoing (cross-year cases)
2	All employees	Prohibit forced labor and child labor	<ul style="list-style-type: none"> <li>During an employee's employment period, we monitor our compliance with various standards including the provisions in the Employment Service Act and labor laws and regulations to prevent child labor and forced labor, and we have explicitly prohibited child labor and forced labor in our Work Rules and relevant laws and regulations.</li> <li>Committee members of the labor side reflect diverse employee opinions to make sure the Company meets laws and regulations</li> <li>Adopting the "Prevention Plan for Illegal Infringement at Work/Overload Hazards" (set by the Company) and explicit grievance channels, and senior executives of the Company signing the Statement for Preventing Violence at Workplace" to declare zero-tolerance for workplace violence.</li> </ul>	<ul style="list-style-type: none"> <li>Compensating with well-deserved overtime payment or compensatory leave</li> <li>Properly adjusting duties of the employees or assisting them in improving work efficiency depending on circumstances</li> <li>Carrying out counseling, health education, job adjustment and following up improvements based on the evaluation result of the "Prevention Plan for Illegal Infringement at Work/Overload Hazards" (set by the Company)</li> </ul>	<ul style="list-style-type: none"> <li>I Have Something to Say (anonymous)</li> <li>HR supervisor contact point</li> <li>The anonymous platform "I Have Something to Say"</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: within 20 days after the occurrence of the incident</li> <li>Method: Grievance cases received shall be closed and reported to the senior within three months</li> </ul>	No grievance case concerning human rights
3	All employees	Employees forming and joining labor unions to exercise labor rights	<ul style="list-style-type: none"> <li>Regular annual labor-management dinner for relationship building</li> <li>Stoic communication and rational interaction for finding the win-win consensus</li> <li>Senior executives regularly attend the employee representatives' meetings and interactive activities of the union</li> <li>Assisting in the handling of monthly union fees and the applications of new members</li> <li>The calendar for the following year and duty adjustments shall be discussed by the union lawfully</li> <li>Organizing regular labor-management meetings in accordance with relevant provisions of the "Labor Standards Act"</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out communication meetings for weaknesses identified in the employee satisfaction questionnaire to confirm the subsequent improvement program and reach a consensus</li> <li>Mediating and negotiating according to internal procedures</li> <li>If an issue reported by the union is not concluded, it will be submitted to senior executives for discussion</li> <li>Hosting regular union directors and supervisors' meetings to discuss issues in connection to employee</li> </ul>	<ul style="list-style-type: none"> <li>Contact point of the union</li> <li>Contact point of the management</li> <li>I Have Something to Say (anonymous)</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: within one month after the occurrence of an incident</li> <li>Method: Follow-up in the directors and supervisors' meetings and the labor-management meetings</li> </ul>	No grievance case concerning human rights



Item No.	Stakeholder	Human rights topic	Mitigation measures	Remedial measures	Grievance channels	Method and frequency of follow-ups	Number of grievances and result
4	Minorities such as job seekers, new employees and indigenous peoples	Prohibition of illegal discrimination and harassment and establishment of equal opportunities	<ul style="list-style-type: none"> <li>Introducing digital courses to promote the key and approach to non-discrimination and courses for recruitment</li> <li>Providing supervisors with the "Yulon Motor Recruitment Interview Handbook" and notes to interviews</li> <li>Reviewing the hire ratio of the disabled on a monthly basis</li> <li>Holding sexual harassment seminars and workshops for illegal infringement at workplace</li> <li>The human rights policy enforces workplace diversity and prevents any discrimination based on gender, race, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Adopting relevant regulations for punishment</li> <li>Offering education and training in connection with anti-discrimination and harassment</li> <li>Any violation of the principle of non-discrimination will be submitted to and handled by the Illegal Infringement Committee</li> <li>If there is any incident of discrimination, the applicant shall be put through the interview process again</li> </ul>	<ul style="list-style-type: none"> <li>I Have Something to Say (anonymous)</li> <li>HR supervisor contact point</li> <li>The anonymous platform "I Have Something to Say"</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: within one month after the occurrence of an incident</li> <li>Method: Follow-up by the HR system</li> </ul>	No grievance case concerning human rights
5	All employees	Employees maintaining physical and mental health and work-life balance	<ul style="list-style-type: none"> <li>The Employee Welfare Committee members and the activity contact point of the plant work together to promote participation in health promotion activities</li> <li>Routinely reviewing employees who work overtime too frequently and reminding them to take proper rest, and negotiating shift adjustments with employees beforehand to reach a consensus</li> <li>Introducing Employee Assistance Program (EAP), which provides professional consultation and medical services including employee psychology, law, finance, health and management.</li> <li>Integrating resources from external lifeline association, HR unit, nurses, and occupational medicine doctors to provide the health management program for monitoring and assistance</li> <li>Arranging shift of relevant units to handle emergency and oversee construction</li> </ul>	<ul style="list-style-type: none"> <li>Listing employees with high overtime hours and informing supervisors to provide assistance and care</li> <li>Providing consultation record for further care and offering individuals concerned assistance and support at work (same as the EAP)</li> <li>Employees who are unable to take leave due to their shift can arrange leave or adjust their leave</li> </ul>	<ul style="list-style-type: none"> <li>I Have Something to Say (anonymous)</li> <li>Contact point of the Employee Welfare Committee</li> <li>Contact point of the host unit</li> <li>EPA consultation hotline</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: within one month after the occurrence of an incident</li> <li>Method: Control by system and follow-up by meetings</li> </ul>	No grievance case concerning human rights
6	All employees	Work hours and salary	<ul style="list-style-type: none"> <li>Hiring sufficient number of employees aligning with production needs to avoid insufficient manpower and thereby excessive work hours</li> <li>Establishing a complete work hour management system and setting up the overtime alarm. Sending emails or messages to employees whose work hours exceed those restricted by laws and to their direct supervisors.</li> <li>Continuing to promote the normal work time of the Company and the regulations for extended work hours</li> <li>Helping supervise grasp the status of overtime with relevant overtime management reports</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the tracking mechanism for one fixed day off and one flexible rest day per week and no more than 12 work hours per day</li> <li>Requiring supervisors to pay attention to the issue of working excessive hours and report the reasons and solutions thereof</li> <li>When a senior executive is alerted by the overtime prevention measure, he or she shall immediately take care of such issue and discuss the necessity of dividing the work.</li> <li>If the issue of excessive work hours remains, a report will be submitted to the assistant vice president set in the system, who shall take necessary action to restore the employee's rights.</li> </ul>	<ul style="list-style-type: none"> <li>Unit supervisors</li> <li>HR contact point</li> <li>The anonymous platform "I Have Something to Say"</li> </ul>	<ul style="list-style-type: none"> <li>Frequency: within one month after the occurrence of an incident</li> <li>Method: control by the system</li> </ul>	No grievance case concerning excessive work hours

## 5-3 Friendly and safe work environment

### Management approach to occupational safety and health

Significance to Yulon Motor	Occupational safety is the important foundation of sustainable operations and a core value on which we place much importance. In addition to providing resources and training, we emphasize occupational safety and health and compliance with the requirements of the regulations during the process from design, construction, production to service. By implementing the PDCA cycle, the Company continues making improvements for the risks that may arise to employees, equipment, and the environment. Prevention of damage and promotion of employee's physical and mental health are always a concern of the Company, and the safety and health play a core role in the operation of our business. We are more concerned about the awareness of safety among the employees and hope to achieve the goal of perfect occupational safety and zero occupational accidents together with the employees. With these commitments, we can create a safe, healthy and happy workplace.	
Policy and commitment	In order to better control the significant occupational safety and health risk, constantly meet the requirements of laws and policies, demonstrate good performance in occupational safety and health, protect employees' safety and health and show the Company's commitment to continuous improvement, sustainability and becoming an outstanding international corporate, we aim at "fast" improvement of occupational safety equipment, "demanding" safety and health requirements, and "accurate" hazard risk prediction as the Company's occupational safety and health statement, and we hereby promise that we will: <ul style="list-style-type: none"><li>• provide workers with the mechanism for their consultation about and participation in the field of occupational safety and health and necessary resources</li><li>• evaluate hazards and reduce occupational safety and health risk to ensure effective management of operational risks from all dimensions.</li><li>• respect and comply with laws and regional treaties in connection with occupational safety and health to grow together with the regions.</li><li>• make a company-wide occupational accident diagnosis and implement personal health risk evaluation to improve productivity of the Company and promote employees' health and welfare</li><li>• Strength employee communication, boost education and training, raise all employees' awareness of occupational safety and health and provide relevant consultation mechanism to fulfill our responsibility for safety and health.</li></ul>	
Goals	Short-term (2024-2025)	<ul style="list-style-type: none"><li>• To reduce the rate of work injuries and occupational diseases: Through periodical risk assessments, provision of health and medical care and health improvement services, and training on occupational safety and health for supervisors and employees, to avoid injuries arising from work.</li><li>• 0 catastrophes and fatal occupational accident at the plant/year</li><li>• 4 Injury cases at the plant ↓ /year</li><li>• 40 ↑ safety and health promotional events /year</li><li>• 12 ↑ employee safety seminars/year</li></ul>
	Medium-term (2026-2027)	To enhance employees' awareness of occupational safety and health: to realize through the occupational safety and health education and training, enhancement of safety culture among supervisors and employees and routine organization of safety seminars, and in turn improve employees' understanding and awareness of occupational safety and health.
	Long-term (after 2028)	To improve the management of occupational safety and health: to implement through the establishment of complete occupational safety and health policies and procedures, a sound management system and a monitoring and risk assessment mechanism, and in turn enhance the corporate and organization's awareness and management of occupational safety and health.

Achievement in the previous year	Goals of the previous year	Achievement
	0 catastrophes and fatal occupational accident/year 4 employee work injuries/year (and below)	0 catastrophes and fatal occupational accident/year 3 employee work injury/year
Responsible unit	Safety & Health Office	
Specific actions	<ul style="list-style-type: none"> <li>• 48 safety and health promotional events/year</li> <li>• 12 employee safety seminars/year</li> </ul>	

### 5-3-1 Occupational safety and health management system

To ensure smooth production and the safety of employees and property, we are committed to fulfilling our responsibility for maintaining the safety and health of all employees and stakeholders. We emphasize the implementation of measures for safety and health in the design, construction, production and services of all products and comply with laws and regulations. We strictly follow the “PDCA” management cycle to reduce the risks of personnel, equipment and environment, focus on the prevention of damage and facilitate employee physical and mental well-being while maintaining a zero-accident and zero-disaster work environment jointly with our employees. In order to make sure the safety and health policy can be facilitated and implemented effectively, we established a dedicated first-level safety and health management unit directly supervised by the employer and an environmental safety team at the San-Yi Plant aiming at building a safe workplace. Currently, Yulon Motor has transitioned to the ISO 45001 Occupational Safety and Health Management System consistent with the international standards and passed the verification for the Taiwan Occupational Safety and Health Management System (TOSHMS). We have been promoting safety and health management activities with outstanding performance every year.

### Labor Safety and Health Committee

We have established the “Labor Safety and Health Committee” with 18 members including a safety and health management specialist, an on-site physician, an occupational health nurse, and other members from different fields. Six of the members are the representatives of the labor union or the laborers, occupying one third of the total members. The top management acts as the management representative of the “Labor Safety and Health Committee.” It gives final decisions and instructions on the issues related to the environment, health and safety of the Company and holds a meeting every quarter to review the progress of the work. In addition, the Committee conducts coordination and proposes recommendations on the labor safety and health policies and self-management plans, provides a report on the quarterly results of the OHS work and the changes of the external environment, and develops improvement measures.

The “Labor Safety and Health Committee” establishes concrete promotion plans for industrial safety, industrial health, environmental protection and dissemination of health. It holds meetings on a regular basis and the resolutions are used as a guide for the implementation of the Company’s safety and health work. The employees of the Company who are engaged in the work related to labor safety and health have obtained required licenses. On an irregular basis, we dispatch personnel to participate in the workshops or conferences that the government authorities or academic institutions organize to ensure protecting the safety and health of the employees.

## Contractor Safety Management

Yulon Motor has adopted the “Standards for the Safety and Health Management of Outsourcing and Contracting Jobs” and the “Regulations for Work Permits” and applied the same safety management standards to the personnel of contractors as to the Company’s employees. We seriously implement such standards and deem the injuries of contractors’ employees as those of the Company’s employees, so we investigate, formulate corrective actions, record and follow up these incidents. We have formed a construction inspection team to perform unannounced inspection at the site of the construction on an irregular basis.

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### Yulon Motor’s major measures to enhance contractor safety management in 2023

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1. Strictly requiring the personnel of contractors to perform construction in accordance with the Safety SOPs and construction sequence
2. The safety and health supervisor of contractors shall exercise oversight of the safety and health at the construction site, perform self-inspection and check every 2 hours, and explicitly state that the construction work shall be suspended whenever the safety and health supervisor is off the construction site.
3. A list of contractors’ personnel shall be compiled for management, and any untrained personnel shall be banned from entry. We also provide regular safety and health training to contractors to enhance the awareness of safety and the ability to identify potential hazards in the environment of the staff.
4. The entry of contractors is controlled by the computer system that accurately controls the ongoing projects and number of contractor personnel in the plant.
5. The construction shall be graded depending on the severity of the risk. The supervisor shall fully supervise the construction of high risk. The construction is suspended on holiday, in principle. Otherwise, the head of the responsible unit shall be present for supervision of the works.
6. We have introduced the smart safety observation tools management program and used drones as observation tools for construction safety. We use these tools to investigate any unsafe conducts of workers and improve the safety awareness of labor and their conducts, thereby preventing and eliminating accidents at work.
7. The door control and inspection shall be enhanced. The contraband and the tools or other things that are not compliant with the safety regulations shall not be carried into the plant. The person who carries cigarettes and lighters without permission or smokes at a place other than the specified one shall not be allowed to work for the Company anymore once such acts are identified.
8. The scope of the works and responsibilities shall be specified in the construction contract explicitly. The contractor shall sign a safety affidavit to ensure safety during the construction.

## Equipment Safety Management

Yulon Motor formulates a self-inspection plan prior to the beginning of each year, and coordinates with the administration department to establish a self-inspection plan for the mechanical and electrical equipment in the office building in accordance with the “Occupational Safety and Health Act” and “Occupational Safety and Health Management Regulations,” and self-inspections are performed accordingly over the year. We have entered all of the information on specification, drawings, maintenance status and inspections of equipment into the management system and established the equipment safety management process, for example, we have adopted the risk-based inspection (RBI) by classifying all equipment into various levels, and according to the level of significance, devising a repair and maintenance system of the plant. On the other hand, for the operating procedures of equipment under the SOP, the personnel in relation to maintenance are trained regularly, and all equipment inspection and improvement tests are carried out to ensure safety of the personnel and equipment and increase productivity of the plant, hence a safe work environment.

## Management of Protection Measures for the Personal Safety of the Employees

- **Access control security** : For day, night and holiday, security companies are hired to maintain the security of the factory and staff dormitories around the clock and set up surveillance systems.
- **Equipment maintenance and inspection** : In accordance with the Fire Services Law, the on-site units will inspect the firefighting facilities on their own every month, and then appoint external firefighting agencies to carry out inspection and reporting every quarter. Regular maintenance and inspection of all machineries and equipment.
- **Disaster prevention measures and contingency planning** : In accordance with the “Emergency Preparedness and Contingency Management Regulations,” the responsibilities of each relevant unit, contingency measures, notification procedures, task contents, etc., are clearly defined and drills are conducted twice a year.
- **Healthcare** : we organize employee health checkups regularly and invite the plant doctor and occupational medicine doctors to provide health education at least twice a month.
- **Safety patrol** : The senior executives construct a good work environment and safety culture through the monthly plant safety patrol. In the meantime, potential safety risks at the plant are eliminated while employees are aware of the significance of safety. In 2023, a total of 947 deficiencies in occupational safety were found in the safety patrol, of which 100% were corrected.

## Internal industrial safety inspection system

Yulon Motor strives to create and maintain a “people-oriented” work environment. With respect to the safety and health of the employees and contractors, we actively perform occupational safety inspection, such as management by walking around, professional occupational safety inspection, safety inspection of new buildings, and grade-based safety inspection conducted by supervisors of all levels. The deficiencies identified are tracked by the information system until the completion of improvements. The inspection focuses on the identification of unsafe environment and behavior in advance to prevent accidents.

The Safety & Health Office has established the occupational safety inspection guidelines and other regulations. In addition to the inspection conducted by the safety inspection team on the unit concerned, all the units are requested to perform an internal safety inspection on their own. The Company implements EHS performance evaluation, provides managerial officers with training on safety and grade-based inspections, and organizes safety dissemination activities to teach the employees at all levels the concepts of safe behavior and the safety observation procedures and items. We are dedicated to ensuring a workplace of safe behavior and committed to providing a mechanism for continuous improvement to enhance our performance of occupational safety. We have established the “Emergency Response Guidelines” and the “Emergency Response Drill and Implementation Guidelines” (also applicable to contractors and visitors), and organized regular exercises to become familiar with the response procedures to avoid spread of the damage and reduce the loss in the personnel and equipment when an accident occurs.

We also require each unit designates an EHS specialist to assist with the promotion and implementation of safety and health policies, including holding one environmental safety officers’ meeting and one TOP senior management patrol every month. We have also adopted the “The Procedures for Handling the Environmental Safety Officers’ Meeting” and the “Regulations for implementing the 5S at the San-Yi Plant,” and created an incident reporting system pursuant to the Occupational Safety and Health Management Plan.

## Introduction of external audit system

The Company has earned the TOSHMS certification and introduced and passed the ISO 45001 management system certification while rolling out the risk control on the aspects of significant environmental consideration and occupational safety and health and giving priority to material risks for improvement using the approach of goal and program management. Risks with lower priority are controlled with the approach of controlled procedures. After good improvement in procedures, we see obvious results and control. Yulon Motor’s significant objectives and management programs in 2023 are summarized as follows:

Objective/Target	Program	Current Status	Result of 2023
Less than 4 employee work injuries (cases/year)	Regular implementation of 5S inspection, TOP survey, and improvement of false alarms.	Through various routine inspections and improvements, to reduce the occurrence of harm.	3 injury case (cases/year)
Equipment safety function effectiveness 100%	Develop automatic inspection method to perform safety function test of equipment in daily use operation	The on-site operation unit performs the safety function test of the equipment during the operation to ensure the normal function and reduce the occurrence of hazards.	100%

### Percentage of employees covered by the occupational health and safety management system

Internal audit			
Type	Number of employees audited	As a proportion to the total number of employees	Number of employees not audited
Employees	1,136	100%	None
Non-employee	212	100%	None

External audit and certification			
Type	Number of employees audited	As a proportion to the total number of employees	Number of employees not audited
Employees	1,136	100%	None
Non-employee	212	100%	None

### Firefighting safety management and audit

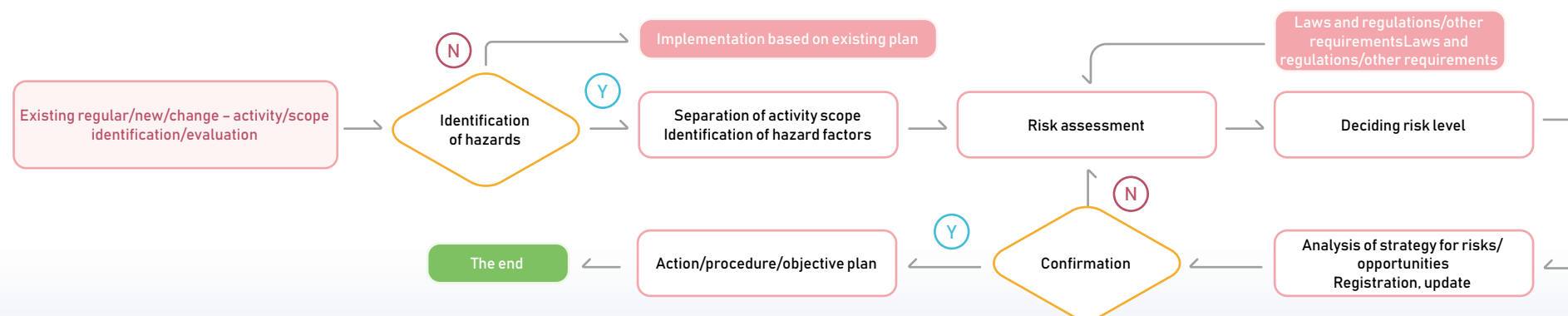
Yulon Motor pays attention to firefighting safety at the plant. In 2023, our correction rate for the deficiencies in firefighting report for inspection and repair was 100%. In addition, a firefighting self-defense team drill is held semi-annually; on a monthly basis, self-inspections on the firefighting equipment, including the fire alarm signal receiving switchboard, broadcast switchboard, firefighting pump, and fire extinguishers; the security supervisor conducts a public hazardous substance patrol every month to establish an excellent firefighting safety culture. In 2023, we conducted 12 patrol inspections for public hazardous materials and fixed 96 defects.

## 5-3-2 Occupational safety and health risk management and preventative measures

### Occupational safety and health risk assessment and management

Yulon Motor has adopted the "Procedures for Hazard Identification and Risk Assessment" and requires the personnel in charge of each unit to participate in the risk assessment personnel training and to take responsibility for facilitating risk assessments, assisting in the hazard identification, risk assessment and control measures of new operations or changes to operations, updating information and proposing proper strategy based on the assessment results. When introducing new equipment, a public hearing shall be held at the plant, and a joint evaluation by biotechnologists, the environmental safety department and the safety and health department shall be conducted to make sure the specifications of equipment comply with laws and the installation processes thereof meet the safe operation standards. Procedures for identifying hazards to occupational safety and health and determining risks and opportunities:

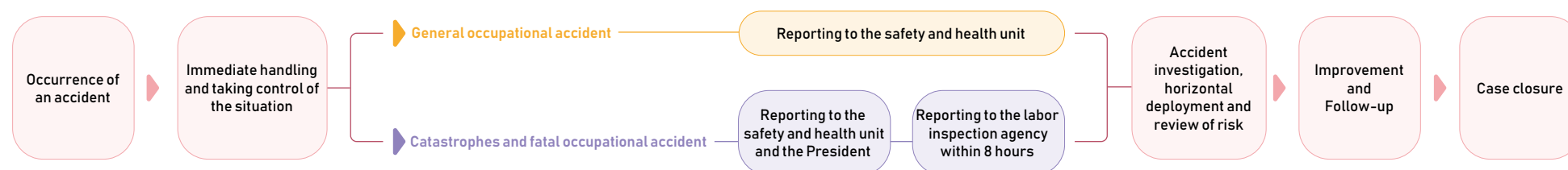
### Procedures governing hazard identification and risk assessment





## Procedures for handling occupational accidents

Yulon Motor has adopted various environmental safety corrective measures and programs. In situations such as unexpected condition, false alarm, events that may cause accidents, occupational diseases, financial losses, plant damages, losses in production or legal liabilities, the corrective programs will be activated. Moreover, Yulon Motor has enacted the Procedures for Handling and Investigating Accidents, and the emergency handling and subsequent investigation of accidents happened to employees or contractors are made accordingly followed by a review of risks in connection to occupational disasters to mitigate losses arising from accidents and prevent similar accidents from happening. Additional resources from various sources are also provided to educate employees about safety and enhance their safety awareness.



### Data of occupational accidents in 2023

Item		Unit	Employees			Non-employee		
			Female	Male	Total	Female	Male	Total
Number of actual workdays in 2023		day	248			248		
Occupational accident	Number of persons injured	People	0	4	4	0	0	0
	Number of deaths	People	0	0	0	0	0	0
Type of occupational accident		-	-	There were 3 occupational accidents in 2023 (4 employees were injured) 1. Traffic accident with leg injury while performing duty 2. Flexor tendons injury while unboxing 3. Carpal bone injury while performing duty		-	-	-
Number of persons involved in a catastrophe and fatal accident among the persons injured		People	0	0	0	0	0	0
Total number of working employees		People	121	1,015	1,136	57	155	212

Item	Unit	Employees			Non-employee		
		Female	Male	Total	Female	Male	Total
Total number of occupational injuries	People	0	4	4	0	0	0
Total number of work hours	hour	240,064	2,013,760	2,253,824	113,088	307,520	420,608
Occupational injury rate	%	0.000	1.986	1.775	0.000	0.000	0.000
Serious occupational injury rate	%	0.000	0.000	0.000	0.000	0.000	0.000
Total number of absence days	day	0	300	300	0	0	0
Total number of work person-days	day	30,008	251,720	281,728	14,136	38,440	52,576
Absence rate	%	0.000	0.119%	0.106%	0.000	0.000	0.000
Number of workdays lost	day	0	300	300	0	0	0
Rate of workdays lost	%	0.000	148.975	133.107	0.000	0.000	0.000

Note: 1.The absence rate was calculated based on the absence of employees losing work ability, not limited to the reason of an occupational injury or disease, which may include occupational injury leave, sick leave, menstrual leave and personal leave. 2.The number of workdays lost was calculated based on the "number of days lost" in which workers are incapable of handling daily job as a result of an occupational accident or disease. 3.The number of persons involved in series occupational injuries excluded the number of deaths. 4.Total number of occupational injuries = number of persons injured + number of deaths. 5.Total number of work hours = total number of working employees (the number of incumbent employees as of the end of December) × daily work hours (8 hours) × actual number of work days in the year (number of work days announced by the Directorate-General of Budget, Accounting and Statistics). 6.Occupational injury rate = total number of occupational injuries/Total number of work hours×1,000,000. 7.Absence rate = total number of absence days / total number of work person-days × 100%. 8.Rate of workdays lost = number of workdays lost as a result of occupational injuries / expected total work hours of the worker (total number of work hours) × 1,000,000. 9.All rates were rounded to 3 decimal places.

## Occupational disease prevention and management

Pursuant to the Occupational Safety and Health Act, we engage the services of a job site monitoring and testing agency approved by the Ministry of Labor to conduct one job site monitoring and testing semi-annually where the monitoring plan is formulated in an evaluation team's meeting at the plant and attested by an industrial and mine safety and health engineer. The monitoring and testing on a total of 309 items were conducted in April and October of 2023, and the results were announced at each job site and unit. The monitoring has concluded that the levels of organic solvents, specified chemical substances, extremely exuding dust and carbon dioxide concentration of the central air-conditioner all met the legal standards, except that noise at some workstations has exceeded the limit and corrective

measures have been implemented. The said measures included posting the noise warning sign at an obvious space and the reminder for wearing hearing protection gear, checking if employees wear hearing protection gear from time to time, carrying out special health checks for groups exposed to noise, and implementing a hearing protection plan. The professional occupational disease doctors and nurses also evaluate if it is necessary for an employee to switch workstations on-site, and if yes, the Safety & Health Office and Human Resources Team consequently coordinate the relocation of such an employee. There were no diseases or deaths as a result of occupational diseases in 2023.



Hearing protection health education courses

## Education and training on occupational safety

In addition to the management of equipment, the dissemination of occupational safety also plays a key role in the occupational accident prevention plan. We hold regular education and training on occupational safety covering foreknowledge of hazards and safe operations, safety management approach case study, a series of courses on building inherently safe design of machineries, hazard prevention, basic and advanced principles of risk management, theory and practice of firefighting and rescue, training and regular drills for members of the Emergency Response Team (ERT), transportation safety workshop, education and training on hazardous machinery and equipment, safety and health education training for contractors, etc. The training time totaled 2,432 hours in 2023.

On the other hand, in order to increase the awareness of occupational safety of all department heads, Yulon Motor organized the "Training Course for Level-A Occupational Safety and Health Managers" in the second half of 2023, and assigned it as a compulsory course for all team leaders and environmental safety officers at the plant. Taught by external instructors with rich practical experience, the course improved managers' and staff's knowledge about the Occupational Safety and Health Act, strengthened the Company's resilience to business risk and safety and health (including organizational coordination and communication), and worked with managers and staff who participated to think about how to put hazard prevention and management into practice through its rich course content. In 2023, there were 19 persons passing the course with the total course time of 42 hours. The number of mid-level managers (assistant managers, directors, section chiefs, workshop managers) who passed the exam for the Level-A Occupational Safety and Health Manager in the past years amounts to 38 persons with a 62% (38/62) pass rate.



Training Course for Level-A Occupational Safety and Health Managers

### Content of the Training Course for Level-A Occupational Safety and Health Managers

Date	Item	Hours
112.07.29	Overview of Occupational Health and Safety	3
	Physical hazard prevention and management practices	2
	Mechanical safety management practices	2
112.08.05	Occupational health management practices (including bio-pathogen and physical health and mental health hazards prevention)	3
	Investigation and Statistics of Occupational Accidents	2
	Emergency response management (including first aid)	2
112.08.12	Laws and regulations related to occupational safety and health (including the Occupational Safety and Health Act, the Labor Inspection Act, the Act for Protecting Workers from Occupational Accidents, the Rules for Occupational Safety and Health Facilities, and the Regulations Governing Occupational Safety and Health)	3
		2
	Business management risk and safety and health (including organizational coordination and communication)	2
112.09.02	Occupational safety and health management system (including management plan and management regulations)	3
	Contractor management (including sourcing management and change management)	4
112.09.16	Risk assessment (including hazard identification, production process safety assessment, and hazard control)	3
	Chemical hazard prevention and management practices (including oxygen deficient atmosphere hazards prevention)	4
112.09.23	Collapsing and cave-in hazards prevention and management practices (including prevention of hazards arising from flying or falling objects, and being hit by moving vehicles)	1
	Fall hazard prevention and management practices	2
	Electrification hazard prevention and management practices	2
	Fire and explosion hazards prevention and management practices	2

## Employee healthcare

We enroll all employees not only in the labor insurance and health insurance lawfully but also in the group insurance, which covers the employees, their spouses, and children, and is paid by the Company. To take care of the employees and their health, the Company also establishes an “employee clinic” providing medical, surgical, smoking cessation services and various medical education and consultation services for the employees. We also care about employees’ mental health, so we organize seminars for emotional management, stress relief, disease prevention, and healthcare from time to time. We also take care of employees’ families by hosting seminars for families, parents, and children to provide employees with complete health management covering every member of their family, who are also a part of Yulon Motor’s family.

### ◆ Hazard prevention Healthcare

#### ■ Name of major plan/activity

- Providing general and specialized operational health check for incumbent employees, implementing health rating management and conducting an analysis on the health checkup data.
- 4 major labor health protection plans

#### ■ Performance in 2023

- A total of 274 employees had a health checkup in 2023
- The general health checkup is offered once every 3 years, better than that is required by laws, and the specialized operation health checkup is provided every year.
- Providing advanced health checkup at contracted hospitals to senior executives every year
- Adopting the health management rating standard table and distributing health education leaflets and offering proper health education information to employees based on the rating
- 3 doctor on-site services every month
- Appointing professional occupational medicine doctors to provide one on-site health service every month (3 hours/time)



On-site visit of the occupational medicine doctors

### ◆ Hazard prevention Healthcare

#### ■ Name of major plan/activity

Establishing the Yulon Motor Employee Clinic

#### ■ Performance in 2023

Formed by one specialist in family and emergency medicine and two full-time nurses. Employees can see the doctor, seek health advice, or take emergency treatment during the work time.



Employee Clinic

## ◆ Emergency rescue training course

### ■ Name of major plan/activity

Cardio-Pulmonary-Cerebral-Resuscitation (CPCR) training and installation of AED

### ■ Performance in 2023

- There are 8 Shinkong Communication AEDs installed at Yulon's Sanyi plant, which are maintained semi-annually to ensure normal functioning as well as safety.
- In 2023, we held 4 CPCR courses in total (Union Building, body pressing shop, towed operation shop+the third support depot, paint shop) with 50-120 participants/course.



CPCR instruction

## ◆ Safe breastfeeding environment for mothers at workplace

### ■ Name of major plan/activity

Setting up a breastfeeding room

### ■ Performance in 2023

We provide free supplies in the breastfeeding room and create an exclusive, private, and safe space for breastfeeding mothers, allowing secure breastfeeding and collecting after they reinstate at work.

### ■ Name of major plan/activity

Parents' sharing session

### ■ Performance in 2023

- We held a blindfolded diaper change game on 2023/11/20 together with the practical "Baby Diaper Rash," "Baby First Aid Workshop" and the "DIY Towel Bear Activity," and 23 persons participated in these events.
- Hosting parenting activities in which the "Mother's Gift" is distributed at the infirmary



Mothers and babies' sharing session

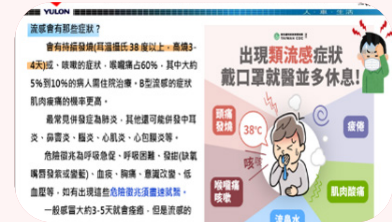
## ◆ Health promotion activities

### ■ Name of major plan/activity

Joint dissemination of health at the infirmary and via the Line APP

### ■ Performance in 2023

A total of 48 sharing sessions for health promotion were held in 2023



sharing sessions for health promotion

### ■ Name of major plan/activity

Eligible employees apply the government-funded influenza vaccination at the Employee Clinic.

### ■ Performance in 2023

In 2023, the Employee Clinic applied to become a medical care institution eligible for providing the government-funded influenza vaccination and vaccinated 130 persons in total.



vaccination in 2023

## Chapter

# 6

# Social Relationships and Virtuous Influential Actions

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6-1 Steering Values

6-2 Arts, culture and education

6-3 Donations for public welfare

6-4 Support for disadvantaged groups





## Material issue

Social Relationships

## Major stakeholders

Community, NGOs, government, media

## Performance highlights

- The “9453 Friendly Traveler Plan: Innovative Accessible Transportation Service Program” earned: the AREA Asian Corporate Social Responsibility Award – Social Welfare Development Award and the Taiwan Corporate Sustainability Awards (TCSA) Social Inclusion Leadership Award.
- Arts and Business Award from the Ministry of Culture – Silver Award
- The social welfare solution “Easy Transportation in the South Link Area” has served 25,662 persons in the South Link Area since 2019.
- Supported the “Yushi Social Enterprise” achieving sourcing with corporate responsibility

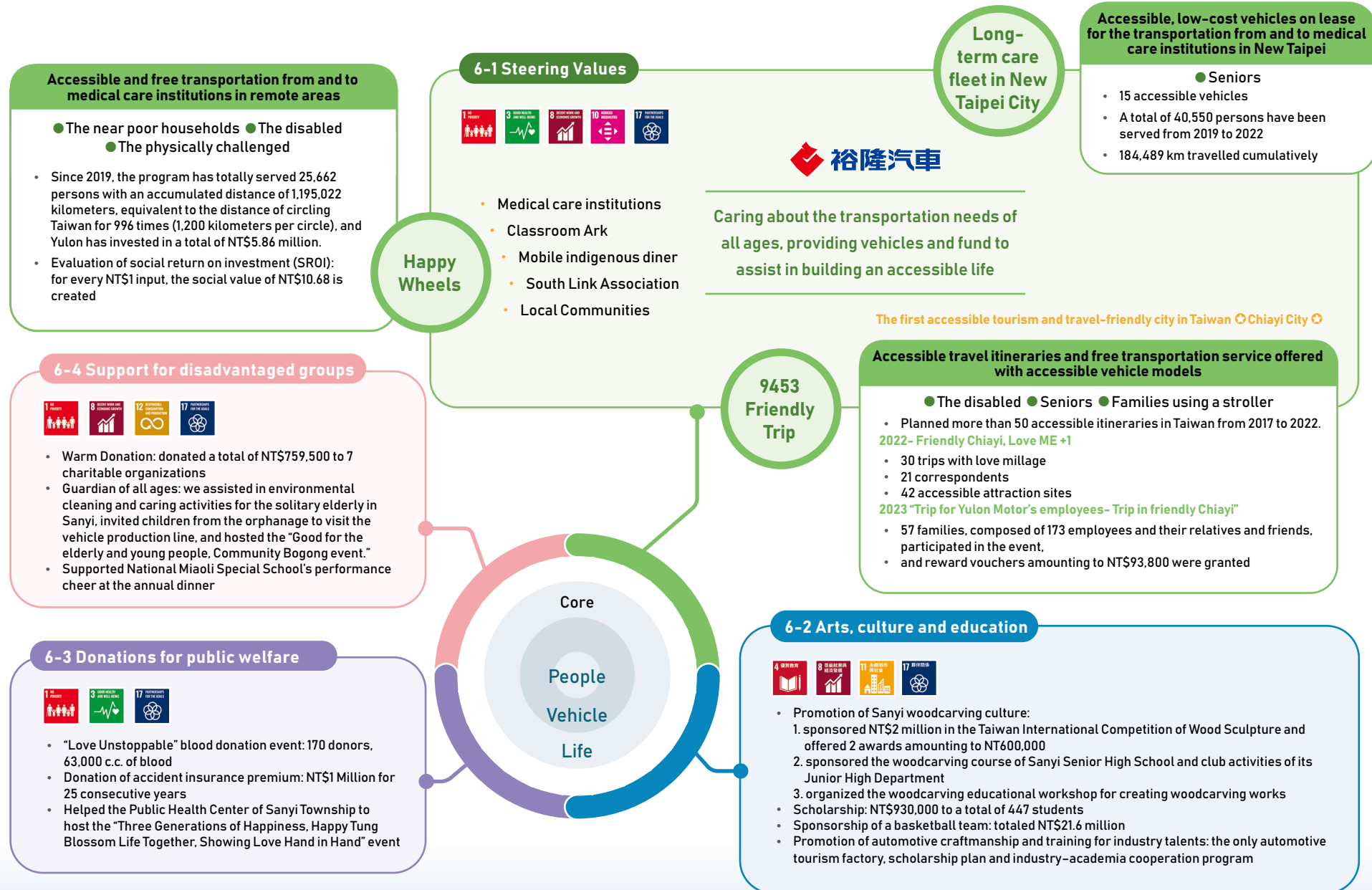


Yulon Motor has been involved in activities for charitable public welfare and community and ecology building. We uphold the core spirit of “People, Vehicle, Life” and focus on the five major topics, “steering values, becoming environmentally friendly, arts and culture, engagement in public welfare, and support for disadvantaged groups” in alignment with the Sustainable Development Goals (SDGs) of the United Nations. At the same time, we make good use of the core competency of our main business, coordinate and integrate the resources from the Group’s value chain to construct an ecological system for the common good. In this virtuous cycle, we drive regional revitalization and keep expanding our engagement in public welfare and social impact. In 2023, our actions were recognized by the awards “2023 AREA Asian Corporate Social Responsibility Award – Social Welfare Development Award,” “Taiwan Corporate Sustainability Awards (TCSA) Social Inclusion Leadership Award,” and “The 16th Arts and Business Awards from the Ministry of Culture – Silver Award.” We hope to expand the sustainability actions continuously using our core corporate power in order to fulfill our responsibility for giving back to society and move ahead toward sustainable development.

## Management approach to social relationships

<b>Significance to Yulon Motor</b>	Yulon Motor believes that, in the pursuit of sustainability and profitability, we shall be active in responding to the expectations of external stakeholders and constantly aim at the goal of social relationships and inclusion. By making good use of our strength, we can contribute to society and jointly pose long-term influence on the local community and the entire society with our employees and external stakeholders through various innovative means such as long-term projects and public welfare charity events.	
<b>Policy and commitment</b>	Yulon Motor has adopted a framework for social relationships revolving around the core of “People, Vehicle, Life” and extended to the four major topics of concern: “steering values,” “arts, culture and education,” “engagement in public welfare,” and “support for disadvantaged groups.” We have focused on demands from these five major topics of concern for a long time and put efforts into related collaboration projects and charity and public welfare events. We will continue our involvement in various topics, link the core corporate strength with the Sustainable Development Goals of the United Nations, commit to giving back to society and make good use of the corporate influence.	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>• Help local arts and cultural industries by supporting the development of wood carving externally and encourage employees to participate in arts and cultural events internally</li> <li>• Join other relevant units to assist rural transportation, involve in public welfare and give back to the community with our expertise in automobiles.</li> </ul>
	<b>Medium-term</b> (2026-2027)	To continue to strengthen and develop differentiated featured programs in regard to support for disadvantaged groups, and diversity, equality and inclusion (DEI), which meet the SDGs.
	<b>Long-term</b> (after 2028)	To work with governmental agencies in Miaoli, Taipei City and New Taipei City, companies at the industrial park, social welfare organizations and communities to introduce caring events that connect to SDGs with local color and to support local events that address topics on steering value, social engagement and support for disadvantage groups.
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	Organized 6 corporate social responsibility enhancement activities (2 blood donation events and 4 disadvantaged groups care events)	Organized 7 corporate social responsibility enhancement activities (3 blood donation events and 4 disadvantaged groups care events)
<b>Responsible unit</b>	Finance and Business Planning Department	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>• Promotion of the woodcarving art and culture in Sanyi</li> <li>• Yulon Sanyi Scholarship and Yulon Motor Youth Empowerment Scholarship</li> <li>• Promote 9453 “Trip for Yulon Motor’s employees- Trip in friendly Chiayi”</li> <li>• Happy Wheels: South Link Free Transportation Project</li> </ul>	

## Yulon Motor's Social Relationships Framework



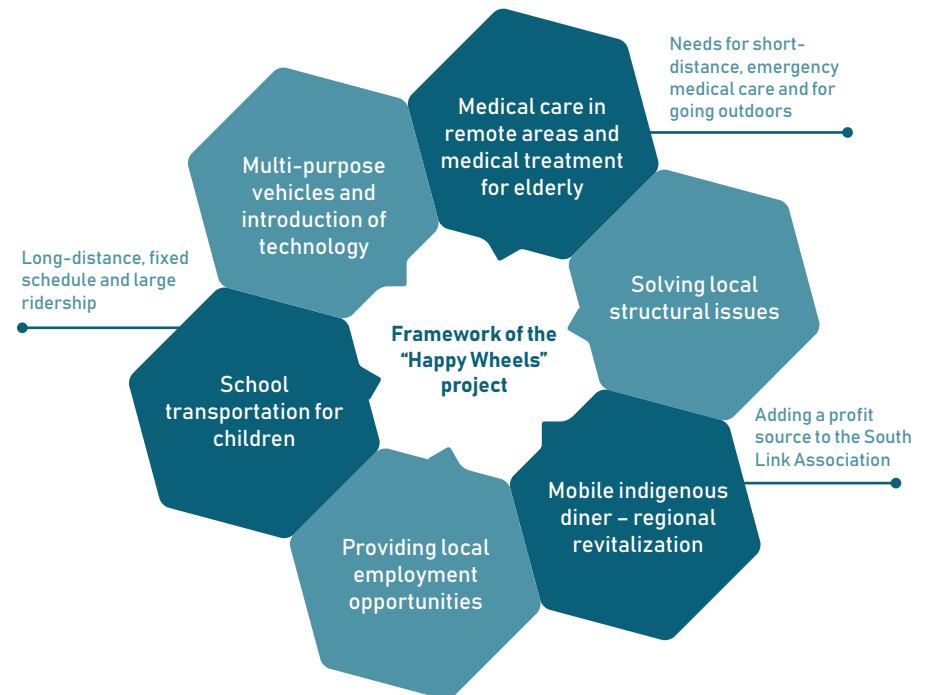
## 6-1 Steering Values

Yulon Motor enjoys giving back to the land that nurtures us, discovering difficult issues in society and providing resilient solutions, especially when Taiwan is facing a developing trend of an aging society and insufficient transportation resources in remote areas. Therefore, we address these issues and provide the best solutions to the elderly and to transportation in remote areas with our strength of owning a comprehensive horizontal automobile value chain. In 2023, the theme projects such as the “Happy Wheels,” “9453 Friendly Travel,” have linked Yulon Motor’s core value of “People, Vehicle, Life” to public welfare.

### Happy Wheels

Oriented on its main business in 2019, Yulon Motor integrated the Group’s resources and launched the “Happy Wheels- South Link Free Transportation” project at remote areas near the South-Link line, which have long-term needs for transportation. The Happy Wheels project is composed of three subprojects, including to design a “transportation service” model matching the local demands, to incorporate the concept of mobility value sharing to enhance the impact, and to devise a smart-technology aided dispatch system in addition to car donation. We help the Association of South Link Care Promotion for Taitung County (the South Link Association) to manage car reservations and dispatch cars flexibly and provide the data to the host unit of the plan for analysis, tracking and service optimization, thereby exerting local power. The complete transportation service also empowers the local indigenous drivers who know the local traffic and language the best. In doing so, we offer these drivers subsidies and work opportunities and create a supply-demand framework of long-term service. Yulon Motor accompanies the local community, gives birth to the local vision of sustainability and develop the regional revitalization program with our partners in public welfare to maintain the positive impact in these areas. The Happy Wheels project is a private green lane, which, in addition to having a smart dispatch system, allows the South Link Associate to assist the general public in hospital registration so as to increase the efficiency of doctor appointments and attain a new patient-oriented model of smart medical resources sharing at remote areas.

The Ministry of Transportation and Communications hosted the “Achievement Presentation for Remote and Rural Area Shared Transportation and Cross-Departmental Resources Integration Conference” on August 28 and invited various governmental agencies, private organizations, and corporations for communication, and the result is further taken as a reference for its future implementation of remote and rural area transportation service. Yulon Motor’s “Happy Wheels Program” has inspired and assisted the Ministry of Transportation and Communication in the facilitation of remote and rural area shared transportation service, and at the same time delivered more convenient transportation service to remote and rural area residents, so Yulon was invited to this event for knowledge exchange and receipt of award.

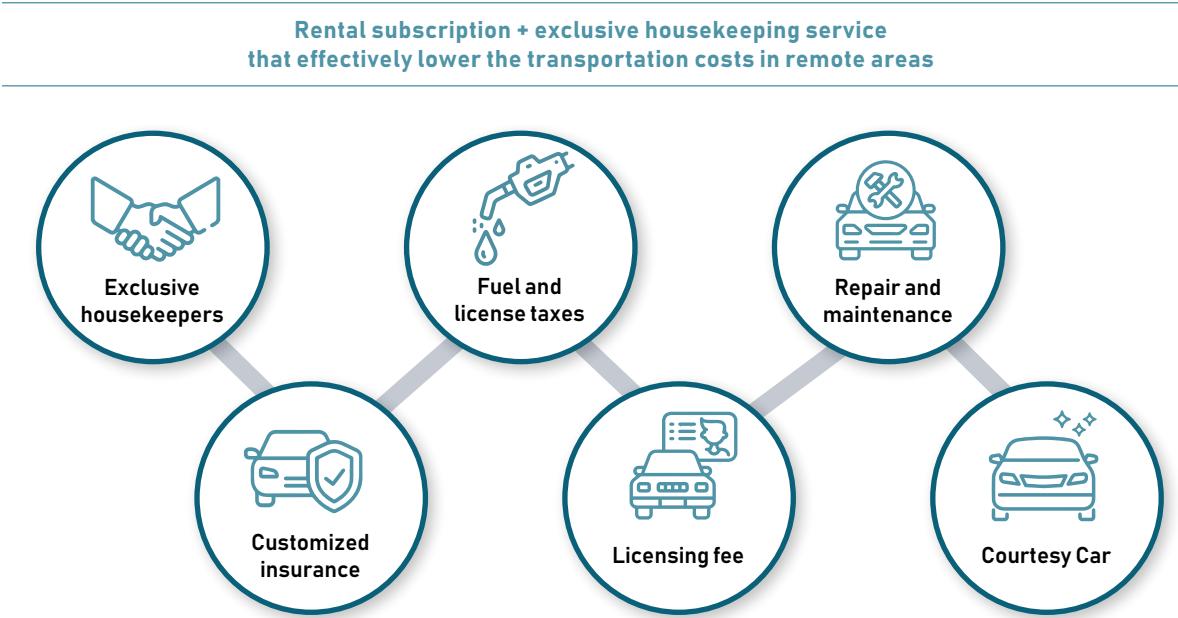


No.	Subproject	Target group	Description
1	Smart medical specialty vehicle	Residents who have regular needs for medical treatment	Providing 5 accessible vehicles equipped with the innovative dispatch system module to offer local residents a flexible, point-to-point free medical transportation service.
2	Education in remote areas to protect happiness	School students in remote areas	Sponsoring 1 specialty vehicle for children and providing education, food, and transportation to local students for a long time
3	Regional revitalization with mobile diner offering indigenous cuisine	Local residents	Remodeling mobile diners and formulating the regional revitalization program that covers the development of food service and the marketing of indigenous culture with the innovation partners in the community, thereby driving local sustainability and economic benefits



### Happy Wheels – an innovative model for public welfare

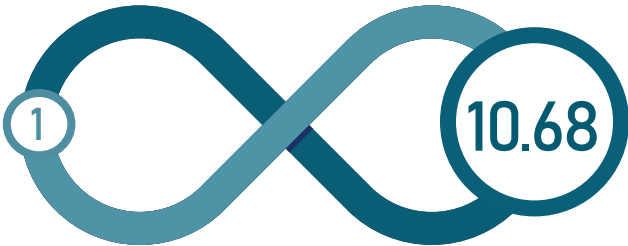
The public welfare project provides the industry the experience in testing the operation of the Pilot Plan, in which the operational status analysis and on-site inspection are conducted in advance, and the mobility resources are subsequently input to the operation in remote areas near the South Link Line. In this way, the effective connection is beneficial to the policy communication environment and relationship network and creates a magnetic effect. Compared to the issues of a conventional charity model, including burden from vehicle assets, repair costs, single designated use of donated assets and difficulty in performance evaluation, the “transportation service” of the Happy Wheels replaces large road transportation vehicles with the passenger cars. We thus create a high-mobility transportation network using these flexible transportation vehicles combined with an electronic tracking system. Recognized by the Global Views Monthly CSR and ESG Corporate Social Responsibility Awards and named a role model in the “Outstanding Program- Social Innovation Group,” the Happy Wheels project has broken the conventional framework of car donation by a corporate and firmly connect with Yulon’s main business and vision.





Social Return on Investment of Happy Wheels

In 2021, we made use of the Social Return on Investment (SROI) tool to gain an understanding about the change and impact of stakeholders, so we used such an approach to evaluate the social impact of this project in number and in monetary unit. The resultant SROI was 10.68, that is, it created the social value equivalent to NT\$10.68 for every NT\$1 investment.



Feedback from participants in the Happy Wheels project



I will probably keep doing this job because I feel I have my feet on the ground to help some elderly. When I send them home and they say thanks to me, I feel very comfortable.

—— South Link Association smart medical vehicle driver  
Chu, Cheng-Ta



Thanks to South Link Association’ s medical vehicle service, my mother and I no longer have to worry about how to take my younger brother diagnosed with cancer to see the doctor, and we were able to accompany him during his last days of life. Because my family was once helped by this service, it makes me want to become the one who helps others.

—— A medical vehicle service user





Regional revitalization

Yulon Motor also hopes to bring long-term help to local community. After projects such as the Happy Wheels and the South Link Association have gained the experience in fleet and dispatch management, and we see the new opportunities of transformation under the Ministry of Transportation and Communication's policy to legalize the pak pais operation in remote areas. In 2022, under the guidance of the local government and the Highway Bureau, the South Link Association successfully received the business permit as a downtown bus carrier and joined the TTGo transportation reservation service platform of the Taitung County Government. It has activated two public transportation service lines offering more convenient transportation service to tribal residents for shopping, doctor visits, education and transition in downtown.

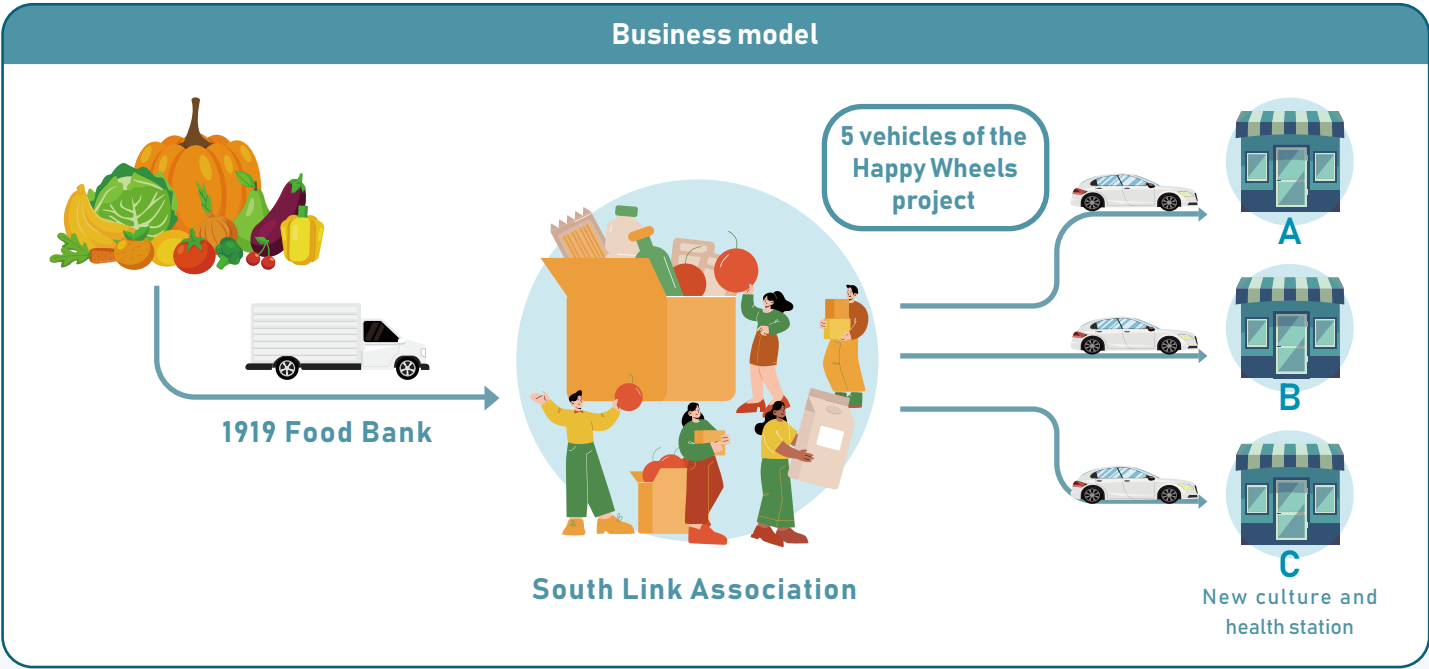
Because of the shortage of convenient transportation for both people and freight in remote areas, the high transportation cost and long transportation time have always been the pains in remote areas. If we cannot effectively integrate and share the limited transportation capacity, the transportation cost must remain high forever. Yulon Motor saw the local demand during the process of these projects and picked up the role as a matchmaker to connect the South Link Association with the "1919 Food Bank" and bring about their partnership, in which the South Link Association acts as a satellite site for coordination. The "Bus Carrier Carrying Freight" allows the more efficient, diverse and flexible use of transportation capacity in remote and tribal areas, and it will hopefully extend the lifespan of food and supply to groups in need in a timely manner Since 2022, we have gradually built a food collection network along the South Link Line in Taitung, gathered the existing six vehicles of the Happy Wheel project and had them deliver the food to tribal residents in need through the 1919 Food Bank. They deliver around 2,000 kilograms of materials per trip every other week, and the journey has a distance of 239 kilometers. Through material sharing and relays, we have served lunches to over 5,000 persons at the South Link elderly care site. With good utilization of each trip, we satisfy the needs for materials and medical transportation and solve the issue of expensive logistics, thereby making goods move smoothly and successfully extending and increasing the added value of the "Happy Wheels Program."



1919 Food Bank



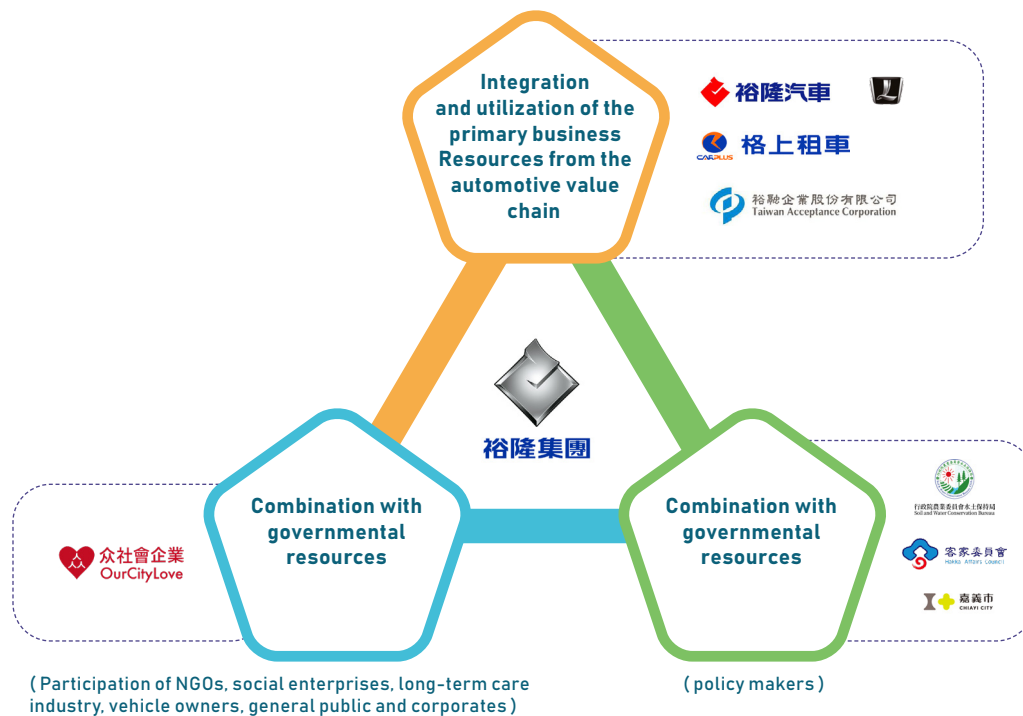
1919 Food Bank



## 9453 Friendly Travel – Accessible Light Travel

Yulon Motor has paid attention to the demand for transportation of all ages. As Taiwan is becoming a super aged society, the demand for accessible transportation increases. Therefore, we work with OurCityLove Social Enterprise to promote the “9453 Friendly Travel” campaign to facilitate the innovative service of accessible transportation and help people on the demand side obtain a more convenient and friendly transportation support. We collaborate with both OurCityLove Social Enterprise and the government to recruit people with disability into the empowerment training course, make these participants the accessibility-friendly correspondents, ask them to suggest and search for friendly stores and come out with more than 50 accessible itineraries. We also provide the accessible welfare vehicles used in the free transportation service, set up the Taiwan accessibility services platform and publish the “9453 Taiwan Friendly Traveler Magazine,” which introduces a variety of travel information. Until now, we have invited over 20 disadvantaged families and groups with disability to participate in the campaign and motivated the elderly care institutions to join the accessible travel. It has also been promoted to the Group, which therefore hosted the Gratitude Trip for the elderly. Since 2017, Yulon Group has spent over NT\$4.84 million to host 21 sessions in total with a cumulative total of over 800 participants.

### Goal and model of the 9453 Friendly Travel cooperation



Accessible Light travel in Chayi City

## Historical events

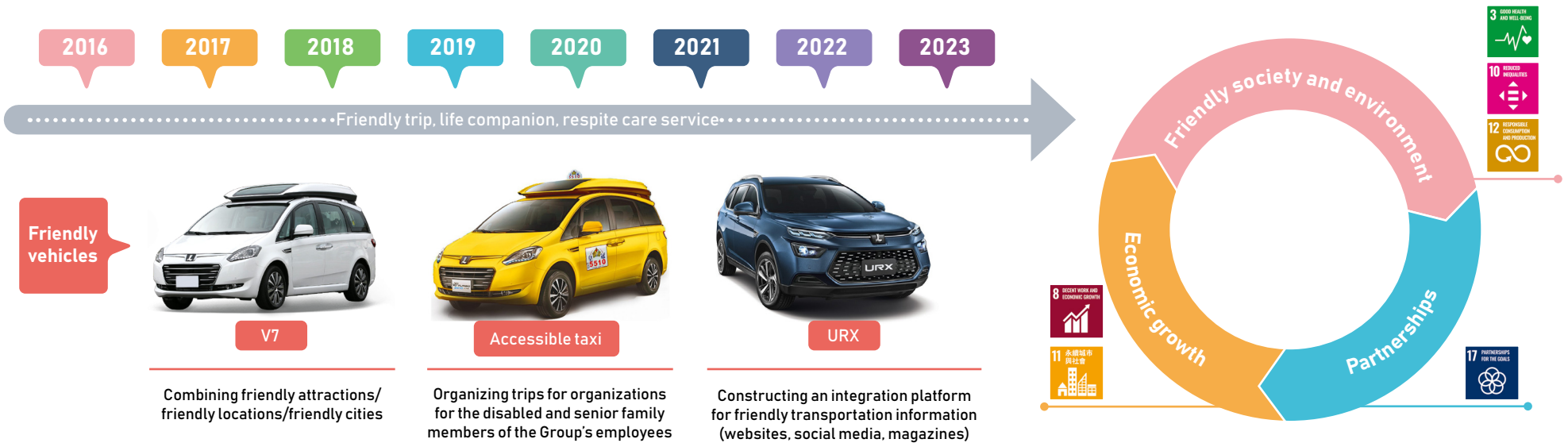
	Topic	No. of events	Stakeholder	Stakeholder	Budget
2017	V7 Friendly Travel in Villages	6	8 social welfare organizations (30 families in total)	Approx. 150 persons	\$450 thousand
2018	<ul style="list-style-type: none"> <li>Friendly Trip</li> <li>Romantic Gratitude Trip for the Group's employees and their senior family members</li> </ul>	7	Social welfare & physical challenged groups Families of Yulon Group's employees	Approx. 315 persons	\$2,645 thousand
2019	<ul style="list-style-type: none"> <li>Friendly and Romantic Hakka Villages with accessibility</li> <li>- The Group's Gratitude Trip for the elderly</li> </ul>	4	Families of Yulon Group's employees	Approx. 17 persons	\$650 thousand
2020	<ul style="list-style-type: none"> <li>Trip in Changhua</li> </ul>	1	Families of Yulon Group's employees	Approx. 50 persons	\$300 thousand
2021	<ul style="list-style-type: none"> <li>Trip to Yingge Ceramics Museum</li> </ul>	1	Families of Taiwan Acceptance's employees	Approx. 30 persons	\$300 thousand
2022	<ul style="list-style-type: none"> <li>9453 Friendly Traveler Plan</li> <li>- Friendly Chiayi, Love ME +1</li> </ul>	1	Families of Yulon Group's employees	Approx. 20 persons	\$100 thousand
2023	<ul style="list-style-type: none"> <li>Trip for Yulon Motor's employees</li> <li>- Trip in friendly Chiayi</li> </ul>	1	Families of Yulon Motor's employees	Approx. 250 persons (estimated)	\$400 thousand
Until today, we have hosted 21 sessions in total, and we expect the cumulative number of participants to exceed 800 in 2023. Yulon Group has spent over NT\$4.84 million on this campaign.					



In addition to integrating relevant corporate resources of Yulon Motor, we also collaborated with partners from various fields to create the socially innovative accessible transportation service project and assisted in the facilitation of an accessible friendly city. In 2022, through the collaboration project with the Chiayi City Government, "9453 Friendly Travel," we helped Chiayi City become the first "Elderly Friendly Model City" in Taiwan and promoted the "Accessible Light Travel." This project not only offered 30 "Love Millage" trips but also trained 21 friendly correspondents who have visited 126 friendly stores and 42 accessible attractions in total to build the first "Chiayi City Friendly Living Information Network" in Taiwan covering information regarding accessible transportation, food, accommodation and attractions and enabling accessible travel in the city for people with disability, the elderly and families using a stroller.

Combined with the "Friendly Chiayi, Love ME +1," we expanded the scale of the employee welfare activity "Trip for Yulon Motor's employees- Trip in friendly Chiayi," in which we invited our employees to take their elder family members to travel in the mode of "One Car, One Family" to experience an accessible light trip in Chiayi City. In addition, in order to expand the outreach of the Friendly Chiayi Information Website, in 2023, we adopted the regulations to give out subsidies for gratitude travel for the elderly and carbon reduction travel in order to encourage employees to travel with their elderly or physically challenged family members by making good use of the Friendly Chiayi Information Website. By the end of 2023, there have been a total of 57 families, composed of 173 employees and their relatives and friends, visiting the accessible attraction sites in Chiayi City, and reward vouchers amounting to NT\$93,800 have been granted, which successfully increased the number of tourists visiting the accessible attraction sites and drove the tourism in surrounding areas. They took actions to support Yulon's participation in social welfare activities for accessibility and cohered to the organization while Yulon has been building a happy and friendly corporate and striving to deliver a more friendly accessible service environment for those in need all over Taiwan. In the future, Yulon Motor will boost and expand this innovative accessible transportation service to extend its corporate social impact.

## Innovative accessible transportation service



## Feedback from the participants



Thanks to accessibility of the car, my mother's wheelchair can get on the car safely, and she can now travel together (participate in the elderly travel event)

———— A participant in the design of Luxgen V7



The design of V7 helps families that have needs for long-term care a lot since it allows the elder family members on wheelchair to go outdoors and promote family harmony.

———— A participant in the employee trip





## 6-2 Arts, culture and education

### Woodcarving culture

Yulon Motor has rooted in Sanyi, the “Woodcarving Village,” and supported the development of woodcarving culture with all efforts for a long time. We input resources to host the “Yulon Woodcarving Innovation Award” every year. It had been held 17 times from 1997 to 2013, and we wish to attract woodcarving creators from all over the country by the huge number of prizes, thereby revitalizing the woodcarving industry and the local Sanyi community. Since 2014, Yulon Motor has cooperated with Miaoli County Government for resource integration by turning the budget for holding the “Yulon Wood Carving Innovation Award” into an annual sponsorship of NT\$2 million for the “Taiwan International Competition of Wood Sculpture” hosted by the government, and awards of NT\$300 thousand each for the “Yulon Wood Carving Heritage Award” and the “Yulon Wood Carving Innovation Award.” It was the 10th year of the sponsorship, and the total amount sponsored reached nearly NT\$25 million. We hope to encourage outstanding woodcarving art creation and drive creators to keep injecting ample energy into Taiwanese woodcarving industry by these awards, and subsequently open up the conversation between Taiwan contemporary woodcarving art and the globe. In addition, in 2023, we provided employees with free tickets to Sanyi Wood Sculpture Museum to encourage them to appreciate the beauty of wood sculptures. On top of the elevated knowledge in art, we also hope to promote local tourism, arts and culture in Sanyi.

Besides the sponsorship of the Taiwan International Competition of Wood Sculpture, in order to pass on the waning art of woodcarving in Taiwan, Yulon Motor is determined to take root in the local culture of Sanyi by setting aside special budget to support Sanyi Senior High School in the development of a woodcarving club and relevant courses since 2016. Until now, we have sponsored over NT\$350,000 and trained over 150 persons in total. Not only that, Yulon Motor kept the tradition of organizing the “Yulon Woodcarving Experience Camp” and invited local professional woodcarving technicians from Sanyi in 2023 to create a unique personal piece using the wood from Yulon’s plant. While extending the life of wood and reinventing value, we also hope to pass on the woodcarving arts and culture to the next generation and cultivate rising stars in this industry.

Taiwan International Competition of Wood Sculpture



Sanyi Woodcarving Art Festival  
Experience activities



Woodcarving Experience Camp



### Scholarship program

In order to encourage the students in Miaoli and Sanyi Township, where the Company is located, to study hard, we have set up the “Yulon Sanyi Scholarship” and the “Yulon Motor Youth Empowerment Scholarship” to reward and support elementary school and junior high school students in Sanyi Township, and high school/vocational high school students in Miaoli County who are enrolled in designated schools in automobile-related disciplines. In 2023, we granted a total of NT\$930,000 scholarship to 447 students.



Scholarship program

## Support for Yulon Motor's Basketball Team

In 1965, Yulon Motor established its basketball team and became the first private enterprise in Taiwan to support a basketball team, and ever since, we have been committed to the development and inheritance of domestic basketball and sports activities for all. We have trained athletes for the nation, and, in 1992, officially formed the professional basketball team "Yulon Luxgen Dinos," which has been funded by a large amount of corporate resources every year without disruption. In 2023, Yulon Motor sponsored Yulon Luxgen Dinos in an amount of NT\$21.6 million, and about 17 players were therefore benefited. Meanwhile, we also joined the Group to host the "Basketball Family Day" encouraging employees to cheer for Yulon Luxgen Dinos at the game with their family and feel the charm of basketball and passion of the fans. Yulon Luxgen Dinos, on the other hand, could give its all in the game and reach new heights. As a result, Yulon Luxgen Dinos won the SBL championship in May 2023. We also offer the most people-oriented support and placement in players' career development. After they retire, they can work either as basketball trainers or in other positions arranged based on their personal will and interests.

## Yulon Children's Basketball Summer Camp

We have been promoting basketball in Taiwan for a long time and have been holding the "Yulon Children's Basketball Summer Camp" since 2015, which is open for free enrollment by employees' children, students in grade 3 or above from elementary schools in Sanyi Township every summer. The Yulon Luxgen basketball team members are coaching the camp, teaching the students in Sanyi Township proper basketball knowledge and basketball skills, and piquing their interests in basketball. Since the inception, there have been always overwhelming demands for the camp (the basketball camp was suspended during the COVID-19 pandemic in 2021 and 2022). In 2023, we invited coaches who won the SBL championship to host the healthy and leisurely summer educational and entertaining activity for elementary school students in Sanyi Township, and it once again received great support and recognition from the community in Sanyi. On its 70th anniversary, Yulon Motor adheres to its social responsibilities of giving back to the community and taking care of employees by increasing the coverage of the event to include Xindian, the area where the Group's headquarters are located and inviting employees' families and students from adjacent areas to attend for free in the hope to inspire more students. As a result, more than 200 persons were enrolled in this camp. Since its launch in 2015, the Company has totally spent NT\$1.5 million in organizing the Yulon Children's Basketball Summer Camp, in which nearly 900 students have participated.

Continue to support Yulon Motor's Basketball Team



Yulon Children's Basketball Summer Camp





## Inheritance of automotive craftsmanship under the private brand: Take actions to cultivate automotive R&D talents in Taiwan

For increasing the R&D capacity of the automotive industry and ensuring the quality and supply of talents in the industry, we conducted an evaluation on the society in Sanyi Township, Miaoli, where our main operations locate, and built a development plan catering for the local demands while engaging in the industry-academia cooperation program ( please refer to

5-1-2 Development and Training of Talents and the scholarship program so as to expand the talent pool of the automotive industry.

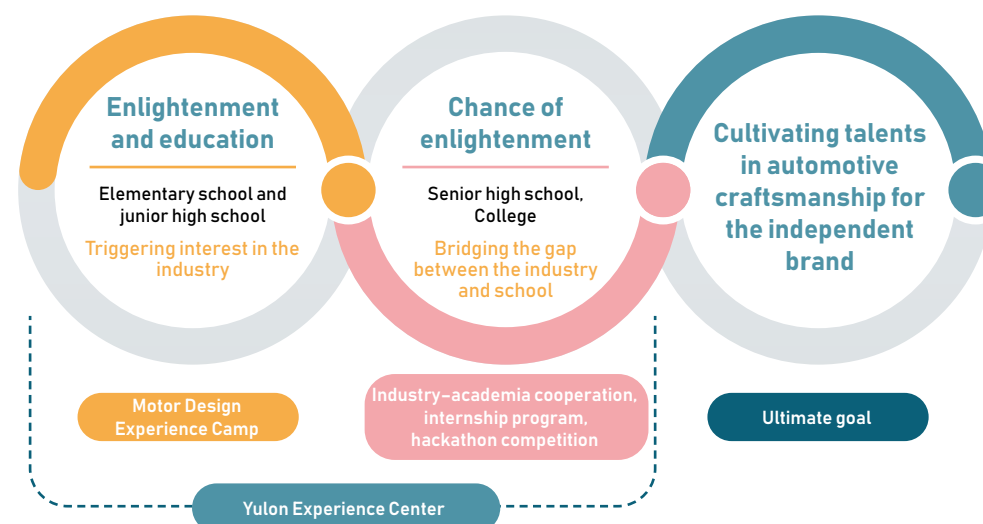
### Evaluation on the automotive industry and talents in the society

#### 1. The gap between the industry and the academia:

Yulon Motor connects with various academic institutions within the network of Yen Tjing Ling Industrial Development Foundation to carry out regular industry-academia cooperation R&D projects and provide students with the internship opportunities so as to bring school education closer to real practices and address the education-practice gap.

#### 2. The demand for talents:

the automotive industry is a technology- and capital-intensive industry with a gigantic industry chain and involves a wide array of related industries, so a comprehensive automotive industry requires a large number and diverse technical talents in R&D, manufacturing, sourcing, marketing, management, and maintenance and repair.



We have also established the first tourism factory of the automotive industry in Taiwan, "Yulon Experience Center," in which the general public is able to have a better understanding about automotive craftsmanship through the activities, tour and experience offered, to convey the craftsmanship, innovative image of the brand and car manufacturing technology. Since the launch of this project in 2018, we have invested NT\$12,079,000 in the tourism factory in total, and in 2019, we started to donate 10% of the quarterly revenue of the tourism factory to disadvantaged organizations (Yu-An Education and Nursing Institute, Huashan Social Welfare Foundation Sanyi Branch, Guangai House of Correction, St. Francis Xavier Home for Children and Juvenile). As of 2023, we have donated NT\$257,000 in total. In addition to promoting education in automotive industry, we also help disadvantaged groups and grow our positive influence on society. (Photo to be added)



Tourism factory evaluation and license



Understanding the manufacturing process at the pressing factory by touching the sheet metal



Open to junior high school and elementary school field trips



Information exchange with international automotive industry (Korea)

## Column : Investing in and sculpting automotive craftsmanship under an independent brand

Since its inception in 1953, Yulon Motor has never ever stopped moving forward. With its commitment to endlessly growing mobility value, it has worked with other enterprises of the Group and the Yen Ching-Ling's Foundation to foster the R&D of forward-looking engineering technologies for the automotive industry in Taiwan. With the experience of industry-academia cooperation with National Taiwan University of Science and Technology, National Cheng Kung University and National Yang Ming Chiao Tung University, in 2021, we started to sponsor the first formula racing for students in Taiwan "Formula Student Taiwan(FST)" so that the teams don't have to worry about the expenses on car manufacturing, parts and components and registration fees, and the schools can effectively utilize their expertise in academia and human resources to take the root of industrial technology downward. At the same time, by participating and organizing races, we can exchange knowledge in industrial technology with others and grow further.



Taiwan Tech Racing



NYCU Vulpes Racing

Moreover, Yulon Motor also provides students with the technical support in vehicle design and assembly, including motor, electric control and battery technology integration, and system consolidation and integration technologies, and utilizes its experience in electric vehicle manufacturing to help students choose the suitable and industrial specification grade testing parts and assist in matching tests and inspections to ensure vehicle design and driving safety.

Yulon Motor taps into its primary business and rich car manufacturing experience to help students start from zero and build a complete formula racing car. Through the practical industry-academia cooperation, we fuel academia's energy in R&D, cultivate industry talents and promote the development of electric vehicles. In 2023, Taiwan Tech Racing team not only won the Harry Watson Award - Best Contribution Award at the Formula SAE - Australia (FSAE), but also became the first team in Taiwan that used electric vehicles in the race for the first time and passed all tests. Its performance was extraordinary.

As of the end of 2023, Yulon Motor, Yulon Group and the Yen Ching-Ling's Foundation have sponsored the FST and various colleges for R&D expense in a total amount of NT\$8.15 million. With sponsorship, provision of technical support, on-site recruitment and internship offers, Yulon Motor has fully shown its ambition and commitment to driving the development of Taiwan's automotive industry value chain and it hopes to motivate students' interests in technology and engineering and inspire them to have a better understanding of the automotive industry. By the active cultivation of future car manufacturing talents, Yulon Motor can continue its dream in independent R&D and car manufacturing while acting as the pilot on these students' paths to dreams and becoming a significant influencer for cultivating industrial professionals in Taiwan.

## Support of arts and cultural activities

In 2023, Yulon Motor welcomed its 70th anniversary by launching “YES!LIFE Yulon City,” the biggest shopping mall in New Taipei City, at its origin Xindian in the hope to drive the upgrade and transformation of the industrial cluster in Xindian and form a sustainable and salubrious living circle. During Yulon City’s grand opening period, it organized various arts and cultural events in Xindian, the city of arts, education and culture, and spent about NT\$5 million to host the “Southern Taipei Pop Concern,” in which several well-known bands and singers were invited to perform; it also spent NT\$1.9 million to hold the events at “Xindian Arts and Cultural Festival” to integrate the cultural resources from junior high and elementary schools and arts and cultural groups in Xindian and invited If Kids Theatre Company, U Theatre, Comedians Workshop for public performance, which won endless applause from the audience. By so doing, we not only created more opportunities for these performing arts groups, but also built an arts and cultural environment that enriches our souls.

## Support of sustainable journalism

The award ceremony for the 37th Vivian Wu Journalism Awards was held on December 22, and a total of 9 awards, including the awards for “Print Media and Video Best In-depth Reports Journalism, Best Investigative Journalism and Best Foreign Affairs Journalism,” “Best Photojournalism,” “Best Student Journalism,” and the newly added “Mr. Yen, Kenneth Best Sustainable Journalism,” were given. The Awards, which select the works that represent the generation and its values and encourage accurate, fair, and objective outstanding journalism, mean significant recognition and reward for many journalists. The “Mr. Yen, Kenneth Best Sustainable Journalism Award” focuses on extensive, in-depth and forward-looking journalism on topics regarding sustainability, including but not limited to sustainable existence and development issues arising from climate change, economic growth, social equality, wealth inequality. Such journalism shall be persuasive and eye-catching for audiences’ attention so as to arouse the attention and care of society, corporations and the government. Thereby, it helps actions and policies concerning sustainable development with its news value and forms positive impact on society.



The 37th Vivian Wu Journalism Awards Ceremony

## Organization of career workshops on effects of corporate ESG on career development at campus

In alignment with the plan of Education Department of Miaoli County Government, we organized the career discovery events “how Yulon builds an independent brand and cultivate local automotive craftsmanship talents” for local high school students. In the event, we explained the characteristics and professionals needed in the automotive industry to students of Shihtan Junior High School and Sanyi Senior High School, and analyzed the current market workforce demand as a reference for their future career decisions. We also held the “Career Information” workshop for students at National Hsinchu Commercial Vocational High School to explain the relationship among sustainability, ESG and corporates and introduce relevant job opportunities in the field of sustainability so as to enhance young students’ understanding about sustainability and career development.



Campus career sharing workshop -  
National Hsinchu Commercial Vocational  
High School



## 6-3 Donations for public welfare

### • “Love Unstoppable”

Yulon has facilitated the ESG development for a long time. In order to address the blood shortage, Yulon Volunteer Club organized three blood donation events in the first and second halves of the year to call employees for blood donation and love, and it received enthusiastic response from employees. In total, 63,000cc of blood was collected, and 170 persons participated in these three events to help people who need blood transfusion. Through these events, we put the concept of “blood donation with love, it’s good to meet Yu” into practice and continue the hope for love.

### • Donation of carnations and bouquets to the local elderly

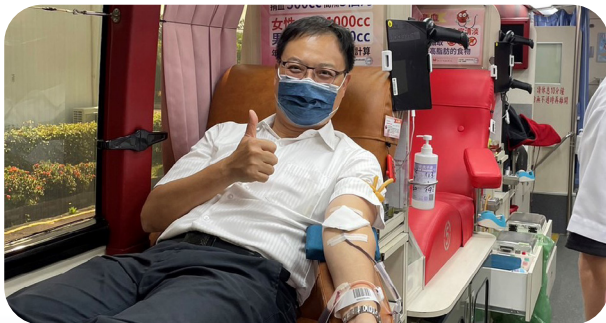
Yulon Motor helped Sanyi Township Public Health Center in the “Three Generations of Happiness, Happy Tung Blossom Life Together, Showing Love Hand in Hand” by donating one hundred carnations and bouquets to accompany the local elderly warmly. At the same time, in order to take part in the healthcare of elderly, it regularly hosts volunteering activities to assist the local elderly in cleaning their living environment in answer to the Public Health Center’s 5 dementia friendly elements - friendly community, friendly residents, friendly environment, dementia friendly organizations and improvement in social engagement of people with dementia and their families. On August 19, the Miaoli County Public Health Bureau hosted the first “Miaoli Health Carnival,” in which the Miaoli County Mayor Chung, Tung-Chin and the Director of Miaoli County Public Health Bureau Yeh, Jui-Hsien gave the awards in person.

### • Adopting 100 street lamps in Sanyi to light up driving safety

Yulon Motor has its prolonged standing in Sanyi Township, which is often covered with fog even resulting very low visibility due to its special landform. In order to improve safety of road users, Yulon Motor has sponsored the electricity bill of 100 street lamps at several busy traffic junctions in Sanyi Township – including interchanges, Provincial Highway 13, and Xihu Village. It was the 10th year of the sponsorship, and we have totally donated over NT\$500,000. We hope that when road users travel in a low-visibility environment, those street lamps can play an important role in providing the general public with good driving safety protection and increase road traffic safety. Yulon Motor has its prolonged standing in Sanyi Township, which is often covered with fog even resulting very low visibility due to its special landform. In order to improve safety of road users, Yulon Motor has sponsored the electricity bill of 100 street lamps at several busy traffic junctions in Sanyi Township – including interchanges, Provincial Highway 13, and Xihu Village. It was the 10th year of the sponsorship, and we have totally donated over NT\$500,000. We hope that when road users travel in a low-visibility environment, those street lamps can play an important role in providing the general public with good driving safety protection and increase road traffic safety.

### • Donation of accident insurance premium

Yulon Motor has collaborated with Yulon Nissan Motor to donate NT\$1 million as the insurance premium for the “Employer’s Liability Insurance” to the Department of Environmental Protection, Taipei City Government for 25 consecutive years, to provide citizen workers of the Department of Environmental Protection who work hard to keep the city clean reassurance and protection. A citizen worker who dies as a result of performing official duties will be compensated NT\$1 million per person; and one who dies not as a result of performing official duties will be compensated NT\$400 thousand per person; one will be compensated NT\$1,000 per day for hospitalization. Citizen workers will thus receive assistance and ease the financial burden therefrom when accidents happen. In 2023, Yulon Motor donated insurance premiums for the 25th consecutive year, covering temporary workers residing in Taipei City and short-term employed temporary workers, with a total of 1,600 of them benefiting from this initiative. Also, the annual donations have been made to the cleaning squad of the Sanyi Township for the “Employer’s Liability Insurance” since 2014, as the feedback to where the Company is located. In 2023, a total of 39 members of the cleaning squad were covered by the insurance.



Blood donation campaign



Donation of accident insurance premium



Miaoli County Public Health Bureau awarded the industry thanking it for providing the resources for facilitating the “Health Protection for All Ages”

## 6-4 Support for disadvantaged groups

### • Open to orphanages' visits

We invited 14 students from St. Francis Xavier Home for Children and Juvenile of Miaoli County to visit the Yulon Motor's "Yulon, True, Car Manufacturing Base" and showed them the production lines of Yulon Motor. Additionally, a traffic safety course was included in their visit to reinforce road users' awareness and cyclists' attention to road safety while walking or cycling on roads and intersections. We aim to provide students with intellectual and educational experiences to promote road safety awareness by showing them the automobile production, thereby enhancing their learning experience. This event also included the hand-press badge making DIY allowing the children to make badges by themselves and earn a sense of accomplishment. At the end, we let these children pick their favorite toys and stationery at a bookstore to do our part in helping orphans in remote and rural areas.

### • Environmental cleaning and caring activities for the solitary elderly.

In June, Yulon Motor's Volunteer Club led 20 employees to visit the solitary elder with physical challenges in Sanyi with the Huashan Social Welfare Foundation. They cleaned up the sundries indoors and in the garden and assisted in repairing and replacing old articles at the elder's house. By gathering the power of all participants, we helped the elder's living environment return bright and clean, and by the most practical company and actions, we saw the elder's smile.

### • Good for the elderly and young people, Community Bogong event

In light of the fact that students in Sanyi have less opportunities to get exposure to performing arts, the plant manager of Yulon Motor's Sanyi plant led section chiefs, foremen, 10 performers and 2 staff to Liyues Elementary School to offer an interesting and fun interactive event with students in form of drama performance so as to increase their knowledge in diverse cultures and show Yulon Motor's care and support to local community, thereby forming a deeper connection between Yulon Motor and the local community.



St. Francis Xavier Home for Children and Juvenile of Miaoli visited Yulon Experience Center



Good for the elderly and young people, Community Bogong event



● Warmhearted donations

The Volunteer Club of Yulon Motor is a social welfare unit that has helped disadvantaged groups and people with physical or mental disability for a long time. It organized the “New Year Warmhearted Donation” activity at the end of 2023. With the efforts of all participants of the Yulon Volunteer Club, a total of NT\$759,500 was raised from the managers and employees of Yulon Motor and Yulon Nissan Motor. The Volunteer Club delivered the money in person to 7 units as follows: Kuang-Ai Education and Nursing Institute, Yu-An Education and Nursing Institute, Ming-Te Education and Nursing Institute, Huashan Social Welfare Foundation, Genesis Social Welfare Foundation, St. Francis Xavier Home for Children and Juvenile, and Love Dog.

● Performance cheer by National Miaoli Special School at the annual dinner

Yulon Motor has attached importance to ESG and local social inclusion for a long time and committed to building a friendly and diverse society of equality. In 2023, we especially invited the cheerleading team of National Miaoli Special School to perform at Yulon Motor’s Annual Dinner, and that was the cheerleading team’s first performance by invitation. Yulon takes actions to support these children by not only providing these 18 students and 10 volunteers and teachers with a scholarship of NT\$2,800 each but also preparing delicious bento boxes for them to enjoy after the performance. Yulon expects that this was not merely a celebration ceremony, but the sincere support and applause to the special school and students thereof. It allowed the general public to learn about diversity and inclusion and see differences from a friendly perspective.



Performance cheer by National Miaoli Special School at the annual dinner

Total amount input in social welfare of Yulon Motor in the most recent 3 years			
Year	2021	2022	2023
Fund (NTD)	44,439,466	29,903,663	9,512,681
Total number of participants	56	286	2,218
Total service time (hours)	196	582	955

Note 1: The donations in 2021 and 2022 included Yulon City’s donation to Green Lake Park.



# Chapter

# 7

## Environmental protection, promotion of net zero emissions and waste reduction

### 7-1 Climate change management

7-1-1 Climate management strategy

7-1-2 Climate change management

7-1-3 Greenhouse Gas Management

7-1-4 Management of vehicle fuel economy

### 7-2 Energy management

7-2-1 Energy policy and objectives

7-2-2 Renewable energy deployment

7-2-3 Energy saving measures

### 7-3 Circular Economy and Waste management

7-3-1 Circular economy

7-3-2 Waste management

### 7-4 Pollution control management

7-4-1 Air pollution management

7-4-2 Water resources management

7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature



### Material issue

Climate strategy, GHG emissions, air pollution

### Major stakeholders

Governmental agencies/associations, shareholders/Investors, customers, external rating agencies, community

### Performance highlights

- Since 2017, the Sanyi plant has been installing solar power generators, and until now the cumulative capacity has reached 15.38 MW
- The waste reuse rates for the most recent 5 years has been kept above 90%. In 2023, 95.28% of the total waste amounting to 3,371 metric tons was recycled.
- The carbon emissions were reduced by 1,616 metric tons, from 12,602 metric tons (scopes 1 and 2) in 2022 to 10,986 metric tons (scopes 1 and 2) in 2023, an achievement of the yearly goal of 12.8% reduction in greenhouse gas emissions.



Oriented on “People, Vehicle, Coexistence with Nature,” we take the initiative to respond to the goal of net zero emissions and slowdown of climate change, devise proper climate strategy, implement environmental management goals and promote material sustainable circulation so as to reduce the carbon footprint of the entire corporate value chain. We have also been active in promoting green manufacturing and developing low-carbon EVs in recent years aiming to pose more positive impact on environmental sustainability through our innovation in green technology. With respect to the introduction of green energy, we established the solar power generation system with the goal of deploying a total of 17.7 MW solar power capacity in 2025. We urge ourselves to become a green corporate benchmark, implement green operations and coexist with environment.

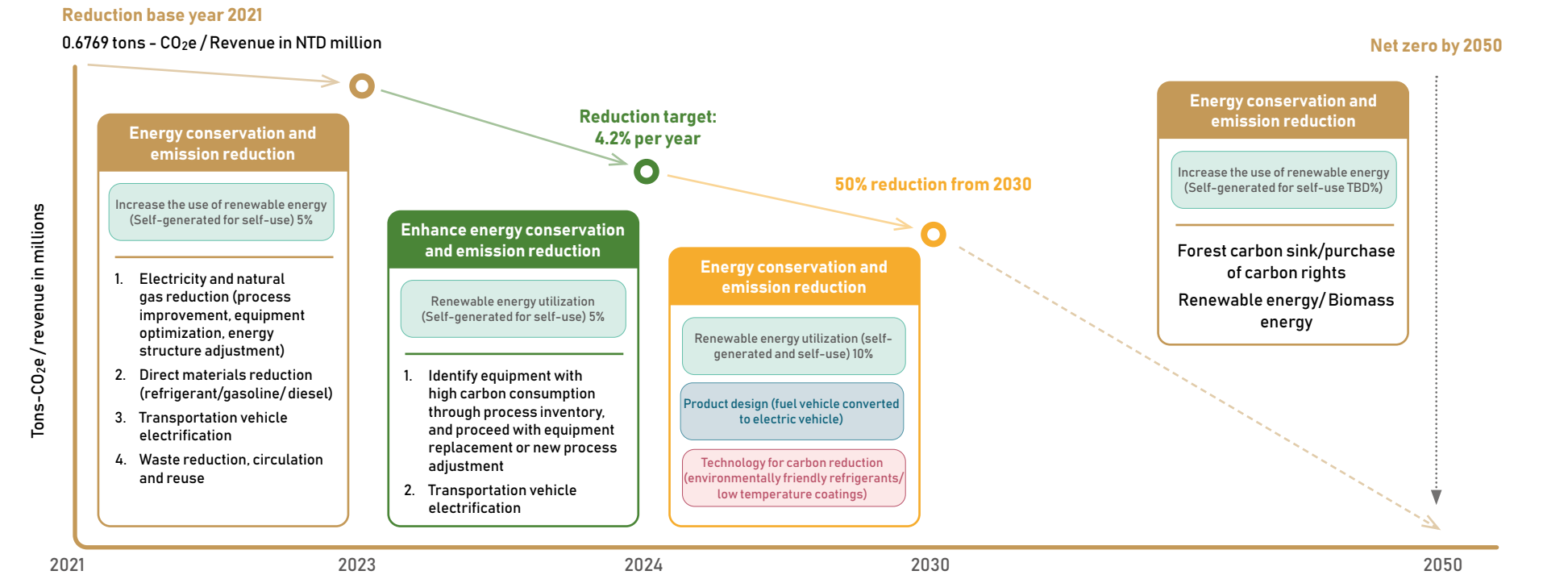
## 7-1 Climate change management

### Management Approach to Climate Strategy

<b>Significance to Yulon Motor</b>	On the path to creating the “mobility value,” Yulon Motor expects itself to contribute to the earth and environment. On top of compliance with the environmental policy of the government, we also put the environmental management policy into practice and set the goals for short-, mid- and long-term environmental performance. By setting relevant specific performance goals, we implement climate change risk management and promote energy saving and carbon reduction.	
<b>Policy and commitment</b>	We evaluate the possibility, level and difficulty in quantification of impacts related to climate and set a linearly decreasing goal for the GHG reduction. We will reach the milestone of 2050 net zero emissions with the climate response strategies, such as energy saving and emissions reduction, circulation and reuse, increase of renewable energy use and transition to smart electrification.	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> <li>Water consumption to be reduced by 10%/year</li> <li>A total of 17.7 MW of solar power generation capacity to be installed by 2025</li> </ul>
	<b>Medium-term</b> (2026-2027)	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> <li>Waste usage to be reduced by 5%/year</li> </ul>
	<b>Long-term</b> (after 2028)	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 50% by 2030</li> <li>100% electrification of vehicles in the plant by 2030</li> <li>To participate in EV100 and RE100 in 2030</li> <li>Net zero carbon emissions by 2050</li> </ul>
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	Greenhouse gas emissions to be reduced by 4.2%/year	Reduced 12.8% GHG emissions/year
<b>Responsible unit</b>	ESG Committee, Sluggish Material and Scrap Committee, Direct and Indirect Material Committee, Water Resource Management Committee, Energy Saving Committee	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>Obtained the statement for ISO 14064-1 greenhouse gas verification certification</li> <li>15.38 MW of solar installations completed in 2023</li> <li>Vehicle electrification</li> <li>Zero waste resource circulation</li> <li>Manufacturing process improvement and equipment efficiency enhancement</li> </ul>	

7-1-1 Climate management strategy

We are extremely concerned about climate impact, so we regard the net zero emissions by 2050 as our important goal for environmental sustainability. We place our focus on the topic of emissions of the value chain, and by applying the approach of the Science Based Targets initiative (SBTi) and the advice from external experts, we adopt the management process covering strategy, goals and actions and take action to reduce the scope 1 and scope 2 GHG emissions. Our energy conservation and emission reduction measures include process improvement and introduction of digital energy saving management system, improvement of equipment efficiency and introduction of digital electronic billboards, electrification of official vehicles, and waste reduction and recycling, and we also add the strategic axes such as the use of renewable energy, transit and upgrade to smart electric vehicle manufacturing, and forest carbon sink. We review the achievement progress of the GHG emissions goal at regular ESG meetings and plan the incorporation of carbon rights into the carbon reduction policy. We subsequently allocate the carbon rights based on the result of carbon reduction to foster a carbon reduction mechanism and attain the best allotment of resources.



Name of initiative	Summary
E.SUN Initiative	We have supported the industry transformation to environmental sustainability with practical actions, including committing to the deployment of green energy (solar energy) and the development of environmentally friendly EVs, facilitating tree planting and greening at the plant campus and increasing the proportion of green energy usage, to echo the “E.SUN ESG and Sustainability Initiative.” Currently, there are 52 key suppliers who signed the Corporate Social Responsibility Code of Conduct, and we have guided our suppliers to introduce carbon neutral and become a green supplier.

7-1-2 Climate change management

The World Economic Forum (WEF) published the Global Risks Report 2024, which investigated events or conditions which, if they occur, would negatively impact a significant proportion of global GDP, population, or natural resources. The negative impacts are classified into five major categories: economic, environmental, geopolitical, societal and technological. Many environmental impacts therefrom were determined to become one of the 10 major risks in 2 years and in 10 years while the Disaster Risk Adaptation Platform also states that:

*The World Bank indicated that 73% of Taiwan's land and population are exposed to 3 or more hazards and almost 99% of its land and population are exposed to 2 or more hazards. Taiwan may be considered one of the most vulnerable areas to natural hazards on Earth.*

All of the abovementioned trends show the urgency and necessity that Yulon Motor must take active actions for climate risk mitigation and adaptation. Yulon Motor, upholding the faith of corporate growth and coexistence with ecological environment, makes the information disclosure on the four major scopes: governance, strategy, risk management, indicators and goals in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB) and shows our resilience and responding actions amid climate change.

Climate governance

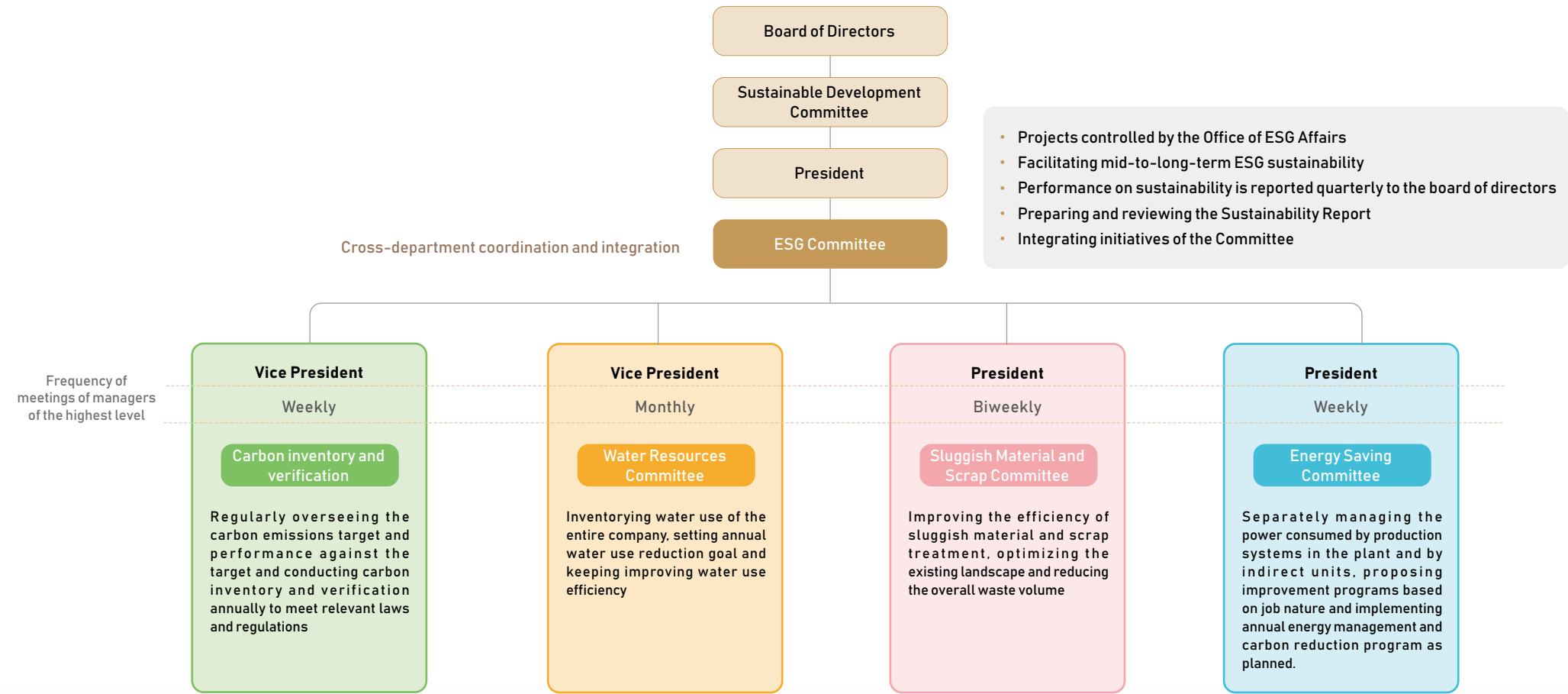
The Board of Directors, as the highest governance unit of Yulon Motor, is responsible for setting the Company’s corporate social responsibility and sustainable development strategies and forming the ESG Committee, which is in charge of facilitating countermeasures for climate change and ESG activities, and is presided by the President. The ESG Committee subsequently establishes a sustainable development organization as the execution unit, which shall report the ESG performance to the Board of Directors. The Board exercises oversight of the implementation of actions for climate change and reviews any potential operational risks arising from climate-related risks. The climate-related topics reported in the ESG Committee and the Board of Directors’ meetings in 2023 are as follows:

Important meetings	Proposal and reporting matter(s)
Proposed by the Sustainable Development Committee	<div><div>1.</div><div>In November, we completed the “Post-pandemic Upgrading and Transformation Diagnosis and Guidance Program for Transport Equipment Manufacturing Industry” for the 6 qualified subsidiaries. By applying the concept of “Big Companies Lead the Smaller Ones,” we collaborate with our supply chain on carbon inventory, low carbonization and smart diagnosis. At the same time, we also launched carbon inventory guidance and carbon emissions reduction activities, and completed the GHG inventory list and report for 14 pilot subsidiaries.</div></div> <div><div>2.</div><div>Implementation of energy saving and carbon reduction: In 2023, the annual objective for carbon emissions reduction was 8.2% (0.671□0.616 ton/vehicle). By replacing the refrigerant charging machine and introducing energy saving measures, as of November, a reduction of 10.3% was achieved (carbon density reached 0.602 ton/vehicle.)</div></div>

To boost the incentive for pursuing sustainability, we have incorporated the sustainability topics into the personnel remuneration management mechanism so as to link the performance evaluation with these topics and further internalized sustainability in corporate management. Starting from 2023, in order to enhance corporate governance and enable sustainable development, we increased the weight of sustainability performance indicators for the remuneration of senior management (the president and vice presidents) by setting the sustainability indicator as this year's KPI of the Company and giving it a 5% weight: implement net zero waste reduction and obtain the 2023 ISO14064-1 organization-level GHG inventory verification statement in 2024; reduce carbon density by more than 4.2% every year aiming to reduce carbon emissions by 30% in 2025 in comparison to 2021. Execution of such a goal shall be supervised by vice presidents and senior managers, and the progress thereof shall be controlled in the monthly meetings chaired by the President to reinforce the implementation and execution of the Company's sustainable development policy.

In addition, the climate-specific risk topics shall be managed by the ESG Committee and other functional committees (Sluggish Material and Scrap, Energy Saving, Water Resources, Carbon Inventory and Verification):

Management framework of functional committees





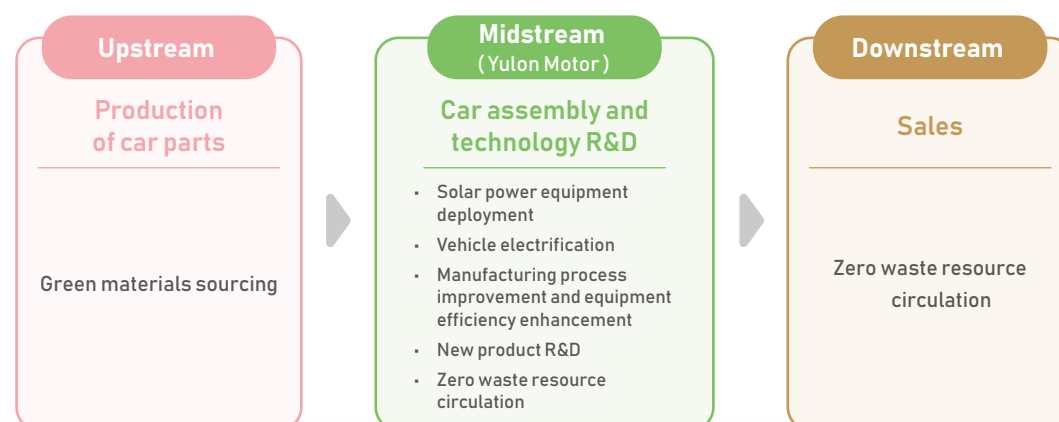
## Climate strategy

Yulon Motor has proposed five strategies for building a green automotive industry value chain: green materials sourcing, solar power equipment deployment, vehicle electrification, zero waste resource circulation, and manufacturing process improvement and equipment efficiency enhancement. Our actions to mitigate for and adjust to climate change are summarized below:

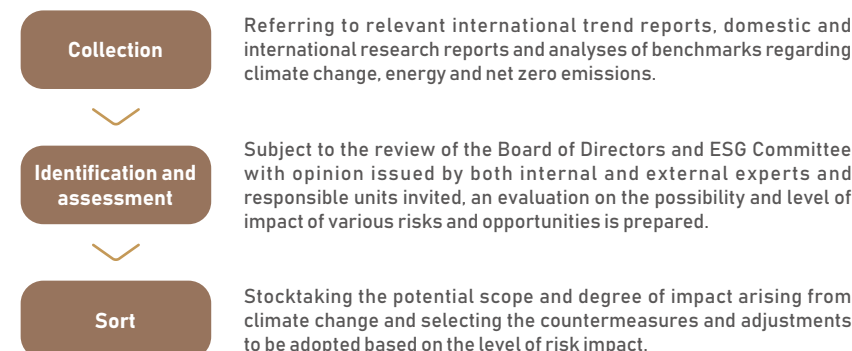
Strategy	Action plan
Green materials sourcing	To procure relevant equipment with a green label
Solar power equipment deployment	Solar power equipment with a total of 15.38 MW capacity has been installed as of 2023, by which we achieved the goal that the amount of power generated from solar (including for self-use and wholesale) exceeded the total power usage of the whole plant.
Vehicle electrification	We gradually replace the official fossil fuel vehicles and logistic vehicles at the plant with electric vehicles. In 2022, we replaced 5 logistics vehicles and 11 official fossil fuel vehicles with electric vehicles.
Zero waste resource circulation	To reduce the weight of after-sales packaging materials by 8%/year and to increase the conversion rate by reuse and recycling to lower the level of environmental impact
Manufacturing process improvement and equipment efficiency enhancement	To improve manufacturing process and equipment efficiency, and to reduce carbon emissions by 4.2%

## Procedures for identifying climate-related risks and opportunities

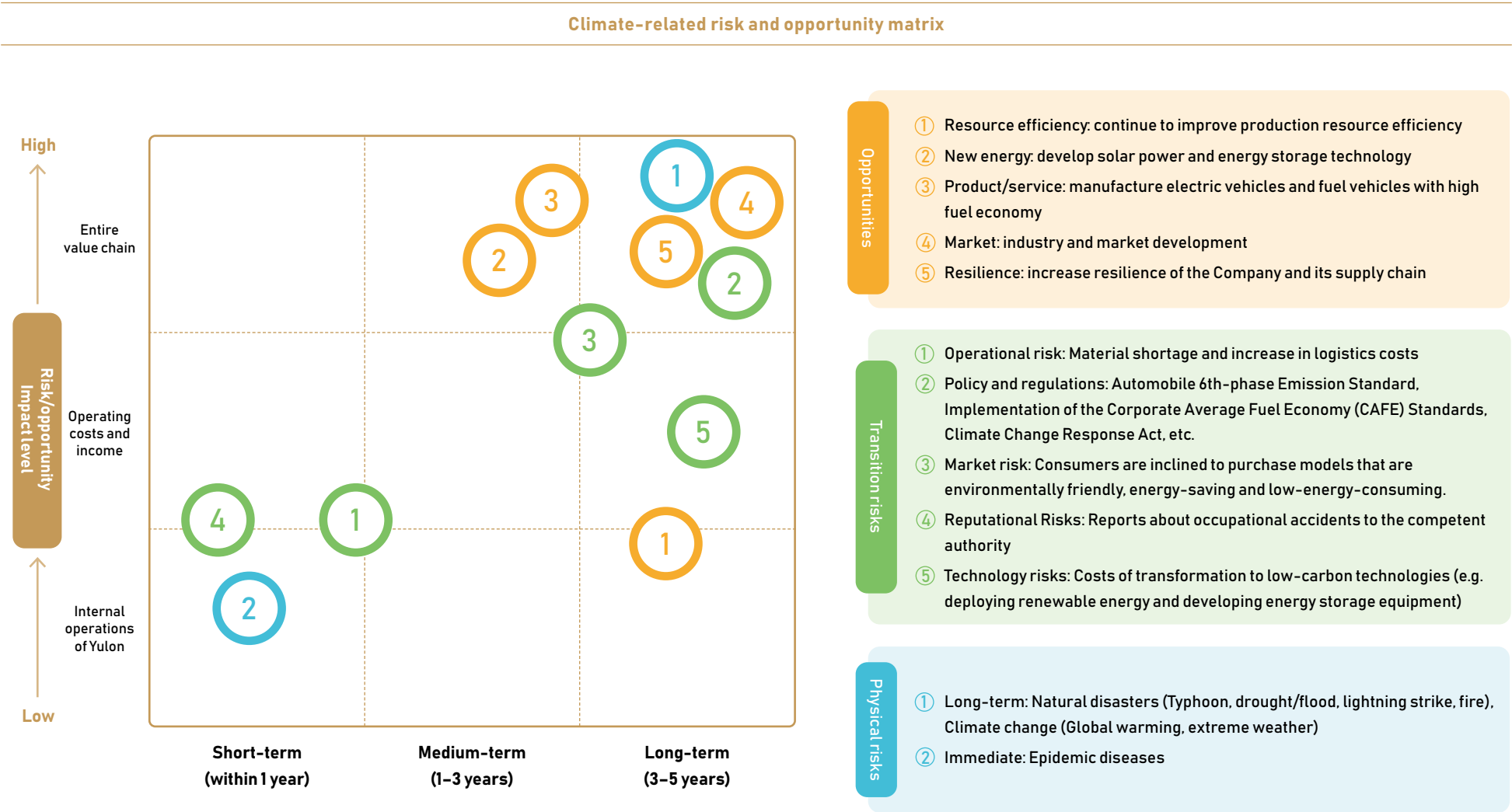
Yulon Motor cares about the impact of climate change on the Company's overall value chain, so we analyze the potential climate-related risks and opportunities in the value chain as follows:



By following procedures for identifying climate-related risks and opportunities, we understand the climate-related risks and opportunities, and the short-, mid-, and long-term topics concerning the Company's operations in certain climate scenarios. We then conduct an analysis of financial impact of topics with high materiality.



Yulon Motor's ESG Committee meets with each responsible unit and refers to the SSP5-8.5 scenario analysis of the AR6 Report issued periodically by the Intergovernmental Panel on Climate Change (IPCC) on top of the automotive industry and the geography of our operating locations, we inventory the potential impact scopes and scales of each climate change risk and opportunity on all operating locations within various time scales (short term: 1 year, mid-term: 1-3 years, long term 3-5 years), and experts in the team discuss and conclude Yulon's climate-related risk and opportunity matrix.



## 1. Climate scenario analysis

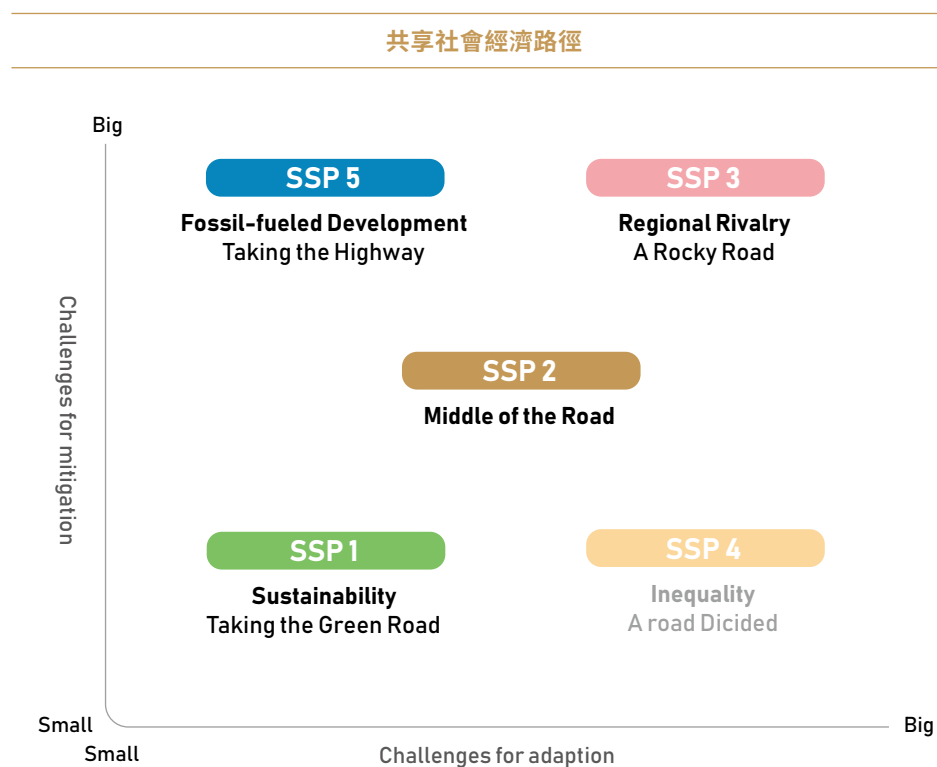
Yulon Motor uses simulation data of publicly available climate scenarios from the government (the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform, the Dr.A Disaster Risk Adaptation Platform, the National Science and Technology Center for Disaster Reduction) to establish an analysis model for evaluating physical climate-related risks faced. We develop coping strategies based on results of the evaluation on various climate scenarios, time scales and disaster risks.

### • Physical climate change risk: The temperature

In its Sixth Assessment Report (AR6), IPCC used the Shared Socioeconomic Pathway (SSP), combined with representative concentration pathways (RCP) of changes in greenhouse gases, to simulate various scenarios, and this model is called **SSP-RCPs** in short.

**Shared Socioeconomic Pathways (SSPs)** : There are five SSP scenarios (SSP1-SSP5), and the main differences between SSPs come from their socioeconomic assumptions on the level of adaptation and mitigation challenges associated with each. The SSPs, including SSP1-SSP5, assess elements including lifestyle, environmental consciousness, and industrial/buildings/transportation energy density, and the four scenarios discussed herein are those in bold on the graph.

**Representative Concentration Pathways (RCPs)** : are scenario assumptions for anthropogenic greenhouse gas emissions with different global warming increase projections. We herein use the four RCP scenarios, RCPs 2.6, 4.5, 7.0 and 8.5.



SSP-RCPs describe the difference in radiative forcing levels under various socioeconomic development conditions, among which, SSP1-2.6 is the low GHG emissions scenario, SSP2-4.5 is the intermediate GHG emissions scenario, SSP3-7.0 is the high GHG emissions scenario and SSP5-8.5 is the very high GHG emissions scenario.

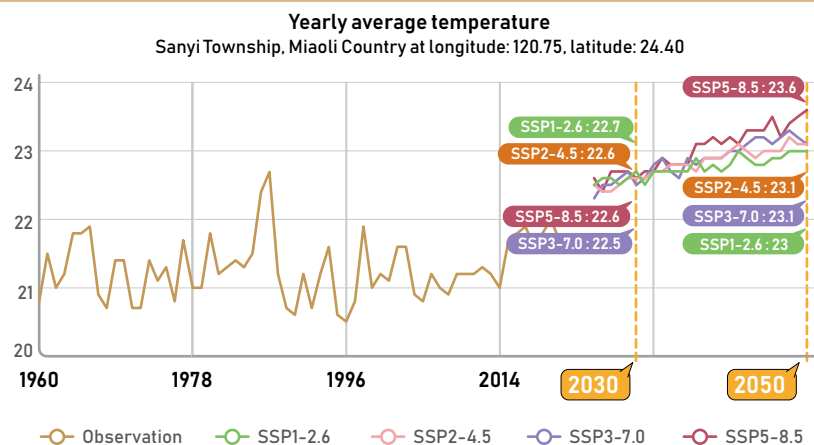
	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
Scenario	Sustainability Taking the Green Road	Middle of the Road	Regional Rivalry A Rocky Road	Fossil-fueled Development Taking the Highway
Lifestyle	Modest service demand levels Low material intensity	Intermediate service demand levels Intermediate material intensity	Intermediate service demand levels High material intensity	High service demand levels Very high material intensity
Environmental consciousness	Highw	Intermediate	Modest	Intermediate
Industrial energy intensity	Modest	Intermediate	High	Intermediate
Buildings energy intensity	Modest	Intermediate	High	Intermediate
Transportation energy intensity	Modest	Intermediate	High for high and medium income countries Intermediate for low income countries	High

Based on the scenarios SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5, projections for the average temperature, the highest temperature, the lowest temperature and temperature difference in Sanyi, Miaoli, where Yulon Motor is located, are as follows. The increased temperature will affect the work environment of our employees as well as the temperature setting of the paint mixing rooms. We therefore respond by installing large ventilation fans at the workstations to enhance air circulation, installing solar power panels on the roof of the plant to cool the temperature in the plant caused by direct sunlight, and planting trees on a large scale at the plant to offer shade and reduce the impact of rising temperature.

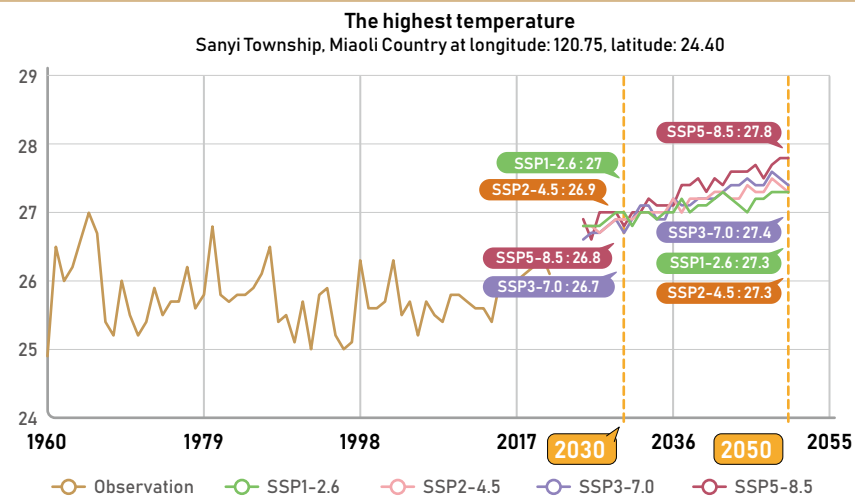
#### Scenario analysis for the average temperature, the highest temperature, the lowest temperature and temperature difference in Sanyi (2030, 2050)

	2030				2050			
Difference between scenarios	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
	Sustainability-Taking the Green Road	Middle of the Road	Regional Rivalry-A Rocky Road	Fossil-fueled Development-Taking the Highway	Sustainability-Taking the Green Road	Middle of the Road	Regional Rivalry-A Rocky Road	Fossil-fueled Development-Taking the Highway
Average	22.7	22.6	22.5	22.6	23	23.1	23.1	23.6
Highest	27	26.9	26.7	26.8	27.3	27.3	27.4	27.8
Lowest	18.5	18.4	18.2	18.3	18.7	18.8	18.9	19.4
Difference	8.5	8.5	8.5	8.5	8.6	8.5	8.5	8.4

### Yearly average temperature projection



### The highest temperature projection



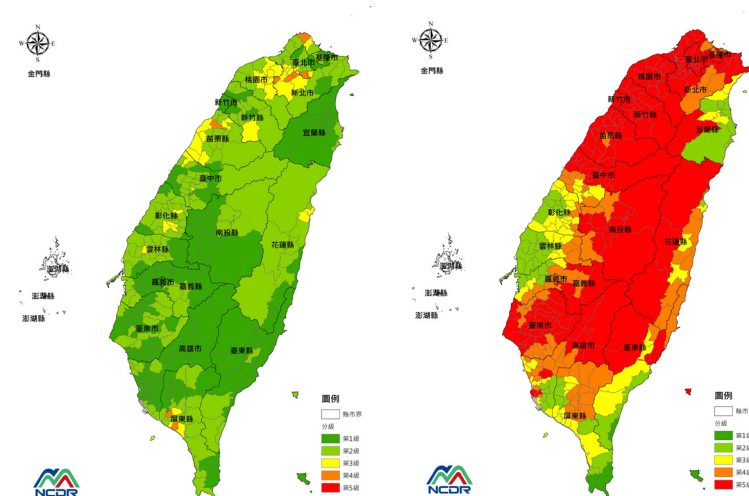
### Physical climate change risk: Rainfall

The National Science and Technology Council published the “Climate Change Scientific Report 2024: Phenomenon, Impact and Adaptation,” which refers to the AR6 published by the IPCC in 2021 and projects the increased rainfall intensity and frequency in the future. However, the degrees of increase between different scenarios are minor until it comes to the long-term SSP5-8.5 scenario, the most severe emissions scenario. In addition, according to research made by the National Science and Technology Center for Disaster Reduction, water risks in the dry season show an upward trend by the end of the century while central and eastern Taiwan will be the high risk regions. Therefore, it is imperative for Yulon to be prepared for drought prevention.

The trend “drier dry seasons, wetter wet seasons” will become more obvious, that is, the weakened northeast winds in winter under the global warming scenario will reduce regional orographic rainfall while the rainfall in wet seasons has been increasing slightly. In the face of these physical climate change risks, Yulon has proposed the following measures to reduce the impact on Yulon in the extreme precipitation scenario.

- Droughts:** Implement measures such as building a rainwater harvesting system for the toilet flush system and the plant watering system; recycling the condensed wastewater discharged from the pure water system at the painting shop and reusing in the manufacturing process; optimizing water discharge volume of the vehicle leakage test equipment to improve water efficiency and reduce water consumption in production.
- High intensity rainfall:** plant trees to reinforce soil and water conservation; regularly clean the roadside drainage system and roof drainage system to prevent blockage and floods.

### Droughts arising from climate change\_dry-season disaster distribution map: (Left) base period (right) end of the century



Data source: National Science and Technology Center for Disaster Reduction (NCDR)

## 2. Relationship between climate risks/opportunities and Yulon Motor's value chain

	Green materials sourcing	Solar power equipment deployment	Vehicle electrification	Zero waste resource circulation	Manufacturing process improvement and equipment efficiency enhancement	New product R&D
Topic	Point of risk					
Policy trend: EV sales in the market reaching 100% by 2040	✓		✓			
Climate Change Response Act – Promotion of the policy of net zero emissions by 2050 in Taiwan (Carbon fee mechanism established)		✓	✓	✓	✓	✓
Mandatory regulations (e.g. vehicle regulations based on EURO 6)	✓		✓			✓
Costs of transformation to low-carbon technologies (e.g. deploying renewable energy and developing energy storage equipment)	✓	✓	✓	✓	✓	
Changes in the customer preference, increasing environmental awareness, and falling demand for fuel-powered vehicles in the future						✓
Incessantly rising energy prices		✓	✓		✓	✓
Continuously rising temperature and supply chain disruption due to floods and water resource shortage caused by extreme weather events (e.g. typhoon and rainstorm), which affects the production capacity and operation of plant or damages the equipment		✓			✓	
Topic	Point of opportunity					
Resource efficiency: continue to improve production resource efficiency				✓	✓	
New energy: develop solar power and energy storage technology		✓				
Product/service: manufacture electric vehicles and fuel vehicles with high fuel economy						✓
Market: industry and market development						✓
Resilience: increase resilience of the Company and its supply chain	✓	✓	✓	✓	✓	✓



### 3. Climate-related risks and opportunities

Risk type	Risk	Description of risk	Potential financial impact	Responding plan
Transition risks	Operational risks	Material shortages and increased logistics costs	Delay in delivery, increasing OEM costs	Investing in mentoring component factories, integrating the supply chain, and formulating various emergency response standard operating procedures with regular drills.
	Policy and regulations	<ol style="list-style-type: none"> <li>1. Automobile 6th-phase Emission Standard</li> <li>2. Implementation of the Corporate Average Fuel Economy (CAFE) Standards</li> <li>3. Phase-out of fossil fuel vehicles</li> <li>4. Climate Change Response Act, carbon fee, carbon levy, water consumption fee, Regulations for the Management of Renewable Energy Power Generation Equipment</li> </ol>	<ol style="list-style-type: none"> <li>1. Increasing costs of engines and pollutant discharge components</li> <li>2. Restricted fossil fuel vehicles sales affecting the revenue from OEM</li> <li>3. Additional capital expenditure increasing OEM costs</li> <li>4. Additional expenses for energy conservation and carbon reduction in production process, the manpower and expenses on GHG inventory, carbon and water fees increasing OEM costs</li> </ol>	<ol style="list-style-type: none"> <li>1. Improving energy efficiency to reduce operating costs</li> <li>2. Continuing to track changes in laws and regulations and upgrading technology to improve energy efficiency of products</li> <li>3. Connecting with partners to develop and manufacture EVs by contract</li> <li>4. Promoting energy conservation and emission reduction (including: manufacturing process and equipment efficiency improvement, official vehicle electrification, waste reduction, circulation and reuse), increasing usage of renewable energy, introducing the rain and process water recycling, circulation and reuse system, installing flowmeters and sensors to monitor water usage.</li> </ol>
	Market risks	Consumers are inclined to purchase models that are environmentally friendly, energy saving and low-energy-consuming.	Influence on the willingness to purchase in consumer markets and the OEM revenue	Introducing energy saving vehicles and EVs to satisfy stakeholders' demands for environmental friendliness and energy saving
	Reputational Risks	Reports about occupational accidents to the competent authority	Additional insurance and legal expenses and fines by the competent authority	Adopting SOPs for various on-site duties and emergency response and practicing regularly
	Technology risks	Costs of transformation to low-carbon technologies (e.g. deploying renewable energy and developing energy storage equipment)	Affected operating costs and reduced profits	Connecting with partners to develop EVs and energy storage business
Physical risks	Long-term	<ol style="list-style-type: none"> <li>1. Natural disasters: typhoons, droughts/floods, lightning strikes, fire</li> <li>2. Climate change: Global warming, extreme weather</li> </ol>	<ol style="list-style-type: none"> <li>1. Building and equipment maintenance and renewal costs, medical cost and compensation for personnel injuries, loss in revenue</li> <li>2. Increasing the costs of tests (high-low temperature, extreme weather) and countermeasures before mass production</li> </ol>	<ol style="list-style-type: none"> <li>1. Inspecting building structure, conducting equipment disaster stress test, adopting emergency SOP and practicing regularly</li> <li>2. Coordinating the home factory of technology to develop models for coping with climate change and improve the quality for mass production</li> <li>3. Collaborating with the supply chain to develop and apply environmentally friendly materials and parts, e.g. charging environmentally friendly refrigerants in vehicles, recycling plastics</li> </ol>
	Immediate	Pandemics - epidemic diseases	Affecting the operation of production lines and increasing OEM cost	Establishing emergency response center, forming response team, adopting emergency response SOPs and dividing mass production by region, shift and line.
Type	Opportunity	Opportunity topic	Description of topic	
Opportunities	Resource efficiency	Continue to improve production resource efficiency	Unceasingly optimizes the production processes, promotes energy conservation, waste reduction and water saving activities, and enhances the sluggish material and scrap disposal benefits, etc., to improve the resource efficiency.	
	New energy	Develop solar power and energy storage technology	We keep developing solar power and energy storage equipment, and we generated solar power (including for self-use and wholesale) in an amount greater than the total power consumption of the plant in 2023.	
	Products/ services	Manufacture electric vehicles and fuel vehicles with high fuel economy	<ol style="list-style-type: none"> <li>1. We will carry on with the introduction and R&amp;D of EVs to provide low-carbon products that help protect the environment.</li> <li>2. The Company will introduce fuel-powered vehicles with low fuel consumption to extend the life cycle of vehicles.</li> </ol>	
	Market	Industry and market development	<ol style="list-style-type: none"> <li>1. We can engage in diversified operations by entering the emerging energy storage market to increase our revenues.</li> <li>2. Our brands promote EV sales and install charging stations to enhance the competitiveness in the market.</li> </ol>	
	Resilience	Increase resilience of the Company and its supply chain	We will constantly bolster the Company and the suppliers' capabilities of responding to climate change, thereby lowering the risk of operational disruption.	

## 4. Assessment on financial impact of climate-related risks and opportunities

Based on transition risks, physical risks and opportunities concluded, Yulon Motor's ESG Committee and financial personnel jointly discuss and summarize the impact levels of risks and opportunities, as a percentage of sales revenue, on its consolidated financial statements, and list the financial effects of climate risks and opportunities in the coming three years.

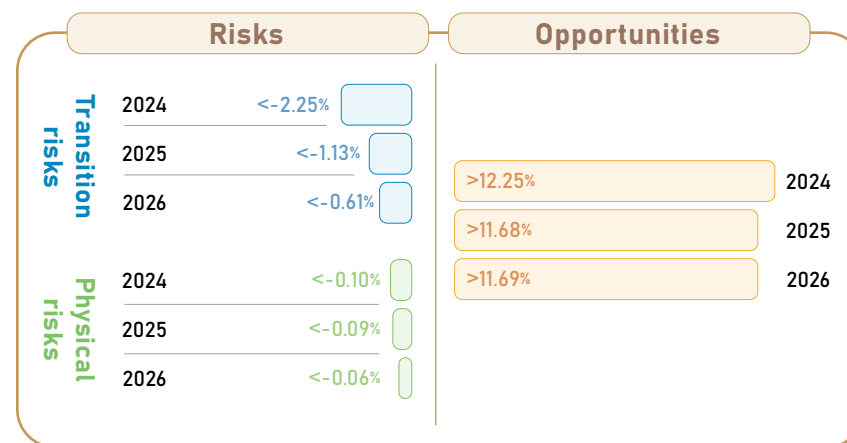
- **Transition risks**: carbon fees/water consumption fees levied by governments, costs arising from occupational accidents and technology development
- **Physical risks**: costs arising from installing the rainwater harvesting system, solar power system and energy saving equipment in response to climate change
- **Opportunities**: Benefits from energy saving investment, solar energy wholesale income, sales revenue from new products (electric vehicles, energy storage containers)

The assessment result indicates that transition risks, including consumer markets' willingness to purchase new energy/environmentally energy saving vehicles, can impose higher impact on revenues. With respect to opportunities, Yulon hopes that by investing in electric vehicle manufacturing and connecting technology partners to provide high fuel economy/low pollution models and engaging in new energy markets (solar power, energy storage), it can manage the impact arising from climate change risks and enable corporate sustainable operations.

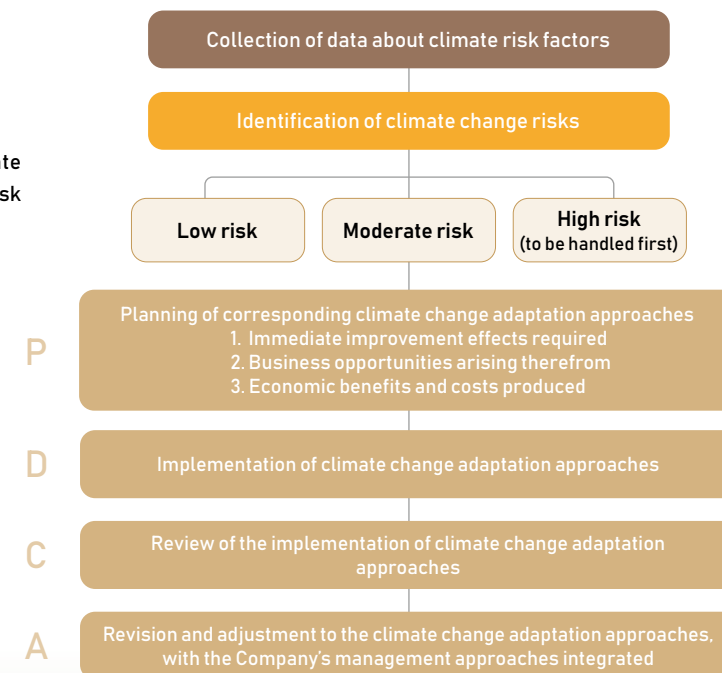
### Risk management

The ESG Committee adopts the cycle of plan, do, check and action as the management procedure to assess and identify climate change risks, adjusts and reviews the Company's risk management policies and approaches on a periodic basis, and modifies the risk management structure and process in a timely manner.

- Regular investigation and scrutiny to integrate professional opinions and select climate risk of high concern.
- The criteria for evaluating climate risks include the possibility, level, and difficulty to quantify of impacts, and the principles for risk management
  - ▶ We make sure to include the opinions of all business groups, functional groups, and physically operating investees and gradually expand the geographic reach to international markets
  - ▶ We ongoingly optimize and perfect the risk management tools and routinely review their suitability and performance.
  - ▶ Benchmark TOP 20 enterprises, TCFD knowledge platform, climate change and weather data, laws and regulations, experts' reports



Unit: Financial impact as an approximate percentage of revenue



Risk type	Indicator	Short-term goals (within one year)	Mid-term goals (1–3 years)	Long-term goals (3–5 years)	Performance
Policy and regulations	Energy Efficiency improvement	<ul style="list-style-type: none"> <li>At the end of 2024, the amount of power generated (including for self-use and for wholesale) is expected to equal 140% of the amount of power consumed.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoingly raising the solar power generation ratio to 150%</li> </ul>	<ul style="list-style-type: none"> <li>Ongoingly raising the solar power generation ratio</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, the total solar power generated amounted to 17,160,000 kWh, and the total power consumption amounted to 12,540,000 kWh</li> </ul>
	Carbon emissions reduction	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 4.2%/year</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions to be reduced by 50% by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Reduced 12.8% GHG emissions/year</li> </ul>
Market	EV R&D	<ul style="list-style-type: none"> <li>n<sup>7</sup> was launched in 2024</li> <li>To devise an EV production plan on the three major aspects: production equipment, special materials and test equipment</li> </ul>	<ul style="list-style-type: none"> <li>To keep improving EV R&amp;D capability</li> </ul>	<ul style="list-style-type: none"> <li>To keep sharing resources with Foxtron or other brands and introduce more competitive and new market-demand-oriented products</li> <li>To keep improving EV R&amp;D capability</li> </ul>	<ul style="list-style-type: none"> <li>n<sup>7</sup> was released to the market in 2024.</li> </ul>
	Energy storage market	<ul style="list-style-type: none"> <li>Mass production and launch of energy storage container products</li> <li>Obtain domestic and international verifications (VPC and IEC 62619) for the self-developed energy storage product (Rack)</li> <li>Expand the scale of energy storage container R&amp;D- container integration and technology</li> </ul>	<ul style="list-style-type: none"> <li>Boost market development for existing energy container products, expand scopes of services and sale</li> <li>In answer to market trend, invest in R&amp;D of household energy storage products</li> <li>Develop various energy storage products and integrate manufacturing services</li> </ul>	<ul style="list-style-type: none"> <li>Production lines can be applied to markets of energy storage, solar power storage and AFC (Automatic Frequency Control)</li> <li>Develop liquid-cooling energy storage products and integrate manufacturing services</li> <li>Explore the business opportunities for energy containers in overseas markets</li> </ul>	<ul style="list-style-type: none"> <li>Completed the prototype development of energy storage container, obtained the verification of safety requirements and completed the microgrid demonstration site</li> <li>Completed the production line construction, which produced in response to customer demands in 2023 with the total actual production of 1.15 GWh, which meets order quantity.</li> </ul>
Technology	Low carbon emission high-performance technologies and innovation	<ul style="list-style-type: none"> <li>Develop X-trail Mild Hybrid Model</li> <li>To increase fuel economy of fuel vehicles</li> </ul>	<ul style="list-style-type: none"> <li>To digitalize surveillance of production electricity and water consumption to control and manage energy efficiency and abnormal energy consumption in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>To introduce AI vision recognition to production lines for checking frontline workers' operational accuracy</li> </ul>	<ul style="list-style-type: none"> <li>To introduce monocoque chassis to improve assembly line efficiency</li> <li>To install visualized billboards to improve assembly line efficiency</li> </ul>
	Waste reduction	<ul style="list-style-type: none"> <li>To increase the waste recycling ratio to 90% or above</li> <li>To reduce the weight of after-sales packaging materials by 8%/year</li> <li>Level of Volatile Organic Compounds emissions (hereinafter referred to as VOCs) to be lowered to: below 68 g/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>To increase the waste recycling ratio</li> <li>To reduce the total weight of sluggish materials and scrap</li> <li>Level of VOCs emissions to be lowered to: To implement digital control for water and air pollution below 67g/ m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>To increase the waste recycling ratio</li> <li>To reduce the total weight of sluggish materials and scrap</li> <li>Level of VOCs emissions to be lowered to: below 65 g/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>The waste recycling ratio reached 95.28%</li> <li>The level of VOCs emission has been lowered below 67.2 g/m<sup>2</sup></li> </ul>
Reputation	Stakeholder engagement	<ul style="list-style-type: none"> <li>To establish a sustainable website to enhance the interaction with stakeholders</li> <li>To participate external evaluations and competitions for self-assessment and information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>To re-identify climate-related risks and opportunities on a regular basis</li> <li>To continue to update the framework of sustainability report and introduce the TNFD</li> <li>To keep participating in external evaluations and competitions and to increase participation in international awards</li> </ul>	<ul style="list-style-type: none"> <li>To re-identify climate-related risks and opportunities on a regular basis</li> <li>To continue to update the framework for sustainability report and introduce IFRS S1 and S2 frameworks</li> </ul>	<ul style="list-style-type: none"> <li>To re-identify climate-related risks and opportunities</li> </ul>
Immediate	Risks such as shutdown, interrupted supply chain and threats to employees' health and safety as a result of global warming and extreme weather	<ul style="list-style-type: none"> <li>To build a solar power system and develop energy storage products to strengthen reactive ability to unstable power supply</li> <li>To optimize facilities in the plant to avert hot employee work environment</li> </ul>	<ul style="list-style-type: none"> <li>To increase the capacity of solar power generation system and continue to refine the energy storage system</li> <li>To construct a rainwater harvesting system</li> <li>To raise process water circulation ratio in an event of water shortage</li> </ul>	<ul style="list-style-type: none"> <li>To increase the capacity of solar power generation system and continue to refine the energy storage system</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, the amount of solar power generated (including for self use and wholesale) exceeded the amount of power consumed.</li> <li>Solar power panels were installed at the roof of the plant to cool the temperature in the plant caused by the direct sunlight.</li> </ul>
Long-term				<ul style="list-style-type: none"> <li>To construct a rainwater harvesting system</li> <li>To raise water circulation ratio in production process</li> <li>To boost supply chain diversity and engagement ability with suppliers to eliminate the risk of interrupted supply chain</li> </ul>	

Note: Solar power generated at the Sanyi plant are mainly for self-use and wholesale.



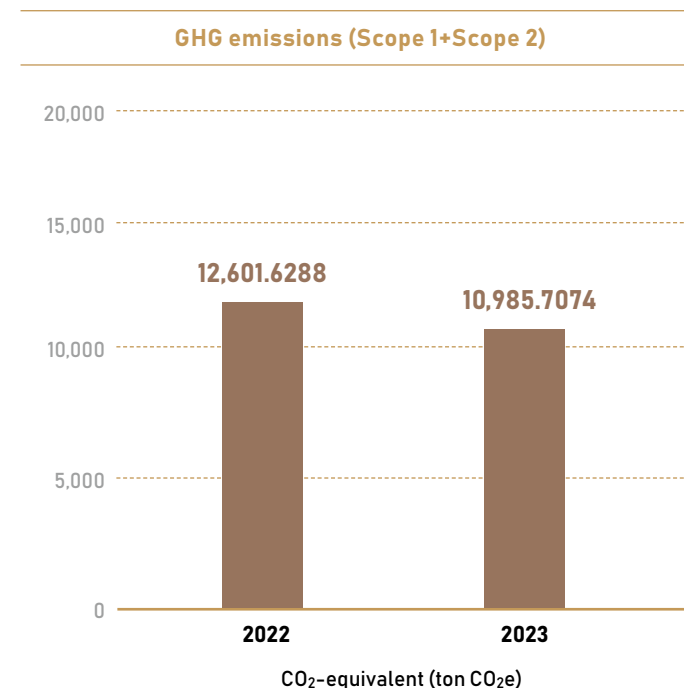
### 7-1-3 Greenhouse Gas Management

<b>Significance to Yulon Motor</b>	Yulon Motor is engaged in automobile manufacturing. Under the principles of preventing over-emissions, green design and ecological conservation, we constantly review the risks and opportunities arising from climate change, clarify the best pathway and strategy for sustainable development on a rolling basis and set up a goal for long-term GHG emission reduction aiming at the 2050 sustainable development milestone and thereby deepen the communication with and trust from our stakeholders.	
<b>Policy and commitment</b>	To observe the national carbon dioxide reduction policy, Yulon Motor signed the "Declaration for GHG Inventory and Voluntary Reduction" in 2006 and has been fostering GHG emission reduction by setting the goal for carbon dioxide of each department.	
<b>Goals</b>	<b>Short-term (2024-2025)</b>	Greenhouse gas emissions to be reduced by 4.2%/year
	<b>Medium-term (2026-2027)</b>	Greenhouse gas emissions to be reduced by 4.2%/year
	<b>Long-term (after 2028)</b>	Greenhouse gas emissions to be reduced by 50% in 2030; net zero emissions by 2050
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	Greenhouse gas emissions to be reduced by 4.2%/year	Reduced 12.8% GHG emissions/year
<b>Responsible unit</b>	ESG Committee coordinating with Energy Saving Committee, Sluggish Material and Scrap Committee, Direct and Indirect Material Committee, Energy Saving Committee	
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>• Obtained the statement for ISO 14064-1 greenhouse gas verification certification</li> <li>• To improve manufacturing process and equipment efficiency, and to reduce carbon emissions by 4.2%</li> <li>• Education and Training on GHG inventory</li> <li>• Guidance in GHG inventory for subsidiaries</li> </ul>	

The Company has established a "greenhouse gas inventory team" to deal with the identification, inventory and reduction of greenhouse gases. We signed the "Declaration of GHG Inventory and Voluntary Reduction" in 2006, and set the GHG reduction objectives for each department to cut CO<sub>2</sub> emissions, flinging ourselves into the implementation of GHG reduction measures. Yulon Motor conducts GHG inventory, data collection, emission calculation, documentation and reduction plan for each plant in accordance with the standard procedures of ISO14064. Also, we perform the GHG emission inventory of the departments related to plant affairs, quality inspection, production management, manufacturing and administrative support, and promote the reduction actions.

The carbon emissions were reduced by 1,616 metric tons, from 12,602 metric tons (scopes 1 and 2) in 2022 to 10,986 metric tons (scopes 1 and 2) in 2023. Please refer to [Appendix 5](#) for the emissions of ozone-depleting substances, nitrogen oxides and sulfur oxides.

2023 GHG inventory result			
Unit: CO <sub>2</sub> -equivalent (ton CO <sub>2</sub> e)			
Category		2022	2023
Scope 1	(a) Category 1: Direct GHG emissions and removals	6,926.4697	6,054.7888
Scope 2	(b-1) Category 2: (Market-based) indirect GHG emissions from imported energy	-	-
	(b-2) Category 2: (Location-based) indirect GHG emissions from imported energy	5,675.1591	4,930.9186
Scope 3	(c) Category 3: Indirect GHG emissions from transportation	131.4561	93.9867
	(d) Category 4: Indirect GHG emissions from products used	2,186.5071	1,320.7091
	(e) Category 5: Indirect GHG emissions from the use of sold products	1,175.5403	1,809.0735
	(f) Category 6: Indirect GHG emissions from other sources	-	-
Total (ton CO <sub>2</sub> e) (a)–(f) Scope 1+ Scope 2+ Scope 3		16,095.1323	14,209.4768
Total (ton CO <sub>2</sub> e) (a)–(b) Scope 1+ Scope 2		12,601.6288	10,985.7074
Total number of products sold in the year		24,967	23,961
GHG emissions intensity 1 (ton CO <sub>2</sub> e/total number of products sold) (a)–(f) Scope 1+ Scope 2+ Scope 3		0.6447	0.5930
GHG emissions intensity 1 (ton CO <sub>2</sub> e/total number of products sold) (a)–(b) Scope 1+ Scope 2		0.5047	0.4585
Revenue of the year (NT\$ million)		22,410	25,223
GHG emissions intensity 2 (ton CO <sub>2</sub> e/NT\$ million of revenue) (a)–(f) Scope 1+ Scope 2+ Scope 3		0.7182	0.5634
GHG emissions intensity 2 (ton CO <sub>2</sub> e/NT\$ million of revenue) (a)–(b) Scope 1+ Scope 2		0.5623	0.4356



Note 1: The types of gas included in the scope 1(a) and scope 2(b-1, b-2) calculations are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorinated compounds, sulfur hexafluoride and nitrogen trifluoride.

Note 2: Sourced from the Global Warming Potentials (GWP) (AR6, IPCC 2021). The data of scope 1 and scope 2 were measured indirectly using the emission factor (GHG Emission Factor Table Ver. 6.0.4) and the mass balance approaches.

Note 3: The approach used to summarize the amount of GHG emissions was operational control.

Note 4: The GHG data for 2022 and 2023 received the ISO 14064-1 certification from an external third party.

Note 5: The boundaries for scopes 1, 2 and 3 were set to cover the entire area of the Company, of which the factory is located at No. 39-1, Bogongkeng, Sanyi Township, Miaoli County. All emission sources within the organization are completely owned by the organization, and the organization uses its own approach to summarize the facility-level GHG emissions and removal.

## Greenhouse gas inventory management system

As required by laws of the Financial Supervisory Commission, starting from 2023, the Company's annual report shall disclose the total amount of its greenhouse gas emissions, and starting from 2025, the data of its subsidiaries included in the consolidated financial statements shall be disclosed in its annual report. In light of the difficulty in data collection from this many subsidiaries of Yulon, in 2023, it independently planned and developed the greenhouse gas inventory collaboration platform for Yulon's subsidiaries included in the consolidated financial statements in order to eliminate the time spent on collecting a large amount of data during the preparation of GHG inventory report while improving the work efficiency for simultaneous data collection/table preparation/statistical analysis/document filing/online audit and correction by both the parent company and its subsidiaries.

### • System development timeline



### • System feature highlights

#### Yulon Greenhouse Gas Inventory Collaboration Platform

##### ► 6 major process nodes

- Interface for 28 subnodes
- Fool-proof mechanism for inventory process

##### ► Emission factor database/bill scanning

- Customizable internal exclusive factors
- OCR identification for electricity and utility bills

##### ► One click report generation

- Standardized reports

##### ► Intuitive guidance on inventory process

- Data input/ automatic report generation/ internal and external audits

##### ► Online digitalized audit and verification

- Internal and external audits management
- Third-party verification management

##### ► Consolidated statement management for parent company/subsidiaries

- GHG emissions report consolidation and generation
- Carbon inventory data visualization management



Greenhouse gas inventory management system



Standardized reports



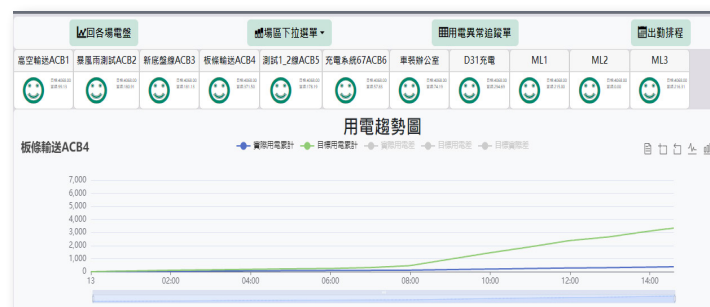
## Carbon reduction management system

1. Digital power network: Digital meters have been installed and connected to the network at 198 locations at the plant to accurately record electricity usage and monitor the energy consumption of each electrical equipment in real time.
2. Independently developed visualized management system: use intuitive tables and graphs for management allowing users to more easily understand and manage the energy consumption of each process section at each area; through power usage trend analysis, energy consumption comparison, etc., find out potential room in the manufacturing process for energy saving.
3. Digitized abnormal electricity consumption management: automatically monitor electricity consumption of each process section in each area, and by comparing it to the general electricity consumption model, identify abnormal electricity usage behaviors and automatically issue an abnormal electricity usage work order to discover and handle abnormal electricity usage and reduce energy waste therefrom.

The energy saving and carbon reduction system manages energy usage and improves energy saving through the real-time monitoring of energy usage, and thereby reduces energy waste and carbon emissions.



Carbon reduction management system interface



Power consumption trend management chart

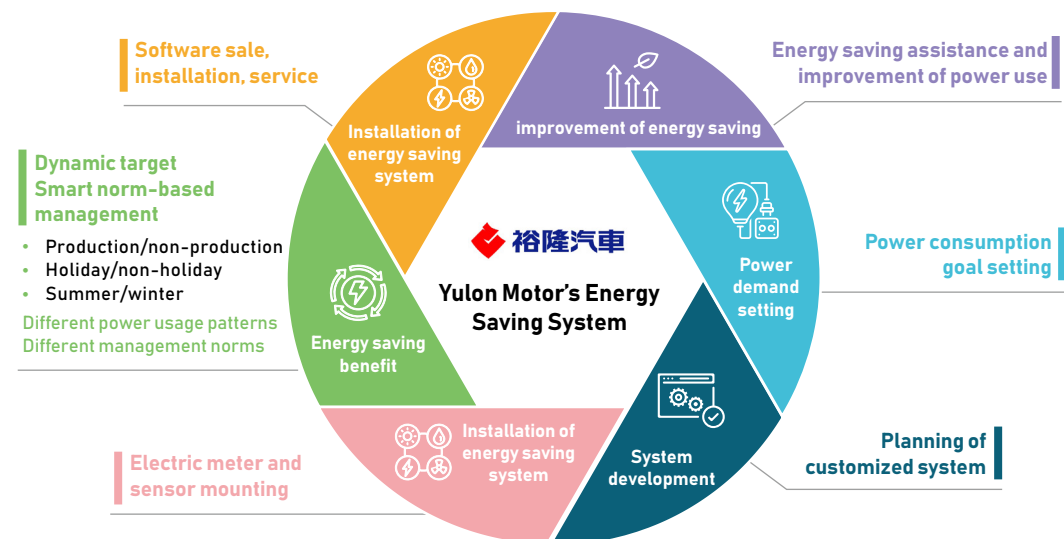
## 7-1-4 Management of vehicle fuel economy

As consumers' acceptance for environmentally friendly and energy saving models and EVs has increased in recent years, in order to provide consumers with the best products and services, we keep collaborating with partners to develop businesses such as EV and energy storage and introduce energy saving fossil fuel vehicles and EVs catering for customer demands. By sales region in 2023, Yulon Motor sold 6 fossil fuel vehicle models under Nissan and Luxgen, in Taiwan, and their weighted averages of fuel consumption and carbon emissions in use-phase were 16.35 km/L for Nissan and 11.93 km/L for Luxgen. (Please refer to [Appendix 2](#) for detailed information on fuel consumption.) Yulon Motor has also been working on replacing and electrifying internal transportation vehicles.

## 7-2 Energy management

### 7-2-1 Energy policy and objectives

Yulon Motor has been active in energy conservation and carbon reduction and thus established the Energy Saving Committee. With the president serving as the chairman and the units of departmental level acting as the main members, the Committee manages the energy and carries out relevant programs as per the annual energy saving and carbon reduction objectives. The power consumption of production systems and indirect units of the Sanyi plant are managed separately, and improvement plans were put forward based on job nature and implemented accordingly. In terms of the process management, the president convenes energy saving review meetings periodically to keep track of the energy saving performance of each unit. In addition, through the on-site verification and the information exchange with the benchmarks in the industry, we ensure the implementation level of our improvement plans, and thereby enhance the energy efficiency.



### Energy use

Quantitative indicator	Original energy use unit			Disclosure Standard of GRI 302: Energy		
	2022	2023	Unit	2022	2023	Unit
Power sourced from non-renewable energy	11,149.625	9,961.452	thousand kWh	40,138.650	35,861.226	GJ
Power sourced from renewable energy (solar power for self-use)	703.852	676.219	thousand kWh	2,533.867	2,434.388	GJ
Diesel	19.291	19.552	KL	677.994	687.174	GJ
Natural gas(LNG)	1,009.656	898.771	thousand m³	33,795.206	30,083.663	GJ
Total energy use	-	-	-	77,145.716	69,066.451	GJ
Revenues	77,079.263	82,120.679	NT\$ million	77,079.263	82,120.679	NT\$ million
Energy use intensity	-	-	-	1.001	0.841	(GJ/NT\$ million)
Ratio of power to total energy use	-	-	-	52.030	51.923	%
Ratio of renewable energy use	-	-	-	3.285	3.525	%
Power sourced from renewable energy/total power at the Sanyi plant	5.938	6.357	%	-	-	-

**Note 1:** Non-renewable energy was purchased externally (Taipower); renewable energy was generated by own solar power generation equipment. **Note 2:** The total power use at the Sanyi plant in 2023 was 12,540,000 kWh, if the 9,960,000 kWh used by the tenants are excluded, the total renewable energy generated was 17,160,000 kWh. **Note 3:** All numbers were rounded to 3 decimal places. **Note 4:** Heat value of diesel = 8400 kcal/L; energy (GJ) generated per liter of diesel = 8400(kcal/L)\*4.184(KJ/kcal)/1,000,000(KJ/GJ) **Note 5:** Heat value of natural gas=8,000 kcal/m³; energy (GJ) generated per m³=8,000(kcal/m³)\*4.184(KJ/kcal)/1,000,000(KJ/GJ) **Note 6:** The ratio of self-generated energy to energy use at the plant has been gradually increased since 2022. **Note 7:** The conversion parameters were sourced from the Heat Content of Energy Products provided by the Ministry of Economic Affairs.

Since the Energy Saving Committee was put into official operation in 2007, Yulon Motor has set energy management improvement targets every year and taken corrective actions on various items for our commitment to energy saving and carbon reduction in the long run. In recent years, Yulon Motor keep obsoleting internal equipment or replacing with low energy-consumption products or maintaining the equipment to retain the energy efficiency, e.g. from 2020 to 2023, we have replaced with 2,349 LED tube lights and 115 inverter motor drives in total, and the replacement will continue to maximize our capability in energy saving.

### 7-2-2 Renewable energy deployment

We have been active in promoting energy saving and waste reduction with our environmental sustainability policy and in using renewable energy sourced from nature. Since 2017, we have rolled out the plan for deploying solar power in the plant in response to the trends of rising demand for energy storage equipment, global clean energy and electricity liberalization. In 2023, the Sanyi plant of Yulon Motor generated a total of 17.16 million kWh solar power and consumed a total of 12.54 million kWh electricity (the total electricity purchased externally). The type of power generated and used at the Sanyi plant is for self-use and wholesale. We have actively constructed a solar power generation system, developed a green energy business platform to expand our reach in green energy, foster specialization of strategic partners in the value chain, and create a green energy business value chain in the local automotive industry.

Year/renewable energy	Solar power setup plan		
	Solar power system (kW)	Generated power (10,000 kWh/year)	Amount of power generated (including for self-use and wholesale) As a percentage of total power consumed
Accumulated as of 2020	5,190	688	40%
Accumulated as of 2021	8,210	837	52%
Accumulated as of 2022	10,987	946	74%
Accumulated as of 2023	15,377	1,716	137%

### Solar power demonstration site

- Purpose of establishment** : The solar power demonstration site showcases how a solar power generating system functions and technologies thereof and is helpful for promoting the development and application of solar power technology, and by combining with the tourism factory, it raises the awareness and understanding about renewable energy of external visitors.
- System feature** : The system provides real-time power generation data, including monthly and yearly amounts of power generated and the ratio of green power used at the plant for real-time grasp of power generation efficiency and green energy contribution.



Solar power storage demonstration site

## 7-2-3 Energy saving measures

To effectively manage the actual energy usage, in addition to the regular data analysis of electricity and natural gas usage, we also have upgraded many major energy-consuming systems in the plant and disseminated the idea of energy conservation, and we also expanded the coverage to the office and canteen, so as to lower the operating costs and carbon emissions and thus maximize the use of resources.

### Significant performance in 2023

Optimized energy usage for paint temperature control at the large paint mixing room during non-production hours: turning off chillers, cooling water pumps, cooling water circulation pumps and heater equipment during non-production hours and turning on this equipment an hour before production in summer and three hours before production in winter to reduce electrical losses during non-active time while the paint temperature and viscosity both met the standards.

## Energy saving performance at the plant

61 major improvement projects were completed in 2023 and reduced carbon emissions by 352.6 metric tons (49 projects for electricity reducing carbon emissions by 235.1 metric tons per year; 12 projects for gas reducing carbon emissions by 117.5 metric tons per year), and the top 10 energy saving improvements are as follows:

No.	Type	Improvement	Content of improvement	Performance (Carbon reduction in ton-CO <sub>2</sub> e)		Performance (GJ)
				Scope 1	Scope 2	
1	Natural gas	Improvement in heat exchanger efficiency of the ED oven	1. Of the total 630 heat-exchange tubes in the ED ovens, 121 tubes (45 tubes in Oven No.2 and 76 tubes in Oven No.3)(19.2%) were replaced with direct heating. 2. The oven circulation wind was heated with high temperature steam to reduce gas consumption. 3. After the replacement, the heating time was reduced by 2.1 cubic meters (3.5 minutes), and gas consumption was saved by 10.2 cubic meters per hour.	25.08	-	408.51
2	Natural gas	Optimized pre-wash temperature during pre-treatment	Increased temperature only when the water temperature was below 20°C	23.93	-	389.72
3	Electricity	Optimized energy usage for paint temperature control at the large paint mixing room during non-production hours	Turning off chillers, cooling water pumps, cooling water circulation pumps, and heater equipment during non-production hours and turning on this equipment an hour before production in summer and three hours before production in winter to reduce electrical losses during non-active time while the paint temperature and viscosity both meet the standards.	-	92.97	676.17
4	Electricity	Optimized water (cooling water) and power supply for new vehicle trial	1. During the RING4 trial at the RV line, both south and north water towers shall be turned on. The water supply source for the RV ROBOT cooling water pipe was changed from the south water tower to the north water tower, so that during the RING4 trial at the RV line, only the north water tower is turned on to reduce energy consumption. 2. Turned off related water valves at non-active areas (workstations) to lower cooling water pressure and thus reduce energy consumption. 3. Based on the production and trial requirements, the PLC would automatically turn on/off the electric valves and water pump motor of the major cooling water pipe at each area to optimize water pressure and minimize energy consumption.	-	18.42	133.98
5	Electricity	Improved energy efficiency of Air Compressor No.4	Added the air tank to Air Compressor No. 4 to satisfy the need for instantaneous large airflow when painting RV ROBOT, and lowered the pressure of Air Compressor No. 4 (600HP) from 5.8 kg to 5.5 kg for energy saving.	-	17.34	126.09
6	Electricity	Optimized energy usage of the small paint mixing room for coating	1. Reduced volume of the cooling water tank at the small paint mixing room (from 3 metric tons to 1.7 metric tons) to improve cooling efficiency and reduce the energy consumption of the chiller. 2. Lowered the pumping frequency of the mixer (from 28 times to 16 time/minute) to reduce the energy consumption of the air compressor.	-	11.77	85.62
7	Electricity	Optimized pressure setting for the RTO exhaust windmill motor	Before the improvement, the original setting for the exhaust windmill motor was 12m-bar (corresponding to balancing the pressure difference among waste gas inhaled from various furnaces for painting); after the improvement, the pressure was decreased to 9m-bar from 12m-bar after the ED waste gas is inhaled with an average electricity consumption of 31 kWh per hour.	-	11.24	81.77
8	Electricity	Improved energy usage for pumping at Wells No.6 and No.7	Replaced the submersible pumps at Wells No.6 and No.7 to save energy	-	8.08	58.74
9	Electricity	Saved energy consumption of the temperature control system for #2 lift electrical control panel at the new chassis line in the vehicle assembly shop	There are 6 electrical control panels at the new chassis line in the vehicle assembly shop with daily active time of 8 hours (08:00-16:45) and non-active time of 16 hours (16:45-08:00). After the temperature control system program was repaired, the chilling function of the electrical control panel is activated when the temperature reaches 45°C, originally 35°C.	-	10.95	79.61
10	Electricity	Introduced inverter control to the south cooling water tower at the body shop (systematic energy saving management for the water tower at the body shop)	1. Analysis on optimization of the transformer efficiency of the 5 sets of spot welding gun at the PSW station, the pole grinding frequency and the resistivity parameter of water cooled cables 2. The threshold for the changes of water cooled cable was reduced from the current 700 μΩ to 500 μΩ resulting in an average of 0.0044 kWh/point power saving.	-	8.05	58.54

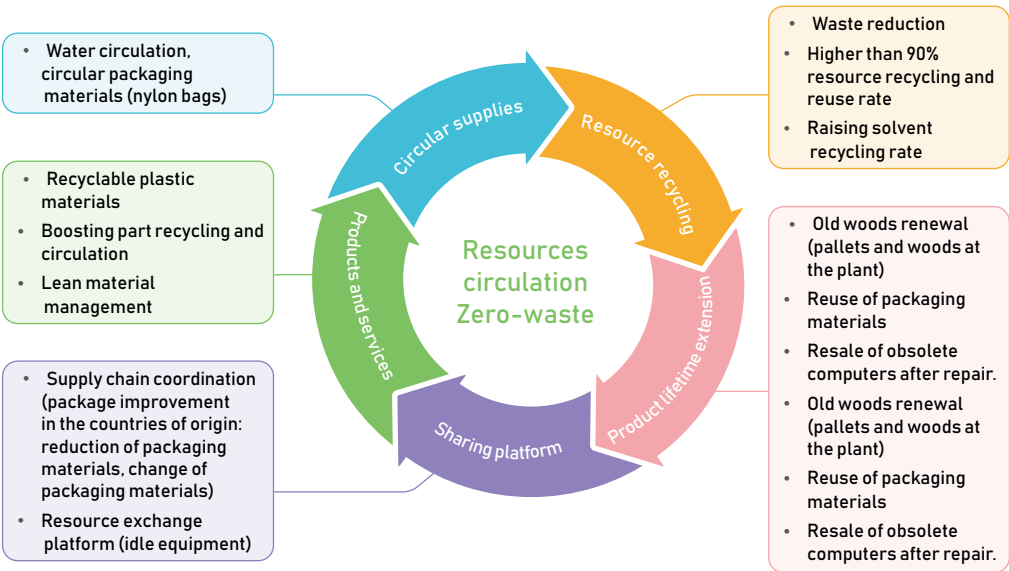
Note: Calculated in comparison to the decrease ratio in the previous year (2022)

## 7-3 Circular Economy and Waste management

### 7-3-1 Circular economy

#### Circular economy implementation blueprint

To facilitate sustainable use of resources and move toward a circular economy, Yulon Motor has devised a resource recycling and reuse implementation plan to enable sustainable material circulation and waste reclamation in various stages from sourcing, waste production to recovery.



We are dedicated to reducing the waste at the R&D, design, manufacture, production, and sales stages and try our best to reduce the load on the environment and avoid environmental pollution. In addition to applying recyclable plastics to all the models, we mark the parts with major materials and additives in accordance with the EU "Part Material Engraving Directive" to improve their recycling rate. For fostering the recycling and reuse of materials, we strive to meet the requirements set forth in the "Voluntary Standards for the Promotion of Resource Recycling in the Automotive Industry" pursuant to the provisions of Article 12, Paragraph 2 of the Resource Recycling Act where the vehicle recycling rate of Nissan models has reached 93.8% and above. In 2023, out of 3,371 metric tons of waste, the recycling rate reached 95.28%. Please refer to [Appendix 6](#) for information on the use efficiency and circulation of raw materials.

#### Resource recycling and reuse strategy

We make assessment of the environmental performance at the product design and R&D stages. The goals are set specifically to ensure its implementation in respect of technical innovation and R&D of products. The Company acts in compliance with Article 12, Paragraph 2 of the Resource Recycling Act and the "Voluntary Standards for the Promotion of Resource Recycling in the Automotive Industry." By taking the paint factory of Yulon Motor as an example, we use a recovery system and the heating and condensation principle to collect recycled solvents and use them to clean the spray equipment or resell it to solvent suppliers. This way, we reduce the cost of materials, avoid unnecessary waste of resources, and reduce the VOCs. We recycled 17.79 metric tons of solvent in total with a recycling rate of 48.5% in 2023. From 2009 to 2023, a total of 280.89 metric tons of solvents were distilled, recycled and reused externally.

#### Value enhancement of recycled IT materials

We have the Company's obsolete public computers cleaned up, repaired and reset by the IT personnel, and the body parts changed, cleaned and disinfected to ensure the quality. These computers are then put up at an auction for employees at lower prices, and an additional hard disk drive for better performance is optional with an extra charge. A 1-month warranty is also included. Through this, we avoid the waste of obsolete company computers and offer a good opportunity for employees with needs to purchase a general-purpose computer. The numbers of computers circulated in each year are stated below :

Year	2018	2019	2020	2021	2022	2023	Total
Number of computers recycled	15	8	22	32	22	16	115

● Instances of Sluggish Material and Scrap Disposal Actions and Benefits in 2023

Reduction in waste treatment cost

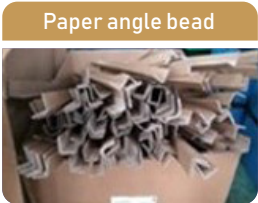
Implementation Strategy	Solution	Goal	Effectiveness and Improvement Result (Including: Instance)
Reduction of waste packaging materials	1. Improved package to reduce the use of pallets 2. Reduced at source and gave out for free to reduce the plywood processing fees	A decrease of \$490,000/year in packaging cost	\$963,000/year (Among which, package improvement created a saving of NT\$139,214)
Process waste reduction	Sorting properly and zeroing recyclable resources out of trash	135.8 reduced to 122.8 in 2023 (NTD/vehicle)	\$117.4/ vehicle (A decrease of 8.2% from 2022)
Turned waste into resources	1. Changing sale in batch to sale by material (iron/aluminum/waste wire/plastics) to increase the value of recycling 2. Sold idle equipment that has no residual value via the resource exchange platform to create profits	\$1,760,000/year	\$575,000

Instances on reduction of polluted process waste (sludge and waste paint)

1. Waste paint is placed in a shelter house to protect it from being exposed to the rain, which may bring it more weight. The water content is controlled to 10% or below prior to clearance.
2. A waste dryer is used to reduce the water content of the sludge and lessen its weight.

Reselling waste packaging materials for reuse in sales and services

We turned the original packages of incoming parts included in the following categories into those of the after-sales parts to eliminate waste of packaging materials:



Other resource recycling and reuse cases



Introduction of the recyclable nylon bags (fenders/hoods/rear hatches) for reducing the amount of plastic packaging materials

Introduction of the recyclable nylon bags to distributors' part packages and recycling and reuse them thereafter.



Reduction of waste woods – pallet remodeling DIY event

Remodeling the old pallets in the DIY event for employees putting resource circulation and reuse into practice.



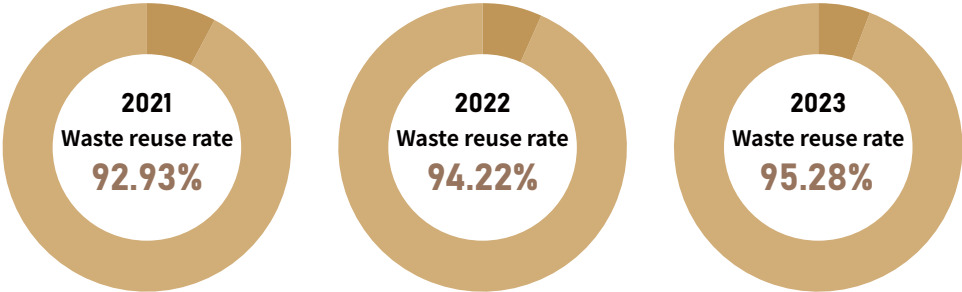
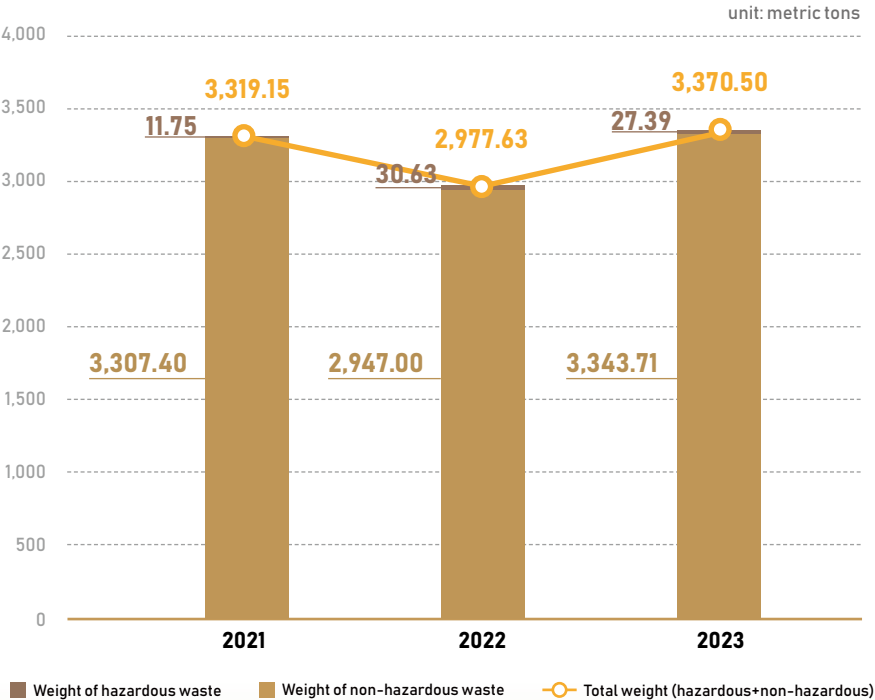
7-3-2 Waste management

We have been dedicated to the reduction of waste and recycling of resources for many years by implementing proper management from the purchase as a source of the waste, use in the manufacturing process to the disposal. The company reduces the waste and increases the benefit from the recycling by sorting the waste. It also demands reinforced management in accordance with the guidelines for waste management at the plant and the current laws and regulations related to waste treatment, recycling, and reuse.

Waste Disposal Actions

- 1. We further classify waste into nine categories from the original five categories to boost the performance of waste reduction and reuse through management and proper classification.
- 2. The performance in waste management of each unit is monitored and reviewed every quarter as a mean to introduce the best feasible technology.
- 3. We commission domestic resource recycling service providers to use the waste generated by our plants in the production of recycled products. All the wastes are disposed of domestically without being transported abroad for disposal.

The Company calculates the indicators for the total waste weight (including hazardous and non-hazardous substances), the weight of waste reused and the waste reuse rate. The total waste weights were 2,977.62 metric tons in 2022 and 3,371.10 metric tons in 2023, and the waste reuse rates in the most recent 5 years were over 90% all indicating the Company's outstanding performance in improvement and reclamation. Please refer to [Appendix 6](#) for detailed information on waste in 2023.



## 7-4 Pollution control management

### Management approach to air pollution

<b>Significance to Yulon Motor</b>	Yulon Motor has been active in the prevention of air pollution to mitigate the effect of air pollution on environment and protect ecological environment. On top of the compliance with applicable governmental regulations, we also protect property, animals, plants, their nursery environment and citizen health in close connection with people, and we take extra caution for any potential serious air pollution may be caused in the plant to safeguard employees' health and safety.	
<b>Policy and commitment</b>	In compliance with the air pollution control program stipulated by the central competent authority and the air pollution control plans promulgated by the municipal and county competent authorities, Yulon Motor has implemented the air pollution policy and increased the applicable scope and intensity of control. We review the policy and keep refining the countermeasures for the period of bad air condition with reference to the data on stationary pollution sources control and air quality.	
<b>Goals</b>	<b>Short-term</b> (2024-2025)	Level of Volatile Organic Compounds (hereinafter referred to as VOCs) emissions to be lowered to: below 68 g/m2
	<b>Medium-term</b> (2026-2027)	Level of VOCs emissions to be lowered to: below 67 g/m2
	<b>Long-term</b> (after 2028)	Level of VOCs emissions to be lowered to: below 65 g/m2
<b>Achievement in the previous year</b>	<b>Goals of the previous year</b>	<b>Achievement</b>
	Level of VOCs emissions to be lowered to: below 67.9 g/m2	Level of VOCs emissions to be lowered to: below 67.2 g/m2
<b>Responsible unit</b>	Environmental Safety Team	
<b>Specific actions</b>	<p>Actual performance in VOCs reduction in 2023 :</p> <ul style="list-style-type: none"> <li>Enhancing solvent cleaning ability so as to lower the amount of solvents used for color change in the automatic spraying machine resulting in 0.2 (g/m2) or 0.29% VOCs emissions reduction</li> <li>Improving spraying efficiency to minimize the amount of paint used resulting in 0.38 (g/m2) or 0.56% VOCs emissions reduction</li> <li>Increasing the amount of recycled waste solvents and raising distillation efficiency to cut the VOCs emissions by 0.1 (g/m2) to 0.145%</li> </ul>	

7-4-1 Air pollution management

Air pollution control strategy

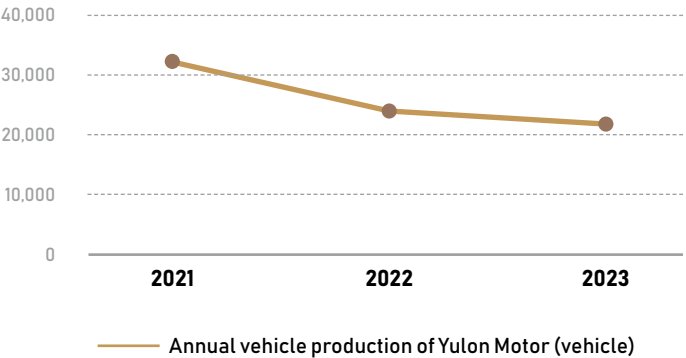
The air pollutants of the Company are primarily VOCs, SO<sub>x</sub>, NO<sub>x</sub> and THC generated in the painting shop. In addition to the installation of the Regenerative Thermal Oxidizer (RTO), we have been making all our efforts to eliminate air pollution by taking different air pollution control measures in recent years to prevent the employees from being affected by the air pollution, protect the health of the residents around the plant, and ensure the air quality of the surroundings. In 2023, the total amounts of NO<sub>x</sub>, SO<sub>x</sub>, VOCs, C<sub>6</sub>H<sub>5</sub>CH<sub>3</sub>, C<sub>8</sub>H<sub>10</sub>, C<sub>6</sub>H<sub>6</sub>, C<sub>8</sub>H<sub>8</sub>, C<sub>8</sub>H<sub>10</sub> and Particulate matter (PM) emissions were 2,247kg, 531kg, 216,561 kg, 362kg, 28,902kg, 1kg, 0kg, 6,703kg and 111kg, respectively. Please refer to [Appendix 5](#) for the information on other significant gas emissions.

Historical Emissions of Air Pollutants in the Recent Three Years (metric tons/year)

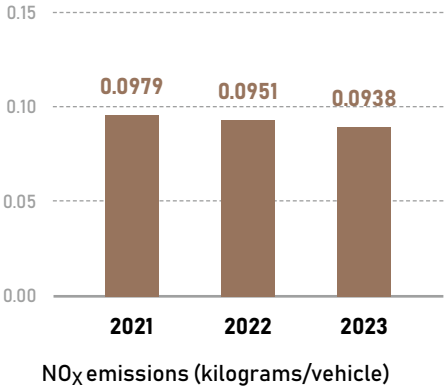
Polluta Year	Nitrogen Oxides (NO <sub>x</sub> )	Sulfur Oxides (SO <sub>x</sub> )	Volatile Organic Compounds (VOCs)	Toluene (C <sub>6</sub> H <sub>5</sub> CH <sub>3</sub> )	Xylene (C <sub>8</sub> H <sub>10</sub> )	Benzene (C <sub>6</sub> H <sub>6</sub> )	Styrene (C <sub>8</sub> H <sub>8</sub> )	Ethylbenzene (C <sub>8</sub> H <sub>10</sub> )	Suspended Particles (PM)
2021	2.982	0.742	228.53	1.442	62.152	0.001	0.000	11.313	0.144
2022	2.374	0.488	235.90	1.102	50.138	0.001	0.000	9.338	0.110
2023	2.247	0.531	216.561	0.362	28.902	0.001	0.000	6.703	0.111

Emissions of air pollutants in the recent three years

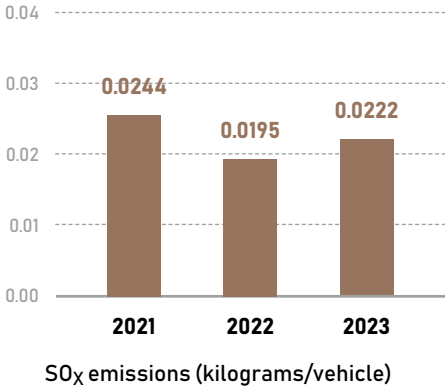
Annual vehicle production of Yulon Motor (vehicle)

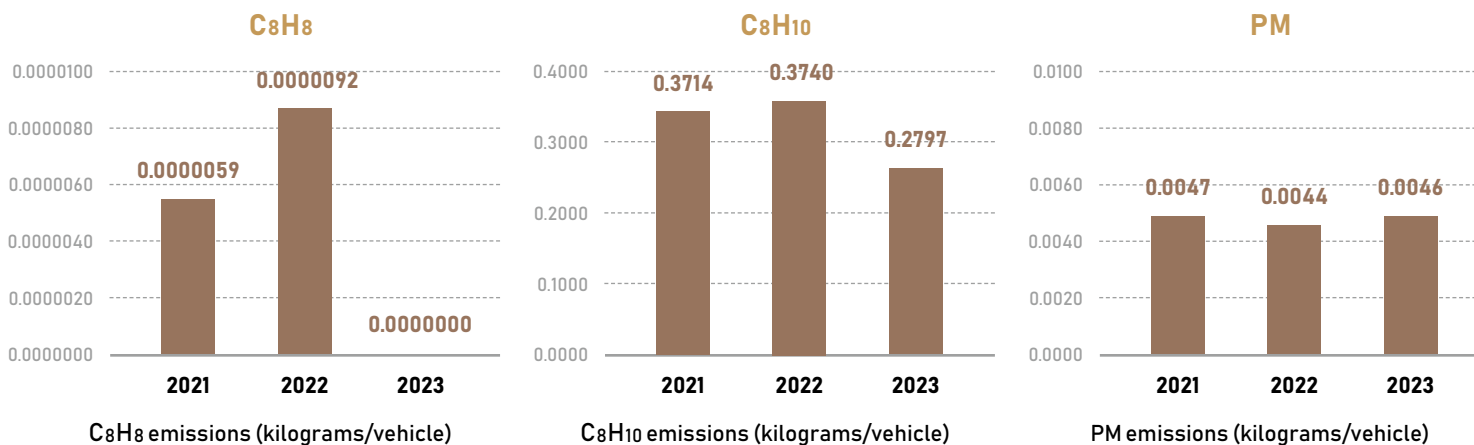
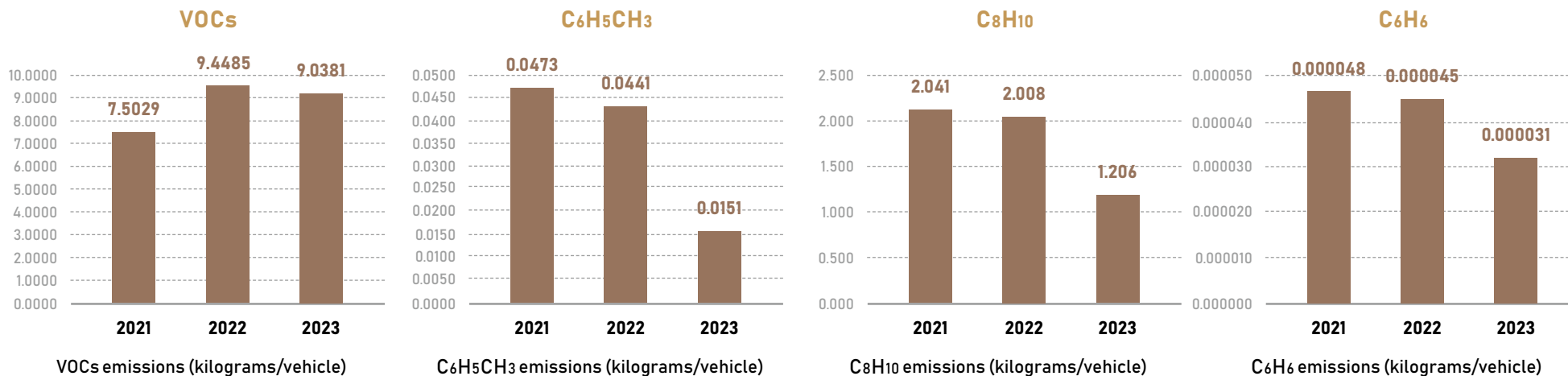


NO<sub>x</sub>



SO<sub>x</sub>





Note 1: Data above has been filed with the Control Fees and Emissions Reporting Integrated Management System of the Ministry of Environment

Note 2: Calculation method: multiplying the amount of fuel used or amount of materials used by the "emission intensity calculated based on the air pollution test result" or by the "emission factors of air pollutants promulgated by the central competent authority."

#### Air Pollution Control Actions

- ✓ Natural gas is used to replace diesel as the energy for the oven burner to reduce the emissions of the suspended particles, sulfur oxides, and nitrogen oxides in the air.
- ✓ Water curtains and negative pressure devices are used to reduce the exposure of human bodies to the volatile organic compounds generated from paint and thinner.
- ✓ An additional display is installed to monitor the quality of the flue gas emissions generated from the boiler to control its air pollutants effectively.
- ✓ We inspect and control the combustion efficiency of the VOC combustion furnace, boiler and oven on a regular basis. We implement the VOC reduction plan in line with the pollutant emissions reduction policies of the government.

### 7-4-2 Water resources management

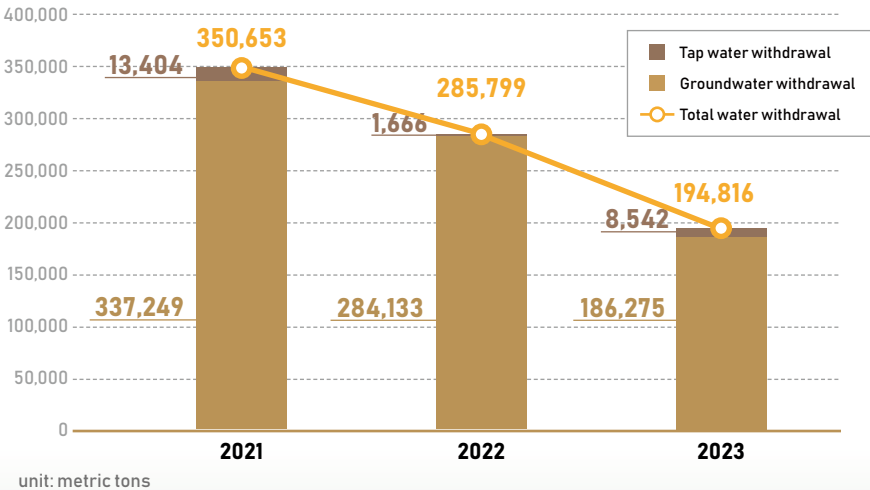
The water used in the primary manufacturing process of Yulon Motor is sourced from the groundwater in the Hsinchu-Miaoli Area promulgated by the Water Resources Agency, and we have confirmed that the operating location in Taiwan is not located in an area with high pressure on water resources using the WRI Aqueduct tool. All water used in the plant and the office is supplied from the waterworks of the corresponding area, while the drinking water is tap water (freshwater). The total groundwater and tap water consumptions in 2023 were 515 CMD (metric tons/day) and 8 CMD, respectively; the total water consumption in the plant was 523 CMD, a decrease of 260 CMD from 783 CMD in 2022. The water discharged from the production processes of Yulon Motor is tested in accordance with the environmental laws and regulations, treated by third-party wastewater treatment plants and ultimately discharged to natural body of water. We actively sample and test the soil and groundwater at the plant striving for environmental friendliness and avoiding any negative impact on the community. Based on the groundwater level observed, we can conclude that our use of groundwater has no significant effect on the water source and we did not cause any potential or negative impact on the environment in Sanyi Township. In respect of impact on water resources arising from climate change, we have planned the water restrictions and implemented water resources circulation and reuse. By continuing to introduce the process of wastewater recycling and reuse system and tracking water consumption, we ensure a 10% reduction in water usage every year.

### Water resources use and management strategies

<b>Summary of the performance of major water-saving measures in the past</b>	<b>Process water use</b> : implemented wastewater recycling and filtering for reuse to lower water reloading amount <ul style="list-style-type: none"> <li>Recycled the condensed wastewater discharged from the pure water system at the paint shop and reused in production, saving a total of 4,512 metric tons of water, approximately 1.29% of water saved.</li> </ul> <b>Domestic water use</b> : introduced water savers and continued to promote the water saving program <ul style="list-style-type: none"> <li>Installed water savers on all facets at the plant and the dormitory area to cut water consumption and saved a total of 168 metric tons of water, approximately 0.05% of water saved.</li> </ul>
<b>Water resources use and management strategies</b>	Process water use : promoting water recycling and reuse and optimization of water use Domestic water use : Promoting water conservation and installing water saving devices Water usage management : installing smart water meter integrated with the billboard information system for water resources management
<b>Performance in 2023</b>	<ul style="list-style-type: none"> <li>Water intensity (ton/NT\$ million) decreased by 39.44% from 2022</li> <li>Water consumption decreased by 84,294.95 metric tons</li> </ul>
<b>Short-term goal</b>	The water consumption of a single product unit to be reduced by 40% (based on 2021) to 8.65 m <sup>3</sup> /vehicle in 2024
<b>Mid-term goal</b>	The water consumption of a single product unit to be reduced by 45% (based on 2021) to 7.93 m <sup>3</sup> /vehicle in 2025
<b>Long-term goal</b>	The water consumption of a single product unit to be reduced by 50% (based on 2021) to 7.21 m <sup>3</sup> /vehicle in 2030

### Sources, recycling and discharge of water resources in the most recent 3 years

Year / item	2021	2022	2023
<b>Water withdrawal from third parties (tap water) (metric tons)</b>	13,404	1,666	8,542
<b>Groundwater withdrawal (metric tons)</b>	337,249	284,133	186,275
<b>Total water withdrawal (metric tons)</b>	350,653	285,799	194,816
<b>Water discharge (metric tons)</b>	46,640	37,684	30,997
<b>Water consumption (metric tons)</b>	304,013	248,115	163,820
<b>Revenue (NT\$ million)</b>	24,310	22,410	25,223
<b>Water resources use intensity (metric tons/NT\$ million)</b>	14.42	12.75	7.72
<b>Number of vehicles produced (vehicles)</b>	30,459	24,967	23,961
<b>Water resources use intensity (metric tons/vehicle)</b>	11.51	11.45	8.13



We conduct regular inspections on all pipelines at the plant for leakage control, draw a water use balancing graph and put forward water saving measures based on the water usage of each location in addition to the installation of rainwater harvesting system and improvement of recycling rate. With the efforts in water usage and saving, in 2023, we recycled the condensed wastewater discharged from the pure water system at the paint shop and reused in production, saving a total of 4,512 metric tons of water, and installed water savers on all faucets at the plant and the dormitory area, reducing a total of 168 metric tons of water usage. In addition, we also replaced leaking stop valves of all pipelines in the plant and implemented leakage control to achieve the goal of 30% decrease in water consumption.

### Major featured water saving projects in 2023

<b>Project name</b>	Recycling the condensed wastewater discharged from the pure water system at the paint shop and reusing in production.
<b>Project purpose</b>	Recycling the condensed wastewater to be discharged and reusing in other processes to reduce water usage in other processes
<b>Condition before the project introduction</b>	<p>The pure water was produced using Reverse Osmosis method, which simultaneously discharges the condensed water with a daily discharge volume of 18.8 metric tons.</p> <pre> graph LR     subgraph Improvements         A["#2 water washing 14.8 tons/day"]         B["Alkaline washing shop 2 tons/day"]         C["Water jet cutting room 2 tons/day"]         D["Condensed water tank 18.8 tons/day"]         A --&gt; D         B --&gt; D         C --&gt; D     end     G["Groundwater 75 tons/day"] --&gt; PWS["Pure water system"]     PWS --&gt; PWT["Pure water tank 56.2 tons/day"]     PWT --&gt; PWP["Pure water for pre-treatment/ED"]     PWS --&gt; D   </pre>
<b>Featured approach</b>	The condensed water is recycled into a water storage tank and used as the supplementary water in the second water washing process, the SKID washing water, and the water used at the alkaline cleaning station to reduce wastewater discharge and water consumption in manufacturing processes.
<b>Project objective</b>	Reduce water consumption by 0.15 ton/vehicle
<b>Result after the project introduction and potential impact on stakeholders</b>	After the introduction, water use decreased by 4,512 metric tons/year.





## 7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature

Many protected wildlife species in Taiwan inhabit in areas closely related to human activities. Due to development, low elevation natural forest almost disappears resulting in a lack of genetic resources of native plants, especially in Hsinchu and Miaoli. The original mosaic landscapes are turned fragmented causing a population segment that discourages reproduction and thus a biodiversity loss. Yulon is committed to its corporate social responsibility by initiating the conservation program for establishing an ecological green network to repair the losing biodiversity and fragmented habitats and to create an ecological environment for the harmonious coexistence between humans and nature.

We have oriented our initiatives on the United Nations' Sustainable Development Goals and rolled out a series of environmental protection actions in collaboration with external organizations. In addition to our own efforts to focus on topics in the natural environment, we also invited our stakeholders to join us to become partners in nature conservation and environmental sustainability. Together, we disseminate the philosophy of environmental education and connect with each other through the ideas of biodiversity recovery, forest resource circulation, etc.

### ● Repairing the ecological green network - restoring biodiversity

#### (1) Native forest restoration plan in New Taipei and Miaoli regions

Since 2022, Yulon has invested approximately NT\$1.5 million in total, and, with the objective of recovering biodiversity of local vegetation and conserving the native gene pool of native tree community, joined the Taiwan Reforestation Association to build the Yu Miao Shan Qiu Nursery- Taiwan Native Forest Restoration Center, covering an area of 1652.9 m<sup>2</sup>, for the restoration in New Taipei and Miaoli regions. By studying potential vegetation, we have built a directory of native tree species of each area, and volunteers regularly conduct parent stand survey and patrol at the 22 seed collecting locations. After seed maturation, they collect and sow the seeds. As the saplings grow to a certain height, they are transferred to the Yu Miao Shan Qiu Nursery for nurturing, and later returned to the local community. All of these saplings are offered for schools' and government agencies' free use, and we expect to restore 80-100 species of native plants within 3 years. We have built at least 171 species of tree species required to be restored at the west hill in Miaoli and selected the tree species that are "ecologically representative, rare, protected or contributive to old growth succession" as the prior species for restoration, which included Albizia kalkora (Roxb.) Prain, Styrax matsumuraei Perkins, and Lithocarpus hancei (Benth.) Rehder. Since 2022, we have collected the seeds of 141 species and nurtured 6,674 saplings of 46 species, of which 2,101 saplings of 26 species of native trees were nurtured at Yulon's nursery. As a result, we maintained the gene pool for low-elevation native forest, promoted tree diversity and put the Sustainable Development Goal 15 - Protect, Restore and Promote Sustainable Use of Terrestrial Ecosystems into practice. Yulon Motor will continue to increase the numbers of saplings and the number of species thereof nurtured for biodiversity.

December 2022		
	Labor input (persons)	Restoration performance
Parent stand survey, seed collection	22	41 species
Number of saplings nurtured		2,745 saplings, 10 species

2023		
	Labor input (persons)	Restoration performance
Parent stand survey, seed collection	151	120 species
Number of saplings nurtured		3,929 saplings, 42 species
Number of saplings nurtured at Yulon's nursery		2,101 saplings, 26 species



#### Yu Miao Shan Qiu Greenhouse Nursery

The design concept of Yu Miao Shan Qiu Leaning on mountain-like Yulon, this nursery restores native saplings of Taiwan and conserves their biodiversity to create a lively sustainable environment that allows saplings in the Yu Miao Shan Qiu Nursery to grow into luxuriant trees, which will offer our next generation shade and form an eco-friendly growth environment.

## (2) Expand positive influence on ESG with the Yu Miao Shan Qiu Nursery and sign the first “Climate and Biodiversity Sustainability-linked Loan” agreement

In September 2023, Yulon and E.SUN Bank entered into a climate and biodiversity sustainability-linked loan agreement, which sets the performance in native tree species restoration as the indicator for biodiversity and links with a loan facility of NT\$1 billion. Yulon then became the first corporate in Taiwan collaborating with a financial institution in answer to the international trend and gradually promoting the sustainability value of biodiversity. The KPI for biodiversity was set at a cumulative total of 10 species of native trees restored and more than 2,000 native saplings planned to be nurtured in the future in 2023; in 2024, more than 20 species of native trees shall be restored and 2,200 native saplings planned to be nurtured in the future. In 2023, Yulon cumulatively restored 26 species of native trees and nurtured 2,101 native saplings. In the future, Yulon will continue to cultivate low-elevation native forest saplings and take the initiative to protect native species and biodiversity in Taiwan by establishing a nature-oriented solution, constantly expanding its positive influence and seeking the common good with society and the environment.

## (3) Building and donating the Green Lake Park

Yulon built and donated a waterfront ecological park - the Green Lake Park, covering an area of 24,192 m<sup>2</sup>, in Xindian. In addition to digesting carbon dioxide, mitigating the urban heat island effect and becoming the green new lungs of New Taipei City, the park is also expected to feature the function of urban ecological island hopping to connect habitats in Greater Taipei, including Xianjiyan, Chih-Nan Temple, Mt. Xiaoshi and Mt. Hemei and patch the fragmented wildlife habitats caused by artificial buildings and roads with the little green dots forming vegetation corridors in the city so as to complete the urban ecosystem. After the completion of the Green Lake Park in 2023, Yulon continues to be the park adopter and keeper by assisting in park greening and facilities maintenance enabling the sustainable operation of the park. By taking world-class urban ecological parks as its benchmark, the Green Lake Park offers 5 major values – ecology, friendliness, coexistence, interaction and sustainability. Through the establishment of an artificial lake, trail optimization and design of an inclusive playground, it becomes a vibrant living space that enables better parent-child relationships, increases friendliness in the community and connects humans and nature.



Green Lake Park





## ● Wood regeneration, Yulon co-creation - forest resource circulation

Through circulation and revitalization, finding a solution balancing economic development and ecology becomes an important topic. In order to build a habitat friendly to animals and plants, Yulon has planted nearly 50,000 saplings in its Sanyi campus since 2007. Every year, there are approximately 5 metric tons of waste wood from pruning for the purposes of disaster prevention and illumination, and Yulon has been active in seeking channels for wood revitalization in order to maximize the value of forest resources. While assisting in local arts and culture inheritance, Yulon Motor has always kept the concept of sustainable coexistence between the corporate and the community in mind. In addition to the constant donation of the wood pruned at the plant to the host of the “Sanyi Woodcarving Art Festival” as materials for its woodcarving DIY event, Yulon also organized the Environmental Education Workshop. In this workshop, Yulon combined environmental education with the concept of sustainability and led students to create their unique works through the use of wood in Yulon’s factory, aiming to extend the lifecycle of wood and create revitalized value. Through this event, we put the circulation concept of “Wood regeneration, Yulon co-creation” into practice and deeply rooted the concept of sustainability while continuing the local woodcarving arts and culture achieving the SDGs of the United Nations, “sustainable cities and communities” and “responsible consumption and production.”

Regularly donation to woodcarvers in Sanyi to help them save money on materials.



Provide the “Sanyi Woodcarving Art Festival” materials for the woodcarving DIY event



Students who participated in the woodcarving experience course used the pruned wood to create their own unique works.



In addition to the donations of wood of various diameters to different organizations based on demands and uses to extend the lifecycle of wood and create revitalized value, in 2023, Yulon further collaborated with ReWood and Dawoko in an innovative form of partnership, through which, we smolder the wood pruned from road trees in a charcoal kiln to create smoke and cool the smoke naturally to form pyroligneous acid. The pyroligneous acid is then packaged into a sustainable giftbox that creates the possibility of sustainable development for wood and used as gifts for important business partners. A small card explaining the source, features of the pyroligneous acid product, as well as Yulon’s concept of “creating a brand new value for wood, and imparting the possibility of sustainable development thereto” is attached to each gift box. We hope that it is not only a unique gift, but an agent of corporate philosophy that will invite our partners to support and implement such a concept.



### Origin

In the past, people observed that charcoal burners in a charcoal factory were less likely to be bitten by mosquitoes and realized that the high temperature during the charcoal burning process would cause wood to produce liquid smoke that carries natural wood acidity that is an outstanding antibacterial agent as well as an insect repellent. That was where pyroligneous acid originated from.

### Concept

Yulon makes good use of the branches pruned from the road trees at its Sanyi plant to cooperate with the forest circulation team ReWood. We naturally cool the smoke produced during smoldering in a charcoal kiln to create the pyroligneous acid and create a brand new value for wood and impart the possibility of sustainable development thereto.

### Features

Pyroligneous acid has small molecules with soft texture and contains over 200 organic matters, of which acetic acid is the most. Therefore, it carries a unique aroma of smoked plum. Combined with its natural antibacterial feature, it can effectively clean the skin, maintain skin health and uplift skin immunity.

● Environmental Education Workshop

In 2020, Yulon invested NT\$2.36 million in the industry-academia cooperation with National Chung Hsing University and Pine & Maple Ecological Service Co., Ltd. to inventory natural resources in the plant, and hosted the Yulon Motor tourism and parent-child ecological event for the first time. The event, of which the course plan was designed by Pine & Maple Ecological Service and space provided by Yulon Experience Center, invited Yulon's employees and their children to learn about the rich and diverse biological resources in Yulon's plant and the concept of "rooting locally and operating sustainably" aiming to demonstrate its corporate social responsibility in answer to the rising emphasis on environmental education of the general public in recent years. The event was very successful with the overwhelming response.

Due to the pandemic, this event was suspended for two years and reinitiated in 2023 with a focus on the "Environment." It coordinated with the Taiwan Reforestation Association and Jiang Re Woodcarving Art Studio to offer students activities in tree planting, papermaking, and woodcarving revolving around an educational core of sustainable lifecycle of wood(sprouts). The event, also open to students in Miaoli region, was held at the nursery of Yulon's Taiwan Native Forest Restoration Center in the hope to make it a diverse and innovative teaching area and the starting point for the concept of ecological sustainability and environmental education. The Taiwan Maesa saplings used in the tree planting activity were nurtured from the seeds collected in the native forest restoration plan co-hosted by Yulon and the Taiwan Reforestation Association. Yulon also provided the wood material pruned from its plant as the materials for the woodcarving activity allowing students to create their own unique works while conveying the concepts of native forest restoration and wood revitalization to participating teachers and students. Thereby, Yulon put "Wood regeneration, Yulon co-creation" into action and deeply rooted the concept of sustainability to encourage the general public to realize the possibility of protecting the environment to coexist.

Year	Number of participants	Labor input	Cost
2020	40 participants (26 students +14 parents)	14 People	\$200,000
2023	32 participants (22 students +10 teachers)	14 People	\$71,986



## Appendix 1 GR I Sustainability Reporting Standards (GRI Standards) Index

<b>Statement of use</b>	The Sustainability Report of Yulon Motor has been prepared in accordance with the GRI Standards for the fiscal year 2023 (From January 1, 2023 to December 31, 2023)
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	There is yet an applicable GRI Sector Standard: the disclosure is made with reference to the industry-based Sustainability Accounting Standards Board (SASB) Standards.

### GRI 2: General Disclosures 2021

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
1. The organization and its reporting practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	About this Report Business Overview of Yulon Motor	02 07	
	2-2	Entities included in the organization's sustainability reporting	About this Report	02	
	2-3	Reporting period, frequency and contact point	About this Report	02	
	2-4	Restatements of information		-	Due to a redefinition of waste types, the weights of waste in 2021 and 2022 in Appendix 6 were updated
	2-5	External assurance	Appendix 10	193	
2. Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	Business Overview of Yulon Motor 3-1-1 Value chain of Yulon Motor	07 48	
	2-7	Employees	Business Overview of Yulon Motor 5-1-1 Workforce composition	07 82	
	2-8	Workers who are not employees	Business Overview of Yulon Motor 5-1-1 Workforce composition	07 82	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	1-2 Sustainable Development Committee and ESG Committee 2-1 Sustainable Governance Framework Yulon Motor's annual report	13 27 Link	
	2-10	Nomination and selection of the highest governance body	2-1 Sustainable Governance Framework Yulon Motor's annual report	27 Link	
	2-11	Chair of the highest governance body	2-1 Sustainable Governance Framework Yulon Motor's annual report	27 Link	
	2-12	Role of the highest governance body in overseeing the management of impacts	About this Report 1-2 Sustainable Development Committee and ESG Committee 1-3 Stakeholder communication – analysis of material topics 2-1 Sustainable Governance Framework	02 13 18 27	
	2-13	Delegation of responsibility for managing impacts	About this Report 1-2 Sustainable Development Committee and ESG Committee 1-3 Stakeholder communication – analysis of material topics 2-1 Sustainable Governance Framework	02 13 18 27	
	2-14	Role of the highest governance body in sustainability reporting	About this Report 1-2 Sustainable Development Committee and ESG Committee 1-3 Stakeholder communication – analysis of material topics	02 13 18	
	2-15	Conflicts of interest	2-1 Sustainable Governance Framework	27	
	2-16	Communication of critical concerns	1-3 Stakeholder communication – analysis of material topics 2-1 Sustainable Governance Framework	18 27	
	2-17	Collective knowledge of highest governance body	2-1 Sustainable Governance Framework	27	
	2-18	Evaluation of the performance of the highest governance body performance	2-1 Sustainable Governance Framework Yulon Motor's annual report	27 Link	
	2-19	Remuneration policies	2-1 Sustainable Governance Framework	27	
	2-20	Process to determining remuneration	2-1 Sustainable Governance Framework	27	
	2-21	Annual total compensation ratio	5-1-3 Employee Rights and Welfare	92	
4. Strategy, policies and practices					

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	1-1 Sustainability blueprint	12	
	2-23	Policy commitments	1-1 Sustainability blueprint 5-2-2 Respecting human rights Appendix 3	12 105 183	
	2-24	Embedding policy commitments	1-11-1 Sustainability blueprint 5-2-2 Respecting human rights 7-1 Climate change management	12 105 139	
	2-25	Processes to remediate negative impacts	2-3 Ethical Corporate and Anti-corruption 5-2-2 Respecting human rights	33 105	
	2-26	Mechanisms for seeking advice and raising concerns	2-3 Ethical Corporate and Anti-corruption 5-2 Human rights protection	33 103	
	2-27	Compliance with laws and regulations	2-3 Ethical Corporate and Anti-corruption	33	
	2-28	Membership associations	Appendix 4	184	
	5. Stakeholder engagement				
	2-29	Approach to stakeholder engagement	1-3-1 Stakeholder engagement	18	
	2-30	Collective bargaining agreements	The percentage of the full-time employees under an indefinite agreement and protected by the "Collective Bargaining Agreement" was 100% (1,089/1,136) in 2023. As described in the note, 100% of employees who shall join the union are covered, that is, the Collective Agreement is applicable to all employees of the plant.		<p>Employees provided in the collective agreement, include persons who are hired by Party A to work for wages, except the following personnel :</p> <ol style="list-style-type: none"> <li>1. Assistant managers and the management at higher levels.</li> <li>2. Supervisors of human resources units</li> <li>3. Temporarily, short-term, seasonal and job-specific fixed-term contract employees.</li> <li>4. Consultants and legal counsels</li> </ol>

### GRI 3: Material topics 2021

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1-3 Stakeholder communication – analysis of material topics	18	
	3-2	List of material topics	1-3 Stakeholder communication – analysis of material topics	18	
<b>Material topic: Brand image</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics CH2 Ethical governance steering sustainability	18 24	
<b>Material topic: EV Development</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 3-1 Leading products and innovative R&D	18 46	
<b>Material issue: Recruitment and retention</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 5-1 Diverse talents strategy		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5-1-1 Workforce composition		
<b>Material issue: Product quality and reliability</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 3-2 Quality Control and Safety Guarantee	18 57	
<b>Material issue: Operational and financial performances</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 2-2 Financial Performance	18 30	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	2-2 Financial Performance	30	
<b>Material topic: Technology R&amp;D and innovation</b>					

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 3-1 Leading products and innovative R&D	18 46	
<b>Material issue: Occupational Health and Safety</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 5-3 Friendly and safe work environment	18 108	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	5-3-1 Occupational safety and health management system	109	
	403-2	Hazard identification, risk assessment, and incident investigation	5-3-2 Risk management and preventative measures	112	
	403-3	Occupational health services	5-3-1 Occupational safety and health management system	109	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5-3-1 Occupational safety and health management system	109	
	403-5	Worker training on occupational health and safety	5-3-2 Risk management and preventative measures	112	
	403-6	Promotion of worker health	5-3-2 Risk management and preventative measures	112	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5-3-1 Occupational safety and health management system	109	
	403-8	Workers covered by an occupational health and safety management system	5-3-1 Occupational safety and health management system	109	
	403-9	Work-related injuries	5-3-2 Risk management and preventative measures	112	
<b>Material topic: Sustainable supply chain</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics CH4 Sustainable supply chain driving value production		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4-1 Sourcing management		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	4-2 Supplier management		
<b>Material topic: Social relationships</b>					

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics CH6 Social Relationships and Virtuous Influential Actions		
<b>Material issue: Risk management</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 2-4 Risk Management	18 37	
<b>Material topic: Climate strategy</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 7-1 Climate change management	18 139	
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	2-4-1 Risk management and maintenance 7-1 Climate change management	38 139	
<b>Material issue: GHG emissions</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 7-1-3 Greenhouse Gas Management	18 152	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	7-1-3 Greenhouse Gas Management	152	
	305-2	Energy indirect (Scope 2) GHG emissions	7-1-3 Greenhouse Gas Management	152	
	305-3	Other indirect (Scope 3) GHG emissions	7-1-3 Greenhouse Gas Management	152	
	305-4	GHG emissions intensity	7-1-3 Greenhouse Gas Management	152	
	305-5	Reduction of GHG emissions	7-1-3 Greenhouse Gas Management	152	
	305-6	Emissions of ozone-depleting substances (ODS)			CFC-11 was not included in the Raw Material and Substance Safety Data Sheet of Yulon Motor, so it was not covered in a regular inspection.

## Other topic-specific standards

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
Topic-specific Standards: GRI 200 Economy					
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5-1-3 Employee Rights and Welfare	92	
	202-2	Proportion of senior management hired from the local community	5-1-1 Workforce composition	82	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	2-3 Ethical Corporate and Anti-corruption	33	
	205-2	Communication and training about anti-corruption policies and procedures	2-3 Ethical Corporate and Anti-corruption	33	
	205-3	Confirmed incidents of corruption and actions taken	2-3 Ethical Corporate and Anti-corruption	33	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	In 2023, Yulon Motor was not involved in any legal actions for anti-competitive behavior, anti-trust, and monopoly practices.
Topic-specific Standards: GRI 300 Environment					
GRI 301: Materials 2016	301-2	Recycled input materials used	7-3-1 Circular economy	159	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	7-2-1 Energy policy and objectives	156	
	302-3	Energy intensity	7-2-1 Energy policy and objectives	156	
	302-4	Reduction of energy consumption	7-2-3 Energy saving measures	158	
	303-1	Interactions with water as a shared resource	7-4-2 Water resources management	165	
	303-2	Management of water discharge-related impacts	7-4-2 Water resources management	165	
	303-3	Water withdrawal	7-4-2 Water resources management	165	
	303-4	Water discharge	7-4-2 Water resources management	165	
	303-5	Water consumption	7-4-2 Water resources management	165	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature	168	
	304-2	Significant impacts of activities, products, and services on biodiversity	7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature	168	
	304-3	Habitats protected or restored	7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature	168	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	7-5 Native Forest, Cause of life - joining partners to achieve the common good with nature	168	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	7-3-2 Waste Management	161	
	306-3	Waste generated	Appendix 6	185	
Topic-specific Standards: GRI 400 Social					
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-1-3 Employee Rights and Welfare 5-3-2 Risk management and preventative measures	92 112	
	401-3	Parental leave	5-1-3 Employee Rights and Welfare	92	
GRI 402: Labor-Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-	103	If there is any significant operational change, Yulon Motor will give notices to affected personnel lawfully.
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5-1-2 Development and Training of Talents	85	
	404-2	Programs for upgrading employee skills and transition assistance programs	5-1-2 Development and Training of Talents	85	
	404-3	Percentage of employees receiving regular performance and career development reviews	5-1-3 Employee Rights and Welfare	92	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Yulon Motor's annual report 2-1 Sustainable Governance Framework 5-1-1 Workforce composition	Link 27 82	
	405-2	Ratio of basic salary and remuneration of women to men	5-1-3 Employee Rights and Welfare	92	

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5-2-2 Respecting human rights	105	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5-2-2 Respecting human rights	105	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5-2-2 Respecting human rights	105	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations or suppliers at significant risk for incidents of forced or compulsory labor	5-2-2 Respecting human rights	105	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	5-2-2 Respecting human rights	105	No grievance case concerning human rights of indigenous peoples
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6-2 Arts, culture and education		
	413-2	Operations with significant actual and potential negative impacts on local communities			Based on the assessment, there was no significant negative impact in 2023.
GRI 416: Customer Health Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3-2-1 Product quality management 3-2-2 Product Safety Management	58 61	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	In 2023, we were not involved in any incidents of non-compliance with applicable laws or voluntary rules.
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3-2 Quality Control and Safety Guarantee 5-3-2 Occupational safety and health risk management and preventative measures 7-3-1 Circular economy	57 112 159	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	-	In 2023, we were not involved in any incidents of non-compliance with applicable laws or voluntary rules.
	417-3	Incidents of non-compliance concerning marketing communications	-	-	In 2023, we were not involved in any incidents of non-compliance with applicable laws or voluntary rules.
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3-3-2 Customer privacy protection	64	

## Appendix 2 Sustainability Accounting Standards Board (SASB) Standards Index

### Sustainability Accounting Standards Board (SASB) Industry Standard Index – Automobiles

#### Accounting Metrics

Disclosure Topic	Metric	Disclosure Matrix	Category	Corresponding chapter or description	Page					
Product Safety	TR-AU-250a.1	Percentage of vehicle models rated by NCAP programs with a 5-star safety rating, by region	Quantitative	The collision test results of the NCAP are applicable to Europe and not Yulon Motor.	None					
	TR-AU-250a.2	Number of safety-related defect complaints, percentage investigated	Quantitative	There was not any product-related defect complaint in the year.	None					
	TR-AU-250a.3	Number of vehicles recalled	Quantitative	There was not any vehicle recalled in the year.	None					
Labor Practices	TR-AU-310a.1	Percentage of active workforce covered under collective bargaining agreements	Quantitative	The percentage of the full-time employees under an indefinite agreement and protected by the “Collective Bargaining Agreement” was 100% in 2023	103					
	TR-AU-310a.2	(1) Number of work stoppages (2) Total days idle	Quantitative	(1) Number of work stoppages in 2023: 0 (2) Total days idle in 2023: 0						
Fuel Economy & Use-phase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	Quantitative						None	
				NISSAN						
				Model	TIIDA	XTRAIL	KICKS	SENTRA		Weighted average number
				Sales region: Taiwan	16.10 Km/L	16.00 Km/L	16.00 Km/L	17.70 Km/L		16.35 Km/L
				LUXGEN						
				Model	U6	URX	Weighted average number			
Sales region: Taiwan	12.00 Km/L	11.90 Km/L	11.93 Km/L							

Disclosure Topic	Metric	Disclosure Matrix	Category	Corresponding chapter or description	Page								
Fuel Economy & Use-phase Emissions	TR-AU-410a.2	Number of(1)zero emission vehicles (ZEV), (2) hybrid vehicle and (3) plug-in hybrid vehicles sold	Quantitative	<table><tr><th>Model</th><th>Number sold in 2023</th></tr><tr><td>Zero emission vehicles (ZEV)</td><td>84</td></tr><tr><td>Hybrid vehicle</td><td>1,102</td></tr><tr><td>Plug-in hybrid vehicles</td><td>0</td></tr></table>	Model	Number sold in 2023	Zero emission vehicles (ZEV)	84	Hybrid vehicle	1,102	Plug-in hybrid vehicles	0	None
				Model	Number sold in 2023								
				Zero emission vehicles (ZEV)	84								
				Hybrid vehicle	1,102								
	Plug-in hybrid vehicles	0											
Note: ZEVs are vehicles driven only by an electric motor that are powered by batteries or hydrogen fuel cell, and they have no tailpipe emissions (gas emissions from the combustion of natural gas, gasoline, diesel, heavy oil, biofuel or coal) over their entire lifetime under all possible operational modes and conditions.													
TR-AU-410a.3	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	Discussion and Analysis	7-1 Climate change management	None									
Materials Sourcing	TR-AU-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	2-4 Risk Management 4 Sustainable supply chain	37 65								
Materials Efficiency & Recycling	TR-AU-440b.1	Total amount of waste from manufacturing, percentage recycled	Quantitative	The waste generated in 2023 amounted to 3,371 metric tons with a recycling and reuse rate of 95.28%.	185								
	TR-AU-440b.2	Weight of end-of-life material recovered, percentage recycled	Quantitative	Not applicable									
	TR-AU-440b.3	Average recyclability of vehicles sold	Quantitative	In the voluntary standards set by Taiwan Transportation Vehicle Manufacturers Association in response to the Resource Recycling Act, we make a commitment that after January 1, 2008, the vehicle recyclability rate of the models subject to the standards should reach more than 80% and the reusability rate should be more than 85%.	159								

## Activity Metric

Metric	Disclosure Matrix	Category	Corresponding chapter or description	Page
TR-AU-000.A	Number of vehicles manufactured	Quantitative	2-2 Financial Performance	31
TR-AU-000.B	Number of vehicles sold	Quantitative	2-2 Financial Performance	31

## Appendix 3 TCFD Index

Element	Disclosure	Page
Governance	Describe the board's oversight of climate-related risks and opportunities	141
	Describe management's role in assessing and managing climate-related risks and opportunities.	141
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	144
	Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	150
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	145
Risk management	Describe the organization's processes for identifying and assessing climate-related risks	150
	Describe the organization's processes for managing climate-related risks	150
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	150
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	151
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	153
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	151

## Appendix 4 List of Associations Participated in

Name of Association/Organization	Management Role	Participated Projects or Committees	Membership
Taiwan Transportation Vehicle Manufacturers Association	✓		✓
Car Safety Association	✓		✓
Chinese National Federation of Industries			✓
Chinese National Association of Industry and Commerce, Taiwan			✓
Taiwan Environmental Management Accounting Association			✓
Chinese Excellent Management Association			✓
Miaoli County Industrial Association			✓
Taipei Automobile Distributors Association			✓
SAE Taipei Section			✓
Taiwan Corporate Governance Association			✓
Cross-Strait CEO Summit			✓
Taiwan M&A and Private Equity Council	✓		✓

## Appendix 5 Other Significant Gas Emissions

No.	Item	2021	2022	2023
1	Nitrogen Oxides (NO <sub>x</sub> )	2.982	2.374	2.247
2	Sulfur Oxides (SO <sub>x</sub> )	0.742	0.488	0.531
3	Persistent Organic Pollutants (POPs)	Not measured		
4	Volatile Organic Compounds (VOCs)	228.530	235.900	216.561
5	Toluene (C <sub>6</sub> H <sub>5</sub> CH <sub>3</sub> )	1.442	1.102	0.362
6	Xylene (C <sub>8</sub> H <sub>10</sub> )	62.152	50.138	28.902
7	Benzene (C <sub>6</sub> H <sub>6</sub> )	1.470	1.120	0.750
8	Styrene (C <sub>8</sub> H <sub>8</sub> )	0.180	0.230	0.000
9	Ethylbenzene (C <sub>8</sub> H <sub>10</sub> )	11.313	9.338	6.703
10	Suspended Particles (PM)	0.144	0.110	0.111
11	Other gas emissions categories specified in relevant laws and regulations	-	-	-
Total (metric tons)		307.307	299.451	255.418

Note: POPs were not included in Yulon Motor's Raw Material Safety Data Sheet (SDS), so they were not covered in a regular inspection. The measurement factors comply with the emission factors and control efficiencies for SO<sub>x</sub> and NO<sub>x</sub> stipulated for the report of air pollution control fees by public and private premises of stationary pollution source.



## Appendix 6 Types and Amount of Waste Generated in 2023

Year	Industrial waste reused (definition: waste reuse according to permission issued by the Ministry of Environment or reuse subjected to immediate treatment) (unit: metric tons)											
	General industrial waste							Hazardous industrial waste				
	Iron	Paper	Plastics	Glass	Wood	Waste oils		Active carbon	Sludge		Solvent	
						Physical treatment			Physical treatment	External (physical treatment)	External (physical treatment)	
2021	1,232.27	1,030.00	393.04	0.00	348.00	6.99		0.00	62.60		5.90	5.80
2022	1,180.07	822.10	365.33	0.00	371.20	3.97		0.00	32.14		18.06	12.52
2023	1,121.99	1085.01	463.95	3.72	469.00	8.49		0.00	32.01		17.79	9.56
Year	Non-reusable industrial waste							Total		Indicator		
	General industrial waste					Hazardous industrial waste		Weight of hazardous waste	Weight of non-hazardous waste	Total weight (hazardous + non-hazardous)	Waste reuse rate	
	Sludge		Paint waste	General (domestic waste)	Others (high heat-value waste, D-0299, D-0699, D-0899)	Medical waste						
	Landfilling	Thermal treatment										
2021	0.00	16.00	123.00	25.80	69.70	0.05		11.75	3,307.40	3,319.15	92.93%	
2022	0.00	0.00	80.20	22.24	69.75	0.05		30.63	2,947.00	2,977.63	94.22%	
2023	0.00	0.00	68.63	13.28	77.03	0.04		27.39	3,343.11	3,370.50	95.28%	

Note 1: High heating value waste includes waste plastic mixture, waste paper mixture and fiber waste  
Note 2: High heating value waste includes D-0299 (waste plastic mixture), D-0699 (waste paper mixture), D-0899 (fiber waste or other mixture of cotton, textile, etc.)  
Note 3: Due to a redefinition of waste types, the weights of waste in 2021 and 2022 were updated

## Appendix 7 Groundwater Quality Monitoring Record of 2023

Type	Pollutant	Control standard	Monitoring standard	YLSW-02	YLSW-03	YLSW-04	YLSW-01	YLSW-05
				Painting shop upstream	Painting shop downstream	Gas station upstream	Gas station downstream	Gate surroundings
Monocyclic aromatics	Benzene	0.05	0.03	ND	ND	ND	ND	ND
	Toluene	10	5	ND	ND	ND	ND	ND
	Ethylbenzene	7	3.5	ND	ND	ND	ND	ND
	Xylene	100	50	ND	ND	ND	ND	ND
Polycyclic	Naphthalene	0.40	0.2	ND	ND	ND	ND	ND
Chlorinated Hydrocarbon	Carbon tetrachloride	0.05	0.03	ND	ND	ND	ND	ND
	Chlorobenzene	1	0.5	ND	ND	ND	ND	ND
	Chloroform	1	0.5	<0.00099	ND	ND	ND	<0.00099
	Chloromethane	0.3	0.15	ND	ND	ND	ND	ND
	1,4-Dichlorobenzene	0.75	0.38	ND	ND	ND	ND	ND
	1,1-Dichloroethane	8.5	4.25	ND	ND	ND	ND	ND
	1,2-Dichloroethane	0.05	0.03	ND	ND	ND	ND	ND
	1,1-Dichloroethane	0.07	0.04	ND	ND	ND	ND	ND
	Cis-1,2-Dichloroethene	0.07	0.04	ND	ND	ND	ND	ND
	Trans-1,2-Dichloroethene	1	0.5	ND	ND	ND	ND	ND
	2,4,5-Trichlorophenol	3.7	1.85	ND	ND	ND	ND	ND
	2,4,6-Trichlorophenol	0.1	0.05	ND	ND	ND	ND	ND
	Pentachlorophenol	0.08	0.04	ND	ND	ND	ND	ND
	Tetrachloroethylene	0.05	0.03	ND	ND	ND	ND	ND
	Trichloroethylene	0.05	0.03	ND	ND	ND	ND	ND
	Vinyl chloride	0.02	0.01	ND	ND	ND	ND	ND
	Methylene chloride	0.05	0.03	ND	ND	ND	ND	ND
	1,1,2-Trichloroethan	0.05	0.03	ND	ND	ND	ND	ND
	1,1,1-Trichloroethan	2	1	ND	ND	ND	ND	ND
	1,2-Dichlorobenzene	6	3	ND	ND	ND	ND	ND
	3,3'-Dichlorobenzidine	0.1	0.05	ND	ND	ND	ND	ND

## Appendix 7 Groundwater Quality Monitoring Record of 2023

Type	Pollutant	Control standard	Monitoring standard	YLSW-02	YLSW-03	YLSW-04	YLSW-01	YLSW-05
				Painting shop upstream	Painting shop downstream	Gas station upstream	Gas station downstream	Gate surroundings
Heavy metal	Arsenic (As)	0.5	0.25	ND	ND	ND	ND	ND
	Cadmium (Cd)	0.05	0.03	ND	ND	ND	ND	ND
	Chromium (Cr)	0.5	0.25	ND	<0.020	ND	ND	ND
	Copper (Cu)	10	5	ND	ND	<0.020	ND	ND
	Lead (Pb)	0.1	0.05	ND	ND	ND	ND	ND
	Mercury (Hg)	0.02	0.01	0.0002	0.0003	0.0002	0.0003	0.0003
	Nickel (Ni)	1	0.5	ND	ND	ND	ND	ND
	Zin (Zn)	50	25	0.048	0.062	0.021	0.041	0.020
	Indium (In)	0.7	0.35	ND	ND	ND	ND	ND
	Molybdenum (Mo)	0.7	0.35	ND	<0.020	ND	ND	ND
General	Nitrate nitrogen	100	50	2.33	1.82	1.40	1.19	3.34
	Nitrite nitrogen	10	5	ND	<0.01	<0.01	ND	<0.01
	Villiaumite	8	4	<0.10	<0.10	<0.10	<0.10	<0.10
Others	MTBE (Methyl Tert-Butyl Ether)	1	0.5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbons	10	5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbons (gasoline range)	10	5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbons (diesel range or more)	10	5	ND	ND	ND	ND	ND
	Cyanide	0.5	0.25	ND	ND	ND	ND	ND

ND: Not detected such substance.

## Appendix 8 Climate-related information of the listed company

### 1. Implementation status of climate-related information

Item	Implementation Status
1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	The Board of Directors of Yulon Motor is the highest governing unit responsible for formulating corporate social responsibility and sustainable development strategies. We have established an ESG Committee to promote climate change adaptation and ESG activities. The Committee is chaired by the President and a Sustainable Development Organization is set up as the specific executing unit. Annually, the Committee reports ESG achievements to the Board of Directors, which supervises the implementation of actions taken by the Company in response to climate change and examines operational risks related to climate-related risks. In order to strengthen its sustainability actions, Yulon Motor has incorporated sustainability issues into its employee remuneration management mechanism, and continues to incorporate sustainability into corporate operations by linking performance evaluations with sustainability-related issues.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, mid-, and long-term).	The ESG Committee of Yulon Motor Co., Ltd., assembled the responsible units of various departments and conducted the analysis with reference to Scenario SSP 5-8.5 of the AR6 Report published by the Intergovernmental Panel on Climate Change (IPCC). The geographical characteristics of Yulon Motor's industry and business locations were taken into account in examining the scope and severity of impacts that climate change may have on all business locations over different time scales (1 year in the short term, 1 to 3 years in the medium term, and 3 to 5 years in the long term). We prioritized and adapted to the identified risks and impacts, and have compiled a list of Yulon Motor's risk and opportunity issues. Please refer to <a href="#">Q 7-1-2 Climate Change Management</a>
3. Describe the financial impact of extreme climate events and transformation actions.	For the Company's identification of opportunities to climate risk issues and countermeasures (including potential financial impacts), please refer to <a href="#">Q 7-1-2 Climate change management and 3. Climate-related risks and opportunities.</a>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's ESG Committee uses a cycle of Plan, Do, Check, and Action to assess and identify climate change risks. This involves regularly adjusting and reviewing the Company's risk management policies and methods, as well as timely adjustments to the risk management frameworks and processes.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	<p>The Company conducted the analysis with reference to the SSP5-8.5 scenarios of the AR6 report regularly released by the Intergovernmental Panel on Climate Change (IPCC). The 1.5°C and 2.5°C warming scenario explanations are as follows:</p> <p>(1) 1.5°C temperature increase scenario:</p> <ul style="list-style-type: none"> <li>A. Net zero emissions and carbon management: In response to global efforts to limit warming to 1.5°C, we align with national pathways to achieve net zero emissions by 2050.</li> <li>B. Implement sustainable production: Promote environmental management, set reduction targets, and reduce the environmental impact of product production.</li> <li>C. Deployment of renewable energy: Continue to deploy the solar energy installation in Sanyi site to increase the utilization ratio of renewable power.</li> <li>D. Energy transition management: Process improvement and equipment performance enhancement, electrification of office and logistics vehicles.</li> <li>E. Zero waste of resource recycling: Reduce, reuse, and recycle waste to improve the conversion rate of waste to reduce environmental impact.</li> <li>F. Responding to climate change: Establish a climate change management framework with the TCFD as the framework to identify risks and opportunities, and disclose the progress to stakeholders on a regular basis.</li> </ul> <p>2.5°C temperature increase scenario: When the premise of the temperature increase scenario deteriorates, we will increase the intensity of temperature emission reduction (e.g. 100% use of green power in the entire site, 100% electrification of public utilities and logistics equipment, and 100% recycling of resources with zero waste)</p>

6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>The Company has long been concerned about the impact of climate change on its operations, and actively identifies and responds to the risks and impacts of extreme weather in order to identify opportunities.</p> <ol style="list-style-type: none"> <li>1. Formulate company-wide KPIs for energy conservation, carbon reduction, and GHG reduction, and check the control achievement rate on a monthly basis to formulate improvement measures.</li> <li>2. Upgrade the equipment and optimize the energy efficiency of the process.</li> <li>3. Established the "Energy Saving Service Group" in 2012, and set up the "Energy Saving Committee" and the "Value Chain Committee of Third-Party Suppliers" in 2018 to guide third-party companies in their efforts to protect the environment and actively create a green supply chain.</li> <li>4. Develop zero-carbon emission smart electric vehicles and cooperate with Hon Hai to provide a complete solution of electric vehicle chassis and key component modules to shorten the development process of future electric vehicles and enable electric vehicle products to enter the market more quickly.</li> </ol>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	The Company continues to collect internal carbon pricing practices and operational models. The Company has not yet used internal carbon pricing as a planning tool, therefore not applicable.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>In accordance with the national carbon dioxide reduction policy, Yulon Motor signed the "Greenhouse Gas Inventory and Voluntary Reduction Declaration" in 2006, continuously promoting efforts to reduce GHG emissions and setting reduction targets for carbon dioxide emissions in various departments. The Company's GHG emission reduction targets are divided into Scope 1 and Scope 2 carbon intensity targets (metric tons of carbon dioxide equivalent/NTD millions of production value) which are set to reduce by 4.2% per year.</p> <p>Carbon credits or RECs were not used for reduction credits in the year, so it is not applicable.</p>
9. GHG inventory and assurance status, as well as reduction targets, strategies and specific action plans (indicated in 1-1 and 1-2 separately).	Please refer to the descriptions in 1-1 and 1-2.

## 1-1 The Company's Greenhouse Gas Inventory and Assurance Status in the Recent Two Years

### 1-1-1 Greenhouse Gas Inventory Information

**Describe the GHG emission volume (metric tons of CO<sub>2</sub>e), intensity (metric tons of CO<sub>2</sub>e/NTD million), and data coverage for the most recent two years.**

Total CO<sub>2</sub> emissions from the Sanyi Plant: 10,985.71 metric tons in 2023 (Scope 1: 6,054.78 metric tons. Scope 2: 4,930.92 metric tons, GHG emission intensity at 0.4356 metric tons CO<sub>2</sub>e/NTD million). 12,601 metric tons in 2022 (Scope 1: 6,926 metric tons), Scope 2: 5,675 metric tons, GHG emission intensity at 0.5623 metric tons of CO<sub>2</sub>e/NTD million.

Note 1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company) and indirect emissions from energy (Scope 2, i.e. indirect GHG emissions due to imported electricity, heat or steam).

Note 2: GHG inventory standard: ISO 14064-1 issued by the International Organization for Standardization (ISO).

## 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

The Company has conducted GHG emission inventory and reduction plans over the years, and voluntarily disclosed the results publicly in the sustainability report and the Company's website, and has completed the ISO 14064 GHG inventory certification in 2022 and 2023.

Indicator item	Explanation of assurance status for 2022	Explanation of assurance status for 2023
Direct (Scope 1) GHG emissions	<ol style="list-style-type: none"> <li>1. Emissions: 6,926.4697 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>	<ol style="list-style-type: none"> <li>1. Emissions: 6,054.7888 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>
Indirect energy (Scope 2) GHG emissions	<ol style="list-style-type: none"> <li>1. Emissions: 5,675.1591 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>	<ol style="list-style-type: none"> <li>1. Emissions: 4,930.9186 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>
Other indirect (Scope 3) GHG emissions	<ol style="list-style-type: none"> <li>1. Emissions: 3,493.5035 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>	<ol style="list-style-type: none"> <li>1. Emissions: 3,223.7694 metric tons of CO<sub>2</sub>e</li> <li>2. Data boundary: Yulon Motor Sanyi Plant</li> <li>3. Certification: Yes</li> <li>4. Verification Institution: AFNOR</li> <li>5. Verification standard: ISO 14064</li> </ol>
GHG emissions intensity	<ol style="list-style-type: none"> <li>1. GHG emission intensity: 0.5623 metric tons of CO<sub>2</sub>e/NTD million</li> <li>2. Category: Others (turnover in millions)</li> <li>3. Scope of data: Scope 1 and Scope 2</li> </ol>	<ol style="list-style-type: none"> <li>1. GHG emission intensity: 0.4356 metric tons of CO<sub>2</sub>e/NTD million</li> <li>2. Category: Others (turnover in millions)</li> <li>3. Scope of data: Scope 1 and Scope 2</li> </ol>
Strategy, method and goal of GHG management	Reduce GHG emission by 4.2% linearly every year. This is achieved through initiatives such as the deployment of solar energy installations, electrification of vehicles, zero waste resource recycling, process improvements, enhancement of equipment efficiency, and GHG inventory education and training.	

Note: Data period is the same as the Annual Report

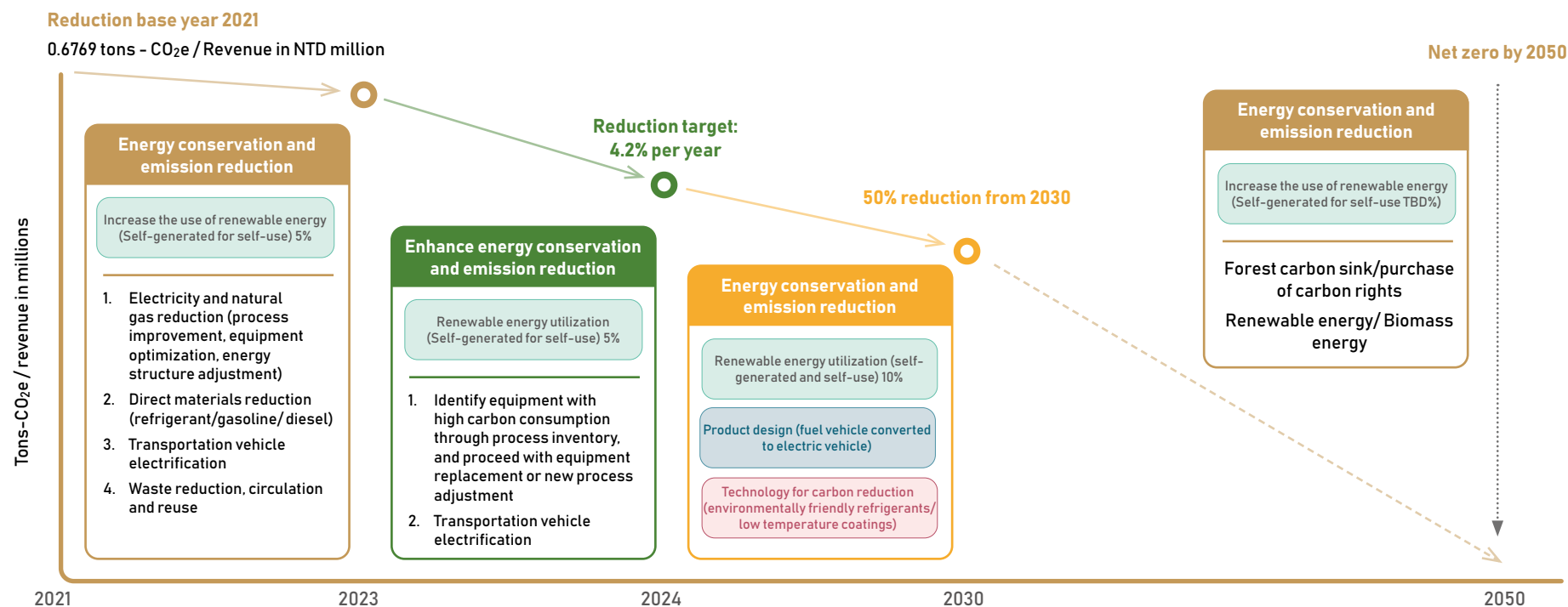




## 1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

Describe the GHG reduction base year and data, reduction goals, strategies, and specific action plans and achievement of the reduction goals.

We are extremely concerned about climate impact, so we regard the net zero emissions by 2050 as our important goal for environmental sustainability. We focus on emissions along the value chain by utilizing the Science Based Targets initiatives (SBTi) method and recommendations from internal and external experts. From policy development and target-setting to project implementation, Yulon Motor establishes management processes and takes action to reduce emissions of both Scope 1 and 2 of GHG. Yulon Motor's energy saving and emission reduction measures include process improvements and the implementation of digital energy management systems, enhancement of equipment efficiency and introduction of digital electronic boards, electrification of office vehicles, and reduction of waste and promoting recycling. Additionally, we increase the use of renewable energy, transition to smart electric vehicle manufacturing, and engage in forest carbon sinks. Through regular internal meetings and review of the progress toward GHG emission reduction goals, we ensure that carbon reduction mechanisms and resources are optimally allocated.



Appendix 9 Verification Opinion on 2023 Greenhouse Gas Emissions



# Certificate

Certificat

報告編號：(TH22-184 / 第 1 版)

## 溫室氣體查證報告意見書

THGHG22184-00

查證範圍： 裕隆汽車製造股份有限公司  
苗栗縣三義鄉西湖村伯公坑 39 號之 1

查證準則： ISO 14064-1：2018

查證目標： 艾法諾國際 (AFNOR ASIA) 根據 ISO14064-3：2019 標準，確認上述組織之溫室氣體聲明(溫室氣體查證報告書)依據雙方協議之查證準則進行查證並提出報告，AFNOR 以客觀公正的立場及原則(相關性、完整性、一致性、準確性、透明度)執行查證。

數據期間： 2023 年 01 月 01 日至 2023 年 12 月 31 日 (檢視的數據為歷史性質)

查證數據： 直接溫室氣體排放量(類別 1)： 6054.7888 公噸 CO<sub>2</sub>e  
能源間接溫室氣體排放量(類別 2)： 4930.9186 公噸 CO<sub>2</sub>e  
間接溫室氣體排放量(類別 3-6)： 3,223.7694 公噸 CO<sub>2</sub>e

全球暖化潛勢值(GWP)：引用 IPCC 2021 年第 6 次評估報告。

聲明依據：本聲明必須與下列文件作為一個整體以進行解釋說明。  
溫室氣體查證報告 (版次： 3 ；日期： 2024 年 03 月 15 日 )  
溫室氣體查證清單 (版次： 3 ；日期： 2024 年 03 月 15 日 )

實質性： 5% (類別 1 及類別 2)

意見類型： ☒ 不含保留意見 ☐ 含保留意見(請見附頁) ☐ 放棄簽發

查證結論： 確認組織依據雙方協議查證準則之要求提出溫室氣體聲明，並公正地呈現溫室氣體數據及相關資訊，與雙方協議的查證範圍、目標和準則一致。  
聲明查證數據之合理保證等級為類別 1 及類別 2。

本文件核發日期： 2024 年 04 月 13 日

APPROVED BY




Patrick Ni  
Director for Certification  
ON BEHALF OF  
AFNOR ASIA

第 1 頁 / 共 4 頁  
( 本文件不可單頁使用，單頁使用無效。 )



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# Certificate

Certificat


報告編號：(TH22-184 / 第 1 版)

各類別排放量數據：

類別	內容說明	溫室氣體排放量 (公噸 CO <sub>2</sub> e)	備註
(類別 1) 直接溫室氣體排放	固定式燃燒源、移動式燃燒源、製程排放源、逸散性排放源	6054.7888	
(類別 2) 輸入能源之間接溫室氣體排放	電力	4930.9186	所在地基準
(類別 3) 運輸之間接溫室氣體排放	原物料上游運輸、產品下游運輸、客戶和訪客運輸產生的排放、商務旅行	93.9867	
(類別 4) 組織使用的產品之間接溫室氣體排放	由採購的貨物產生之排放-原料 由採購的貨物產生之排放-能源活動 廢棄物處理	1,320.7091	
(類別 5) 使用組織的產品之下游租賃資產的排放	產品使用階段的排放 下游租賃資產的排放	1,809.0735	
(類別 6) 其他來源之間接溫室氣體排放	NA	NA	

生質燃燒排放： 0.0000 公噸 CO<sub>2</sub>e

第 2 頁 / 共 4 頁  
( 本文件不可單頁使用，單頁使用無效。 )



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## Appendix 10 Assurance Statement of the Sustainability Report

**Deloitte.**

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### INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
Yulon Motor Co., Ltd.

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of Yulon Motor Co., Ltd. ("the Company") for the year ended December 31, 2023.

#### Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

#### Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and the criteria specifically designed by the Company, and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

#### Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.

- 1 -

- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, and observation to obtain evidence supporting limited assurance.

#### Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

#### Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

#### Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Liu, Yi-Ching.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

July 24, 2024

#### Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

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## Appendix 10 Assurance Statement of the Sustainability Report

### APPENDIX

#### SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information										Corresponding Section	Applicable Criteria	
	Industrial Waste Reused (Definition: Waste Reuse According to Permission Issued by the Ministry of Environment or Reuse Subjected to Immediate Treatment) (Unit: Metric Tons)										Appendix 6 Types and amount of waste generated in 2023	GRI 306-3: 2020 Waste generated	
	Year	General Industrial Waste					Waste Oils	Active Carbon	Sludge	Hazardous Industrial Waste			
		Iron	Paper	Plastics	Glass	Wood				Physical Treatment			External (Physical Treatment)
	2023	1,121.99	1,085.01	463.95	3.72	469.00	8.49	0.00	32.01	17.79	9.56		
	Year	Non-reusable Industrial Waste					Hazardous Industrial Waste	Total					
		General Industrial Waste						Weight of Hazardous Waste	Weight of Non-hazardous Waste	Total Weight (Hazardous + Non-hazardous)			
		Sludge		Paint Waste	General (Domestic Waste)	Others (High Heat-value Waste, D-0299, D-0699, D-0899)						Medical Waste	
		Landfilling	Thermal Treatment	Incineration	Incineration	Incineration						Incineration	
		2023	0.00	0.00	68.63	13.28	77.03	0.04	27.39	3,343.11	3,370.50		
2.	Item	Unit	Data of Occupational Accidents in 2023					Non-employee			5-3-2 Occupational safety and health risk management and preventative measures	GRI 403-9: 2018 Work-related injuries	
			Employees		Total			Non-employee		Total			
	Occupational accident	Number of persons injured	People	0	4	4	0	0	0	0			0
		Number of deaths	People	0	0	0	0	0	0	0			
	Type of occupational accident	-	-	There were 3 occupational accidents in 2023 (4 employees were injured) 1. Traffic accident with leg injury while performing duty 2. Flexor tendons injury while unboxing 3. Carpal bone injury while performing duty		-	-	-	-	0			
	Number of persons involved in a catastrophe and fatal accident among the persons injured	People	0	0	0	0	0	0	0				
	Total number of occupational injuries	People	0	4	4	0	0	0	0				
	Total number of work hours	Hour	240,064	2,013,760	2,253,824	113,088	307,520	420,608					
	Occupational injury rate	%	0.000	1.986	1.775	0.000	0.000	0.000					
	Serious occupational injury rate	%	0.000	0.000	0.000	0.000	0.000	0.000					
	3.	Item	Senior Executive		Mid-level Manager		Junior Manager		General Employee				5-1-2 Development and training of talents
Male			Female	Male	Female	Male	Female	Male	Female				
	Average training hours by gender	10.72	48.82	16.44	35.40	16.27	0.00	11.45	18.26				
4.	Course Topic									Number of Participants	2-3 Ethical Corporate and anti-corruption	Designated indicator 1 Number of participants in integrity management and regulatory compliance training in 2023.	
	YL 2023 Law and Intellectual Property Department Course - Patent Search and Analysis												
	2023 Yulon Motor - An Introduction to Copyright												
	YL 2023 Law and Intellectual Property Department Course - Patent Dispute Resolution 0926												
	2023 Yulon TIPS and internal auditing education and training for all employees												
	2023 training course on TIPS (Level A) and legal compliance for intellectual property with respect to corporate governance.												
	(An introduction to intellectual property (compatible video version))												
	Personal Information Protection Awareness - Overview of Personal Data Protection Act												
	Legal issues a supervisor needs to know												
	Insider trading 101 (digital course)												
Online course on workplace unlawful infringement awareness and prevention (digital course)													

(Continued)

# Appendix 10 Assurance Statement of the Sustainability Report

#	Subject Matter Information	Corresponding Section	Applicable Criteria
5.	Solar power setup plan for the Sany plant in 2023 <ul style="list-style-type: none"><li>Solar power system: 15,377 KW;</li><li>Generated power: 17,160,000 KWH.</li><li>Amount of power generated (including for self-use and wholesale) as a percentage of total power consumed: 137%.</li></ul>	7-2-2 Renewable energy deployment	Designated indicator 2 Solar capacity, generated power, and the percentage of solar power generation in total purchased electricity at the Sany plant in 2023.

(Concluded)



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