

2023

SUSTAINABILITY
REPORT



th
ANNIVERSARY

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About this Report

Thank you for reading the 2023 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 2023 Report is from January 1, 2022 to December 31, 2022, and this Report was issued in July 2023. 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. This report contains both past and future plans in order to present relevant information on corporate sustainability thoroughly.

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.

Report Assurance

We have retained the service of Deloitte Taiwan, which is independent and accountable, to provide a limited assurance on the 2022 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.

Feedback and contact

This report is published in Mandarin. As the Company adopts paperless operations in favor of environmental protection, the whole content of this report is available in PDF format on the official website of Yulon Motor (<http://www.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

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Publication Time

Yulon Motor issues the corporate sustainability report on an annual basis.

Publication of the previous issue: June 2022

Publication of this issue: July 2023

Publication of the next issue: Scheduled in July 2024





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. The campaign “Happy Wheels in the South Link Area in Taitung” has served a total of 21,713 persons with a total of 930,000 kilometers traveled since April 2019 and received the Leadership in Social Inclusion Award in the 2022 Taiwan Corporate Sustainability 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 9 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. In addition, we also sponsored the “Taiwan International Wood Sculpture Competition” to train wood carving talents with the Youth Training Scholarship. For social engagement, we have sponsored a basketball team for a long time to promote sports activities for all and taken the initiative in local care, including the “Happy Wheels,” “9453 Friendly Travel” and “Long-term Care Fleets in Taipei City and New Taipei City,” 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 2022, Yulon Motor has completed the installment of solar generators at the Sanyi plant with a total capacity of 11MW, equivalent to the total electricity 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 Yulong Motor and actively fulfilling the responsibility as a corporate citizen in the pursuit of a sustainable future.

Pursuing Customer Satisfaction, Creating Corporate Prosperity,
Contributing to Society

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 Yulong Motor’s value in mobility.



History

1953

The birth of the domestic automobile manufacturing industry

- Yue Loong Machinery Co., Ltd. was established with a capital of NT\$2 million



1957

Technology cooperation and industrial integration

- Signed a technical cooperation agreement with Nissan Motor Co., Ltd.

1976

- The Company's shares were officially listed on the centralized market of the stock exchange.

1981

- The first phase construction of the Sanyi plant was completed and production began.

2003

- Yue Loong Corporate spun off into "Yulon Motor" and "Yulon Nissan Motor"

2001

- PDM system was officially launched, and became the first car manufacturer developing the "International R&D Integration System" in Taiwan.

2000

- Acquired the dealership of Renault France in Taiwan.



1999

Business development

- Developed the "Automobile Peripherals Business" to provide customers with a full-dimensional service in transportation.

1991

The development of the private brand for passenger cars

- Cumulative production volume reached 1 million vehicles

1986

- The first Taiwanese designed and developed car, the Feeling 101, was launched.

2005

Business development

- Grand opening of the Auto Mall

- Participated in the investment and establishment of Hua-Chuang Automobile Information Technical Center Co., Ltd. for research and development of innovative automobile electronic modules.

2006

- "Yulon General Motors Co., Ltd." was established as a joint venture with General Motors to sell under the BUICK, CADILLAC and OPEL brands.



Boosting sustainable competitiveness

- The Board of Directors established the “Sustainable Development Committee” to exercise oversight of the ESG implementation

- 70th anniversary of Yulon Motor



2020

- Foxconn and Yulon entered into a joint venture agreement to form a company to collaborate in promoting the transformation, upgrading, and development of the industries in Taiwan

- Value chain transformation, fully opened up to diversified customers, announced the OEM assembly of ADIVA three-wheeled heavy motorcycle for export to Europe, Japan and Southeast Asia.

Boosting sustainable competitiveness

- The Company announced its initiative to subscribe 1.89 million kWh of green power, becoming the first domestic automobile company to subscribe to green power.

2019

2015

2008

New start of the private car brand

- Established Luxgen Motor Co., Ltd. to develop a private car brand



2009

- Established Yulon TOBE Motor Co., Ltd. to market own brand of cars- tobe.



2010

- Launched the electric car LUXGEN EV, which was the first electric car certified by the government



Business Overview of Yulon Motor



Listing date	July 8, 1976; stock code 2201
Total No. of employees	1,155 employees (December 2022)
Headquarters	No. 39-1, Bogongkeng, Sanyi Township, Miaoli County
Capital	NTD 10,000,000 thousand
Operating revenue	NTD 77,079,263 thousand
Major business items and proportion	The manufacture and sale of various automobiles and related components accounted for 95.5% of business.
Major operational location	Sanyi Township, Miaoli County (headquarters, R&D Center, manufacturing location)

Performance in Sustainability and Highlights in 2022



Facilitating net zero carbon emissions, energy saving and waste reduction

- Since 2013, the Sanyi plant has been installing solar power generators, and until now the cumulative capacity has reached 11MW.
- The waste reuse rates for the most recent 5 years has been kept above 90%.
- Replaced 5 trucks and 11 official fossil fuel vehicles with electric vehicles in 2022.
- The paint recycling system at the paint mixing room reduced the emissions by 97.42 metric tons CO₂e in 2022.
- Obtained the statement for ISO 14064-1 greenhouse gas verification.



Sustainable supply chain driving value production

- Built the “Resource Exchange Platform” to intermediate between the Group and suppliers for resource sharing and reuse.
- Assisted 10 suppliers in quality improvement supervision in 2022.
- Assisted 9 contract manufacturers in the improvement of 23 environmental, health and safety issues in 2022.
- Total green procurement of NT\$75,100,588 was made in 2022.
- Initiated supplier energy-saving and carbon-reduction events and ISO 14064 training.



Innovative R&D leading to the future of mobility

- A total of 30,439 finished vehicles were tested in 2022 with a 100% test quality assurance rate and zero significant customer complaint filed.
- A total of 206 vehicle charging stations and a total of 109 motorcycle charging stations were under management with 300,000 charging counts in total in 2022.
- 2 technology patent applications for energy storage products were filed, and energy storage containers with a total capacity of 200MW were manufactured.



Integrity and transparency steering corporate governance

- Ranked the top 5% for the 9th 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 National Sustainable Development Awards by the Executive Yuan.
- Received the CommonWealth Magazine’s Sustainable Citizen Award – Large Enterprise Award.
- Completed the anti-corruption risk assessment at 16 retail locations in 2022.



Friendly workplace of diversity and inclusiveness

- Offered minimum employee salary that was 1.4 times the minimum wage required by law.
- The average salary adjustment in 2022 was 3.36% while that for outstanding employees reached 6.5%.
- 59% of employees are local residents in Miaoli area.
- In 2022, the Happiness Point program was launched, which gave out a total of NT\$387,250.
- The total budget for employee education and training in 2022 reached NT\$4,200,476.
- A total employee occupational safety training of 2,324 hours were offered in 2022.



Social welfare with virtuous influential actions

- Received the “Taiwan Sustainability Action Awards (TSAA) Social Inclusion Silver Award” and the “Taiwan Corporate Sustainability Award (TCSA) Social Inclusion Award”.
- The social welfare solution “Easy Transportation in the South Link Area” has served 21,713 persons in the South Link Area since 2019 and was granted the Social Innovation Award in the 2022 Global View Magazine’s CSR and ESG Award.
- Collaborated with Chiayi City Government in the social project “9453 Friendly Travel” to build the first “Elderly Friendly Model City” in Taiwan.
- The long-term care fleets in Taipei City and New Taipei City have cumulatively served 40,550 persons with a total of 184,489 kilometers traveled.
- Built a 24,192m² waterfront ecological park as a donation to New Taipei City Government for the public space use.
- Supported the “Yushi Social Enterprise” to create job opportunities and achieve sourcing with corporate responsibility.
- A nursery for the old-growth forest was set up in the Sanyi plant with a target to cultivate 10 species of native plants and more than 2,000 saplings.

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Sustainability Strategies and Vision

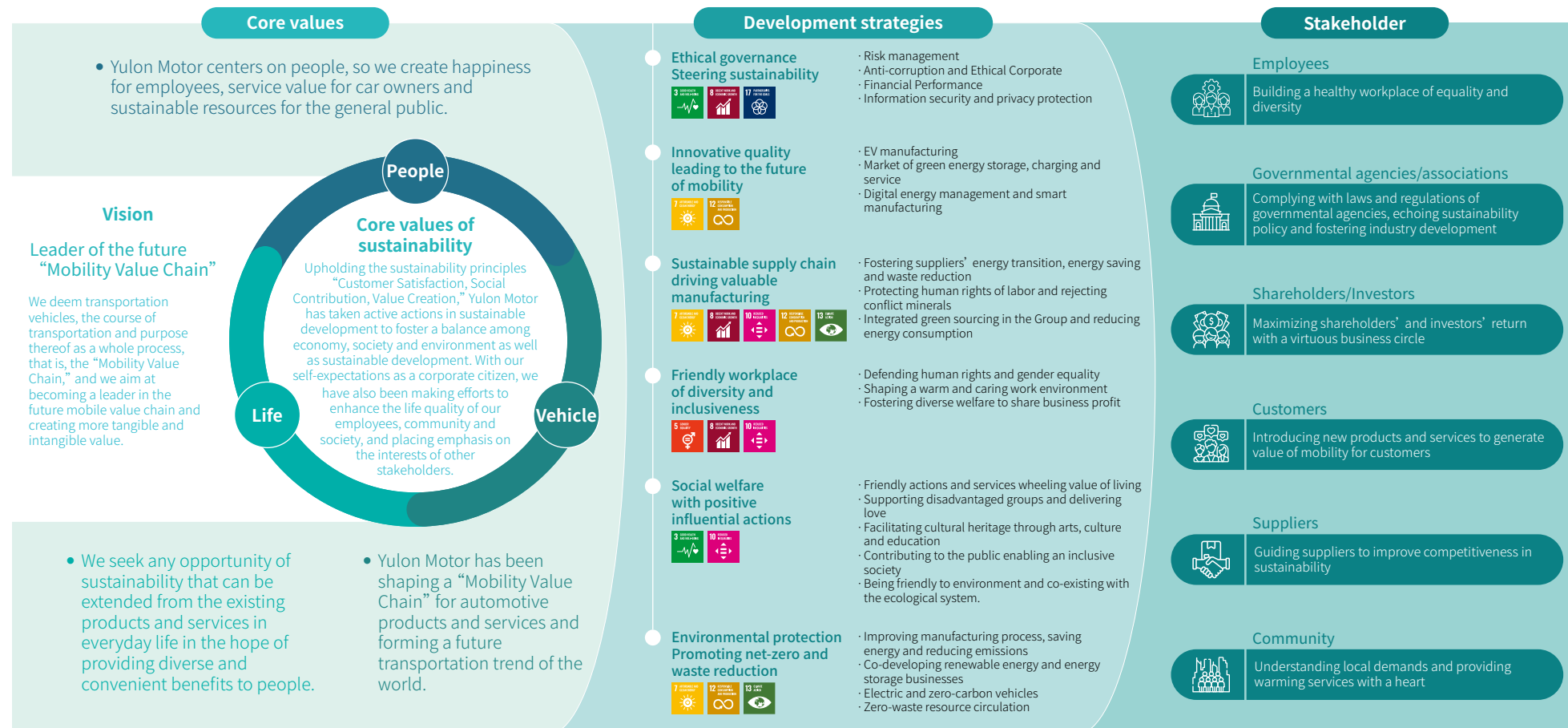
- 1-1 Sustainability blueprint
- 1-2 Sustainable Development Committee and ESG Committee
- 1-3 Stakeholder communication – analysis of material topics
 - 1-3-1 Stakeholder engagement
 - 1-3-2 Analysis of material topics and assessment of impacts



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

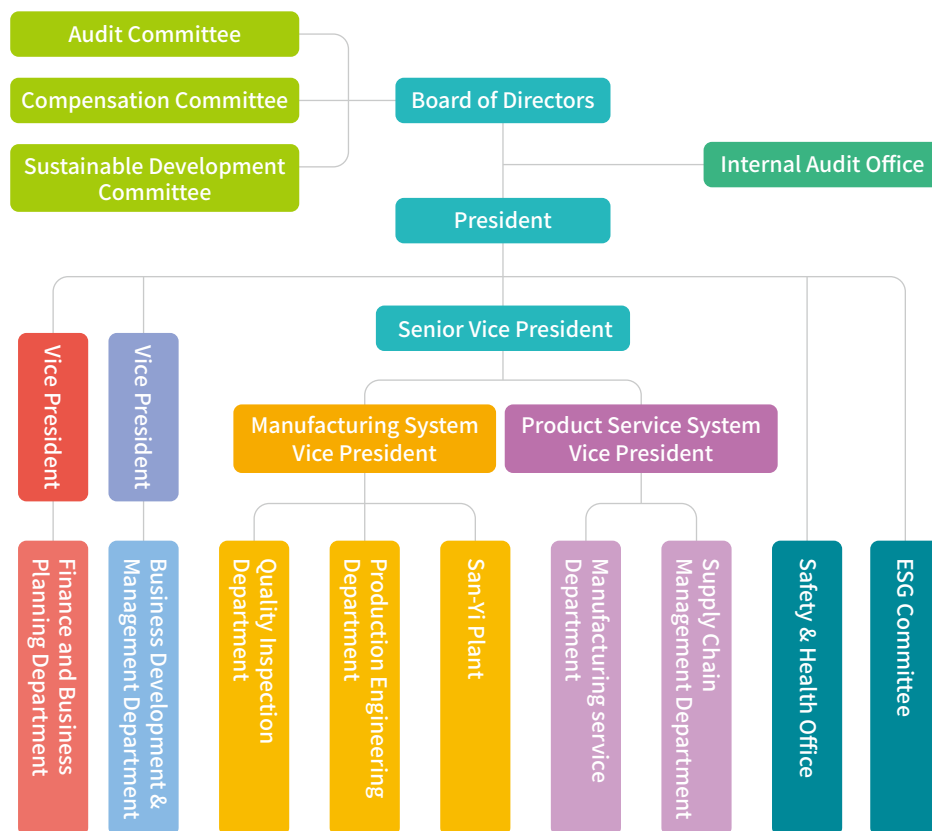




Yulon Motor cares about stakeholders' rights, and by understanding their expectations and demands via a wide range of communication channels, we have incorporated the objective "Taking from Society and Giving Back to Society" into our operational strategies and management. Yulon Motor grasps various 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

Structure of Yulon Motor's Sustainability Organization



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 and Sustainable Development Best-Practice Principles;
- 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.

Responsibilities of the ESG Committee

Planning ESG and sustainability activities	Coordinating the implementation of the Group's ESG activities	Managing public relations
<ul style="list-style-type: none"> ① Formulating and facilitating the Company's direction, strategies and goals for ESG and sustainability ② Controlling and analyzing the performance towards sustainability goals, and track and revise such goals ③ Paying attention to topics concerned by all stakeholders, including shareholders, clients, suppliers, employees, government, non-profit organizations, community and media, overseeing communication plans and responding to demands of external stakeholders ④ Preparing annual sustainability reports ⑤ Coordinating for ESG evaluations, act as a contact point for ESG evaluations, and initiating and making efforts to win awards and good ratings 	<ul style="list-style-type: none"> ① Facilitating cross-company partnerships for sustainability in alignment with the Group's ESG and sustainability vision and policies ② Putting the ESG and sustainability strategies, goal setting and performance management into practice in subsidiaries ③ Facilitating social engagement and commitment of subsidiaries and promoting their images of caring public welfare 	<ul style="list-style-type: none"> ① Planning and executing media events ② Planning and executing activities for corporate image ③ Planning and organizing activities enhancing community relations ④ Maintaining and centrally managing the Company's official website



Information on ESG Committee's meetings:

Frequency and number of meetings

The Committee meets semi-annually, and in 2022, the ESG Committee reported to the Board 5 times with 5 proposals passed



Achievements

- Obtained the greenhouse gas verification statement from an external professional institute in November 2022
- Established the Sustainable Development Committee in November 2022
- Ranked the top 5% in the 8th corporate governance evaluation for listed companies in April 2022.
- Received the National Sustainable Development Awards in November 2022
- In 2022, the Sanyi plant of Yulon Motor generated a total of 12.83 million kWh solar power and consumed a total of 12.81 million kWh electricity. The power generated and used at the Sanyi plant is for self-use and wholesale.

Plan for the sustainability blueprint

According to the six major development strategies of the sustainability blueprint, the ESG Committee has laid out the qualitative and quantitative short-, mid- and long-term goals for the sustainability vision and the individual annual check points for each goal oriented on the key ESG strategies discussed with the senior management and various departments. Thereby, Yulon Motor gradually puts each low-carbon-emissions and low-energy-consuming ESG and sustainability actions into practice to enhance the value of sustainability and carry through our vision for corporate sustainability.

Major development strategy in the blueprint	Short-term (2023–2024)	Medium-term (2025–2026)	Long-term (After 2027)	Corresponding 2022 sustainability topics (2022 sustainability topics are in bold)
Environmental protection, promotion of net zero emissions and waste reduction	<ul style="list-style-type: none"> • Greenhouse gas emissions to be reduced by 4.2%/year • Waste usage to be reduced by 30%/year • Level of Volatile Organic Compounds emissions (hereinafter referred to as VOCs) to be lowered to: below 69 g/m³ 	<ul style="list-style-type: none"> • Greenhouse gas emissions to be reduced by 4.2%/year • A total of 20.2MW of solar power generation capacity to be installed by 2025 • Water consumption to be reduced by 10%/year • Level of VOCs emissions to be lowered to: below 68 g/m³ 	<ul style="list-style-type: none"> • Greenhouse gas emissions to be reduced by 50% by 2030 • 100% electrification of vehicles in the plant by 2030 • To participate in EV100 and RE100 in 2030 • Net zero carbon emissions by 2050 • Level of VOCs emissions to be lowered to: below 66 g/m³ 	<ul style="list-style-type: none"> • Climate strategy/GHG emissions • Air pollution • Biodiversity • Hazardous substance disposal • Waste management and recycling • Energy management • Water resource utilization and wastewater discharge management



Major development strategy in the blueprint	Short-term (2023–2024)	Medium-term (2025–2026)	Long-term (After 2027)	Corresponding 2022 sustainability topics (2022 sustainability topics are in bold)
Sustainable supply chain driving value production	<ul style="list-style-type: none"> To establish the “Resource Exchange Platform” of the Group to matchmake idle equipment among entities of the Group, contract manufacturers and suppliers Purchase amount of locally sourced parts to reach more than 40% of total purchase amount of parts To assist sustainability high-risk suppliers in on-site audit 	<ul style="list-style-type: none"> Continue to increase the proportion of purchase amount of locally sourced parts to total purchase amount of parts Continue to increase the proportion of suppliers who signed the “Supplier’s Undertaking of Corporate Social Responsibility” To assist sustainability high-risk suppliers in on-site audit 	<ul style="list-style-type: none"> Ensure 100% of suppliers signing the “Supplier’s Undertaking of Corporate Social Responsibility” To assist sustainability high-risk suppliers in on-site audit 	<ul style="list-style-type: none"> Sustainable supply chain
Innovative quality leading to the future of mobility	<ul style="list-style-type: none"> Battery electric vehicle n⁷ is expected to be introduced to the market in the fourth quarter of 2023 and to continue the electric vehicle R&D 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> To keep fostering technology innovation in Taiwan’s electric vehicle industry and creating forward-looking energy-storage technology and products 	<ul style="list-style-type: none"> EV development Product quality and reliability Technology R&D and innovation Customer relationship management
	<ul style="list-style-type: none"> 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) To boost ability in smart manufacturing To have more than 21 stations capable of connecting, capturing and uploading the manufacturing process parameters and quality-related parameters online Immediate risk alert for critical procedures with key parameters captured for analysis and early warning management 	<ul style="list-style-type: none"> To strengthen the management ability in new vehicle development 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 100% improvement rate for the Quality Assurance Rate (QAR) of risky stations at each stage to improve assurance rate To boost ability in smart manufacturing Immediate risk alert for critical procedures with key parameters captured for analysis and early warning management 	<ul style="list-style-type: none"> To keep improving quality, enhancing testing technology and optimizing management skill 	
Ethical governance steering sustainability	<ul style="list-style-type: none"> 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. To coordinate partners in the development of large power plants and to participate in Taipower’s ancillary service market To improve credit rating and lower the capital costs for developing manufacturing services and investing in energy storage business 	<ul style="list-style-type: none"> To improve communication efficiency between the Company and external personnel To keep close relations with capital market in order to increase the number of diverse funding channels and seek appropriate investment targets 	<ul style="list-style-type: none"> To root in Taiwan and aim at the world; to keep the most essential and critical R&D technologies and resources in Taiwan for both the existing manufacturing services and energy storage products that we have been actively involved in. 	<ul style="list-style-type: none"> Operations and finance Risk management Corporate governance Brand image Information security and privacy management
	<ul style="list-style-type: none"> To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification from a third party To introduce the ISO 27001 Information Security Risk Management System To implement diversification for increasing revenue from new businesses 	<ul style="list-style-type: none"> To introduce the ISO 27001 Information Security Risk Management System and obtain verification from a third party To implement diversification for increasing revenue from new businesses 	<ul style="list-style-type: none"> To implement diversification for increasing revenue from new businesses 	



Major development strategy in the blueprint	Short-term (2023–2024)	Medium-term (2025–2026)	Long-term (After 2027)	Corresponding 2022 sustainability topics (2022 sustainability topics are in bold)
Friendly workplace of diversity and inclusiveness	<ul style="list-style-type: none"> To facilitate industry–academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45 Turnover rate of new employees <21% 	<ul style="list-style-type: none"> To facilitate industry–academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 50 Turnover rate of new employees <18% 	<ul style="list-style-type: none"> To facilitate industry–academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 55 Turnover rate of new employees <15% 	<ul style="list-style-type: none"> Recruitment and retention Occupational Health and Safety Human Rights Career development, education and training
	<ul style="list-style-type: none"> 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. 0 catastrophes and fatal occupational accident at the plant/year 4 Injury cases at the plant ↓ /year 40 ↑ safety and health promotional events /year 12 ↑ employee safety seminars/year 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	
Social welfare with virtuous influential actions	<ul style="list-style-type: none"> To keep cultivating native saplings To enlarge the scale of public welfare promotion To keep supporting the wood carving industry in Sanyi 	<ul style="list-style-type: none"> To continue to strengthen and develop differentiated featured programs in regard to becoming environmentally friendly and support for disadvantaged groups, which meet the SDGs 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Social Relationships

1-3 Stakeholder communication – analysis of material topics






Yulon Motor cares about demands of all stakeholders and hopes to create total value among 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 eight 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)
 Employees	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"> • Risk management • Operational and financial performances • Recruitment and retention • Occupational health and safety 	<ul style="list-style-type: none"> • Labor-management meetings (quarterly) • New employee seminars (quarterly) • Employee seminars (annually) • Employee satisfaction survey (biennially). • New employee satisfaction survey (semi-annually) • Employee magazines (annually) • Employee feedback mailbox (irregularly) • Nice to meet Yu Line@ (irregularly) • Employee grievance hotline (irregularly) • Manager consensus camp (semi-annually) • Education and training (irregular) 	<ul style="list-style-type: none"> • Held 4 labor-management meetings and new employee seminars • Received 20 feedback letters from the employee feedback mailbox • The Line@ account received 34 messages with 100% reply rate. • Employees completed and consulted about illegal infringements at workplace. • Promotional events concerning illegal infringements and legal issues – 1 physical course, 1 online course and 12 legal circulars about sexual harassment 	<ul style="list-style-type: none"> • 2-4 Risk Management • 2-2 Financial Performance • 4-1 Diverse talent strategy • 4-3 Friendly and safe work environment
 Media	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"> • Operational and financial performances • EV development • Social Relationships 	<ul style="list-style-type: none"> • Publication of newsletters via media (irregularly) • Media interviews (irregularly) 	<ul style="list-style-type: none"> • Published 9 newsletters regarding topics such as performance of corporate governance, corporate social responsibility and ESG and sustainability actions 	<ul style="list-style-type: none"> • 2-2 Financial Performance • 3-1 Leading products and innovative R&D • 5 Social Relationships
 Governmental agencies/associations	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"> • Risk management • Operational and financial performances • Climate strategy 	<ul style="list-style-type: none"> • Communication with associations (annually) • Seminars, public hearings and conferences (irregularly) • Official documents (irregularly) • Corporate governance evaluation (annual) 	<ul style="list-style-type: none"> • Participated in the Green EXPO for automotive industry • Participated in 29 interactive events • Received 60 official documents on average every month • Ranked the top 5% in the 9th Corporate Governance Evaluation 	<ul style="list-style-type: none"> • 2-4 Risk Management • 2-2 Financial Performance • 6-1 Climate Change Management



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"> Risk management Operational and financial performances Air pollution 	<ul style="list-style-type: none"> General Meeting of shareholders (annually) Publication of annual reports (annually) Investor conferences (quarterly) Announcements of material information on the Market Observation Post System (irregularly) Calls/emails from minority shareholders (irregularly) 	<ul style="list-style-type: none"> The annual report was published in May Investor conferences were held in April, May, August and November Made 50 material information announcements Received inquiries from 15 minority shareholders 	<ul style="list-style-type: none"> 2-4 Risk Management 2-2 Financial Performance 6-4 Pollution Control Management
 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"> EV development Product quality and reliability Climate strategy 	<ul style="list-style-type: none"> Customer satisfaction survey (annual) Production and sales meetings (monthly) Market quality meetings (weekly) 	<ul style="list-style-type: none"> Conducted 2 customer satisfaction surveys regarding delivery Held a total of 18 production and sales meetings Held a total of 80 market quality meetings and investigated, tracked and improved production issues based on market feedbacks 	<ul style="list-style-type: none"> 3-1 Leading products and innovative R&D 3-2 Quality Control and Safety Guarantee 6-1 Climate Change Management
 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"> Risk management Operational and financial performances EV development Occupational health and safety 	<ul style="list-style-type: none"> Annual review of suppliers' specification compliance and inspection on 8 major aspects (annually) Supplier conferences (annually) Quality audit meetings (annually) SCM Platform (irregular) SQM Platform (irregular) 	<ul style="list-style-type: none"> Inspections have been carried out on 10 suppliers Quality audit meetings with 9 suppliers were held Examined the platform regarding early indication, view and change of presentation 	<ul style="list-style-type: none"> 2-4 Risk Management 2-2 Financial Performance 3-1 Leading products and innovative R&D 4-3 Friendly and safe work environment
 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"> Risk management Operational and financial performances Climate strategy GHG emissions 	<ul style="list-style-type: none"> Publication of sustainability reports (annually) Company website (irregularly) Election data/interviews (irregularly) 	<ul style="list-style-type: none"> Published the Sustainability Report of the year Maintained ESG-related information on a monthly basis Participated in 5 elections/interviews 	<ul style="list-style-type: none"> 2-4 Risk Management 2-2 Financial Performance 6-1 Climate Change Management
 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"> Air pollution GHG emissions Recruitment and retention Social Relationships 	<ul style="list-style-type: none"> Volunteer services (irregularly) Community visits (irregularly) Announcements on the company website (irregularly) Schools (annually) 	<ul style="list-style-type: none"> Held 6 · volunteer services and activities Paid 7 visits to community Made 95 announcements on the company website Visited 20 schools 	<ul style="list-style-type: none"> 6-4 Pollution Control Management 6-1 Climate Change Management 4-1 Diverse talents strategy 5 Social Relationships



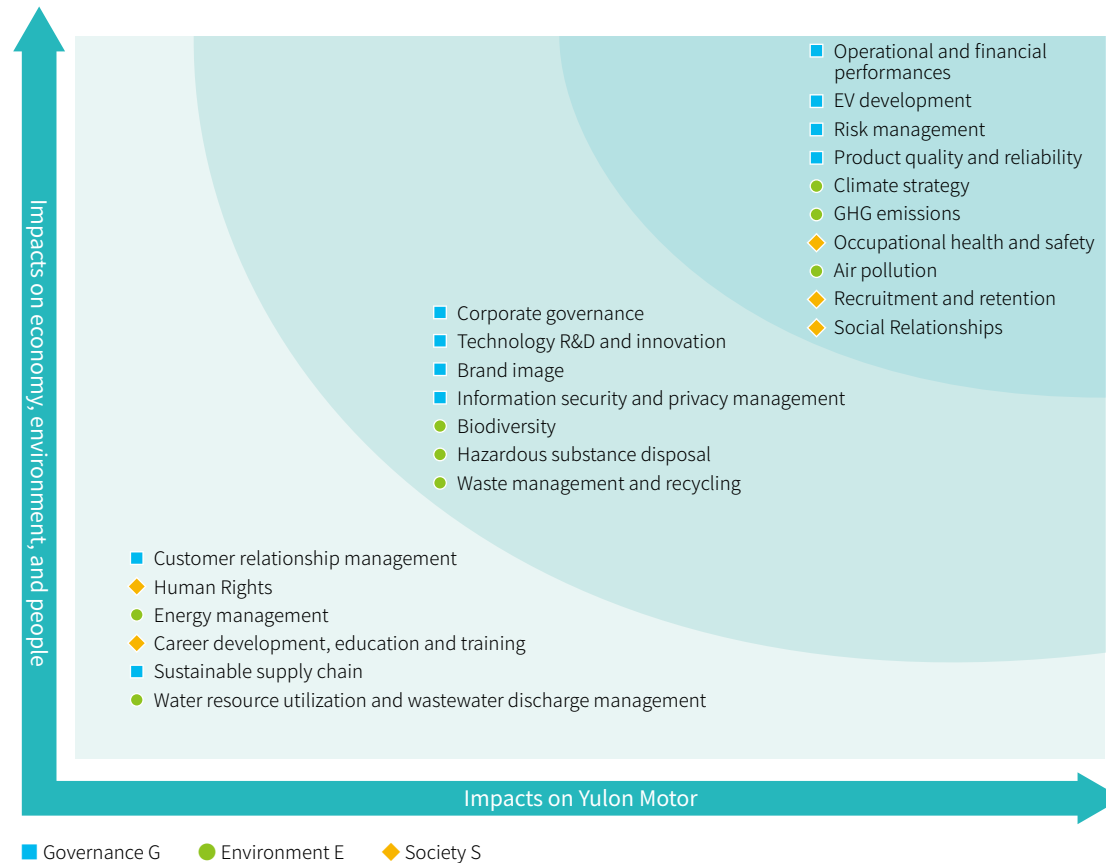
1-3-2 Analysis of material topics and assessment of impacts

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 10 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.

Procedure	Step	Implementation
Continuous identification and assessment of impacts	Understanding organizational context 1	Identified stakeholders: With reference to the five major principles of the AA1000 Stakeholder Engagement Standard (SES), identified eight major groups of stakeholders: employees, customers, suppliers, shareholders/investors, governmental agencies/associations, external rating agencies, community and media. Summarized topics concerning sustainability: In addition to material topics of stakeholders' concern and that generally found in the car manufacturing industry throughout daily operations, referred to various international sustainability standards and regulations such as GRI and SASB Standards and concluded with 3 major aspects and 23 topics.
	Identifying actual and potential impacts 2	Confirmed stakeholders' level of concern on each topic: we analyzed the weights of each group of stakeholders based on the communication frequency, reliability and influence of each group of stakeholders and distributed 21 questionnaires regarding levels of concern on internal and external topics to summarize and assess the degree of attention paid by each group of stakeholders on Yulon Motor's sustainability topics. Actual and potential impacts: taking the positive and negative impacts of each topic on operations and business relations and the aforementioned stakeholders' level of concern on these topics into account, we used the method of questionnaire analysis and multiplied the scores by a factor reflecting the degree of effects and the possibility of impacts to calculate the degree of impacts on each topic.
	Assessing the significance of impacts 3	Assessed the threshold of impacts: Based on the material topic assessment result of 2022, we chose the top 3 or 4 topics that individually have a threshold higher than 3.052 on each of the 3 major aspects as the top 10 material topics. We then decided the final reporting method with reference to the opinions of the internal management team and external consultants.
Conclusion about material topics to be reported	Determining the priority of the most significant impacts for reporting 4	Topics confirmed: After the ESG Committee and the Board of Directors confirmed all material topics, aspects and the priority thereof, formulated the management approaches and had relevant information disclosed on the sustainability report. Regular reviews: regularly reviewed the implementation status of existing material topics and carried out mitigation and remedial measures in the event of a negative impact.



Materiality matrix



Movement of material topics

Material topic	Priority	Original priority	Movement
■ Operational and financial performances	1	1	Unchanged
■ EV development	2	(This is a newly added topic)	
■ Risk management	3	9	↓
■ Product quality and reliability	4	4	Unchanged
● Climate strategy	5	(This is a newly added topic)	
● GHG emissions	6	19	↓
◆ Occupational health and safety	7	8	↓
● Air pollution	8	14	↓
◆ Recruitment and retention	9	12	↓
◆ Social Relationships	10	23 (formerly: "community welfare and engagement")	↓

Note 1: Since the former material topic "sustainable development strategy" is extensive in scope, it has been incorporated into various other sustainability topics and no longer listed as a material topic.

Note 2: In response to the trend of international automotive industry and environmental change, the "EV development" and "climate strategy" are newly added as material topics; the scope of the original topic "community welfare and engagement" is extended to investments in society as a whole, so it is renamed "Social Relationships."



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)	
1	Operational and financial performances	G	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 our R&D, environmental protection and human resource expenses.	GRI 201-1	✓	✓	✓	✓	✓		2-2 Financial Performance
2	EV development	G	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.	Customized topics	✓	✓	✓	✓	✓		3-1 Leading products and innovative R&D
3	Risk management	G	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	Customized topics	✓	✓	✓	✓	✓		2-4 Risk Management
4	Product quality and reliability	G	Good product quality and reliability will influence the customers’ trust in us and our goodwill as well as the impression of us investors and the general public may have.	Customized topics	✓	✓	✓	✓	✓		3-2 Quality Control and Safety Guarantee
5	Climate strategy	E	In conformity with stricter climate-related laws and regulations nowadays, we shall adopt a group-level climate strategy as early as possible to avoid any violation of laws, and at the same time, mitigate any potential impacts arising from climate change on the plant’s operations by establishing applicable measures.	GRI 201-2	✓		✓	✓		✓	6-1 Climate Change Management



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
6	GHG emissions	E	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.	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-6	✓		✓	✓			✓	6-1 Climate Change Management
7	Occupational health and safety	S	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.	GRI 403	✓		✓	✓				4-3 Friendly and safe work environment
8	Air pollution	E	Air pollution will directly impact the physical and mental health of internal personnel on shift and of the residents of adjacent communities, so if we can properly control the said impact, we will be able to avoid violations of applicable laws and maintain a more friendly relationship with community	GRI 305-7	✓		✓	✓			✓	6-4 Pollution Control Management
9	Recruitment and retention	S	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.	GRI 401-1	✓		✓				✓	4-1 Diverse talents strategy
10	Social Relationships	S	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 also support disadvantaged groups in many remote areas.	Customized topics	✓						✓	5 Social Relationships

chapter _____

Ethical governance steering sustainability

- 2-1 Sustainable Governance Framework
- 2-2 Financial Performance
- 2-3 Ethical Corporate and Anti-corruption
- 2-4 Risk Management
 - 2-4-1 Risk management and maintenance
 - 2-4-2 Information Security and Privacy Management



Material issue:

Operational and financial performances, Risk management

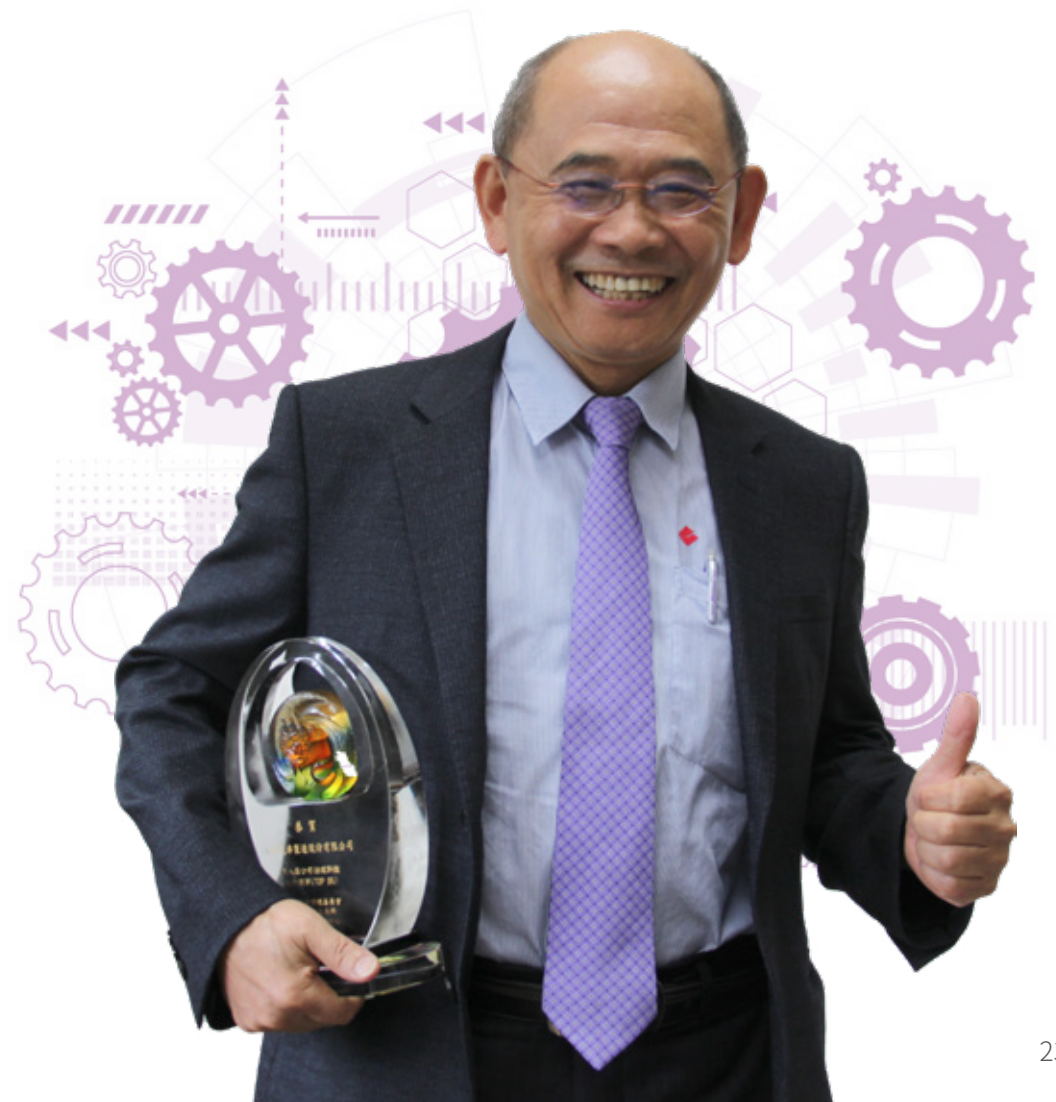
Performance highlights:

- Ranked the top 5% for the 9th 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 National Sustainable Development Awards by the Executive Yuan
- Received the CommonWealth Magazine’s Sustainable Citizen Award – Large Enterprise Award
- Completed the anti-corruption risk assessment at 16 retail locations in 2022

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 9 consecutive years as the best proof of our efforts. In 2022, 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 Remuneration 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.

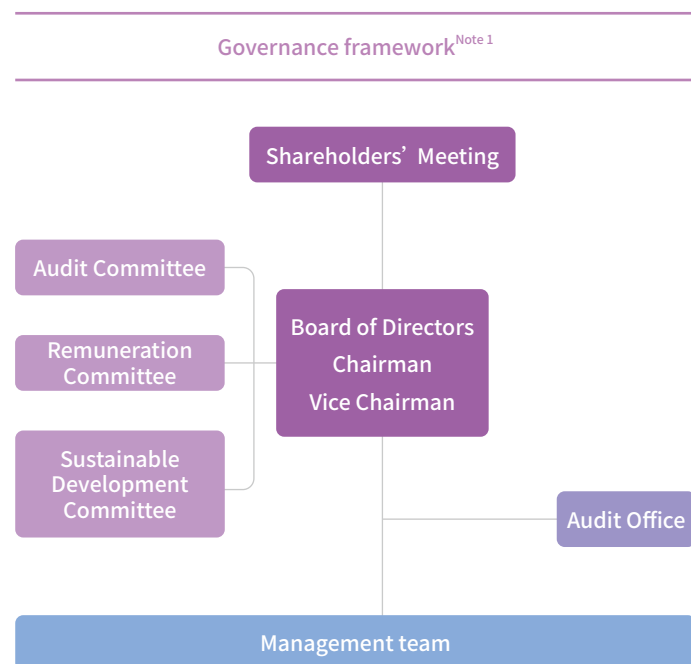
Major stakeholders:

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





2-1 Sustainable Governance Framework



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.^{Note 2}

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 Tso, Chi-Sen, and Director Shin-I Lin and Zhen-Xiang 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

Note 1: The Chairperson of Yulon Motor internally presides 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 2022, there was yet any representative of disadvantaged groups sitting on Yulon Motor's Board of Directors.



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 2022, the education received by the directors totaled 67 hours; all the directors met the requirements of the competent authority, and the average participation time per director was around 7.4 hours.

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 conducts 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 2022, 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.

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.

Name of committee	Major responsibilities	Composition of members	The state of operation in 2022	
			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	3 times (a minimum of 2 times per year)	100%
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	7 times (a minimum of once per quarter)	100%
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	1 time (a minimum of 2 times per year)	100%

Note 1: The re-election of independent directors of Yulon Motor was held in 2022, so these committee members individually serve for the "Fifth Remuneration 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 2022 self-evaluation were the Board’s operation, the Board members, the Audit Committee’s operation, the Remuneration 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 in 2024.

Remuneration policies for the Board of Directors and senior executives

Yulon Motor has established the independent Remuneration 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 Remuneration 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"> 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. Independent Directors are paid with fixed amounts of compensation and attendance fee. 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.
Remuneration policy for executives	<ul style="list-style-type: none"> Remunerations appropriated for employees shall not be more than 0.1% of the annual business profit, if any. Remuneration to executives: <ol style="list-style-type: none"> Salary: taking the industry standard, job title, job level, education, professional skills and responsibilities into account. Bonuses: distributed based on the evaluation results of executives and employees in accordance with the “Regulations for Performance Evaluation” 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. 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.

Note: Please refer to Yulon Motor’s Annual Report for information such as the remuneration to directors and the remuneration brackets table.



Internal audit internal control

Yulon Motor's internal audit unit is subordinate to the Board of Directors. The appointment of the internal audit officers is subject to the consent of a majority of the directors. We not only assess the effectiveness of the design and execution of the internal control system annually and prepare a declaration for internal control system in compliance with the provisions set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies," but also adopt a joint audit model with our investees to conduct audits on sub-subsidiaries for enhancing the effectiveness of subsidiary management, so that we strengthen the soundness of each investee and improve their management performance.

To ensure effective implementation of the internal audit and the internal control system, we follow the following procedures:

- Formulating the annual audit plan in advance, by which we check the effectiveness and degree of compliance of operational policies and programs.
- Perform unplanned audits according to the assignment of the management and the requirement of the audits.
- Make audit reports, offer suggestions for improvement, and make follow-up reports on a regular basis.
- Keep track of the latest changes in the laws to amend the relevant internal system regulations.

Yulon Motor exchanges its audit experience, audit content and handling of special cases with the audit units of entities included in the Group, invites external instructors to offer education and training on corporate governance and internal control to its senior management. In order to enforce subsidiaries' internal control over the compliance of general regulations and applicable responsibilities, we require the submission of the declarations of internal control signed and approved by the chairpersons, presidents and finance officers of subsidiaries of each investee. In 2022, the Company and its internal personnel received no penalties for violations, and no internal personnel were punished by the Company for violating the internal control system.

2-2 Financial Performance

Management approach to operational and financial performance

Significance to Yulon Motor	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.	
Policy and commitment	<ul style="list-style-type: none"> • 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. • 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. 	
Goals	Short-term (2023–2024)	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. To coordinate partners in the development of large power plants and to participate in Taipower's ancillary service market To improve credit rating and lower the capital costs for developing manufacturing services and investing in energy storage business
	Medium-term (2025–2026)	To improve communication efficiency between the Company and external personnel To keep close relations with capital market in order to increase the number of diverse funding channels and seek appropriate investment targets
	Long-term (after 2027)	To root in Taiwan and aim at the world; to keep the most essential and critical R&D technologies and resources in Taiwan for both the existing manufacturing services and energy storage products that we have been actively involved in.
Achievement in the previous year	Goals of the previous year	Achievement
	1. On-time development of new vehicles: Nissan Kicks, Luxgen URX NEO 2. Operating revenue: NT\$25,046,000 thousand 3. Diversification through new business development	1. On-time mass production and launch of new models: Nissan Kicks in Q3, Luxgen URX NEO in Q4 2. Operating revenue: NT\$22,410,000 thousand with an 89.5% achievement rate mainly due to material shortage during the pandemic resulting in underperformed sales volume 3. Diversification through new business development: continued to develop the energy storage business
Responsible unit	Manufacturing service department, Business development department and Finance planning department	
Specific actions	<ul style="list-style-type: none"> • 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 • Lowered the capital costs for developing manufacturing services and investing in energy storage business so as to increase the credit rating 	



Challenges in the market

In 2022, due to the systemic risks such as the Russia-Ukraine war, the chip shortage in automotive supply chain and global inflation, the car prices went up in correlation with the costs of car materials. Impacted by both rising car prices and car shortage, the number of newly registered cars in 2022 dropped to 415 thousand from 435 thousand in 2021. Among which, the two major brands NISSAN and LUXGEN under Yulon Motor held the market shares of 6% and 0.6% in 2022, respectively. Looking forward to 2023, with the easing of the pandemic, the steady economic recovery and the supply of homemade cars more stable than that of imported cars, the local car market is estimated to have a scale of 450,000 cars sold for the whole year. Meanwhile, the Mainland China market already had 26.86 million cars sold last year and is expected to reach about 27.66 million cars sold this year. 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)
2020	37,929	16,472,125	39,443	27,066,443
2021	30,460	13,858,110	31,928	22,637,485
2022	24,962	11,883,242	27,687	20,705,668

Consolidated condensed statement of comprehensive income of Yulon Motor

Unit: Thousand NTD

Item/company	Yulon Motor Co., Ltd.
Operating revenues	77,079,263
Gross profit (residual economic value)	27,456,297
Operating profit and loss	10,106,173
Gain or loss in current period	(1,188,037)
Payments to contributors	1,488,710
Earnings per share (NT\$)	(\$4.80)
Employee salary and welfare	9,532,918
Payments (taxes) to government	81,000

Note: Payments to contributors are the total dividends paid by Yulon Motor to external personnel in 2022.

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

Unit: Thousand NTD

Year \ company	Yulon Motor Co., Ltd.		Other (Luxgen Motor Co., Ltd.)		Others (Yulon Finance Corporation)	
	Revenues	Revenues	Revenues	Proportion %	Revenues	Proportion %
2020	28,271,894	34.23%	9,225,117	11.17%	29,632,864	35.88%
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%

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 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 respond 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 of capital expenditure that meets the requirements provided in the Statute for Industrial Innovation and filed such information to the Ministry of Economic Affairs for applying the investment credits, which effectively lower the tax rate.



Future business development plan

Timeline	Program	Description
Short-term development plan	1. Automobile value chain strategic transformation	(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. (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.
	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 wishes 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 development project in Xindian was licensed in February 2022 and officially open for business in the second half of 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 eco-system services	(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. (2) With the advanced open platform and shared resources of JV, Luxgen will continue to cultivate its private brand, focus on brand sales and channels, and launch new products that are competitive and meet market demand.
	2. Value chain strategic transformation and diversified manufacturing services	We will seek opportunities of collaboration other than four-wheeled passenger vehicles, including three-wheeled heavy motorcycle and energy storage container, 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



Avoiding unfair competition acts



Fulfilling the obligation of tax payment



Adhering to anti-bribery and anti-corruption practices and setting up appropriate management system



Making corporate donations in accordance with the internal process



Major corporate 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 (1,155/1,155). 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 100% of new employees have taken the anti-corruption training, representing 4.8% (55/1,155) 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.” In 2022, all of the 47 new employees signed the agreements.



Relevant education and training for ethical management and legal compliance

Course topic	Course content	Number of participants	Anticipated courses in 2023
Getting to know intellectual property rights	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.	10 participants	Continuing to hold relevant courses for employee anti-corruption training, e.g. employee service contract, employee ethical code of conduct, explanation of ethical code of conduct to new employees, and intellectual property rights.
Ownership of intellectual property rights involving external contractors	Founded on the knowledge of intellectual property rights, to learn issues regarding ownership of intellectual property rights involving external contractors and to practice with real cases.	18 participants	
Types of patents and application strategy	Knowledge about the basics of patents, evaluation planning strategy before application and patent strategy, which allows employees to have a better understanding about patents.	15 participants	
Insider trading 101 (digital course)	Facilitating a good understanding about insider trading for new employees with videos and helping employees understand insider trading and the 5Ws of insider trading.	55 participants	

Corruption risk assessment, audits and improvement measures

In 2022, we have conducted corruption risk assessments on all of the 16 retail locations with control and found 3 major corruption risks in subsidiaries. These cases concerned have been investigated, handled and reported as closed.

#	Description of corruption event	Number of occurrences	Action taken
1	Payments collected from counterparties were not returned to the Company as required (The employees were fired or disciplined due to the said corruption events)	2 cases	Payments were returned in accordance with the proper procedures, and the personnel involved were disciplined.
2	Conflicts of interest arising from doing business with suppliers (Events in which the contracts with business partners were terminated or discontinued due to the corruption)	1 case	Changed the supplier according to applicable procedures and disciplined personnel involved.

Legal compliance

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.

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. In 2021, a fine of NT\$120 thousand was given due to the violation of the regulations concerning environmental safety and waste reuse. Such a violation has been corrected to meet the requirements stipulated by the competent authority, and no violation was found in the following year.

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. In 2022, we receive one incident report from a subsidiary, in which, an employee of the subsidiary reported that a transaction counterparty of the said subsidiary is a relative of the senior executive. Such a relationship was confirmed after the investigation, and purchases from the said supplier were suspended while the concerned senior executive resigned.

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

Significance to Yulon Motor	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.	
Policy and commitment	Evaluating current operational risk and proposing long-term strategy and corrective measures. Based on the movement of economy, monitoring and managing projects individually. Organizing education and training to increase the awareness of risk management for all employees Reporting the state of risk management operation to the Board of Directors on an annual basis	
Goals	Short-term (2023–2024)	<ul style="list-style-type: none"> To introduce the Taiwan Intellectual Property Management System (TIPS) and obtain verification from a third party To introduce the ISO 27001 Information Security Risk Management System To implement diversification for increasing revenue from new businesses
	Medium-term (2025–2026)	<ul style="list-style-type: none"> To introduce the ISO 27001 Information Security Risk Management System and obtain verification from a third party To implement diversification for increasing revenue from new businesses
	Long-term (after 2027)	<ul style="list-style-type: none"> To implement diversification for increasing revenue from new businesses
Achievement in the previous year	Goals of the previous year	Achievement in the previous year
	Established the Business Secret Management System	Adopted the Regulations Governing Business Secrets and set up the information management system
Responsible unit	Corporate Governance Team	
Specific actions	<ul style="list-style-type: none"> To set up a digitalized supply chain early warning system To introduce the ISO 27001 Management System To take regular inventory of all of the Company's business secretes To introduce the IATF 16949 Automotive Quality Management System 	

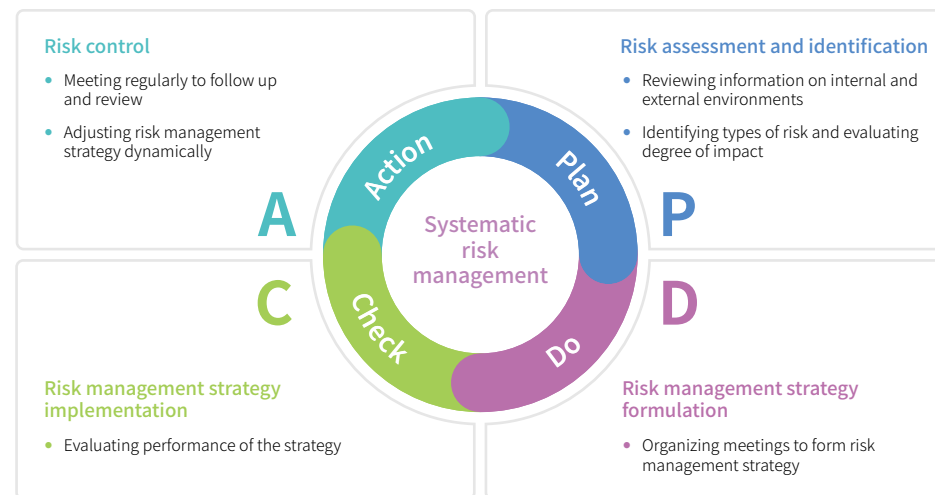
2-4-1 Risk management and maintenance

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.

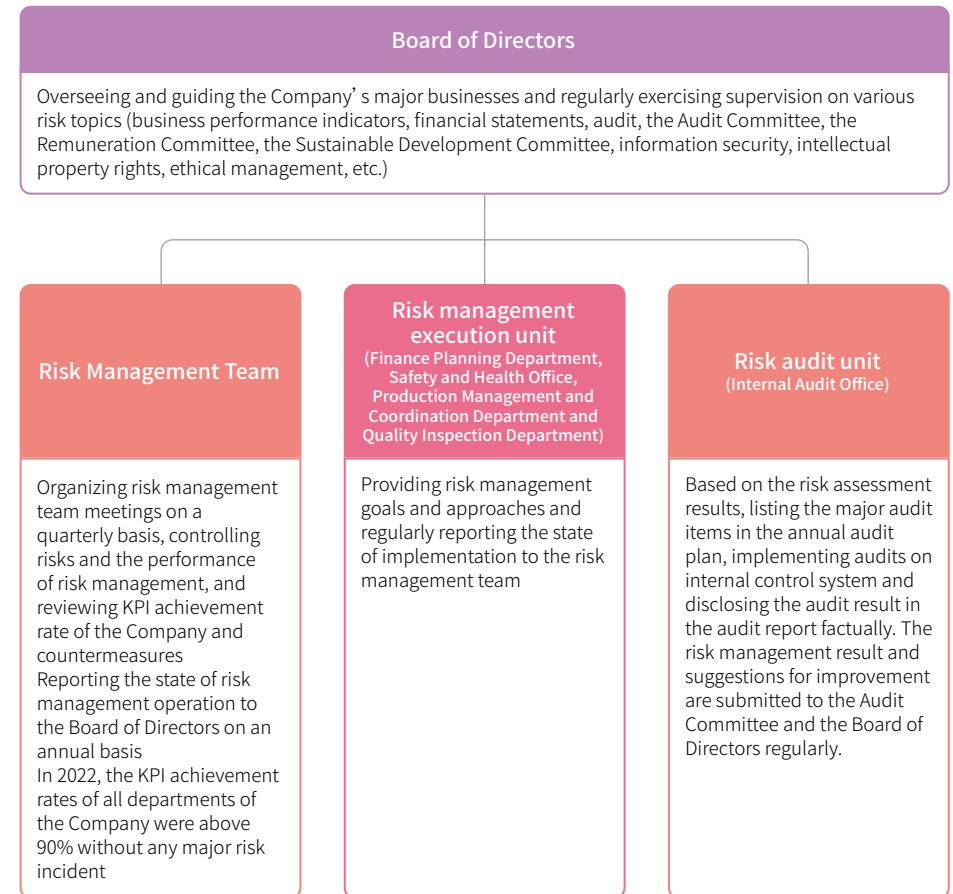
Systematic risk management

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.

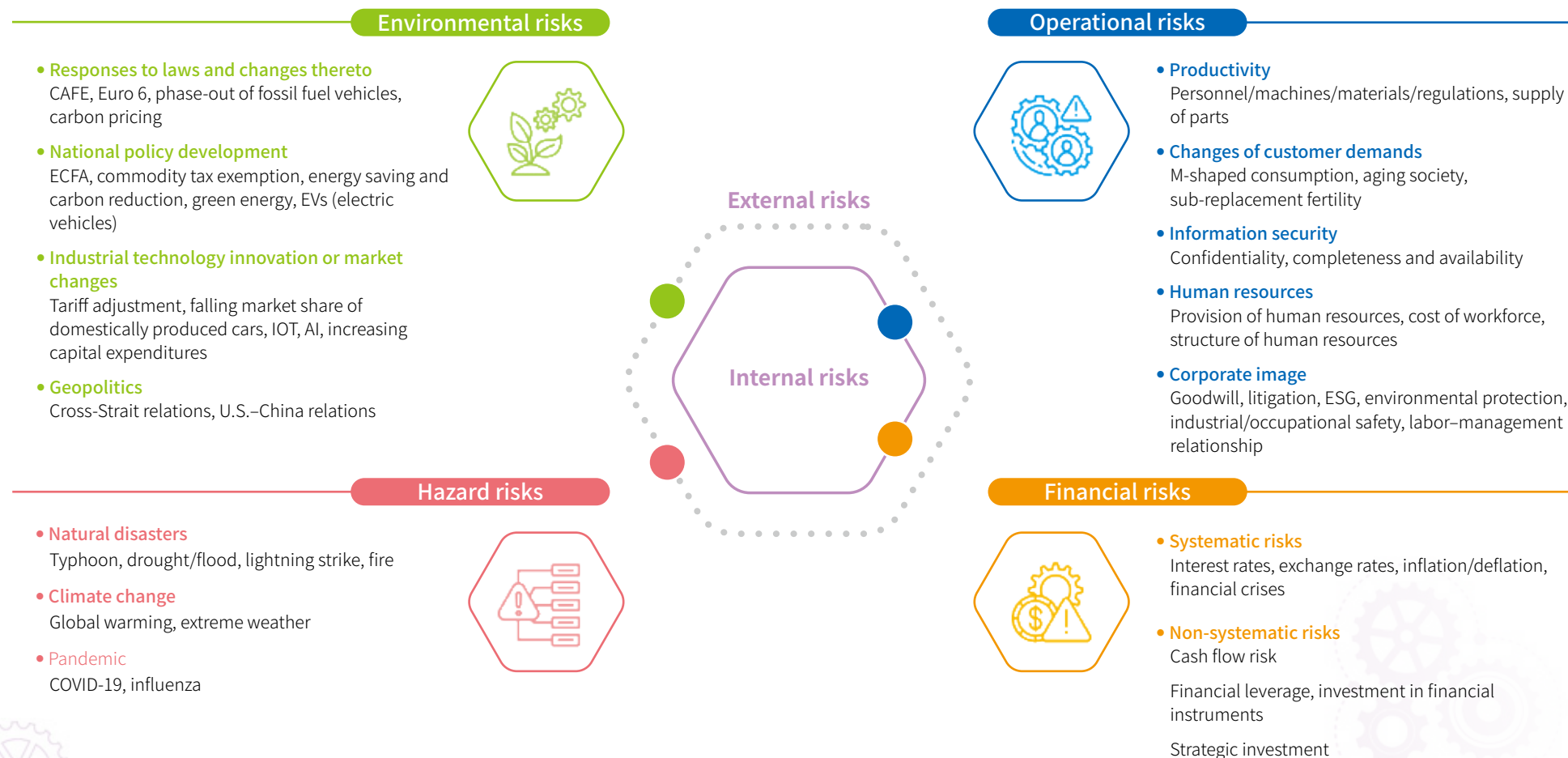
In 2022, the risk management measures taken under the PDCA model included: management of the Company's confidential documents, introduction of the IATF 16949 Automotive Quality Management System and the digitalized supply chain early warning system, and all of which were taken charge by different responsible departments.



Structure of risk management organization






Scope of Risk Management








Risk management for key incidents

Risk	Risk management content and actions										
 <p>Risks of business management</p>	<p>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.</p>										
 <p>Production risk control</p>	<p>Facing the global pandemic in the recent 2 years, 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 towards its operational goals and protects the best interests of clients and stakeholders under the concept of "Innovation, Speed, Teamwork."</p> <table> <tr> <th data-bbox="533 699 723 721">Management goals</th><th data-bbox="1305 699 1572 721">Implementation approach</th></tr> <tr> <td data-bbox="607 767 649 790">Staff</td><td data-bbox="898 751 1639 805"> <ul style="list-style-type: none"> • Regular staffing check • Training multi-skilled workers and providing relevant education and training </td></tr> <tr> <td data-bbox="396 852 864 874">Production arrangement to lower inventory level</td><td data-bbox="898 836 1693 890"> <ul style="list-style-type: none"> • Coordinating production and marketing demands, arranging production precisely • Controlling materials every day and summarizing digital delivery dashboard </td></tr> <tr> <td data-bbox="456 952 804 975">Materials and supplier management</td><td data-bbox="898 920 1921 1007"> <ul style="list-style-type: none"> • Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period • follow-up of material preparation progress for 3–6 months </td></tr> <tr> <td data-bbox="530 1053 730 1075">Logistics & transport</td><td data-bbox="898 1037 1783 1091"> <ul style="list-style-type: none"> • Connecting to transport information and controlling risk geographical navigation and ports • Following up logistics dynamically and instantly </td></tr> </table>	Management goals	Implementation approach	Staff	<ul style="list-style-type: none"> • Regular staffing check • Training multi-skilled workers and providing relevant education and training 	Production arrangement to lower inventory level	<ul style="list-style-type: none"> • Coordinating production and marketing demands, arranging production precisely • Controlling materials every day and summarizing digital delivery dashboard 	Materials and supplier management	<ul style="list-style-type: none"> • Extensive delivery time and key materials management and providing a demand plan for a 6- to 12-month period • follow-up of material preparation progress for 3–6 months 	Logistics & transport	<ul style="list-style-type: none"> • Connecting to transport information and controlling risk geographical navigation and ports • Following up logistics dynamically and instantly
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Logistics & transport	<ul style="list-style-type: none"> • Connecting to transport information and controlling risk geographical navigation and ports • Following up logistics dynamically and instantly 										
 <p>Foreign exchange risk management</p>	<p>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.</p>										



Risk	Risk management content and actions
 <p>Climate Risk Management</p>	<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"> • Developing low-carbon electric vehicles: 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&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&D and ICT industry resources, Yulon Motor will provide turnkey solution services to the targeted clients in the globe. • GHG reduction, energy saving and carbon reduction: 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&D plan aiming at lowering the carbon emission volume per unit/vehicle. • Disclosure of carbon emissions: 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 and 2022 were completed ahead of the schedule for GHG inventory of listed companies required by the Financial Supervisory Commission. <p>Please refer to 6-1 Climate Change Management</p>
 <p>Safety and health risk management</p>	<p>The Safety and 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.</p>
 <p>Information risk management</p>	<p>Please refer to 2-4-2 Information Security and Privacy Management</p>

2-4-2 Information Security and Privacy Management

Information security governance system

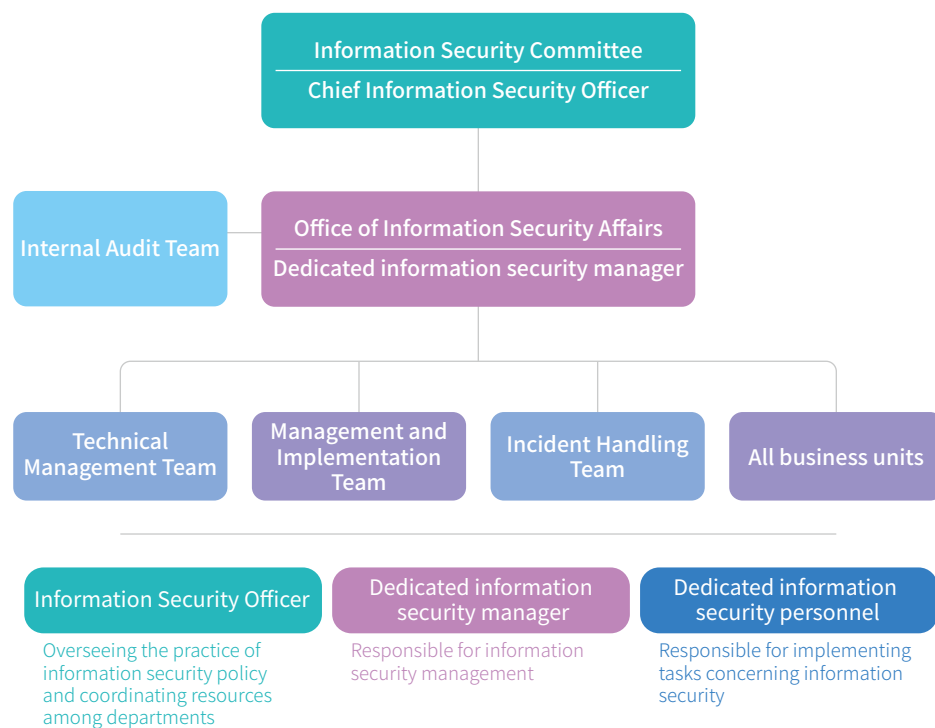
In order to mitigate information security threats and risks arising from the application of emerging information technologies and environmental changes, Yulon Motor ongoingly optimizes its information security system, enhances defensive ability and adopts relevant internal operational regulations as 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. Echoing to the variety of information security threats and the tremendous number of attacks in the industry, we joined the TWCERT/CSIRT alliance in the first half of 2022 to share information on defense.



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 and the Yulon Group Administration Office on a regular basis. Moreover, in 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 project organization



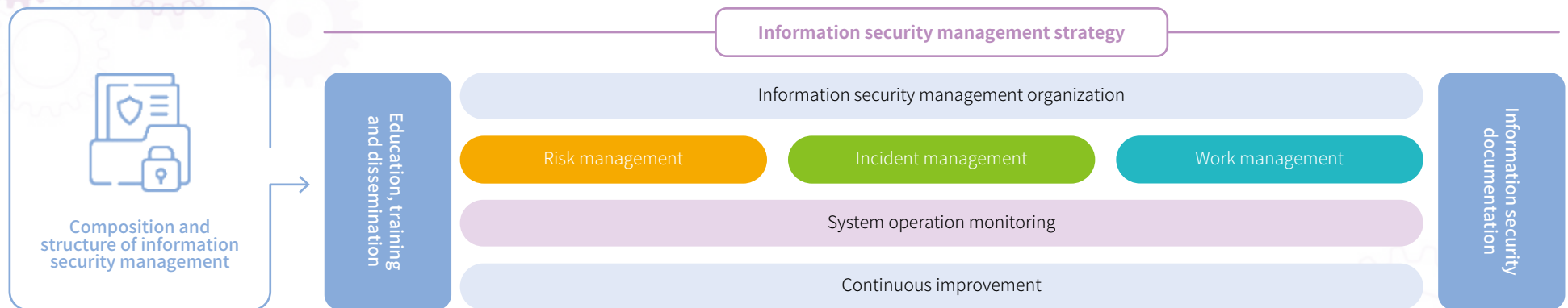
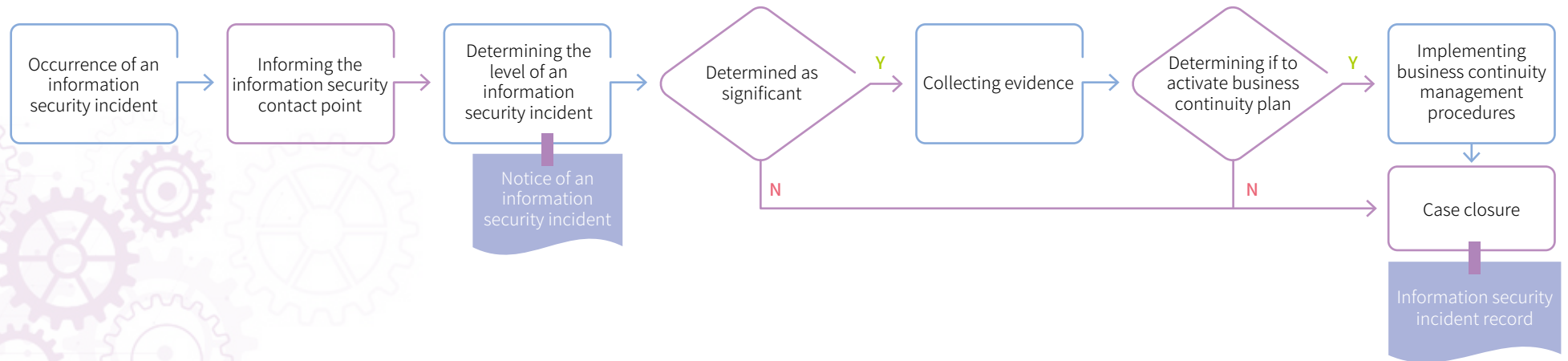
Information security management strategy

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:

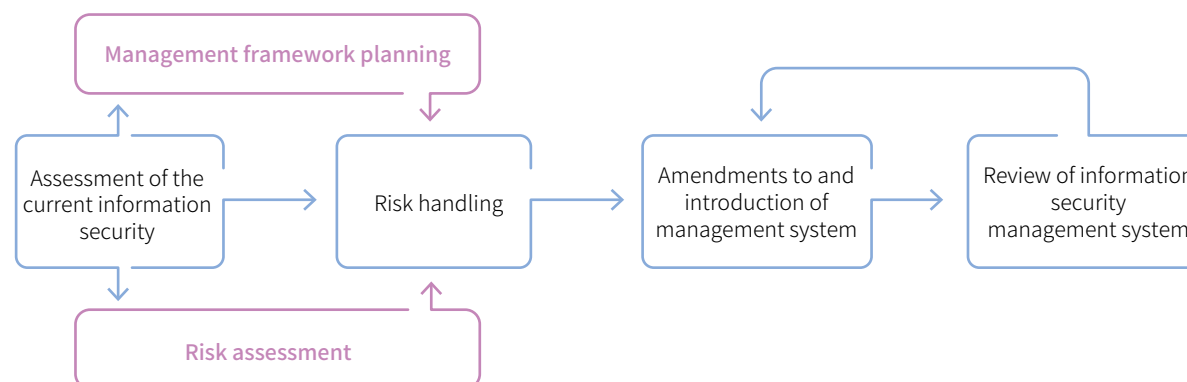
- 1** Before the occurrence :
 Periodic independent inventory and inspection from the process and technical aspects, in order to proactively prevent information security incidents.
 - a) Intrusion prevention :
Proactive defense against the attacks from intranet and extranet to prevent such attacks from 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 the reasons of occurrence 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.

資安事件發生後之應變處理流程圖



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 in 2019–2022, including “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 2022, 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 rate of 8% and a mistaken click rate of 1%.	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	There were 46 seeds who participated in the official program and then offered the training to other employees in their departments, and a total of 1,235 participants took the test with a 100% pass rate.	Promoted the requirements of ISO 27001 standard to strengthen the Company’s overall information security control

chapter _____

Innovative quality leading to the future of mobility

- 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
- 3-4 Sustainable supply chain
 - 3-4-1 Sourcing management
 - 3-4-2 Supplier Management



Material issue

EV development, product quality and reliability

Major stakeholders

Customers, suppliers and media

Performance highlights

- 2 technology patent applications for energy storage containers/automatic energy storage products were filed, and energy storage containers with a total capacity of 200MW were manufactured
- A total of 206 vehicle charging stations and a total of 109 motorcycle charging stations were under management with 300,000 charging counts in total in 2022.
- A total of 30,439 finished vehicles were tested in 2022 with a 100% test quality assurance rate and zero significant customer complaint filed.
- Built the “Resource Exchange Platform” to intermediate between the Group and suppliers for resource sharing
- In 2022, assisted a total of 10 suppliers in the supervision of quality improvement
- Assisted 8 contract manufacturers in the improvement of 23 environmental, health and safety issues in 2022
- Total green procurement of NT\$75,100,588 was made in 2022.

With over 6 decades of development, Yulon Motor has envisioned to lay a foundation for the automotive industry in Taiwan with our consistent strategy of innovation. In 2022, the National Development Council published the Taiwan’s Pathway to Net Zero Emissions in 2050 and the 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.



URX



TIIDA 1.6



KICKS 1.6



U6 GT



All New Sentra 1.6



X-Trail 2.0



3-1 Leading products and innovative R&D

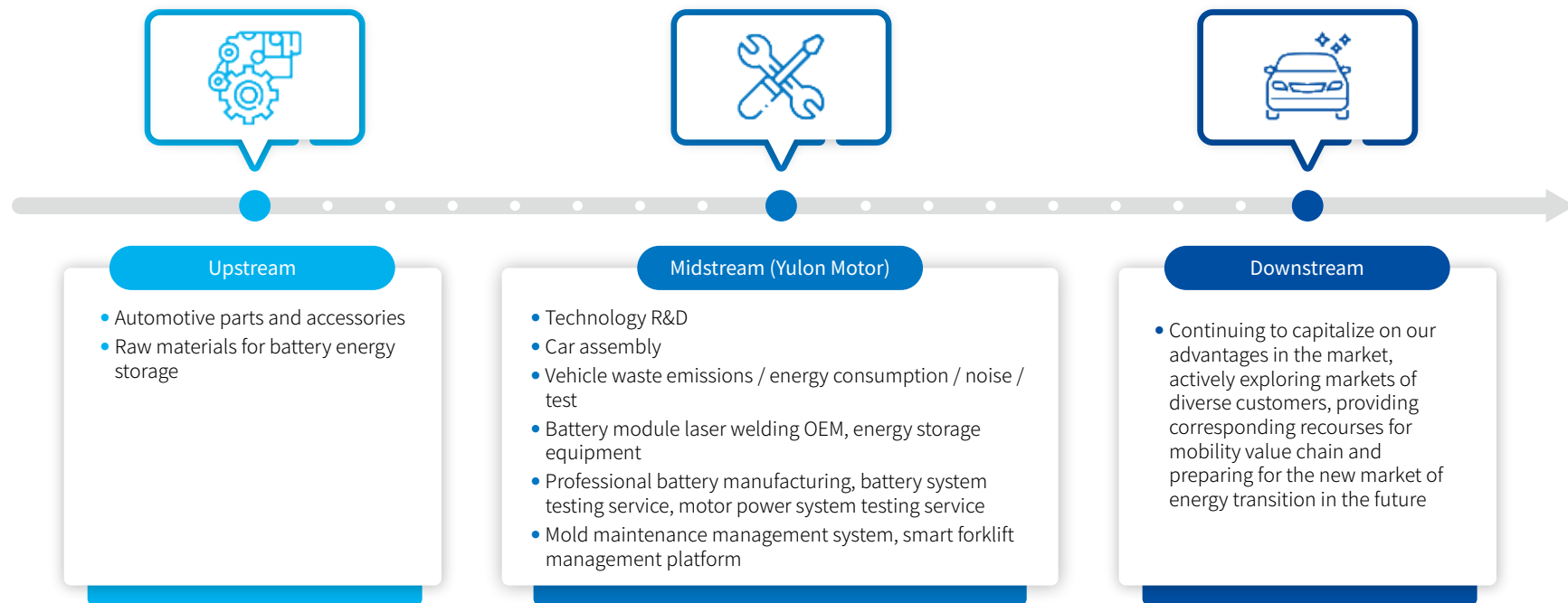
Management approach to EV development

Significance to Yulon Motor	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.	
Policy and commitment	<ul style="list-style-type: none"> Conform to the requirements of the relevant regulations and international conventions, or achieve an even higher performance. 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. Orient product R&D on green design, health, comfort and convenience. 	
Goals	Short-term (2023–2024)	Yulon Motor entered into a cooperation agreement with Foxconn to establish the joint venture “Foxtron Vehicle Technologies” in 2020 and has been active in the R&D. In 2022, it started to trial the platform for various models, and in the fourth quarter of 2023, the battery electric vehicle n ⁷ is expected to be launched.
	Medium-term (2025–2026)	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.
	Long-term (after 2027)	To keep fostering technology innovation in Taiwan’s electric vehicle industry and creating forward-looking energy-storage technology and products
Achievement in the previous year	Goals of the previous year	Achievement
	Accommodated the development schedule of Luxgen’s electric vehicle n ⁷ , launched the trial run of engineering vehicles and prepared production lines for mass production, covering adjustment to production line equipment, parts replenishment and inspection plan in 2022.	The manufacturing side has completed the preparation for production and will cooperate to test the assembling of the automotive wire assembly in accordance with the brand’s requirements in 2023. The launch is set for the fourth quarter of 2023 while it is on schedule currently.
Responsible unit	Manufacturing service department	
Specific actions	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	

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.

Value chain of Yulon Motor



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:

New product R&D strategy and plan

Yulon Motor has been deployed in the new energy storage market for a long time and has an over 40% market share in the energy storage OEM field. For continuous income and sustainability, we have planned the R&D of new energy storage system based on our past experience in EVs and technology: in 2021, our R&D team initiated the R&D of the new product, energy storage container, to put together the core design of the product battery management system and develop the integrated design of energy storage container. The R&D department sets objectives on an annual basis and introduces new products catering for the demands of future new energy storage market under prudent development processes and the product development plan in order to stay ahead in the future new energy market.

Intensification of human resources and partnerships

Yulon Motor has rich human resources in product R&D covering the fields of mechanism design, hardware circuit design, software development and battery verification testing and has worked closely with world-class printed circuit board (PCB) manufacturers to make up our PCB development ability. We have also partnered with a key function IC manufacturer so as to integrate electronic components development, improve delivery lead time and fulfill end customers' demands.

Product safety enhancement

Ensuring the product design process qualifies for international and local safety standards, and evaluating the design under the international standards for Battery Management System (BMS) and vehicle specification. Moreover, obtaining the IEC 60730 certificate from the Chinese National Standards and meeting the safety requirements of the CNS 62619 for energy storage systems in order to fulfill the safety requirements of the future electricity trading market in Taiwan.

New product R&D strategy oriented on the following 5 aspects



Research on market demand

According to a research report issued by the Industrial Economics and Knowledge Center (IEK), the market demand for new energy storage system in Taiwan will reach 1300MWh in 2025, and the demand for the power transaction ancillary service, Automatic Frequency Control (AFC), will reach 1575MWh. Yulon Motor entered the market early to facilitate the understanding about aspects of customers' concern and has been active in the R&D of energy storage products in preparation for introducing products that meet the market's expectation.

Sustainable product R&D

Product R&D aims at horizontal and vertical integration to catch the market trend movement and the moving demands in the future.

Horizontal integration :

partnering with other manufacturers of products ranging from small energy storage containers (commercial) to large-sized products (high-voltage energy storage) or developing by Yulon Motor itself.

Vertical integration :

partnering with battery cell manufacturers or Engineering, Procurement, Construction (EPC)/plant integration companies.

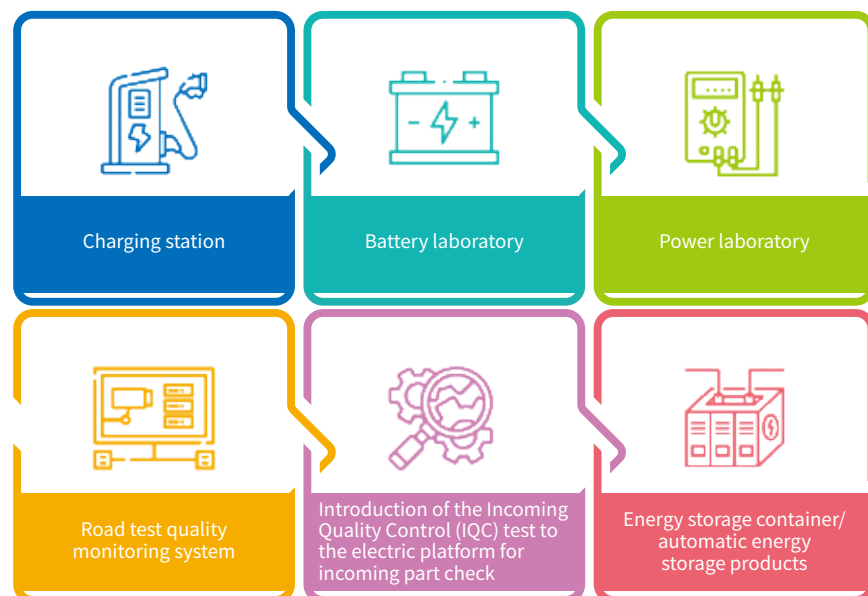
Goals

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 (2023–2024)	Mid-term goals (2025–2026)	Long-term goals (after 2027)
EV business	<ul style="list-style-type: none"> n⁷ is expected to be launched in 2023 Q4 	<ul style="list-style-type: none"> To continue to share resources with Foxtron and introduce more competitive and new market-demand-oriented products 	<ul style="list-style-type: none"> To actively foster the rapid growth of EV industry in Taiwan
Design and R&D of energy storage	<ul style="list-style-type: none"> To complete the prototype of energy storage container Functions of key subsystems to be verified for safety Energy storage system to pass the national safety accreditation for increasing the chance of patent approval 	<ul style="list-style-type: none"> To set up a demonstration site for energy storage market plant To intensify promotion and sales to customers 	<ul style="list-style-type: none"> Production lines to be applied to markets of energy storage, solar power storage and AFC (Automatic Frequency Control) To attain long-term income and stable revenue growth

Innovation and R&D results

Yulon Motor's innovation and R&D results of 2022 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 2022, we operated 206 vehicle charging stations and 109 motorcycle charging stations in total, and the charging counts have reached over 300,000 times.

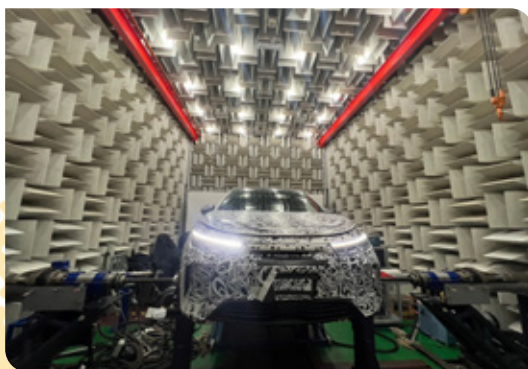
2. Battery laboratory

We established an ISO 17025-Quality-System-certified battery laboratory that 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 2022, the laboratory tested 3 items including the battery cell, module and battery pack:

- Battery cell: completed the longevity test for 4 energy-storage battery cells and the performance and thermal model test for 2 energy-storage battery cells
- Module: completed the longevity test for 1 battery module for forklifts and energy storage
- Battery pack: completed the capacity test for 2 energy storage containers and the capacity and longevity test for 2 power batteries

3. Power laboratory

A power laboratory with an ISO 17025 Quality System certificate and the world-class automatic vehicle location (AVL) system was also established. This laboratory has the experience in the developing tests for EV driving motors and powertrains and the inspections for compliance, and with the achievement in the simulation of energy consumption under working conditions, in which tests were carried out under multiple edit modes similar to actual driving conditions, enabled early prediction of product issues and effective improvement and confirmation before mass production. In 2022, we completed the performance test for 7 motors (scooter, all-terrain vehicle, logistics vehicle, passenger car, electric bus, electric yacht) and the rolling resistance and minimum energy performance tests for 3 vehicles (Luxgen Model C, Volkswagen ID4, Hyundai IONIQ 5).



▲ Photo of the power laboratory

4. Road test quality monitoring system

Yulon Motor has improved the road test quality test by transitioning from the determination by human senses to the determination by vehicle signals. With sufficient quantity of data, such determination is now made by the system, which immediately imports data to create a resume and further improve the test quality. A total of 30,439 vehicles were tested in 2022 with a 100% test quality assurance rate on finished vehicles, and we did not receive any significant customer complaint in 2022.

5. Introduction of IQC test to the electric platform for incoming part check

Developed three-wheel logistics vehicle incoming part check electric platform, which mainly uses analog signal in part durability tests and detects abnormal parts in early stages to eliminate the waste of time for re-installation if any abnormal parts enter the production lines. In 2022, the platform tested 1,640 pieces in total, covering 41 types of part and 40 models of vehicle, and detected 3 abnormal lenses and 2 abnormal push buttons. The test completion rate and the part pass rate were 100% and 99.7%, respectively.

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 system and large power battery charging and discharging test. In 2022, we assisted eight clients in the development of laser welding technology for their products such as energy storage products, automotive batteries, and traditional mechanical parts, and the application of a wide range of materials. In addition, in 2022, we also completed one set of prototypes of 250KW energy storage racks, had the functional safety standards for BMS verified for our compliance with the ISO 13849-1 PLC Standards, which effectively mitigate the risk of product malfunction, and the IEC60730 international safety standard, and completed 2 patent applications.

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

Yulon Motor's energy storage products feature:

1. Premium product assembly capability
2. Digital management system with 100% energy storage coverage rate and penetration rate.
3. High capacity for development and procurement. We work with 98 energy storage part and equipment manufacturers and Chinese battery cell suppliers to help clients develop their parts.
4. Global logistics and coordination capability. It uses the SCM supplier management system to control a total of 322 domestic and overseas suppliers and 17,900 types of part.

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 system and batteries, ahead of many first-tier world-class manufacturers. Yulon Motor's existing production lines can produce energy storage containers of a maximum capacity of 1.6GWh per year. We are so competitive in the market that when the existing production lines are overloaded, we can expand with an additional maximum capacity of 1.02GWh per year within a 6-month period. 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. Until now, we have manufactured energy storage containers with a total capacity of 200MW and won ourselves the title of best assistant in sustainability and carbon reduction with its leading green energy technology.

3-1-3 Sustainable products

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 road to save more energy by adapting to 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 1.8L model's fuel consumption at higher speed reaches 19.01 km per liter.

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 n7, which went through the trial run and is ready for mass production, and the sale is expected to begin in 2023 Q4. This is Yulon Motor's new-generation mobility product that combines smart mobility technology and environmental sustainability and starts a new chapter of domestically made battery electric SUV. The all new e-Power system of Nissan X-Trail 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.

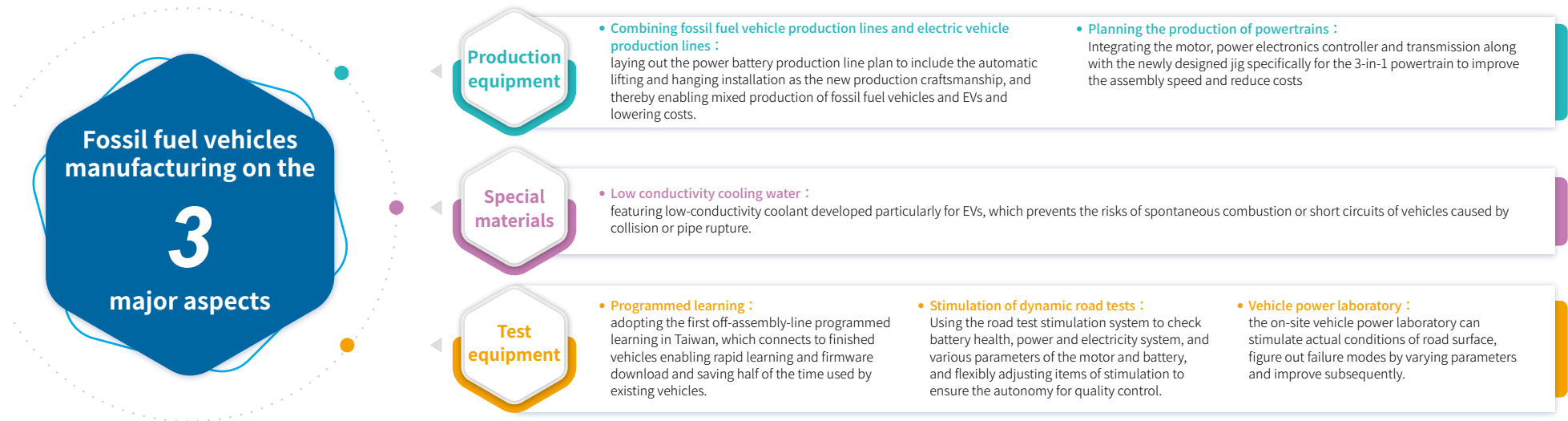
In terms of the statistics of the types and usage of major materials and additives, the key material cold-rolled medium thickness steel plates accounts for nearly 11% of the total weight. For safety and stability, steel scrap in a weight equivalent to approximately 10% of total weight is added to the steel bloom under precise testing. In 2022, a total of 282.9 tons of steel scrap was added, and the weight of renewable materials used made up 1.11% 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:

Standards	Vehicle recycling, recovery and reuse rate	Vehicle recycling, recovery and reuse rate
	80.0%	85.0%
Models produced by Yulon	TEANA	93.5%
	X-TRAIL	95.1%
	TIIDA	92.7%
	SENTRA	95.3%
	LIVINA	95.0%
	MARCH	94.0%
	KICKS	92.1%

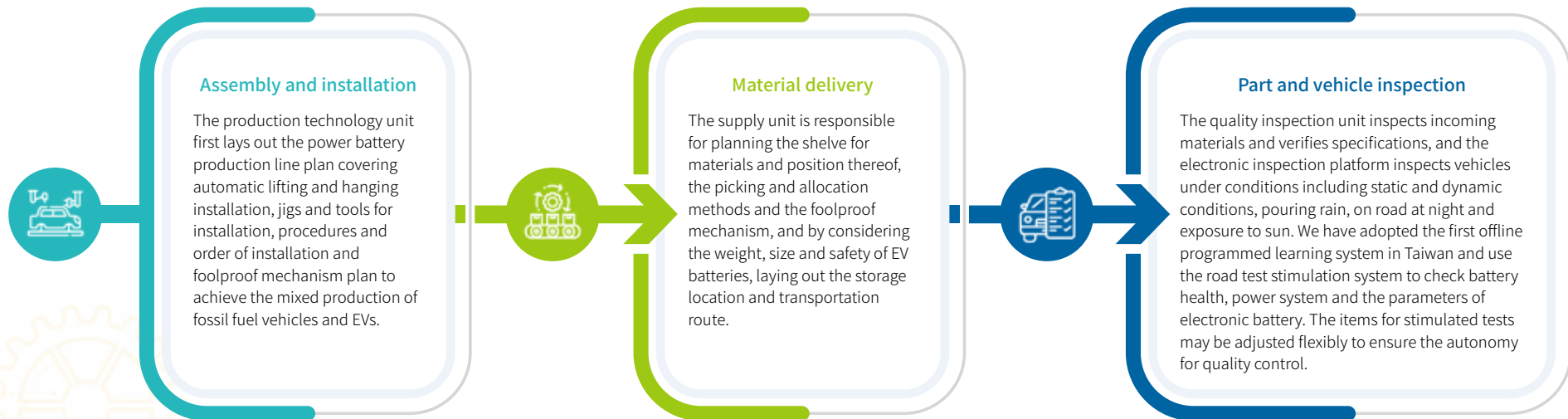


▲ EV – Nissan X-Trail e-Power

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 vehicles manufacturing on the three major aspects is prepared and described as follows:



Main production process of EVs



Establishment of charging stations

The subsidiary of Yulon Motor, YES-Energy Service, has established over 3,000 electric vehicle/motorcycle charging guns in Taiwan to extend Yulon Group's reach in EV market and become the largest charging service provider in scale in Taiwan. Its major sites and partners include:



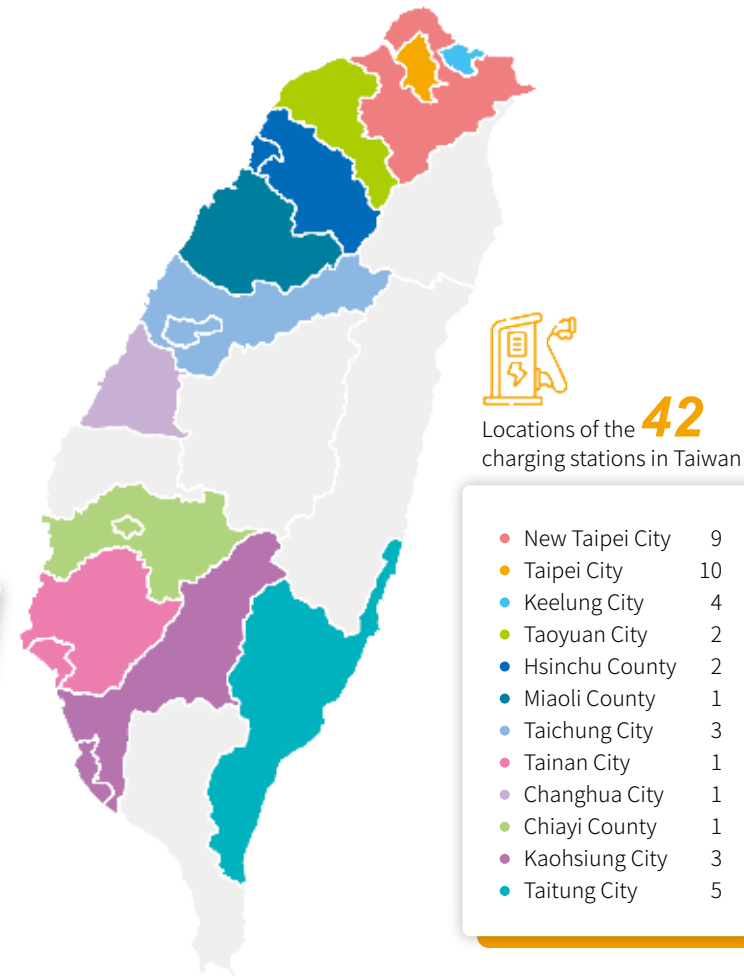
We also work with CPC Corporation to establish the fast charging stations for electric motorcycles, and set up the self-operated YES! charging stations at large department stores and hotels.



Partnering with CPC to establish the fast electric motorcycle charging station at Taoyuan Chunri Rd. Station



Self-operated charging station at the Window on World Theme Park





3-2 Quality Control and Safety Guarantee

Management approach to product quality and reliability

Significance to Yulon Motor	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.	
Policy and commitment	<p>Sound Product Assurance System:</p> <p>Quality control system: establishing a quality control system that meets international standards, such as ISO 9001 and IATF 16949 assuring product quality and reliability.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>After-sales services: Increasing the quality and efficiency of after-sales services by timely response to consumer demands so as to raise customer satisfaction, adhesiveness and trust.</p> <p>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.</p>	
Goals	Short-term (2023–2024)	<p>To strengthen the management ability in new vehicle development</p> <p>100% qualification rate for the five major electrical tests for electric vehicles (before the first current)</p> <p>To boost ability in smart manufacturing</p> <p>To have more than 21 stations capable of connecting, capturing and uploading the manufacturing process parameters and quality-related parameters online</p> <p>Immediate risk alert for critical procedures with key parameters captured for analysis and early warning management</p>
	Medium-term (2025–2026)	<p>To strengthen the management ability in new vehicle development</p> <p>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</p> <p>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</p> <p>To boost ability in smart manufacturing</p> <p>Implementing immediate risk alert at critical procedures of more than 32 stations with key parameters captured for analysis and the early warning management</p>
	Long-term (after 2027)	Continuously improving quality, enhancing testing technology and optimizing management skill.



Achievement in the previous year	Goals of the previous year	Achievement
	<p>Enhanced vehicle manufacturing quality – target number of market significant quality issues attributed to manufacturer’s liability: 2 cases or less</p> <p>Set the goal to lower the failure cost of defective products: from 14% to 9.5%</p> <p>Improved the quality of rolled-off vehicles – the number of vehicle defects was lowered by 30%.</p> <p>Built a quality risk early warning system – incorporating the real-time vehicle quality data management billboards into production.</p>	<p>0 case of market significant quality issues attributed to manufacturer’s liability (assembler’s liability)</p> <p>Achieved the goal of the challenge to lower the failure cost of defective products, that is, 9.4%</p> <p>Improved the quality of rolled-off vehicles – lowered the number of vehicle defects by 30%.</p> <p>Successfully incorporated the cloud real-time billboards showing the vehicle quality data into on-site manufacturing process management</p>
Responsible unit	The primary responsible units are the quality inspection unit and the plant, and the secondary units are production technology department, design unit, brand unit, etc.	
Specific actions	<ol style="list-style-type: none"> 1. 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 2. Promoting the quality consistency activity – to eliminate issues arising from manufacturer’s liability and increase production quality assurance rate. <p>Completing the installation of dynamic rating system at 155 body shops/painting stations</p> <p>Implementing the process and rating sheet for inspecting the static quality assurance rating, and completing the ratings of 291 engine/body/painting/accessory workstations</p> <p>Detecting risks within production process by assessment, conducting improvement and verification of activities and enhancing production quality assurance rate</p>	

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



ISO 9001
Quality management system



IATF 16949
Quality management system
verification



ISO 14001
Environmental management system
certification



ISO 17025
Quality system certification

3-2-1 Product quality management

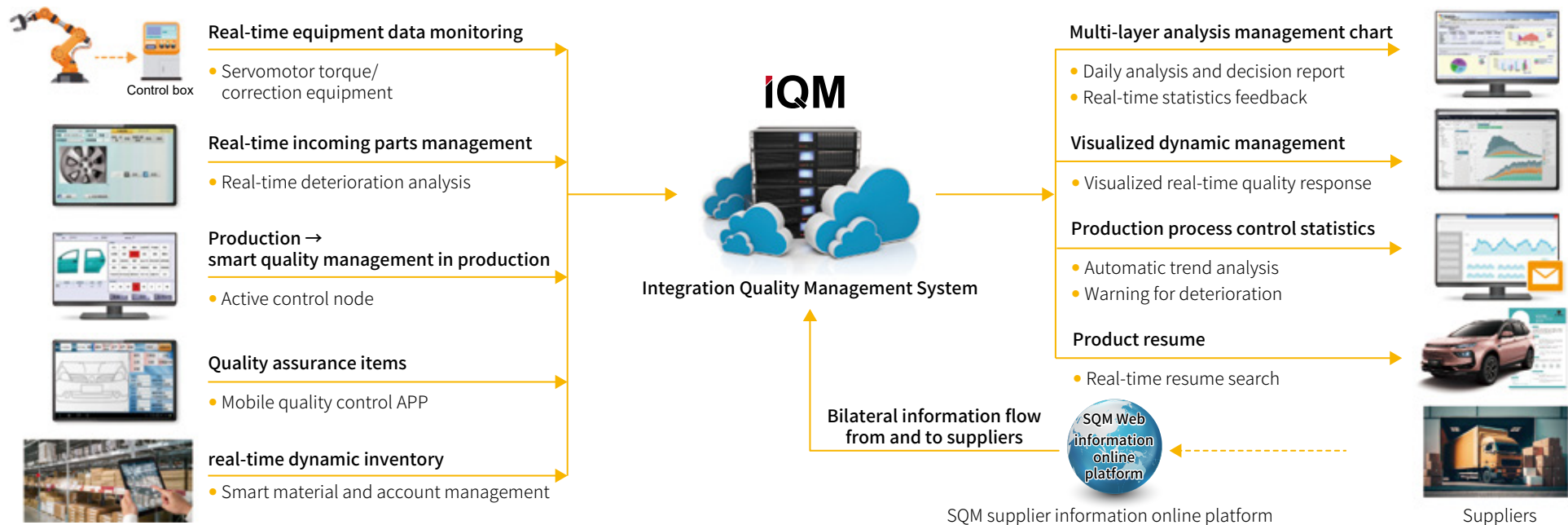
Yulon Motor has developed the production process management systems to ensure stable quality and at the same time build up a production resume for vehicles covering important part information, off-line service record, quality resume, etc., as a reference for future repair and maintenance. In 2022, there 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 Sanyi 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:

Overview of the IQM system



The IQM system built in at the four major work areas: bodywork, painting, engine and accessory, makes sure 100% inspection rate for all quality check items via 180 PADs and 30 PCs that dynamically manage 251 quality control checkpoints in real time while the GO/NO GO quality check stations are adopted in the production process. Visualization of inspection image specifies defective points; the SPC real-time analysis can send early warnings; the billboards can tell the real-time quality feedback and generate analysis and decision reports.

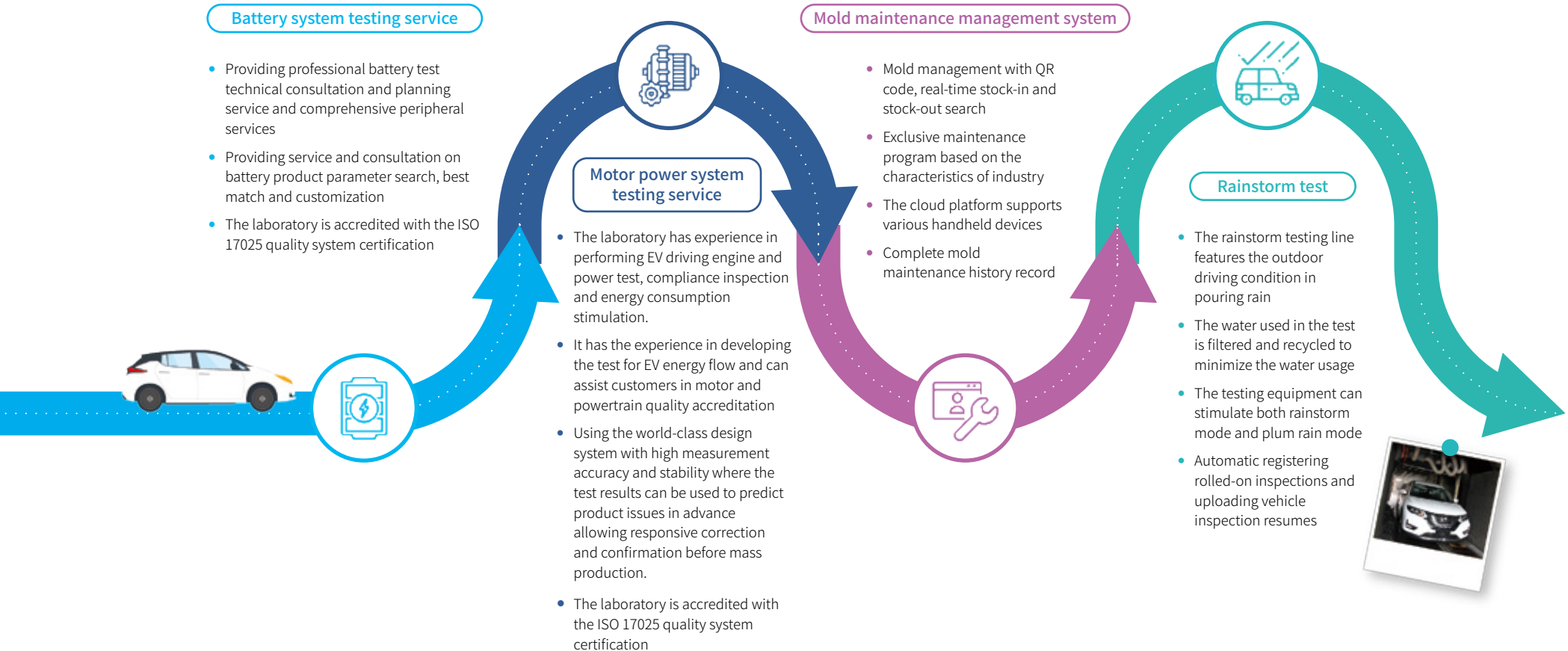
6 major features of the IQM system



Major product testing system

In addition to rigorous vehicle manufacturing processes, Yulon Motor also confirms the stability of all vehicle functions through a series of tests after the vehicle assembly:

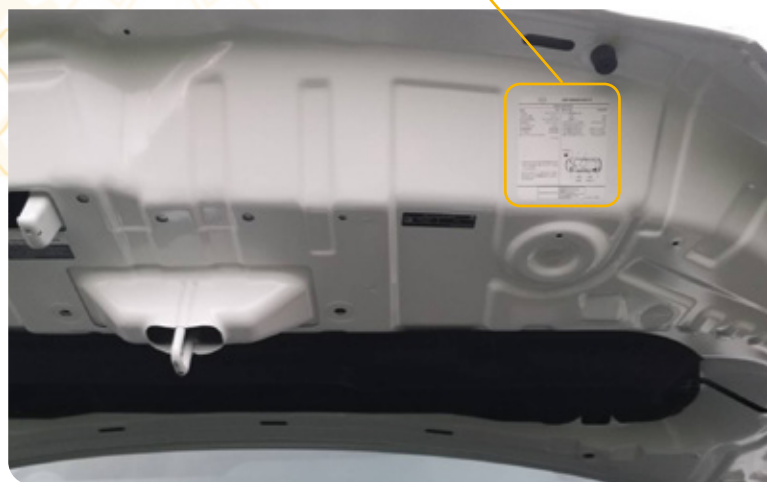
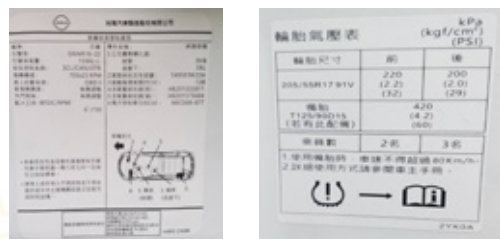
Major product testing system



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 2022.



▲ 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 2022, we held a total of 7 related courses with a total training time of 84 hours and a total of 122 participants.

Course name	Description	Training time	Number of participants
ISO 17025 – laboratory quality management training	Enhancing awareness of quality management in the laboratory	18	4
ISO 17025 – laboratory quality management training for supervisors		12	2
TPM new employee training course	improving new employees' logic and concept of TPM	9	30
Education and training on important parts	Boosting training on important part operation	7	50
VES basic education and training	Strengthening basic training on VES valuation	2	12
CATIA sketching on curved surface HD2	Learning techniques and applications of the graphics system	16	4
Guidance on IATF 16949 - ISO application and verification	Enhancing awareness and spirit of quality	20	20



▲ Quality management training courses



3-2-2 Product Safety Management

In order to enhance and improve product safety, Yulon Motor's real-time quantitative quality monitoring system for dynamic road tests can precisely monitor the dynamic road tests. The determination that used to be made by human is now made by the computer with these quantified parameters. The monitoring system then automatically inspect such a determination and data record to improve vehicle inspection quality and preciseness of driving. The captured data and design parameters in the system can later be used in relevant design and by production units for continuous improvement of dynamic driving safety and functionality of vehicles, hence the safer and more trustworthy mobility experience of customers.



▲ Road test



▲ Dynamic road test monitoring system

Vehicle safety system and equipment

LUXGEN



Safeguard system

- Adaptive Cruise Control (ACC)
- AR View System
- Autonomous Emergency Braking (AEB)

Other safety-related equipment

- Blind Spot Detection (BSD)
- Lane Departure Warning System (LDWS)
- Forward Collision Warning System (FCW)



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 to drivers and give 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 (ACC):
Based on sensation of the front sensor, ACC sets the distance from the front vehicle and automatically adjust speed to reduce fatigue caused by prolonged sitting in the same position in a middle/high speed road condition to improve driving safety, and the ACC augmented reality projected through the ARD can clearly indicate the distance from the front vehicle.
4. AR View System:
The AR View System can display the active safety images and information on the touchscreen allowing drivers not only clearly controls surrounding conditions but also pays attention to pedestrians around.
5. Autonomous Emergency Braking (AEB):
When it detects that the distance from obstacles is too close and danger is about to happen, it will show the warning signal on the ARD and increase braking force to avoid accidents.
6. Blind Spot Detection (BSD):
In a mid-to-high speed condition (30–120km/L), when a moving obstacle approaches, ARD will indicate its position to warn the driver to lower the likelihood of danger; when the driver intends to change lanes and shifts the lever, the color of the indicators of surrounding moving obstacles on the ARD will turn from white to yellow alerting to the driver to reduce the chance of collision.

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.

Vehicle recall cases

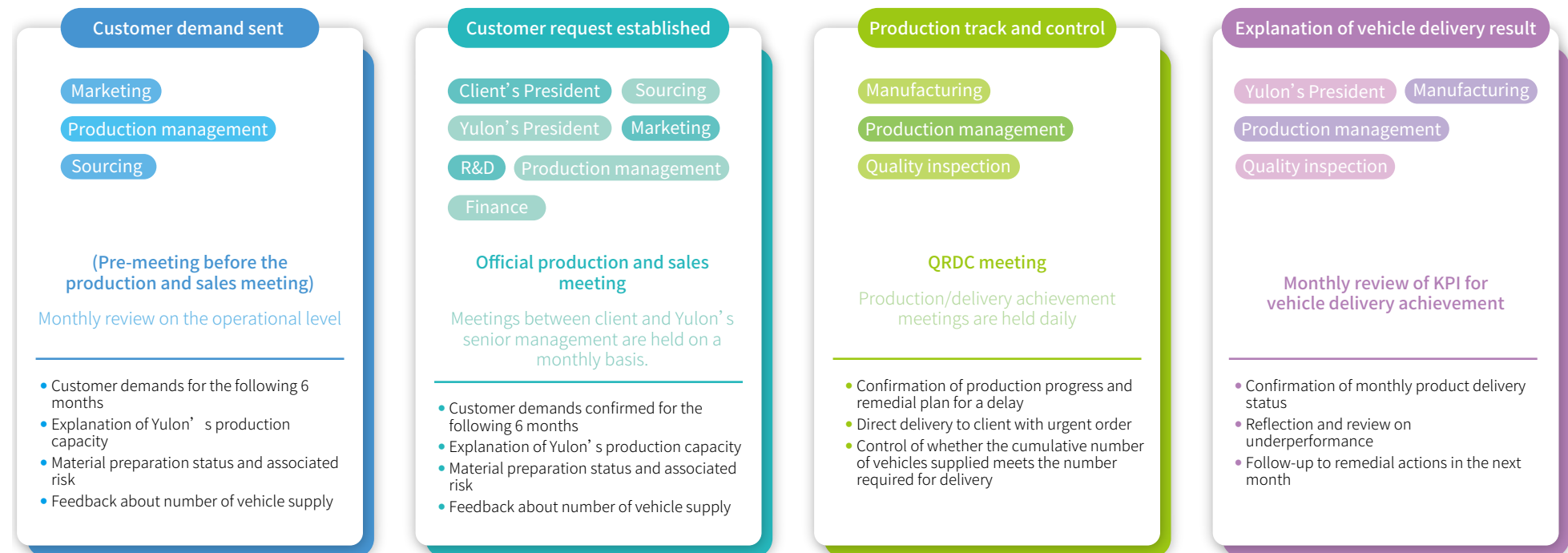
In 2022, we were notified about the recall and correction case for the "defective hybrid powertrain control module software of INFINITI QX60 HYBRID" by Yulon Nissan Motor. Since the concerned model was not produced by Yulon Motor, we only assisted the brand in recall and improvement and filing the special application to the Vehicle Safety Certification Center proactively. The correction was completed in November and approved by the Ministry of Transportation and Communications for closure. Besides the aforementioned case, Yulon Motor did not conduct any vehicle recall for safety reasons in the year. Furthermore, it was neither complained by customers for safety-related defects nor fined for any violation of vehicle-safety-related laws and regulations.

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 endless 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 offering experience in user-friendly smart technology. In the pursuit of better products and services, 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	9	5
Business location	66	18
Repair shop	80	25

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 2022, 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 2022 and implemented the PDCA cycle to meet customer expectations and build long-term relationship with our clients.

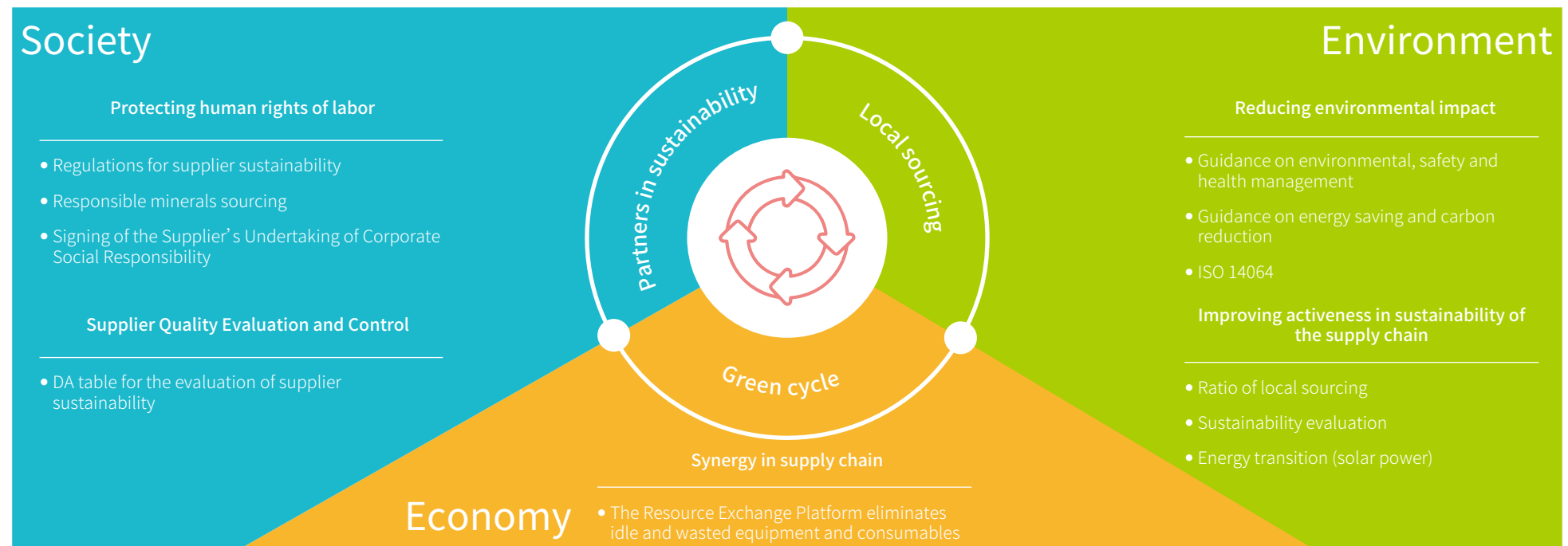
Performance in customer satisfaction in the most recent 3 years (out of 10)						
Company	NISSAN			LUXGEN		
Year	2020	2021	2022	2020	2021	2022
Score	8.6	8.8	8	8.5	8.8	8.7

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 2022, nor significant complaints that would pose an impact on society.

3-4 Sustainable supply chain

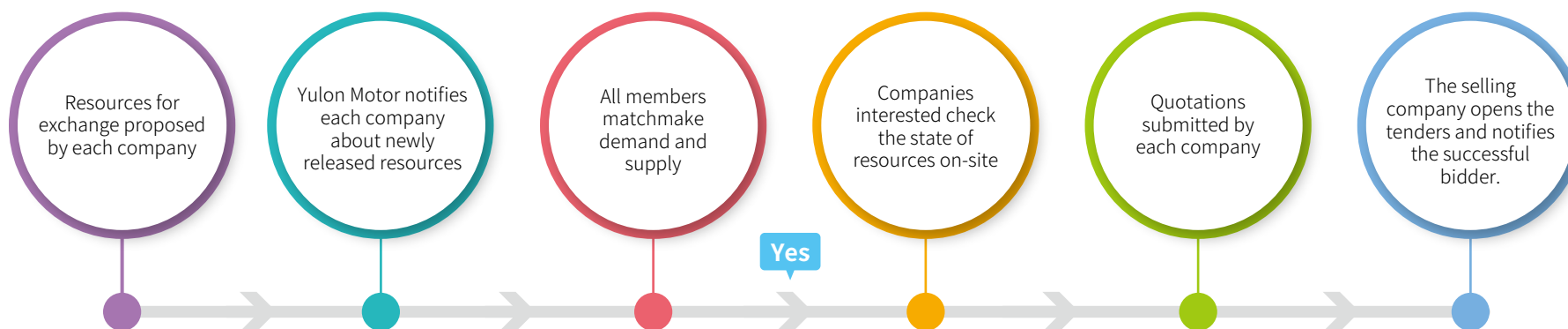
The development of Yulon Motor's sustainable supply chain revolves around three axes: "Sustainable Partner," "Local Sourcing" and "Green Cycle." Yulon Motor has called our sustainable partners and suppliers to sign the sustainable standards and the undertaking of corporate social responsibility in order to involve them in ESG topics such as human rights protection, and included the sustainability-related items in the supplier evaluation. 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 process and product quality, implemented energy saving and carbon-reduction measures, and regularly hosts performance exchange events in the hope of maintaining the mutually beneficial long-term partnerships with our suppliers.

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, a total of 15 companies have participated in this platform with 3 completed transactions of materials and equipment such as waste gas analyzer, chassis dynamometer, and packaging materials.

Participation status and participants of the Resource Exchange Platform in 2022

Type of participant	Number in 2022
Affiliated companies of Yulon Group	15
Non-affiliated companies/suppliers	3



▲ 底盤動力計



▲ 廢棄分析儀



3-4-1 Sourcing management

3 major characteristics of Yulon Motor's procurement:



Local sourcing



Digital sourcing



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 2022, the amount of locally sourced parts accounts for 41% 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 paperlessly, 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-labelled 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	2022
Green procurement	10,598,454
Investment in production equipment (energy saving and carbon reduction)	3,750,534
Investment in solar energy equipment	60,751,600
Total	75,100,588

3-4-2 Supplier Management

Supplier management

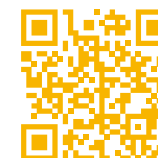
Suppliers are essential to our sustainable development, so by capitalizing our corporate influence, Yulon Motor builds close relations with suppliers in order to have positive impacts on economy, environment and society. In recent years, we have assisted suppliers in obtaining the ISO 14001 certifications in order to encourage them to implement an environmental management plan; meanwhile, with regard to the protection of labors' 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.

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 2022

Stakeholder	Item	Cumulative total	Percentage
Suppliers	Equipment/expenses	168	74%
	Parts/mold procurement management	118	90.8%

supplier compliance
and 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 2022, the quality improvement supervision project have been proposed to 10 suppliers in total, and in 2022, we guided 3 suppliers in improving their products to the A-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 11 suppliers completed the evaluations in 2022 and established their QAR MAP technology library, thereby enhancing quality of parts and averting reoccurrence of issues; we also guided suppliers through the introduction of the part management system for Supplier Quality Management (SQM) where a total of 31 suppliers improved their rating to B+ with a 100% evaluation rate.



Supplier evaluation process



Note: Achievement rate equals to the number of suppliers who were actually evaluated divided by the number of suppliers who shall be evaluated.

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 co-existence 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.

Type	Criteria included in the 2022 Supplier Green Procurement DA Table
E	<ul style="list-style-type: none"> Restricted substances under REACH Environmental protection Product design (standardization, recyclability, low pollution, energy saving, package recyclability) Production process (water saving, energy saving, carbon reduction) Localized/Green procurement Use of renewable energy Greenhouse gas/carbon footprint inventory Provision of eco-labelled products (local and international labels)
S	<ul style="list-style-type: none"> Human rights and equality No child labor Compliance with the Labor Standards Act Gender equality at work Sustainability topics (social care activities, freedom to form a union, customer protection, ecological conservation, community engagement, support of innovative enterprises)
G	<ul style="list-style-type: none"> Personal Data Protection Act Ethical management Plant management systems (IATF 16494, OHSAS 18001; ISO (9001, 14001, 45001, 14064-1, 14046, etc.)) Supplier risk assessment and management

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"> We enhance the awareness of occupational safety among the suppliers and improve their on-site safety management capability by sharing experience in the practices of occupational safety and relevant cases. Requiring contracting manufacturers to put safety and health management into practice through evaluations, guidance, auditing and tracking.
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"> The suppliers are reminded to improve the awareness of labor rights and protect the rights of the employees by sharing the cases of violation in labor inspection. The Company provides educational training by issuing the "information on labor regulations" to remind suppliers to pay attention to the new information on labor regulations and the key points of their implementation, with the goal of acting in compliance with the laws and regulations and protecting the labor rights. This way, the suppliers can refer to the difficulties that other companies in the industry have encountered and determine the best solutions.
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"> Investigations on Yulon Motor's key suppliers are conducted to make sure none of the metal materials are sourced from the conflict zone. 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.

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 23 environmental, health and safety issues in 2022. 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

- Firefighting and disaster prevention plan
- Firefighting safeguard plan
- Annual inspection and repair report
- Self-defense fire organization and drill



Environmental protection

- Air pollution
- Wastewater
- Waste
- Permit for toxic chemicals



Safety and health

- Safety and health/nursing personnel staffing
- License management
- Safety and health work rules
- Monitoring of work environment
- Dangerous machines/equipment
- Health protection and promotion

chapter _____

Friendly workplace of diversity and inclusiveness

- 4-1 Diverse talent strategy

- 4-1-1 Workforce composition

- 4-1-2 Development and Training of Talents

- 4-1-3 Employee Rights and Welfare

- 4-2 Human rights protection

- 4-2-1 Labor-management relations maintenance

- 4-2-2 Respecting human rights

- 4-3 Friendly and safe work environment

- 4-3-1 Occupational safety and health management system

- 4-3-2 Risk management and preventative measures



Material issue:

Recruitment and retention, occupational health and safety

Performance highlights:

- Offered minimum employee salary that was 1.4 times the minimum wage required by law
- The average salary adjustment in 2022 was 3.36% while that for outstanding employees reached 6.5%
- 59% of employees are local residents in Miaoli area
- In 2022, the Happiness Point program was launched, which gave out a total of NT\$387,250.
- Overall employee satisfaction for the Company was 4.2 points.
- The total budget for employee education and training in 2022 reached NT\$4,200,476.
- A total employee occupational safety training of 2,324 hours were offered in 2022

Major stakeholders:

Employees

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 launch 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.





4-1 Diverse talent strategy

Management approach to recruitment and retention

Significance to Yulon Motor	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.	
Policy and commitment	For enhancing employees' happiness, Yulon Motor upholds the "People-oriented" approach taking a 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.	
Goals	Short-term (2023–2024)	<ul style="list-style-type: none"> To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45 Turnover rate of new employees <21%
	Medium-term (2025–2026)	<ul style="list-style-type: none"> To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 50 Turnover rate of new employees <18%
	Long-term (after 2027)	<ul style="list-style-type: none"> To facilitate industry-academia cooperation for key talents recruitment: to increase the number of partnering organizations and recruit interns To intensify corporate talents development and raise the percentile rank of employee satisfaction above 55 Turnover rate of new employees <15%
Achievement in the previous year	Goals of the previous year	Achievement
	To intensify corporate talents development and raise the percentile rank of employee satisfaction above 45	The percentile rank of employee satisfaction was 42
Responsible unit	Human Resources Team	
Specific actions	<ul style="list-style-type: none"> 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. 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. Initiating employee relation building activities and additional employee welfare to increase employee satisfaction 	



4-1-1 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 2022

In 2022, Yulon Motor had a total of 1,155 employees, all of whom are full-time, and there was no significant variation from the previous year. (There were 1,248 full-time employees and 206 nonemployee workers in total in 2021.) 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 59% where over 14% 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.

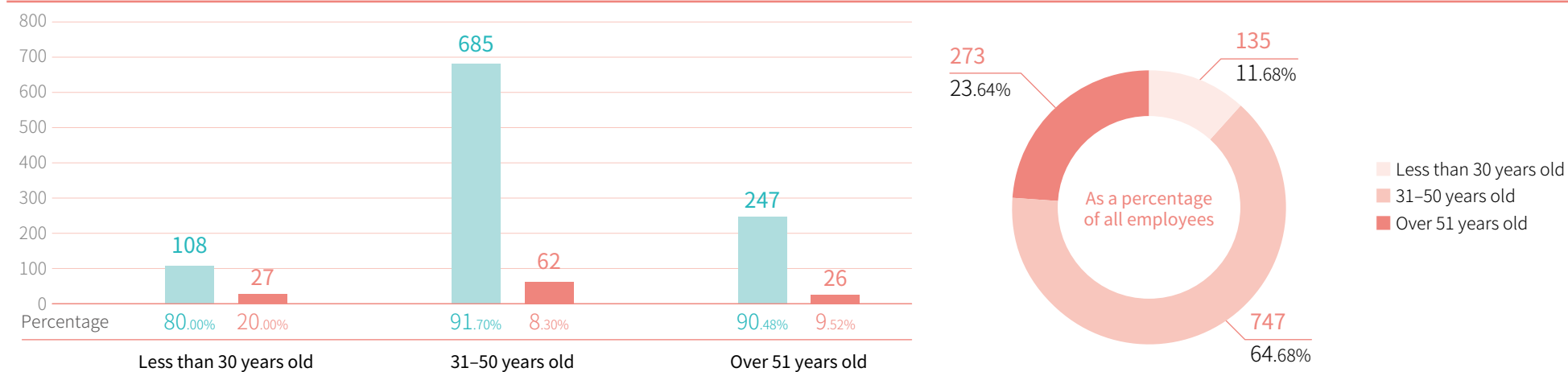
Type	Male		Female		Total No. of People	
	No. of People	Percentage	No. of People	Percentage		
Type of Employment	Full-time	1,040	90.04%	115	9.96%	1,155
	Part-time	0	0.00%	0	0.00%	0
Non-employee workers	Contractor	47	82.46%	10	17.54%	57
	Cleaning personnel	2	7.41%	25	92.59%	27
	Recycling personnel	3	75.00%	1	25.00%	4
	Dispatched personnel	28	59.57%	19	40.43%	47
	Gardening personnel	17	100.00%	0	0.00%	17
	Security guard	24	100.00%	0	0.00%	24
	Logistics personnel	23	92.00%	2	8.00%	25

Note 1: Calculation basis: the total number of incumbent employees as of December 31, 2022 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: Non-employee workers: non-employee workers are people who work for the organization but have no direct employment relationship with the organization, e.g. cleaning personnel assigned by manpower dispatching companies, security guards or employees of contractors.

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

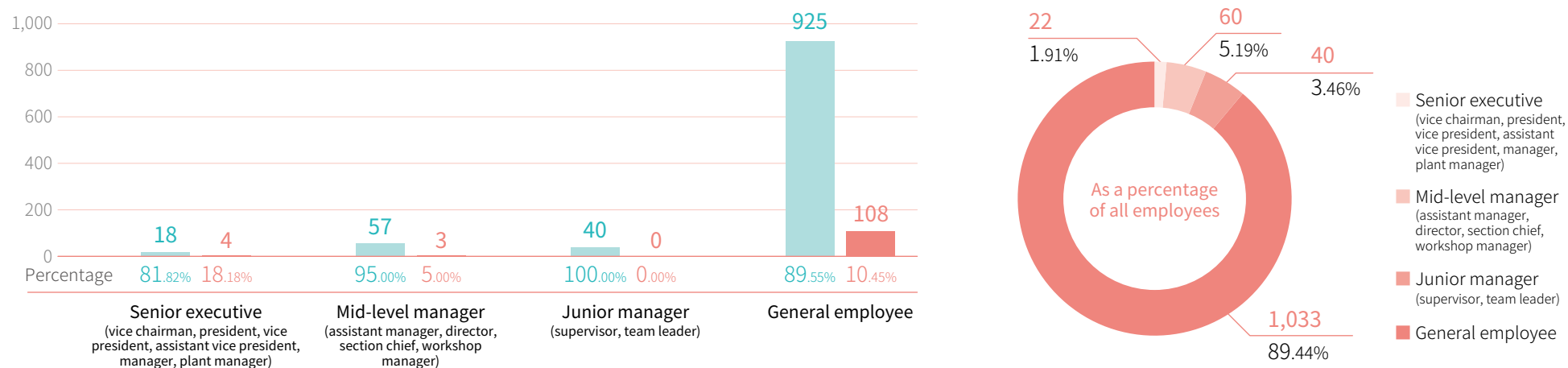
Age structure of Yulon Motor's employees in 2022



■ Male ■ Female

Note: rounded to 2 decimal places

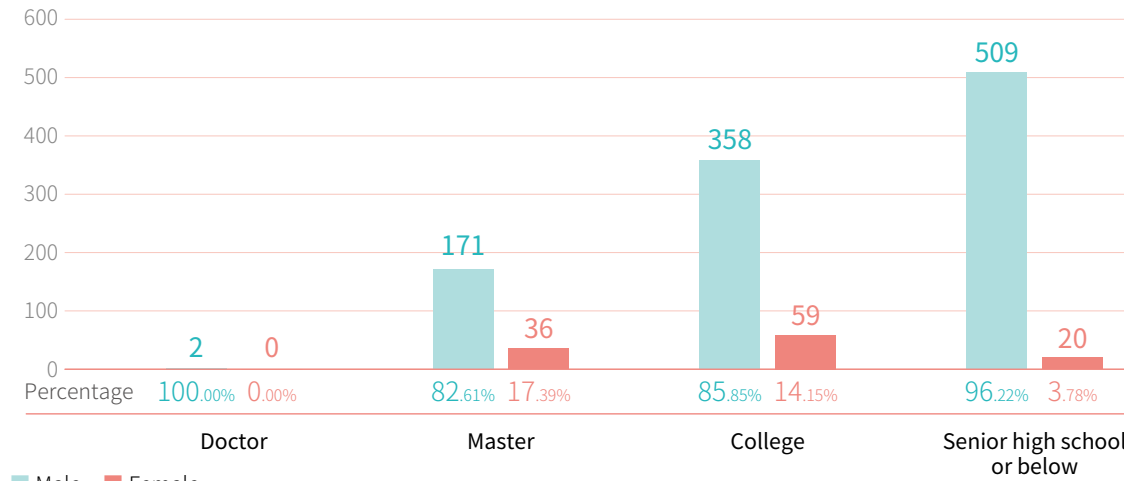
Functional Structure of the Employees in the 2022



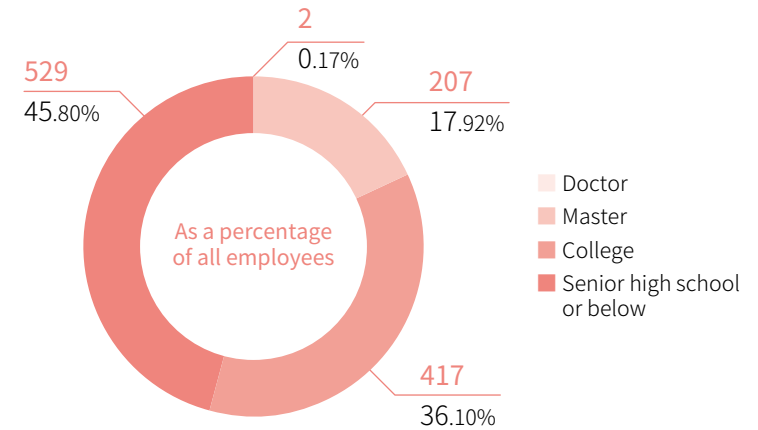
■ Male ■ Female

Note: rounded to 2 decimal places

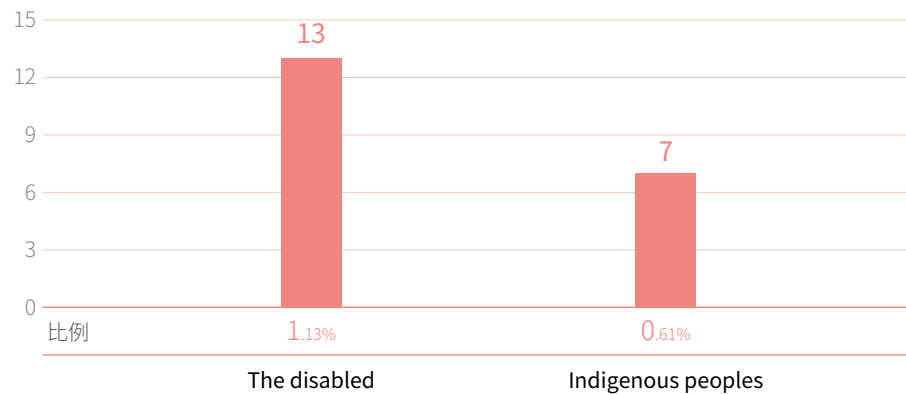
Education of Yulon Motor's employees in 2022



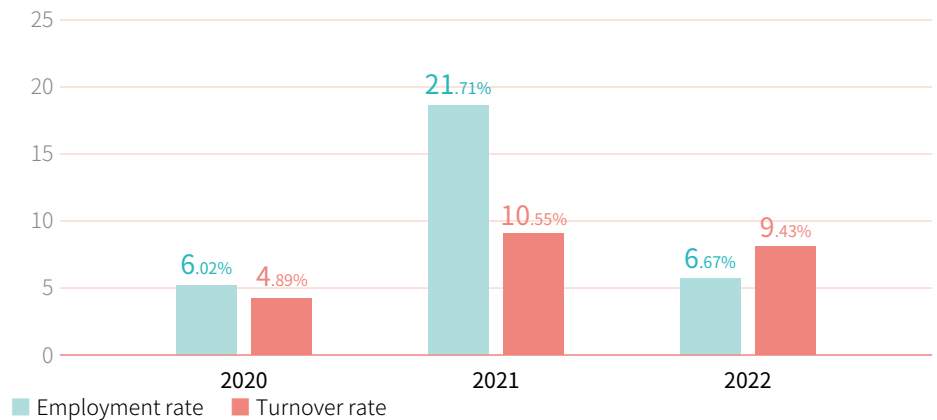
Note: rounded to 2 decimal places



Diverse employment in 2022



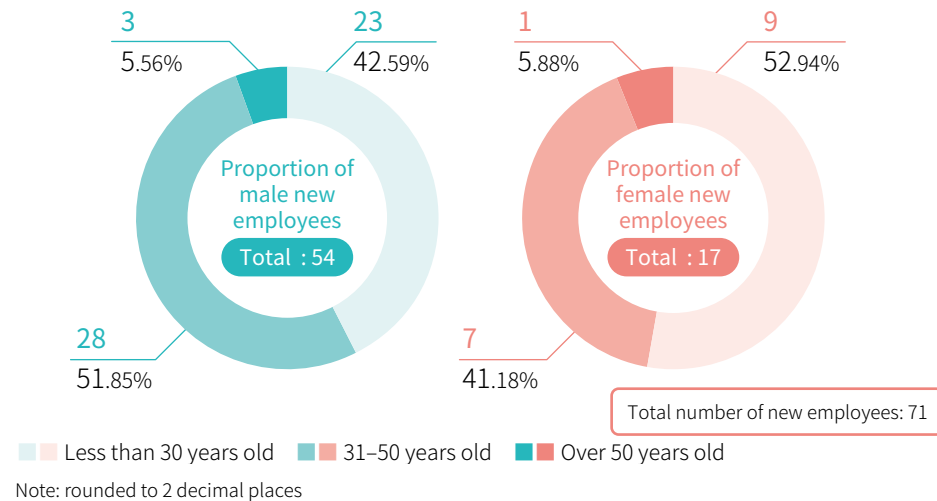
Employment and turnover rates for the most recent 3 years



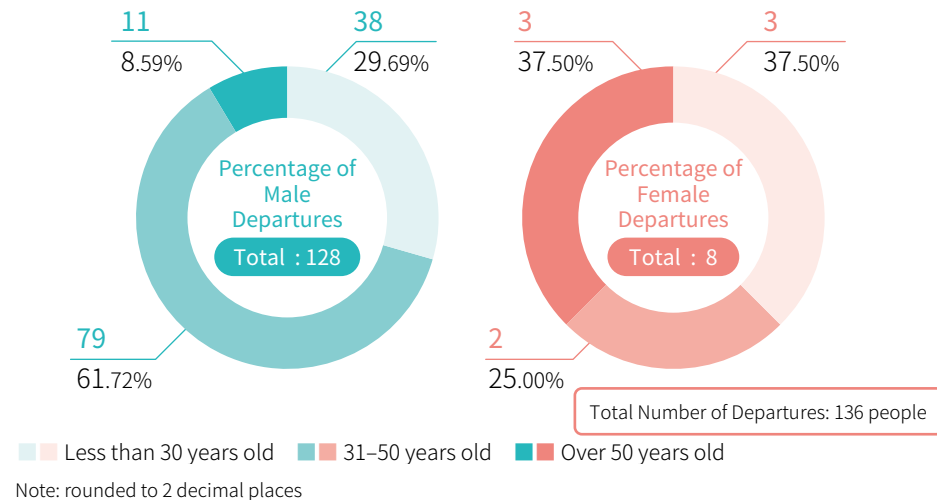
Note: rounded to 2 decimal places

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



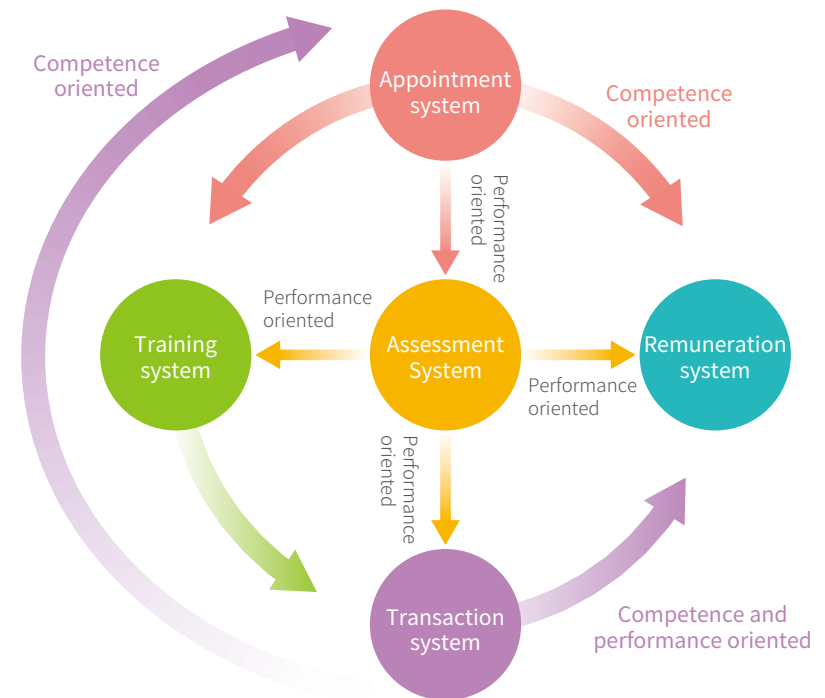
Number of employees resigned and gender ratio



4-1-2 Development and Training of Talents

Introduction to the human resources management and development system

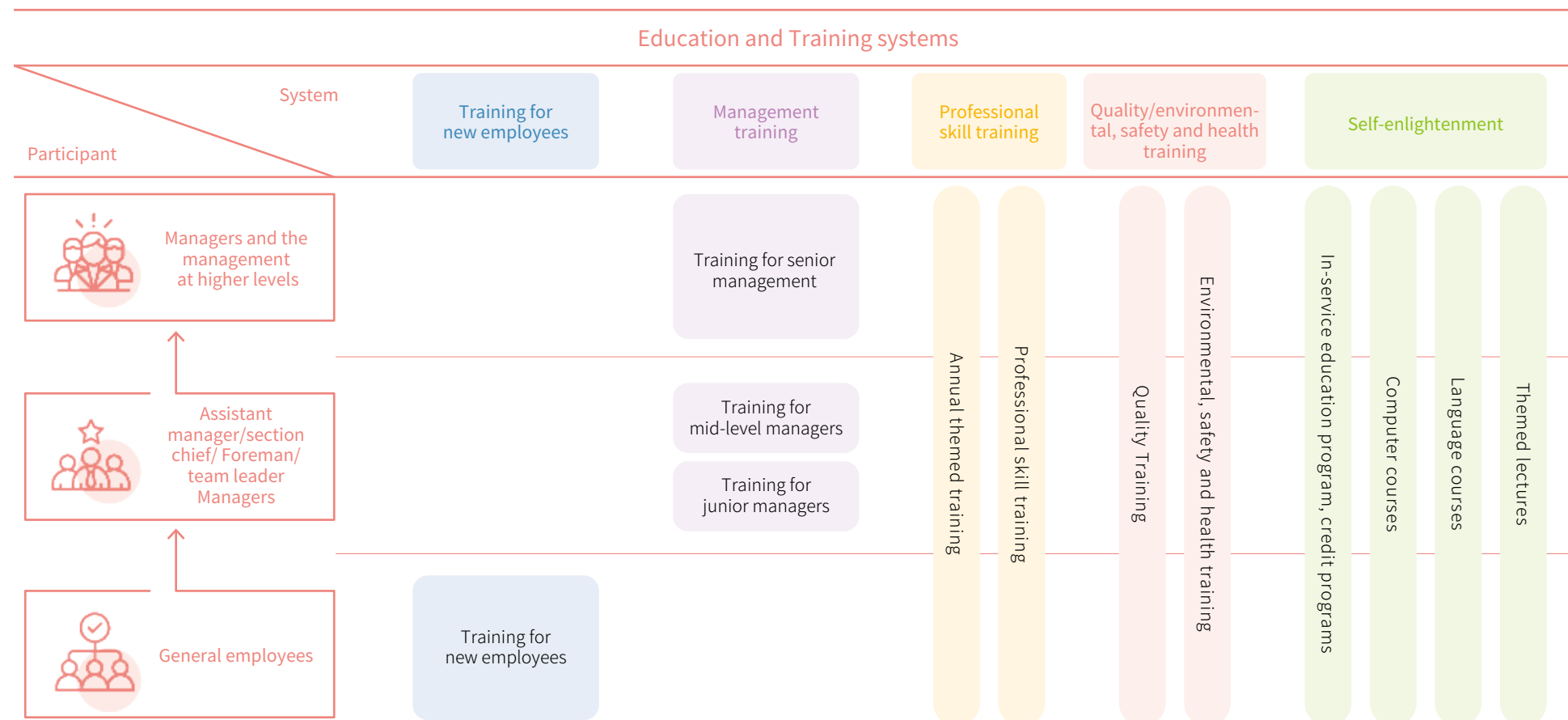
We care about employees' competency development and thus create a human resources management and development system revolving around competency development and performance management. Human resource quality is enhanced through regular performance management and a diverse competency cultivation plan. 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 their 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 2022 amounted to nearly NT\$4,200 thousand and the average training cost per employee was about NT\$3,452. The training hours totaled 20,343, and these training courses provided by the Company include six major categories as follows:



Yulon Motor's 6 major training categories in 2022

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 adaption 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.



2.

Common training

There are general training courses for all employees of the Company, covering computer skills training, language skill training, general study, lecture for happiness, 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 and the knowledge and awareness of safety and health required for disaster prevention, 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.

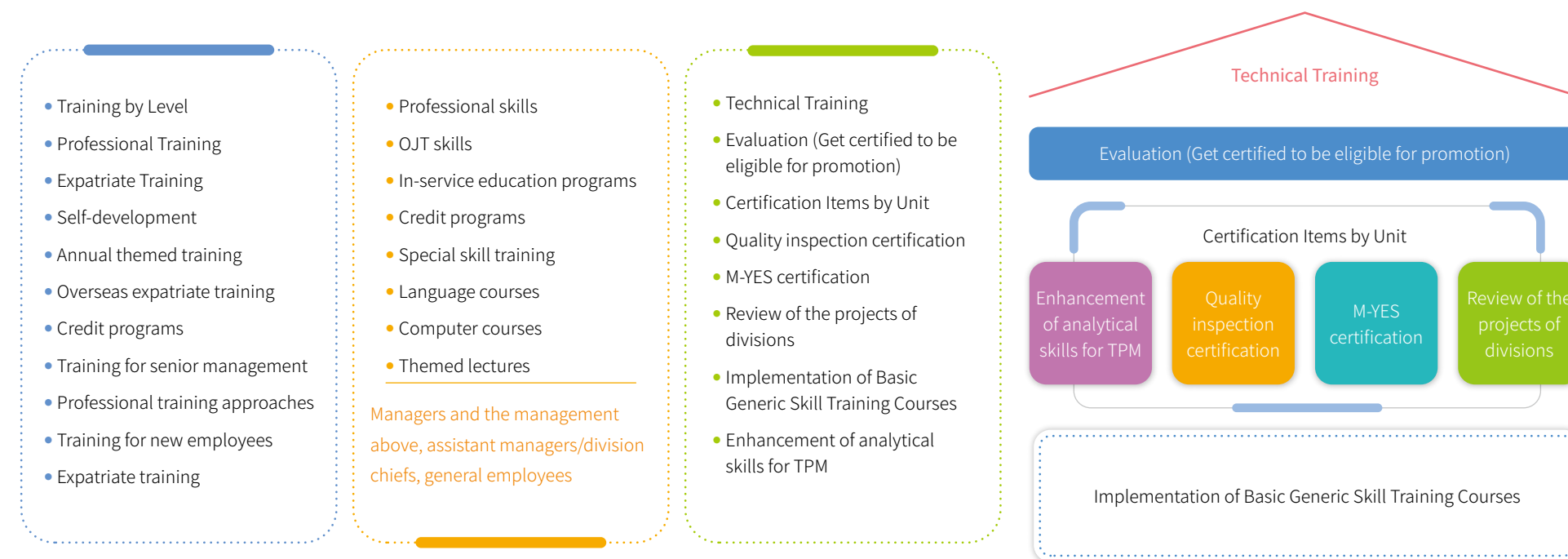
Implementation of Education and Training in 2022

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 put continuous 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.

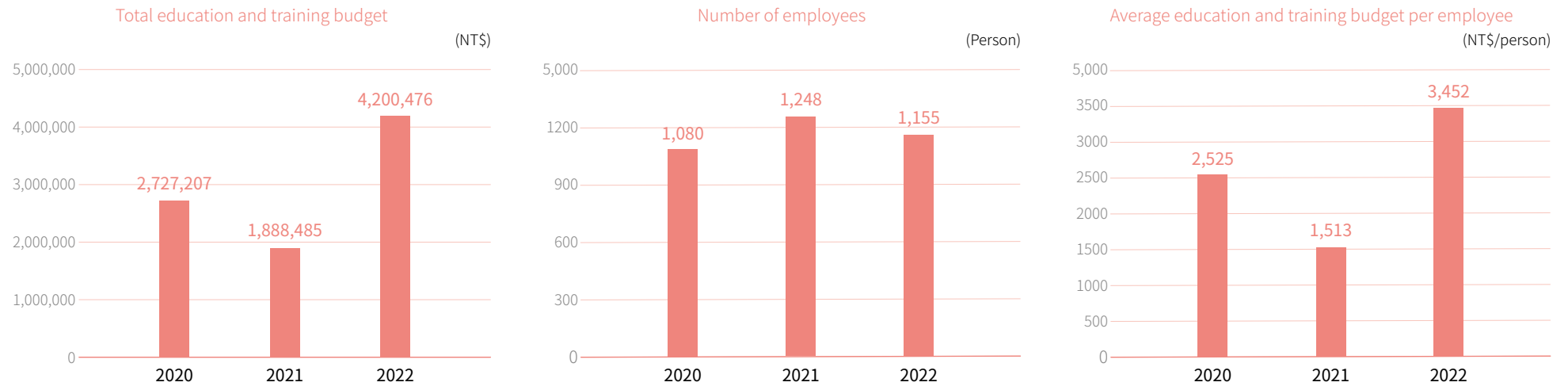
Enhancement of Management Skills

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.

Training system diagram



Education and training budgets for the most recent three years



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

Training hours by gender

Item	Senior executive		Mid-level manager		Junior manager		General employee		Total hours
	Male	Female	Male	Female	Male	Female	Male	Female	
Total training hours by gender	222.67	41.71	833.35	105.00	1,192.21	0.00	16,192.22	1,755.69	20,343.85
Average training hours by gender	12.37	10.43	14.62	35.00	29.81	0.00	17.51	16.26	17.61

Note: employee training hours are calculated using the number of incumbent employees as of December 31, 2022

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 plan that furnishes the Industry-academia cooperation programs. In 2022, the following four major programs have been rolled out: Yen Tjing Ling Industrial Development Foundation's Industry-academia Cooperation Program, the Summer Internship Program, the Smart Machinery Industry-academia Cooperation Program of the Industrial Development Bureau, the Ministry of Economic Affairs, and the Pioneering Program for the Transformation of Accounting Education.

- 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 2022, Yulon Motor worked with National Taiwan University of Science and Technology, National Cheng Kung University and National Taipei University of Technology to complete seven industry-academia cooperation programs. A total of 19 graduate students participated in these programs where a total subsidy amount of NT\$8.23 million was granted.



▲ Check-in and opening ceremony for the Summer Internship Program, group photo of the Vice President, Assistant Vice President and interns.



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

- Summer Internship Program

For the purpose of exploring more recruitment channels, we launched the Summer Internship Program the first time in 2022 offering internship opportunities at 8 units, and a total of 10 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 trend and in turn bridged the gap between the Company and these students.

Reflection of interns

Reflection shared by student intern Liu:

I feel lucky to participate in the process of making a new product from 0 to 0.9. The energy storage team is a newly founded R&D department, and it has tremendous achievements as a result of meetings, discussion, experiments and personal experience of team members. I also realized that the development of a product requires accreditation of many safety regulations and inquiries and negotiation with contractors, and it is the experience not taught at school.

Reflection shared by student intern Lin:

After these two months, the overall internship experience is much better than I expected. The part I like the most is the discussion on product R&D with seniors when we confronted with an issue since it allowed me to understand the fields or knowledge that I need to try and perceive. I am grateful to myself who sent out the application form in the first place and to colleagues of the Human Resources unit who led me into the door of Yulon, so that I can experience the life at workplace earlier than people of my age, know my shortcomings and meet many senior colleagues and interns who I have gotten along with for two months.

- Smart Machinery Industry-academia Cooperation Program of the Industrial Development Bureau, the Ministry of Economic Affairs

Yulon Motor joined the Industrial Development Bureau and National Chin-Yi University of Technology to roll out the 2022 Smart Machinery Industry-academia Cooperation Program that combines the practical experience of the industry and academic resources. There were a total of 21 college and graduate students participating in the program featuring a total of 54 hours of specialized courses. On top of the training courses that meet demands of the industry better and the intensified professional skills in smart machinery, students verified theories through practices in the projects led by Yulon Motor and hence built up their professional knowledge. Through this program, students learned about the characteristics of the automotive industry early, as well as Yulon Motor's future business strategy and work environment. If they are willing to join the Company, they can plan the direction of their learnings and researches beforehand to shorten their gap between school and job at work in the future.

- Pioneering Program for the Transformation of Accounting Education

In the light that digital transformation has become an important global trend, Yulon Motor has worked with the National Taiwan University Accounting to launch the "Pioneering Program for the Transformation of Accounting Education" in 2019 that aims to support the academia to train students on digital analysis. This program lasts 3.5 years and focuses on startup data analysis combined with the practices in industry data analysis. It provides financial insights not found in the past to companies and improves process efficiency and risk control capability of a corporation.



▲ Group photo of the awards ceremony of the project competition



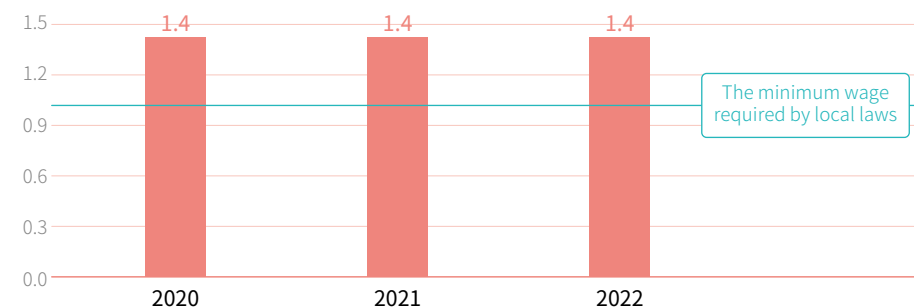
▲ In-class photo

4-1-3 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 1.4 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.

The ratio of the minimum legal wage to the standard wage of an entry-level employee in 2022



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 2022 was NT\$25,250.

Type	Basic salary		Compensation (including total bonuses)	
	Female	Male	Female	Male
Senior executive	1	1.17	1	1.24
Mid-level manager	1	1.01	1	0.88
Non-manager employees	1	0.96	1	1.01

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. This adjustment has involved 54.0% of the total employees, and an average of 13.7% salary increase was made.

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 2022, the average salary adjustment was about 3.36% 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 6.5%.

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 2022, 100% of the Company’s official employees completed the evaluation, which linked to their personal remuneration, promotion and career development.

Information on employee compensation for the most recent 3 years

Type	2020	2021	2022
Total amount of full-time non-manager employees’ compensation (unit: NT\$ thousand)	988,201	1,049,442	980,604
Total number of full-time non-manager employees	1,044	1,217	1,120
Average amount of full-time non-manager employees’ compensation (unit: NT\$ thousand)	947	862	863
Median of full-time non-manager employees’ compensation (unit: NT\$ thousand)	905	804	812

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
10.02	3.06

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

Employees evaluated in 2022

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	244	81%	58	19%	302	100%
Technician	781	94%	50	6%	831	100%

Note: New employees who were within their first three months at the Company were not included in the annual performance evaluation.

Note: rounded to 2 decimal places.

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.

Unpaid Parental Leave in 2022

Item	Male	Female
A. The number of employees who were eligible for parental leave in the year (2022)	101	11
B. The number of employees who actually applied for unpaid parental leave in 2022	4	3
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	3.96%	27.27%
C. The number of employees shall reinstate in their jobs in the year (2022)	2	3
D. The number of employees applied for reinstatement in 2022	1	3
Reinstatement rate (D/C%): reinstatement rate after unpaid parental leave	50%	100%
E. The number of employees who actually reinstated after unpaid parental leave in the previous year (2021)	1	5
F. Reinstatement for a year after the unpaid parental leave in the previous year (2021)	0	4
Retention rate (F/E%): retention rate after reinstatement after unpaid parental leave	0.00%	80.00%

Note: rounded to 2 decimal places



▲ Parenting Experience Sharing Workshop

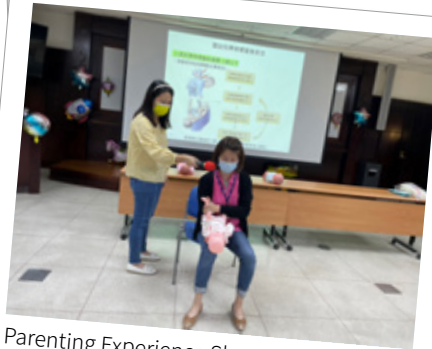
Former Chairman Kenneth Yen once said that "happy employees lead the corporate to a self-motivated corporate culture," so Yulon Motor hopes to build a happy company that invests tremendous resources into the provision of welfare and care services every year in addition the competitive compensation. Thus, we address the demands of employees at various life stages and ensure they work at 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\$70 million in 2022.

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 relationship, 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



“Wheeling the 70th with Unity” annual dinner



Parenting Experience Sharing Workshop in 2022



“Starlight Stage” welcome activity in 2022



Ministry of Internal Affairs' 2022 matchmaking event, “An Encounter with Love”



2022 Mother's Day event
“To the One and Only”



2022 Dragon Boat Festival Essay Contest



2022 Father's Day event
“Show off Your Father”

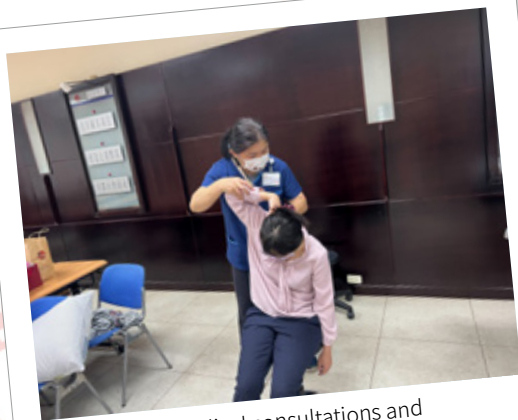


Financial Management Made Easy

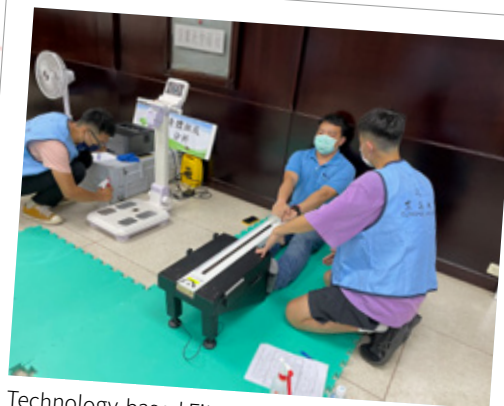


Departmental birthday celebrations

Health and stress relief



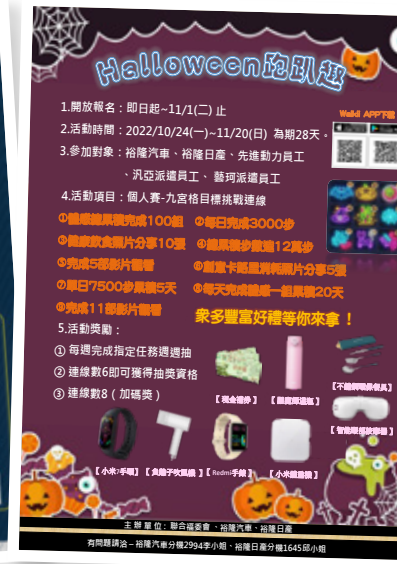
Free Chinese medical consultations and acupuncture treatment at the Sanyi Plant



Technology-based Fitness Testing



JoiGym workout online at home



Halloween party – online sports competition



Easy home fitness class, work out and get fit by yourself at home!



Succulents DIY

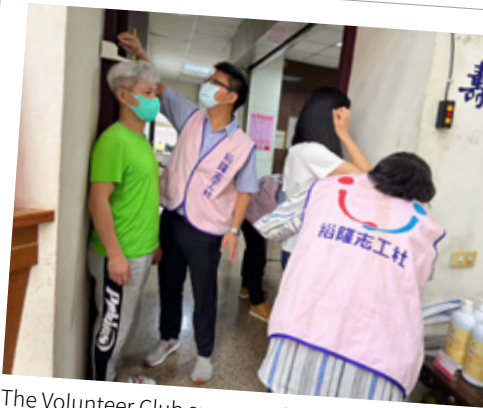


Succulents DIY



Video editing on phones in practice

Charity and public welfare



The Volunteer Club supported the adult/elderly health check-up event in April



One session of the “Love Unstoppable” blood donation tour was held in June and October each



A total of 10 members of the Volunteer Club have obtained the special volunteer certificates through online volunteer training courses.



We organized the “Donating Invoices for Charity” event in June, and the proceeds were all donated to the Children Are Us Foundation.



We organized the beach cleanup event “Love Sea and Reduce Plastics, Good to Have you” in October



The “Year-end Heart-Warming Donation” fundraising activity was launched in December, and the total of NTD 972,359 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



Heart-warming free gift giving away event to make dreams come true at Christmas time



Heart-warming free gift giving away event to make dreams come true at Christmas time



Retirement 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 2022, the contributions amounted to NT\$62,924,916 for the old pension system and NT\$27,892,761 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.

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 was 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:

- ① 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.
- ② Healthcare:
 - (1) Health checkup:
One advanced full-body health checkup 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 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.
- ③ 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 expatriation, 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 suitable unit responsible for passing on their overseas experience. Thus, employees abroad do not have to worry about job openings after their return.

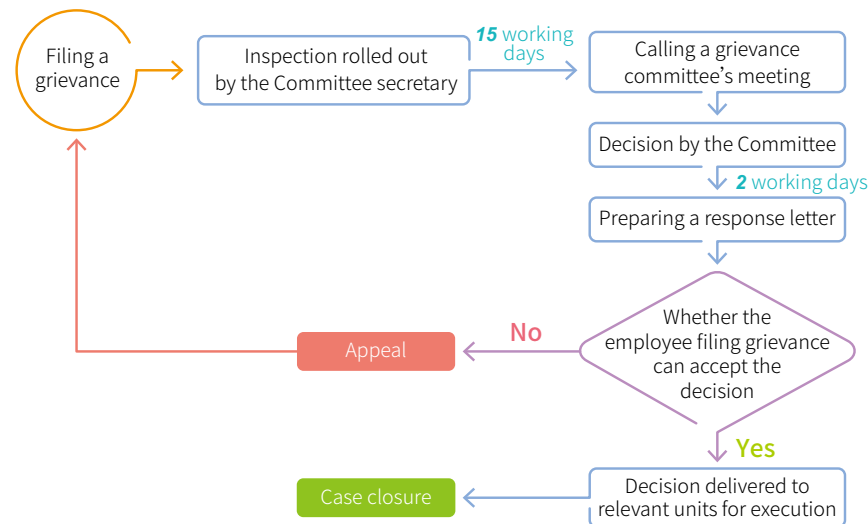
4-2 Human rights protection

4-2-1 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 2022, there were not any employee grievance cases or cases in connection with violation of applicable laws, strikes or cease of operations.

Procedures for handling grievances



Labor-management communication

For the smooth communication between labors 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 achieve a harmonious labor-management relationship. The Company also discusses with officers of the union about matters regarding laboring and signs a group agreement covering and protecting all of the full-time employees. 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.

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.

Employee communication channels

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

Communications on the Employee Message Column in 2022

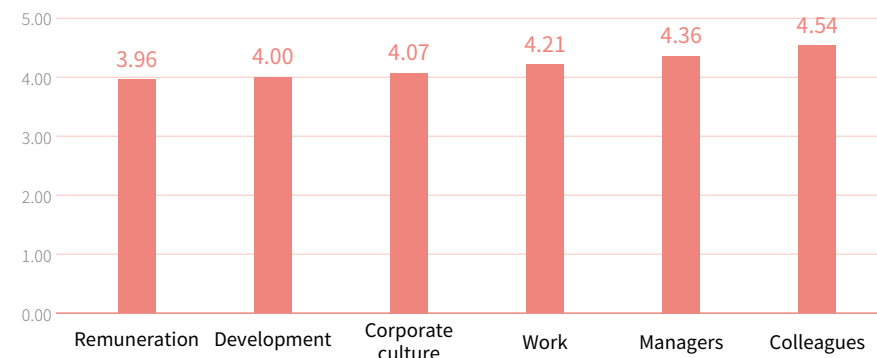
Type	Food	Clothing	Transportation	Suggestions about environment	Suggestions about welfare	Suggestions about management	Total	Case closure ratio
Quantity	2	1	4	4	4	5	20	100%

Employee satisfaction




Yulon Motor cares about employee development and retention, so it carries out employee satisfaction survey every other year to grasp employees' core demands and formulate corresponding measures. We introduced the online questionnaire system for the 2022 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"> ① Employees with promotional needs were provided with technical certification courses. ② Promotion and certification criteria for new employees were loosened. 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.
 Corporate culture	<ol style="list-style-type: none"> 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. 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.



4-2-2 Respecting human rights

YULON MOTOR CO.,LTD. subscribes to and complies with various international human rights conventions such as the “International Bill of Human Rights,” the “United Nations Global Compact,” the “United Nations Guiding Principles on Business and Human Rights,” “International Labour Organization’s (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 and 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"> Establishing dedicated occupational safety and health unit, hiring professional doctors and nursing personnel, and organizing regular occupational safety and health education and training Senior executives chair the safety and health meetings on a monthly basis Adopting the regulations for hazardous substances (chemicals) and routinely conduct hazardous substances inspection Arranging regular differentiated health checkup for employees at high-risk work areas Arranging regular on-site visit of doctors in occupational medicine Providing a health checkup every three years, and for employees work in closed space, a health checkup is offered once a year for better follow-up and care. The care team is established to proactively follow up the subsequent reinstatement of injured employees every month Job adjustment or psychological counseling are provided based on the result of health checkup questionnaire together with the evaluation from the doctors in occupational medicine 	<ul style="list-style-type: none"> Discussing job content with supervisors and the occupational medicine doctor Providing sufficient medical support (infirmary) Lawfully providing leave and compensatory salary Rearranging jobs or work areas depending on circumstances When the situation is serious, a punishment in accordance with the Work Rules shall apply To employees with abnormal health checkup results, providing health education and improvement advice Increasing hardware equipment protection and intensifying promotion to employees 	<ul style="list-style-type: none"> Unit supervisors HR contact point infirmary The anonymous platform "I Have Something to Say" Safety and Health Committee members 	<ul style="list-style-type: none"> Frequency: Monthly report Method: Email record 	In 2022, there were a total of 34 employee special care cases (employee medical requests); as of the end of December 2022, 28 cases were closed and 6 cases were ongoing (cross-year cases)
2	All employees	Prohibit forced labor and child labor	<ul style="list-style-type: none"> 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. Committee members of the labor side reflect diverse employee opinions to make sure the Company meets laws and regulations 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. 	<ul style="list-style-type: none"> Compensating with well-deserved overtime payment or compensatory leave Properly adjusting duties of the employees or assisting them in improving work efficiency depending on circumstances Carrying out counselling, 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) 	<ul style="list-style-type: none"> I Have Something to Say (anonymous) HR supervisor contact point The anonymous platform "I Have Something to Say" 	<ul style="list-style-type: none"> Frequency: within 20 days after the occurrence of the incident Method: Grievance cases received shall be closed and reported to the senior within three months 	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
3	All employees	Employees forming and joining labor unions to exercise labor rights	<ul style="list-style-type: none"> Regular annual labor-management dinner for relationship building Stoic communication and rational interaction for finding the win-win consensus Senior executives regularly attend the employee representatives' meetings and interactive activities of the union Assisting in the handling of monthly union fees and the applications of new members The calendar for the following year and duty adjustments shall be discussed by the union lawfully Organizing regular labor-management meeting in accordance with relevant provisions of the "Labor Standards Act" 	<ul style="list-style-type: none"> Carrying out communication meetings for weaknesses identified in the employee satisfaction questionnaire to confirm the subsequent improvement program and reach a consensus Mediating and negotiating according to internal procedures If an issue reported by the union is not concluded, it will be submitted to senior executives for discussion Hosting regular union directors and supervisors' meetings to discuss issues in connection to employees 	<ul style="list-style-type: none"> Contact point of the union Contact point of the management I Have Something to Say (anonymous) 	<ul style="list-style-type: none"> Frequency: within one month after the occurrence of an incident Method: Follow-up in the directors and supervisors' meetings and the labor-management meetings 	No grievance case concerning human rights
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"> Introducing digital courses to promote the key and approach to non-discrimination and courses for recruitment Providing supervisors with the "Yulon Motor Recruitment Interview Handbook" and notes to interviews Reviewing the hire ratio of the disabled on a monthly basis Holding sexual harassment seminars and workshops for illegal infringement at workplace The human rights policy enforces workplace diversity and prevents any discrimination based on gender, race, etc. 	<ul style="list-style-type: none"> Adopting relevant regulations for punishment Offering education and training in connection with anti-discrimination and harassment Any violation of the principle of non-discrimination will be submitted to and handled by the Illegal Infringement Committee If there is any incident of discrimination, the applicant shall be put through the interview process again 	<ul style="list-style-type: none"> I Have Something to Say (anonymous) HR supervisor contact point The anonymous platform "I Have Something to Say" 	<ul style="list-style-type: none"> Frequency: within one month after the occurrence of an incident Method: Follow-up by the HR system 	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"> The Employee Welfare Committee members and the activity contact point of the plant work together to promote participation in health promotion activities Routinely reviewing employees who work overtime too frequently and reminding them for proper rest, and negotiating shift adjustment with employees beforehand to reach a consensus Introducing Employee Assistance Program (EAP), which provides professional consultation and medical services including employee psychology, law, finance, health and management. Integrating resources from external lifeline association, HR unit, nurses, and occupational medicine doctors to provide the health management program for monitoring and assistance Arranging shift of relevant units to handle emergency and oversee construction 	<ul style="list-style-type: none"> Listing employees with high overtime hours and informing supervisors to provide assistance and care Providing consultation record for further care and offering individuals concerned assistance and support at work (same as the EAP) Employees who are unable to take leave due to their shift can arrange leave or adjust their leave 	<ul style="list-style-type: none"> I Have Something to Say (anonymous) Contact point of the Employee Welfare Committee Contact point of the host unit EPA consultation hotline 	<ul style="list-style-type: none"> Frequency: within one month after the occurrence of an incident Method: Control by system and follow-up by meetings 	No grievance case concerning human rights
6	All employees	Work hours and salary	<ul style="list-style-type: none"> Hiring sufficient number of employees aligning with production needs to avoid insufficient manpower and thereby excessive work hours 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. Continuing to promote the normal work time of the Company and the regulations for extended work hours Helping supervise grasp the status of overtime with relevant overtime management reports 	<ul style="list-style-type: none"> 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 Requiring supervisors to pay attention to the issue of working excessive hours and report the reasons and solutions thereof 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. 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. 	<ul style="list-style-type: none"> Unit supervisors HR contact point The anonymous platform "I Have Something to Say" 	<ul style="list-style-type: none"> Frequency: within one month after the occurrence of an incident Method: control by the system 	No grievance case concerning excessive work hours



4-3 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 improvement for the risk that may arise to the employee, equipment and 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	<p>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:</p> <ul style="list-style-type: none"> • provide workers with the mechanism for their consultation about and participation in the field of occupational safety and health and necessary resources • evaluate hazards and reduce occupational safety and health risk to ensure effective management of operational risks from all dimensions. • respect and comply with laws and regional treaties in connection with occupational safety and health to grow together with the regions. • 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 • 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. 						
Goals	<table> <tr> <td data-bbox="456 986 591 1193">Short-term (2023-2024)</td><td data-bbox="613 986 2047 1193"> <ul style="list-style-type: none"> • 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. • 0 catastrophes and fatal occupational accident at the plant/year • 4 Injury cases at the plant ↓ /year • 40 ↑ safety and health promotional events /year • 12 ↑ employee safety seminars/year </td></tr> <tr> <td data-bbox="456 1209 591 1321">Medium-term (2025-2026)</td><td data-bbox="613 1209 2047 1321">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.</td></tr> <tr> <td data-bbox="456 1337 591 1433">Long-term (after 2027)</td><td data-bbox="613 1337 2047 1433">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.</td></tr> </table>	Short-term (2023-2024)	<ul style="list-style-type: none"> • 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. • 0 catastrophes and fatal occupational accident at the plant/year • 4 Injury cases at the plant ↓ /year • 40 ↑ safety and health promotional events /year • 12 ↑ employee safety seminars/year 	Medium-term (2025-2026)	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 2027)	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.
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Long-term (after 2027)	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
	<ul style="list-style-type: none"> 0 catastrophes and fatal occupational accident/year 4 employee work injuries/year (and below) 	<ul style="list-style-type: none"> 0 catastrophes and fatal occupational accident/year 1 employee work injury/year
Responsible unit	Safety and health office	
Specific actions	<ul style="list-style-type: none"> 42 safety and health promotional events/year 12 employee safety seminars/year 4 agreement and organization meetings with contractors/year 	

4-3-1 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 wellbeing 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 Sanyi plant aiming at building a safe workplace. Currently, Yulon Motor has transited 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 and named the Occupational Safety and Health Excellent Unit in the Occupational Safety and Health Awards hosted by the Ministry of Labor.

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.

Yulon Motor’s major measures to enhance contractor safety management in 2022

- 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 a 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 installed the 5G outdoor cameras and 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 is 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 significance of safety. In 2022, a total of 713 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 and Health Office has established the occupational safety inspection guidelines and other regulations. In addition to the inspection conducted by the safety inspection team to the unit concerned, all the units are requested to perform internal safety inspection on its 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 of 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 Sanyi 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 2022 are summarized as follows:

Objective/Target	Program	Current Status	Result of 2022
Less than 4 employee work injuries (cases/year) in 2022.	Regular implementation of 5S inspection, TOP survey, and improvement of false alarms.	Through various routine inspections and improvements, to reduce the occurrence of harm.	1 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				External audit and certification			
Type	Number of employees audited	As a proportion to the total number of employees	Number of employees not audited	Type	No. of People	As a proportion to the total number of employees	Number of employees not audited
Employees	1,155	100%	None	Employees	1,155	100%	None
Non-employee	201	100%	None	Non-employee	201	100%	None

Firefighting safety management and audit

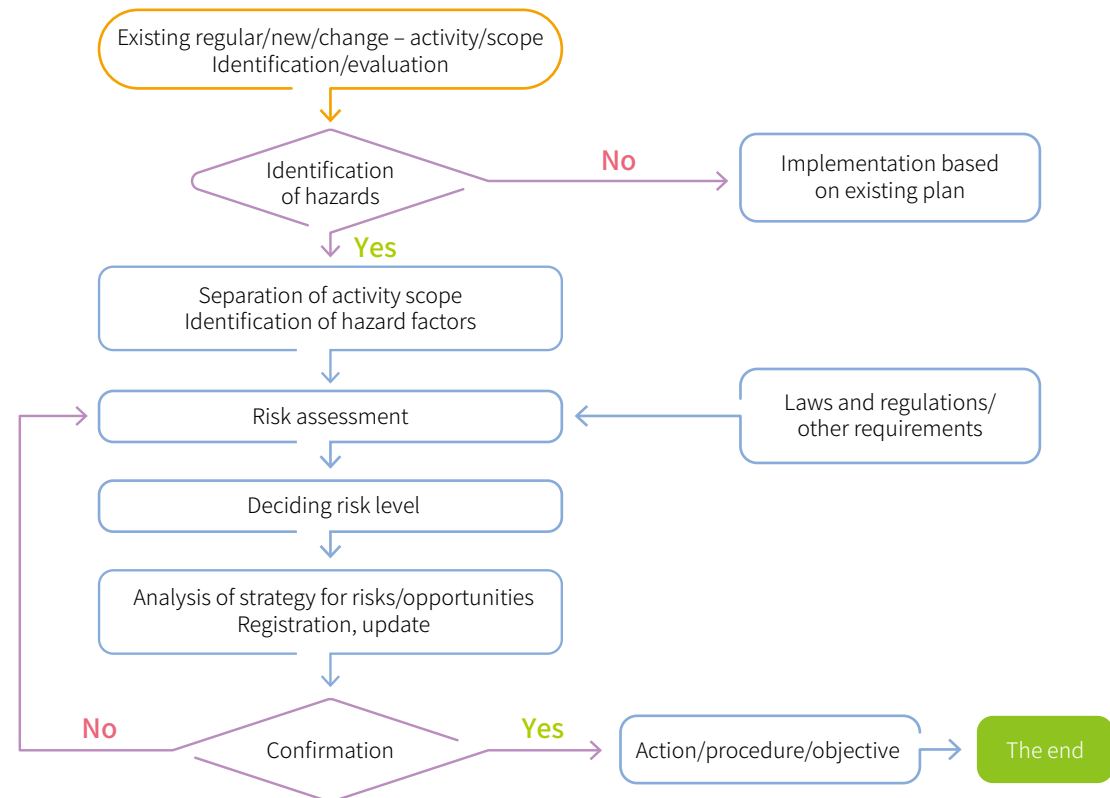
Yulon Motor pays attention to firefighting safety at the plant. In 2022, our correction rate for the deficiencies in firefighting report for inspection and repair was 100%. In addition, a firefighting self-defense team drill is held semi-annually; on a monthly basis, self-inspections on the firefighting equipment, including the fire alarm signal receiving switchboard, broadcast switchboard, firefighting pump, and fire extinguishers; the security supervisor conduct a public hazardous substance patrol every month to establish an excellent firefighting safety culture. In 2022, we also guided 8 contracting manufacturers to improve their firefighting safety and implement the firefighting safety audit project plan from 5 major aspects. A total of 48 firefighting safety deficiencies of our contracting manufacturers were corrected.



4-3-2 Risk management and preventative measures

Risk assessment and identification

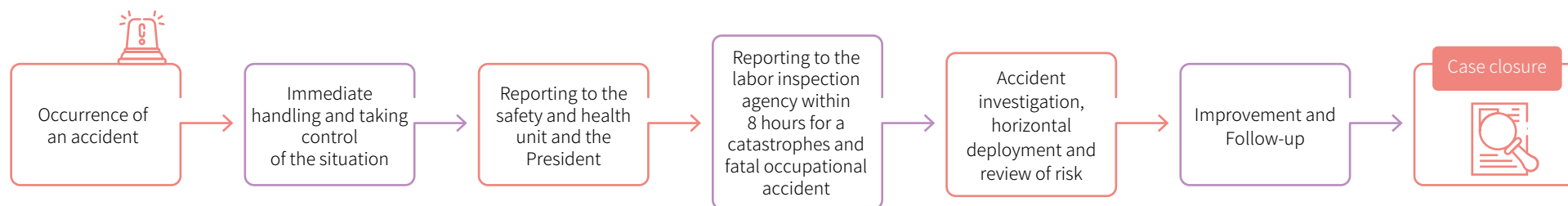
Yulon Motor has adopted the “Procedures for Hazard Identification and Risk Assessment” and requires the personnel in charge of each unit to participate in the risk assessment personnel training and to take responsibility for facilitating risk assessments, assisting in the hazard identification, risk 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 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 2022

Item		Employees			Non-employee		
		Female	Male	Total	Female	Male	Total
Number of actual workdays in 2022		249			249		
Occupational accident	Number of persons injured	0	1	1	0	0	0
	Number of deaths	0	0	0	0	0	0
Type of occupational accident		-	Right index finger got crushed when performing a duty resulting in an open fracture of the right index finger.	-	-	-	-
Number of persons involved in a catastrophe and fatal accident among the persons injured		0	0	0	0	0	0



Data of occupational accidents in 2022

Item	Employees			Non-employee		
	Female	Male	Total	Female	Male	Total
Total number of working employees	115	1,040	1,155	57	144	201
Total number of occupational injuries	0	1	1	0	0	0
Total number of work hours	199,592	1,912,258	2,111,850	118,368	287,984	406,352
Occupational injury rate	0	0.105	0.095	0	0	0
Serious occupational injury rate	0	0	0	0	0	0
Total number of absence days	0	5	5	0	0	0
Total number of work person-days	27,221	264,965	292,186	14,796	35,998	50,794
Absence rate	0%	0.0018%	0.0017%	0%	0%	0%
Number of workdays lost	0	5	5	0	0	0
Rate of workdays lost	0	0.523	0.474	0	0	0

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 work hours = total number of working employees × number of work hours per day × number of actual workdays in the year. 6. Occupational injury rate = total number of occupational injuries / Total number of work hours × 200,000. 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) × 200,000. 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 service of a job site monitoring and testing agency approved by the Ministry of Labor to conduct one job site monitoring and testing semiannually 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 333 items were conducted in April and October of 2022, 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 obvious space and the reminder for wearing hearing protection gears, checking if employees wear hearing protection gears from time to time, carrying out special health check for groups exposed to noise and implementing 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 and health office and human resources team consequently coordinate the relocation of such an employee. There were not diseases or deaths as a result of occupational diseases in 2022.



▲ Hearing protection health education courses

Education and training on occupational safety

In addition to the management of equipment, the dissemination of occupation safety also play 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 2,324 hours in 2022.

Since the second half of 2022, we have invited the retired team leader of the Occupational Safety Center to customize a series of courses in connection to labor inspection laws and practice to enhance supervisors and employees' awareness of the Occupational Safety and Health Act, the keys to labor inspection, the regulations concerning high-risk operation and the concept of contract management by capitalizing the rich experience of the instructors. These courses include:

- ① Case study of construction hazards (focusing on remodeling at the plant, equipment installation, prevention of electrification and falling, etc.)
- ② Work safety analysis of the current work safety plan, and to teach concerned employees about the essentials of such operation
- ③ Review of processes/forms related to labor inspection and practice

Employee healthcare

We enroll all employees not only in the labor insurance and health insurance lawfully but also the group insurance, which covers the employees and 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 the seminars for emotional management, stress relief, disease prevention and healthcare from time to time and take care of employees’ family by hosting seminars for family, parents and children to provide employees complete health management covering every member of their family, who is also a family of Yulon Motor.

2022 Health Promotion Plan

Hazard prevention Healthcare

Name of major plan/activity

- Providing general and specialized operation 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 2022

- A total of 281 employees had a health check-up in 2022
- The general health check-up is offered once every 3 years, better than that is required by laws, and the specialized operation health check-up is provided every year.
- Providing advanced health check-up 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 2022

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.



Emergency rescue training course

Name of major plan/activity

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

Performance in 2022

- There are 8 Shinkong Communication AEDs installed at Yulon's Sanyi plant, which are maintained semiannually to ensure normal functioning as well as safety.
- In 2022, we organized 1 online CPCR course and 3 physical CPCR courses in total, and each had 50-120 participants.



▲ CPCR instruction

Safe breastfeeding environment for mothers at workplace

Name of major plan/activity

Setting up a breastfeeding room

Performance in 2022

We provide free supplies in the breastfeeding room and create an exclusive private and safe space for breastfeeding mothers allowing secured breastfeeding and collecting after they reinstate in work. There were two mothers using the breastfeeding room in 2022.

Name of major plan/activity

Parents' sharing session

Performance in 2022

- We held a blindfolded diaper change game on 2022/11/25 together with the practical "Baby First Aid Seminar" and the "DIY Towel Bear Activity," and 50 persons in total 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 2022

A total of 53 sharing sessions for health promotion were held in 2022

Name of major plan/activity

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

Performance in 2022

In 2022, the Employee Clinic applied to become a medical care institution eligible for providing the government-funded influenza vaccination and vaccinated 120 persons in total.



▲ Vaccination in 2022

chapter _____

Social Relationships and Virtuous Influential Actions

- 5-1 Steering Values
- 5-2 Becoming environmentally friendly
- 5-3 Arts, culture and education
- 5-4 Donations for public welfare
- 5-5 Support for disadvantaged groups



Material issue:

Social Relationships

Major stakeholders:

Community, NGOs, government, media

Performance highlights:

- Taiwan Sustainability Action Awards (TSAA) – Silver Award in Social Inclusion
- Taiwan Corporate Sustainability Awards (TCSA) Social Inclusion Award
- The social welfare solution “Easy Transportation in the South Link Area” has served 21,713 persons in the South Link Area since 2019 and was granted the Social Innovation Award in the 2022 Global View Magazine’s CSR and ESG Award
- Collaborated with Chiayi City Government in the social project “9453 Friendly Travel” to build the first “Elderly Friendly Model City” in Taiwan
- The long-term care fleets in Taipei City and New Taipei City have cumulatively served 40,550 persons with a total of 184,489 kilometers traveled
- Built a 24,192m² waterfront ecological park as a donation to New Taipei City Government for the public space use
- Supported the “Yushi Social Enterprise” achieving sourcing with corporate responsibility
- A nursery for the old-growth forest was set up in the Sanyi plant with a target to cultivate 10 species of native plants and more than 2,000 saplings

幸福
輪轉手





Management approach to social relationships

Significance to Yulon Motor	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 project and public welfare charity events.	
Policy and commitment	Yulon Motor has adopted a framework for social relationships revolving around the core of “People, Vehicle, Life” and extended to the five major topics of concern: “steering values,” “becoming environmentally friendly,” “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.	
Goals	Short-term (2023–2024)	To keep growing native saplings, promoting public welfare and supporting the woodcarving industry in Sanyi
	Medium-term (2025–2026)	To continue to strengthen and develop differentiated featured programs in regard to becoming environmentally friendly and support for disadvantaged groups, which meet the SDGs
	Long-term (after 2027)	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.
Achievement in the previous year	Goals of the previous year	Achievement
	Organized 5 corporate social responsibility enhancement activities (2 blood donation events and 3 disadvantaged groups care events)	Completed the corporate social responsibility events and achieved the goal
Responsible unit	Finance Planning department	
Specific actions	<ul style="list-style-type: none"> • Promotion of the woodcarving art and culture in Sanyi • Yulon Sanyi Scholarship and Yulon Motor Youth Empowerment Scholarship • Working with Chiayi City Government to promote the “Accessible Light Travel” • Happy Wheel: South Link Free Transportation Project • Long-term care project in New Taipei City 	

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 2022, our social actions were recognized by the awards the “2022 Taiwan Sustainability Action Award in Social Inclusion” and the “2022 Taiwan Corporate Sustainability Awards Social Inclusion Leader.” 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 towards sustainable development.

Yulon Motor's Social Relationships Framework

Yushi Social Enterprise :

Sourcing with corporate responsibility to support creation of job opportunities

Warm Donation :

Donated a total of NT\$972,359 to 7 charitable organizations

Invoice donation :

Collected 630 invoices

“Love Unstoppable” blood donation event :

115 donors, 46,750 c.c. of blood

Vehicle donation :

1 Luxgen and 1 NISSAN SUV

Donation of accident insurance premium :

NT\$1 Million for 24 consecutive years

Assistance in the health checkup event for adults and seniors in Sanyi Township
Promotion of Sanyi woodcarving culture :

1. sponsored NT\$2 million in the Taiwan International Competition of Wood Sculpture and offered 2 awards amounting to NT600,000;
2. sponsored clubs;
3. organized the free woodcarving experience camp

Scholarship :

NT\$850,000 to a total of 388 students

Sponsorship of a basketball team :

totaled NT\$21.6 million

Promotion of automotive craftsmanship and training for industry talents :

the only automotive tourism factory, scholarship plan and industry-academia cooperation program

Happy Wheel
Long-term care fleet in New Taipei City
9453 Friendly Trip
Ecological conservation :

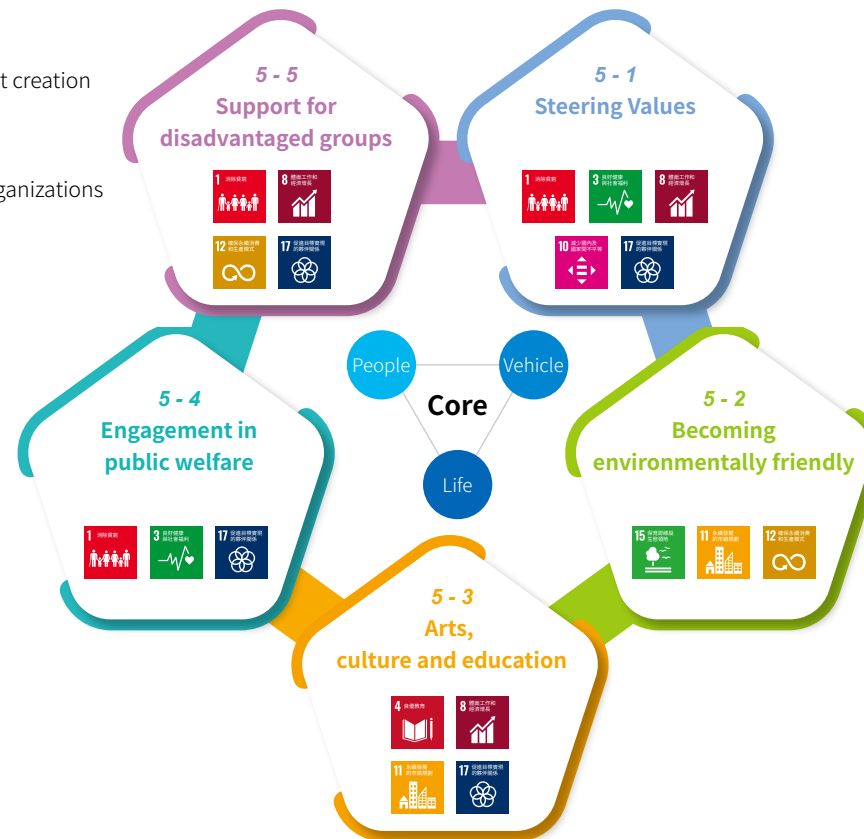
1. 15 protected species and 37 endemic species of Taiwan;
2. planted nearly 50,000 trees;
3. Environmental education experience camp;
4. primeval forest nursery construction plan, collecting seedlings 9 times.

Sustainable innovation :

woods donation

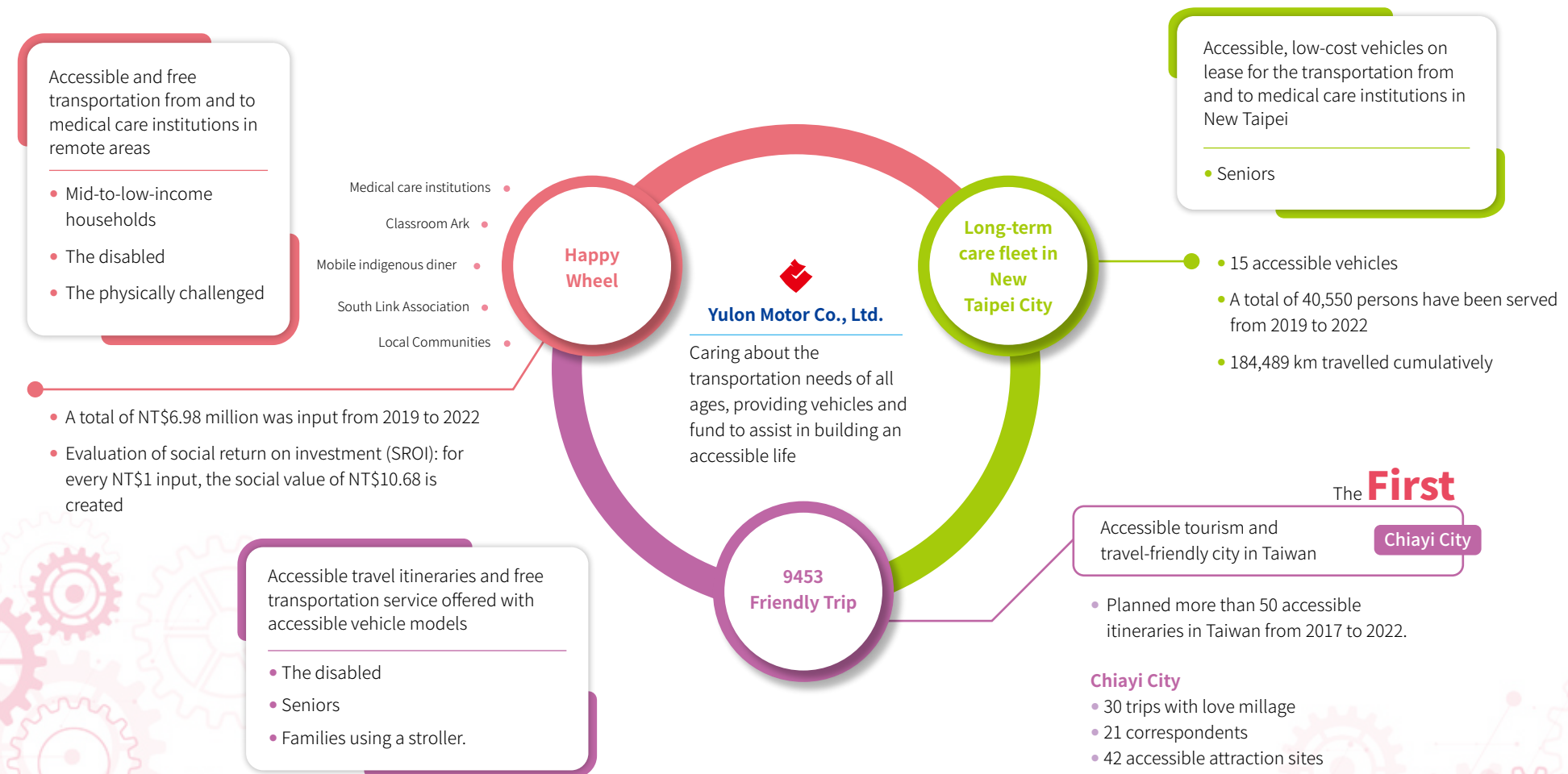
Building the Green Lake Park :

a 24,192m² waterfront ecological park



5-1 Steering Values

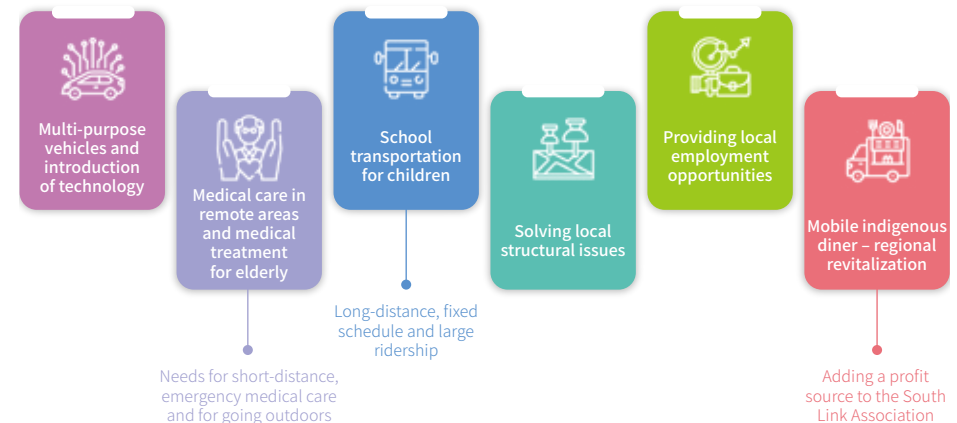
Yulon Motor enjoys giving back to the land that nurtures us, discovering difficult issues in society and providing resilient solutions, especially when Taiwan is facing a developing trend of an aging society and insufficient transportation resources in remote areas. Therefore, we address these issues and provide the best solutions to the elderly and to the transportation at remote areas with our strength of owning a comprehensive horizontal automobile value chain. The theme projects such as the “Happy Wheel,” “9453 Friendly Travel,” “New Taipei City Long-term Care Fleet” 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 Wheel- South Link Free Transportation" project at remote areas near the South-Link line, which have long-term needs for transportation. The Happy Wheel 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 Wheel 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.

Framework of the "Happy Wheel" project



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 at 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



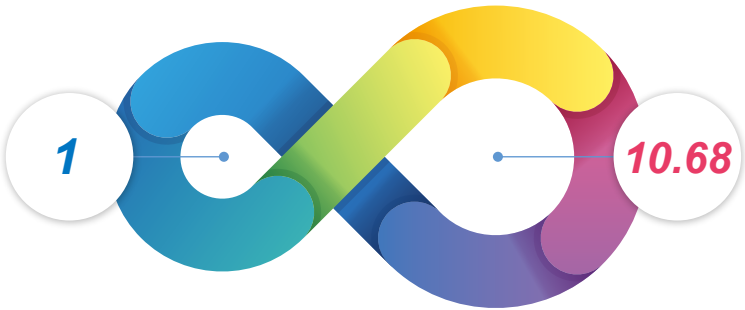
Happy Wheel – an innovative model for public welfare

Rental subscription + exclusive housekeeping service that effectively lower the transportation costs in remote areas



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 Wheel 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 Wheel 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 Wheel



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 Wheel project

Regional revitalization

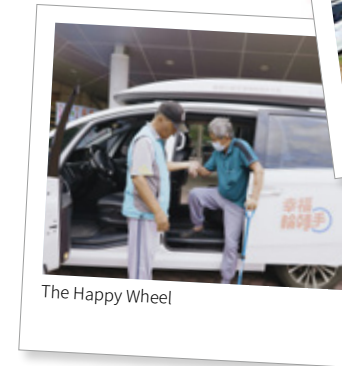
Yulon Motor also hopes to bring long-term help to local community. After projects such as the Happy Wheel and the South Link Association has gained the experience in fleet and dispatch management, and we see the new opportunities of transformation under the Ministry of Transportation and Communication's 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 at 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 while solving the issue of expensive logistics and making goods move smoothly. In 2022, we started to build a food collection network along the South Link Line in Taitung, gather the existing six vehicles of the Happy Wheel project and have them deliver the food to tribal residents in need so as to extend and increase the added value of the "Happy Wheel."

Business model



The Happy Wheel



The Happy Wheel



Global Views Monthly CSR and ESG Corporate Social Responsibility Awards – "Outstanding program – Social Innovation Group"

A medical vehicle driver:
"I think the biggest difference is the change of attitude. I used to be reckless in society and could easily race and fight with others. But when I return to the tribe, I cannot be reckless and shall be emotionally controlled when serving the elderly. I have better temper in comparison to the past! This is the most significant change."

A user of the medical vehicle service:
"Improving medical care to gain opportunities. Because of the free transportation service of the South Link Free Transportation Project taking me to see the doctor, my physical condition has improved. Otherwise, I can hardly walk with my bad knees, and I was so scared of falling."

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. Since 2017, 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.



Accessible Light travel in Chayi City



Innovative accessible transportation service



Feedback from the participants:

A participant in the design of Luxgen V7:
“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 employee trip:
“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.”

Goal and model of the 9453 Friendly Travel cooperation



Historical events

	Topic	No. of events	Stakeholder	No. of participants	Budget
2017	• V7 Friendly Travel in Villages	6	8 social welfare organizations (30 families in total)	Approx. 150 persons	\$450 thousand
2018	• Friendly Trip - Romantic Gratitude Trip for the Group's employees and their senior family members	7	Social welfare & physical challenged groups Families of Yulon Group's employees	Approx. 315 persons	\$2,645 thousand
2019	• Friendly and Romantic Hakka Villages with accessibility - The Group's Gratitude Trip for the elderly	4	Families of Yulon Group's employees	Approx. 17 persons	\$650 thousand
2020	• Trip in Changhua	1	Families of Yulon Group's employees	Approx. 50 persons	\$300 thousand
2021	• Trip to Yingge Ceramics Museum	1	Families of Taiwan Acceptance's employees	Approx. 30 persons	\$300 thousand
2022	• 9453 Friendly Traveler Plan - Friendly Chiayi, Love ME +1	1	Families of Yulon Group's employees	Approx. 20 persons	\$100 thousand
2023	• Trip for Yulon Motor's employees - Trip in friendly Chiayi	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. In the 9453 Chiayi Friendly Travel cooperation, we also take our elder family members to travel by the “One Car, One Family” method to experience an accessible light trip in Chiayi City. In the future, Yulon Motor will boost and expand this innovative accessible transportation service to extend its corporate social impact.

Long-term care fleet in Taipei City and New Taipei City

As the society in Taiwan is aging, the transportation needs of the elderly for medical treatment and rehabilitation is increasing. We have worked with Taiwan Be The Light Association (formerly known as Taiwan Taxi Academy Association) to launch the long-term care ride hailing service since 2020, and joined the Departments of Health of Taipei City Government and New Taipei City Government to carry out a long-term care plan. We offered the used car rental service in the form of subscription to ease the financial burden born by the Association and helped it build a long-term care fleet. By replacing the asset-heavy model with the asset-light model, we have built a long-term fleet with sufficient capacity. Until now, there are already 15 accessible vehicles serving the transportation of people with level 4 of disability and the transportation from and to day care centers. Since 2019, we have served a total of 40,550 persons and travelled a total of 184,489 kilometers.

Meanwhile, during the period of severe COVID-19 pandemic in 2021, the Department of Health of New Taipei City faced a serious shortage in the number ambulances for transporting confirmed cases, so Yulon connected private resources with the existing long-care fleet and rapidly formed a safe ride home fleet during the pandemic. We also help to design the vehicle disinfection station and the transfer station to safeguard the health and safety of frontline drivers. During the Be The Light Fight Against the Pandemic Project, which lasted 82 days in total from 5/22 to 8/11, we gathered 80 drivers for the pandemic prevention transportation and served a total of 4,361 persons.



5-2 Becoming environmentally friendly

Ecological conservation

In order to conserve the ecological diversity, Yulon Motor worked with National Chung Hsing University to conduct an ecological survey of the plants in the factory and confirmed the demography of native species, endemic species, naturalized species and cultivated species (please refer to 6-5 Biodiversity for detail). Since 2007, we have also grown nearly 50 thousand saplings in the factory and formed the Three Green A Beauty Committee, which host landscaping events to implement the goal of making the plant an ecological park.

In addition, in order to restore the nearly extinct native species, we have worked with Taiwan Reforestation Association to roll out the native species restoration and nursery plan. In the current stage, we use the 1,652.9m² nursery in the Sanyi Industrial Campus as the nurturing garden and grow saplings sourced from the existing gardening suppliers. Each sapling is expected to grow for 1–2 years, and when it grows to around 50 centimeters of height, it will be moved to the low elevation mountains in the Hsinchu-Miaoli region or to the designated location assigned by the government. We join the volunteers to conduct the parent stand/phenological survey, collect seeds and sow the seeds at the low elevation mountains in the Hsinchu-Miaoli region for seedling production. We hope the nursery in the plant will become the base for gene pool restoration and conversation in the Hsinchu-Miaoli region and provide the saplings to help society in forest restoration and ecological greening, thereby achieving the sustainable development goal stated in SDG 15. In 2022, we remodeled the indoor and outdoor areas of the nursery and collected the seedlings 9 times. We expect to plant a total of 474 saplings of 7 types of native species in January of the following year. The short-term goal for this project is to cultivate more than 2,000 saplings of 10 types of native species and restore 80–100 types of native plants within 3 years.

Sustainable innovation

Pursuant to the ESG principle, Yulon Motor regularly donates part of the woods pruned from the trees in the plant to woodcarvers in Sanyi helping them save some material costs, and the remaining portion is donated to the “Sanyi Wood-carving Festival” hosted by the Taiwan Wood-carving Association as the materials for various woods DIY events, and by doing so we put circular economy into practice and achieve sustainability through the value-added woods revitalization.



Ecological survey



Restoration nursery



Sustainable innovation

Beach cleanup event “Love Sea and Reduce Plastics, Good to Have you”

In order to clean up marine debris, Yulon Volunteer Club from time to time calls on volunteers to clean up beach together and encourages colleagues to bring their children to participate in the activity together to make everyone aware of the pollution and damages caused by inadvertent garbage in daily life to environment and marine ecology, and then consciously develop the good habit of reducing disposable products from an early age; A total of about 350 kg of marine debris was picked up in that day.



Green Lake Park



Green Lake Park kids playground



Beach cleanup event

Building and donating the Green Lake Park

We have specially built a 24,192m² waterfront ecological park. The Park is elegant and full of greens while featuring lake, water features, small river channels, trees, square, kids playground, etc. The Park was donated to New Taipei City Government as a public facility after completion. It has become the new green lungs of New Taipei City, which is capable of mitigating the urban heat island effect, digesting carbon dioxide, regulating urban climate and conserving soil and water, and becomes a friendly natural habitat for animals and plants. We hope to achieve common good with the environment and local residents, so in the future, we will continue to be a sponsor of the Green Lake Park to assist in park greening and maintenance.

Column- Promotion of the wonderful culture

• Current status:

The woodcarving industry in Sanyi was once prosperous; however, due to the strong competition from the woodcarving products of other countries and the local aging industry, the woodcarving industry has been fading. Yulon Motor's plant is located in Sanyi Township. We noticed the diminishing woodcarving industry and global warming nowadays while seeing a large amount of woods pruned regularly staked in the plant. Thus, we decided to develop a promotional plan for the wonderful culture centered on "Woods."

• Plan content:

"Wood Carving Heritage. Sustainable Heritage." Yulon Motor is closely connected to "Woods" such as the forest behind the plant and the woodcarving industry nearby, so Yulon hopes to extend the life of woods by taking three major approaches: ecological conservation, woodcarving culture and sustainable innovation. By keeping trees growing, supporting the woodcarving culture, recycling and reusing the existing woods and adding value thereto, Yulon Motor co-exists with the local community. (Please refer to the Ecological Conservation, Sustainable Innovation of the Becoming Environment Friendly section, and the wonderful Culture of the "Arts and Education" section for the three major approaches and performance thereof)





Short-, mid-, long-term plans

1. Ecological conservation

Short-term

- **Routine tree planting for carbon sequestration:**
Since 2007, we have systematically planted nearly 50,000 saplings in the Sanyi plant. We have also organized a series of ecological conservation activities at the back mountains, including building the water source, dredging underground culverts and making them the wildlife corridor, and cleaning the mile-a-minute weed.

Mid-term

- **Expansion of conservation scope:**
We implement the plan to have the site be certified as an environmental education site and train internal employees to be qualified for environmental education; we promote the greening event in the subsidiary and provide it saplings to support the tree planting event; we keep expanding the scope of collaboration and working with Taiwan Reforestation Association to restore native tree species; we organize employee greening and gardening events, e.g. introduction to plant reproduction methods such as cutting, division and seedling.

Long-term

- **Sustainable tree planting model:**
The existing nursery can nurture around 5,000 saplings, and when the tree diameter of a sapling grows to 2–3cm within 1–2 years, we will transfer the sapling to the land of a subsidiary and thus expand the cooperation area in the subsidiary. In addition, we will find an environmental education experience camp and hold regular activities incorporated with the content of Yulon's development in green energy technology.

2. Sustainable innovation

Short-term

- **Building a sustainable model:**
We donate the camphor branches pruned to woodcarvers in Sanyi and the Sanyi Wood-carving festival hosted by Taiwan Woodcarving Association.

Mid-term

- **Expanding cooperation scale:**
We donate the shredded woods to units with needs as bedding and pave the remaining wood chips in forest as humus of subsoil to increase insect diversity and provide the food source for animals.

Long-term

- **Developing sustainability scope:**
We collaborate with the woodcarving departments of universities to donate woods for carving practice.

3. Woodcarving culture

Short-term

- **Short-term “Regular talent development”:**
We continue to support woodcarving clubs, organize experience camp for the inheritance of wood carving arts and culture and train new woodcarving talents.

Mid-term

- **Enhancing employee recognition:**
We partner with the awardees of the “Yulon Wood Carving Innovation Award” and the “Yulon Wood Carving Heritage Award” as well as the Woodcarving Museum in international woodcarving competitions, and initiate the cultural inheritance course in the Group allowing employees to experience woodcarving art.

Long-term

- **Improving the industry:**
We will promote the concept of occupational injury prevention in the hope of cultivating woodcarvers' awareness of safety and protection and effectively averting and reducing occupational injuries.

5-3 Arts, culture and education

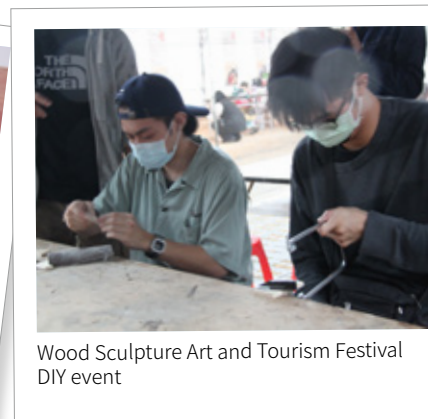
Woodcarving culture

Yulon Motor supports the development of woodcarving culture with all efforts, so we input resources to host the “Yulon Woodcarving Innovation Award” every year. It has been held 17 times since 1997, and we wish to attract woodcarving creators from all over the country with the huge number of prizes, thereby revitalizing the woodcarving industry and the local Sanyi community. Since 2014, we have worked with the Culture and Tourism Bureau of Miaoli County Government to integrate resources by transferring the budget for hosting the “Yulon Woodcarving Innovation Award” in an amount of NT\$2 million per year to sponsoring the “Taiwan International Competition of Wood Sculpture.” At the same time, we have also offered NT\$300,000 for each winner of the “Yulon Woodcarving Heritage Award” and the “Yulon Woodcarving Innovation Award” to encourage outstanding creators and bring the woodcarving art and culture in Sanyi to an international level.

In addition to sponsorship in the woodcarving competitions, Yulon Motor has set 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\$300,000 and trained over 100 persons in total. Moreover, in 2021, we started to organize the “Yulon Woodcarving Experience Camp,” for which we hired professional woodcarving instructors to teach students in Sanyi for free in the hope of passing down the woodcarving art and culture and train new woodcarving talents. We held the same event in 2022.



Taiwan International Competition of Wood Sculpture



Wood Sculpture Art and Tourism Festival DIY event



Woodcarving Experience Camp



Scholarship program

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 2022, we granted a total of NT\$850,000 scholarship to 388 students.

Sponsoring the basketball team

Yulon Motor founded the basketball team in 1965 in the hope of promoting basketball and sports for all in Taiwan and in the meantime training and electing basketball talents for the country through such a sponsorship. In 2022, Yulon Motor sponsored Yulon's basketball team a total of NT\$21.6 million. 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.

Promoting automotive craftsmanship and training talents for the industry

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 4-1-2 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

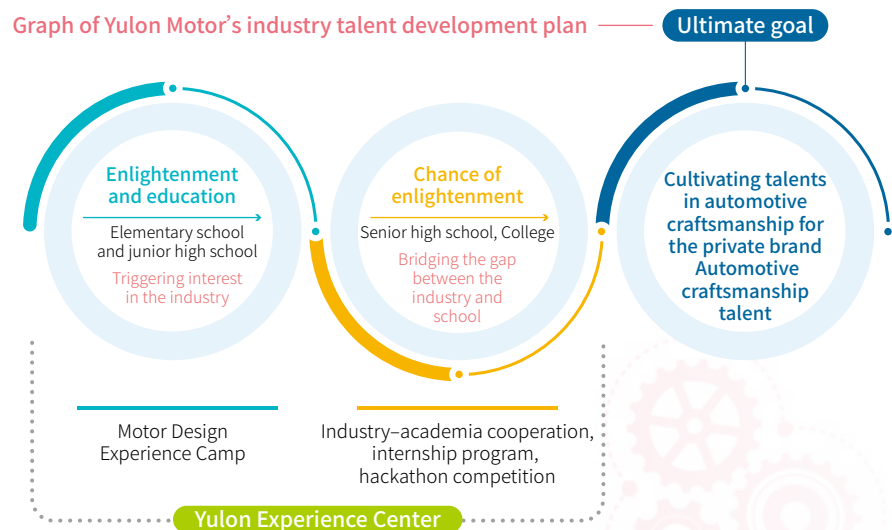
① The gap between the industry and the academia:

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.

Graph of Yulon Motor's industry talent development plan



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 the 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. As of 2022, we have donated NT\$200,000 in total. In addition to promoting education in automotive industry, we also help disadvantaged groups and grow our positive influence on society.

In addition to establishing the experience center open for the public visitors internally, we also support students in R&D and competitions of the industry, e.g. students of the NCKU Formula Racing and the Taiwan Tech Racing who are highly passionate about EVs, keep improving the EV racing cars for higher performance and speed. With the R&D energy from the academia side, we are able to cultivate outstanding people in the industry and drive the EV bloom.



NCKU Formula Racing



Taiwan Tech Racing



5-4 Donations for public welfare

“Love Unstoppable”

Due to the COVID-19 pandemic in 2022, people were less likely to donate blood, so there was a national shortage of blood in Taiwan. In order to address the blood shortage, Yulon Volunteer Club organized two 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, 46,750cc blood was collected, and 115 persons participated in these two events.



Blood donation campaign

Car donation

- 1 In order to give back to the community, Yulon Motor donated one LUXGEN U6 to the Long-teng community in Sanyi Township as the patrol car to be used by the community security patrol teams. “Limited Police Officers, Unlimited Volunteers.” Yulon has sensed that community safety patrol teams are important volunteer forces while the patrol car is an essential tool in their performance of duties and in security maintenance. Therefore, we want to help these community security patrol teams protect community safety by donating patrol cars, so as to increase the protection of the life and property of local residents.
- 2 Echoing the “2022 Miaoli Happy Travel Festival” hosted by Miaoli County Government, Yulon Motor, as a local corporate, sponsored this event a NISSAN X-Trail sport utility vehicle worth NT\$1 million to lift the vibe of local tourism and travel and revitalize local tourism and economy.



Patrol car donation



Travel festival



Donation of accident insurance premium

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 24 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. We have donated NT\$24 million in total and protected the rights and interests for accident compensation of 1,495 citizen workers of the Department of Environmental Protection until 2022. 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 2022, a total of 39 members of the cleaning squad were covered by the insurance.

Health checkup event for adults and seniors

Yulon Motor’s Volunteer Club led 11 colleagues to assist in the health checkup event for adults and seniors hosted by the Sanyi Township Health Center in April. At the health checkup site, they not only helped people scan the contact tracing system QR code, disinfect hands, and distribute numbers, but also assisted in measuring height, weight, waistline and blood pressure. We served 147 residents of Sanyi Township in the health checkup with 88 service hours in total.



Health checkup event for adults and seniors

5-5 Support for disadvantaged groups

Yushi Social Enterprise

Yushi Social Enterprise was founded by the writer Li-Ching Lin under the idea of “eliminating poverty with the dignity of labor” for creating job opportunities for the homeless. Equipped with a complete set of customized equipment and tools and the commercial vehicle sponsored by Yulon Group, it has formed a cleaning squad. Accompanied by social workers and offered with comprehensive education and training, the homeless are led by a professional foreman to work on the field, and they are trained gradually to build the business ability in professional cleaning. On the other hand, Yulon Motor has paid attention to the issues of poverty and lack of job opportunities for the homeless, so we joined our subsidiary Yufong Property Management to support the socially innovative Yushi Social Enterprise by offering the locations under Yufong Property Management’s management. Thereby, we help Yushi Social Enterprise connect with the industry and continue to improve its abilities in property management and cleaning so as to increase the number of stable work opportunities. In 2022, Carrefour Culture and Education Foundation and Yulon Motor first responded to this initiative and commissioned the Yushi Squad to clean the Yulon Headquarters Building and the central plaza of Carrefour in Xindian. This cross-industry collaboration helped the homeless return to society through work while promoting social engagement, sustainability and the common good.



Yushi Social Enterprise

Warm 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 Warming Donation” activity before the Lunar New Year in 2022. With the efforts of all participants of the Yulon Volunteer Club, the amount of fund raised in this year reached a new height: a total of NT\$972,359 was raised from 220 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.

Invoice donation

Yulon Motor’s Volunteer Club hosted the “Invoice Donation for Public Welfare” event in June and collected 630 invoices in total, all were donated to Child Are Us Foundation.

Total amount input in social welfare of Yulon Motor in the most recent 3 years

Year	2020	2021	2022
Fund (NTD)	6,055,216	8,701,568	29,903,663
Total number of participants	54	56	286
Total service time (hours)	189	196	582

chapter _____

Environmental protection, promotion of net zero emissions and waste reduction

- 6-1 Climate Change Management

- 6-1-1 Climate Management strategy
- 6-1-2 Climate Change Management
- 6-1-3 Greenhouse Gas Management
- 6-1-4 Management of vehicle fuel economy

- 6-2 Energy management

- 6-2-1 Energy policy and objectives
- 6-2-2 Renewable energy deployment
- 6-2-3 Energy-saving measures

- 6-3 Circular Economy and Waste Management

- 6-3-1 Circular economy
- 6-3-2 Waste Management

- 6-4 Pollution Control Management

- 6-4-1 Air pollution management
- 6-4-2 Water resources management

- 6-5 Biodiversity



Material issue:

Climate strategy, GHG emissions, air pollution

Performance highlights:

- Since 2013, the Sanyi plant has been installing solar power generators, and until now the cumulative capacity has reached 11MW
- Established the “Resources Exchange Platform” for facilitating resources sharing and reuse.
- The waste reuse rates for the most recent 5 years has been kept above 90%.
- Obtained the statement for ISO 14064-1 greenhouse gas verification ahead of government regulations
- Reduced 2% GHG emissions in 2022
- Replaced 5 trucks and 11 official fossil fuel vehicles with electric vehicles in 2022
- The paint recycling system at the paint mixing room reduced the emissions by 97.42 metric tons CO₂e in 2022.
- Recycled 91.98% of the 2,550 tons of waste in 2022

Major stakeholders:

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

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 20.2MW solar power capacity in 2025. We urge ourselves to become a green corporate benchmark, implement green operations and coexist with environment.



6-1 Climate Change Management

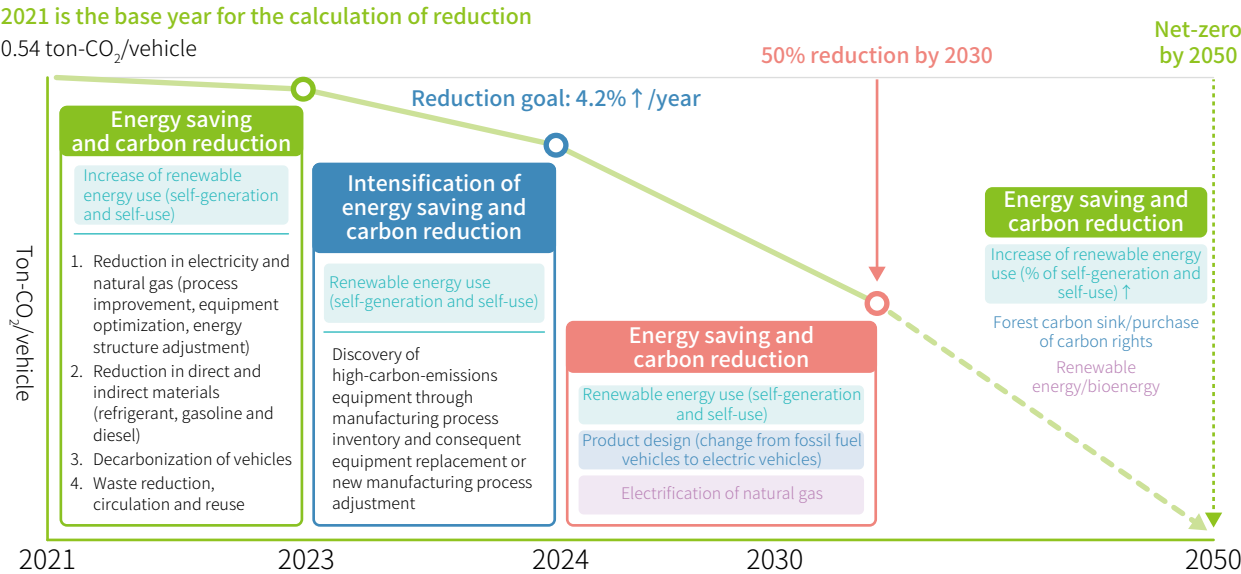
Management Approach to Climate Strategy

Significance to Yulon Motor	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.	
Policy and commitment	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.	
Goals	Short-term (2023–2024)	<ul style="list-style-type: none"> Greenhouse gas emissions to be reduced by 4.2%/year Waste usage to be reduced by 30%/year
	Medium-term (2025–2026)	<ul style="list-style-type: none"> Greenhouse gas emissions to be reduced by 4.2%/year To complete the deployment of 20.2MW solar power capacity in 2025 and reduce 10% water usage/year
	Long-term (after 2027)	<ul style="list-style-type: none"> Greenhouse gas emissions to be reduced by 50% by 2030 100% electrification of vehicles in the plant by 2030 To participate in EV100 and RE100 in 2030 Net-zero carbon emissions by 2050
Responsible unit	ESG Committee, Sluggish Material and Scrap Committee, Direct and Indirect Material Committee, Water Resource Management Committee, Energy Saving Committee	
Achievement in the previous year	Goals of the previous year	Achievement
	2% GHG emissions reduction/year	Reduced 2% GHG emissions/year
Specific actions	<ul style="list-style-type: none"> Obtained the statement for ISO 14064-1 greenhouse gas verification certification Solar power equipment with a maximum capacity of 11MW has been installed until 2022 Vehicle electrification Zero-waste resource circulation Manufacturing process improvement and equipment efficiency enhancement 	



6-1-1 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 (SBTs) 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, waste reduction and recycling, etc., 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 environment 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.





6-1-2 Climate Change Management

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 review any potential operational risks arising from climate-related risk. The climate-related topics reported in the ESG Committee and the Board of Directors’ meetings in 2022 are as follows:

Important meetings	Proposal and reporting matter(s)
Proposed by the Sustainable Development Committee	2022 Summary Report of Stakeholder Communication in accordance with the indicators stated by the Global Reporting Initiative (GRI) and framework of the Task Force on Climate-related Financial Disclosures (TCFD).

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.

Climate strategy

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

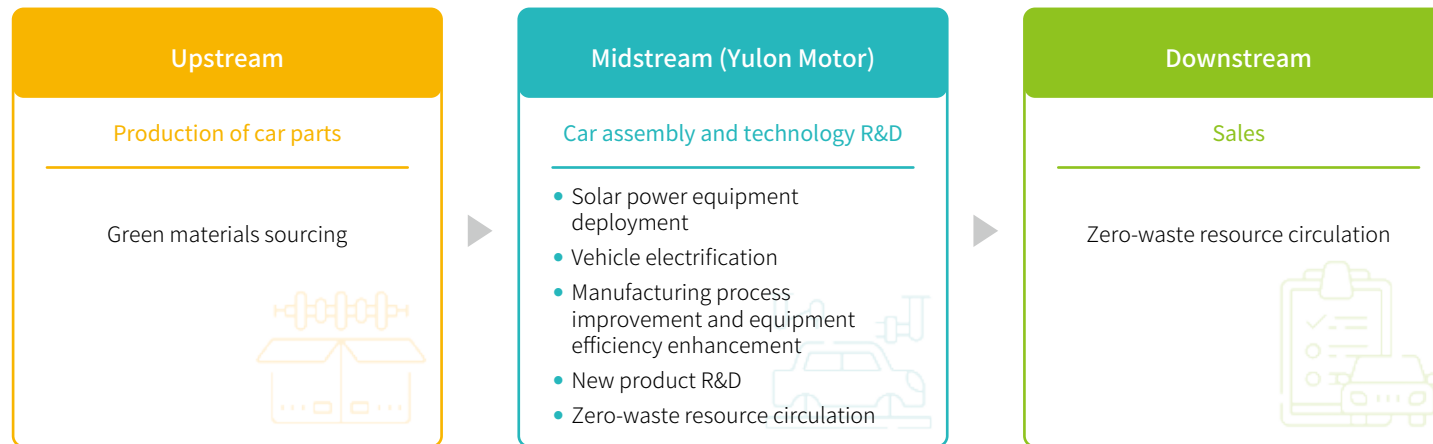
Strategy	Action plan
Green materials sourcing	To procure relevant equipment with a green label
Solar power equipment deployment	Solar power equipment with a total of 11MW capacity has been installed until 2022, by which we achieved the goal that the amount of power generated from solar (including for self-use and wholesale) equals to 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 logistic 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 2%



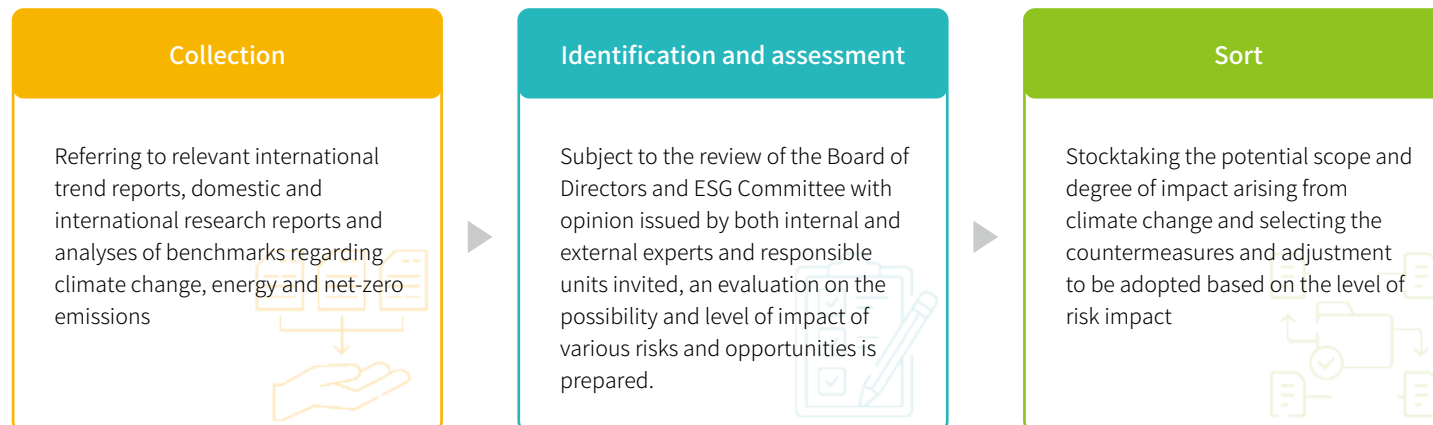
Procedures for identifying climate-related risks and opportunities:

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:

Analysis of climate-related risks and opportunities in Yulon Motor's value chain



By the following procedures for identifying climate-related risks and opportunities, we understand the climate-related risks and opportunities, and the short-, mid-, 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 on all operating locations within various time scales (short term: 1 year, mid-term: 1–3 years, long term 3–5 years). These risk impact scales are placed in order, and items with top priority for adoption are selected and listed in the List of Risk and Opportunity Topics of Yulon.

Priority	Risk	Level of impact of risk	Short, medium, or long-term
1	Policy trend: EV sales in the market reaching 100% by 2040	High	Long-term
2	Climate Change Response Act – Promotion of the policy of net zero emissions by 2050 in Taiwan (Carbon fee mechanism established)	Low	Long-term
3	Mandatory regulations (e.g. vehicle regulations based on EURO 6)	Low	Short-term
4	Costs of transformation to low-carbon technologies (e.g. deploying renewable energy and developing energy storage equipment)	Low	Short-term
5	Changes in the customer preference, increasing environmental awareness, and falling demand for fuel-powered vehicles in the future	High	Long-term
6	Incessantly rising energy prices	Moderate	Moderate
7	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	Moderate	Long-term

1. Strategic resilience and various applicable climate scenarios:

Scenario of 1.5° C temperature increase:

- Net zero emissions and carbon management: in response to the 1.5° C temperature increase limit globally and the national net zero emissions pathway, facilitating the achievement of net-zero by 2050 objective
- Implementing sustainable production: fostering environmental management, setting up the goal for reduction, and lowering the environmental impact of production
- Deploying renewable energy: keeping deploying solar energy equipment at the Sanyi site and improving the usage ratio of renewable energy
- Energy transition management: improving production process and equipment efficiency and electrifying official and logistic vehicles
- Zero waste resources circulation: lifting waste conversion rate through reduction, reuse and recycling to reduce environmental impact
- Response to climate change: under the TCFD framework, building a climate change management framework for risks and opportunities and regularly disclosing the progress to stakeholders

Scenario of 2.5° C temperature increase:

- When the temperature increase worsens, the intensity of GHG emissions reduction will increase (e.g. 100% green energy at all sites, 100% electrification of official and logistic vehicles, 100% net zero resources circulation).





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				✓	✓	
Energy sources		✓				
Products and services						✓
Automotive industry and market						✓
Resilience	✓	✓	✓	✓	✓	✓



3. Climate-related risks and opportunities

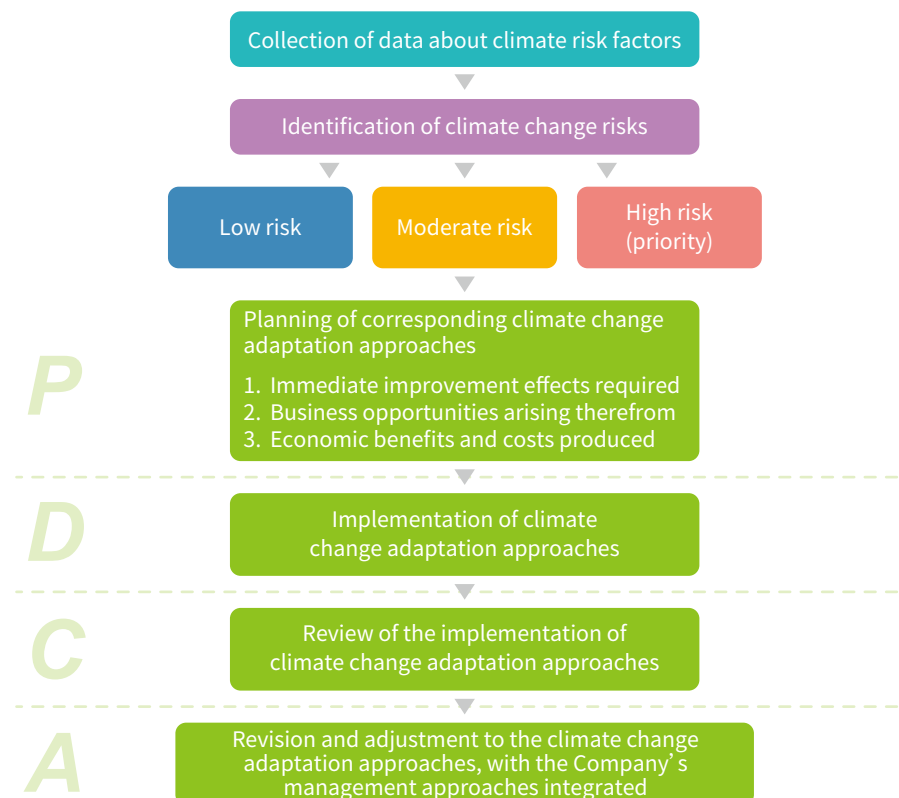
Risk type	Risk	Description of risk	Potential financial impact	Responding plan
 Transition risks	Operational risks	Material shortage and increase in logistics costs	Delayed delivery, increase in OEM costs	Investing or supporting part manufacturers, integrating supply chain, adopting SOPs for various emergency responses and practicing regularly
	Policy and regulations	1. Automobile 6th-phase Emission Standard 2. Implementation of the Corporate Average Fuel Economy (CAFE) Standards 3. Phase-out of fossil fuel vehicles 4. Climate Change Response Act, carbon fee, carbon levy, water consumption fee, Regulations for the Management of Renewable Energy Power Generation Equipment	1. Increasing costs of engines and pollutant discharge components 2. Restricted fossil fuel vehicles sales affecting the revenue from OEM 3. Additional capital expenditure increasing OEM costs 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	1. Improving energy efficiency to reduce operating costs 2. Continuing to track changes of laws and regulations and upgrading technology to improve energy efficiency of products 3. Connecting with partners to develop and manufacture EVs by contract 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.
	Market risks	Consumers purchase models that are environmentally friendly, energy-saving and low-energy-consuming.	Affecting stakeholders' willingness to purchase and thereby the OEM revenue	1. Connecting with partners to develop EVs and energy storage business 2. 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
 Physical risks	Long-term	1. Natural disasters: typhoons, droughts/ floods, lightning strikes, fire 2. Climate change: Global warming, extreme weather	1. Building and equipment maintenance and renewal costs, medical cost and compensation for personnel injuries, loss in revenue 2. Increasing the costs of tests (high-low temperature, extreme weather) and countermeasures before mass production	1. Inspecting building structure, conducting equipment disaster stress test, adopting emergency SOP and practicing regularly 2. Coordinating the home factory of technology to develop models for coping climate change and improve the quality for mass production
	Immediate	Pandemic – COVID-19, influenza	Affecting the operation of production lines and material shortage 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	Description of opportunity
Opportunities	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.
Opportunities	Energy sources	We keep developing solar power and energy storage equipment, and we generated solar power (including for self-use and wholesale) in an amount equivalent to the total power consumption of the plant at the end of 2022.
Opportunities	Products and services	<ol style="list-style-type: none"> 1. We will carry on the introduction and R&D of EVs to provide low-carbon products that help protect the environment. 2. The Company will introduce fuel-powered vehicles with low fuel consumption to extend the life cycle of vehicles.
Opportunities	Automotive industry and market	<ol style="list-style-type: none"> 1. We can engage in diversified operations by entering the emerging energy storage market to increase our revenues. 2. Our brands promote EV sales and install charging stations to enhance the competitiveness in the market.
Opportunities	Resilience	We will constantly bolster the Company and the suppliers' capabilities of responding to climate change, thereby lowering the risk of operational disruption.

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 market
 - » 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



Indicators and Targets

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"> At the end of 2023, the amount of power generated (including for self-use and for wholesale) is expected to equal 125% of the amount of power consumed. 	<ul style="list-style-type: none"> Ongoingly raising the solar power generation ratio to 147% 	<ul style="list-style-type: none"> Ongoingly raising the solar power generation ratio 	<ul style="list-style-type: none"> In 2022, the total solar power generated amounted to 12,830,000 kWh, and the total power consumption amounted to 12,810,000 kWh
	Energy Efficiency improvement				
Market	EV R&D	<ul style="list-style-type: none"> To devise an EV production plan on the three major aspects: production equipment, special materials and test equipment 	<ul style="list-style-type: none"> n⁷ is expected to be launched in 2023 Q4 To keep improving EV R&D capability 	<ul style="list-style-type: none"> To keep sharing resources with Foxtron or other brands and introduce more competitive and new market-demand-oriented products To keep improving EV R&D capability 	<ul style="list-style-type: none"> n⁷ is expected to be on the market in 2023 Q4
	Energy storage market	<ul style="list-style-type: none"> To complete the prototype of energy storage container Functions of key subsystems to be verified for safety Energy storage system to pass the national safety accreditation for increasing the chance of patent approval 	<ul style="list-style-type: none"> To set up a demonstration site for energy storage market plant To intensify promotion and sales to customers 	<ul style="list-style-type: none"> Production lines can be applied to markets of energy storage, solar power storage and AFC (Automatic Frequency Control) To attain long-term income and stable revenue growth 	<ul style="list-style-type: none"> We assisted eight clients in the development of laser welding technology for their products such as energy storage products, vehicle batteries, and traditional mechanical parts, and in the application of a wide range of materials. Completed the protocol of the energy storage RACK of a 250KW capacity, which was certified with international standards
	Waste reduction	<ul style="list-style-type: none"> To increase the waste recycling ratio to 90% or above To reduce the weight of after-sales packaging materials by 8%/year Level of Volatile Organic Compounds emissions (hereinafter referred to as VOCs) to be lowered to: below 69 g/m² 	<ul style="list-style-type: none"> To increase the waste recycling ratio To reduce the total weight of sluggish materials and scrap Level of VOCs emissions to be lowered to: below 68 g/m² 	<ul style="list-style-type: none"> To increase the waste recycling ratio To reduce the total weight of sluggish materials and scrap Level of VOCs emissions to be lowered to: below 66 g/m² 	<ul style="list-style-type: none"> The waste recycling ratio reached 91.98% Constructed an internal resource sharing platform of the Group The level of VOCs emission has been lowered below 70 g/m²
Reputation	Stakeholder engagement	<ul style="list-style-type: none"> To introduce the ISO 14067 Carbon Footprint Inventory and disclose the inventory result in the Sustainability Report 	<ul style="list-style-type: none"> To re-identify climate-related risks and opportunities on a regular basis 	<ul style="list-style-type: none"> To re-identify climate-related risks and opportunities on a regular basis 	<ul style="list-style-type: none"> To re-identify climate-related risks and opportunities
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"> To build a solar power system and develop energy storage products to strengthen reactive ability to unstable power supply To optimize facilities in the plant to avert hot employee work environment 	<ul style="list-style-type: none"> To increase the capacity of solar power generation system and continue to refine the energy storage system To construct a rainwater harvesting system To raise process water circulation ratio in an event of water shortage 	<ul style="list-style-type: none"> To increase the capacity of solar power generation system and continue to refine the energy storage system To construct a rainwater harvesting system To raise water circulation ratio in production process To boost supply chain diversity and engagement ability with suppliers to eliminate the risk of interrupted supply chain 	<ul style="list-style-type: none"> At the end of 2022, the amount of power generated (including for self-use and wholesale) equals to the amount of power consumed. Large ventilation fans were added to the workstations to enhance air circulation Solar power panels were installed at the roof of the plant to cool the temperature in the plant caused by the direct sunlight.
Long-term					

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



6-1-3 Greenhouse Gas Management

Significance to Yulon Motor	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.	
Policy and commitment	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.	
Goals	Short-term (2023–2024)	Greenhouse gas emissions to be reduced by 4.2%/year
	Medium-term (2025–2026)	Greenhouse gas emissions to be reduced by 4.2%/year
	Long-term (after 2027)	Greenhouse gas emissions to be reduced by 50% in 2030; net zero emissions by 2050
Responsible unit	ESG Committee coordinating with Energy Saving Committee, Sluggish Material and Scrap Committee, Direct and Indirect Material Committee, Energy Saving Committee	
Achievement in the previous year	Goals of the previous year	Achievement
	2% GHG emissions reduction/year	Reduced 2% GHG emissions/year
Specific actions	Obtained the statement for ISO 14064-1 greenhouse gas verification certification To improve manufacturing process and equipment efficiency, and to reduce carbon emissions by 2% Education and Training on GHG inventory Guidance in GHG inventory for subsidiaries	

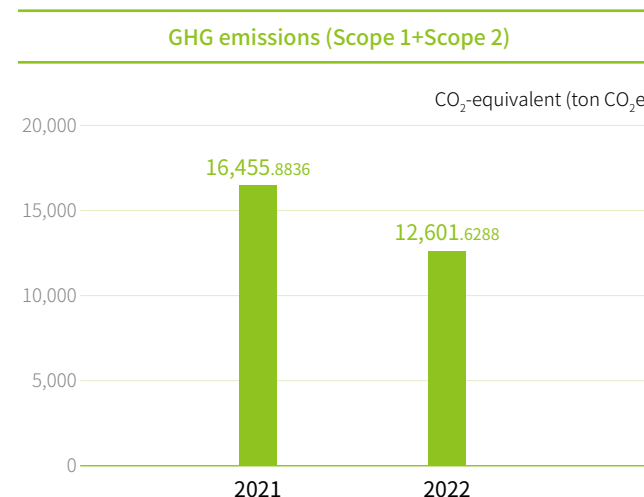
The Company has established a “greenhouse gas inventory team” to deal with the identification, inventory and reduction of greenhouse gases. We signed the “Declaration of GHG Inventory and Voluntary Reduction” in 2006, and set the GHG reduction objectives for each department to cut CO₂ emissions, flinging 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.



2022 GHG inventory result

Unit: CO₂-equivalent (ton CO₂e)

Category		2021	2022
Scope 1	(a) Category 1: Direct GHG emissions and removals	9,774.8956	6,926.4697
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	6,680.9880	5,675.1591
Scope 3	(c) Category 3: Indirect GHG emissions from transportation	162.7821	131.4561
	(d) Category 4: Indirect GHG emissions from products used	2,831.2923	2,186.5071
	(e) Category 5: Indirect GHG emissions from the use of sold products	979.4812	1,175.5403
	(f) Category 6: Indirect GHG emissions from other sources	-	-
Total (ton CO ₂ e) (a)–(f) Scope 1+ Scope 2+ Scope 3		20,429.4392	16,095.1323
Total (ton CO ₂ e) (a)–(b) Scope 1+ Scope 2		16,455.8836	12,601.6288
Total number of products sold in the year		30,459	24,967
GHG emissions intensity 1 (ton CO ₂ e/total products sold)		0.671	0.6447
Revenue of the year (NT\$ million)		24,310	22,410
GHG emissions intensity 2 (ton CO ₂ e/NT\$ million of revenue) (a)–(f) Scope 1+ Scope 2+ Scope 3		0.8404	0.7182
GHG emissions intensity 2 (ton CO ₂ e/NT\$ million of revenue) (a)–(b) Scope 1+ Scope 2		0.6769	0.5623



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 2021 and 2022 received the ISO 14064-1 certification from an external third party.

Measures for Greenhouse Gas Reduction

In 2022, we started with usage reduction and showed an outstanding performance in gas and electricity reduction. The total carbon emissions in 2022 was 12,602 tons (scope 1 and 2), a 3,854 carbon emissions reduction from 16,456 tons (scope 1 and 2) in 2021. Please refer to Appendix 5 for the emissions of ozone depleting substances, nitrogen oxides and sulfur oxides.

Base year: 2021

No.	Name of reduction measure		Degree of reduction (in ton CO ₂ e) and type of reduction	
			Scope 1	Scope 2
1	Gas	Top coating air-conditioner	43.456	-
2	Gas	Surfacer air-conditioner	30.271	-
3	Electricity	Paint recycling system at the paint mixing room	-	97.423
4	Electricity	Water pumps at Dormitories B.C.F	-	32.438
5	Electricity	Energy efficiency improvement of fans and lighting at RING 3 and RING 4 of the body shop	-	11.312
6	Electricity	Paint mixer at the paint mixing room	-	13.557
7	Electricity	Merger of transformers in the vehicle assembly shop/air compressor room/towed power feeder	-	13.592
8	Electricity	Air-conditioner at the large paint mixing room	-	12.874
9	Electricity	Reduction of electricity consumption at the non-active press line	-	10.56
10	Electricity	NIMS PSW spot welding gun at the body shop	-	7.663

Education and Training on GHG inventory

By introducing the GHG inventory, we enable a better ability in GHG inventory of relevant personnel. The training courses offered by Yulon Motor are as follows:

Offered a series of organizational-level GHG inventory online courses. A total of 45 seed personnel completed the training and 10 of which obtained the internal GHG inventory auditor certificate.

Offered 3 GHG inventory courses to various units and subsidiaries of Yulon covering: brief introduction to ESG and description of the organizational-level GHG inventory, introduction to practical ISO 14064-1 inventory forms and Yulon's practices, and training for internal auditors.

The guidance for subsidiaries were launched in December 2022 and expected to be completed in 2023: 4 contracting manufacturers, 4 dealers and 6 other investees.



GHG inventory courses to coach various units and subsidiaries of Yulon



6-1-4 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 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 2022, 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 16.8km/L for Nissan and 12km/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.

Result of internal transportation vehicle replacement in 2022



Replacement of official fossil fuel vehicles with electric vehicles

11
vehicles



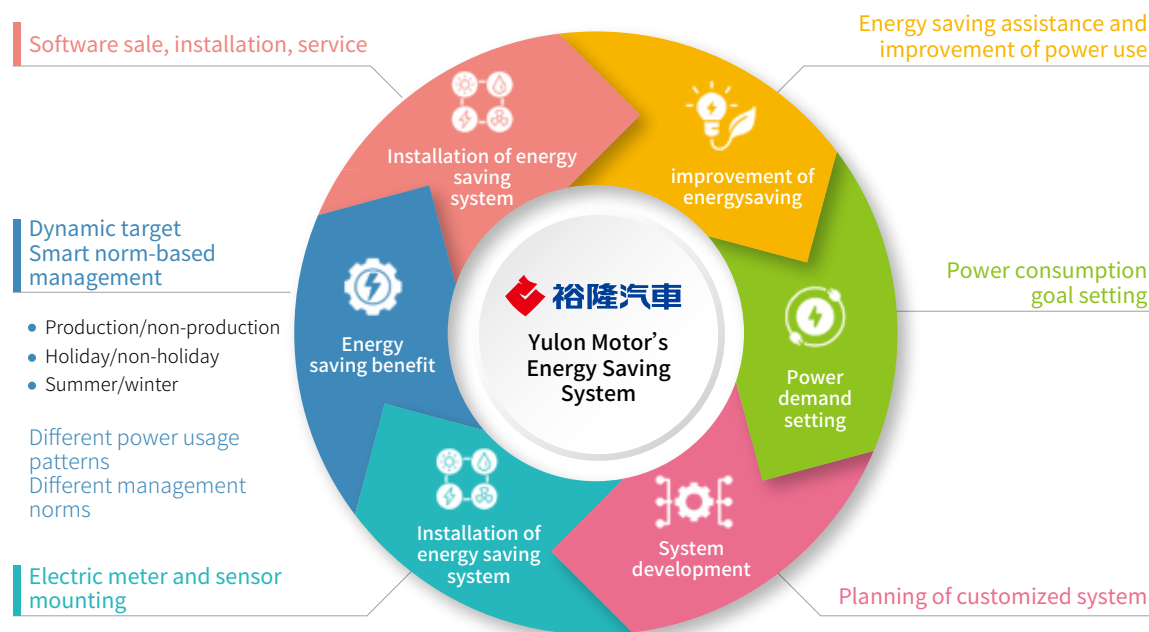
Replacement of fossil fuel logistic vehicles with electric vehicles

5
vehicles

6-2 Energy management

6-2-1 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		
	2021	2022	Unit	2021	2022	Unit
Power sourced from non-renewable energy	13,125.713	11,149.625	thousand kWh	47,252.567	40,138.650	GJ
Power sourced from renewable energy (solar power)	0	703.852	thousand kWh	0	2,533.867	GJ
Diesel	23.265	19.291	KL	817.662	677.994	GJ
Natural gas	1,211.470	1,009.656	thousand m ³	45,619.114	38,019.606	GJ
Total energy use	-	-	-	93,689.344	81,370.117	GJ
Revenues	78,000.000	77,079.000	NT\$ million	78,000.000	77,079.000	NT\$ million
Energy use intensity	-	-	-	1.201	1.056	(GJ/NT\$ million)
Ratio of power to total energy use	-	-	-	50.435	49.328	%
Ratio of renewable energy use	-	-	-	0.000	3.114	%
Power sourced from renewable energy/total power at the Sanyi plant		5.499	%	-	-	-

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 2022 was 12,810,000 kWh, if the 11,150,000 kWh used by the tenants are excluded, the total renewable energy generated was 12,830,000 kWh.

Note 3: All numbers were rounded to 3 decimal places.

Note 4: Heat value of diesel = 8400 kcal/L (data sourced from the GHG Emission Factor Table Ver. 6.0.4); 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 = 9,000 kcal/m³; energy (GJ) generated per m³ = 9,000(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.

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 2022, we have replaced with 1,480 LED tube lights and 115 inverter motor drives in total, and the replacement will continue to maximize our capability in energy saving.



6-2-2 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 2022, the Sanyi plant of Yulon Motor generated a total of 12.83 million kWh solar power and consumed a total of 12.81 million kWh power. The solar power generated and used at the Sanyi plant is for self-use and wholesale. We have actively constructed a solar power generation system, developed 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 local automotive industry.

Year/renewable energy	Solar power setup plan		
	Solar power system (kW)	Generated power (10,000 kWh/year)	The amount of power generated (including for self-use and wholesale) equals to the amount of power consumed.
Accumulated as of 2020	5,190	690	40%
Accumulated as of 2021	7,590	888	52%
Accumulated as of 2022	10,986	1,283	100%

6-2-3 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 or disseminate the idea of energy conservation, and we also expand the coverage to the office and canteen, so as to lower the operating costs and carbon emission and thus maximize the use of resources.

Significant performance in 2022

- Improvement in energy conservation of the paint circulation system at the paint mixing room: the tested optimal pumping frequency is 13.5–15 times in production or 10–11 times off production, such frequencies can match the production demand and keep the Reynolds number above 2100 avoiding sedimentation in the pipeline; adjustment to the number of running hydraulic motors during production hours.
- Top coating air-conditioner: connection between vapor supply and conveyor and adjustment to vapor supply timing; reduction of the spraying room temperature from 21° C to 19.7° C and reduction of vapor supply volume





Energy saving performance at the plant

Priority	Type	Improvement	Content of improvement	Performance (Carbon reduction in ton-CO ₂ e)	Performance (GJ)
1	Natural gas	Top coating air-conditioner	1. Connection between vapor supply and conveyor and adjustment to vapor supply timing 2. Reduction of the spraying room temperature from 21° C to 19.7° C and reduction of vapor supply volume	43.456	710.224
2	Natural gas	Surfacer air-conditioner	1. Building the surfacer air-conditioner's ability to increase temperature under various environmental temperatures 2. Adjustment to vapor supply condition: when outside air > 19° C, no vapor supply; when outside air ≤ 19° C, the spraying room temperature is set at 17.5° C	30.271	494.734
3	Electricity	Paint recycling system at the paint mixing room	1. The tested optimal pumping frequency is 13.5–15 times in production or 10–11 times off production, such frequencies can match the production demand and keep the Reynolds number above 2100 avoiding sedimentation in the pipeline; 2. Adjustment to the number of running hydraulic motors during production hours	97.423	0.121
4	Electricity	Water pumps at Dormitories B.C.F	1. Replacement of old models with high-performance motors 2. Upgrade of plumbing system to lower pipe flow and loss from leakage 3. Improvement of motor efficiency and flow (from 17.8M3/H to 31.2M3/H) and change of the water pumping time to off-peak hours	32.438	0.040
5	Electricity	Energy efficiency improvement of fans and lighting at RING 3 and RING 4 of the body shop	Division of fan and lighting control by regions (switch integration)	11.312	0.014
6	Electricity	Paint mixer at the paint mixing room	1. Optimization of the paint mixing time of the secondary barrel 2. Optimization of the paint mixing speed of the primary circulation barrel and reduction of the total electricity consumption of the air compressor by 14.7%	13.557	0.017
7	Electricity	Merger of transformers in the vehicle assembly shop/air compressor room/towed power feeder	1. Removal of transformers with a 0% load 2. Merger of transformers with a 70% or below load 3. Merged 11 sets of transformers in total (car assembly*7, engine* 3, air-compressor*1)	13.592	0.017
8	Electricity	Air-conditioner at the large paint mixing room	1. Adjustment to the frequency of air blower & ventilator at the large paint mixing room 2. Adjustment to the humidity through the frequency adjustment to the circulation water pump	12.874	0.016
9	Electricity	Reduction of electricity consumption at the non-active press line	Turning the power of transformer of a presser off when a job ends to eliminate energy waste of the transformer	10.56	0.013
10	Electricity	NIMS PSW spot welding gun 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 700μΩ to 500μΩ resulting in an average of 0.0044kWh/point power saving.	7.663	0.010

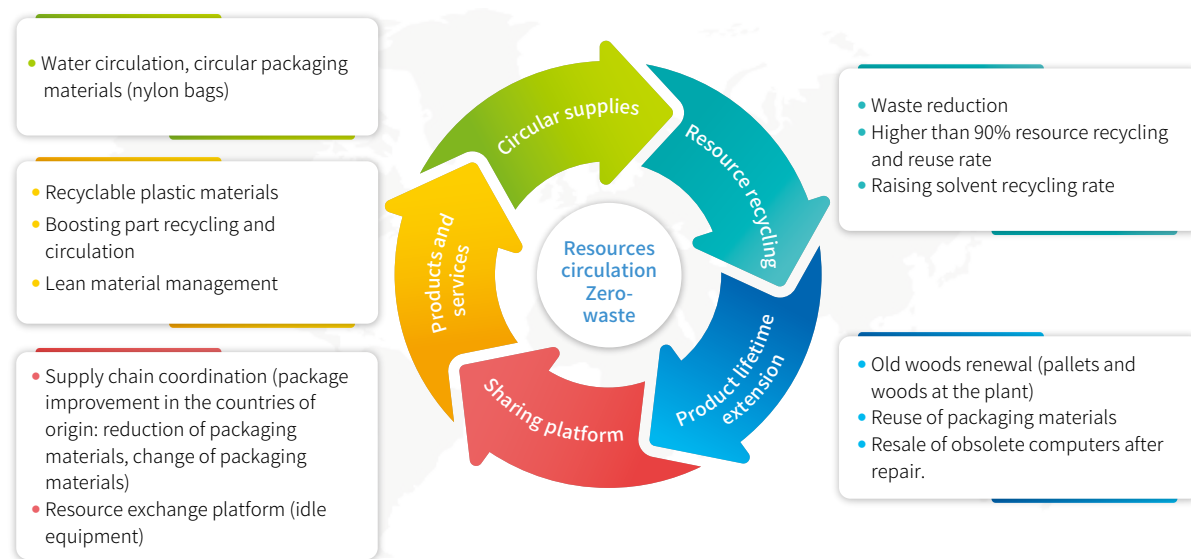
Note: The previous year (2021) is taken as the base year.

6-3 Circular Economy and Waste Management

6-3-1 Circular economy

Circular economy implementation blueprint

To facilitate sustainable use of resources and move towards circular economy, Yulon Motor has devised a resource recycling and reuse implementation plan to enable material sustainable 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 to 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 recycle 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 provision of Article 12, Paragraph 2 of the Resource Recycling Act where the vehicle recycling rate of Nissan models has reached 92.1% and above. In 2022, out of 2,507 tons of waste, the recycling rate reached 94.02%. 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 18.057 tons of solvent in total with a recycling rate of 81% in 2022. From 2009 to 2022, a total of 262.887 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	Total
Number of computers recycled	15	8	22	32	22	99



Instances of Sluggish Material and Scrap Disposal Actions and Benefits in 2022

- Reduction in waste treatment cost

Implementation Strategy	Solution	Goal	Effectiveness and Improvement Result (Including: Instance)
Reduction of waste packaging materials	1. High-density foam – Looking for recycling opportunities and trying to discuss with the country of origin to change the material 2. Reselling waste packaging materials for reuse in sales and services	A decrease of \$650,000/year in packaging cost	\$795,200/year (\$192,024 of the amount coming from sale of pallet carbon boxes)
Process waste reduction	Sorting properly and zeroing recyclable resources out of trash	2022 95.76 reduced to 89.38 (NTD/vehicle)	\$88.96/vehicle (A decrease of 7.1% from 2021)
Domestic waste reduction	Implementation of trash sorting and zeroing recyclable resources out of trash	2022 3.59 reduced to 3.48 (NTD/vehicle)	\$3.47/vehicle (A decrease of 3.2% from 2021)
Bad auto parts at high price	Changing sale in batch to sale by material (iron/aluminum/waste wire/plastics) to increase the value of recycling	\$1,725,449	\$2,411,546
Reasonable recovery price	1. Employing new recycle service providers to create price comparison effect and increase the resource recovery price 2. Renegotiating the price with recycle service providers for the resources for which no recovery price is available, and changing gratuitous recovery to trading upon consideration	\$2,300,000	\$4,269,000







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

- 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.
- 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:

	Waste	Paper angle bead	Plywood	Plastic pallet	EPE	Pallet carbon box
Application						

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.

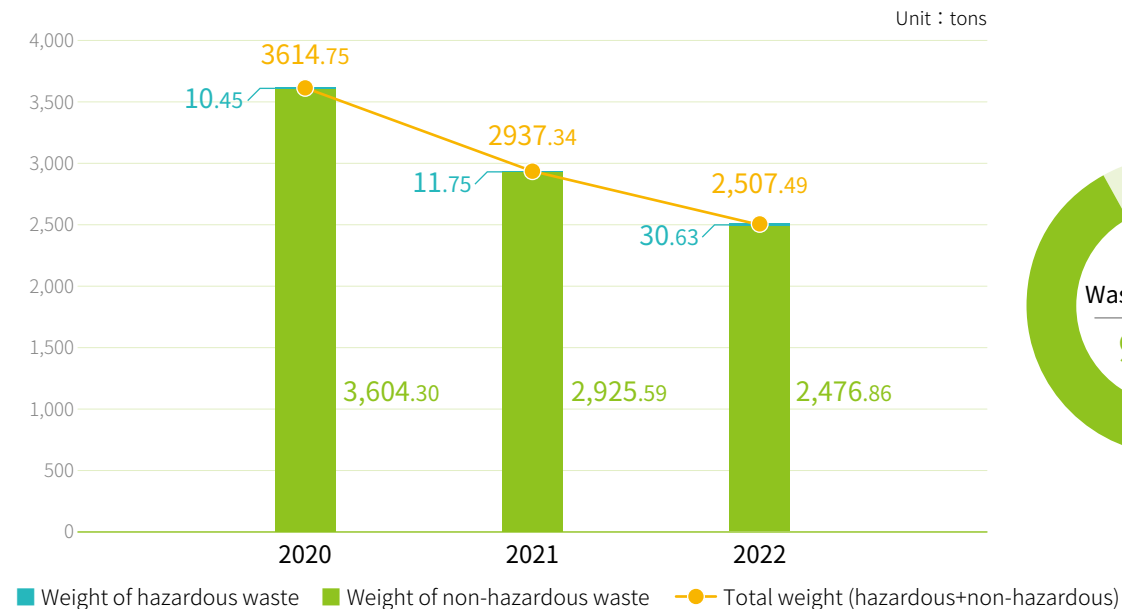
6-3-2 Waste Management

We have been dedicated to the reduction of waste and recycling of resources for many years by implementing management properly 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 recycle by sorting the waste. In the meantime, we enhance the management pursuant to the “Yulon Motor Industrial Waste Management Regulations,” the “Yulon Motor Industrial Waste Tracking Procedure” and applicable laws and regulations on cleanup of waste and recycling of resources.

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 resources 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 substances and non-hazardous), the weight of waste reused and the waste reuse rate, and the decrease in total waste weight from 2,937.34 tons in 2021 to 2,507.49 tons in 2022 and the over 90% of waste reuse rates in the most recent 5 years all indicates the Company's outstanding performance in improvement and reclamation. Please refer to Appendix 6 for detailed information on waste in 2022.





6-4 Pollution Control Management

Management approach to air pollution

Significance to Yulon Motor	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.	
Policy and commitment	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.	
Goals	Short-term (2023–2024)	Level of Volatile Organic Compounds (hereinafter referred to as VOCs) emissions to be lowered to: below 69g/m ³
	Medium-term (2025–2026)	Level of VOCs emissions to be lowered to: below 68g/m ³
	Long-term (after 2027)	Level of VOCs emissions to be lowered to: below 66g/m ³
Achievement in the previous year	Goals of the previous year	Achievement
	Level of VOCs emissions to be lowered to: below 72g/m ³	Level of VOCs emissions to be lowered to: below 70g/m ³
Responsible unit	Environmental Safety Team	
Specific actions	<p>Actual performance in VOCs reduction in 2022:</p> <ul style="list-style-type: none"> Enhancing solvent cleaning ability so as to lower the amount of solvents used for color change in the automatic spraying machine resulting in 0.5(g/m³) or 0.74% VOCs emissions reduction Improving spraying efficiency to minimize the amount of paint used resulting in 0.9(g/m³) or 1.33% VOCs emissions reduction Increasing the amount of recycled waste solvents and raising distillation efficiency to cut the VOCs emissions by 1.2 (g/m³) to 1.77% 	

6-4-1 Air pollution management

Air pollution control strategy

The air pollutants of the Company are primarily VOCs, SO_x, NO_x and THC generated in the painting shop. In addition to 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. The amounts of particulate matters (PMs), SO_x, NO_x, VOCs emissions of Yulon Motor in 2022 were 110kg, 488kg, 2,374kg and 235,900kg, respectively. Please refer to Appendix 5 for the information on other significant gas emissions.

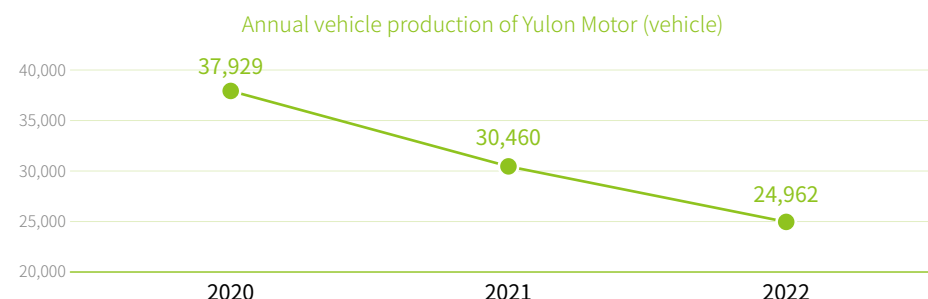
Historical Emissions of Air Pollutants in the Recent Three Years (tons/year)

Year/Pollutant	Suspended Particles (PM)	Sulfur Oxides (SO _x)	Nitrogen Oxides (NO _x)	Volatile Organic Compounds (VOCs)
2020	0.225	1.542	4.319	392.14
2021	0.144	0.742	2.982	228.53
2022	0.110	0.488	2.374	235.90

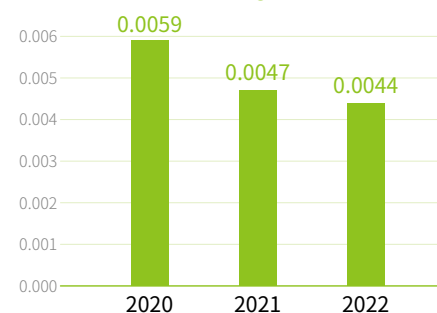
Air Pollution Control Actions

- 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.

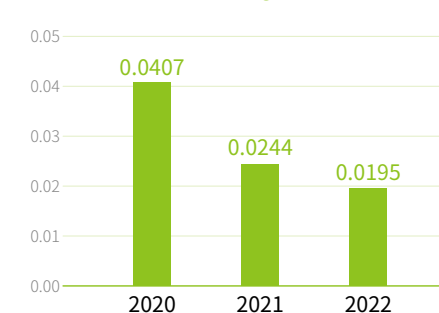
Emissions of air pollutants in the most recent 3 years



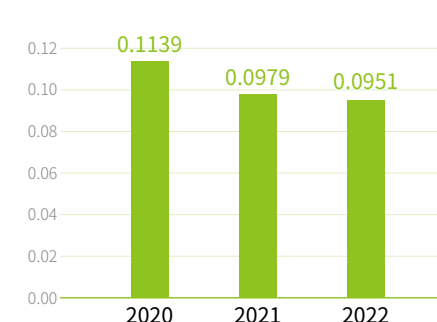
Par emissions (kilograms/vehicle)



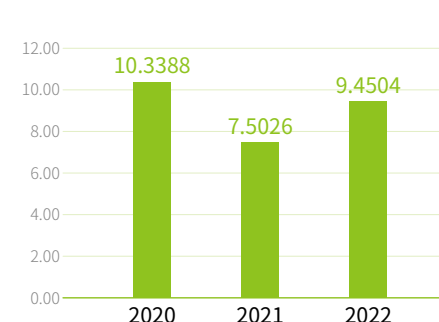
SO_x emissions (kilograms/vehicle)



NO_x emissions (kilograms/vehicle)



VOCs emissions (kilograms/vehicle)



Note 1: Data above has been filed to 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."

6-4-2 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 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 corresponding area while the drinking water is tap water (freshwater). The total groundwater and tap water consumptions in 2022 were 778 CMD (tons/day) and 5 CMD, respectively; the total water consumption in the plant was 783 CMD, a decrease of 127 CMD from 910 CMD from the previous year. 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 introducing the process and wastewater recycling and reuse system and tracking water consumption, we ensure a 10% reduction in water usage every year.

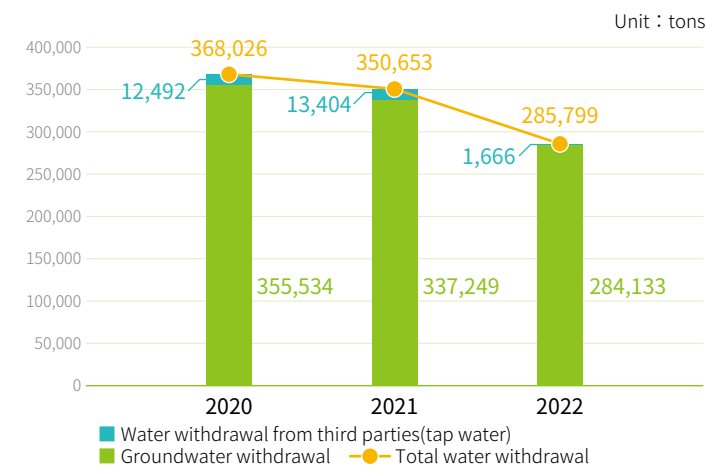
Water resources use and management strategies

Summary of the performance of major water-saving measures in the past	<p>Process water use: implemented wastewater recycling and filtering for reuse to lower water reloading amount</p> <ul style="list-style-type: none"> Installed the oil-water separator at the leakage test room of the vehicle assembly shop for water reuse, which has saved 7,750 tons of water, approximately 2.33% of water saved. <p>Domestic water use: Initiated events to reduce ineffective water consumption</p> <ul style="list-style-type: none"> Optimized the toilet flush volume at the dormitory area to cut water consumption and saved a total of 3,750 tons of water, approximately 1.13% of water saved.
Water resources use and management strategies	<p>Process water use: promoting water recycling and reuse and optimization of water use</p> <p>Domestic water use: Promoting water conservation and installing water-saving devices</p> <p>Installing smart water meter integrated with the billboard information system for water resources management</p>
Short-term goal	The water consumption of a single product unit to be reduced by 30% (based on 2021) to 7.64 m ³ /vehicle in 2023
Mid-term goal	The water consumption of a single product unit to be reduced by 40% (based on 2021) to 6.55 m ³ /vehicle in 2025
Long-term goal	The water consumption of a single product unit to be reduced by 50% (based on 2021) to 5.46 m ³ /vehicle in 2030

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

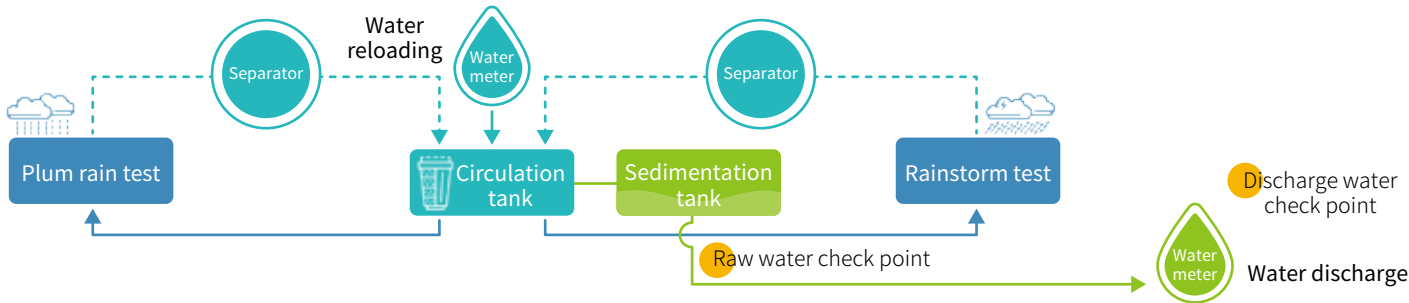
Year/item	2020	2021	2022
Water withdrawal from third parties (tap water) (tons)	12,492	13,404	1,666
Groundwater withdrawal (tons)	355,534	337,249	284,133
Total water withdrawal (tons)	368,026	350,653	285,799
Water discharge (tons)	45,900	46,640	36,172
Water consumption (tons)	322,126	304,013	249,627
Revenue (NT\$ million)	28,272	24,310	22,410
Water resources use intensity (tons/NT\$ million)	13.02	14.42	12.75
Number of vehicles produced (vehicles)	38,059	30,459	24,967
Water resources use intensity (tons/vehicle)	9.67	11.51	11.45

Water withdrawal in the past 3 years



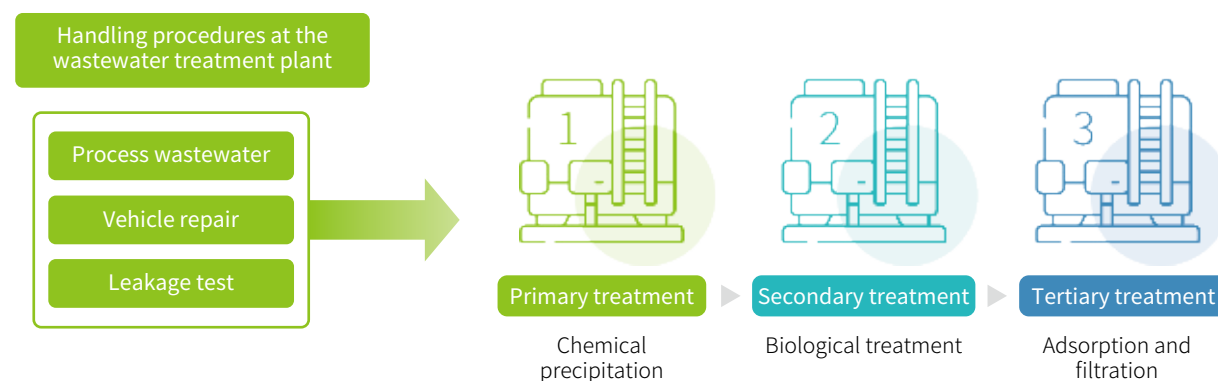
We conduct regular inspections on all pipelines at the plant for leakage control, draw a water use balancing graph and put forward water-saving measures based on the water usage of each location in addition to the installation of rainwater harvesting system and improvement of recycling rate. With the efforts in both water use and water saving, in 2022, we optimized the water discharge volume of the vehicle leakage test equipment by setting the water discharge frequency to perfection. The discharge volume was reduced to 0.02 ton/vehicle from 0.33 ton/vehicle with a total water saving of 7,750 tons/year; a total of 30% water is expected to be saved in 2023.

Major featured water-saving projects in 2022

Project name	Optimization of water discharge volume of the vehicle leakage test equipment		
Project purpose	Reducing water discharge volume and water consumption under the requirements of laws and regulations		
Condition before the project introduction	<p>Failure to discharge testing water may results in excessive levels of pH, COD (sources: body surface wipe/white gas) zine (sources: zine dust contained in rivets and screws used to fasten vehicle body parts) beyond the requirements of law, so the original vehicle leakage test equipment discharged 45 tons of water in total every day.</p> 		
Featured approach	Optimization of water discharge frequency, which has been gradually decreased to 12 tons/time from 45 tons/time, and continuous monitoring of quality of water discharged; sampling before water discharge to ensure water quality complies with laws and regulations		
Project objective	Water discharge volume to be lowered to 0.02 ton/vehicle		
Result after the project introduction and potential impact on stakeholders	<ul style="list-style-type: none"> Water discharge volume was lowered to 0.02 ton/vehicle from 0.33 ton/vehicle and a total of 7,750 tons of water has been saved We keep monitoring the quality of water discharged to ensure compliance with laws and regulations. 		
Year	Water resources reduction program	Responsible unit	Qualitative and quantitative performance in reduction
2022	Optimization of the vehicle leakage test equipment to reduce the discharge frequency and volume under the requirements of environmental laws	Biotechnology Department	A reduction of 7,750 tons of water use
	Optimization of the toilet flush volume to decrease water use	Biotechnology Department	A reduction of 3,750 tons of water use

Water Pollution Control

The wastewater and runoff water of the Company are discharged through dedicated pipes. They did not produce significant impact on the water body, habitat environment and biodiversity. The waste coating water discharge by the plant usually contain rich organic pollutants and the monitoring of the water quality focuses mainly on the Chemical Oxygen Demand (COD), Suspended Solid (SS) and heavy metal. The wastewater pollution control measures of the plant aim at reduction of the wastewater at the source and during the process, separate treatment of rainwater and sewage, setup of rainwater retention facilities, expansion and maintenance of existing wastewater treatment systems, and implementation of wastewater recycle. We conduct regular measurement against different water quality indicators and draw a run chart for tracking purpose in order to maintain the best operation status, improve the wastewater treatment efficiency, and achieve the goals of energy saving and carbon reduction. After being treated by the wastewater treatment plant, the process wastewater is tested on a quarterly basis, and the test values in 2022 were 21.5mg/L for chemical oxygen demand (COD) and 0.10mg/L for nickel (Ni), both were way below the limits set forth in the Effluent Standards (COD <100mg/L; Ni <0.7mg/L), so there is no material impact caused by water withdrawal.



Soil and groundwater pollution control strategy

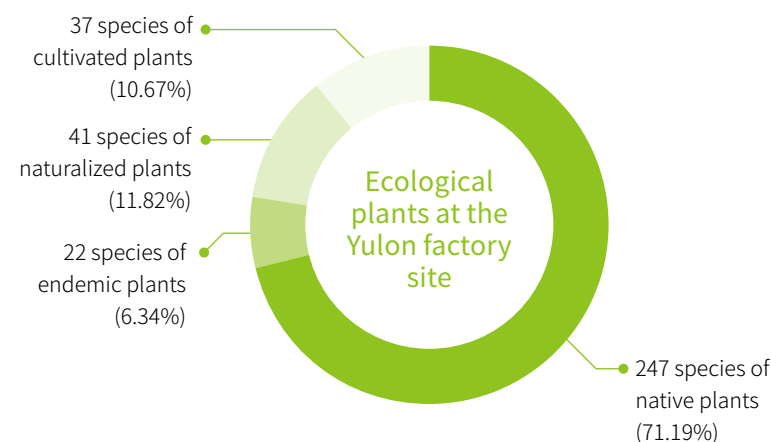
We have taken measures to the underground pipelines and related facilities that may bring about pollution to soil and groundwater, such as the anti-penetration PU, spill dike and oil-water separation devices, to put the principle of “prevention is better than remediation” into practice. Our control actions include: dedicated ditches for rainwater are set up and separated from the pipelines of wastewater; external service providers are commissioned to sample the groundwater every year to monitor the pollution status at the plant location; trees are planted on the side slope around the plant to avoid loss of soil. Insecticides are prohibited. Please refer to Appendix 7 for the groundwater quality monitoring record of 2022.

6-5 Biodiversity

Yulon Motor's Sanyi Plant is located on a piece of Class-C building land in an industrial zone at Guai-Zi-Hu Sec, Sanyi Township, Miaoli County. There are no habitats that must be protected or restored in a protection zone around the plant. 100 families, 259 genera and 347 species of plants were recorded in an ecological survey around the location of the plant. There were 247 species of native plants (71.19%), 22 species of endemic plants (6.34%), 41 species of naturalized plants (11.82%), and 37 species of cultivated plants (10.67%). The land of Yulon Motor totals 270 hectares, and of which 87 hectares are used by the plant. In the remaining area, we keep the forest original without over intervention in the ecological system at the current stage. In 2018, we conducted an environmental impact assessment on 35 hectares of land thereof and concluded the statistics on the said area as follows:

Land plants: Totalling 130 families, 388 genera and 521 species. According to the "Regulations for Plant Ecology Evaluation Technologies," we found 2 rare and endemic plants: Taiwan Incense Cedar and *Ardisia miaoliensis*, and 23 endemic plants, such as Taiwan White Pine, Green Maple, Oldham's Rhododendron, Taiwan Golden-rain Tree (Flamegold), Taiwan Lily, etc. Based on our measurement, the number of trees with a diameter at breast height above 30 cm was 1,458.

Classification and characteristics		Ferns	Gymnosperms	Dicotyledons	Monocotyledons	Total
Type	Number of families	20	6	86	18	130
	Number of genera	26	9	278	75	388
	Number of species	32	13	382	94	521
Growth characteristics	Herb	31	0	132	69	232
	Arbor	1	12	111	9	133
	Shrub	0	1	79	9	89
	Vine	0	0	60	7	67
Attribute	Native	28	3	188	46	265
	Endemic	1	2	16	4	23
	Naturalized	3	0	68	11	82
	Cultivated	0	8	110	33	151



We attach importance to the natural ecosystem. For this, we have systematically planned more than 80,000 saplings in and around the Sanyi Plant since 2007. By doing so, we take actions to turn the plant into a park and an ecosystem that are favorable to reduce the temperature of the planet. In 2022, we also built a waterfront ecological park covering 24,192m² of land in Xindian, which is capable of mitigating the urban heat island effect, digesting carbon dioxide, regulating urban climate and conserving soil and water, to make a friendly natural habitat for animals and plants. In addition to the "Environmental Education and Experience Camp" that we organized, the Company is dedicated to taking care of the diversity of the plants and creatures at the plant. Funds are budgeted for systematic tree planting every year and organic fertilizers and protect the factory building and surrounding natural ecological environment. In 2022, we remodeled the indoor and outdoor areas of the nursery and collected the seedlings nine times. Looking forwards, we will continue to nurture the saplings for native species to protect the native species of Taiwan and the biodiversity at subtropical moist broadleaf forest in the Hsinchu-Miaoli suburban region.



Appendix 1 GRI Sustainability Reporting Standards (GRI Standards) Index

Statement of use	The Sustainability Report of Yulon Motor has been prepared in accordance with the GRI Standards for the fiscal year 2022 (From January 1, 2022 to December 31, 2022)
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	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	01 06	
	2-2	Entities included in the organization' s sustainability reporting	About this Report	01	
	2-3	Reporting period, frequency and contact point	About this Report	01	
	2-4	Restatements of information		-	There is no significant change during the reporting period
	2-5	External assurance	Appendix 8	165	
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	06 44	
	2-7	Employees	Company Overview of Yulon Motor 4-1-1 Workforce composition	06 70	
	2-8	Workers who are not employees	Company Overview of Yulon Motor 4-1-1 Workforce composition	06 70	
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	11 24 Link	
	2-10	Nomination and selection of the highest governance body	2-1 Sustainable Governance Framework Yulon Motor' s annual report	24 Link	
	2-11	Chair of the highest governance body	2-1 Sustainable Governance Framework Yulon Motor' s annual report	24 Link	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 2: General Disclosures 2021	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	01 11 16 24	
	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	01 11 16 24	
	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	01 11 16	
	2-15	Conflicts of interest	2-1 Sustainable Governance Framework	24	
	2-16	Communication of critical concerns	1-3 Stakeholder communication – analysis of material topics 2-1 Sustainable Governance Framework	16 24	
	2-17	Collective knowledge of highest governance body	2-1 Sustainable Governance Framework	24	
	2-18	Evaluation of the performance of the highest governance body performance	2-1 Sustainable Governance Framework Yulon Motor' s annual report	24 Link	
	2-19	Remuneration policies	2-1 Sustainable Governance Framework	24	
	2-20	Process to determining remuneration	2-1 Sustainable Governance Framework	24	
	2-21	Annual total compensation ratio	4-1-3 Employee Rights and Welfare	80	
4. Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	1-1 Sustainability blueprint	10	
	2-23	Policy commitments	1-1 Sustainability blueprint 4-2-2 Respecting human rights Appendix 3	10 89 159	
	2-24	Embedding policy commitments	1-1 Sustainability blueprint 4-2-2 Respecting human rights 6-1 Climate Change Management	10 89 125	
	2-25	Processes to remediate negative impacts	2-3 Ethical Corporate and Anti-corruption 4-2-2 Respecting human rights	30 89	
	2-26	Mechanisms for seeking advice and raising concerns	2-3 Ethical Corporate and Anti-corruption 4-2 Human rights protection	30 89	
	2-27	Process to determining remuneration	2-3 Ethical Corporate and Anti-corruption	30	
	2-28	Membership of associations	Appendix 4	160	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 2: General Disclosures 2021	5. Stakeholder engagement				
	2-29	Approach to stakeholder engagement	1-3-1 Stakeholder engagement	16	
	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% in 2022		

GRI 3: Material topics 2021

GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 3: Material Topics 2021	3-1	Guidance to determine material topics	1-3 Stakeholder communication – analysis of material topics	16	
	3-2	Disclosures on material topics	1-3 Stakeholder communication – analysis of material topics	16	
Material issue: Operational and financial performances					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 2-2 Financial Performance	16 27	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	2-2 Financial Performance	27	
Material topic: EV Development					
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	16 43	
Material issue: Risk management					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 2-4 Risk Management	16 33	
Material issue: Product quality and reliability					
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	16 51	
Material topic: Climate strategy					
GRI 3: Material Topics 2021	3-3	Management of material topics	1-3 Stakeholder communication – analysis of material topics 6-1 Climate Change Management	16 124	
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 6-1 Climate Change Management	34 124	
Material issue: GHG emissions					
GRI 3: Material Topics 2021	3-3	Material issue management Management of material topics	1-3 Stakeholder communication – analysis of material topics 6-1-3 Greenhouse Gas Management	16 133	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	6-1-3 Greenhouse Gas Management	133	
	305-2	Energy indirect (Scope 2) GHG emissions	6-1-3 Greenhouse Gas Management	133	
	305-3	Other indirect (Scope 3) GHG emissions	6-1-3 Greenhouse Gas Management	133	
	305-4	GHG emissions intensity	6-1-3 Greenhouse Gas Management	133	
	305-5	Reduction of GHG emissions	6-1-3 Greenhouse Gas Management	133	
	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.
Material issue: Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Material issue management	1-3 Stakeholder communication – analysis of material topics 4-3 Friendly and safe work environment	16 92	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	4-3-1 Occupational safety and health management system	93	
	403-2	Hazard identification, risk assessment, and incident investigation	4-3-2 Risk management and preventative measures	96	
	403-3	Occupational health services	4-3-1 Occupational safety and health management system	93	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4-3-1 Occupational safety and health management system	93	
	403-5	Worker training on occupational health and safety	4-3-2 Risk management and preventative measures	96	
	403-6	Promotion of worker health	4-3-2 Risk management and preventative measures	96	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4-3-1 Occupational safety and health management system	93	
	403-8	Workers covered by an occupational health and safety management system	4-3-1 Occupational safety and health management system	93	
	403-9	Work-related injuries	4-3-2 Risk management and preventative measures	96	
Material issue: Air pollution					
GRI 3: Material Topics 2021	3-3	Material issue management	1-3 Stakeholder communication – analysis of material topics 6-4 Pollution Control Management	16 144	
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	6-4-1 Air pollution management Appendix 5	145 160	
Material issue: Recruitment and retention					
GRI 3: Material Topics 2021	3-3	Material issue management	1-3 Stakeholder communication – analysis of material topics 4-1 Diverse talents strategy	16 69	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4-1-1 Workforce composition	70	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
Material topic: Social relationships					
GRI 3: Material Topics 2021	3-3	Material issue management	1-3 Stakeholder communication – analysis of material topics CH5 Social Relationships and Virtuous Influential Actions	16 102	

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	4-1-3 Employee Rights and Welfare	80	
	202-2	Proportion of senior management hired from the local community	4-1-1 Workforce composition	70	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3-4-1 Sourcing management	63	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	2-3 Ethical Corporate and Anti-corruption	30	
	205-2	Communication and training about anti-corruption policies and procedures	2-3 Ethical Corporate and Anti-corruption	30	
	205-3	Confirmed incidents of corruption and actions taken	2-3 Ethical Corporate and Anti-corruption	30	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	In 2022, Yulon Motor did not involve in 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	6-3-1 Circular economy	140	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	6-2-1 Energy policy and objectives	136	
	302-3	Energy intensity	6-2-1 Energy policy and objectives	136	
	302-4	Reduction of energy consumption	6-2-3 Energy-saving measures	138	
	303-1	Interactions with water as a shared resource	6-4-2 Water resources management	146	
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	6-4-2 Water resources management	146	
	303-3	Water withdrawal Disclosure	6-4-2 Water resources management	146	
	303-4	Water discharge Disclosure	6-4-2 Water resources management	146	
	303-5	Water consumption	6-4-2 Water resources management	146	



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	6-5 Biodiversity	149	
	304-2	Significant impacts of activities, products, and services on biodiversity	6-5 Biodiversity	149	
	304-3	Habitats protected or restored	6-5 Biodiversity	149	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	6-5 Biodiversity	149	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	6-3-2 Waste Management	143	
	306-3	Waste generated	6-3-2 Waste Management	143	
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	4-1-3 Employee Rights and Welfare 4-3-2 Risk management and preventative measures	80 96	
	401-3	Parental leave	4-1-3 Employee Rights and Welfare	80	
GRI 402: Labor–Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4-2-1 Labor–management relations maintenance	87	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4-1-2 Development and Training of Talents	73	
	404-2	Programs for upgrading employee skills and transition assistance programs	4-1-2 Development and Training of Talents	73	
	404-3	Percentage of employees receiving regular performance and career development reviews	4-1-3 Employee Rights and Welfare	80	
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 4-1-1 Workforce composition	Link 24 70	
	405-2	Ratio of basic salary and remuneration of women to men	4-1-3 Employee Rights and Welfare	80	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4-2-2 Respecting human rights	89	
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	4-2-2 Respecting human rights	89	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4-2-2 Respecting human rights	89	



GRI Standards	No.	GRI Standards Disclosure	Corresponding chapter(s)	Page	Omission/note
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations or suppliers at significant risk for incidents of forced or compulsory labor	4-2-2 Respecting human rights	89	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	4-2-2 Respecting human rights	89	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4-2-2 Respecting human rights	89	
	413-2	Operations with significant actual and potential negative impacts on local communities	3-4 Sustainable supply chain	61	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3-4-2 Supplier management	63	
GRI 416: Customer Health and 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	53 57	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	In 2022, we did not involve in 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	3-2-2 Product Safety Management	57	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	-	In 2022, we did not involve in incidents of non-compliance with applicable laws or voluntary rules
	417-3	Incidents of non-compliance concerning marketing communications	-	-	In 2022, we did not involve in 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	60	



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.						58	
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 2022						87	
	TR-AU-310a.2	Number of work stoppages Total days idle	Quantitative	Number of work stoppages in 2022: 0 Total days idle in 2022: 0						87	
Fuel Economy & Use-phase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	Quantitative	NISSAN						None	
				Model	TIIDA	XTRAIL	KICKS	SENTRA	Weighted average number		
				Sales region: Taiwan	16.1 Km/L	14.5 Km/L	17.0 Km/L	17.7 Km/L	16.8 Km/L		
				LUXGEN							
				Model	U6		URX		Weighted average number		
				Sales region: Taiwan		12 Km/L		12 Km/L			12 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 vehicles and (3) plug-in hybrid vehicles sold	Quantitative	<table><tr><th>Model</th><th>Number sold in 2022</th></tr><tr><td>Zero emission vehicles (ZEV)</td><td>110</td></tr><tr><td>Hybrid vehicle</td><td>0</td></tr><tr><td>Plug-in hybrid vehicles</td><td>0</td></tr></table>	Model	Number sold in 2022	Zero emission vehicles (ZEV)	110	Hybrid vehicle	0	Plug-in hybrid vehicles	0	None
				Model	Number sold in 2022								
				Zero emission vehicles (ZEV)	110								
				Hybrid vehicle	0								
				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 emission 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	6-1 Climate Change Management	124									
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 3-4 Sustainable supply chain	33 61								
Materials Efficiency & Recycling	TR-AU-440b.1	Total amount of waste from manufacturing, percentage recycled	Quantitative	The waste generated in 2022 amounted to 2,507 tons with a recycling and reuse rate of 94.02%.	140								
	TR-AU-440b.2	Weight of end-of-life material recovered, percentage recycled	Quantitative	Not applicable	None								
	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%.	140								

Activity Metric

Metric	Disclosure Matrix	Category	Corresponding chapter or description	Page
TR-AU-000.A	Number of vehicles manufactured	Quantitative	2-2 Financial Performance	27
TR-AU-000.B	Number of vehicles sold	Quantitative	2-2 Financial Performance	27

Appendix 3 Yulon Motor Human Rights Policy

裕隆汽車製造股份有限公司人權政策

裕隆汽車製造股份有限公司認同並依循「國際人權法典」、「聯合國全球盟約」、「聯合國工商企業與人權指導原則」、「國際勞工組織(ILO)工作基本原則與權利宣言」、「經濟合作暨發展組織責任(OECD)跨企業指導綱領」、「經濟合作暨發展組織責任(OECD)商業行為盡職調查指南」等各項國際人權公約，且恪遵公司所在地相關勞動法規，杜絕任何侵犯及違反人權的行為，尊嚴對待全體同仁、客戶及利害關係人。

執行方針：

「裕隆汽車製造股份有限公司人權政策」適用範圍涵蓋於公司所有員工，包含所有正職員工、工時人員、實習生、契約人員，以及子公司及其他具有實質控制能力之機構或法人等集團企業與組織。本政策分為以下六項主軸：

一、提供安全與健康的工作環境

本公司遵守職業安全衛生相關法令，定期辦理教育訓練、員工健康檢查或推動各項健康促進活動等方式，照護員工身心健康，提供員工安全、衛生、健康的工作環境。

二、杜絕不法歧視以確保工作機會均等

本公司恪遵相關勞動法令、國際規範，推動並落實內控程序。自聘用、薪酬福利、培訓機會、升遷、解職或退休等勞動權益事項上，不因種族、膚色、性別、宗教、語言、政治傾向、弱勢族群等予以歧視。

三、禁用童工

基於保護兒童身心發展，本公司禁止使用童工，堅決不違反國際標準及相關國內法規所禁止的使用童工行為，在各營業活動的任何階段均不得使用童工；在聘用任何員工之前採取有效程序核實其年齡，排除聘用 15 歲以下童工，以確保遵守企業社會責任及道德規範。

四、禁止強迫勞動

對於職工之勞務提供安排皆符合法令規範，非但包括且不限於體罰、生理或心理上的虐待或強制、恐嚇或其他語言暴力，扣押證件或其他不合法的強迫勞動行為，消除各種形式之強迫勞動，創造「安全勞動」的職場環境。

五、協助員工維持身心健康及工作生活平衡

支持協助員工維持身心健康及工作生活平衡，提供同仁適度休憩空間及器材、提供社團經費補助、舉辦擴及眷屬的育樂活動規劃等，而能同時兼顧工作、家庭照顧與休閒生活，進一步成就同仁專心投入工作與自我實現的動力。

六、支持員工依法籌組及加入工會行使勞動權並促進勞資和諧

尊重員工的基本人權保障，維護員工享有組織工會與團體協商之權利，定期召開勞資會議，研議員工權益及福祉事項，以保障雙方權益、促進勞資和諧，提升勞資關係，營造友善職場環境。

- 裕隆辨識公司潛在人權風險，透過減緩或補救措施，降低人權風險並落實人權管理。
- 裕隆建置職場不法侵害、性騷擾申訴管道及不限問題種類之申訴平台，若有知悉同仁或往來廠商有不當行為者，不限以匿名或具名之方式申訴，公司收到申訴後將依照流程進行調查與處理措施，對於申訴人及申訴資料將予以保密與保護。

透過人權教育訓練等相關培訓課程，強化公司同仁的人權意識，並規劃與供應商、商業夥伴及所有內、外部利害關係人進行人權政策溝通與資訊共享，持續提升尊重人權的職場與商業環境。

「裕隆汽車製造股份有限公司人權政策」於本公司網站、永續報告書公開揭露。


總經理 姚振祥
2023 年



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			✓

Appendix 5 Other Significant Gas Emissions

No.	Item	2020	2021	2022
1	Nitrogen Oxides (NOx)	4.319	2.982	2.374
2	Sulfur Oxides (SOx)	1.542	0.742	0.488
3	Persistent Organic Pollutants (POPs)	Not measured		
4	Volatile Organic Compounds (VOCs)	392.14	228.53	235.90
5	Hazardous Air Pollutants (HAPs)	Not measured		
6	Suspended Particles (PM)	0.225	0.144	0.110
7	Other gas emissions categories specified in relevant laws and regulations	-	-	-
Total (tons)		398.226	232.398	238.872

Note: POPs and HAPs 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 SOx and NOx 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 2022

Year	Industrial waste reused (definition: waste reuse according to permission issued by the Ministry of Environment or reuse subjected to immediate treatment) (unit: tons)									
	General industrial waste							Hazardous industrial waste		
	Iron	Paper	Plastics	Glass	Wood	Waste oils		Sludge	Solvent	
						Physical treatment	Active carbon	Physical treatment	External (physical treatment)	In the plant (reuse)
2011	1374.00	839.00	158.00	0.70	3039.00	8.00	0.00	119.00	22.60	0.00
2012	999.20	701.30	127.00	6.30	2258.00	2.30	10.00	123.20	22.60	0.00
2013	944.30	698.50	62.80	8.60	2251.00	7.00	0.00	60.20	22.60	0.00
2014	995.00	865.00	78.90	7.90	2616.00	18.20	0.00	0.00	25.90	0.00
2015	1079.00	1057.00	88.00	3.60	2737.00	1.80	0.00	0.00	14.50	0.00
2016	1120.00	616.00	92.00	11.60	2543.00	2.60	0.00	0.00	20.80	0.00
2017	841.30	593.60	85.70	15.00	2270.00	5.10	0.00	109.00	27.50	0.00
2018	1119.00	888.00	213.00	0.00	213.00	1.90	0.00	105.70	28.90	0.00
2019	1397.00	854.00	200.40	0.00	415.00	13.00	0.00	84.10	17.70	0.00
2020	1594.00	1002.00	93.00	6.70	572.00	4.20	0.00	58.30	10.40	0.00
2021	1114.00	1030.00	129.50	0.00	348.00	6.99	0.00	62.60	5.90	5.80
2022	973.70	822.10	123.80	0.00	371.2	3.97	0.00	32.14	18.06	12.52



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		Waist paint	Others (high heat-value waste, D-0299, D-0699, D-0899)	Medical waste					
	Landfilling	Thermal treatment	Incineration	Incineration	Incineration					
2011	0.00	0.00	153.00	138.60	0.04	22.64	6044.30	6066.94	91.65%	
2012	0.00	0.00	107.00	118.20	0.04	22.64	4679.50	4702.14	90.38%	
2013	33.03	0.00	172.10	93.00	0.05	22.65	4529.53	4552.18	89.08%	
2014	118.70	0.00	171.20	149.30	0.05	25.95	5235.20	5261.15	87.56%	
2015	114.00	0.00	192.00	78.00	0.05	14.55	5533.90	5548.45	89.77%	
2016	140.00	0.00	156.30	67.00	0.04	20.84	4919.50	4940.34	89.18%	
2017	20.40	0.00	252.50	39.60	0.05	27.55	4363.60	4391.15	89.89%	
2018	0.00	0.00	148.00	38.10	0.05	28.95	2814.70	2843.65	90.36%	
2019	0.00	0.00	78.80	39.60	0.05	17.75	3224.60	3242.35	91.95%	
2020	0.00	0.00	142.50	88.10	0.05	10.45	3604.30	3614.75	92.42%	
2021	0.00	16.00	123.00	69.70	0.05	11.75	2925.59	2937.34	92.01%	
2022	0.00	0	80.2	69.75	0.05	30.63	2,476.86	2,507.49	94.02%	



Appendix 7 Groundwater Quality Monitoring Record of 2022

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	ND	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

ND: Not detected such substance.



濃度單位:毫克/公升

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
Chlorinated Hydrocarbon	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
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	ND	0.031	ND	ND
	Copper (Cu)	10	5	ND	ND	ND	ND	ND
	Lead (Pb)	0.1	0.05	ND	ND	ND	ND	ND
	Mercury (Hg)	0.02	0.01	ND	ND	< 0.0002	ND	ND
	Nickel (Ni)	1	0.5	ND	ND	ND	ND	ND
	Zin (Zn)	50	25	< 0.020	< 0.020	0.065	< 0.020	0.021
	Indium (In)	0.7	0.35	ND	ND	ND	ND	ND
	Molybdenum (Mo)	0.7	0.35	ND	ND	ND	ND	ND
General	Nitrate nitrogen	100	50	1.68	1.59	0.61	1.04	2.97
	Nitrite nitrogen	10	5	ND	ND	ND	ND	ND
	Villiaumite	8	4	ND	ND	ND	ND	ND
Others	MTBE (Methyl Tert-Butyl Ether)	1	0.5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbons	10	5	< 0.107	< 0.107	< 0.107	< 0.107	0.110
	Total petroleum hydrocarbons (gasoline range)	10	5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbons (diesel range or more)	10	5	< 0.100	< 0.100	< 0.100	< 0.100	0.103
	Cyanide	0.5	0.25	ND	ND	ND	ND	ND

ND: Not detected such substance.

Appendix 8 Assurance Statement

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會計師有限確信報告

裕隆汽車製造股份有限公司 公鑒：

裕隆汽車製造股份有限公司民國 111 年度永續報告書，業經本會計師針對所選定之標的資訊執行確信程序竣事，並出具有限確信報告。本次執行確信程序之標的資訊請詳附件一「確信項目彙總表」。

管理階層對永續報告書之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」、全球永續性報告協會（Global Reporting Initiative, GRI）發布之通用準則、行業準則及主題準則編製永續報告書，且維持與編製永續報告書有關之必要控制，以確保永續報告書所列標的資訊未存有重大不實表達。

會計師對永續報告書執行確信程序之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信工作，對上開永續報告書所選定之標的資訊（詳附件一）在所有重大方面是否未存有重大不實表達取得確信，並出具有限確信報告。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍亦較小，因是取得之確信程度明顯低於合理確信。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 取得及閱讀永續報告書；
- 訪談管理階層及相關人員，以瞭解公司編製永續報告書有關政策及程序；
- 訪談相關人員了解所選定標的資訊產生之流程、內部控制及資訊系統；
- 分析及以抽查方式測試標的資訊相關文件及紀錄。

先天限制

由於諸多確信項目係屬非財務資訊，相較於財務資訊之確信受有更多先天限制，故該等資訊之相關性、重大性與正確性之解釋可能涉及更多管理階層之重大判斷、假設與解釋，不同利害關係人對該等資訊亦可能有不同之解讀。

獨立性及品質管理遵循聲明

本會計師及所隸屬會計師事務所遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及適用之法令規範相關之政策或程序。

確信結論

依據所執行之程序及所獲取之證據，本會計師並未發現裕隆汽車製造股份有限公司民國 111 年度永續報告書中所選定之標的資訊在所有重大方面有未遵循其衡量基準暨全球永續性報告協會（Global Reporting Initiative, GRI）發布之通用準則、行業準則及主題準則編製而須作修正之情事。

其他事項

本確信報告出具後，貴公司對任何確信標的或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

勤業眾信聯合會計師事務所

會計師 施俊弘

施俊弘



中 華 民 國 112 年 7 月 26 日

附件一

確信項目彙總表

編號	確信項目 (GRI 指標編號 / 自訂指標編號)	指標敘述	對應章節	衡量基準
1	GRI 305-7: 2016	氮氧化物 (NOx)、硫氧化物 (SOx)、及其它顯著的氣體排放	6-4-1 空氣污染管理 附錄五	氮氧化物 (NOx)、硫氧化物 (SOx)、揮發性有機化合物 (VOCs)、懸浮微粒 (PM) 之氣體排放量。
2	GRI 306-3: 2020	廢棄物的產生	附錄六	再利用及不可再利用之事業廢棄物，按廢棄物組成劃分之有害及一般事業廢棄物總重量。
3	GRI 403-9: 2018	職業傷害	4-3 友善安全的工作環境	所有員工及非員工之總工作時數，因職業傷害所造成之死亡、嚴重與可記錄的職業傷害的數量與比率，以及職業傷害主要類型。
4	GRI 404-1: 2016	每名員工每年接受訓練的平均時數	4-1-2 人才發展與培育	按性別及員工類別劃分，每名員工接受教育訓練的平均時數。
5	自訂指標 1	誠信經營與法規遵循相關教育訓練參與人次	2-3 誠信經營與反貪腐	誠信經營與法規遵循相關教育訓練課程（認識智財權、涉及委外廠商之智財權歸屬、專利類型及申請策略、內線交易一點通（數位課））之參與人次。

75th ANNIVERSARY

SUSTAINABILITY REPORT



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