



Contents

Firmly based in Taiwan for more than six decades, YuLion Motor is a corporation that can stand the test of time; for 68 years since the establishment, the Company has never ever stopped moving forward. To respond to the changes in the overall environment, we have experienced several times of business reengineering, made continuous adjustments and reinforced our corporate structure, pursuing sustainable operations with the corporate culture of "innovation (I), speed (S) and team (T)."

Espousing the business philosophy of "satisfying the customers, contributing to society, and creating values," we have developed ourselves in Taiwan with international perspectives. Cherishing our land, Taiwan, we take care of the environment we are in, endeavoring to fulfil sustainable development in different aspects. This year, YuLion Motor will keep on promoting sustainable operations and take on the social responsibility, doing our best to contribute to and improve in the aspects of corporate governance, social care and sustainable environment. In the future, we will also expand and boost the ESG sustainability value to become the model of sustainable operations in the industry.

01 Business and Governance of the Company

1.1 Corporate Governance Structure	15
1.2 ESG Structure	26
1.3 Key Corporate Sustainability Performances	27
1.4 Risk Management	28
1.5 Business Development	32
1.6 Management and Engagement of Stakeholders	34

02 Sustainable Environment

2.1 TCFD and Climate Change	40
2.2 Active Actions for Environmental Protection	43
2.3 Environmental Protection and Management of Processes	44
2.4 Pollution Control Management Measures	57
2.5 Promotion of EVs and Deployment of Charging Facilities	60
2.6 Management of Energy Storage and Renewable Energy	64
2.7 Management of Green Supply Chain	65

03 Employee Care and Development

3.1 Occupational Safety and Working Environment	72
3.2 Health and Care of the Employees	76
3.3 Pandemic Prevention Policy and Crisis Management	83
3.4 Development and Training of Talents	86

04 Ensuring Social Engagement

4.1 Membership in Organizations and Initiatives	104
4.2 Social Care and Neighborliness	106

Appendices

Appendix 1 Awards and Honors	128
Appendix 2 GRI Standards Reference Table	131
Appendix 3 Sustainability Accounting Standards Board (SASB) Reference Table	134
Appendix 4 Questionnaire Survey of Stakeholders	135



About the Cover



In the face of the more and more challenging business environment, Yulon Group maintains the robust operating structure, stays aware of and analyzes various changes. Devoted to the smart integration of "people, vehicle and life" and unchanged goals of "corporate governance," "company commitment," "social participation" and "environmental sustainability," we continue to create new opportunities with innovative mindsets.

Yulon Motor has prepared the "Yulon Motor Environmental Report," "Yulon Motor Sustainability Report," "Yulon Motor CSR Report" and "ESG Report" since 2005. Seventeen years have passed, and in these 17 reports, we have disclosed the Company's long-term care and efforts for the corporate social responsibility regarding corporate governance, environmental protection, employees and social participation, etc. We thereby enhance the stakeholders' understanding of and support to Yulon Motor, form consensus among the stakeholders on our sustainable operations, facilitate the improvement of the industry and supply chain, and contribute to a better society.

In 2009, the CSR report published by Yulon Motor was recognized by an external verification authority for the first time with a B rating, making us the first vehicle manufacturer in Taiwan with a CSR report verified by a third party. In 2011, our CSR report further won the A+ recognition. Our CSR report have even ranked 11 in the Large Enterprise Category of the CommonWealth's Corporate Citizenship Awards, and in 2021, the Company remained to be one of the top 50 companies in the Large Enterprise Category.

Reporting Period

In this report, the information about Yulon Motor's responses to different major considerations and the results thereof from January 1, 2021 to December 31, 2021 is disclosed.

Scope of the Report

The organizational boundary of this report is primarily based on YULON MOTOR CO., LTD (hereinafter referred to as "Yulon Motor," "Yulon," "the Company" or "we"). Notes are given when the information of the affiliates of Yulon Group, such as Yulon Nissan Motor and Luxgen Motor, is encompassed.

- Performance on corporate governance and operation: With Yulon Motor as the main focus of the report.
- Performance on environment, safety and health: With Yulon Motor's Sanyu plant in Miaoli as the scope of the report.
- Performance on social welfare services: With Yulon Motor as the main focus of the report in principle. The social contributions of Yulon Motor's important invested affiliates (e.g. Yu Pong Business—Yulon basketball team) are also included in the scope of this report.

Guidelines and Principles for the Report

- The "GRI Standards" developed by the Global Reporting Initiative (GRI)
- The standards provided by the Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" in Taiwan
- AA1000 (Assurance Standard Revision Process) Accountability Principles Standard
- ISO26000 Guidance on Social Responsibility and principles of the UN Global Compact
- ISAE3000 International Standard on Assurance Engagements

Calculation Basis

For the financial statements, the financial performance provided by each invested company has been compiled as per the International Financial Reporting Standards (IFRS). The figures of the financial statements are in NTD, and the performance on environmental protection, safety and health is presented in international common indexes.

ESG Committee Review and Third-Party Verification of the Report

Internal review: The secretariat of ESG Committee coordinated the work such as the overall planning, information compilation for the report, communication and integration, and editing and revision. The information and data disclosed in the report has been reviewed by the chairman of the ESG Committee and all the top managers with their own professional knowledge and experience of management. Checked through and amended by the secretariat of the ESG Committee and further submitted to the Assistant Vice President of Finance Planning System for approval, the report has been reviewed and approved by different levels before finally being confirmed and published.

External verification: The costs and accounting information of the Company's financial statements disclosed in the report have been verified by Deloitte & Touche. The environment, safety and health management system has been internally audited by the dedicated audit unit regularly, and externally audited for ISO 14001 and OHSAS18001 annually. The report was prepared in full compliance with the core option of GRI Standards, high level assurance requirements of AA1000 Type I, and ISAE3000 International Standard on Assurance Engagements. A third party has been commissioned to verify and assure the information about specific key performances. In 2022, we commissioned Ernst & Young to make calculations based on the social return on investment (SROI).



- Yulon Motor gathered the representatives of different internal units to form the Corporate Sustainability and Social Responsibility Committee ("ESG Committee" for short), a committee responsible for the future plan for continuous promotion of corporate sustainability and social responsibility as well as the preparation of the report.
- Yulon Motor ESG Committee considered the material issues concerning all the stakeholders to determine the integrity of disclosed information in this report. The ESG secretariat followed the GRI Standards and took the standards such as AA1000 and ISAE3000 as reference to identify the legal compliance related to the information in this report, policies and approaches, measures taken by other companies in the same industry, and level of concern of interested parties, thereby pointing out the substantive issues that should be disclosed in this report. Finally, the heads of various units helped with the review based on their professional knowledge and experience of management to confirm the substantive issues that should be disclosed in this report.
- This report was written from the perspective of the stakeholders, providing complete descriptions of the issues that different stakeholders might be concerned of. The selection and priority of the issues were based on the internal discussion results of Yulon Motor's relevant departments.
- Notes are added for the abbreviated key words or terms to be explained on the pages where such words or terms are shown.
- The statistical data disclosed in this report came from the statistical surveys conducted by Yulon Motor. The financial data were based on the published information verified by Deloitte & Touche, while a part of the statistical data was the public information on the websites of government agencies (e.g. Environmental Protection Administration, Executive Yuan and Ministry of Labor); the figures are presented in the way commonly used for such relevant statistics.

Contact Information for ESG Matters



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

- Secretariat of ESG Committee • No. 39-1, Bogongtang, Sanyu Township, Miaoli County • Tel: 037-871801 • Fax: 037-876293
- email: ESG@yulon-motor.com.tw

Commitment to Sustainable Operations



• A Partner that Cares about Corporate Sustainable Development

Yulon Motor is a corporation that can stand the test of time; for 68 years since the establishment, 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, pursuing sustainable operations with the corporate culture of "innovation (I), speed (S) and team (T)."

With the sustainable business philosophy of "satisfying the customers, contributing to society, and creating values," we have remained unchanged for decades and never faltered in our mission. 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 facilitated the development of Taiwan's automobile industry but stimulated the growth of the automobile-related industries in Taiwan, making active contributions to the advancement and prosperity of society. Meanwhile, we continue to build a friendly workplace, increase the employment opportunities of physically disabled people, lower the impact of the professional manufacturing on the environment, provide solutions for accessible lovely trips and solutions for transportation in rural areas for medical treatment and education, boost industry-academia collaboration with the training of outstanding talents, promote sport for all with long-term sponsorship for a basketball team, and help preserve wood carving as cultural heritage as well as training wood carving talents. Also, we are engaged in healthy interaction with the stakeholders, including the employees, shareholders, customers, suppliers, and society, actively fulfilling the CSR and being in joint pursuit of a sustainable future.

Taking on the responsibility of governance, Yulon Motor keeps promoting the ethical corporate management, improving transparency of information and quality of disclosure, securing the management of investment and information security risks, and enhancing the sustainable operation values through the Board of Directors and relevant functional committees; the Company has accordingly been ranked as one of the top 5% companies for eight consecutive years. In addition, deploying our diversified businesses based on the integration of smart manufacturing and low-carbon operations for sustainable development, we have set up solar power facilities at Sany's plant with a total capacity of 7.6MW. In 2022, we will constantly attain the objective of generating solar power in an amount equivalent to the power consumption of the whole plant. Moreover, we conduct carbon inventory and verification, and keep track of the energy consumption and carbon hotspots. A Sustainable Development Organization has been established to introduce the measures of process improvement, energy saving and emission reduction, develop electric and zero-carbon vehicles, and implement zero-waste resource cycling, etc. Our goal is to achieve an energy saving and carbon reduction rate of more than 2% every year in a continuous manner.

In the aspects of social participation, Yulon Motor has been committed to taking care of the locals. Supporting the transportation for the disadvantaged in rural areas, we have promoted the "Tainan South Link Happy Wheel," a social welfare project with a SROI of up to 15.79 that won the Company a Model Award under the category of Remarkable Program—Social Innovation in Global Views Monthly's event in 2022. Also, we have donated vehicles to New Taipei City for long-term care and pandemic prevention, and carried out emergency and caring projects such as the Warm Kitchen for the disadvantaged in Sanyi, Miaoli. For the industry-academia collaboration, we focus on the "industry-academia talent training for employment" to develop automotive electromechanics talents. Scholarships for independent studies and competitions are provided, and the systems of internship and advance offer are implemented, ensuring the seamless transition to workplace after graduation. Besides this, we have projects such as sponsoring the "Taiwan International Wood Sculpture Competition" and providing subsidies for the youth training activities in Miaoli. In the future, Yulon Motor will keep on growing based on the sustainability of operations, stick to the attitude of "social responsibility," and be devoted to the well-being of the employees, shareholders and society.

Sustainable Development Best-Practice Principles

While engaging in the business and pursuing profitability, Yulon Motor has taken active actions for sustainable development, achieving the balance among the economy, society and environment and the sustainability in these aspects. With the self-expectations as a corporate citizen, the Company has also been making efforts to enhance the life quality of the employees, communities and society, and placed emphasis on the other interests of the stakeholders.

The practices of sustainable development are based on the following principles:



• Implementation of corporate governance

Yulon Motor respects the interests of the stakeholders. Through appropriate communication methods and stakeholder engagement, we understand their reasonable expectations and demands, and respond to the important CSR issues that the stakeholders are concerned about in a proper manner.

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



• Development of sustainable environment

Yulon Motor complies with regulations and international rules regarding environment to work towards the goal of environmental sustainability. We not only enhance the utilization efficiency of resources and use renewable materials that have low impact on the environment, but develop our policies on energy conservation and carbon reduction, GHG reduction, water consumption reduction or management of other wastes according to the operation status and GHG inventory results. The acquisition of carbon credits is included in the planning of the Company's carbon reduction strategies as well, further implemented to mitigate the impact of our operations on the natural environment.

• Protection of social welfare

Yulon Motor observes labor-related regulations, protecting the legal rights of the employees and respecting the basic labor right principles that are internationally recognized. Aside from offering the employees a safe and healthy working environment where the hazards to their safety and health are reduced and the occupational disasters are prevented to the greatest extent possible, suitable capability development programs are also devised for the employees' careers.

With the responsible attitude to products and marketing ethics, the Company ensures the quality of products and services. Meanwhile, transparent and effective reporting channels are provided for the consumers; all the consumer complaints will be handled in a fair and timely manner.

• Enhancement of disclosure of information about sustainable development

Yulon Motor discloses information as per the relevant regulations and the Corporate Governance Best-Practice Principles for TWSE/TPE's Listed Companies, and the information about sustainable development of great relevance and reliability is adequately disclosed, enhancing the information

YULON MOTOR CO.,LTD

Chairman Yen Chen Li-Lien	Vice Chairman Tso, Chi-Sen	President Zhen- Xiang Yao
---------------------------------	----------------------------------	---------------------------------

Sustainable Development Promotion of Yulon Motor and the Results thereof

With "satisfying the customers, contributing to society, and creating values" as the commitment to sustainable operations, Yulon Motor ensures the value of stakeholders, produces shareholders' equity, carries out the CSR, and adopts the 17 UN SDGs (Sustainable Development Goals) as the reference for our sustainable development goals. We have accordingly developed 17 goals corresponding to the SDGs, which are 1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-Being, 4. Quality Education, 5. Gender Equality, 6. Clean Water and Sanitation, 7. Affordable and Clean Energy, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, 14. Life Below Water, 15. Life on Land, 16. Peace, Justice and Strong Institutions, 17. Partnerships for the Goals.

1. No Poverty :

- 1 Support for the disadvantaged in rural areas: We have made donations and held activities to provide emergency assistance.
- 2 Provision of a great deal of employment opportunities: Around 58% of the employees are from Miaoli City, Sanyi Township, and other rural areas.

2. Zero Hunger : We bought the rice grown in a way friendly to the local leopard cats' habitat from the small farmers in Miaoli, and donated the rice to the underprivileged families in rural areas.

3. Good Health and Well-Being :

- 1 Our employee clinic provides services such as medical treatment, employee health examination, influenza vaccination, etc.
- 2 We provide special smoking cessation clinic and hold blood donation activities.
- 3 We have held 3 sessions of CPR+AED training and themed health promotion activities.
- 4 Multiple sports facilities are available, and 1-2 health courses are organized every year.
- 5 Caring for the female employees, the Company has actively created a breastfeeding environment at the workplace, building a system that supports breastfeeding in the working environment with a nurse responsible for the management and maintenance.
- 6 Yulon Group's Happy Wheel welfare project at South Link has benefited 16,628 local people with a total driving distance of over 640,000 km, achieving a SROI of 15.79.
- 7 We have arranged accessible happy trips "9453 Easy Brick Journey" in Changhua.
- 8 We have worked with the transportation matching platform for long-term care in New Taipei City to create the innovative operations and advocate the transportation eco-system of long-term care.
- 9 We have donated 10 Luxgen vehicles and supplies worth NTD 5 million to New Taipei City for pandemic prevention; the value of the donations totaled more than NTD 15 million.

4. Quality Education :

- 1 Development of outstanding vehicle talents: Up to 100 vehicles have been provided for education, training or competition. We provide education about the environment and relevant technologies.
- 2 We support the supply chain to build up the capabilities for ESG and sustainable operations, thereby enhancing the corporate sustainability.
- 3 A variety of education and training courses are provided, and we encourage the employees to adopt self-directed learning and lifelong learning methods.
- 4 Vehicle education development: The Yulon Vehicle Design Camp has been held.
- 5 Development of Sport for All: The Yulon Basketball Summer Camp has been organized.
- 6 Promotion of wood carving: We have arranged international competitions and developed wood carving talents to pass down the artistic cultural heritage of wood carving.
- 7 Engine demonstration platforms have been donated to Dongshih Industrial High School for the students.

5. Gender Equality :

- 1 The ratio of salary and benefits for male and female employees is 1:1.
- 2 We have lactation rooms for the employees with children and childcare benefits.
- 3 There is one female director on our Board.
- 4 A reporting mechanism for sexual harassment prevention has been established.

6. Clean Water and Sanitation :

- 1 The Company has fully implemented measures such as wastewater treatment, effluent monitoring enhancement and water consumption reduction. 55,290 metric tons of water was saved.

7. Affordable and Clean Energy :

- 1 The energy efficiency of manufacturing equipment has been boosted.
- 2 As the first domestic automobile company to subscribe to green power, we put emphasis on green power.
- 3 So far, 887 LED factory lamps have been used at the plant and 18,842 LED lamps have been used in the offices.
- 4 The 7.6MW solar power equipment has been set up for green energy deployment; the generated power has made up 52% of the power consumption.

8. Decent Work and Economic Growth :

- 1 The Company has been recognized as one of the top 5% listed companies for eight consecutive years in the Corporate Governance Evaluation.
- 2 The salary and benefits we provide are better than the average level in the industry.
- 3 We have a diversified leave system which even includes annual winter and summer breaks.
- 4 No-meeting day: We reduce the high-level meetings that the managers and employees are required to attend, and encourage the managers and employees to experience the practical operations at the manufacturing or R&D locations and the customers' sites.
- 5 The employees are encouraged to take on expatriate challenges, with prior promotion opportunities guaranteed after coming back.

9. Industry, Innovation and Infrastructure :

- 1 smart manufacturing plant,
- 2 smart AGV at the plant,
- 3 establishment of a smart supply chain system,
- 4 global resource management information system,
- 5 manufacturing technologies of energy storage container,
- 6 application of the enterprise MES system to the electronic IQM system.

10. Reduced Inequalities : We request our suppliers to refuse the employment of child laborer and the use of forced labor, prohibit workplace discrimination and protect human rights. Reduced inequalities: We request our suppliers to refuse the employment of child laborer and the use of forced labor, prohibit workplace discrimination and protect human rights.

11. Sustainable Cities and Communities : We have integrated the value chain resources of electric vehicles (EV) and launched the EV trial programs and sustainable city services:

- 1 By using EVs as company cars and carpool commuting vehicles and driving them for over 2 million km, 550,000 metric tons of CO2 emissions have been avoided.
- 2 Driving a MPV and EV+ electric vehicle for 100,000 km helps reduce 29,000 kg of CO2 emissions compared to a gasoline-powered vehicle.
- 3 We provide EVs as the vehicles for mutual supporting activities in the neighborhood of Sanyi Township.
- 4 We offer EVs as the vehicles for volunteer, recruitment and social care activities.
- 5 Up to 800 public charging stations have been built, with a total of 2,606 charging plugs provided.
- 6 We have smart grid services with utility energy storage system for the emergency of power outage.
- 7 Foxtron Vehicle Technologies, a company that Yulon and Hon Hai founded under the joint venture in 2020, worked with the local intercity bus service providers in Kaohsiung and Tainan to put the Model T electric buses into trial operation in 2022.

12. Responsible Consumption and Production :

- 1 14 models have been certified with environmental labels and energy saving labels.
- 2 100% of waste recycling and reuse rate has been achieved.

13. Climate Action :

- 1 We have obtained the ISO 14001 environmental management system certification.
- 2 The solvent recycling rate reaches 80%.
- 3 The sedimentation filter tank has been additionally included in the leak test of finished vehicles; the wastewater recycling rate reaches 98%.
- 4 A total of 652 energy saving improvements have been made by 26 suppliers, reducing 12,500 metric tons of carbon emissions.

14. Life Below Water :

- 1 The Company has promoted beach cleanups at the coast of Miaoli to conserve the marine ecology.
- 2 450 kg of marine debris was collected through the beach cleanup in Houlong, Miaoli, with 140 kg of which being recyclable.

15. Life on Land :

- 1 Since 2007, the Company has planted over 80,000 saplings inside and outside the Sanyi plant area based on the relevant plan; over 3,000 metric tons of CO2 is estimated to have been absorbed.

16. Peace, Justice and Strong Institutions :

- 1 Our suppliers have received the ISO 14001/OHSAS18001 certification.
- 2 With MFCA, the loss related to raw materials, parts and manufacturing components has been reduced.
- 3 Yulon Motor's ESG website has the sections of "Sustainable Development," "Stakeholders" and "Corporate Governance."
- 4 With relevant hotline, mailbox and employee satisfaction survey, we respect the opinions of employees and ensure smooth communication channels.
- 5 Protecting labor rights, we refuse to use child labor and forced labor.

17. Partnerships for the Goals :

- 1 By sharing the open platform with the strategic collaboration partner, Hon Hai Group, in 2020, we achieved the smart integration of software and hardware, and promoted the development of new energy vehicle industry.
- 2 In 2021, the Company and ADIVA completed the development of i-cargo electric three-wheeled logistics vehicle.

Corporate Sustainability Performances



Governance

- Yulon Motor won the honor of "Top 5% in Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission for the 8th consecutive year.
- The Company received the Global Views Monthly's 2022 Model Award under the category of Remarkable Program—Social Innovation.
- Our corporate governance system has been certified as "Standard" by the Taiwan Corporate Governance Association.
- Our independent directors have accounted for 33.3% of the Board.
- We were included as a constituent of TWSE's 2021 Taiwan Sustainability Index.
- Yulon Motor was presented with the Silver Award for Energy Saving Benchmark by the Ministry of Economic Affairs.
- With the automobile value chain strategic transformation, we engaged in the OEM assembly of ADIVA three-wheeled heavy motorcycle and the manufacturing technology development of energy storage container.

Environment

- The carbon emissions from manufacturing process in 2021 totaled 0.32 metric tons (per vehicle).
- As of 2021, we have updated 303 motors for energy conservation, introduced 18,642 LED lamps and 687 LED factory lamps, adopted 36 AC controllers and 20 heat pumps, and had 9 cases of heat recovery.
- The 7.6MW solar power equipment has been set up for green energy deployment; the generated power has made up 52% of the power consumption.
- The GHG emissions were reduced to 9,981 metric tons in 2021. The water-saving production avoided around 55,290 metric tons of water consumption.
- Up to 14 models have been granted with the energy saving labels of the Bureau of Energy, Ministry of Economic Affairs.
- There were zero occupational fatality and zero non-compliance with regulations.

Employees

- In 2021, the education and training on occupational safety were attended by 459 employees and totaled 2,760 hours.
- In 2021, the average training costs per employee were about NTD 1,490, and the total training hours were 11,970.
- In 2021, the Upoint program has been carried out to enhance the benefits for the employees and create a happy workplace.
- Regarding all the employees as the Company's most essential asset, we are committed to the major goal of being a well-being enterprise. We have been awarded the Work-Life Balance Award by the Ministry of Labor.
- Being an enterprise that incorporates the concept of "home," we take care of the employees wholeheartedly, implementing the "punctual off-duty day", "no-meeting days" and "growth days" every month.

Society

- We promote the preservation of wood carving culture and the training of wood carving talents every year; tens of millions in cash have been devoted so far.
- The Company organizes the Design Camp, Woodcarving Camp and Basketball Summer Camp for the local children to participate in for free.
- In 2021, a total of NTD 385,000 was awarded to over 360 students for the Yulon Sanyi Scholarship.
- Our tourism factory provides a new channel for entertaining education, offers educational visit and consultation opportunities, and serves as a platform for the interaction among enterprises.
- We donated engine demonstration platforms to a technology and vocational school to develop talents for the automobile industry.
- The New Taipei City Long-term Care Transportation Service Project has benefited 18,053 people; 60% of them were wheelchair users. The total distance of the service has reached 96,980 km.
- We have donated 10 Luxgen vehicles and supplies worth NTD 5 million to New Taipei City for pandemic prevention; the value of the donations totaled more than NTD 15 million.
- Yulon Group's Happy Wheel welfare project at South Link has benefited 16,628 local people with a total driving distance of over 640,000 km, achieving a SROI of 15.79.

Recognitions and Honors for Corporate Sustainability

- 2018**
Recognition as an optimal example of social connection innovation in APEC's policy research report.
- 2018**
Social Enterprise Award of BCCT (Joint Award).
- 2018**
Best Practice Awards of the Svayam Accessibility Awards (Joint Award).
- 2018**
Taiwan Excellence Silver Award granted for LUXGEN S5.
- 2018**
Top 13 in the Large Enterprise Category of the CommonWealth's Corporate Citizenship Awards.
- 2018**
Recognition as a constituent of TWSE's Taiwan Sustainability Index.
- 2019**
Corporate governance system certified as "Standard" by the Taiwan Corporate Governance Association.
- 2019**
Top 11 in the Large Enterprise Category of the Common Wealth's Corporate Citizenship Awards.
- 2020**
"Top 5% in the 7th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission for the 7th consecutive year.
- 2021**
Recognition as one of the Top 50 carbon reduction companies from the CommonWealth Magazine.
- 2022**
"Top 5% in the 8th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission for the 8th consecutive year.
- 2022**
Global Views Monthly's Model Award under the category of Remarkable Program—Social Innovation.



About Yulon Motor Co., Ltd.



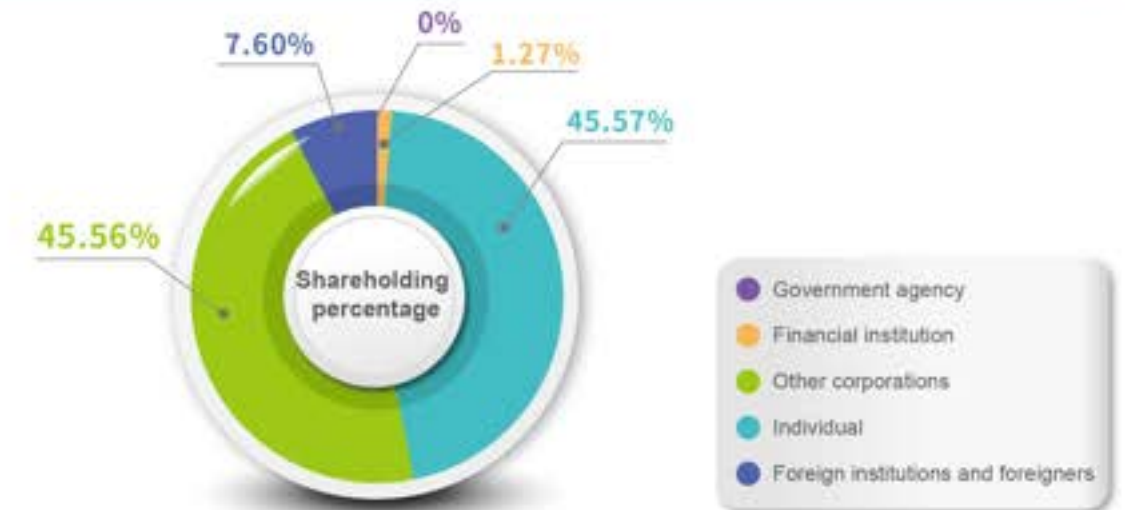
• Company name	Yulon Motor Co., Ltd.
• Headquarters address	No. 39-1, Bogongkeng, Sanyi Township, Miaoli County
• Date of establishment	September 10, 1953
• Chairman	Yen Chen Li-Lien
• Vice Chairman	Tso, Chi-Sen
• President	Zhen-Xiang Yao
• Capital	NTD 10 billion
• Main business	Manufacturing and sales of various automobiles and related parts and components Number of employees
• Number of employees	1,248 people (December 2021)
• Major shareholders	Tai Yuen Textile (18.11%), CMC (16.67%), Yen Tjing Ling Industrial Development Foundation (10.99%)
• Major business items and proportion	Manufacturing and sales of various automobiles and related parts and components, accounting for 95.5% of the business.

• Shareholder structure

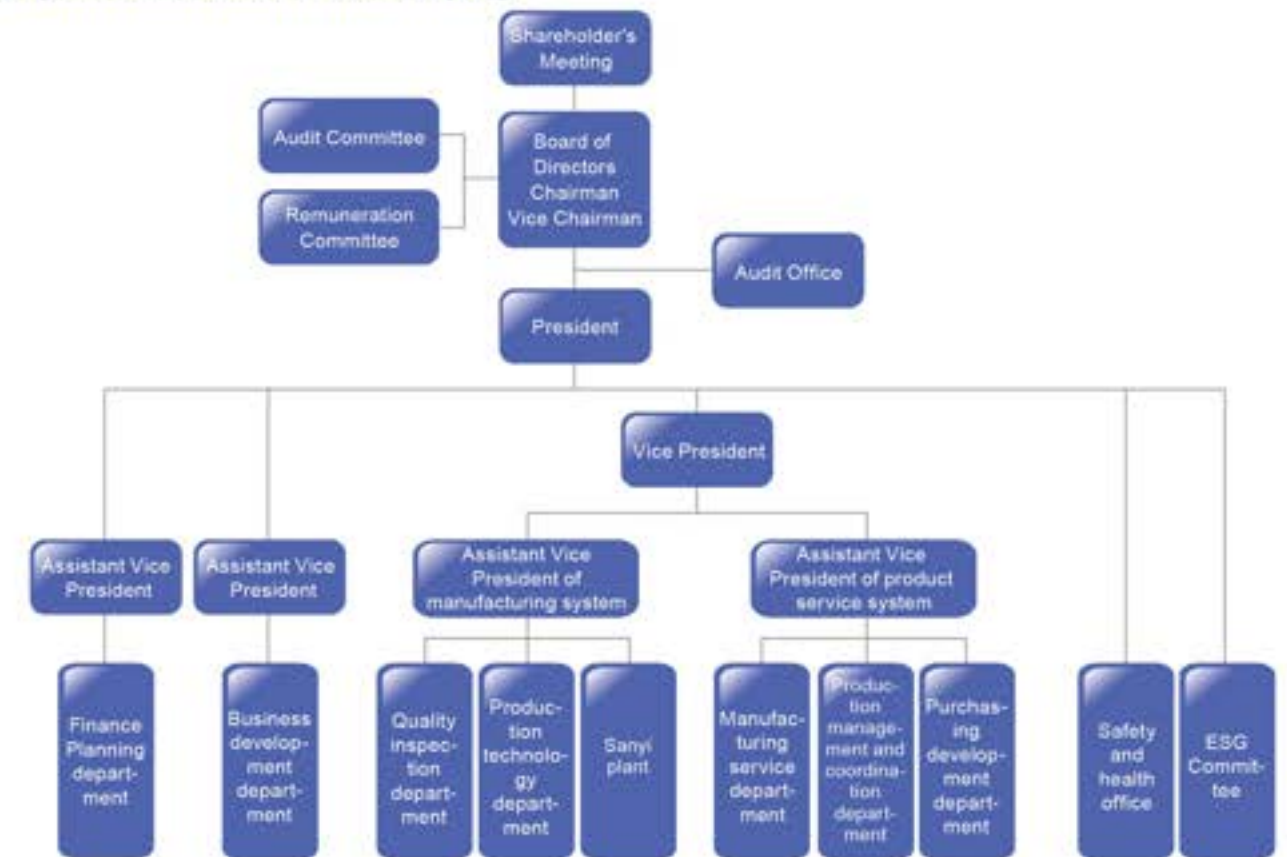
April 19, 2022

Quantity/ Shareholder structure	Government agency	Financial institution	Other corporations	Individual	Foreign institutions and foreigners	Total
No. of People	4	15	238	110,226	224	110,707
Number of shares held	41	12,714,234	455,747,148	455,587,324	75,951,253	1,000,000,000
Shareholdings (%)	0.00	1.27	45.57	45.56	7.60	100.00

Shareholding percentage by Mainland China investors: 0%



• Organizational chart of the Company



Scope of the business

Utterly devoted to the development of the self-owned brand, LUXGEN, Yulon Motor has been making continuous efforts to enhance the product performance and technologies of LUXGEN to secure the long-term product competitiveness. Upgraded and new models have been successively launched, and differentiated and quality products have been introduced, in order to satisfy the diverse customer demands. With our production base currently located in Sanyi, Taiwan, the Company will continue to optimize automotive integration and smart manufacturing undertakings, thereby creating smart manufacturing value.

Yulon Motor's first and foremost task is to integrate existing new energy vehicle R&D and production technology, cultivate green energy businesses, and focus on the development of new energy vehicles. At the same time, the renewable energy use ratio of the plant will also be enhanced, thus further achieving carbon neutralization. Moving towards electrification, intelligentization, networking and sharing, the Company endeavors to combine external cooperation resources and carry out resource allocation and business layout in conjunction with the new trend, so as to move from the pragmatic transformation phase to the new step of transformation and upgrade.



Major products



NISSAN passenger car segment

- 370Z series: Seven-speed manual sports car.
- GT-R series: VR38 high-performance twin-turbo engine sports car.
- JUKE series: DCT dual clutch transmission SUV.
- TIIDA series: 5th-generation X-CVT sedan.
- SENTRA series: 5th-generation X-CVT sedan.



- X-TRAIL series: 4th-generation X-CVT RV.
- KICKS series: 5th-generation X-CVT RV.
- ALTIMA series: VC-Turbo variable compression ratio turbocharged engine sedan.
- LEAF series: Lithium battery sedan.



INFINITI
EMPOWER THE DRIVE

INFINITI passenger car segment

- Q50 series: VC-Turbo variable compression ratio engine sports car.
- Q80 series: V8 twin-turbocharged engine sports car.
- QX50 series: VC-Turbo variable compression ratio engine RV.
- QX55 series: VC-Turbo Japanese luxury coupe.
- QX60 series: Naturally aspirated V8 engine RV.



LUXGEN passenger car segment

- URX series: Twin-turbocharged engine multi-purpose vehicle.
- U6 GT series: Brand-new Aisin 3rd-generation intelligent six-speed automated manual transmission SUV.



Corporate Governance



1.1 Corporate Governance Structure



1.1 Corporate Governance Structure

1.2 ESG Structure

1.3 Key Corporate Sustainability Performances

1.4 Risk Management

1.5 Business Development

1.6 Management and Engagement of Stakeholders

Yulon Motor believes that "people" are the main reason why a company exist. Individuals in small groups, countries or even the whole world are always related to each other and improve together. Hence, the concept of "people, vehicle, life" is our corporate spirit in the face of the trend of internationalization. To ensure that, we need all our employees to espouse the Company's business philosophy of "satisfying the customers, contributing to society, and creating values" and stick to the 1st corporate culture of "innovation, speed and team" so that the common vision of becoming the leader in the automobile value chain of the Chinese market can be achieved.

1.1 Corporate Governance Structure

1.1.1 Board of Directors

• Organization of the Board of Directors

An autonomous and robust Board of Directors is fundamental to the corporate governance. Yulon Motor continuously strengthens the operations of corporate governance and values the rights of shareholders; the total shareholding ratio of all the directors is subject to the regulations specified by the securities management authorities. Regarding the directors' compliance with the interest avoidance, 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.

The composition of the members of Yulon Motor's Board features diversity, professionalism and complementarity; the members communicate rationally for the interests of corporate sustainability and build up a broader picture for operational decision-making. With the core value of "integrity" adopted throughout all the levels of the Company, we have established a comprehensive risk management system and abided by laws and regulations when engaging in the business activities, thereby ensuring the tenacious business and unceasing growth of Yulon Motor.



Yulon Motor's Board of Directors consists of nine members with extensive management experience in the industry and academic experience. The nine members include six directors and three independent directors; the three independent directors are: Mr. Yi-Hong Hsieh, an adjunct professor in the College of Management, National Taiwan University with the expertise in the area of legal affairs; Mr. Yen-Chin Tsai, a professor in the Department of Accounting, National Taiwan University; and Mr. Zhongqi Zhou, a professional consultant on telecommunication. The composition of Yulon Motor's Board of Directors does not take gender into account. There is one female member, and the male members account for 89% of the Board.

• The Function of the Board of Directors

In order to protect the interests of the stakeholders more comprehensively, the regular shareholders' meeting is held once a year as per the regulations, and the board meeting is convened once a quarter. An interim meeting may be organized if necessary. The directors take the initiative when participating in discussions of agendas where their individual interests or the interests of the organizations they represent are involved by making the declaration during the meeting and refrain from taking part in the discussion and voting according to the Procedure for Board of Directors Meetings. Additionally, they may not vote as proxy on behalf of other directors. In the most recent year, Yulon Motor has convened six board meetings. The attendance of the directors and independent directors is shown below.

Title	Name	Number of attendance in person	Number of attendance by proxy	Attendance in person (%)
Chairman	Representative of Tai Yuen Textile Co., Ltd.: Yen Chen Li-Lien	6	0	100%
Vice Chairman	Representative of Tai Yuen Textile Co., Ltd.: Tso, Chi-Sen	5	0	100%(Note)
Director	Representative of China Motor Corporation: Shin-I Lin	6	0	100%
Director	Representative of China Motor Corporation: Liang Zhang	6	0	100%
Director	Representative of Yen Tjing Ling Industrial Development Foundation: Jack, J.T. Huang	6	0	100%
Director	Representative of Yen Tjing Ling Industrial Development Foundation: Zhen-Xiang Yao	6	0	100%
Independent Director	Yi-Hong Hsieh	6	0	100%
Independent Director	Zhongqi Zhou	6	0	100%
Independent Director	Yen-Chin Tsai	6	0	100%

Note: The Vice Chairman, Tso, Chi-Sen, took office in February 2021 and is thus not included in the calculation basis of the actual board meeting attendance in January.

- Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.
- The recusal of the directors from agendas that involved a conflict of interest. (Specify the names of the directors, the content of the agendas, reason for recusal, and the participation in voting): The Company has established the "Procedure for Board of Directors Meetings," which stipulates the terms of recusal of directors from agendas involving conflict of interest, and has handled the matters in accordance with the relevant regulations.

• Election of the Board of Directors

The candidate nomination system is applied to the appointment of the members of Yulon Motor's board, with the members elected by shareholders from among the nominees listed in the roster of director candidates. All the members have a term of three years; the term of service may be renewed if they are re-elected. The independent directors of the board are also elected using the nomination system, in which shareholders elect from the list of nominated independent director candidates. The qualification, shareholding, restrictions on concurrent employment, methods of nomination and election, and other matters for compliance for independent directors are all subject to the requirements of the securities management authority. Since 2013, Yulon Motor has appointed two independent directors at the regular shareholders' meeting as per Article 14-2 of the Securities and Exchange Act. In 2019, one independent director was additionally appointed during the 16th director re-election at the regular shareholders' meeting. Hence, there are three independent directors. Moreover, the Audit Committee has been established in place of the supervisor system with a view to strengthening the board functions and enhancing the effectiveness of corporate governance.

• Board Diversity and Independence:

1. Board diversity

We advocate the board diversity and respect the policy to strengthen corporate governance and consolidate board structure, in the belief that the diversity will help improve our overall performance. The appointment to board seats are based on the professional competence, with complementary capabilities across industrial domains, while the criteria consist of basic profiles (such as age, gender, nationality), industry experience and related skills (such as business administration, financial accounting, legal consulting, auto industry operations), as well as business judgment, operational management, leadership and crisis handling. In strengthening the board functions to achieve the corporate governance objectives, Article 20 of the Company's "Code of Corporate Governance" explicitly stipulates that the board of directors should have the following capabilities as a whole: (1) business judgment ability, (2) accounting and financial analysis ability, (3) operational management ability, (4) crisis handling ability, (5) industry knowledge, (6) global views, (7) leadership, and (8) decision-making ability. The current policy of the Company's board diversity and the implementation status thereof are as follows:

The nine directors (three independent) of the 16th 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 Directors 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 Yi-Hong Hsieh are competent in legal affairs, and Director Liang Zhang and Independent Directors Zhongqi Zhou and Yen-Chin Tsai are experts in economic financing. The 16th board has 33% of the members with financial expertise, and 22% with legal compliance professionalism. The average term of office of our board directors is 9 years. Among them, Independent Director Yi-Hong Hsieh has been in the office for 8 years. All the independent directors are in consecutive terms of no more than three times. All the board members are ROC nationals, with the three independent directors accounting for 33% of the total board seats. Regarding the age distribution of the board members, two directors are aged over 70, six aged 60-69, and one aged below 60. In addition to the above profile features, the gender equality is equally important in the board composition. The current board includes one female member, accounting for 11% of the total board seats, and adding a higher proportion of female directors will be an objective to achieve in the future.

Criteria Director name	Basic composition			Tenure of independent directors		Industrial experience					Professional capabilities			
	Nationality	Gender	Age	Less than 3 years	6-9 years	Automobile Manufacturing	Financing	Textile manufacturing	Electrical Engineering	Electronic Engineering	Business administration	Financial accounting	Legal consulting	Automobile industry operations
Yen Chen Li-Lien Chairman	R.O.C	Female	51-60 years old	-	-	V	V	V			V			V
Tso, Chi-Sen Vice Chairman	R.O.C	Male	61-70 years old	-	-	V	V				V			V
Shin-I Lin Director	R.O.C	Male	71-80 years old	-	-	V			V		V			V
Liang Zhang Director	R.O.C	Male	71-80 years old	-	-		V				V	V		
Jack, J.T. Huang Director	R.O.C	Male	61-70 years old	-	-	V				V	V		V	
Zhen-Xiang Yao Director	R.O.C	Male	61-70 years old	-	-	V	V				V			V
Yi-Hong Hsieh Independent Director	R.O.C	Male	61-70 years old		V								V	
Yen-Chin Tsai Independent Director	R.O.C	Male	61-70 years old		V					V		V		
Zhongqi Zhou Independent Director	R.O.C	Male	61-70 years old		V					V	V	V		

2. Board independence

The board of the Company is committed to persistently assessing the independence of directors, taking into account all relevant factors, including whether the directors concerned are able to continuously raise constructive proposals 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. The conducts of all the independent non-executive directors have manifested the characteristics as expected under appropriate conditions. Based on the review by the following criteria, all the independent non-executive directors are believed to be independent of the corporate operations.

• 1. Highlights of the communication between independent directors and internal audit officers

Date	Highlights of the communication
2021/3/24	<ol style="list-style-type: none"> Report on the implementation of audit works from December 2020 to February 2021 2020 Report on implemented "Measures for the Administration of Distributors in Mainland China" Report on the subsidiary's returning vendors' gifts Discussion and communication between audit officers and independent directors
2021/5/12	<ol style="list-style-type: none"> Report on the implementation of audit works from March to April 2021 Execution of reports required by laws Audit of overseas subsidiaries Discussion and communication between audit officers and independent directors
2021/8/4	<ol style="list-style-type: none"> Report on the implementation of audit works from May to July 2021 Amendment of subsidiary approval authority Audit of overseas subsidiaries Discussion and communication between audit officers and independent directors
2021/11/10	<ol style="list-style-type: none"> Report on the implementation of audit works from August to October 2021 Publication of violation patterns and letter contents Audit of overseas subsidiaries Discussion and communication between audit officers and independent directors

• 2. Highlights of the communication between independent directors and CPAs

Date	Highlights of the communication
2021/3/24	<ol style="list-style-type: none"> CPA report on 2020 financial statements Scope of group audit and computer audit Audit result of 2020 individual and consolidated financial statements
2021/5/12	<ol style="list-style-type: none"> CPA report on 2021 Q1 financial statements
2021/8/4	<ol style="list-style-type: none"> CPA report on financial matters for the first half of 2021 Analysis of CFC key points applicable to for-profit undertakings
2021/11/10	<ol style="list-style-type: none"> CPA report on 2021 Q3 financial statements Planning of annual audit of financial statements Identification of significant risks and key audit items Decree update: Draft amendment to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

1.1.2 Professional Functional Committees

• Remuneration Committee

Established in August 2011 upon the approval of the Board of Directors, the Company's Remuneration Committee consists of three members, namely the three independent directors. The members of the 4th committee were re-elected, and the term of office is from July 1, 2019 to June 30, 2022. 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.

In accordance with the Company's "Remuneration Committee Charter," the Remuneration Committee meeting takes place at least twice a year. In 2021, the meeting was held twice with 100% attendance rate. The Remuneration Committee members assess the remuneration policies and system for directors and managerial officers from a professional and objective position, and provide suggestions for the board as a reference for decision-making.

As of March 31, 2022, the 4th Remuneration Committee met six times (A), and the attendance of the members was as follows:

Title	Name	Number of actual attendees(B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Yi-Hong Hsieh	6	0	100%	Re-elected on 2019/7/1, with legal expertise
Committee member	Zhongqi Zhou	6	0	100%	Re-elected on 2019/7/1, with management and financial expertise
Committee member	Yen-Chin Tsai	6	0	100%	Re-elected on 2019/7/1, with financial expertise

The date and period of the Remuneration Committee meeting in 2021, the content of the motion, the result of the resolution of the committee and the Company's handling of the opinions of the Remuneration Committee:

Remuneration Committee Date	Session of the Remuneration Committee meeting	Summary of the motion	Opinion of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinion
2021/3/24	5th meeting of the 4th Remuneration Committee	The distribution of profit-sharing remuneration to employees and directors for 2020	Approved as submitted.	Presented to the Board of Directors and approved by all attending directors.
2021/11/10	6th meeting of the 4th Remuneration Committee	Proposal for 2021 executive salary adjustment	Approved as submitted.	Presented to the Board of Directors and approved by all attending directors.
		2022 calendar of the Remuneration Committee	Approved as submitted.	Executed as resolved

• Audit Committee

Established in July 2016, the Company's Audit Committee is composed of all the independent directors. The Audit Committee is 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. In accordance with the Company's "Audit Committee Charter," the Audit Committee meeting takes place at least once a quarter, and may be convened whenever it is necessary. Based on the fair and objective professional knowledge and the independence from the Company, our Audit Committee provides suggestions on the financial matters, fund lending, major investment and internal audit control for the board as a reference for decision-making. Please refer to the annual report for the Audit Committee's resolutions. Other functional committees will be progressively set up according to the corporate management plan.

The Audit Committee met six times (A) in the most recent year, and the attendance of independent directors was as follows:

Title	Name	Number of actual attendees(B)	Number of attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	Yi-Hong Hsieh	6	0	100%	Re-elected on 2019/7/1, with legal expertise
Committee member	Zhongqi Zhou	6	0	100%	Re-elected on 2019/7/1, with management and financial expertise
Committee member	Yen-Chin Tsai	6	0	100%	Re-elected on 2019/7/1, with financial expertise

• Audit Unit

Yulon Motor's internal audit unit is subordinate to the Board of Directors. There are two audit officers and several audit personnel; the appointment of the internal audit officers is subject to the consent of a majority of the directors. Since 2014, we have requested all the subsidiaries to let the chairman, president and finance officer sign and approve the statement of internal control, in order to fully implement and enhance the internal control of the subsidiaries as the standards they must stick to and the responsibility they must carry out during daily operations.

In 2021, 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.

Purpose of establishment

- To check and evaluate the effectiveness of the internal control system.
- To measure the effect and efficiency of the operations, and make improvement suggestions in a timely manner.
- To make sure the Company's internal control system continues to work effectively.

Content of execution

- Formulate the annual audit plan to audit the policies of different operations, the effectiveness of processes, and the level of compliance.
- 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.

• Audit of the Subsidiaries

To facilitate the development of the Group, Yulon Group has established the Administration Office, which assists the listed companies of the Group in managing and supervising their subordinate invested companies, and decides the management and decision-making matters to be complied with by the Group through the internal operations and decision-making meetings.

In order to bolster the structure of all the invested companies and boost the management performance, Yulon Group Administration Office helps Yulon Motor with the following audits and guidance related to the enhancement of internal control and risk control as per the instructions of the decision-making meetings.

• Conducting the audit of the subsidiaries

1. Yulon Group Administration Office and the audit unit of Yulon Motor adopt a joint audit model for the audit of the subsidiaries, so as to promote the operational effectiveness of the audit and management of the subsidiaries.
2. An irregular event for the audit officers of different companies subordinate to the Group to exchange audit experience and content is held every year, and external trainers are commissioned to provide education and training on the corporate governance and internal control, etc., for the senior management.
3. Since 2014, all the subsidiaries have been requested to submit statement of internal control to the chairman, president and finance officer for signature and approval, in order to fully implement and enhance the internal control of the subsidiaries as the responsibility they must carry out during daily operations. Note: Based on the 2021 audit plan and risk assessment, two domestic suppliers were audited with a 100% on-site audit rate. Another two suppliers are scheduled to be audited in 2022.



1.1.3 Authorization of Corporate Governance

Yulon Motor has officially incorporated the corporate governance into the agendas of the board meeting since 2014. A dedicated unit regularly compiles information about how the corporate governance has been implemented, and regularly reports to the board and the management on the progress and implementation with regard to the issues related to corporate governance, including internal control, environmental protection, tax, labor, etc. To let the board get the opinions from the stakeholders, the Company also makes a collection through various questionnaires, meetings, publications, websites, etc., and reports the results to the Board of Directors on a regular basis. Furthermore, in order to cope with the society and environment-related issues more rapidly, we not only make regular reports at the board meetings but also have a dedicated team to put forward such issues at the decision-making meetings according to their property and content, promptly responding to the issues concerning the stakeholders under the scope authorized by the Board of Directors.

• Continuing Education for Directors and Supervisors

Yulon Motor's directors take irregular courses on corporate governance, economy, environment and society in compliance with the competent authority's regulations, acquiring new knowledge and moving forward with the global trend of corporate governance. They can not only offer valuable opinions as to the Company's development, but pay comprehensive and adequate attention to the interests of the stakeholders. In 2021, the education received by the directors totaled 60 hours; all the directors abided by the regulations of the competent authority, and the average time of education per person was around 6.67 hours.

Title	Name	Course organizer	Course name	Training hours
Chairman	Yen Chen Li-Lien	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Vice Chairman	Tso, Chi-Sen	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Director	Shin-I Lin	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Director	Liang Zhang	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation; How the Directors and Supervisors Should Supervise Corporate Risk Management and Crisis Management	9
Director	Jack, J.T. Huang	Taiwan Institute of Directors; Taiwan Corporate Governance Association	Corporate Innovation – Subscription of Economy Strategic Thinking; The 2021 Trend of ESG, Sustainable Development and Sustainability Governance	6
Director	Zhen-Xiang Yao	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Independent Director	Yi-Hong Hsieh	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Independent Director	Zhongqi Zhou	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation	6
Independent Director	Yen-Chin Tsai	Corporate Governance Association in Taiwan	Sustainability Governance in Risk Perspective – From Corporate Governance to ESG; The Way to Sustainability – External Innovation; The Impact of IFRS17 on Strategic Planning of Insurance Companies; Changes in Earning Patterns and Performance Evaluation under IFRS17	9

• Procedure of 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. Carried out in accordance with the "Board of Directors Evaluation Measures," the board performance evaluation includes external and self-evaluation. The external evaluation in 2021 was conducted by the Taiwan Institute of Ethical Business and Forensics, which reported the evaluation results at the Company's board meeting. The evaluation focused on "board operation performance," with 24 questions about the four dimensions of the board's professional skills, the board's decision-making efficacy, the board's level of attention to and supervision over internal control, and the board's attitude toward CSR included in the form of 5-point scale. As for the self-evaluation, it covered four dimensions: the operation of the board, the board members, the operation of the Audit Committee, and the operation of the Remuneration Committee. The evaluated aspects for the operation of the board included "participation in the operation of the Company," "quality of the Board of Directors' decision-making," "composition and structure of the Board of Directors," "election and continuing education of the directors" and "internal control"; the evaluated aspects for board members included "participation in the operation of the Company," "election and continuing education of the directors," "internal control" and "understanding of the Company and awareness of the responsibility"; the evaluated aspects for operation of the Audit Committee included "participation in the operation of the Company," "quality of the Audit Committee's decision-making," "composition and structure of the Audit Committee," and "appointment of the members"; the evaluated aspects for operation of the Remuneration Committee included "participation in the operation of the Company," "quality of the Remuneration Committee's decision-making," "composition and structure of the Remuneration Committee," and "appointment of the members." The evaluation results are shown below:

1. External evaluation of the Board of Directors

The external evaluation is conducted once every three years. At the end of 2021, the external board evaluation focused on "CSR" and the average rating was 4.75, with the dimensions of "professional skills" and "decision-making efficacy" having the highest rating (4.78) and "internal control" having the lowest rating (4.74). The next external evaluation is intended to be conducted in 2024. Professional

Skills: 4.78	Description	Average Score	Decision Making Efficacy: 4.78	Description	Average Score
1.1	The number of the Board members was appropriate. The had different capabilities and applied their knowledge and skills in the meeting of the Board of Directors.	4.78	2.6	The Board members could fully discuss the proposals and the motions raised by the independent directors at the meeting. As for major transactions (e.g. merger and acquisition, strategic alliance, and assignment of important assets), the Board members could fully understand the goals and their association with the operational strategies, and kept paying attention to their implementation status after they are adopted at the meeting.	4.78
1.2	New Board members could understand the business status of the Company and the agenda of the meeting quickly with the help of other Board members or related departments. These were helpful for them to participate in the discussion substantively.	4.78	2.7	The frequency to hold a meeting and the duration of each meeting were adequate in terms of the scale and business status of the Company.	4.78
1.3	Board members took continuing education courses and received the latest information on the business environment (e.g. changes of laws and regulations, development trend of the industry, structure of the market, and the information on the competitors and upstream and downstream suppliers). They used these as a basis for the assessment of the Company's operational strategies.	4.78	2.8	All the Board members spent sufficient time handling the matters related to the Board of Directors to fulfill the responsibilities of the directors.	4.78
Decision Making Efficacy: 4.78		Average Score	2.9	The Board of Directors fully understood the reasons for the decisions of the historical proposals and their implementation results and was able to apply previous experiences to the assessment of the decisions in the future.	4.78
2.1	The Company established objective measurement standards in accordance with the "Board of Directors Performance Evaluation Regulations" and conducted at least one performance evaluation of the Board of Directors every year.	4.78	Internal Control: 4.74		Average Score
2.2	The related departments of the Company provided adequate information to the members of the Board of Directors before it held a meeting, and helped the directors who were not managerial officers concurrently understand the business status of the Company, so that they could have an overall picture of all the agendas.	4.78	3.1	The Board members could urge managerial officers to enhance the management of the employees, help them understand the work rules, code of conduct and other regulations related to their duties, and ensure the employees understood their importance.	4.67
2.3	All the Board members discussed the development strategies of the Company adequately and formulated explicit business strategies for the Company after conducting a substantive assessment of the material risks involved, required sources, and expected goals and results. The Board members reviewed these strategies on a regular basis.	4.67	3.2	The Board members viewed the violation of the Company or any employee against laws or regulations seriously and could ensure the establishment and implementation of related audit procedures and handling measures.	4.78
2.4	The Board members discussed with the managerial officers on a regular basis to validate the current implementation status of the business strategies and the assessment of the risk.	4.78	3.3	The Board members could formulate appropriate performance measurement standards for the management in accordance with the business strategies of the Company, and effectively evaluate the performance of	4.78
2.5	The Board members could identify and control the risk involved in each proposal and urge the Company to establish risk management strategies and procedures to ensure adaptation made in a timely and appropriate manner to the changes of the external environment or to any emergency situations.	4.78	3.4	The Company provided the employees with a smooth escalation channel that was helpful for them to report the violations of any employees against laws, internal regulations and code of conduct, or any other disputes occurring among the employees.	4.67
			3.5	Relevant departments of the Company could present reports on the internal control, internal audit, and risk management in accordance with the internal regulations of the Company, and submit them to Board members for reference.	4.67
			3.6	The Board members could fully disclose the conflict of interests in which they were involved at the Board of Directors meeting, and avoid voting during the meeting.	4.69

Corporate Social Responsibility: 4.74 Description	Average Score	Description	Average Score
4.1 The Board members proactively showed their consideration for the issues on the sustainable operations and social responsibilities, and deemed them one of the cores in the business operation of the Company.	4.78	4.4 The Board of Directors could identify the risk issues in the ESG (Environmental, Social and Governance) and other sustainable operations, understand possible response strategies, and supervise the implementation.	4.78
4.2 The Board members urged the Company to implement the policies related to environmental protection and realize the concepts of the sustainable operations.	4.78	4.5 The Board of Directors has established appointment standards and talent training programs for the managerial officer and other important functions of the Company.	4.78
4.3 The Board members urged the Company to enhance the community engagement to fulfill the corporate social responsibility.	4.78	4.6 The Company communicated with external shareholders or stakeholders through appropriate hierarchies and channels, and was able to explain the ESG implementation status of the Company in a proactive manner.	4.56

2. Internal evaluation of the Board of Directors

The internal performance evaluation of the Board of Directors in 2021 was divided into four main dimensions: the operation of the board, the board members, the operation of the Audit Committee, and the operation of the Remuneration Committee. There were a total of 141 questions, and the average rating of these dimensions was 4.96 out of 5. The highest rating went to the operation of the Remuneration Committee (5/5) and operation of the Audit Committee (5/5), while the lowest rating went to the operation of the board (4.87/5); the total score of these evaluated dimensions was 99.2.

(1) Evaluation of the participation of the directors

27 questions about 4 main aspects were included, and the average rating of the aspects was 4.87 out of 5. The aspect with the highest rating was the election and continuing education of the directors (4.94/5), while the lowest rating went to the participation in the operation of the Company (4.81/5) and internal control (4.81/5); the total evaluation score was 97.07.



(2) Evaluation of the operation of the Audit Committee

31 questions about 4 main aspects were included, and the average rating of the aspects was 5 out of 5. All the aspects were given with full score, and the total score here was 100.00.



(3) Evaluation of the operation of the Remuneration Committee

32 questions about 4 main aspects were included, and the average rating of the aspects was 5 out of 5. The aspects of participation in the operation of the Company, quality of the Remuneration Committee's decision-making, composition and structure of the Remuneration Committee, and appointment of the members all had the highest rating (5/5). The total score here was 100.00.



• Evaluation of the Corporate Governance System

The Company commissioned Taiwan Corporate Governance Association (TCGA) to evaluate the Company's corporate governance system. Based on the CG6011 (2017), the review and evaluation focused on six dimensions: "protection of the shareholders' equity," "equal treatment for all the shareholders," "respect for the interests of stakeholders and CSR," "transparency and disclosure," "fulfillment of board responsibilities" and "culture of corporate governance: ethical, responsible and sustainable management." The domestic and foreign best corporate governance principles and practices were taken as the reference for the evaluation, including the corporate governance principles of OECD, the ASEAN Corporate Governance Scorecard, the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies in Taiwan, and the QCA Code in the UK (Corporate Governance Code for Small and Mid-Size Quoted Companies announced by Quoted Companies Alliance).



• Recognition from the Evaluation of Taiwan Corporate Governance Association

Our corporate governance system has been certified as "Standard" by the Taiwan Corporate Governance Association, making us one of the only two non-financial insurance companies among the 13 companies that have received such a certification. As corporate governance helps increase the management quality of a company and create corporate value, bolstering the corporate governance has not only been

• Recognition from the Corporate Governance Evaluation for Listed Companies

The Company has been recognized as one of the top 5% listed companies for eight consecutive years in TWSE's Corporate Governance Evaluation.



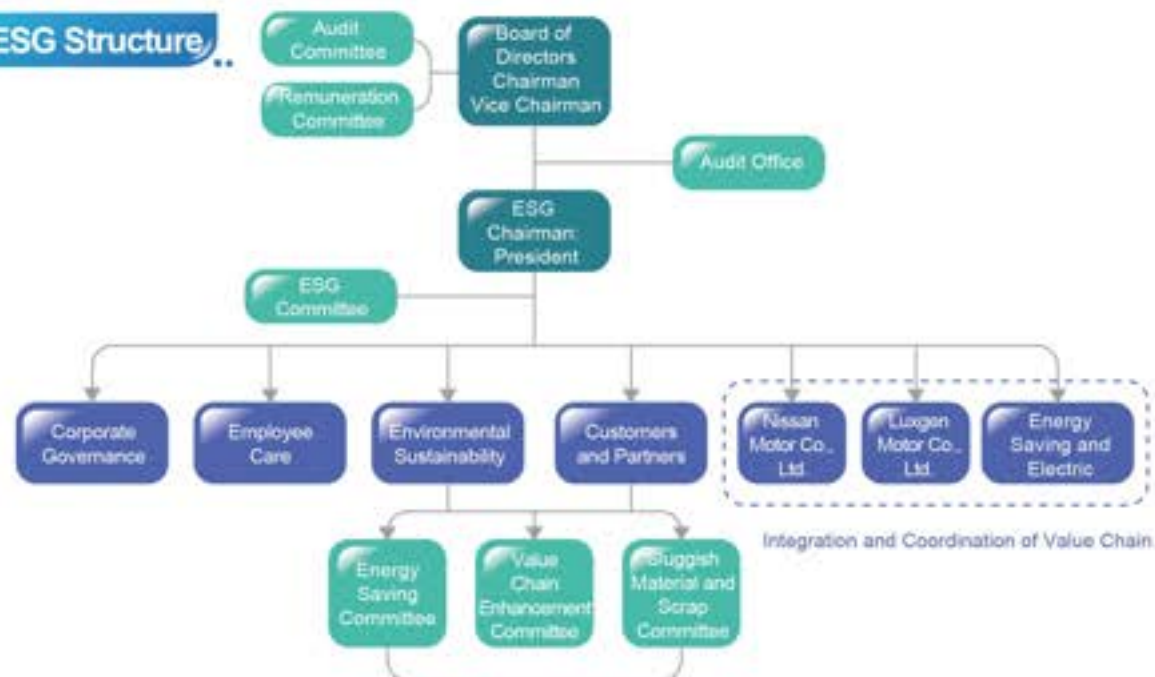
1.1.4 Implementation of and Recognition for Corporate Governance

With the spirit of ethical and sustainable management, Yulon Motor places emphasis on CSR, highlighting the transparency of financial performance information and fully disclosing its non-financial performance information. To keep pace with the international trend regarding corporate governance and respond to the social attention to the issues in recent years in Taiwan, the "Corporate Social Responsibility Best-Practice Principles" was established upon the approval of the Board of Directors on May 9, 2014 and amended on November 7, 2016. The principles are disclosed on the Company's official website, and the relevant implementation results are reported to the board.

In addition, with our amendment to the "Corporate Social Responsibility Best-Practice Principles" on November 7, 2016, the diversity of the board composition, improvement of the board performance evaluation, and suggestion on establishing whistleblowing channels and protection system, etc., have been included in the scope. With the efforts of unceasingly enhancing the corporate governance performances, effectively performing the function of the board and the functional committees, protecting the shareholders' equity and pursuing corporate sustainability, the Company has been recognized as one of the top 5% listed companies for eight consecutive years, from 2014 to 2021, in TWSE's Corporate Governance Evaluation.

In order to increase the transparency of information, the Company always announces the important resolutions on the Market Observation Post System in a timely manner after a board meeting has been held. Meanwhile, relevant regulations and information are updated on the Company's website to protect the shareholders' equity and promote the stakeholders' understanding of and approval for the Company. To make inquiries, please visit the Market Observation Post System (MOPS) and Yulon Motor's website (www.yulon-motor.com.tw).

1.2 ESG Structure



1.3 Key Corporate Sustainability Performances

• Overview of 2021 Management Performances

Economic dimension	2019	2020	2021
Consolidated revenues (NTD 100 million)	856	828	780
After-tax earnings (NTD 100 million)	(245)	27	47
EPS (NTD)	(16.81)	2.8	4.82
Asset-liability ratio (%)	82%	78%	78%
Long-term capital to fixed assets ratio (%)	165%	282%	272%
Return on assets (%)	(8%)	2%	3%
Return on shareholders' equity (%)	(35%)	8%	11%
Income tax expense (NTD 1,000)	1,096,329	883,986	1,955,493
R&D expenditure (NTD 1,000)	803,572	1,364,120	360,377
R&D expenditure to expenses ratio (%)	2%	7%	2%
Expense of public welfare donation (NTD 10 million)	1.1	12.4	4.4

Note: Note: The expense of public welfare donation came from the individual financial statement of Yulon Motor; the consolidated entity is not included.

• Brand Sales and Financial Performance

The 2021 overall sales of Taiwan's auto market reached around 449,000 vehicles, among which the two main brands of Yulon Motor, NISSAN and LUXGEN, held a market share of 7.3%. Looking forward to 2022, with the easing of the pandemic, the steady economic recovery and the supply of homemade cars more stable than that of imported cars, as well as the optimistic view of the overall domestic economy, the local car market is estimated to have a scale of 436,000 cars sold for the whole year. Meanwhile, the Mainland China market already had 26.27 million cars sold last year and is expected to reach about 27.5 million cars sold this year. This year, the Company will actively strengthen its business structure, continue to innovate its operation model, create opportunities amidst challenges, and pursue stable business growth.

Financial performance:

In terms of Yulon Motor's profitability in 2021, the Company's net operating profit amounted to NTD 1.043 billion. The net profit after tax amounted to NTD 4.716 billion, and the earnings per share after tax was NTD 4.82. This shows that under the main strategy of the Company's pragmatic transformation, the Company has improved its business constitution through financial structure adjustment, and has been committed to enhancing operating efficiency and the Company's profitability. The important figures of the consolidated financial statements are shown below:

Unit: NTD 1 million

Year/item	Operating revenues	Net operating profit	Net profit after tax (attributable to the parent company)
2019 年	85,801	-30,739	-24,465
2020 年	82,598	-1,218	2,739
2021 年	78,048	7,136	4,716

1.4 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 auditing items in the annual audit plan based on 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.) procedure to track improvements.

• Risk Management Promotion Task Force

For the purpose of reinforcing the corporate governance and the ability to respond to risk events, the Risk Management Promotion Task Force meeting is convened every quarter to stay on top of the risks and implementation effectiveness of risk control; the operations of risk management are reported to the Board of Directors on an annual basis.

• Risk Management Policies:

- 1 With corporate sustainable management and social responsibility as the focus, set up a corporate risk management mechanism to provide appropriate risk management for all the Company's stakeholders.
- 2 Perform risk assessment beforehand and develop crisis handling procedures and recovery plan for the material risk events, in order to reduce the severity of the impact on the operations.
- 3 Continuously improve the risk management mechanism and shorten the response time to enhance the integrity of risk management and the effectiveness of risk control.

• Scope of Risk Management:

External risks	Environmental risks	Responses to the laws and changes therein	CAFÉ, Euro 6, ban on the sales of gasoline cars
		National policy development	ECFA, commodity tax exemption, energy saving and carbon reduction, green power, EV
		Industrial technology innovation or market changes	Tariff adjustment, falling market share of domestically produced cars, IoT, AI, increase in capital expenditures
	Geopolitics	Cross-Strait relations, India-China relations	
Hazard risks	Natural disasters	Typhoon, drought/flood, lightning strike, fire	
	Climate change	Global warming, extreme weather	
	Pandemic	COVID-19, influenza	
Internal risks	Operational risks	Productivity	Personnel/machines/materials/regulations, supply of parts
		Changes in customer demand	M-shaped consumption, aging society, sub-replacement fertility
		Information security	Malware, network intrusion, password cracking, data theft, illegal (pirated) software
		Human resources	Provision of human resources, cost of workforce, structure of human resources
	Financial risks	Corporate image	Goodwill, litigation, CSR, environmental protection, industrial/occupational safety, labor-management relationship
		Systematic risks	Interest rates, exchange rates, inflation/deflation, taxes
		Non-systematic risks	Cash flow risk Financial leverage, investment in financial instruments Strategic investment

Operational Risk Management

The finance planning department of Yulon Motor takes charge of the planning, objectives and operational plans of the Company's business strategies, manages operating capital and provides financial analysis, handles accounting, stock affairs, taxation and human resources management, provides management with fast and effective operational management information, and reduces corporate risks through strict control and regular updates on technological changes, industry trends, and important domestic and international policies and laws. The department also supervises 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.

Production risk control

To keep up with the rapid changes in the global pandemic, Yulon Motor adopts the business philosophy of "satisfying the customers, contributing to society, and creating values" to continuously make adjustments and bolster the corporate structure. We will ensure a comprehensive risk control based on "innovation, speed and team" so that the Company's operation goals can remain and the best interests of customers and stakeholders can be protected in spite of the disasters and impacts.



Foreign exchange risk management

In terms of the foreign exchange risks, the Company has established a foreign exchange hedging operation group to be responsible for foreign exchange hedging operations in order to reduce the risk of exchange rate changes. We have an exchange rate risk sharing measure with Nissan Motor Co., Ltd., a major material supplier, to ensure stable and reasonable material supply prices. In addition, in order to reduce foreign exchange requirements and material prices, we also set annual targets for domestic procurement of parts.

Climate risk management

In response to the risks stemming from climate change, the global trend of environmental protection, and the overall national strategies for GHG reduction to reach the sustainable development goal of energy saving and carbon reduction, the Company has been conducting internal GHG inventory on an annual basis since 2005 in compliance with the government policy, in order to keep track of the GHG emission status and thereby develop improvement measures. Aside from taking energy saving and carbon reduction actions, updating equipment and increasing the energy efficiency, we have successively established the "Energy Saving Service Group," "Energy Saving Committee" and "Value Chain Committee of Third-Party Suppliers," since 2012 to extend the scope of measures to the external suppliers and share the techniques as well as experience with them for joint environmental protection. Also, green procurement, green process development and green product R&D have been promoted in an active manner to reach the goal of reducing CO2 emissions.

In the face of the climate change risk management, Yulon Motor has proactively enhanced the energy efficiency of equipment, implemented energy conservation and waste heat recovery, and kept in line with the relevant government measures. The main responses are described in short as follows, with more detailed information disclosed in Section 2-1.

01 Low-carbon EV development

In order to promote the responsibility of "loving the earth via environmental protection" as a global citizen, countries around the world have been devoted to the carbon reduction plans, and "electric vehicles" have thus become the next momentum of growth of the automobile industry. In recent years, with Taiwan government's promotion of the "four emerging smart industries," including cloud computing, smart EV, smart green buildings, and industrialization of invention patents, the EV industry has officially been included as one of the key focuses.

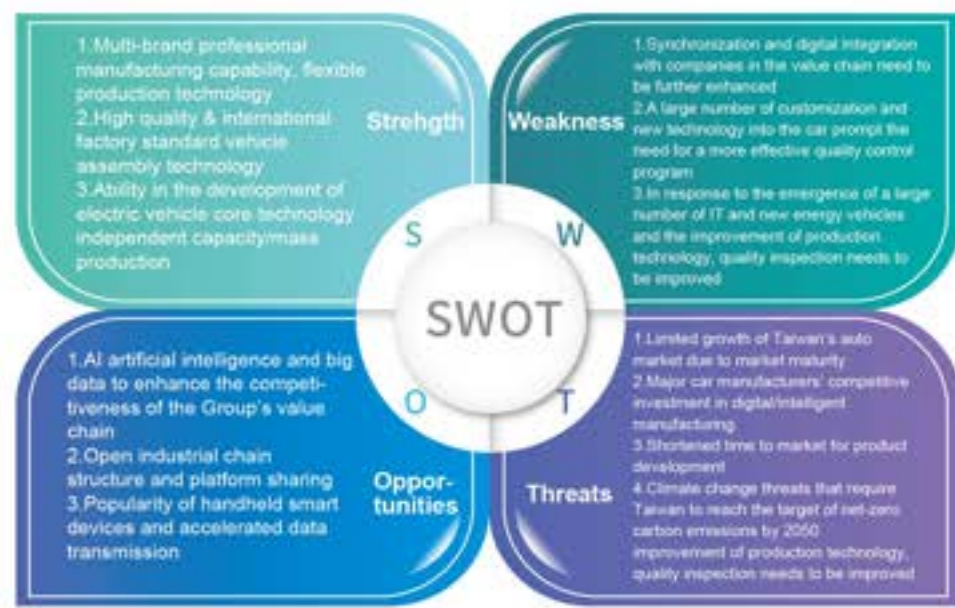
As a farsighted company, we founded the Hua-Chuang Automobile Information Technical Center Co., Ltd. in December 2005 to ring ourselves in the R&D of electric vehicles. With the efforts of the team in Hua-Chuang Automobile Information Technical Center, various relevant technologies have been integrated; the energy saving and green LUXGEN EV+ with high performance and efficiency has been accordingly developed. In 2020, the Company jointly founded Foxtron Vehicle Technologies Co., Ltd. with Hon Hai. We aim to launch a new business model with open platform and sharing in the global automobile industry through Foxtron Vehicle Technologies, combining both parties' complementary advantages of vehicle R&D and ICT industry resources to provide overall solutions for the target customers in the world.

02 Management of GHG reduction, energy saving and carbon reduction

Yulon has joined the GHG inventory of the Bureau of Energy, Ministry of Economic Affairs, and adopted voluntary emission reduction plans and measures since 2005. Currently, besides continuous investment in the equipment that helps cut GHG emissions, we have also kept on implementing energy saving research plans to reduce the carbon emissions per product.

03 Carbon emission disclosure

The management and disclosure of carbon emissions and the related communication have become more and more important. The Company has performed GHG emission inventory and implemented reduction plans for years, and has actively disclosed the results in this report and on the Company's website, etc.



Safety and health risk management

Serving as the coordination and management center, the "Safety and Health Office" places importance on and takes charge of the implementation of risk management. Safety and health audits are conducted by the president, plant manager, managers, and department heads through regular TOP on-site inspections to discover potential risk conditions and to identify opportunities for improvement in advance to avoid risks. The Safety and Health Office will be responsible for tracking, statistics and management of the defects inspected, report the implementation status to the president for confirmation, and follow up the status until they are completely improved. In addition to the Company's internal safety audits, the scope of audits has been expanded to include the eight external suppliers since 2015, and the "Value Chain Committee of Third-Party Suppliers" project has been established to evaluate, guide, track and request the suppliers' implementation of safety audits, and to report the improvement progress of each supplier to the president at the monthly promotion meeting and the meeting of environmental safety month to ensure that there are no risk incidents inside or outside the Company.

Information risk management

1. Information security policies

Compliance with the information security management system: The Company has established relevant internal operation regulations in accordance with Article 9, "Computerized Information System Processing," of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" in order to reduce the risk of unknown information security threats arising from emerging information technology applications and environmental changes.

Information security management strategy					
Composition and structure of information security management	Education, training and dissemination	Information security management organization			Information security documentation
		Risk management	Incident management	Work management	
		System operation monitoring			
		Continuous improvement			

- Yulon Motor continues to improve its governance system and defense capabilities of information security. All information operations must comply with not only the information security standards and procedures, but also the information security laws and regulations.
- We have followed the Group's "Information Security Development Blueprint" since 2017 to make progressive improvements, and completed the plan of "Information Security Risk Internal Control Management Measures" in 2018 to adequately implement information security risk management. In response to Yulon Group's transformation, the classification of three information security elements (confidentiality, integrity and reliability) has been adopted based on the context of "full openness, customer diversity, and resources sharing for larger scale/lower costs" since 2019. In the past, the plant focused on the reliability of services (stable/uninterrupted use). In 2021, the enhancement of protection against "confidentiality risk" has been accentuated; with data leakage prevention and trade secret file management as the scope, we upgraded the information security level to keep in line with the technology/international industry for the prevention of sensitive data leakage.

2. Information security risk management framework

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.



The PDCA cycle is adopted for the operation of the organization to ensure the achievement and constant improvement of the reliability target. 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.
 - (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 and impacting Yulon Motor's sustainable operations.
 - (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.

3. Damage control emergency response.

• Planning of information security in the past

To reinforce the overall information security, a number of projects have been carried out in 2019-2021, 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/ITSM) enhancement," "portable storage device control," "email system optimization," and "trade secret file management."

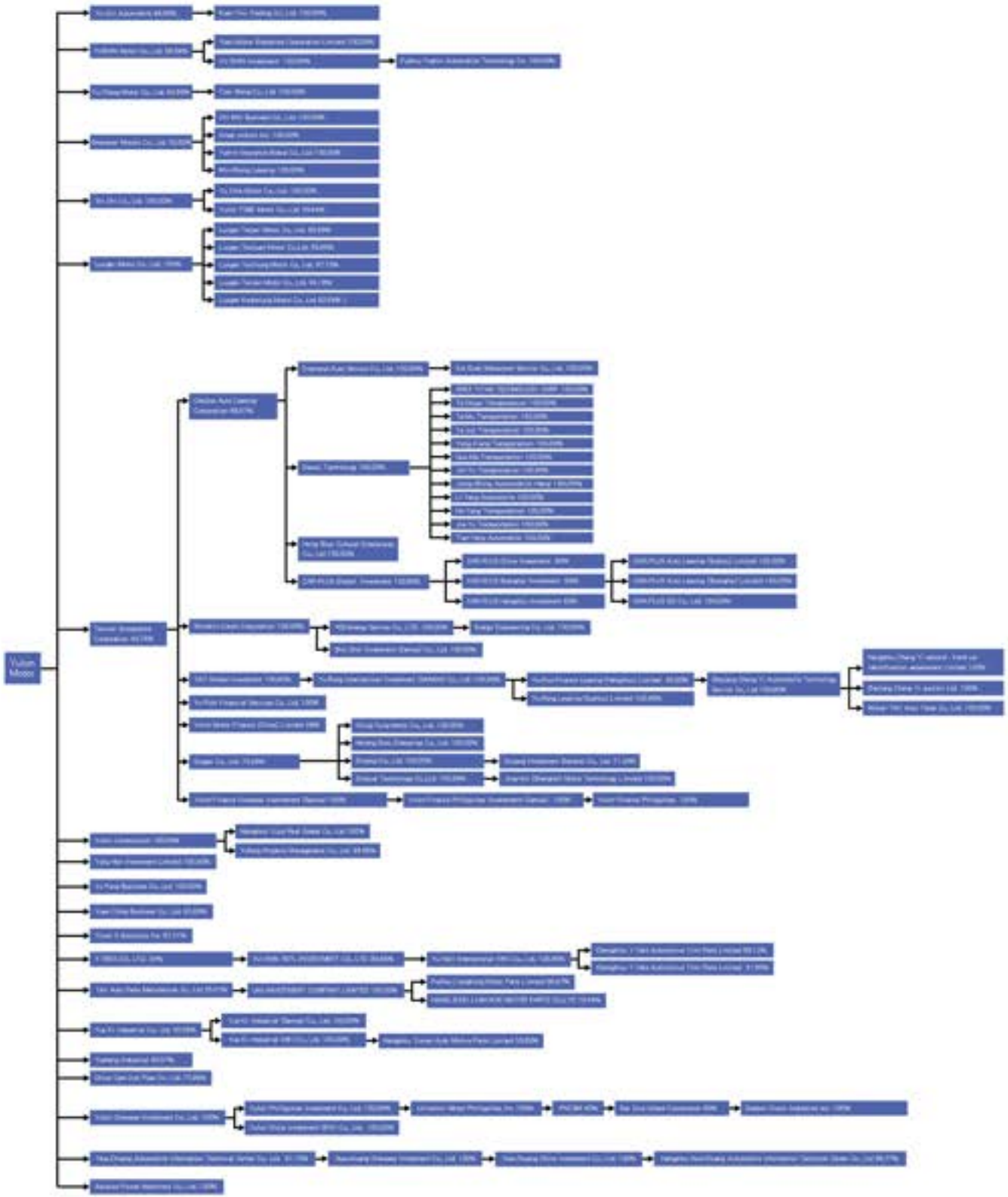
• Planning of information security for the future

We have planned the 2022-2024 blueprint of "Information Security Risk Internal Control Management Measures" to steadily promote the overall medium to long-term information security strategies covering infrastructure information construction, smart manufacturing protection, and information security training. To cope with the increasing information security threats and attacks in the industry in recent years, the Company has joined the TWCERT/CSIRT in the first half of 2022 to share the defense information with others, and planned to appoint a chief information security officer as per the competent authority's instructions for tier-1 listed companies (in progress). 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 (BCM).

1.5 Business Development

• Invested Affiliates (Please refer to Yulon Motor's 2021 Annual Report)

With an eye to implementing investment plans effectively and thereby achieving the objectives and effectiveness of the investment plans, Yulon Motor has formulated the "Invested Company Control Guidelines." Up to the end of 2021, Yulon Motor had a total of 170 invested companies, 71 in Taiwan and 99 overseas. The amount of investment based on the equity method was around NTD 28 billion in 2021.



• Productivity and Performance Indicators

Year/Item	Yield (vehicle)	Output value (NTD thousand)	Sales volume (vehicle)	Sales value (NTD thousand)
2019	37,727	15,613,144	42,721	29,193,941
2020	37,929	16,472,125	39,443	27,094,524
2021	30,460	13,858,110	31,928	22,637,485

Production volume & value and sales volume & value in the last three years

• Major Capital Expenditures in the Recent Three Years

Program	Actual and expected funding source	Actual and expected completion date	Total fund required (NTD thousand)	Actual or expected uses of funds (NTD thousand)		
				2019	2020	2021
Expansion of machinery and equipment	Self-owned capital	2024.12.31	803,337	152,714	77,310	48,588
Production equipment	Self-owned capital	2024.12.31	1,810,502	188,641	147,237	468,886
Environmental protection equipment	Self-owned capital	2024.12.31	17,192	2,518	2,143	3,085
IT equipment	Self-owned capital	2024.12.31	52,872	3,180	20,712	5,961
Quality assurance equipment	Self-owned capital	2024.12.31	254,895	51,390	43,443	29,645
Construction and maintenance	Self-owned capital	2024.12.31	5,540,231	595,296	1,734,528	1,722,734

1.5.1 Direction of Future Development

• Short-term Business Development Plans

1. Automobile value chain strategic transformation:

- (1) Light asset and efficiency: By opening up the vehicle platform and R&D energy, competing for diversified customers, sharing resources and sharing scale, and reducing R&D and operating costs, the Luxgen brand is operated in a light asset mode, integrating functional units of the value chain and improving operating 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 orders from domestic and foreign customers and promoting its professional OEM services.

2. Multi-brand manufacturing:

In addition to the production and sales for the OEM brands of NISSAN and INFINITI, the cars of self-owned brands including LUXGEN M7/U7/S5/U6/S3/V7/U5/URX have been launched since 2009 to consolidate the local market based on the "people-oriented" mindset and the commitment to creating product lines that are friendly to all ages. Besides the advanced deployment for the aging society, aiming at offering more diverse car choices and considering the needs for self-drive tours and commuting in the post-pandemic era as well as people's growing awareness of car safety, URX 5+1 LOHAS, URX 7-seater ARD, U6 AR, URX ADAS cruise and gentleman models were successively launched in 2020 and 2021 to fully meet the needs of the new generation car users. To have more complete and mature product lines, improve the utilization of production capacity effectively and reduce the manufacturing cost, we will continuously make use of the resource sharing of Yulon Group's whole value chain, so that the consumers can have a variety of choices with quality beyond expectations.

3. Increase the satisfaction level of manufacturing services:

Yulon Motor is a professional manufacturer for many brands. In order to meet the needs of multi-brand business, Yulon Motor strives to improve the manufacturing quality, cost, delivery time and service satisfaction and provide customized services as well as the most competitive manufacturing quality for each brand, so that the brand companies, Yulon Motor and consumers can create a win-win-win situation and Yulon Motor can be the best professional automobile manufacturer in both sides of the Taiwan Strait.

4. Activation of asset utilization:

For the development of Xindian Yulon City, the construction of the commercial area base started smoothly in October 2017. The design was changed in October 2019 to eliminate the residential part and retain only the shopping mall space; the leasing of the main floors has been completed, and the license has been obtained in the first quarter of 2022. The official opening is expected to be in the first half of 2023.

5. Internal process improvement:

The Company continues to improve the effectiveness of risk management, control and monitoring processes through internal process improvement and internal audits. We also use the Kernel Objectives Management (KOM) system to grasp the implementation status of each department's objectives, and actively work on cost reduction, quality improvement, and promotion of industrial safety, environmental protection, 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, break the shackles of traditional thinking on quality, introduce the production system, sales system, inventory system and customer service system one by one, 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 Business Development Plans

Long-term business development plans:

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 advantages of both companies in vehicle research and development and ICT industry resources to provide overall solutions to our global target customers.

(2) With the advanced open platform and shared resources of JV, we will continue to cultivate the private brand, Luxgen, focusing on the brand sales and channels, and launching new competitive products that meet the market demand.

2. Value chain strategic transformation and diversified manufacturing services: We will seek opportunities of collaboration other than four-wheeled passenger vehicles, expand OEM for Adiva three-wheeled heavy motorcycle and energy storage container, and continuously assess and find other OEM opportunities.

1.6 Management and Engagement of Stakeholders

In pursuit of sustainable development, Yulon Motor firmly believes that ethical and practical management is the key to longevity of a company. As a company valuing the ethics and responsibilities and making progress with maintaining such attitude as the goal, we believe that having good relationship with the stakeholders and properly handling the issues they are concerned about is helpful to the Company's sustainable growth and profitability. Yulon Motor is committed to the high-standard ethical management and protects the interests of all the stakeholders. Our management, Board of Directors and all the employees are required to actively implement ethical management, abide by relevant laws and regulations, and ensure the stakeholders have more trust in the Company with professional and diligent management, so that we can create the best interests for the stakeholders. Our ethical management practices are disclosed in our internal regulations, annual reports and on our website, and announced at external events such as regular shareholders' meetings and corporate briefings in a timely manner, so that the suppliers, customers, shareholders, and other business-related organizations and personnel can clearly understand the Company's ethical corporate management philosophy and standards. In the event of unethical behavior or illegal activities of the Company's personnel, the Company will notify the judicial and prosecution authorities in accordance with the relevant facts, and notify the governmental ethics departments in the event that a public authority or public official is involved. Throughout these years, the Company has not been involved in any unethical acts or non-compliance with laws.

Stakeholder	Communication methods
Customers	<ol style="list-style-type: none"> 1. Customer satisfaction survey (annual). 2. Meeting with the customers about quality (annual). 3. Enhancement of technology services and introduction of customer-oriented products. 4. Integration of the Group's marketing resources to strengthen the customer services (irregular).
Employees	<ol style="list-style-type: none"> 1. Regular interactions with labor representatives. 2. Publications released for diversified communication. 3. Employee care activities. 4. Employee satisfaction survey (annual).
Investors	<ol style="list-style-type: none"> 1. Shareholders' meeting in which the shareholders can vote for each motion (annual). 2. Annual report published and distributed at the shareholders' meeting as per the regulations (annual). 3. Corporate briefing which has been periodically held since 2014. 4. Disclosure of operational status and material information on the Market Observation Post System. 5. Investor section established on the Company's official website.
Suppliers	<ol style="list-style-type: none"> 1. Irregular dispatch of personnel to visit the suppliers for inspection and assist them in raising quality. 2. Various regular review reports or meetings to declare the Company's strategies and goals, review the quality and performance, report on the collaboration progress, share the market information, etc., face to face.
Distributors	<ol style="list-style-type: none"> 1. Distributor conference (annual). 2. Regular collection of analysis of distributors' financial statements (monthly).
Community	<ol style="list-style-type: none"> 1. Dedicated unit and personnel appointed to take care of the community needs and handle related matters for harmonious relationship with the neighborhood. 2. Volunteer Club established to organize events such as blood donation, money donation, caring activity for lonely seniors, and beach cleanup.

• Identification of Stakeholders

Based on the different interactions during the daily operations, Yulon Motor has defined six main stakeholders that have influence on or are influenced by the Company: customers, employees, shareholders, suppliers, distributors and community.

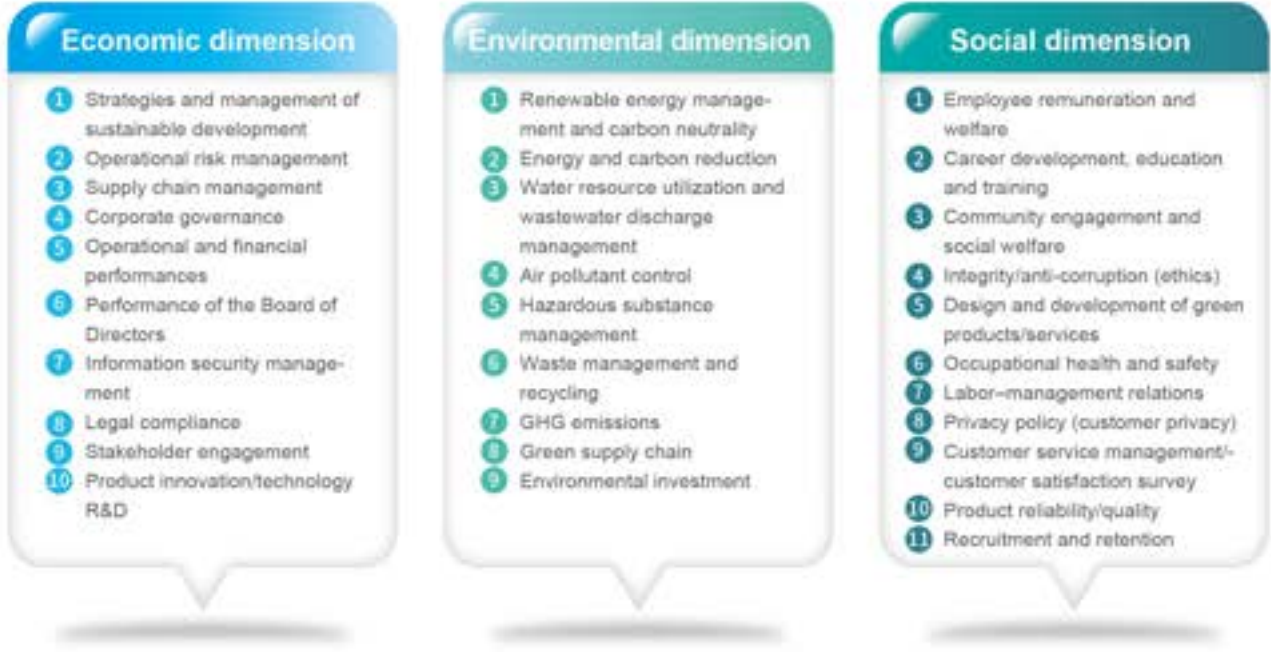
• Stakeholder Engagement and Management

Yulon Motor interacts with the stakeholders differently depending on their influence on the Company. We communicate with them through a variety of channels, such as the Company's website, operation-related reports, regular meetings, corporate briefings, shareholders' meetings, annual reports, and annually published sustainability reports, not only for understanding the issues concerning the stakeholders and selecting material issues for proper disclosure, but also building long-lasting mutual trust and interaction models.

• Materiality Analysis of Issues Concerning the Stakeholders

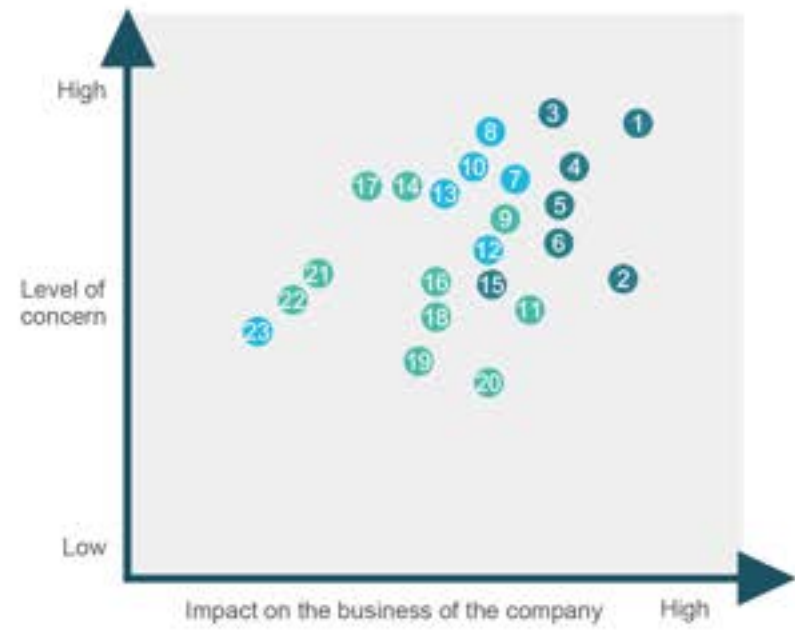
Regarding the identification of key issues related to CSR management, Yulon Motor has effective communication with the stakeholders through the media, website, union, relevant meetings, annual reports, internal publications and other channels to understand the issues of the Company that they care about. In addition, we refer to the analyses of media reports, survey on vehicle purchase of consumers, consumer satisfaction survey, social media sites and benchmark in the global automotive industry, and adopt the questionnaire analysis method to make the disclosure of issues as accurate as possible by listing the key issues and priorities from an objective perspective.

Based on the analysis and integration results, 30 issues concerning the stakeholders in three main dimensions have been summarized as the directions of the Company's CSR policies and annual operating goals. The issues were classified according to their respective impacts on the economic, environmental and social dimensions; those of high and moderate levels of concern are detailed in the sustainability report while those of low level of concern are summarized in the report.



After analyzing and integrating the questionnaires returned by the stakeholders, we determine the priorities of the sustainable development issues according to the stakeholders' level of concerns. Meanwhile, the ESG Committee and all the departments also evaluate these sustainable development issues and discuss their impacts on the Company in the economic, environmental and social dimensions.

Through the aforementioned procedures, we have completed the materiality analysis of the sustainable development issues. Starting from the one with the highest materiality, the top ten material issues include: operational and financial performances, corporate governance, strategies of sustainable development, product quality and reliability, customer satisfaction survey, product innovation/technology R&D, career development and education and training, occupational health and safety, risk management, and employee remuneration and welfare. Please refer to the following figure for the other issues.



Order of materiality	Issue
1	Operational and financial performances
2	Corporate Governance
3	Strategies of sustainable development
4	Product quality and reliability
5	Customer satisfaction survey
6	Product innovation/technology R&D
7	Career development, education and training
8	Occupational health and safety
9	Risk management
10	Employee rights and welfare
11	Supply chain management
12	Recruitment and welfare
13	Customer privacy
14	Air pollution
15	Performance of the Board of Directors
16	Concept of green products
17	Hazardous substance disposal
18	Energy management
19	GHG emissions
20	Green supply chain
21	Water resource utilization and wastewater discharge management
22	Waste management and recycling
23	Community welfare and engagement

Major Considerations and Identification of Boundaries

No.	Material Issue	Reporting boundary					Type	Consideration	Management approach	
		Within the organization	Outside the organization							
		Employees	Customers	Shareholders	Suppliers	Distributors	Community			
1	Operational and financial performances	●		●	●	●		Economy	Economic performance	1-3 Key Corporate Sustainability Performances
2	Corporate governance	●		●	●	●		Economy	Corporate governance	1-1 Corporate Governance Structure
3	Strategies of sustainable development	●		●	●	●		Economy	Strategies of sustainable development	1-5 Business Development
4	Product quality and reliability	●	●	●	●	●		Community	Product quality and reliability	4.1.1 Care for Customers
5	Customer satisfaction survey	●	●	●	●	●		Community	Customer satisfaction survey	4.1.1 Care for Customers
6	Product innovation/technology R&D	●	●	●	●	●		Community	Product innovation/technology R&D	4.1.1 Care for Customers
7	Career development, education and training	●		●	●		●	Community	Career development, education and training	3-4 Development and Training of Talents
8	Occupational health and safety	●	●	●	●	●		Community	Occupational health and safety	3-1 Occupational Safety and Working Environment
9	Risk management	●						Economy	Risk management	1.4 Risk Management
10	Employee rights and welfare	●						Community	Employee rights and welfare	3-2 Health and Care of the Employees

Sustainable Environment



2.1 TCFD and Climate Change

2.2 Active Actions for Environmental Protection

2.3 Environmental Protection and Management of Processes

2.4 Pollution Control Management Measures

2.5 Promotion of EVs and Deployment of Charging Facilities

2.6 Management of Energy Storage and Renewable Energy

2.7 Management of Green Supply Chain

As Yulon Motor considers environmental management as one of the most important issues for all human beings in the following decades, the Company's senior management has publicly announced the commitment to GHG emission reduction to slow down the climate change. Always cherishing and protecting the natural environment, the Company saves the energy ranging from the offices to the production lines, appropriately disposes of wastes, and raises the employees' environmental awareness based on the core philosophy of "people, vehicle and harmony with the environment." In recent years, we have even aggressively launched the epochal low-carbon EVs to contribute to a clean environment. Moreover, Yulon Motor has been the first one in the industry to adopt management tools for energy conservation and carbon reduction, such as material flow cost accounting and calculation of carbon footprint of cars, hoping that the overall target of environmental protection can be reached through these relevant environmental management systems.

2.1 TCFD and Climate Change

In light of the fact that the impact of climate change caused by global warming has been an international concern in recent years instead of a mere environmental issue, the traditional auto industry is going to face tough challenges due to the increasing awareness of climate change risks. Changes must be made right away. Pursuing corporate growth as well as co-existence and co-prosperity with the environment, Yulon Motor not only adheres closely to the government policies but also incorporates climate change into the scope of significant risk management for corporate sustainable operations.

The information in the four main areas—governance, strategies, risk management, and indicators and targets—have been disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). During the identification of climate-related risks, we sought opportunities for corporate sustainable development in an active manner, and thereby developed the resilience and responses for adjustments.

Governance

The Company has established the ESG Committee, with the president serving as the chairman, the committee is responsible for the responses to climate change and ESG activities. A Sustainable Development Organization has also been formed as the implementation unit; it reports the ESG results to the board at the end of every year, and starting from 2022, it reports the GHG inventory progress to the board as well on a quarterly basis.

Strategy

To identify the risks and opportunities brought by climate change, our ESG Committee gathered the responsible units of all departments to make situation analysis for the TCFD recommendations, with the "RCP 8.5" in the Fifth Assessment Report (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC) as the reference. They looked into the scope and level of impact of the potential climate change risks to the whole plant, and selected the ones to which responses and adjustments should be made first based on the level of impact. Later, the Company's short-, medium- and long-term risk management approaches and strategic plans for climate change were developed through analysis and assessment.



• Definition of short-, medium- and long-term periods



• **Level of impact of risks:** In order to associate the impact with the financial information related to climate change and provide clearer indicators, the level of impact of each risk was measured based on the quantified financial indicators like revenue and cost. The highest level of impact was set to be more than 10% of the Company's revenue.



• List of climate risks to Yulon Motor

No.	Risk	Level of impact of risk	Level of impact of risk
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 tax mechanism established)	Low	Long-term
3	Mandatory regulations (e.g. vehicle regulations based on EURO 6)	Moderate	Short-term
4	Investment in and R&D of new EV products	High	Short-term
5	Costs of transformation to low-carbon technologies (e.g. deploying renewable energy and developing energy storage equipment)	Low	Short-term
6	Changes in the customer preference, increasing environmental awareness, and falling demand for fuel-powered vehicles in the future	High	Long-term
7	Incessantly rising energy prices	Moderate	Medium-term
8	Development and deployment of the business of energy storage	Medium-term	Medium-term
9	Negative news about the Company worsening climate change	Low	Long-term
10	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	Low	Long-term
11	Continuously rising temperature	Low	Long-term



• Climate-related risks

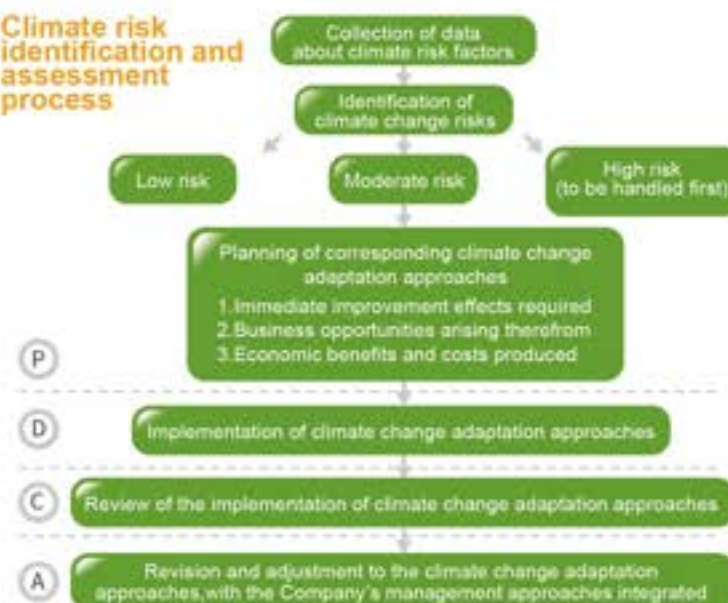
Risk type	Item	Potential financial impact	Countermeasures
Transition risks	Policy trend: EV sales in the market reaching 100% by 2040	As fuel-powered vehicles are the Company's main products, it will be unfavorable for our long-term business operations if we don't develop electric vehicles.	We have collaborated with Hon Hai to develop EVs.
	Climate Change Response Act – Promotion of the policy of net-zero emissions by 2050 in Taiwan (Carbon fee mechanism established)	Since we are not a company with great carbon emissions, the carbon fee mechanism will not have a huge impact on our financial aspect.	1.The Company will keep on improving the processes, saving energy and reducing emissions. 2.The renewable energy will be deployed and the energy storage business will be developed. 3.We will promote electric and zero-carbon vehicles. 4.We aim to implement zero-waste resource cycling.
	Mandatory regulations(e.g. vehicle regulations based on EURO 6)	The costs of vehicle manufacturing processes will be higher.	The Company pays close attention to the changes in laws and regulations, introduces models with low fuel consumption and emissions through the brands, and continuously improves the performance of fuel consumption.
Technology risks	Investment in and R&D of electric vehicles	The R&D expenditures are high while the payback period is long.	We have collaborated with Hon Hai to develop EVs.
	Transformation to low-carbon technologies (e.g. deploying renewable energy and developing energy storage equipment)	The capital expenditures will be higher.	Yulon Motor will carry on the installation of solar power equipment and incorporate energy storage system to increase the in-plant use of green power.

Physical risks	Market risks	Changes in the customer preference, increasing environmental awareness, and falling demand for fuel-powered vehicles in the future	The sales of fuel-powered vehicles will decrease and affect the Company's revenue.	We will continue to launch models that meet the requirements of environmental and energy saving labels, actively engaging in the introduction and R&D of EVs.
		Incessantly rising international energy prices	The costs of the Company's operation and production will escalate.	We implement the EMS system to systematically monitor the energy efficiency and take improvement measures for the processes with high energy consumption.
	Reputational risks	Negative news about the Company worsening climate change	The customer willingness to buy will be impacted, making the revenues drop.	We will conform with the government policies and take active environmental protection actions corresponding to the ESG.
		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	The costs of equipment repair and operation will increase, and the disruption of production capacity will lead to lower revenues.	The Company develops a variety of emergency response management measures and disaster prevention mechanism.
	Acute	Continuously rising temperature	The power consumption and carbon emissions will keep on rising, and the yield rate will be reduced since it is hard for heat to dissipate from the equipment. These will increase the operating costs.	The Company will keep on implementing green processes, and promote such processes to the supplier system through our experience of energy saving and carbon reduction to assist all the suppliers in making various improvements.
		Chronic		

• Climate-related opportunities

Opportunity type	Item
Resource efficiency	The Company 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.
Energy sources	We keep on developing solar power and energy storage equipment, and plan to make the amount of generated solar power equivalent to the total power consumption of the plant by the end of 2022.
Products and services	<ul 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.
Market	<ul 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.
Resilience	We will constantly bolster the Company and the suppliers' capabilities of responding to the climate change, thereby lowering the risk of operational disruption.

• Climate risk identification and assessment process



Climate 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.

• Climate risk management process



• Indicators and Targets

For the challenging goal of net-zero emissions, we make in-plant GHG inventories in accordance with the ISO 14064 to understand our emission pathways, and will keep moving forward with the objective of reducing 2% carbon emissions every year. For the annual management targets related to GHG, energy consumption, energy and water saving, etc., and the implementation effectiveness thereof, please refer to the Sections of 2-2-2-4.

2.2 Active Actions for Environmental Protection

Since the automobile industry is a technology-intensive and capital-intensive industry, the industrial chain is huge and involves a wide range of related industries. To deal with such industry characteristic, Yulon Motor regularly manages, reviews and improves the emissions of the 15 indicators such as CO2 per unit, wastes, and VOCs. Meanwhile, we pay close attention to the impact of climate change on our operations. In order to improve the efficiency of resource utilization and to use recycled materials with a low impact on the environment, we have established material flow cost accounting to conduct material flow cost analysis, hoping to provide more complete green management information as the basis for the overall planning and promotion of environmental protection issues, and to have the tools to assess whether the use is effective, whether the environmental impact problem is serious and how to improve.

• Environmental Policies of Yulon Motor

As a company engaging in automobile manufacturing, Yulon Motor will aim at the goals of pollution prevention, continuous improvement, green design and ecological conservation. While the good performances on the prevention of air pollutants, wastewater, noises, wastes and toxic chemical pollution, and the promotion of environmental protection season and 3-in-1 health strategy are achieved, the product manufacturing and services shall be subject to the principles of personnel safety, low pollution, energy saving and recyclability. Each year, the Company audits the progress and implementation effectiveness of every program on a regular basis and corrects the deficiencies, in order to stick to the environmental philosophy of "people, vehicle and harmony with the environment." We promise that we will:



• Environmental Management

Regarding pollution prevention as one of the prior responsibilities, Yulon Motor adopts the P-D-C-A management model to improve the environmental management programs continuously, and sets "legal compliance, green design, energy saving, waste reduction, and people-vehicle-life" as the Company's environmental declaration. Building the pollution prevention structure based on the ISO 14001 environmental management system, we have already passed the ISO 14001 environmental management system certification and verification in March 1993. The renewal verification is conducted annually, and the current certification is valid until November 27, 2023.



• Green Energy Task Force

In 2007, Yulon Motor launched the Green Energy Project, for which the responsibility system has been applied and the dedicated task force has been formed to strictly control the effectiveness of energy conservation. With the core target of cutting carbon emissions and manufacturing costs, the Green Energy Task Force improves the three main energy consumption problems—"overtime operation," "oversupply" and "low operating efficiency"—through the nine steps of the three main procedures: "improvement of abnormal power consumption, optimization of specification parameters, and systematic management." Particular efforts have been devoted to the automobile assembly process and coating process which are relatively energy-consuming. For instance, flow divider valves have been installed for the cooling water at the painting shop to avoid wasting water and reduce the energy consumption of motor operation, and the operating mechanisms of ovens and steam boilers at the coating shop have been improved to reduce the consumption of natural gas.

• Effectiveness of Green Energy Project

The Green Energy Project has been managed based on the responsibility system and the dedicated task force to strictly control the effectiveness of energy conservation. With the core target of cutting carbon emissions and manufacturing costs, the Green Energy Task Force has reduced 50% of the total carbon emissions so far. Throughout these years, the carbon emission per unit has been reduced from 0.58 metric tons to 0.328 metric tons, showing a reduction rate of 43.4%. The production performance and carbon reduction have been ensured at the same time.

• Education and Training on Environmental Protection

In 2021, Yulon Motor's education and training on environmental protection, health and safety were attended by 1,025 people and totaled 3,075 hours. A variety of professional education and training courses on environmental protection have been provided to improve the employees' basic knowledge of safety, environment and health. Moreover, the Company has promoted multiple values in terms of the issue of energy saving and carbon reduction and included the issue into the compulsory courses of new employees, strengthening the employees' awareness of protecting the environment and saving energy to fight global warming.



▲ Training on the safety of high voltage power line maintenance & inspection



▲ Monthly in-plant fire drill

2.3 Environmental Protection and Management of Processes

As the world has placed importance on the issue of environmental protection due to global climate change, large international enterprises have been thinking of ways to combine the concept of environmental protection with their own processes and products. In a broad sense, "green process" means that the processes of production, utilization and disposal suit the environmental requirements and do no harm or very little harm to the environment. Yulon Motor has been devoted to the planning and reviewing of green processes with minimizing or fully removing the environmental impacts as the goal.

a) Production parts

We use recyclable plastics in the models we produce, and clearly mark the applied major materials and additives on the auto parts to improve the recycling rate of such parts.

b) Green design

When designing and developing a new product, we assess the environmental protection aspect of the product beforehand by conducting environmental assessment and setting specific objectives.

c) Attainment of energy saving labels

During the development of new models, Yulon Motor is committed to improving the pollution resulting from the emissions of products and strictly keep all the models in alignment with the EU emission standard of 1999/100/EC. Up to 2021, a total of 14 models of Yulon Motor's brands have been certified with the energy saving labels of the Bureau of Energy, Ministry of Economic Affairs. (Sources: Energy Label).

Models certified with the energy saving labels

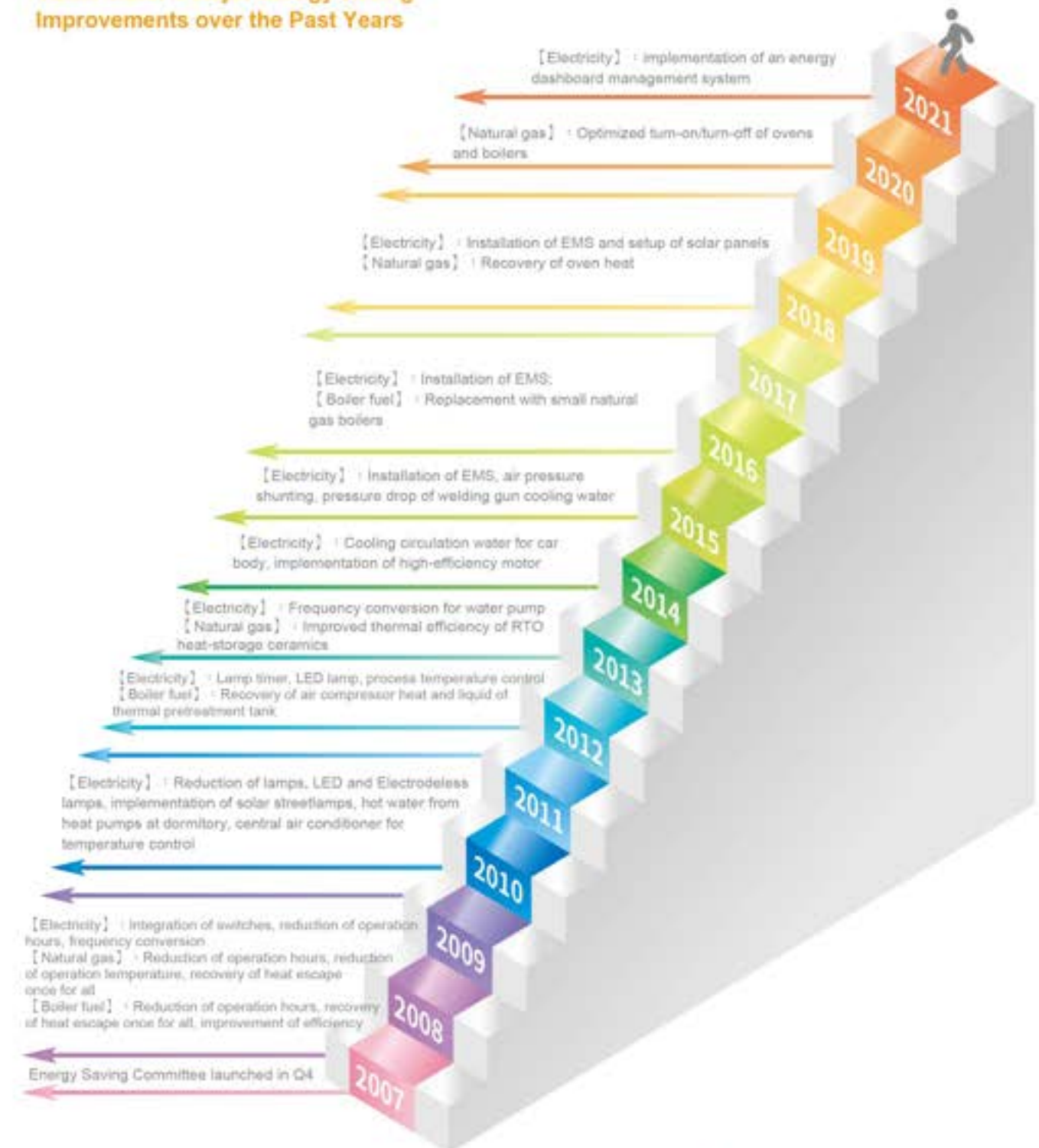
1. LIVINA 1598c.c
2. MARCH 1498c.c
3. JUKE 1598c.c.
4. TIIDA 1598c.c.
5. X-TRAIL T32LVBC 2488c.c.
6. X-TRAIL T32LVCB 2488c.c.
7. X-TRAIL T32LVCC 2488c.c.
8. X-TRAIL T32TVAB 1997c.c.
9. X-TRAIL T32TVAC 1997c.c.
10. SENTRA B17ES 1598c.c
11. SENTRA B17ESC 1598c.c
12. KICKS 1498c.c.
13. ALTIMA 1,997c.c.
14. SENTRA B18 GS 1598c.c.

(Sources: Energy Label)

2.3.1 Energy-saving and Carbon-reducing Production

In support of the government policy of energy conservation and carbon reduction, the Company has 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 goals. The power consumption of production systems and indirect units of the Sanyi plant are managed separately, and improvement plans were put forward according to the operation properties and implemented. 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 while reducing the CO2 emissions effectively.

• Yulon Motor's Major Energy Saving Improvements over the Past Years

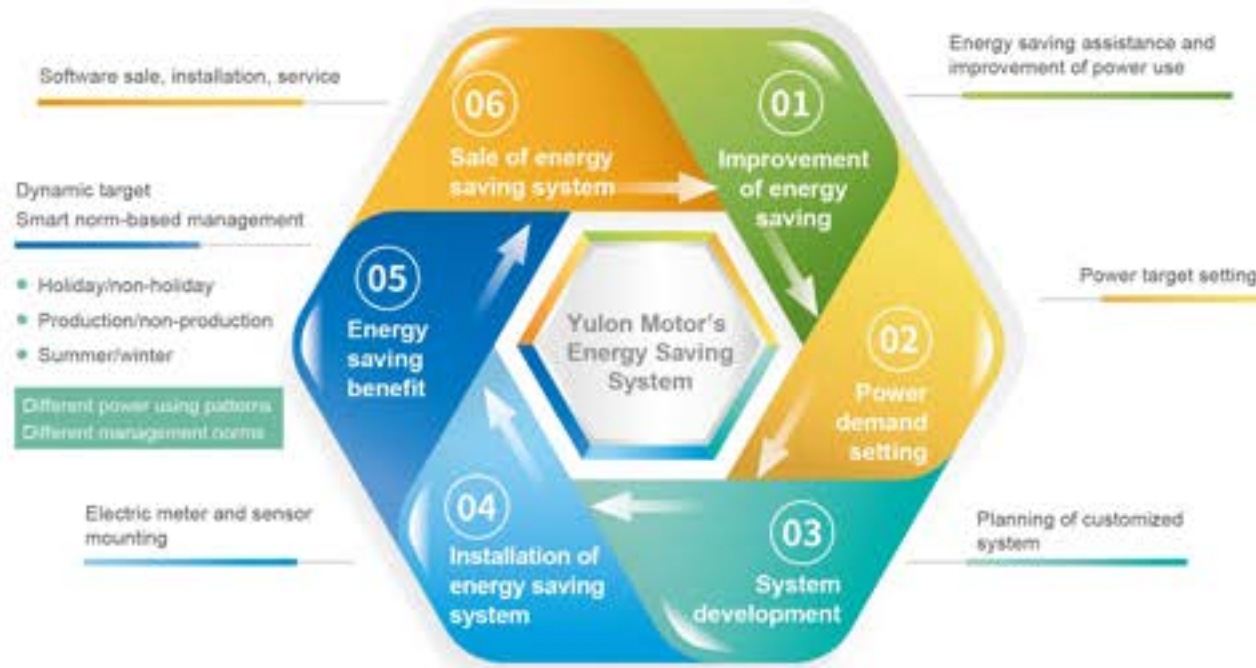


• Energy Management Policies and Energy Saving Objectives of Yulon Motor

Energy Saving Committee and Management Policies

Features of Yulon Motor's Energy Saving System

1. Professional energy saving assistance team
2. Smart management system



Responsibility and Division of Work of Energy Saving Committee



• Guidelines of Assisting with Energy Saving



Power use inventory and rectification of anomalies

1. Inventory all the electrical devices in all areas
2. Summarize a list of power using devices and sort them accordingly
3. Analyze standard power consumption for production and non-production purposes and judge if there are anomalies in power use
4. Find out reasons for the anomalies in power use, if any, and make improvement

Parameter optimization

5. Confirm the relationship between the equipment parameters and power consumption
6. Make investigation and testing to find out the best combination of the equipment parameters with the quality specifications
7. Confirm if the production proceeds normally with optimized parameter setting

Standardization

8. Set a parameter as standard if the verification shows a normal result
9. Incorporate the optimized parameter in the dashboard system for follow-up management

• Yulon Motor's Energy Saving Objectives

Since the Energy Saving Committee was put into official operation in 2007, Yulon Motor has set energy management improvement targets every year to reach the objective of saving 6% annually by improving different aspects. The main targeted energy includes electricity and natural gas. In 2021, the Company's energy use totaled 16,300,000 kWh (a reduction by 9% compared to 2020). The electricity consumption was 15,000,000 kWh (accounting for 92%) and the natural gas consumption was 1,300,000 kWh (accounting for 8%).

• Effectiveness of Yulon Motor's Energy Saving Improvements over the Past Years

Year	Item	Motor frequency conversion, linkage or update	LED lamp	LED road lamp factory lamp	AC controller (new or updated)	Heat pump	Heat recovery	Electric heater connection or temperature control improvement
2008		16	0	0	1	0	0	0
2009		38	320	0	2	0	0	0
2010		18	6826	28	6	10	0	0
2011		4	2565	126	0	8	0	0
2012		6	789	418	3	0	1	0
2013		12	1350	14	0	0	0	0
2014		13	1548	26	5	0	2	0
2015		16	1485	16	4	1	1	0
2016		17	1213	27	3	0	0	0
2017		24	1743	8	2	0	2	0
2018		31	465	2	5	0	0	0
2019		18	178	2	3	0	3	0
2020		15	50	0	0	0	0	1
2021		75	130	20	2	1	0	1
Total		303	18,642	657	36	20	9	2

• Main Energy Saving Measures

Item/range	Low investment (50,000.)	Medium investment (50,000-300,000)	High investment (300,000.)
1	Machine startup time shortening	Installation of PID inverters (pump, windmill, conveyor, etc.)	Equipment update (variable frequency air compressor, natural gas burner, AC with high EER, etc.)
2	Lower operation conditions (pressure, temperature, illumination, etc.)	Update of old equipment units (motor, air-handling unit, heat exchanger, etc.)	Additional equipment (heat pump, refrigeration unit, etc.)
3	Equipment maintenance	Equipment with relay closure & reduction on pressure loss in pipes	Enhancement of the level of heat insulation materials
4	Installation of sensors and timers	Implementation of LED lamps	Implementation of natural gas boilers
5	Addition of valves and closure of unneeded areas	—	Installation of solar panel
6	One-time recovery (spills, heat insulation, pressure loss, etc.)	—	Introduction of EMS system (incl. deployment of networking smart meters)

• Other Indoor Energy Saving Actions

No.	Category	Subject	Improvements	Benefits (Reduced kg-CO2/Y)
1	Gas	Surface coating low-temperature hot-air	<ol style="list-style-type: none"> Switch control improvement reduced steam supply time by 72min/day. Automated lunch-hour switch control. Optimized low-temperature hot-air, lowered setting from 80°C to 77°C. 	94,671
2	Gas	Intermediate coating air-conditioning	<ol style="list-style-type: none"> Switch control improvement reduced steam supply time by 55min/day. Optimized intermediate coating chamber temperature, lowered setting from 21°C to 19°C. Lowered fan motor frequency from 41HZ to 35HZ and adjusted exhaust fan motor frequency from 51HZ to 45HZ. 	27,412
3	Power	Dehumidifier for main bearing boss storage area	<ol style="list-style-type: none"> Dehumidifier optimization, adjusted setting from 55% to 70%. Originally dehumidifiers operated full time in off hours; added humidity sensors for automation (auto-start at 75% or higher; auto-stop at 65% or lower.) 	4,684
4	Power	RTO Fan	<ol style="list-style-type: none"> RTO Fan start-time setting delayed (from 7:00 to 7:36). Verified RTO Tank warm-up capability: at 400°C ↓: 12°C/min.; 400°C ↑: 6°C/min.; also scheduled a schematic for Fan-start-time (tank temperature vs. start-time) 	4,197
5	Power	ED UF Circulation Pump	Optimized operating frequency for ED UF Circulation Pump; lowered frequency setting from 50HZ to 35HZ (non-production hours).	13,201
6	Power	Monsoon leakage test pump	<ol style="list-style-type: none"> Added TIMER for shutting off the pump automatically at the end of leakage test. Optimized installation location of pump inverter; moved inverters from (6) test rooms in Area-A to (4) test rooms in Area-B. Optimized operation frequency of variable-speed pumps; lowered the frequency from 58.5HZ to 57HZ. 	182
7	Power	Door spot-weld ROBOT x8	<ol style="list-style-type: none"> Shut off ROBOT power at non-production hours. Optimized ROBOT travel speed; adjusted travel speed of 2 Robots from 65% to 70%. 	8,091
8	Power	Water Chiller for Repair Line Air-con	<ol style="list-style-type: none"> Optimized temperature setting of cooling tower; adjustment made from 24°C to 30°C. Optimized Start-temperature of Water Chiller; unit would only run when room temperature exceeded 26°C. 	2,555
9	Power	RING3 FM #10-#160 Conveyor	<ol style="list-style-type: none"> Inverter Control Panel shut off in non-production hours. Optimized frequency of converter motor; lowered from 60HZ to 40HZ. 	122
10	Power	RING4 Side Plate Clamp Automated Storage	Separated PLC power supply from equipment power supply; shut off equipment power supply at non-production hours.	4,380

• Yulon Motor's Renewable Energy Production – Solar Power

Solar energy is the most plentiful energy source that human beings can make use of, and solar power is a type of clean energy. There is an endless supply of solar energy in the areas with adequate sunlight, and the utilization process produces no environmental pollution nor GHG emissions. Using solar power in place of other energy helps reduce the global greenhouse effect. In 2017, we launched the solar power setup plan at the plant. The generated power made up 52% of the power consumption in 2021, and is expected to make up 100% of the power consumption in 2022.

Year/renewable energy	Solar power setup plan		
	Solar power system(kW)	Generated power (10,000 kWh/year)	Percentage in the total power consumption (%)
Accumulated as of 2018	2,330	272	13
Accumulated as of 2019	5,190	606	35
Accumulated as of 2020	5,190	690	40
Accumulated as of 2021	7,590	888	52
Accumulated as of the end of 2022 (estimated)	13,675	1,597	100%

• Yulon Motor's Solar Power Setup

YNTC, YNDC, alkaline washing shop, footbridge, Hua-Chuang New Energy, Main Gate Depot; 2,400 kW (2020 to now)



Vehicle assembly shop, footbridge, new pre-treatment, administration building, Foxtron general office, Warehouse; 2,780 kW (2019)



YAPC, UD & Engine Shop; 2,330 kW (2018)



Body shop; 499 kW (2017)



• Energy Saving Results and Safety Inspections/Audits of Suppliers over the Past Years Based on Yulon Motor's Guidance

Since 2012, Yulon Motor has further expanded the scope of energy saving based on its relevant experience to include the suppliers. A total of 26 suppliers have been guided and completed 652 energy saving improvements. The Company held the "Yulon Group Energy Saving KICKOFF" in 2012, the "Energy Saving Result Presentation of 8 Yulon Group's Suppliers" in 2014, "Energy Saving Result Presentation of 13 Yulon Motor's Suppliers" in 2015, "Education and Training on Energy Saving for Suppliers" and "Energy Saving Result Presentation of 23 Yulon Motor's Suppliers" in 2016. In 2018, we even established the "Value Chain Committee of Third-Party Suppliers" to form relevant teams to help the suppliers reduce costs and CO2 emissions.

In 2021, Yulon Motor provided guidance for the suppliers, Yueki Industrial Co., Ltd. And Uni Auto Parts Manufacture Co., Ltd., to make improvements in energy conservation and carbon reduction. We shared the method of "Nine Steps to Energy Saving" and adopted equipment power-on/off management, optimization of equipment parameter settings and benefit maintenance mechanism to create great benefits with low costs.

With our guidance, Yueki Industrial completed 36 energy saving programs in 2021. The energy cost of NTD 20.4 per product unit in 2020 has been reduced to NTD 16.6 per product unit in 2021; 18% of the energy cost, namely NTD 3.9 million, was saved. As for Uni Auto Parts, they completed 37 energy saving programs and saved NTD 570,000 of energy cost in 2021 based on our guidance.



Aside from including the suppliers into the scope of energy saving based on our experience, we have appointed teams responsible for environmental protection, safety and health, and quality to visit and exchange information with the suppliers periodically since 2018, with the experience and cases of improvements in environmental protection, safety and health, and quality shared. In 2021, we audited the safety of our eight main suppliers and finished correcting a total of 19 safety inspection deficiencies, reaching an improvement rate of 100%. For the year of 2022, we intend make plans for the safety audits of nine suppliers.

2.3.2 Water Saving

• Yulon Motor's Major Water Saving Measures and the Effectiveness Thereof

<p> At the coating shop, the cleaner washing water for vehicle body sheets used at a later stage is reused for the next pre-washing stage. As this measure reduces the consumption of clean washing water, around 6,250 metric tons of water is accordingly saved every year.</p>	<p> Through the improvement of boiler performance, the water quality has been enhanced, the water discharge frequency has been decreased, and the discharge water is recycled for cooling water; around 1,320 metric tons of water is accordingly saved every year.</p>
<p> By adopting reasonable filter system for sheet cleaning tanks, the water quality has been enhanced while the water changing frequency of the tanks has been decreased; around 900 metric tons of water is accordingly saved every year.</p>	<p> For the 560 metric tons of water used for daily replenishment of paint solidification pool and for tank cleaning and water changing, the recycled water is used in lieu of fresh groundwater; around 520 metric tons of water is accordingly saved every year.</p>
<p> The sedimentation filter tank has been included in equipment for the leak test of finished vehicles to reuse wastewater; the wastewater recycling rate reaches 98%, and around 45,000 metric tons of water is accordingly saved every year.</p>	<p> We have fully replaced the faucets with eco-friendly low-pressure ones that help save water; around 250 metric tons of water is accordingly saved every year.</p>
<p> By adopting reasonable chemical dosing system for cooling water towers, the water quality has been enhanced while the water changing frequency has been decreased; around 600 metric tons of water is accordingly saved every year.</p>	<p> Reasonable green space watering frequency is adopted at the plant; around 450 metric tons of water is accordingly saved every year. Around 55,290 metric tons of water consumption is reduced.</p>

• Yulon Motor's Instances of Water Saving and the Effectiveness Thereof

Water saving during the production processes

In recent years, the Company has replaced the water for industrial use and replenishment with effluents for the process at the paint solidification pool of coating shop, set up filter system and circulation pipes for the leak test process of vehicle assembly shop, etc., to recycle the process water and AC wastewater for reuse. At least 56,450 m³ of process water is saved every year. In 2018, the Company was even devoted to the mass production of the green process equipment with brand new design for the main water-consuming processes—"body pre-treatment and primer ED at the coating shop"—which saves around 21,250 metric tons of water every year. In 2021, the tap water consumption was 2,771 metric tons and the groundwater consumption was 329,575 metric tons.

With the regular leak inspection of the plant's groundwater pipes by using liquid level monitoring method and stethoscope, the update of corroded and leaking pipes, the regular update of the main control water valve and other improvements, it is estimated that 345 m³ of water is saved from pipe leaks every year. The rainwater storage mechanism is also taken into account for the future.

Water saving instance of the coating process

- **Purpose** : To achieve zero condensed wastewater discharged from the pure water production by adopting the methods of reduction from the source and recycling for reuse.
- **Current status** : The pure water manufacturing equipment discharges 10 tons of condensed wastewater to the wastewater treatment plant per hour.
- **Methods** :

1. Reduction from the source : Check the quality of input and output water of pure water equipment, and have the vendor conduct program testing to enhance the water production rate.
2. Recycling for reuse : Recycle the condensed wastewater for legal cost-effectiveness after checking its quality.
 - (a). Confirm the capabilities of pure water equipment, and recycle partial condensed wastewater based on the review to reproduce pure water.
 - (b). Confirm the water quality requirements of the pre-treatment and find the suitable supporting stations to adopt the recycled condensed wastewater.

- **Target** : 0 discharge (10 → 0 ton/h of condensed wastewater discharged to the wastewater treatment plant)
- **Benefit** : The cost of wastewater treatment can be reduced by NTD 680,000 per year.



• Impact of Water Use on the Stakeholders

The water for the Company's processes mainly comes from the groundwater in Hsinchu and Miaoli announced by the Water Resources Agency (consumption: 902CMD), and the drinking water comes from tap water (consumption: 8CMD). The current water consumption is low (902 CMD), stable and monitored based on the liquid level of the groundwater; we have no significant impact on the water source.

With the effluents and gases from the production processes discharged or emitted based on the inspection as per the environmental regulations, Yulon Motor's plant does not cause potential or negative impact on the environment of Sanyi Township. Further, the Company actively performs irregular sampling inspection on the soil and groundwater of the plant area, endeavoring to ensure that the Company does no harm to the environment and has no adverse impact on the communities.

• Water Saving Performance in 2021

Through the water-saving measures such as improving the system designs, adopting high-efficiency water-saving equipment and introducing operational energy-saving approaches, Yulon Motor has achieved the water saving objective (annual reduction by 2% in total water consumption) effectively. Yulon Motor's water consumption in 2021 shows a reduction of 23,097 tons compared to the water consumption in 2020 (355,443 tons → 332,346 tons).

• Effluents Inspected by an External Unit in 2021

The quality of all the wastewater corresponded to the legal standards

Type	Test Item	Effluent standards from 2021 (approved water volume > 150CMD)	Q4 (sampling date: December 7)		Judgment
			Wastewater treatment plant	Dynamic leak test	
General water quality	pH	6-9 (no unit)	7.8	7.4	Compliant
	Water temperature	35°C (10-4) 38°C (May to September)	20.2	20.0	Compliant
	COO	100 mg/L	34.4	5.3	○
	SS	30 mg/L	<1.0	<1.0	○
	BOD	30 mg/L	2.4	<1.0	○
	True color (ADMI)	400 (no unit)	<25	<25	○
	FRC	2.0 mg/L	<0.02	<0.02	○
	Ammonia nitrogen	150mg/L from 2021; 120mg/L from 2024	0.05	ND <0.001	○
Specific water quality (I)	Total chromium	1.5 mg/L	ND <0.004	ND <0.004	○
	Cadmium	0.02 mg/L	ND <0.001	ND <0.001	○
	Nickel	0.7 mg/L	0.152	<0.020	○
	Copper	1.5 mg/L	ND <0.005	<0.020	○
	Total mercury	0.005 mg/L	ND <0.00015	ND <0.00015	○
	Lead	0.5 mg/L	ND <0.003	ND <0.003	○
	Arsenic	0.35 mg/L	ND <0.0003	ND <0.0003	○
	Zin	3.5mg/L	0.023	0.184	○
Specific water quality (II)	Cyanide	1.0 mg/L	ND <0.002	ND <0.002	○
	Nitrate nitrogen	50 mg/L	3.64	2.67	○
	Villiumite	15 mg/L	2.18	0.15	○
	Grease	10 mg/L	<1.0	<1.0	○
	Hexavalent chromium	0.35 mg/L	ND <0.0074	ND <0.0074	○
	Boron	10mg/L from 2024; 5.0mg/L from 2027	ND <0.015	ND <0.015	○
	Tin	2.0 mg/L	ND <0.017	ND <0.017	○
	Molybdenum	0.6 mg/L	<0.020	ND <0.004	○

Assessment criteria: ○: less than 50% of the standard value; ◐: 51-100% of the standard value; x: higher than the standard value

2.3.3 Greenhouse Gas Reduction

Sticking to the national policy of CO2 reduction, Yulon Motor has been devoted to the reduction of GHG emissions. The Company has established a "greenhouse gas inventory team" to deal with the identification, inventory and reduction of greenhouse gases. We have 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 ISO 14064. Also, we perform the GHG emission inventory of the departments related to plant affairs, quality inspection, production management, manufacturing and administrative support, and promote the reduction actions. The Company's CO2 emissions per vehicle in 2021 was 43.4% lower than the number in 2007, which is better than the initial reduction target of 40%.

• The Result of Greenhouse Gas Reduction

Since the establishment of the "Energy Saving Committee" in 2007, we have reduced the carbon emissions from 580 kg-CO2/vehicle to 328 kg-CO2/vehicle in 2021 at a reduction rate of 43.4%. The Company has continuously reduced the carbon emissions with a reduction rate of 2% every year as the goal. The annual total emissions between 2017 and 2021 were reduced from 1,602 tons-CO2 to 0,998 tons-CO2, making a contribution to the mitigation of the global warming. The improvement measures for energy saving has been incorporated in the annual improvement project under the ISO 14001 Environment Management System. Every department of the Company is responsible for the implementation. A meeting focusing on saving of the energy is held every week and every department reports their improvement measures and practices at the meeting, such as optimization of the process, motors equipment with additional frequency converters, replacement of conventional T8 lamps with LEDs, recovery of waste heat and natural gas boiler, deployment of the EMS system, and other solutions.

• Other Indirect GHG Emissions Inventory and Carbon Emissions

Scope	Scope 1: Direct GHG emissions (From the direct sources that are owned or controlled by the organization)						
	Year	2016	2017	2018	2019	2020	2021
Carbon emissions – tons-CO2		5,923	5,540	4,169	3,600	3,334	2,605
Carbon emissions per vehicle (total emissions/total number of vehicles produced) KG-CO2/vehicle		103	101	98	95	88	86
Number of vehicles produced		57,627	54,887	42,405	37,899	38,061	30,461

Scope	Scope 2: GHG emissions (Indirect GHG emissions from purchased electricity, heat or steam)						
	Year	2016	2017	2018	2019	2020	2021
Carbon emissions – tons-CO2		10,690	10,825	8,450	8,063	8,030	7,181
Carbon emissions per vehicle (total emissions/total number of vehicles produced) KG-CO2/vehicle		186	197	199	213	211	236
Number of vehicles produced		57,627	54,887	42,405	37,899	38,061	30,461

Scope	Scope 3: Other indirect GHG emissions Emissions Inventory						
	Year	2016	2017	2018	2019	2020	2021
Carbon emissions – tons-CO2		498	475	341	303	303	194
Carbon emissions per vehicle (total emissions/total number of vehicles produced) KG-CO2/vehicle		8.6	8.6	8.0	8.0	8.0	6.4
Number of vehicles produced		57,627	54,887	42,405	37,899	38,061	30,461

Note: The inventory includes the fuel for the company cars that employee uses for business travel.

• Historical GHG Emissions Intensity

Yulon Motor's GHG Emissions from 2018 to 2021

Year	Annual Total Emissions (Tons/Year)	Emissions per Vehicle (Tons/Vehicle)
2018	17,111	0.296
2017	16,640	0.303
2018	12,960	0.305
2019	11,996	0.316
2020	11,667	0.293
2021	9,981	0.328

• Yulon Motor's Energy Consumption and Energy Use Structure in 2021



2.3.4 Honor from Energy Saving

We were presented with the "Superior Award for Energy Conservation" by the Ministry of Economic Affairs for our outstanding energy saving performance in 2008, received the "Energy Saving and Carbon Reduction Action Mark" from the Environmental Protection Administration in 2010, and won the "Outstanding Performance Award for Energy Saving Service Team" of the Ministry of Economic Affairs for our outstanding performance in saving energy in 2015 as well as the "Energy Saving Performance Award" in 2016 and the "Silver Award for Energy Saving Benchmark" in 2017. We have been recognized by the Ministry of Economic Affairs for our energy saving and carbon reduction activities for three consecutive years and demonstrated our image as a green company.



"Silver Award for Energy Saving Benchmark"



Congratulations

We were recognized by the CommonWealth Magazine as one of the Top 50 carbon reduction companies in May 2021.

台積電	聯電	日月光	光寶	信達	聯華	興發
台達電	宏碁	友達	群創	華碩	廣達	華碩
裕隆汽車	中華航空	華城電機	華通電機	廣安能源	Gogoro	科勤開發
台泥	中鋼	亞泥	遠東新	李長榮	東元電機	善美工業
中華電信	台英大	遠傳電信	信義房屋	統一超商	中環工程	將建集團
台汽電	上緯控股	中興電工	士林電機	大亞電機	台糖	中華開發
玉山金控	國泰金控	富邦金控	中信金控	元大金控	第一金控	台新金控

• Subscription to Green Power in Response to the Policy of the Government

To support the "Voluntary Green Power Pricing System" of the Ministry of Economic Affairs, the Company subscribed to 1.89MWh of green power in 2015 and became the first vehicle manufacturer in Taiwan that has subscribed to green power. We also subscribed to 0.6MWh of green power in 2017 to reduce the carbon footprint.



Miaoli County Magistrate, Hsu, Yao-Chan, awarded a prize to the companies having outstanding performance in subscription of green power



Yulon Motor received the prize for outstanding performance in subscription to green power

In 2021, YES-Energy Service Co., LTD., an affiliated company of the Yulon Motor Group, worked with Xun Jie Photoelectric Co., Ltd., a partner of the Company, to build a solar court in a brand-new photoelectrical mode. This is the first court using solar panels on a campus in Pingtung with a total installed capacity of 523kW and an expected power generation of 0.67MWh every year to reduce 529 tons of carbon annually.

2.3.5 Disposal of Waste and Recycle of Resources

To reduce potential damage to the environment brought about by the waste, we have been dedicated to the reduction of waste and recycle 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 and reducing the output of the general waste.

• Waste Disposal Actions

01

To reduce potential damage to the environment brought about by the waste, we are dedicated to reducing the output of the waste and turn it into resources by implementing management properly from the purchase as a source of the waste, use in the manufacturing process to the disposal. Through appropriate management and sorting, we divide waste into five and further into nine categories of glass, waste paper, iron can, aluminum can, waste plastic container, aluminum foil, paper container, food waste, and others (food packaging bag/box, dirty plastic bag, waste cloth material, etc.) in the hope to reduce the waste and increase the benefit of recycle.

02

In the meantime, we enhance the management pursuant to the "Yulon Motor Industrial Waste Management Regulations," and "Yulon Motor Industrial Waste Tracking Procedure" and act in compliance with applicable laws and regulations on cleanup of waste and recycle of resources.

03

We take follow-up action and review the waste management result of each department, and give assistance in the implementation of the best feasible techniques that can facilitate the reduction of waste and recycle of resources, in the hope to use energy and resources more effectively and reduce the impact on the environment arising from product or service activities.

04

The wastes generated by the Company are mainly sludge, waste paint, waste metal, iron/aluminum filings, waste turning material, domestic waste, waste oil, and other wastes. All of them are collected in a temporary storage area.

05

To achieve the goal of sustainable use of resources, we are dedicated to reducing the waste and turning it into resources. For this, 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.

06

The statistics in 2015 showed a recycle volume of about 5,420 tons at a recycle rate of 97.4%, 97.4% in 2016, 96.9% in 2017, 100% in 2018, 100% in 2019, 100% in 2020, and 100% to the amount of about 2,956 tons in 2021. The performance in both improvement of the waste generation and regeneration of resources was remarkable.

• Historical Waste Disposal Result

Generation of Wastes from 2011 to 2021												
Year	Iron	Paper	Plastics	Glass	Wood	Oil	Sludge	Waste paint	Solvent	Active carbon	General waste	Others
2011	1,374.0	839.0	158.0	0.7	3,039.0	8.0	119.0	153.0	22.6	0.0	215.0	138.6
2012	999.2	701.3	127.0	6.3	2,258.0	2.3	123.2	107.0	22.6	10.0	227.0	118.2
2013	944.3	698.5	62.8	8.6	2,251.0	7.0	93.2	172.1	22.6	0.0	199.0	93.0
2014	995.0	865.0	78.9	7.9	2,616.0	18.2	118.7	171.2	25.9	0.0	215.0	149.3
2015	1,079.0	1,057.0	88.0	3.6	2,737.0	1.8	114.0	192.0	14.5	0.0	183.5	78.0
2016	1,120.0	616.0	92.0	11.6	2,543.0	2.6	140.0	156.3	20.8	0.0	171.0	67.0
2017	841.3	593.6	85.7	15.0	2,270.0	5.1	129.5	252.5	27.5	0.0	131.4	39.6
2018	1,119.0	888.0	213.0	0.0	213.0	1.9	105.7	148.0	28.9	0.0	88.0	38.1
2019	1,397.0	854.0	200.4	0.0	415.0	13.0	108.8	78.8	17.7	0.0	142.7	39.6
2020	1,594.0	1,002.0	93.0	6.7	572.0	4.2	58.3	142.5	10.4	0.0	43.5	88.1
2021	1,114.0	1,030.0	129.5	0.0	348.0	5.9	78.6	123.0	5.9	0.0	25.8	69.7

2.3.6 Recycle of Resources

To reduce the consumption of natural resources, mitigate the load to the environment, and fulfill our corporate social responsibility, 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 apply 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.

Besides this, we make assessment of the environmental performance at the product design and R&D stages. The goals are set specifically and assessment is made in terms of the environmental protection to ensure its implementation in the 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 Regulations on Promotion of Recycling and Reuse of Material in the Automotive Industry."

• Use of Recycled Raw Materials

For example, the painting shop of the Company is mainly engaged in the solvent spraying work. We use a recovery system and the heating and condensation principle to collect recycled solvent and use it to clean the spray equipment or resell it to solvent suppliers. This way, we reduce the cost of the material, avoid unnecessary waste of the resources, and reduce the VOCs. The solvent recovery rate was 80% (cumulative distillate collected/cumulative solvent purchased*100%) in 2021. As the statistics show, 244.83 tons of cumulative distillate collected were reused externally during the period from 2009 to 2021.

• Instances of Sluggish Material and Scrap Disposal Actions and Benefits

Credit against the waste disposal fee

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	Credit against the packaging fee by \$350,000/year	\$428,096/year (\$35,000 of the amount coming from sale of pallet carbon boxes)
Credit against process waste	Sorting properly and zeroing recyclable resources out of trash	Performance in 2021 107.89 reduced to 92.97(NTD/vehicle)	\$418,044/year (13.4% higher than the preset goal of \$310,639/year)
Credit against domestic waste	Implementation of trash sorting and zeroing recyclable resources out of trash	Performance in 2021 2.47 reduced to 2.0 (NTD/vehicle)	\$13,106/year (188% higher than the preset goal of \$6,971/year)
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	\$1,300,000	\$1,634,533
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	\$1,500,000	\$2,450,000

• Reselling waste packaging materials for reuse in sales and services

Waste	Paper angle bead	Plywood	Plastic pallet	EPE	Pallet carbon box
Photo					
Photo After assessment	✓	✓	✓	✓	✓
Application	YAPC export packaging	ADIVA export AD1/AD3 loading	1.ADIVA export AD3-400 engine loading 2.Sanli, a distributor in Taiwan, transport	Packaging for sales and services	Resale for a profit of \$50/piece in addition to reuse

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

(1) Waste paint is placed in a shelter house to protect it from being exposed to the rain, which may bring it more weight. The water content is controlled to 25% or below prior to clearance.
(2) A waste dryer is used to reduce the water content of the sludge and lessen its weight.

2.4 Pollution Control Management Measure

2.4.1 Air Pollution Control

The air pollutants of the Company are mainly the VOC, SOx, NOx and THC generated from the painting shop. In addition to installation of the Regenerative Thermal Oxidizer (RTO), we have taken 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 environment related regulations require more effort in the control of polluting emissions and the efficiency of the control equipment. We will be dedicated to the management of the air pollutants and the reduction of their emissions.

• Historical Emissions of Pollutants in the Recent Ten Years (tons/year)

Year / Pollutant	Suspended Particles (Par)	Sulfur Oxides (Sox)	Nitrogen Oxides (NOx)	Volatile Organic Compounds (VOCs)
2011	1.18	8.51	7.91	419.90
2012	1.43	5.12	4.98	440.08
2013	0.86	6.04	7.57	480.13
2014	0.94	7.76	10.40	567.44
2015	0.99	9.73	12.11	603.29
2016	4.60	8.59	10.90	605.50
2017	4.51	4.15	8.46	560.00
2018	2.83	3.21	2.98	485.40
2019	0.25	2.08	2.17	310.00
2020	0.23	1.54	4.32	392.14
2021	0.15	0.74	2.98	228.53

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.

2.4.2 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.

The process wastewater is discharged after being treated at the wastewater treatment plant (COD43.19mg/L; Ni0.14mg/L). The quality of the wastewater discharged is much better than what the effluent standard requires (100mg/L). The wastewater is discharged from the drain at the gate through the Daan River to the waters. There is no concern about impact on the water source due to withdrawal of water.

2.4.3 Soil and Groundwater Pollution Control

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.

• Soil and Groundwater Pollution Control Actions

- 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.
- The quality monitoring result of the groundwater in 2021 is described below:

Type	Pollutant	Control standard	Monitoring standard	YLSW-02 Painting shop upstream	YLSM-03 Painting shop downstream	YLSM-04 Gas station upstream	YLSM-01 Gas station downstream	YLSM-05 Gate surroundings
Monocyclic aromatics	Benzene	0.05	0.03	ND	3.20	ND	ND	ND
	Toluene	10	5	ND	ND	ND	ND	ND
	Ethylbenzene	7	3.5	ND	ND	ND	ND	ND
Polycyclic	Xylenes	100	50	ND	ND	ND	ND	ND
	Naphthalene	0.40	0.2	ND	ND	ND	ND	ND
	Carbon tetrachloride	0.05	0.03	ND	ND	ND	ND	ND
	Chlorobenzene	1	0.5	ND	ND	ND	ND	< 0.00100
	Chloroform	1	0.5	ND	ND	ND	ND	ND
	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-Dichloroethene	0.07	0.04	ND	ND	ND	ND	ND
Chlorinated hydrocarbons	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-Trichloroethane	0.05	0.03	ND	ND	ND	ND	ND
	1,1,1-Trichloroethane	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	0.039	ND	ND	ND
	Copper (Cu)	10	5	< 0.020	< 0.020	ND	ND	ND
	Lead (Pb)	0.1	0.05	ND	< 0.020	ND	ND	ND
	Mercury (Hg)	0.02	0.01	0.005	0.0003	ND	ND	ND
	Nickel (Ni)	1	0.5	ND	ND	ND	ND	ND
	Zinc (Zn)	50	25	0.061	0.079	< 0.065	< 0.020	< 0.064
	Indium (In)	0.7	0.35	ND	ND	ND	ND	ND
	Molybdenum (Mo)	0.7	0.35	ND	0.027	ND	ND	ND
General	Nitrate nitrogen	100	50	2.17	ND	1.01	1.02	288
	Nitrite nitrogen	10	5	ND	ND	ND	ND	ND
Others	Volatile	8	4	ND	< 0.10	ND	ND	ND
	MTBE (Methyl Tert-Butyl Ether)	1	0.5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbon (C6-C9)	10	5	< 0.107	< 0.107	ND	ND	< 0.107
	Total petroleum hydrocarbon (C10-C40)	10	5	ND	ND	ND	ND	ND
	Total petroleum hydrocarbon (C6-C40)	10	5	< 0.100	< 0.100	ND	ND	< 0.100
	Cyanide	0.5	0.25	ND	ND	ND	ND	ND

2.4.4 Management of Toxic Chemical Substances

According to the Toxic Chemical Substances Control Act and its sub-laws of the Environmental Protection Administration, the Company has not used controlled toxic chemical substances and those subject to the announced dosage limitations since April 1999.

2.4.5 Management of Ozone Depleting Substances

The ozone depleting substances that we use included halon fire extinguishers for the fire control purpose. To act in line with the policies and laws of the government, we prohibit the use of halon fire extinguishers and replace them with FM-200. For other facilities that may produce ozone depleting gases or substances, such as NOx, SOx and a small amount of refrigerant, we make effort in the upgrade of the equipment and process technology to ensure a performance better than what the standards of the Environmental Protection Administration require.

We have input resources and efforts in the protection of the environment for many years. In 2021, there were no records or cases showing violation of environmental regulations or any severe impact on the environment due to transportation. No environmental pollution incidents with respect to the management of effluent and waste occurred and there were no records of pecuniary punishment due to violation of environmental laws and regulations. The Company did not handle or solve any cases of environmental impact that have been registered for investigation through an official complaint mechanism. We will continue making investment in upgrade of environmental protection equipment to improve our environmental performance.

• Environmental Expenditure and Investment Actions in 2021

Expenditure and Investment	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Air pollution control	19,709	19,030	38,563	27,103	30,588	32,319	17,238	17,876	14,849	4,021
Water pollution control	5,082	7,696	7,459	5,507	6,169	7,465	3,589	6,515	4,946	4,912
Waste disposal (including sorting and other improvements)	4,019	4,770	3,517	3,894	4,544	6,500	4,913	3,324	4,685	4,173
Payment of pollution control tax (Air pollution, soil pollution, etc.)	8,175	11,523	14,598	11,190	15,742	14,559	15,482	10,432	8,695	7,952
Other expenses (energy saving, environmental assessment, etc.)	6,328	6,129	8,043	7,224	4,592	8,120	88,373	54,904	40,402	62,300
Total (NTD thousand)	43,313	49,147	72,180	54,918	36,893	68,963	129,596	93,051	73,577	83,358

• Expected Expenditure on Environmental Protection in the Next Three Years

Item/Year	2022	2023	2024
The proposed pollution prevention and control equipment and expenditure	Investment in energy saving and pollution control equipment	Investment in energy saving and pollution control equipment	Investment in energy saving and pollution control equipment
Estimated improvement	In compliance with environmental regulations & international trends	In compliance with environmental regulations & international trends	In compliance with environmental regulations & international trends
Estimated amount (NTD thousand)	35,000	35,000	35,000

• Expected Additional Expenditure on Environmental Protection in the Next Three Years

Item/Year	2022	2023	2024
Expenditure Estimated amount (NTD thousand)	Environmental fee 14,000	Environmental fee 14,000	Environmental fee 14,000
Expenditure Estimated amount (NTD thousand)	Management fee 13,500	Management fee 13,500	Management fee 13,500
Estimated improvement	In compliance and better than environmental protection regulations	In compliance and better than environmental protection regulations	In compliance and better than environmental protection regulations
Estimated amount (NTD thousand)	27,500	27,500	27,500

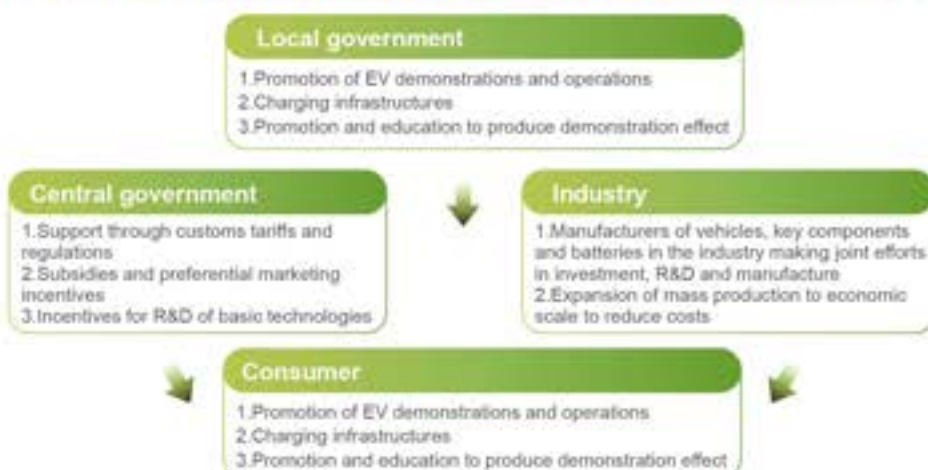
2.4.6 Respect for the Biodiversity

Yulon Motor's Sanyi Plant was established in the 1970s. It is located on a piece of Class-C building land in an industrial zone at Gual-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%). 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 to absorb more than 3,000 tons of carbon during this period. 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 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 other environment-friendly products are used to reduce pollution and protect the factory building and surrounding natural ecological environment. Monitoring of rare species, such as leopard cats and civets, that have been discovered around the plant is conducted to observe their activities. The responsible agricultural unit is informed whenever a protected wild animal is found.



2.5 Promotion of Green-Energy EVs and Deployment of Charging Facilities

Many countries are facing abnormal weather as the greenhouse effect has become worse. The extreme temperature, draught and flood have brought challenges to human beings and creatures. For these, the governments in the world are dedicated to the control and reduction of the CO2 emissions, or the origin of the greenhouse effect. The "energy saving and carbon reduction" have become a global issue and many leading car manufacturers are speeding up their actions in the development of new energy vehicles featuring low or zero emissions. The "smart electric vehicles" have become a new momentum for the growth of the automotive industry.



• Performance in the R&D and Manufacture of Electric Vehicles



1. Yulon Motor and Foxconn Technology Group formed Foxtron Vehicle Technologies Co., Ltd. jointly in 2020. The Company made a contribution of NTD 7.632 (49% in the shareholdings) billion to the capital with the open platform as the investment assets, and Foxconn made a contribution of NTD 7.944 billion to the capital in cash (51% in the shareholdings). In the future, both parties will implement a new business model by promoting sharing of the platform in the global automotive industry and integrating the complementary advantages of both parties in the R&D of vehicles and the ICT industry to provide total solutions for the target customers.
2. Foxtron Vehicle Technologies presented the first three electric vehicle models of Model C SUV, Model E Sedan and Model T EB in 2021. With these new models developed on its own, it demonstrated the determination to become a new power in the global car manufacturing industry. The Model C is the first SUV developed on the open EV platform. It is a pure electric SUV model of low consumption, large space, and high performance, efficiency and intelligence. The Model E is an innovative hi-tech sedan equipped with high-performance electric drive and advanced dynamic control technology that ensure a super high battery life of 750km to solve the problem of electric vehicles in mileage. The Model T is a transport-oriented smart fashionable urban bus. It has a rigid body protection design and a battery life of more than 400km.

• License Plate and Demonstration Result

After having been subjected to the whole vehicle approval of the type, safety, exhaust, noise, energy consumption, and anti-theft identification number and undergone the crash test, the LUXGENEV+(MPV, SUV and CEO) that Yulon Motor developed passed the national compliance certification in July 2010 and became the first electric vehicle for which a license plate was received in Taiwan. To act in line with the "Smart Electric Vehicle Pilot Program" of the Industrial Development Bureau, Ministry of Economic Affairs, with 3,000 smart electric vehicles demonstrating in ten districts, we input resources in the Phase 0 program (Fig. 4) for the flora expositions in New Taipei City, Kaohsiung City and Taipei City, and participated in many domestic and overseas activities related to environment issues. Currently, we have deployed 565 charging stations, provided 1,450 charging guns in Taiwan, and promoted popularization and standardization of charging stations to provide them for local governments, state-owned enterprises and private companies. In the implementation of these practices, we hope to build a model and environment favorable to electric vehicles and create a new milestone for the development of the electric vehicles in Taiwan. To support the "Smart Electric Vehicle Pilot Program" of the government, we work with the entities in the public and private sectors to promote green-energy EVs friendly to the environment by providing cars for the city and county governments and the companies in the public and private sectors, in addition to the shuttle services for the citizens.



We provided 16 M7TURBO and M7EV+ smart SUVs during the 2017 Universiade for torch relay and other services, including the shuttle services for the contestants, in concert with the theme of the games: "Green Energy Era and Healthy Generation." MPV EV+ can reduce CO2 emissions by 29,000 kg every 100,000 kilometers, equivalent to planting of 1,600 shade trees. Electric vehicles are considerably favorable to the environment protection in terms of the reduction of CO2 emissions.



• We participated in the "Kdrive" (EV sharing system) program of the Kaohsiung City Government in 2017 by offering about 100 EVs, including Luxgen S3, and a one-way rental service. We also participated in the Ecomobility World Festival in Kaohsiung by:

1. arranging guests to the LUXGENS3EV+ exhibition and free driving and experiencing activities.
2. providing shuttle services for guests: M7EV+ was the dedicated shuttle vehicle for the mayor during the Festival. 22 LUXGEN vehicles were arranged for the guests during the Festival from September 30 to October 5, 2017.



- We worked with Fo Guang Shan in 2015 to drive electric vehicles in the park of the Fo Guang Shan Buddha Museum and provide shuttle services for the believers.
- 2015 to 2021: EVs were used as company cars of the Yulon Group, for the transportation of the employees, and for the community security service in Sanyi Township, Miaoli County.
- 2018-2021: EVs provides supports for Yulon volunteer activities, social care, and recruitment of manpower.
- 2018-2021: EVs were used for the tourists to visit the tourism factory.



• EVs' Creation of Synergy in the Automotive and Energy Industries

We support the policies of the government and are optimistic to this new industry of smart electric vehicles. With the car manufacturing concepts of zero fuel consumption and zero emissions, we integrate the resources of the industrial and academic circles and work with them to form a tightly bounded and strong ecosystem team that has the motor, drive, battery, on board charger, charging pile and key component suppliers as the members. By working with the team, we have developed and manufactured different green-energy EVs of high performance and efficiency. The Company is transforming the business to assembly of EV batteries and has initially good performance in the operation of the green energy business.



• Popularization of Electric Vehicles

- Integration of the resources along the value chain of electric vehicles and provision of charging services on an integrated platform
- Performance of public charging platform services

• Performance of Public Charging Platform Services

Public and private charging platforms: There are 2,606 charging guns in Taiwan.



- 15.32MWh charged accumulatively to reduce 529 million tons of carbon
- 2010-2021: Operation performance in Taiwan Area
- 1. The most public charging services used in Taiwan
- 2. The most widely deployed charging piles in Taiwan
- 3. The most installed facilities in parking spaces and the most widely used operation modes
- 4. The most popular applications in the industries

• Charging Stations in Taiwan

Public Place



Department and Hypermarket



Government Procurement Project



2.6 Management of Energy Storage and Renewable Energy

• [Manufacturing Technique of Energy Storage Container]

We have the capability and experience in the assembly and production of energy storage containers, and can provide customer with the services from measurement of battery cell characteristics, battery cell grouping, welding of modules, and their assembly. We also have the capability of assembling and testing battery packs, controllers, terminal clusters, and energy storage containers. A complete production resume is available for customers to prove the integrated management of the production with full records of the processes from the battery cell, module, battery pack, control, terminal cluster to energy storage container. We provide battery testing technique and equipment to test the performance of the ambient temperature and humidity for the battery cell, module, battery pack, energy storage container, and other high-power systems, conduct charging and discharging tests for large power batteries, and offer other testing services.

• [Production Features]



• [Overview of Equipment in the Production Field]

The ISO 9001 and ISO 14001 quality certificates have been acquired. Automated conveyors are available at the production lines in the field that can ensure integrated production of battery modules, battery packs and energy storage containers. The production line provides an annual capacity of higher than 1GW. We have the technique and experience in the production of battery modules, battery cells, controllers, terminal clusters, energy storage containers, and so on, can assist customers in the planning of the assembly process to ensure consistent production standards, their documentation, optimization of production, and planning of test designs. We are experienced in the production of large power batteries and can provide customers with a total solution in the planning of production and the test of quality.

The Company has parts storage and logistics management systems and can help customer understand the status of the materials for the production. The capability of packaging, transport, and distribution of finished products is available to provide customers with full services in the parts storage management, material receiving and issuing along the supply chain, manufacturing and assembly of the products, packaging and delivery of finished products, and so on.

The high-power 4kW solid-state laser welding is a major manufacture process of the energy storage equipment. We have Trumpf 4kW solid-state laser welding equipment made in Germany. It is used for welding of the shell structure to reduce the screws and time needed for tightening the shell and increase the flexibility in the design. The impedance occurring during the tightening process can be reduced and the performance of the battery module can be improved by applying laser welding to the pole busbar of the battery cell. Other cell welding processes, such as prismatic cell and pouch cell processes, are also available. In 2021, an AI-based visual identification system was implemented after the laser welding process to detect holes and solder skips to ensure the quality of the welding beads.

• [Energy Storage Product Inspection Equipment]

In addition to the equipment and ability to inspect battery cells, modules, battery packs, energy storage containers, and other devices, we have the ACIR measurement equipment, Hipot tester, dynamometer machine, and charging and discharging equipment for inspection of the product quality and provision of the information on quality inspection and production resume.

Battery production and management resume system: We have the capability of software development and can give assistance in the development of customized software and implementation of automated cell measurements matching, electrical testing, communication testing, charging and discharging testing, and other functions. The measurement results can be integrated into a complete test resume document.

• [Energy Storage Product]

We exported more than 1,000 sets of energy storage containers in 2021 and set the goal to produce 1,469 sets of 337MW in 2022. In addition, we will make use of the vacant lot in our Sanyi Plant for cross-industry collaboration and setup of energy storage equipment.

The green energy business that we have been dedicated to has brought about concrete results. Significantly, more and more companies use renewable energy and need more energy storage facilities to cope with global climate change. In addition to this development, the trend of electricity liberalization and the corresponding ESG-oriented ecological protection encourage the installation of solar power systems on an ongoing basis to increase the percentage of the green energy in the power consumption of the Company with the help of the energy storage equipment and system. Furthermore, based on the integration of the techniques and resources for the R&D and assembly of new energy vehicles over the past years, we cultivate our professional core capability in the manufacture of energy storage products and develop a green energy business platform to promote professional collaboration and division of work among the strategic partners along the value chain and create a milestone for the sustainable operations of the automotive industry in Taiwan.

2.7 Management of Green Supply Chain

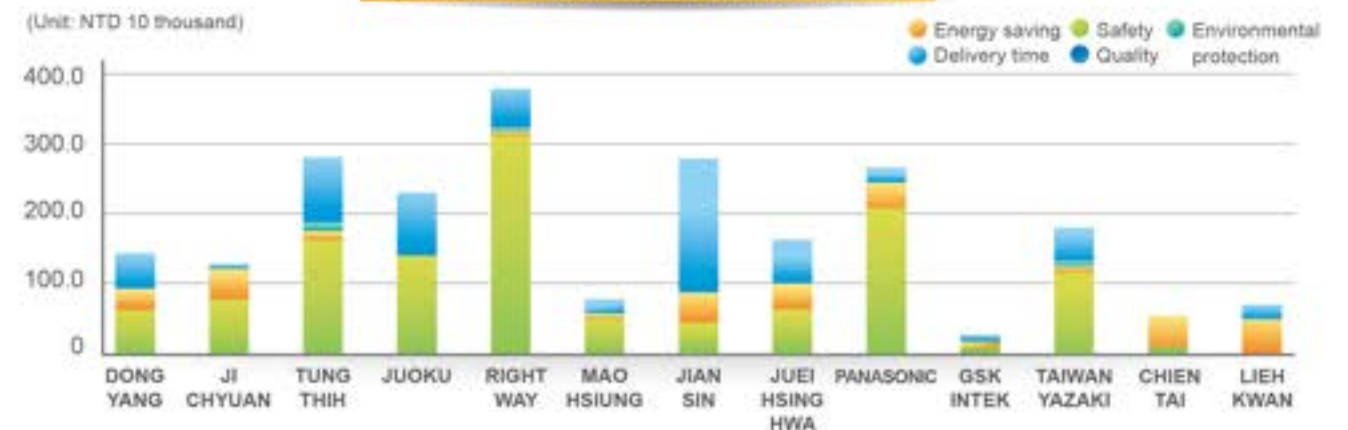
2.7.1 Yulon Motor and Suppliers

It takes a long time to produce a vehicle from development, mass production to EOP (End of Production) and, thus, the manufacturer usually maintains a long-term relationship with the suppliers. We perform supervision and evaluation of the suppliers on a regular basis to ensure they keep compliant with our QCDD (Quality, Cost, Delivery, Development) requirements and there is no significant or potential negative impact on the environment, labor conditions, human rights, and society. In addition to controlling the quality of the suppliers in a strict manner, we support them in the improvement of the production process and product quality and communicate the importance of the green environment to them. We provide them with guidance for their energy saving and carbon reduction measures and arrange experience exchange events in the hope to create a win-win situation of co-existence and co-prosperity with them.

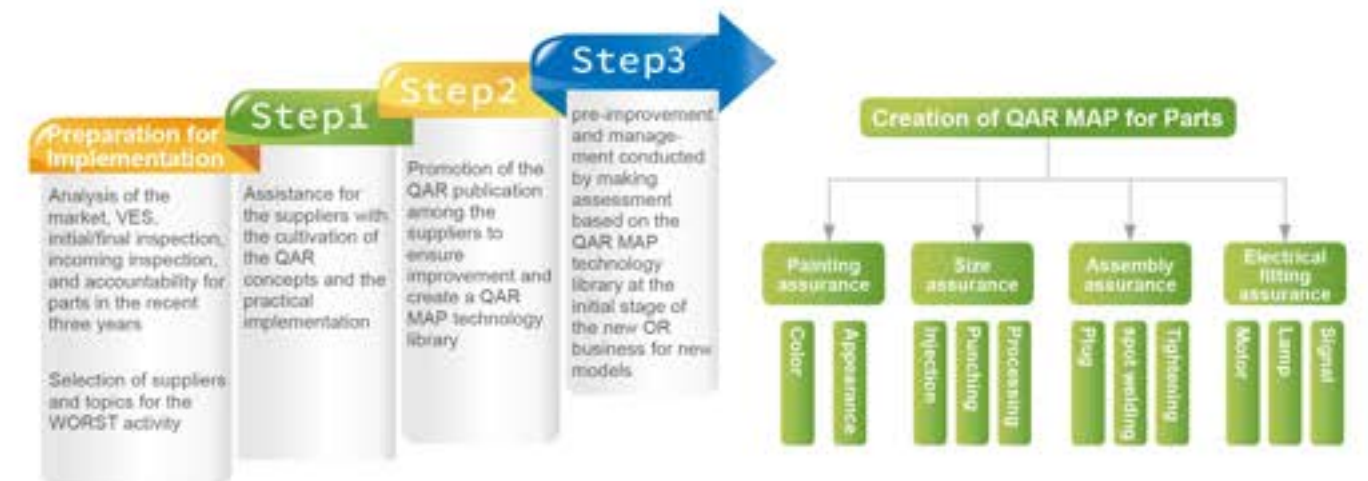
For the supplier that has negative impact on the human rights or society, we will downgrade it or transfer the contract to a second source pursuant to the supplier management regulations. For the supplier whose materials are not substitutable to a certain extent, we will give guidance for its deficiencies and review these deficiencies after the supplier proposes improvement measures to avoid recurrence.

From 2020 till now, the suppliers along the value chain have raised a total of 139 improvement proposals. 103 of them have been implemented properly at an implementation rate of 74.1%. We have formed five-facet teams to ensure their improvement plans can help suppliers generate real improvement benefits in the processes from the incoming of materials to the delivery of goods pursuant to the principle of PDCA Cycle and the procedure from interview with suppliers, confirmation of procedures/processes, analysis of data/problems, proposition of improvement plans to implementation of follow-up actions. We try to have in-depth understanding of their control measures and make confirmation properly, find out the real cause of the problem, raise mutually beneficial improvement plans, systematically analyze the processing, management, material and other items in the overall production process that have benefit in the improvement of the cost, implement optimization of management, and improve their profitability and performance.

Cumulative Improvement Benefit of Suppliers



In 2021, we continued supporting suppliers to cultivate the concepts of quality assurance, promoting the QAR activities for the independent process of the suppliers, and create a QAR MAP technology library to improve the quality of the materials and prevent recurrence. In addition, By supporting in the implementation of the SQM parts management system, 65 suppliers were upgraded to the level of B+ at an achievement rate of 100% and 15 key suppliers were encouraged to implement self-monitoring and self-evaluation activities under QAR.



2.7.2 Yulon Motor Association

For the management of third-party suppliers, we have established the Basic Sales and Purchase Agreement of Vehicle Parts and Components and the Sales and Purchase Agreement of Vehicle Materials to define the tasks and goals of the third-party suppliers in terms of the Quality (Q), Cost (C), Delivery (D) and Development (Dv) in line with the Supplier Management Regulations, and perform the management and guidance in cooperation with relevant authorities. The planned goals of the Company can be accomplished only in this restrictive management mode.

The "Yulon Motor Association" is the core for the interaction between the central and satellite plants and the consolidation of the teams. With the implementation of the Association's activities, the third-party suppliers have plenty of results in the enhancement of their strength, quality, and reduction of waste. As the communication and implementation of the central plant's policies and the feedback from the third-party suppliers and the earnest talk with them aim to create a win-win situation, both are encouraged and grow together to demonstrate a synergy of team spirit.

To strengthen the CSR awareness among the third-party suppliers, sustainability-oriented events have been organized for the suppliers through the general and regional meetings of the Association with respect to the facets of green suppliers, improvement of safety and health, and implementation of labor rights. Different dissemination, education and training materials are issued to the suppliers during the meetings.

Discussion with third-party suppliers on the issues of labor rights



2.7.3 Supply Chain Management System

The SCM (Supply Chain Management) system of the Company mainly aims at the integration of the information networks between the Company and the suppliers. The major functions of the system is described below:

1 SCM-Web Platform

This is the information system responsible for the communication between Yulon Motor and the suppliers of parts and components, including the vehicle production status, the status of the delivery against the orders placed to these suppliers, the quality of the parts and components, the transaction and reconciliation with the suppliers, and the rapid transmission of the engineering drawings to the suppliers.

2 Enterprise Resource Planning (ERP) System

This is the information system on which the demands can be put forward to the domestic and overseas suppliers (third-party suppliers) of parts and components with respect to the purchase, delivery, order, quality, and service.

3 Option System

This is the information system integrated with the options of parts and components for the customers.

4 Assembly Line Control (ALC) System

A process control point with integrated information on finished cars is set up at each shop (body spot welding, painting, engine assembly, and vehicle assembly shops).

5 Trading on the Internet

The ALC, ERP and the distribution from the suppliers of parts and components are incorporated in the planning of the order receiving operations on an OPT (optional) network. The purchase order is then transmitted to the suppliers via the EDI (Electronic Data Interchange).



2.7.4 Interaction with Suppliers

We incorporate purchase of green materials as an important reference indicator and actively encourage our third-party suppliers to pass the ISO 14001 certification. As for the management of the suppliers, they must comply with the Labor Standards Act to assure the protection specified in the human rights regulations. The agreements with the suppliers, contractors and other business partners are designed in compliance with domestic human rights regulations. They are not filtered pursuant to human rights regulations nor contain any terms on human rights.

We have a designated responsible unit for guidance and supervision of the suppliers for their improvement. Multiple effective communication and improvement activities toward the suppliers are performed via the director/supervisor and general meetings of the Yulon Motor Association (hereinafter referred to as the Association), exchange activities, education and training, visit and learning activities, and corporate workshops 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 the environment.

In 2021, the supplier guidance project played an important role in the improvement of the supplier's capability in the facets of development and design of products, improvement of quality, enhancement of production techniques, and reduction of waste to achieve the goals in these respects.

We deem suppliers our long-term partners and work with them closely to pursue sustainable operations and mutual growth. Materials are purchased mainly from local suppliers in consideration of the flexibility in the supply of materials, the assurance of the rapid response, and the facilitation of the stable economic development in Taiwan. This way, we can provide employment opportunities for local people, stimulate the prosperity of local economy, save transportation energy, and support the suppliers in the improvement of their quality, environmental awareness, and related capabilities.

Percentage of the Parts Purchase Amount

The procurement unit promotes the localization of the parts in an active manner to facilitate the increase of the employed population and reduce of the cost. The purchase amount of the domestically produced parts occupied 38% of the total purchase amount of parts in 2021.

Item/Part	Domestic parts	Overseas parts
Percentage of parts purchase amount	38%	62%



2.7.5 Management Mechanism of Green Suppliers

Implementation of Safety and Health Responsibility and Guidance Systems

We perform ESH inspection plans toward suppliers and third-party suppliers. In addition to validating the appropriateness of the self-evaluation made by the third-party suppliers, we give guidance and assistance for the items that are scored bad as indicated in the self-evaluation. As the globalization has enhanced the awareness of the green management mechanism, we request the suppliers to act in line with the following requirements to be followed or observed during the production process and within the management mechanism in a step-by-step manner:



We communicate our environmental policies to the third-party suppliers, direct material suppliers and equipment suppliers when making assessment toward them. When assessing a new third-party supplier, the procurement unit pays an on-site visit for the assessment. If on-site visit is impossible for practical reasons, it may be replaced with an environment questionnaire survey. The assessment is not needed for the suppliers that have acquired the ISO 14001 certificate or had outstanding performance in environmental protection.

We continue implementing sustainable development projects for suppliers. The practices in the management and operation are described below.

• Management

Item	Description
Promotion of green suppliers	The key suppliers are classified for management pursuant to the international ISO 14001 certification standard. The suppliers that have acquired the certificate are classified into Grade A, those that have started the management operations but not acquired the certificate yet are classified into Grade B, and those that have not started the management operations are classified into Grade C. We will continue giving guidance and assistance in the promotion of relevant operations in the hope that all the suppliers can meet the requirements of the environmental regulations and make improvement on an ongoing basis to make the best contribution to the environment that we place much importance on.
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. The suppliers that have acquired the OHSAS 18001 certificate or registered the safety and health work rules are classified into Grade A, those that have established a safety standard but not finished the reference registration are classified into Grade B, and those that have not established a safety standard are classified into Grade C. We perform the inspection at the location of the supplier in compliance with laws and regulations.
Implementation of labor rights	The key suppliers are classified for management pursuant to the laws and regulations of the government. The suppliers that act better than what the laws and regulations require and have sound systems are classified into Grade A, those that must enhance some of the systems are classified into Grade B, and those that may violate the laws and regulations and need to improve the systems are classified into Grade C. We continue implementing the management and requesting all the suppliers to act in compliance with the laws and regulations of the government.
Management of conflict minerals	Conflict minerals are those exploited during armed conflict or in violation of human rights. Their use must be avoided. We participate in the global green procurement policy and request key suppliers to sign the "Supplier's Declaration of Corporate Social Responsibility Commitments" to avoid purchase of 3TG (tin, tantalum, tungsten, gold) metal materials from the conflict zone.

• Operation

Item	Description
Promotion of green suppliers	We give guidance and promote energy saving and carbon reduction activities among the suppliers. (Refer to the next section for details.)
Improvement of safety and health	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.
Implementation of labor rights	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, in the hope to act in compliance with the laws and regulations and protect the labor rights. This way, the suppliers can refer to the difficulties that other companies in the industry have encountered and find out the best solutions.
Management of conflict minerals	We investigate our key suppliers to make sure they did not use the metal material from the conflict zone. All the suppliers have signed the "Supplier's Declaration of Corporate Social Responsibility Commitments" to guarantee that they refuse to purchase metal materials from the conflict zone currently and in the future.

• Energy Saving and Carbon Reduction Activities of the Suppliers

The annual goal of carbon reduction in 2021 was achieved mainly by performing carbon emissions inventories, carbon reduction guidance, review of improvements, and praise of outstanding performance to encourage energy saving and carbon reduction among the suppliers.



In 2021, we worked with external ESH experts to make assessment in three respects of carbon reduction, improvement rate, and improve method. One supplier was selected (a total of three suppliers) from each assessment respect and prizes were awarded to encourage other suppliers to learn from them.

The details of each respect are described below:

Item	Description
Carbon reduction	The supplier that had the highest reduction of carbon emissions in 2021
Improvement rate	The supplier that had the highest improvement rate in the carbon emissions in 2021
Improvement method	The score was given in four facets of innovativeness, technicality, ROI efficiency, and method.

Carbon emissions inventory:

For the energy saving and carbon reduction, 52 suppliers underwent the carbon emissions inventory in 2021 and guidance was given to the suppliers that generated high carbon emissions. We will continue organizing energy saving and carbon reduction activities every year to reduce carbon emissions.

Carbon reduction guidance:

The goal of carbon reduction was set to 2.06% in 2021. An annual goal of carbon reduction is set for the suppliers that generate high carbon emissions. An energy saving system was established in 2021 mainly for the metal product manufacturers. A guidance team was formed with the support of the external experts to enhance the awareness of the carbon reduction, reduce more carbon emissions generated from the central plants in different industries, and improve the management approaches.

• The results of the guidance activities in 2021

Guidance for suppliers

We have made use of the industrial energy saving guidance resources of the Industrial Development Bureau, Ministry of Economic Affairs, and the Foundation of Taiwan Industry Service since 2015. As of 2020, 35 third-party suppliers that engaged in energy saving and carbon reduction activities have participated in the guidance and acted as a benchmark for the increase and improvement of the energy efficiency in the hope to connect to the energy saving system as a result of the partner clustering effect. Based on the PDCA Cycle, we extend the energy saving and carbon reduction activities to the six facets including management of electrical energy, heat energy system, process system, air conditioner system, compressed air system, and rotation system.

In 2021, seven more suppliers that generated high carbon emissions accepted the supporting resources from an external expert team. They paid on-site visits, conducted diagnosis of energy saving and carbon reduction, performed baseline inventories for energy saving and carbon reduction, analyzed problems, conducted equipment/system measurement, assessed the potential for reduction, visit suppliers, and hold work conference regularly.

Review of improvements

The achievement rate of carbon reduction in 2021 was 2.76% and higher than what the government required by 1%. We will keep organizing energy saving and carbon reduction activities every year and reviewing the improvement plans and implementation results of the suppliers on a regular basis to achieve the goal of carbon reduction.

Praise of outstanding performance	Suppliers winning awards in 2021
Outstanding supplier in reduction of emissions	Yue Ki Industrial
Outstanding supplier in the improvement rate of the carbon emissions	Uni-Calsonic
Outstanding supplier in the improvement method	Panasonic Taiwan

In recent years, more consumers find that companies shall be liable for the supervision of their suppliers. In the circumstances, we work with the suppliers to establish a social responsibility system favorable to sustainable operations. This not only enables the suppliers to provide more safety protection for their employees and business operations, but also improves our competitive strength on the global market. We will perform on-site audit of the aforesaid matters to make an improvement for related deficiencies, build a green supply chain together with the suppliers, and make contributions to the sustainable development of the planet.

Employee Care and Development



3.1 Occupational Safety and Working Environment

3.2 Health and Care of the Employees

3.3 Pandemic Prevention Policy and Crisis Management

3.4 Development and Training of Talents

The sustainable development and growth of the Company require the services and contributions of the employees. They are important assets of the Company and we "treat them as our customers." For both recruitment and deployment of talents, we carry out fair and open procedures and hire them from different fields on the principle of "in-dept development" rather than "pragmatism." All the employees are treated attentively in the hope that they can form a momentum for the long-term growth of the Company.

3.1 Occupational Safety and Working Environment

• Creation of a Safe, Healthy and Happy Workplace

The occupational safety is the foundation of the 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 occur 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. In addition, 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.

3.1.1 Occupational Health and Safety

To ensure smooth production and protect the life and property of the employees, we are committed to carrying out our missions and fulfilling our responsibility for the safety and health of all the employees and stakeholders.

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 the design, construction, production to service of all the products. By implementing the PDCA Cycle strictly, the Company continues making improvement for the risk that may occur 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 concerned about the awareness of safety among the employees and hope to achieve the goal of zero occupational accidents together with the employees.

We have transformed to become a company subject to the globally consistent ISO 45001 Occupational Health and Safety Management Systems and passed the TOSHMS Occupational Health and Safety Management System certification. We received the award granted by the Ministry of Labor to the outstanding business entities in Taiwan for we implemented OHS management activities on an ongoing basis and acquired significant results in this respect.



• Labor Safety and Health Committee

We have established the "Labor Safety and Health Committee" with 15 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 based on the status quo of the environment, equipment and operational conditions.

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.

• Protection Measures and Management Programs for the Personal Safety of the Employees

In view of the importance of safety protection measures at working environment and for employees. Based on the ISO 14001 (certification effective 2020/11/28-2023/11/27) & ISO 45001 (certification effective 2021/7/25-2024/7/24), risk control on major environmental considerations/occupational safety and health was executed with target and program management to prioritize improvement, while operations with lower risks are managed with operational control methods, and all the measures have been improved to result in significant control efficacy. Major goals and management programs are as follows:

Objective / Target	Program	Current Status	Implementation Status
4 Injury cases at the plant (cases/year)	Regular implementation of 5S inspection, TOP survey, and improvement of false alarms.	Through various routine inspections and improvements, to reduce the occurrence of harm.	3 (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 %

• 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 (daily, weekly, monthly, quarterly, semi-annually, annually) maintenance and inspection of machines (cranes, elevators, presses, etc.) or equipment (boilers, high and low voltage electrical equipment, etc.)

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

(1) Health examination: physical examination of new recruits. The regular labor force periodically undergoes employee health examinations in accordance with labor safety and health protection rules. Special operators undergo a special medical examination once a year.

(2) Health education and promotion: employ factory doctors and occupational doctors to provide clinical services twice a month (including) (content: prevention and treatment of occupational injuries and diseases and general injuries and diseases, health consultation and first aid and emergency disposal, health education, health promotion and health guidance, etc.)

(3) Half-yearly implementation of vector mosquito control and disinfection in the plant.

(4) Specify smoking ban in indoor places and limit smoking to designated area (20 places in the whole factory).

• Industrial Safety Inspection System

We attach importance to the safety and health of the employees and contractors and perform occupational safety audit actively, such as to management's MBWA (Management by Walking Around), professional safety inspection, safety inspection of new buildings, and grade-based safety inspection conducted by the supervisors at all levels. The deficiencies identified are tracked via the information system up to completion of the improvements. The inspection focuses on the identification of unsafe environment and behavior in advance to prevent occurrence of 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 "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 of the personnel and equipment when an accident occurs.

Each unit designates an EHS specialist to assist with the promotion and implementation of safety and health policies, including holding a meeting of EHS specialists every quarter, performing a 5S advanced inspection every month, and reporting a near miss every month. We have established the EHS Specialist Meeting Procedure and Sanyi Plant 5S Implementation Regulations, and created an incident reporting system pursuant to the Occupational Safety and Health Management Plan.

• Contractor Safety Management

For the contractor safety management, we emphasize a complete control system and the importance of the safety awareness. For these, we have established the "Contractor Safety and Health Management Regulations," "Work Permit Control Guidelines," and other relevant regulations. The personnel of the contractor are managed pursuant to the same standards that are applicable to the employees of the Company, and the standards are implemented strictly. The injury accidents occurring to the personnel of the contractor are deemed as those occurring to the employees of the Company. They are subject to the investigation, improvement, recording, and follow-up actions. In addition, we have formed a construction inspection team to perform unannounced inspection at the site of the construction on an irregular basis.

• Major Enhancement Measures for Contractor Safety Management

- 1 Strictly request the personnel of the contractor to perform construction in accordance with the SOPs and construction sequence.
- 2 The OHS personnel of the contractor shall be present at the construction site for supervision of the safety and health matters every day. The construction shall be suspended during the period when the OHS personnel are not present.
- 3 The contractor shall take safety and health training and pass the test. Otherwise, the contractor is not allowed to enter the plant for construction.
- 4 The access of the contractor to the construction site is controlled via a computer. The head of each unit shall pay attention to the works in the plant and the number of the contractors at any time.
- 5 The construction shall be graded depending on the severity of the risk. The supervisor shall fully supervise the construction of high risk. The construction is suspended on holiday, in principle. Otherwise, the head of the responsible unit shall be present for supervision of the works.
- 6 The door control and inspection shall be enhanced. The contraband and the tools or other things that are not compliant to 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.
- 7 The scope of the works and responsibilities shall be specified in the construction contract explicitly. The contractor shall sign a safety affidavit to ensure the safety during the construction.

• Equipment Safety Management

We implement risk management and mechanical integrity by establishing an equipment safety management process. The corrosion circuit of the equipment is determined depending on its contents and operation conditions. Equipment classification is performed based on the Risk Base Inspection (RBI). The maintenance system is planned for the plant depending on the criticality of the equipment. The equipment of higher risk is subject to more detailed inspection to ensure the safety of its operation. The operator shall perform self-inspections, target inspections and job checks during the period of use, and shall apply to the labor inspection authority for regular inspection within the time frame specified in the law. The equipment shall not be used until it passes the inspection.

In the equipment area, the safety management regulations raised to ensure the safety of people, events, places and things shall be controlled pursuant to relevant SOPs, such as the control procedure for access to the restricted (explosion-proof) area, locking/marketing management procedure, and power interruption/restoration procedure. These safety work regulations are not directly related to the equipment or the chemicals of high risk, but have direct relationship with the safety of the personnel at the plant and the operation of the equipment. That is why these regulations must be available at the plant.

According to the "Occupational Safety and Health Act" and "Occupational Safety and Health Management Regulations," the Company formulates the self-inspection plan prior to the beginning of a year, and coordinates with the administration department to establish a self-inspection plan for the mechanical and electrical equipment of the office building. The annual self-inspections are performed according to these plans. The specifications, drawings, maintenance statuses and inspection data are entered in the system for management purposes. An equipment safety management process is established to govern the steps needed for continuous operation of the equipment. The Company provides training for the maintenance personnel and performs inspection, testing and improvement of the equipment to assure the safety of the personnel and equipment, increase the productivity of the plant, and achieve the goal of mechanical integrity.

• Education, Training and Dissemination of Industrial Safety

The courses cover the anticipation of hazards; safe operation behavior; case study of safety management practices; intrinsically safe mechanical design series; basic and advanced concepts of hazard prevention and risk management; theory and practice of fire control and rescue; organization of emergency response teams (ERTs), training of team members, and routine drill; and dissemination of road traffic safety.

Performance of Industrial Safety Education and Training in the Recent Three Years

Year	2019	2020	2021
Number of participants	967 participants	897 participants	459 participants
Accumulated training hours	2,332 hours	3,405 hours	2,760 hours



In-service training of fixed crane operator



In-service training of oxyacetylene welding operation



In-service training of crane and hoisting operation



Education and training on prevention of hazards during forklift operation

Performance of Other Related Training Courses



▲ Self-defense fire organization and drill

• Industrial Safety Performance

To avoid occupational safety accidents and reduce the loss arising from them, we worked with the Central Occupational Safety and Health Center of the Occupational Safety and Health Administration, Ministry of Labor, in July 2009 to incorporate the equipment safety grade and risk factor inspection standards in the zero accident management goals of the plant. This way, we eliminate the potential sources of the accidents in advance by implementing risk anticipation management and inspecting working environment and behavior to achieve the goal of zero accidents.

• Investigation Statistics and Reports of Occupational Accidents

We have established the Accident Handling and Investigation Management Regulations to incorporate the emergency actions taken for the accidents occurring to the employees or contractors and the subsequent investigation measures into management to reduce the resultant loss and prevent recurrence of similar accidents. The Regulations are implemented properly and records are prepared accordingly. We make use of resources (e.g. morning meeting, specialists' meeting, mail, and Line) to conduct continuous safety education and dissemination to employees and enhance their awareness.

The occupational safety is the foundation of the 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 occur 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.

Item / Year	2015	2016	2017	2018	2019	2020	2021
Days of disability (Day)	2	71	518	33	2	89	0
Cases of disability (Case)	1	2	5	3	1	1	0
Number of deaths (Person)	0	0	0	0	0	0	0

Note: Days of disability – The cumulative hours of the disability to work continuously due to a single occupational injury, with eight hours as a working day.

3.1.2 Building a Friendly Working Environment

We have made great effort and input lots of resources to improve the working environment for the employees since 2017 and have improved 60 items up to now. We will continue improving the comfort in the working environment for the employees.

Result	Improvement	Fund (NTD 10 thousand)
Temperature reduced by 1°C	Setup of a heat exhaust fan in side direction above the Ring-3 area in the body shop	9.0
	Setup of a heat exhaust fan above the decoration area in the vehicle assembly shop	15.0
	Setup of a heat exhaust fan above the Sift-1 chassis area in the vehicle assembly shop	15.0
	Setup of a heat exhaust fan above the Sift-3 chassis area in the vehicle assembly shop	15.0
	Setup of an additional large heat exhaust fan in the 3rd support depot (D-05 and F-05 pillars)	10.0
	Setup of an additional natural convection exhaust device at the inlet of the oven for the gluing work in the painting shop	15.0
	Setup of an additional large ventilation cage at the sedan sheet metal work line in the body shop	12.0
	Setup of four exhaust fans in the area of the engine production line to improve air convection	28.0
	Setup of solar panels on the roof of the 2nd support depot for heat insulation	300.0
	Setup of an additional exhaust fan at the two-tone wrapping paper line for the grinding group in the painting shop	12.0
Temperature reduced by 2°C	Setup of an addition exhaust fan in the P/O area	10.0
	Setup of an additional insulation layer to the outer plate of the surfacer oven	30.0
	Setup of an insulation booths at the outlet of the gluing oven and in the front section of the gluing line	11.0
	Setup of an additional atomizing spray head at the outlet of the RV top coating oven for reduction of the body temperature	27.7
	Painting shop – renovation and improvement of the booth environment	15.0
	Assembly shop – Setup of a heat exhaust fan above the decoration area	20.0

Result	Improvement	Fund (NTD 10 thousand)
Apparent temperature reduced by 1°C	Setup of an additional electric fan in the Ring-4 area of the body shop	10.0
	Setup of an electric fan at a new production line in the towed operation area	1.0
	Setup of an addition electric fan in the V5 conversion area for gluing operation	0.6
	Setup of an additional electric fan in the trimming and unwrapping area	0.6
	Improvement for the escape of cool air at the trimming line (blind seal at the cool air outlet of the high-altitude air duct)	1.0
	Setup of an additional axial fan in the trimming area	3.0
	Setup of an additional electric fan to the fuel tank cap station at the trimming line	0.6
	Setup of an additional electric fan to the S-05 station at the assembly line in the towed operation shop	0.6
	Setup of 41 additional electric fans in total in different work areas	12.0
Temperature reduced by 3°C	Setup of an additional air conditioner in the front section of the trimming line	40.2
Reduction of dust escape	Setup of an additional curtain in the Ring-4 area of the body shop	18.0
	Setup of an additional anti-dust curtain in the ROLLER HEM jig area	30.0
	Setup of an additional anti-duct curtain in the ROLLER HEM work area	30.0
Reduction of dust	Body shop – Robot automation at the NIMS line	400.0
Reduction of ambient odor	Extension and improvement of the gutter behind the restroom in the body shop	3.0
	Setup of additional ventilation shutters in the toilet on the side of the E03 door in the towed operation shop	2.0
	Renovation and improvement of the toilet on the side of the E-07 door in the towed operation shop	42.0
	Setup of an additional electric fan in the trimming and waxing area	0.6
	Setup of an additional electric fan in the trimming and black sticker pasting area	0.6
Reduction of odor by 20%	Setup of a baffle plate to the threshold at the entrance/exit of the surfacer spraying room on the west side	5.0
	Setup of an additional fan in the toilet on the side of the E03 door in the towed operation shop	0.5
Reduction of odor	Setup of an addition exhaust fan in the PiO area	10.0
Reduction of waste gas escape from oven	Setup of an additional electric fan at the inlet of the gluing oven	0.6
	Setup of an additional electric fan in the #3 ED blowing and wiping area	0.3
	Setup of an additional electric fan at the outlet of the surfacer oven	0.6
Reduction of remaining waste gas from electric welding	Setup of an additional exhaust fan to the skylight on the south side of the die repair area in the squeezing shop	5.0
Mitigation of sunshine from the west (by 0.5°C)	Planting of trees in a vacant lot behind the restroom in the body shop	4.0

3.2 Health and Care of the Employees

In addition to take out labor insurance according to the law, we effect group insurance for the employees and their spouses and children and the Company bears all the costs of the insurance. To take care of the employees and their health, the Company establishes an "employee clinic" as a contracted dispensary under the national health insurance. The clinic provides medical, surgical, smoking cessation services and various medical education and consultation services for the employees.

In addition to the regular health checkup provided every year to protect the health of the employees, the Company employs a specialist in occupational medicine and sets up a medical clinic to take care of the occupational safety and health for the employees. A program of care for individual employees and their protection is available in order to provide the employees with a safe and excellent working environment. We update the fire control organization and training every year to ensure implementation of fire control drills and enhance the emergency response capability of the employees.

We attach much importance to the physical and mental health of the employees and arrange lecture courses on different issues, including emotional management and stress relief, prevention of illness, and healthcare, on an irregular basis. The Company extends the care to the family of the employees by organizing lecture courses for parents and children, providing comprehensive health management for the employees, taking care of their family members, and treating all of them as the family members of Yuion Motor.

• Promotion of Health at the Workplace and the Goals

- 1 Integration: The awareness of the multiple decisive factors affecting the health of the employees is required for a healthy workplace. A safe, healthy and supportive working environment is created through integration to facilitate the change of the thoughts, concepts and behavior of the organization and the individual.
- 2 A workplace culture with a balanced health and work relationship requires provision of planned management (e.g. annual health checkup and organization of health promotion events) and cooperation with related departments to help employees reach a state of balanced body, mind and spirit while sustaining the stress from the work.
- 3 The ability of the employees to manage their health on their own shall be enhanced and improved to accomplish the optimal health status.

• Implementation steps of health promotion activities

Establish a health promotion policy after creation of the information on the anomalies identified during the health checkup and the assessment of the employee's demands.

- 1 Determine the major point and design of the activity; assess the expected benefit.
- 2 Start the implementation and create an environment favorable to the health of the employees.
- 3 Assess the effectiveness and result.
- 4 Evaluate and monitor five health metrics.
- 5 Review and adjust the health promotion direction.

• Health checkup resource

Item	General Health Checkup Item	Health Checkup for Special Work	Health Checkup for Special Work	Health Checkup for Top Management
Target	New employee Existing employee	Employee	Catering service provider	Management above manager and assistance manager Expatriate
Health checkup frequency	New employee prior to taking office (according to law) Existing employee (according to law)	Regular checkup every year	Regular checkup every year	1-2 checkups a year

• Employee clinic services

We have an employee clinic formed by an on-site medical specialist and two full-time nurses. The clinic is located at the north gate of the Company. Employees can see the doctor, seek health advice, or take emergency treatment during the work time. In addition to the medical service, the doctor provides health checkup service for the employees pursuant to laws and regulations and implements hierarchical health management.



▲ Yuion Motor employee clinic



▲ Facilities of the employee clinic

• Follow-up management of health checkup results

The occupational health nurse consults with physical examination and medical institutions and refers to the changes in the prevalence rate of illness in Taiwan to establish a hierarchical health management standard form and issues leaflets for health education accordingly to provide employees with appropriate information or refer them to a hospital.

Grade/Type	Healthy Employee	Sub-healthy Employee	High-Risk Group
Health management approach	<ul style="list-style-type: none"> • Provide appropriate health education information in a timely manner. • Encourage participation in the health lectures provided by the occupational health nurse. 	<ul style="list-style-type: none"> • Issue the Specimen Abnormality and Reexamination Notice (yellow form). • Provide appropriate health education information and service. • Arrange medical consultation and treatment for the employee in need. 	<ul style="list-style-type: none"> • Issue the Specimen Abnormality and Reexamination Notice (red form). • Help employees take medical treatment or arrange them for health consultation with a contracted doctor within his/her service hours. • Accept cases and implement follow-up management.

• Physiological working environment

Preventive and corrective measures for potential occupational disease:

The measures are implemented pursuant to Article 6-2 of the Occupational Safety and Health Act. The system procedure is uploaded to the documentation control system for signature and approval, and then announced for implementation within the plant.

Procedure management regulations	Ergonomic Hazard	Overwork	Maternity Protection	Workplace Bullying
	Ergonomic Hazard Prevention Instruction	Illness triggered by abnormal workload	Workplace Maternity Protection Instruction	Regulations Governing Prevention of Illegal Infringement during Implementation of Duties
Subject	<ul style="list-style-type: none"> Employees who have abnormal health and attendance records Query and collection of the opinions from the employee who raises a complaint Employees who are suspected to have musculoskeletal injuries as reported by the head of the department or the human resource department 	The employees who have high risk of abnormal overwork	Female employees who are in the child-bearing period	Regulations Governing Prevention of Illegal Infringement during Implementation of Duties
Assessment frequency	Irregular proactive investigation Incorporation in the annual health checkup list	<ul style="list-style-type: none"> Collection of the health information at the time of the annual health checkup Irregular proactive investigation 	Assessment before, during and after the pregnancy; implementation of the assessment; breastfeeding education provided after the childbirth	Irregular proactive investigation

We have established an occupational safety and health management unit to assist the occupational health nurse with the identification and assessment of the working environment and the hazards in the work, make plans and raise proposals on the improvement of the safety and health facilities in the working environment, and assist with the investigation of the connection between the health status of the labors and their work. The management unit also conducts health risk assessment for the labor of high health risk and take preventive actions and health promotion measures, if necessary.

The Company has set up an employee clinic 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. The Company employs a specialist in occupational medicine and a nurse engaged in labor health services to provide on-site health services once every month (three hours every time).

• Psychosocial working environment

Work atmosphere

Regarding all the employees as the Company's most essential asset, we are committed to the major goal of being a well-being enterprise. We have been awarded the Work-Life Balance Award by the Ministry of Labor. In addition to multiple communication channels and a safe and comfortable working environment, we provide comprehensive welfare measures, including regular health checkups and additional employee insurance, for our employees. Education and training are provided depending on the department, duty, and rank. These help Yulon Motor and the employees grow together and encourage them to demonstrate themselves in the work.

The appointment and dismissal are performed from the viewpoint of the employee concerned, we give the most reasonable pay to the employees and protect their rights. We observe the labor laws and the regulations of the competent authorities, establish work rules and relevant management regulations, and take out group insurance for all the employees. Employees are recruited, selected and appointed based on the principles of fairness, justice, openness, and reasonableness without any discriminatory treatment involving gender, sexual orientation, race, age, rank, religion, marriage, family, disability, or other factors. We ensure multiple and positive exchanges in an environment of gender equality.

We uphold the principles of "a workplace open to all talents" and "the right person in the right place," and appoint talents in consideration of their "level of professionalism" and "professional attitude." With the "co-existence and co-prosperity with the employees" in the mind, we treat the employees as our family members and friends and provide them with comprehensive healthcare services and training courses. The welfare and pay are designed in consideration of their demands and from their point of view rather than the interests of the Company. Currently, the average senior of the employees is 10 to 15 years, indicating that the employees are glad to be a member of Yulon Motor and grow together with the Company.

Implementation of the punctual off-duty day

In order to promote work-life balance, the HR department implements a "punctual off-duty day" in which each production line is scheduled to have 8 hours of productivity and no overtime work is scheduled on that day. We hope that our employees can arrange family activities, self-growth courses and sports activities.

Implementation of the no-meeting day

To prevent department heads from participating in top management meetings excessively, the Company implements no-meeting days every month and no department heads are arranged for the top management meetings on these days, on which department heads and employees can come to the production and R&D fields or visit customers to experience the operations there in person.

Implementation of the growth day

To cultivate the thoughts of the department heads to training employees and improve their professional capabilities, the Company implements growth days every month and no meetings are scheduled on these days, on which department heads are requested to arrange training related activities.

Implementation of the Upoint program

To improve the welfare and build a happy workplace for the employees, the Upoint program has been implemented since 2021 in addition to the existing welfare. The employees who participate in the internal activities enthusiastically, pass the internal certification, take care of newcomers, marry, buy a car, etc., can receive Upoint bonuses and may exchange them for internal and external products and gift vouchers. A total of more than 300 different products are selectable.

• Consultation channels

To put humanistic concerns into practice, we provide employees with heartwarming care and a comfortable workplace, disseminate and promote mental health, mitigate cumulative negative emotion, and improve the adaptation capability of the employees. We work with Taoyuan Lifeline Association to implement an employee assistance program every year. It focuses on three facets of "work," "life," and "health." The "work" contains management strategies; work adaptation, design, and adjustment; performance evaluation, and interview. The "life" stands for the assistance to the employees in solving their personal problems that may affect their work, such as interpersonal relationship, marriage and parent-child relationship, family care, money management, and legal advice. Under the "health," medical and health facilities or services are provided at the workplace to assist the employees with protection of their health and improvement of their work and life quality. In all of these three facets, the problems of the employees are solved and their efficiency and productivity are improved by integrating the internal and external resources of the organization.

• Promotion of mental health

To help the employees understand their demands and find the resources related to the consultation and guidance that they need, we will promote the employee assistance program through difference dissemination channels. Details are described below:

- 1 Posters and mails: Present the contents of the service using vivid posters and mails. Cards are printed for promotion purposes to help the employees in need acquire resources.
- 2 Regards to the life: Provide required services and the information on the application for allowance on the occasion of weddings, funerals, joyous ceremonies, and festivals.
- 3 Provision of external resources: Provide required information on a case-by-case basis.

• Implementation Process for Promotion of Health

Leadership and planning of strategies

In addition to the healthcare activities organized at the healthy workplace, the Company plans the health policy and makes use of the resources and manpower with the "prevention of disease" and "promotion of health" as the cores.

I. Personnel are designated for the prevention of the occupational disease and the promotion of the health.

Medical personnel are arranged to provide health services for the employees in accordance with a comprehensive plan to increase the employee healthcare rate and facilitate the construction of a health workplace. One specialist in family and emergency medicine and two full-time nurses are appointed. The qualified professional nurses act as the health management practitioners of the Company. They are responsible for the planning and implementation of employee health checkups, health promotion projects, lectures for dissemination of health education and preventive healthcare, dissemination of tobacco hazards prevention, dissemination and management of infectious disease prevention, first-aid related measures, and so on. In addition to the basic equipment, including the sphygmomanometer, weighing scale, traumatic and bed, oxygen and other first-aid devices are available in the employee clinic to build a healthy and friendly workplace.

II. We have invited occupational medicine physicians from the contracted teaching hospital for on-site services since 2004. They work with the nurses to build a healthy workplace for the Company and promote the health of the employees.

- 1 To avoid occupational safety accidents and reduce the loss arising from them, we worked with the Central Occupational Safety and Health Center of the Occupational Safety and Health Administration, Ministry of Labor, in July 2009 to incorporate the equipment safety grade and risk factor inspection standards in the zero accident management goals of the plant. This way, we eliminate the potential sources of the accidents in advance by implementing risk anticipation management and inspecting working environment and behavior to achieve the goal of zero accidents.
- 2 Contributions to the communities and share of medical resources: We participate in the Family Doctor Integrated Care Program - Xinsanyi Family Doctors Integrated Health Delivery System. This is an integrated healthcare system with "the patient as the core and the family as a unit within the scope of the community." We protect the health of the employees and other people jointly and share comprehensive medical resources to help the people in the remote areas acquire premium medical services. By taking multiple healthcare measures, we protect the health of the people comprehensively and provide the residents in Sanyi area with the accessibility and convenience to medical services. These are helpful for the reduction of the medical costs arising from worse disease symptoms. We are famous as a stronghold of the medical volunteers in Sanyi. Both the consultation and emergency treatment rates are low and the referral of dementia patients have been made for consecutive years.

III. Arrangement of employees for health checkups every year

Regular and special health checks as well as inspection of the working environment are conducted to provide employees with a safe and healthy workplace. The Company further enhances the capabilities of health management and statistical analysis, and makes use of them as a basis for the health management of the employees. In addition to the professional training on occupational safety, the Company works with related authorities to organize health dissemination activities for the employees to protect them and improve their health. The Company continues organizing health related events, such as blood donation, on-site medical service and advice, and different lectures. The latest healthcare information is provided every week and the on-site medical service is arranged every month in the hope to improve the health of the employees and enhance their awareness of health. In addition to providing health checkup and management for existing employees, we care for the health of the special operators by arranging special health checkups them and implementing health follow-up management. We implement the occupational disease management and reporting mechanisms in accordance with the requirements of the labor protection regulations to protect the employees from being attacked by occupational disease. Occupational medicine physicians are engaged to provide on-site health consultation services for employees. The result of the health checkup and the information on the inspection of the working inspection are used as a basis for the assessment and proposition.

IV. Management of infectious diseases in normal times

In addition to cooperating with the government in respect to the prevention of the epidemic (such as disinfection at the workplace and influenza vaccination), the Company conducts dissemination and arrange health education activities in the season and region of the epidemic concerned. For example, influenza is the disease for which the Company conducts dissemination every year.



V. Management of the infectious disease that may become a pandemic

In consideration that a novel pathogen, such as SARS, avian influenza, H1N1, COVID-19, or a general statutory infectious disease may become prevalent over the whole country within a specific period of time, the occupational health nurses collect the domestic and overseas information, the recommendations of the WHO, and the proposals raised by the professional physicians of the Taiwan Centers for Disease Control in charge of epidemic prevention, and prepare epidemic prevention resources based on the infection model, prognostic status, and potential impact. They are responsible for the implementation of the epidemic prevention measures upon approval of the Company, the adjustment of these measures depending on the development of the epidemic, and the close of the project upon mitigation or elimination of the epidemic. They shall retain relevant documents and use them as a reference for the epidemic prevention in the future.



• Establishment of the health promotion items depending on the requirements at the workplace

1. Management and assessment of the employees' health (checkup) data

The Company plans and arranges a health checkup for the employees every year and provides more checkup items than what the law requires. After the annual health checkup, the occupational health nurses plan a series of health promotion activities and arrange professional medical consultation services to help the employees understand the benefit of the health checkup and enhance their awareness of healthcare.

The health checkup items include screening for metabolic syndrome and cancer and the blood test. The employees can select the items they need and the nurses take follow-up and management actions for anomalies to reduce the risk of illness and protect the health of the employees in a comprehensive manner. No employees have suffered from any occupational disease thanks to the comprehensive health checkup and management mechanisms.

• Analysis of Employee's Health Checkup Data

Item No	Assessment data	Health Checkup for Special Work						
Time	Painting shop: once a year All employees: once every three years (2015/2018/2021)	Once a year						
Qualification	New employee / existing employee	Employee at special work station						
Health checkup item	Diagnosis, physical examination, routine blood test, urine test, liver function test, blood sugar test, kidney function test, uric acid test, digital X-ray examination	<table border="0"> <tr> <td>Special work – noise</td> <td>Special work – manganese</td> </tr> <tr> <td>Special work – dust</td> <td>Special work – chromic acid</td> </tr> <tr> <td>Special work – benzene</td> <td>Special work – nickel</td> </tr> </table>	Special work – noise	Special work – manganese	Special work – dust	Special work – chromic acid	Special work – benzene	Special work – nickel
Special work – noise	Special work – manganese							
Special work – dust	Special work – chromic acid							
Special work – benzene	Special work – nickel							
Assessment data	Annual health checkup data							

• Analysis of the Company's Property

Analysis of the Employee's Property	Work Analysis	Environmental Analysis
<ul style="list-style-type: none"> Total number of the employees: 1,141 Average age of the employees: 35 Male to female ratio: Male: 92%; female: 8% 	<ul style="list-style-type: none"> Vehicle manufacturing process Work type: Work time per day: 8 hours 	<ul style="list-style-type: none"> Special workplace: Noise, dust, special chemicals (manganese, nickel), n-Hexane Implementation of environmental and special work inspections pursuant to laws and regulations

2. Summarization of the tendency indicated in the health checkup results and identification of the needs in health

Development of an annual plan

(1) Internal/external resources at the workplace

- (a) The participation rate of the health promotion activities can be improved by making use of internal/external resources.
- (b) Design of internal activities: The activities are performed in groups. They are designed in different forms and the winner is praised openly. Small, elegant gifts are provided during the activities.
- (c) Use of external resources: Public Health Center of Sanyi Township – weight reduction, second generation smoking cessation, and provision of epidemic prevention information; Health Promotion Administration – competitions and lecture activities organized in compliance with the policy of the government; contracted hospital – health checkup and on-site medical services provided by occupational health physicians.

(2) Implementation of health promotion activities

(a) Implementation of tobacco hazards prevention

A corner separate from other areas is selected as a smoking area in the plant. Smoking prohibition regulations are announced explicitly in the Company. No butts are thrown about, and no ashes are found in and around the plant. The information on tobacco hazards prevention is communicated to the employees. The leaflets showing "quite of smoking for better health" and "smoking cessation for your health" are attached conspicuously in the outdoor smoking area. To help the employees cease smoking and keep away from tobacco hazards successfully, the physician arranges suitable treatments and implements dissemination and education of smoking cessation in line with the services of the Health Promotion Administration and depending on the particularities of individual employees.

(b) First-aid training and AED device

The Company provides CPR+AED training courses every year on a regular basis to ensure every employee has the capability of spontaneous response in terms of first aid and help the employees understand its importance and learning relevant skills. The Company has set up the Automated External Defibrillator (AED) since 2015 and maintained the device regularly to make sure it functions normally. This way, we protect the life and safety of the employees more securely and build a more premium and safer workplace. We organized three sessions of CPR courses in 2021. Around 50 to 120 employees per session participated in the course.



(c) Yulon Motor's Love – Blood Donation

We have demonstrated the corporate care and sharing spirit of the Company by organizing blood donation activities for the public welfare and indefinite extension of the life. The blood donation activity has entered its fifth year. It has been highly supported by the employees and more than 200 of them have donated their blood to a total of more than 250 bags. Prior to the donation of the blood, the occupational health nurses of the infirmary remind the employees about careful assessment of their health conditions via emails or Line groups, and the employees may decide if they are suitable for donation of the blood in accordance with the "standards on Assessing Donor Suitability for Blood Donation" established by the Ministry of Health and Welfare, Executive Yuan. This way, the health of the donor can be protected, the receiver is assured to receive healthy blood without the concern of infection due to blood transfusion, and ensure this small contribution can accomplish a higher value of life. 77 bags of blood were collected during the first session of blood donation in May 2021. 100 bags of blood were collected during the second session of blood donation in September as a result of the endeavor of the employees who demonstrated their heartwarming love.

**(d) Care for female employees**

It is a very long time during the pregnancy and the expectant mother may have a complicated and mixed mood of joy, anxiety, apprehension and expectation. Pregnant women need the support of their family members and friends when their body and appearance change obviously during the pregnancy. The Company pays more attention to the maternity care and spares no effort in the creation of a working environment friendly to the mothers. For the birth and parenting, the Company provides the services from the care and work adjustment at the initial stage of the pregnancy, healthcare during the pregnancy, health education, psychological counseling after the childbirth, and consultation on breastfeeding.

To support the breastfeeding policy of the government and the spirit of the Act of Gender Equality in Employment, the Company has actively created breastfeeding environment at the workplace and built a system that supports breastfeeding in the working environment. A breastfeeding room has been set up with an occupational health nurse responsible for the management and maintenance.

There are hot-water jackets, cool ices and ice packs, manual breast milk collectors, feeding bottles, hot compress bags, and other things provided attentively and free of charge in the breastfeeding room. This is a private, comfortable and relaxing room only for mothers, so that they can breast-feed and collect their milk after returning back to the workplace.

In addition to the friendly hardware, different magazines about bring-up of a baby, breastfeeding, health, the mother's handbook compiled by the occupational health nurses, and other breast milk related health education books and magazines are available in the breastfeeding room. These help the employees learn more information about breastfeeding, bring-up of their babies, and health during breastfeeding and collection of their milk. We design the space of the breastfeeding room with the home as the concept and provide many commodities and devices attentive to the mothers to ensure they have a comfortable environment for breastfeeding and collection of their breast milk.

**(e) Dissemination of health in the infirmary and synchronization with Line**

The health dissemination information in different thematic forms is provided annually to meet the demands of the employees and their family members for their health. The information includes Prevention of Epidemic without Slacking off to Cope with Local infection; What is Cholesterol? An Overview of the Substance; Prevention of Epidemic without Slacking off for a Safe and Sound China New Year; How to Disinfect the Surroundings? and the information about wearing long-sleeve shirts and trousers when visiting a grave at the Qingming Festival to prevent mites

3.3 Pandemic Prevention Policy and Crisis Management**• Pandemic Prevention Strategy and Structure**

As the situation of the pandemic has changed, we propose the pandemic prevention measures and policies for the severe infectious disease and the management of the employees, departments and visitors.

• Crisis Management Team

We have formed a crisis management groups to cope with the pandemic effectively. The tasks are assigned to individual members to ensure the implementation of the pandemic prevention mechanism. An emergency reporting mechanism has been established. The groups are comprised of a crisis management team and an emergency response team. The crisis management team, or CMT, is responsible for collecting the information on crisis situations, issuing of decisions, and making statement internally and externally on behalf of the Company. The President acts as the CMT commander and gives instructions to the team to take actions for the prevention of the pandemic. The emergency response team, or ERT, is responsible for handling emergent matters and collecting the latest information. An assistant manager is designated to act as the ERT commander, who shall report the implementation status to the CMT whenever necessary. Meetings are held on a regular basis to discuss pandemic prevention tasks and develop response measures with respect to suspected and confirmed infection cases.

• Implementation of Pandemic Prevention Measures**Preventive measures of the crisis management team**

- 1 To cope with the COVID-19 pandemic, we have taken control measures for the employees, the contractors that need to work at the plant for a long period of time, and delivery service providers, and changed the pandemic prevention practices dynamically in corporation with the Central Epidemic Command Center.
- 2 Sufficient 75% alcohol is available at the workplace. It is provided at different locations or in meeting rooms to encourage the employees to keep their hands clean and hygienic.
- 3 The pandemic prevention team are concerned with the health status of the employees. They report their body temperature, symptom and TOCC via EIP every day, so that the pandemic prevention team can understand their latest health status and make referral of the employees who suffer from any disorders to the employee clinic for assessment and care.
- 4 When an employee has a fever or any respiratory symptom, health management measures shall be taken to the employee and the workplace, and he/she must stay home until the symptom is improved.
- 5 The latest information on the prevention and development status of the pandemic is transmitted to all the employees via emails or Line.



- 6 The office environment is cleaned regularly and the indoor ventilation is ensured at any time.
- 7 An outdoor quarantine area is set up at the employee clinic to ensure the employees of high risk can take medical treatment without concern.
- 8 The Company provides expatriates with pandemic prevention devices (isolation gown, mask, alcohol, shoe covers, gloves, and so on). These allow them to work at the place to which they are dispatched without concern.



• Measures for the employees and plants

For the employees in Taiwan and in the Sanyi Plant, the Company has established the pandemic prevention mechanisms for the employees and visitors. In addition to the implementation of the self-management and the dissemination of the prevention from prevalent infections, management of the access to the commute and work areas is performed to control the punching in/out locations and routes for reduction of the contacts. For the visitors, the real-name system is enhanced by registering the name of the visitor and the front-line personnel are requested to control the access to the plant and office areas.

Type Regulation	Confirmed case	Family member as a confirmed case	Family member or close contact having contact with a confirmed case
Government's regulations	Stay at home for seven days + Self-management of health for seven days	1. All the three doses of vaccine injected: Self-quarantine for 0+7 days 2. Less than three doses of vaccine injected: Stay-at-home quarantine for three days + Self-quarantine for four days	None
Yulon Motor access control	Access to the plant is allowed after seven days of quarantine if the quick test shows a negative result.	Government's regulations	Cancellation of control
Supporting measures	Access to the plant is only allowed if the rapid test conducted at the infirmary shows a negative result before being on duty.	1. A rapid test must be conducted at home before going to work. 2. The head of each shop plans a dedicated rest area that is separated from the rest areas for the employees of other shifts. The smoking area must also be separated.	None
Leave Engineering and administration staff Technician	1. WFH (Taking leave is not needed but a report must be submitted.) 2. Annual leave / leave offset / sick leave / personal leave	1. WFH (Taking leave is not needed but a report must be submitted.) 2. Annual leave / leave offset / personal leave 3. If WFH is impossible, the family care leave (unpaid) is another option.	The following application can be filed to take care of a child under 12 whose class is suspended: 1. WFH (Taking leave is not needed but a report must be submitted.) 2. Annual leave/leave offset/personal leave 3. If WFH is impossible, the family care leave (unpaid) is another option.
	Annual leave / leave offset / sick leave / personal leave	1. Annual leave/leave offset/personal leave 2. Family care leave (unpaid) for 1 to 3 days 3. Leave for convalescence at home from the 4th day (half paid)	The following application can be filed to take care of a child under 12 whose class is suspended: 1. Annual leave / leave / personal leave 2. Family care leave (unpaid)
Application for allowance from government	Application for and injury/illness payment under labor insurance is allowed from the 4th day after loss of the work ability.	If the 3+4 schemes are selected, the first three days are workdays. Application can be filed to the government for an allowance of \$1,000/day in case of family care leave	No allowance from government

Note : The requirements of the Yulon Motor Sanyi Plant Pandemic Prevention Control (ver. May 2022) will be amended dynamically in line with the policy of the government.

• Information security and protection measures

Information security	(1). Anti-virus software has been installed and activated in the computers of the employees to ensure the security in use. (2). The updated Windows version has been activated in the computers of the employees to ensure the personal operating system is in the latest protection status. (3). Online operation routes are recorded.
Remote access	(1). Online operation is only open to the qualified computers that have passed the certification of the Company. (2). Access to the data and systems of the Company is provided for the employees working from home via VPN (3). The Company checks the traffic record every day and adjusts the bandwidth flexibly to ensure the quality of the connection.
Communication	(1). The Company provides the Webex video meeting system for the employees to hold online meetings. (2). Accounts have been set up and implemented for each department, section, and team.
Online health survey	(1). A system is developed for online reporting of the body temperature in the morning and afternoon every day. (2). A daily health survey mechanism is developed. (3). A system is developed for online TOCC contact tracing.

Pandemic Prevention and Rescue Mechanism

1. Where any family member of an employee or any local resident in Sanyi has a suspected symptom and collection and testing of the specimen are needed, the Company assists with the issuance of the COVID-19 referral form if the employee clinic assesses and confirms the need for such collection and testing. Health education will be provided for the person concerned to urge him/her to go to the specimen collection and testing center of the community for medical services as soon as possible within 24 hours.
2. Sufficient alcohol is available at the entrance and exit for the family members of the employees and the local residents who are seeking medical services.

Manpower Control of the Company

We simulate the worse of the pandemic and its prevention mechanism in advance to ensure sufficient manpower needed for normal operation of the Company. In addition to identifying the units and personnel that are suitable for work in different areas, flexible work arrangement or WFH and providing the supporting resources for these purposes, we designate the contact persons of each department, prepare a list of emergencies that are related to the business operation and must be reported, and perform personnel control at the first moment to stop the spread of the pandemic effectively.

For the overseas expatriates, we take out additional overseas travel insurance and medical insurance for statutory infectious diseases to the group insurance that the Company effects for all the employees; we also provide a comprehensive health checkup every year, establish a healthcare mechanism and implement it accordingly, understand the health status and demand of the employees, and provide required pandemic prevention resources and assistances.

Pandemic Prevention Performance

The crisis management Q&A aiming at the challenge of the pandemic is developed at the weekly meeting. It contains the internal and external pandemic risk control and the preparation for the pandemic is enhanced within the authorities and responsibilities of individual departments, such as designation of a meeting venue and implementation of access control, setup of a quarantine area at the employee clinic, installation of an online ordering system for the cafeteria, disinfection and close-off of public areas, control of public areas and company cars, and compilation of pandemic prevention handbooks. This way, the Company can ensure successful control of the pandemic, reduce the risk to which the employees may be exposed at the workplace and ensure no confirmed cases exist among the employees, and protect the production lines from being held back or suspended due to the pandemic. We will continue preventing the pandemic as comprehensive as possible to keep the outstanding record of "zero confirmed cases" as shown in 2021.

3.4 Development and Training of Talents

3.4.1 Development of Human Resources

• People-Oriented Approach

The sustainable development and growth of the Company require the services and contributions of the employees. They are important assets of the Company and we "treat them as our customers." For both recruitment and deployment of talents, we carry out fair and open procedures and hire them from different fields on the principle of "in-dept development" rather than "pragmatism." All the employees are treated attentively in the hope that they can form a momentum for the long-term growth of the Company.

In order to increase employee happiness and to keep employees in a happy environment, the Company sticks to the "people-oriented" approach. We make a friendly, high-quality workplace and offer competitive payment and welfare at work. We also provide employees with the highest level of care, diversified training and career development, taking every care of every employee. 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 improve the Company's performance.

As the leader of the automotive industry, the Company cares about the employees, providing them with respectful and equal treatments. We encourage the employees to pursue further education and improve their skills to increase employee value. The Company strictly complies with all labor laws. We not only provide working conditions under the labor laws and regulations, but also provides ways to file complaints anytime if the employees are treated unfairly or if their rights are violated. If the employees violate the working policy, disciplinary actions will be taken according to the working conditions. In 2021, the Company did not face public or legal issues related to identity discrimination, nor were we involved in the infringement upon the rights of local communities.

The Company encourages the employees to engage in proper recreational activities. The employees can also establish or participate in organizations in their free will, such as forming a labor union, united welfare committee or labor-management council. The Company only selects suppliers who comply with the Labor Standards Act or laws of human rights in the country where the plant is located. The union meetings were held quarterly in 2021.

• Employment of Employees

In order to protect the employees' legal rights, the Company sticks to the "people-oriented, legal and fair" policy on staff affairs such as hiring, promotion, performance evaluation, payment, education and training or retirement. We are not engaged in any discriminatory behavior related to race, gender, age, nationality or religion. We also strictly comply with the Labor Standards Act and do not allow child labor. The Company provides regulations and procedures for recruiting or appointing administrative engineering personnel and technicians. The recruitment is conducted in accordance with requirements of the using unit and appointment regulations. The starting wage for new graduates with a bachelor's degree is at least NTD 38,000; for new graduates with a master's degree, at least NTD 44,000. The final approved wage will be raised according to the personal experience and the suitability with the position.

However, the industry mainly relies on on-site manufacture units, and thus resulting in a higher proportion of male employees. The male to female ratio of our employees is 9:1. Moreover, on-site positions are mainly filled by local residents; up to 58% of the on-site employees are local people. This way, we offer a higher job stability and support local economic development. In 2021, the Company hired 5 indigenous people and 16 people with disabilities, which was 1% more than the mandatory standard.

1

The Employment Situation in 2021

Number of full-time employees: 1,248
Employee turnover rate: 11.3%
Number of fixed-term employees: 42
Hiring rate of the employees in Miaoli County: 58%
The ratio of wages between male and female employees of the Company: 1:1
Employee engagement rate: 100%

2

Hiring Rate in the Underprivileged Group

Year	Hiring Rate in the Underprivileged
2019	2.3%
2020	1.9%
2021	1.7%

NOTE: The underprivileged group means indigenous people and the people with disabilities.

Total Number of the Employees in the Recent Three Years

Item	2019		2020		2021	
No. of People	1,093		1,060		1,248	
Turnover Rate	4.9%		4.9%		11.3%	
Male to Female Ratio	Male	Female	Male	Female	Male	Female
	91.7%	8.3%	91.6%	8.4%	91.3%	8.7%

NOTE: The total number of employees in 2021 includes 36 cooperative education students

Age Distribution of the Employees in the Recent Three Years

Item	2019	2020	2021
21-30 years old	13.9%	10.6%	17.2%
31-40 years old	32.2%	35.4%	36.4%
41-50 years old	32.8%	30.0%	26.0%
Over 51 years old	21.1%	24.0%	20.4%

Educational Background Ratio of the Employees in the Recent Three Years

Item	2019	2020	2021
Doctor	0.1%	0.3%	0.1%
Master	17.9%	19.6%	16.7%
College	27.2%	32.5%	38.6%
Senior high school or below	54.8%	47.6%	44.6%

Functional Structure of the Employees in the Recent Three Years

Item	2019	2020	2021
Top management	1.0%	1.3%	1.7%
Assistant manager section chief	4.6%	5.2%	5.0%
Foreman/team leader	3.6%	3.9%	3.4%
Engineering and administration staff	21.4%	23.1%	18.9%
Technician	69.4%	66.5%	71.1%

Pay Level of Employees

(Unit: NTD Thousand)

Item	2019	2020	2021
Average	977	947	862
Median	941	905	804

Gender Ratio in High and Middle Managers

Item	2019	2020	2021
Male proportion	90.9%	87.5%	83.8%
Female proportion	9.1%	12.5%	16.2%

Employee turnover rate

Item	2019	2020	2021
Turnover rate	4.9%	4.9%	11.3%
Involuntary turnover rate	0.0%	0.0%	0.3%

• Challenges in the Expatriation of Employees

The Company provides full assistance for expatriates to adapt to local lifestyle and new working environment. In accordance with their business requirements, we dispatch the employees to be expatriated for a business trip beforehand to take over the work from the employees who have been expatriated to the specified site. They also provide support and help the new expatriates adapt to local culture and lifestyle as soon as possible.

The expatriates' experiences are intangible knowledge assets of the organization. Thus, the Company especially values the experience handover and position arrangement of repatriates. We look into required positions for expatriation and repatriation regularly. If there is any vacancy for executives, the expatriates will be considered as a priority for promotion. Or, we let them return to their original agencies and take care of experience handover matters. Either way, the expatriates don't need to worry about job position issues after returning.

In order to lower the chance of getting rusty after returning, the Company keeps in close contact with the expatriates, allowing members to learn about the company status anytime when staying abroad. The Company provides employee assistance program for expatriates to make them take up their positions without concerns. A request will be sent to expatriates about whether they would like to bring family members with them, and the family members who stay in Taiwan will receive proper assistance from the Company, such as educational assistance for children and emergency allowances. This way, the expatriates can fully devote themselves to working without worries.

Due to the COVID-19 pandemic outbreak for the past two years, the Company has been fully concerned about the physical and mental health of the employees abroad. We already provide travel insurance for business trips abroad and full physical examination, and now we further provide pandemic insurance and testing allowances. The Company also encourages employees to work from home or return to Taiwan and work online, ensuring that the expatriates maintain good health.

3.4.2 Labor-Management Relations

The Company implements regular labor-management meetings to build full communication between management and labor to discuss all kinds of issues and establish improvements. Representatives of the Company regularly attend the union directive and supervisory meetings to understand and respond to the union's demands and promote labor management harmony. The Company representatives also sign collective bargaining agreement with union leaders after discussing about labor-related issues. We also regularly consult and discuss relevant issues with labor administration officials, experts, scholars, or consultants. The Company continuously strengthens labor education, so that management and labor can have more consistent ideas. The Company establishes the employee complaint handling system in order to provide assistance for employees to resolve work difficulties and to protect their rights. The Company also enhance the concepts of management among the executives, making them conform to the culture of the Company. We build consensus by holding executive consensus events, have meals and symposiums with union leaders, provide management and labor training and courses about human rights.

The Company complies with the ILO Conventions and forbids any form of forced labor. If the employees work overtime due to capacity requirements, they are entitled for overtime pay or compensatory leaves. 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 worker rights. If a job transfer is truly needed, the Company implements it according to the labor contracts, the Labor Standards Act and other relevant regulations. The employees can seek assistance and raise issues through the Company's internal reporting system if they deeply feel violated or that their rights are being infringed upon. In 2021, the Company has no internal complaint instances.

The Company establishes communication platforms for employees in order to improve employee interactions and listen to the staff. We set up the "Employee Information Portal" system in 2021, allowing employees to look for announcements, common Q&As, the reporting system "Say Something" and cases from the past. As a result, the employees are able to raise issues anonymously about any aspects, such as food, clothing, housing, transportation, education and entertainment without concerns. The responsible unit will hand the issues over to relevant units to give a reply and take follow-up actions, assuring that the employees can receive specific replies and effective improvements. We sincerely deal with the employees' issues the way we deal with our own, leveling up the labor-management relations and efficiency.

• Employee Welfare

The Company always strives to create a happy workplace, so the salary of employees does not differ because of gender, race, religion, political standpoint, marriage status or organization. We determine salary for employees according to educational background, professional knowledge and skill, professional experience and individual performance. The salary for male and female employees of equal title or rank are the same. In addition to the basic salary and the bonuses for the three festivals, the Company offers flexible pay according to the operating condition each year, including performance bonuses, profit sharing and additional annual bonuses to encourage employees and keep outstanding staff. The Company considers making annual salary adjustments based on factors including profit and price.

• Newcomer Welcome Activity Explained

The Company holds newcomer welcome activity annually to welcome new employees of the year. We invite executives to wander in nature with the newcomers, and quickly integrate the new employees into the big family through interactive games, showing the spirit of teamwork and innovation. We also welcome newly married employee this year, please share the joy and happiness with us!

• Diverse Employee Welfare Items

Food

- Convenience shops
- Staff canteenas, buffets and daily specials
- Snacks for the employees working overtime
- Ginger soup for employees to warm themselves up if the temperature falls under 12°C during the winter

Housing

- Dormitory with 24/7 security for free
- (including canteenas, fitness center, swimming pool, sauna, oven, walking trail, multimedia room, gymnasium, outdoor basketball court, tennis court, vegetable garden for employees)

Education and Entertainment

- Club activities
- A trip for corporate family day
- Year-end banquets and raffles
- Volunteer services and activities
- Newcomer welcome dinner party
- Competitions of all kinds of sports
- Summer/winter breaks for 7-8 days
- Singles events for retired employees
- Activities on the International Workers' Day
- Summer basketball camps for employee's children
- Celebrations on the Dragon Boat Festival and Mid-Autumn Festival
- Annual leave for employees with excellent performance

Health

- Monthly "punctual off-duty day" activities
- Happiness lectures for employees to improve work-life balance
- Regular safety and health education and health checkups for employees
- "Employee Clinic" as a contracted clinic under the national health insurance
- Regular information on medical healthcare and health promotion activities for employees
- Cooperation with the Lifeline Association to provide free employee psychological counseling services and implement Employee Assistance Program (EAP)
- Group insurance for employees in accordance with the law, covering the employees themselves, their spouses and children, at the expense of the Company.

Birth and Parenting Care

- Setup of breastfeeding rooms
- Being considerate of the inconvenience of working for pregnant female employees and provision of dedicated parking spaces in the plant for pregnant women.
- Entering into agreements with the kindergartens in Taichung and Miaoli to act as contracted kindergartens and provision of special childcare offers for the employees
- Implementation of the wraparound birth and parenting care activities (pregnancy → delivery → parenting), including producing a care handbook for pregnant mothers, subsidizing self-funded prenatal checkups, holding birth and parenting seminars, handing out newborn congratulation gifts by the general manager, and holding "Baby Day" sharing activities

Bonuses and Allowances

- Birthday cake
- Birthday cash gifts
- Performance bonus
- Family travel subsidies
- Car purchase subsidies
- Annual festival subsidies
- Dividends for employees
- Bonuses for three festivals
- Additional annual bonuses
- Travel subsidies for senior employees
- Travel subsidies for outstanding employees
- Aid funds for the education of the employees and their children
- Paid leave granted for the day of the child's entrance into school, the child's marriage, and the sibling's wedding day.



The environment of the cafeteria



Heated swimming pool in the dormitory area



EV for commuters



Leisure vegetable garden in the dormitory area



Fitness facilities in the dormitory area



The reading room in the dormitory area



Year-end party



A photo of the Christmas party

• Retirement Security

In order to protect employees' pension rights and interests, the Company makes regular contributions to labor pensions in accordance with the Labor Standards Act and the Labor Pension Act and other relevant regulations.

(1) The pension system under the Labor Pension Act (new scheme) is subject to the following regulations.

- A Employees of the Company who started working on or after July 1, 2005 are subject to the pension system of the Labor Pension Act.
- B In accordance with Article 14 of the Labor Pension Act, the Company shall contribute 6% of the monthly salary of the employees under the new scheme to a personal pension account established in the Bureau of Labor Insurance, which is owned by the employee. The employees may also make voluntary contributions to their pensions within 6% of their monthly salary.

(2) The pension system under the Labor Standards Act (old scheme) is subject to the following regulations.

- A After the Labor Pension Act came into effect on July 1, 2005, if an employee chooses to continue to be under the pension provisions of the Labor Standards Act (the old scheme) or chooses to be under the pension system of the Labor Pension Act (the new scheme) and retains his or her years of service in the old scheme, his or her pension benefits for his or her years of service in the old scheme shall be governed by the provisions of the Labor Standards Act.
- B In accordance with Article 56(1) of the Labor Standards Act, the Company contributes 7% of the monthly salary of the employees for their years of service under the old scheme to the Labor Retirement Reserve Fund, which shall be deposited in a special account for the exclusive use and is owned by the Company, and the Bank of Taiwan (Trust Department) is responsible for the receipt, custody and use of the fund. When an employee with years of service under the old scheme applies for a pension, the Company withdraws from the special account for the Labor Retirement Reserve Fund and pays the pension to the employee.
- C In accordance with Paragraph 2 of Article 56 of the Labor Standards Act and IAS 19, the Company reviews the balance of the Labor Retirement Reserve Fund before the end of the year to see if it is sufficient to support the old scheme retirement applications for the following year and submit to the Labor Retirement Reserve Fund Supervisory Committee of the Company for review; if the balance is insufficient, the Company shall make a lump sum make-up of the difference before the end of March of the following year.
- D The Company has established the "Labor Retirement Reserve Fund Supervisory Committee," which consists of three representatives from management and six representatives from employees, and holds quarterly meetings to jointly supervise the use of the retirement reserve fund.
- E The standard for calculating pensions for employees in accordance with the Labor Standards Act is as follows:
 - Two bases will be awarded for each year of service. However, for each year of service in excess of 15 years, one base is given for each year of service, up to a maximum of 45 bases. Services less than half a year are counted as half a year; services more than half a year are counted as one year.
 - If an employee retires due to mental or physical disability as a result of performing his or her duties, he or she shall be paid 20% more in accordance with the preceding paragraph.
 - The standard of pension base refers to the average monthly salary at the time of approved retirement.

(3) Retirement standards for employees are in accordance with laws and regulations:

- A Employees may apply for retirement on their own in one of the following circumstances:
 - a Those who have worked for the Company for at least 15 years and are at least 55 years old.
 - b Those who have worked for the Company for at least 25 years
 - c Those who have worked for the Company for at least 10 years and are at least 60 years old.
- B Employees shall not be compelled to retire unless one of the following applies:
 - a Aged 65 or older.
 - b Mentally or physically incapacitated for work.

• Gender Equality

Placing importance on the rights of the female employees at the workplace and building a suitable working environment for them have become a tendency that the companies in the world are pursuing. The Company spares no efforts to build a working environment friendly to the female employees and provide more types of leave favorable to the work equality measures. There are five employees applying for unpaid parental leave in 2021, one of whom is currently on the leave.

The Company has established the "Rules for Complaints and Discipline on Measures to Prevent Sexual Harassment in the Workplace" in accordance with the "Act of Gender Equality in Employment" and announced it in the plant. In addition, a hotline with an extension of 2920 is provided for the complaints against sexual harassment in the plant, and the logos and slogans for prevention of the sexual harassment are put up around the office to build a working environment of gender equality and mutual respect. To implement the "Act of Gender Equality in Employment," the Company sets up a breastfeeding room for the female employees in need, promotes the concept of breastfeeding, and enters into agreements with the kindergartens in Taichung and Miaoli to act as the contracted kindergartens for the employees.

The Company has modified the rules on gender equality in line with the amendments of the "Act of Gender Equality in Employment" to protect the rights of the employees. For example, the employer grants five days of leave for pregnancy checkups during the pregnancy of the employee and the pregnancy checkup leave may be calculated with thirty minutes as a unit, for which the wage shall be paid as usual (a condition better than what the applicable law requires); as for the pregnancy checkup accompaniment leave and paternity leave, the employee may take it for a period of seven days out of the cumulative 15 days of leave that may be taken during the pregnancy and on or after the day of childbirth of his spouse, and the wage shall be paid as usual; any female employee who has difficulty working on the day of menstruation may take menstruation leave once a month.

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 2021

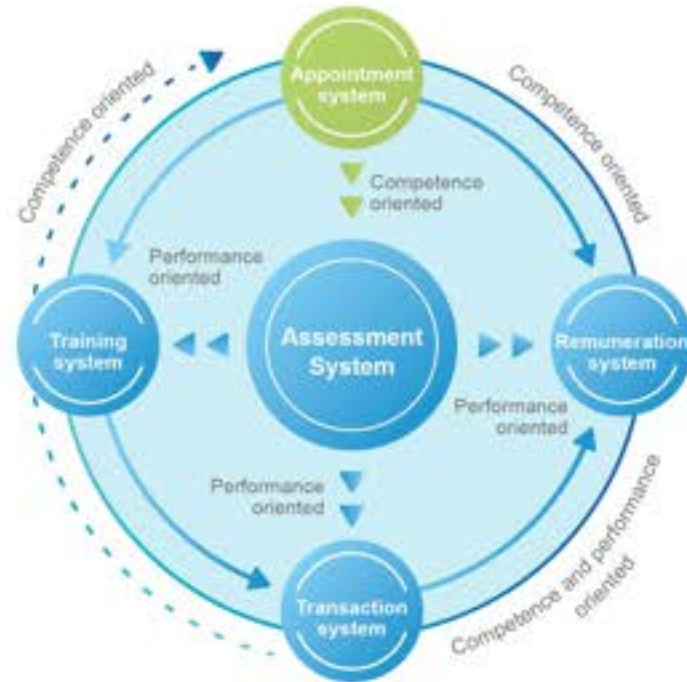
Type		Male	Female	Total
Total number of employees eligible for unpaid parental leave in 2021	Number	154	7	161
	Percentage	96%	4%	100%
The number of employees who actually applied for unpaid parental leave in 2021	Number	2	3	5
	Percentage	40%	60%	100%
The number of employees who actually returned from unpaid parental leave in 2021	Number	1	3	4
	Percentage	25%	75%	100%



3.4.3 Talent Training and Education

Talent Training and Education

Yulon Motor's human resource management system focuses on competence development and performance management and is closely tied to other HR functions. The competencies of our workforce is improved on an on-going basis through continuous performance management and a wide range of competence development programs. The career development and remuneration of our employees depend on their personal performance and competencies. Therefore, we actively offer the employees a learning and development environment and relevant assistance to stimulate their unceasing growth and contribution to the organization.



Human Resources Management and Development System

Encouragement of Self-learning

To ingrain our learning culture in our employees, the HR department incorporates a system that is helpful to form a self-learning habit in the design of the orientation for new employees. When they officially report to work, they are provided with presentation materials, such as the Company's Profile, A New Life in Yulon – Onboarding, Learning and Growth, Local Life, An Introduction to the HR System, and A Breakdown of Information Security, allowing them to gain an understanding of the Company in a systematic manner. It will thus be easier for the new employees to become acclimatized to the corporate culture and form the habit of self-learning step by step.

The HR department assists all departments in creating their professional book depositories and the departments select books and online courses related to their job functions. Within the three-month probation periods of new employees after they joined a team, the senior employees and the head discuss the job duties of the new employees and design exclusive reading plans for them to pass on their experiences to the new members through reading, thinking, discussion, and sharing.

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 or management skills at work 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 learning channels, including on-the-job training, apprenticeships, job rotation, project-based practice, on-the-job continuing education, etc., 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 2021 amounted to about NTD 1,888 thousand and the average training costs per employee were about NTD 1,490. The training hours totaled 11,970. The training courses provided by the Company include:

Common training

Common training courses directed to all our employees, including job skill training, the themed lectures of the Happiness in Yulon series, and lectures on investment and wealth management.

Training for newcomers

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.

Language training

Language courses organized to improve the language skills of the employees to branch out internationally, such as intensive TOEIC listening courses. We even use language skills as one of the necessary requirements for promotion.

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.

Professional 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.



Intensive TOEIC course in 2021



Technical training in 2021 – Why-why analysis application techniques



Training for newcomers in 2021
Engine disassembly practice

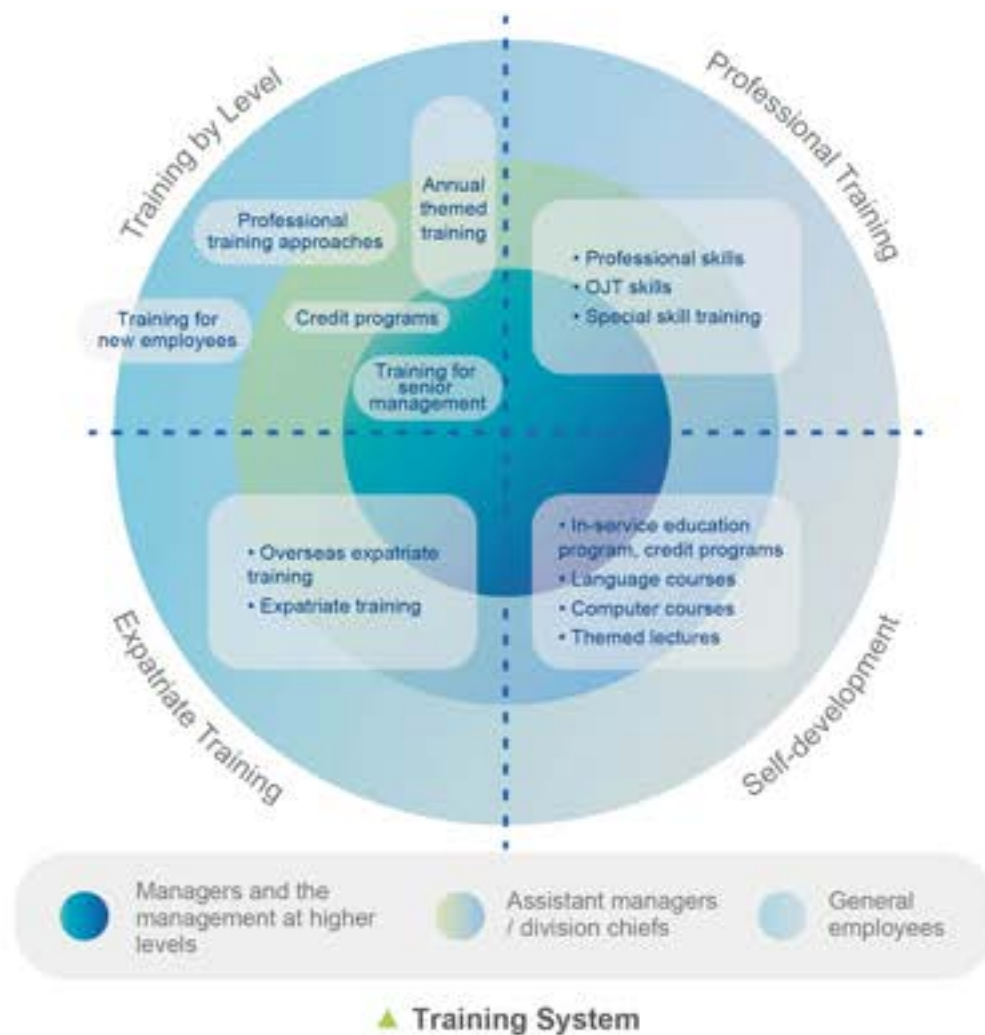


Training for newcomers in 2021
Group competition

• Implementation of Education and Training in 2021

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.

Implementation of Education and Training in 2021				
Type	Course Hours	Trainees	Training Hours	Training Costs
Common training	256	875	3,138	NTD 1,888 thousand NTD 1,490 per person on average
Professional training	2,654	1,214	8,832	
Total	3,110	2,089	11,970	



• Implementation of Basic Generic Skill Training Courses

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 a technical training certification program based on the functions of each department to boost their professional skills. The employees are also encouraged to engage in training courses organized by external organizations or on-the-job continuing education.

- Training System
- Credit programs
- Training by Level
- Self-development
- Expatriate training
- Expatriate Training
- Professional Training
- Annual themed training
- Training for new employees
- Training for senior management
- Professional training approaches
- OJT skills
- Themed lectures
- Computer courses
- Credit programs
- Professional skills
- Language courses
- Special skill training
- In-service education programs
- Managers and the management at higher levels
- Assistant managers/division chiefs
- General employees
- Technical Training
- M-YES certification
- Certification Items by Unit
- Quality inspection certification
- Review of the projects of divisions
- Enhancement of analytical skills for TPM
- Evaluation (Get certified to be eligible for promotion)
- Implementation of Basic Generic Skill Training Courses



▲ Implementation of Basic Generic Skill Training Courses

Item	Description
1 Measure	TPM talent training program
2 Responsible unit	All the departments
3 Program	<ol style="list-style-type: none"> Implementation period: January 1, 2019 up to now Applicability: New employees within one year Project purpose: "Learning" is an essential core value of our employees in addition to the "Innovation, Speed and Team." TPM is one of the major tools of the Company. The understanding of the TPM spirit and the enhancement of the TPM's logistic concepts are improved through TPM activities. Project objective: Train new employees and help them pass the TPM certification. Participant: New employee, TPM Committee, management consulting firm Training method: <ol style="list-style-type: none"> The Company discussed with the instructor of the management consulting firm about the outline of the course to ensure it was compliant with the TPM spirit. The employees who have finished the training accepted the subsequent guidance from the TPM Committee and Vice President. The employees who have accepted the guidance successfully made publication together with the President.
5 Implementation status	Number of employees receiving the assistance: 30 in 2021
6 Benefit	<ol style="list-style-type: none"> Effect on the Company: The structured thinking of the new employees and their awareness of problems were enhanced and their ability to solve problems was improved as a result. New employees were trained to make use of TPM steps for their work performance. Assessment of the social impact Visit to Yulon Motor's tourism factory: Introduction of the plant and the TPM integration of the Yulon Motor were conducted to help new employees understand how to connect the smart production lines and implement system integration. New employees viewed the manufacture in the field and understood the integrated planning of the control and drive systems.

Item	Description
1 Measure	QVCC talent training program
2 Responsible unit	All the departments
3 Program	<ol style="list-style-type: none"> Implementation period: January 1, 2019 up to now Applicability: All the employees of the Company Purpose: Help the employees understand QVCC activities through training projects and learn the verification of the reasonableness in the establishment of the essential and consequential factors to improve the capability of the engineers.
3 Program	<ol style="list-style-type: none"> Objective: More than 70% of the employees pass the QVCC certification. Participant: 3 instructors and 16 employees Training method: The training was provided based on M-YES in combination with practical verification of essential and consequential factors; trainees were divided into groups with one group formed by two trainees for a drill (including Cpk statistics) and publication of verification of the systematic QVCC problems on a new or mass production car.
5 Implementation status	Project result: The list of the employees who have pass the QVCC certification in 2021 (7 employees from the production technology department, 6 employees from the quality inspection department, 2 employees from the equipment development department, 1 employee from the shop); 12 employees passed the certification and 1 employee acquired the qualification for the instructor. (As for the score, 16 of the trainees acquired 8 points or higher.)
6 Benefit	<ol style="list-style-type: none"> Effect on the Company: We provide a QVCC certification project to train seed trainers and instructors every year. The former shares the spirit and skills of the QVCC education and training with the employees within the department. A study group is formed on the monthly Growth Day to improve the overall analytic and logistic capabilities of the engineers and their teamwork spirit to develop the Company as a learning organization. Assessment of the social impact: <ol style="list-style-type: none"> Yulon Motor performs an internship project during the summer vacation every year. The interns can join the QVCC study group and the spirit and skills of the QVCC education and training are shared with them to improve their capabilities. Yulon Motor holds a supplier conference irregularly. In addition to the discussion about the development trend of the ESG and the goal of the carbon neutrality, we share our TMP and QVCC spirit during the conference and learn together with the suppliers to create mutual benefits for both of us.

• Performance Management

The Company created the performance evaluation mechanism in the beliefs of fairness and impartiality and developed the performance evaluation regulations and system (Kernel Objectives Management). At the beginning of every year, the Company goals are set and personal goals are determined accordingly. We keep track of the goals and follow their progress on a regular basis during the year and review and evaluate their achievement at the end of the year to make sure that the jobs and tasks of the employees are linked to the Company's performance. Through a face-to-face performance review mechanism, the employees are able to gain an understanding of their achievement at work and receive specific personalized feedback, which can serve as a basis for continuous improvement and enhancement. In 2021, all our full-time employees were evaluated. (Note: New employees who were within their first three months at the Company were not included in the annual performance evaluation)

Evaluation results are tied closely to the personal remuneration, promotion, career development of the employees. We conduct regular learning outcome evaluations and reviews, and draw up annual training plans based on the employees' needs, performance evaluation results, and career development requirements.

• Code of Conduct or Ethics for Employees

In order to clearly regulate the rights and obligations between the employees and the management and to ensure a robust organization and establish a management system, the Company has established various internal work regulations according to the relevant laws and regulations to provide guiding principles for the Company's and the employees' actions. For the above purposes, the Company has:

01 | Developed rules and regulations for promotion, performance evaluation, attendance and salary management, and related internal control procedures, in order to ensure that all employees understand and comply with them.

02 | Set work rules for employees: Procedures and regulations for the hiring, salary, leave, overtime, rewards and punishments of the Company's employees as well as related office regulations have been clearly specified to regulate the behavior of our employees.

03 | Required the employees to sign a "Declaration on the Prohibition of the Use of Illegal Software Use" and an "Agreement on the Attribution of Intellectual Property Rights and Confidentiality" and made monthly announcements on information security for the employees to adhere to, so as to ensure internal network safety, manage our Internet resources, respect intellectual property rights, and maintain the Company's corporate image. New employees sign an agreement on the use of their personal information when they report to work, which complies with the laws and regulations related to the protection of personal data.

04 | Formulated the "Document Management Measures" as guidelines for internal document management, data formulation and review, internal operating procedures and regulations, thereby improving the Company's internal procedures continuously and reinforcing the management system. Moreover, to ensure that the Company's confidential information or others' confidential information held by the Company is protected and managed in the same manner used for our business secrets, we have established the "Confidential Document Management Measures" for all our employees to follow and implement.

• Employee Discipline

Yulon Motor takes employee discipline extremely serious and strictly prohibits corruption, blackmail, embezzlement or theft in any form. New employees are informed of all norms of behavior and the regulations related to rewards and punishments in accordance with the work rules when they report to work. In addition to specifying the norms of behavior and the regulations related to punishments in the work rules, the Company carries out regular internal and external audits and plans and provides a whistle-blowing mailbox and hotline to allow the employees to report any misconduct anonymously.

With the aim of ensuring the compliance of the employees with laws and regulations as well as Yulon Motor's norms, new employees are required to take training courses on laws, occupational safety, and information security after they report to work. Also, whenever a new law or a new rule of the Company is to be implemented, we make sure that all employees clearly understand that they should follow the relevant rules by announcing and disseminating them and offering relevant education and training. All our employees are engaged in production in accordance with the regulations with a conscientious and down-to-earth attitude.

In case of corruption, blackmail, embezzlement or theft in any form, it shall be handled pursuant to the related regulations in the work rules. The Reward and Punishment Committee, if needed, convenes to give relevant suggestions and rewards and punishments are approved based on the approval authority.

• Anti-corruption Principle

In case of corruption, blackmail, embezzlement or theft in any form, it shall be handled pursuant to the related regulations in the work rules. The Reward and Punishment Committee, if needed, convenes to give relevant suggestions and rewards and punishments are approved based on the approval authority. To regulate the acceptance and offering of gifts, we formulated related rules with reference to the "Yulon Group Management Regulations for the Offering and Acceptance of Gifts." From December 9–10, 2021, a course, "Prevention of Insider Trading," was organized in the Company. It covered the elements of insider trading, insider trading regulations, the definition of internal material information, the penalties for committing insider trading, etc., and used TWSE's short film, "Prevention of Insider Trading," to improve the trainees' understanding of insider trading and prevent them from violating the laws. In 2021, a total of 109 trainees participated in the course. The "Prevention of Insider Trading" course was included in the online education and training courses for new employees in Q3 2021. Since then, all new employees have taken the course.

Scope

Applicable to the Company's directors (including independent directors), supervisors, managerial officers (including the president and positions at equivalent levels, vice presidents and positions at equivalent levels, assistant vice presidents and positions at equivalent levels, the head of finance, the head of accounting, and any other authorized signatories involved in the Company's administrative affairs), and all employees (including temporary personnel and temporarily transferred personnel).

Operating guidelines

- 2-1** The Company's directors, supervisors, managerial officers, and employees shall adhere to the strictest moral code which, in principle, prohibits the acceptance or offering of any gift or cash gift that affects normal business relationships and decisions.
- 2-2** Mutual gift-giving between companies in the Group and between employees in the Company is not allowed. However, in consideration of social customs and social etiquette, gift-giving for weddings and bereavements to suppliers, customers, and employees is specified separately.
- 2-3** Gift receipt is forbidden when there is a business relationship. Gifts conforming to social etiquette may be received only if their market prices do not exceed NTD 3,000. The value of gifts with the trademark of the gift-giving company shall not exceed NTD 6,000. The total value of gifts received from the same gift giver in a year shall not exceed NTD 10,000.
- 2-3-1 For all gifts with a value exceeding the specified limit, which are accepted due to misgivings about declining to accept the gifts, regardless of whether there is a conflict of interest at work, a gift acceptance form shall be completed and submitted to the line manager within three working days after the date of acceptance and the HR unit shall be informed of such matter. The gifts shall be handed over to the HR unit for handling.
- 2-4** If gift-giving is required to maintain/build business relationships, a prior notice is needed. An application shall be filed for approval based on the original reimbursement authority. Gifts with the Company's logo or trademark are preferred. All gifts shall conform to general business etiquette rules and shall not be overly expensive or offered too frequently, preventing large or unnecessary expenses.
- 2-4-1 The value of gifts to be offered shall be limited to NTD 3,000 or its equivalent. The value of gifts with the Company's trademark is limited to NTD 6,000 or its equivalent.
- 2-5** Where employees are unsure about whether their behavior or the situation where they are in complies with the Company's regulations for the acceptance and offering of gifts, they shall evaluate the legitimacy of the behavior or situation according to the following principles:
- 2-5-1 Does the disclosure of the relationship or behavior cause a negative impact on the Company's reputation?
- 2-5-2 Is entering into the relationship or being engaged in the behavior interpreted as an effect on the impartial performance of duties or making professional decisions?
- 2-6** All employees shall stay alert to any behavior that violates the professional code of ethics. They have the responsibility to make a report to their managers if they have any doubt or find any behavior that violates the professional code of ethics.
- 2-6-1 If necessary, the employees may make a report directly to the internal audit officer or through the whistleblower reporting system.
- 2-6-2 The Company shall protect employees who report any behavior violating the guidelines from unfair retaliation or treatment resulting therefrom and keep confidential the investigation process participated in by the employees.
- 2-6-3 The accused person shall turn in the gifts accepted thereby to the Company's HR unit. If the Company incurs a loss due to the acceptance of the gifts, the Company will hold the person accountable civilly and criminally and impose punishment on the person according to the work rules.

• Employee Satisfaction Survey Result

In view of the importance of talent training and retention to companies, we believe that we should concentrate our resources on the analysis of and response to the needs of our employees from the source. Yulon Motor conducts an employee satisfaction survey every two years. The results of the most recent three surveys remained roughly stable (the most recent survey was carried out in Q4 2020). The Company reviews what can be further improved in the Company's system from our employees' perspective through various communication and conversation channels and strive to implement any possible improvement measures. If improvements cannot be made in a short period of time or the employees' suggestions are unviable, we give the employees an explanation to avoid unnecessary misunderstanding and negative impacts on their morale while allowing the employees to perceive their contributions to the Company. It is hoped that in this way, employee cohesion can be boosted effectively, thereby facilitating labor-management collaboration in moving forward and creating a future.

I. Description of the Improvement of the Satisfaction of Administrative Engineering Personnel throughout the Company

Satisfaction Survey Result by Aspect



Improvement Measures for the Aspect with Which the Administrative Engineering Personnel Were Least Satisfied

Aspect	Item No.	Measure
Career development	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.

I. Description of the Improvement of the Satisfaction of Technicians throughout the Company

Satisfaction Survey Result by Aspect



Improvement Measures for the Aspect with Which the Technicians Were Least Satisfied

Aspect	Item No.	Measure
Work safety	1	Solar panels were installed at key plants, effectively lowering the temperature in the plants by 3–5°C.
	2	Electric forklifts have gradually replaced diesel forklifts (the former accounted for 83%), reducing exhaust gas pollution in the plants.
	3	Occupational medicine physicians were engaged to provide on-site health consultation services for employees on a monthly basis.

• An Enterprise Incorporating the Concept of "Home"

Yulon Motor's long-term efforts and fulfillment of the social responsibility of sustainable development since the Company was established have led to our scale and achievement today. The Company offers the employees an excellent working environment, takes good care of them, and allows them to develop their careers stably, laying a solid foundation for a life of well-being. The ex-Chairman, Kenneth Yen, once said, "Only with happy employees, can a company stimulate a corporate culture of discipline." Hence, our management philosophy focuses on the goal of creating an enterprise of well-being and we have been pressing on with the goal.



Yulon Motor won two prizes in the "Work-Life Balance Award"

Yulon Motor is the parent company of the Group, just like parents in a family. We also serve as the leader of tens of affiliates in the Group and of the industry value chain. Over the 60 years since the establishment of Yulon Motor, the Company ensured stable income and life security for thousands or even tens of thousands of families in the automobile industry. Yulon Motor has always been the industry benchmark both inside and outside the Group. Many of our employees started their families, had children, and retired during their careers in Yulon Motor, spending their most active years in the Company. We offer them a long-term stable growth environment where they can settle down and are paid enough to afford household expenses.

• A Wide and Diverse Range of Activities

Yulon Motor pays attention to the balanced development of the employees' work, life and family. Therefore, we organize a series of various activities, including Family Day events, summer camps, group festival activities, domestic and international trips, friendly matches between clubs, etc. Exchange and sharing in these activities can facilitate the interaction between employees from different units, improve the team atmosphere and relationship, and balance work and life. The employees are also able to maintain good health and family harmony outside of work. To give employees who are single more opportunities to step out and meet new friends, we not only reimburse the employees who participate in the Ministry of Internal Affairs' singles event for the registration fee, but also provide free movie tickets in support of the event, to encourage single employees to sign up for the event, facilitating their happiness.

Furthermore, welcome activities, management consensus camps, and retirement events are organized for employees at different ages and levels to build employee cohesion through vertical and horizontal communication and interaction between the employees in these activities from the moment when they first enter Yulon Motor and give them a clear grasp of their future career development and post-retirement planning.

Various Activities for Employees in 2021

Type	Item No.	Activity Title
Activities organized by the Welfare Committee	1	Mother's Day Celebration with Carnations
	2	Year-end gifts for employees
Employee relation activities	1	The Ministry of Internal Affairs' "You&Me Together" singles mixer in 2021
	2	"Starlight Stage" welcome activity in 2021
	3	Parenting Experience Sharing Workshop in 2021
	4	Management Consensus Camp in 2021
	5	Yulon Motor's Starlight Road Running Event in 2021
Volunteer Club's activities	1	One session of the "Love Unstoppable" blood donation campaign was held in May and September, respectively
	2	NTD 350,000 was donated to the "Miaoli County Supply (Food) Banking Program" under the Pandemic Emergency Relief Project hosted by the Social Affairs Department, Miaoli County Government in July
	3	A donation of NTD 35,000 was made to "Sanyi Warm Story Hall" in August for it to purchase kitchenware for its cooking area
	4	The "Year-end Heart-Warming Donation" fundraising activity was launched in December, and the total of NTD 728,900 raised was fully donated to Miaoli Guangai House of Correction, Youan House of Correction, Huashan Foundation, Mingde House of Correction, Genesis Social Welfare Foundation, Dongji Public Welfare, and Happy Dog Halfway House Association
	5	A total of 13 members of the Yulon Volunteer Club have obtained volunteer certificates through online volunteer training courses.
Lectures on well-being	1	A Comprehensive Breakdown of Insurance
	2	Weight Loss Diets and Tips for Eating Out
	3	Technology-based Fitness Testing



Beach Cleanup in Houlong in 2021

Management Consensus Camp in 2021

Blood donation campaign in 2021



Yulon Motor's Starlight Road Running Event in 2021



Parenting Experience Sharing Workshop in 2021

"Starlight Stage" welcome activity in 2021

Lectures on well-being Weight Loss and Eating Out

Ensuring Social Engagement



4.1 Membership in Organizations and Initiatives

4.2 Social Care and Neighborliness

Yulon Motor firmly believes that the success of an enterprise requires not only focus on achieving greater profitability, but also further fulfillment of the expectations of stakeholders. Giving back to society and achieving co-prosperity and coexistence with it are also essential. Driven by the core philosophy of "people, vehicle and life," the ESG Committee consisting of the President, who serves as the convener, and the representatives of all departments has been formed to keep track of and manage the business activities involving economic, environmental, and social issues, report the handling progress to the management periodically, and take specific continuous actions that demonstrate the Company's attention to the stakeholders.

4.1 Membership in Organizations and Initiatives

The Company has been in close cooperation with the industry. We have joined relevant domestic and international industry associations and unions to receive the up-to-date news through interaction and collaboration with other members and thereby keep up with the industry. Yulon Motor has participated in relevant trade associations, unions, and other groups or organizations pursuant to laws and actively taken part in national and global initiatives on automobile industry development, vehicle safety, quality management, labor safety, environmental protection, etc. We have also received several awards and been recognized for our excellent performance.

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			✓

We encourage our employees to actively vote for the man suitable for public posts to fulfill their responsibilities as citizens. Also, the Company's senior management takes advantage of the visits of automobile industry associations and government personnel to give suggestions and show their concern about any impact on automobile industry or relevant public affairs.

In terms of Yulon Motor's engagement in public affairs, we strictly abide by the following main principle: concentrating on the big picture and taking into account the stances and social responsibilities of all stakeholders without using corporate interests as the only consideration.

We have valued customer winback and services. To fully control the sales and warranty quality of our distributors, Yulon Motor has developed multiple sales and service regulations. For example, the service stations shall publicly disclose their maintenance fees and part prices. All information must be transparent and quoted prices must be given in advance. Maintenance shall not be performed without the consent of the car owner. Although these practices seem to be normal, a gap may arise in service quality due to the non-thorough implementation of the practices.

4.1.1 Product Quality Control and Customer Services

• Sound Product Assurance System

In addition to the various safe product units mentioned in the Report, Yulon Motor offers customers fuel-efficient and eco-friendly green products for a wide range of vehicles through green design and manufacturing. After sale, product liability prevention measures shall be implemented throughout all procedures by all employees and the distribution system to avoid causing damage to the rights of the consumers due to product defects. It is worth mentioning that our assurance regulations for after-sales products contain assurance and warranty terms and conditions which are also specified in the owner's manual. The terms and conditions clearly inform the consumers of the rights they are entitled to and our customer assistance system.

Product liability incidents are handled with the rights of the consumers as the first consideration in accordance with the government's laws and regulations. In order to ensure that the incidents can be handled quickly and properly, we have established relevant handling guidelines such as "Customer Complaint Handling Practice Standards," "After-Sales Service Compensation Practice Standards," and "Vehicle Recall and Correction Management Regulations" to assist the consumers in solving problems immediately and to protect the rights they are entitled to. All product assurance standards and procedures are regularly reviewed and revised according to ISO standards to ensure a rigorous and comprehensive product assurance system.

All our vehicles have been tested by the commissioned testing organizations recognized by the central competent authority, e.g. the Automotive Research Testing Center (ARTC), and Industrial Technology Research Institute (ITRI), 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.

The Company was not subjected to any large fine due to the provision or use of our products and services violating laws and regulations in 2021.

• Strict Product Quality Control

Process management systems are developed to ensure stable quality. We also document the production history of a vehicle (including its important part information, off-line service record, historical quality record, and so forth), which can be used for subsequent vehicle maintenance and return.

1 In an effort to implement quality management and document the production and manufacturing history of vehicles, our plant in Sanyi developed an IQM (Integration Quality Management) system in 2010 and officially adopted it in 2012. The system covers the incoming of materials from suppliers as well as the process from assembly to VES testing for finished cars. In 2021, the Company branched out into a production line for our alternative energy business and started to engage in the horizontal diversification of our quality procedure management.

2 The IQM system uses the structure of an MES to link together the production information from the manufacturing processes at the Sanyi plant in a real-time manner and enable smart quality management at key quality checkpoints to ensure the completion of all tasks and comprehensive quality monitoring.



Yulon Motor integrates the cloud-based IQM system with the IoT technology for the real-time management of on-site information, e.g. on the process equipment in operation, the quality of parts and components, assembly quality, and stock. The transformation of process information into the history of products enables real-time feedback management and diversification analysis. These measures fully demonstrate Yulon Motor's determination and efforts to strictly control manufacturing quality.



In response to the Industry 4.0 trend where new technology is used to drive corporate transformation, Yulon Motor has actively promoted digital process management in recent years. We have integrated our information system (IT) with the IoT technology to monitor over 100 important process management parameters. Digital displays have been installed at the workshops to actualize visible manufacturing processes and transparent management, effectively improve equipment efficiency and quality yield, and reduce energy use. We will take a further step to invest in the AI application field, thereby using big data analysis and cloud computing platforms to leverage data to its utmost value, make optimal decisions with real data, and achieve the strategic goals of smart manufacturing and digital corporate transformation.

• Truthfulness and Detailed Labelling

For vehicle advertisement, we not only adhere to our main principle of authentic and truthful advertising of our vehicles, but also convey our value of "people · vehicle · life" through our human-centered advertisements and our philosophies of being friendly to the environment and protecting the Earth. Our advertising content and approaches comply with the government's laws and regulations and our advertisements are free of exaggeration.

Vehicle-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.

Yulon Motor did not incur any violations of laws and regulations and our voluntary principles, related to marketing and promotion (including advertisement, merchandising, and sponsorship) in 2021. The Company upholds the principles of integrity, fairness, and openness in industrial competition and observes the related laws and regulations of the government. In 2021, we were also not involved in any anti-competitive, antitrust, and monopoly activities.

The ultimate goal of NISSAN, a brand under the belt of Yulon, is to improve customer satisfaction in terms of product design, R&D, marketing, and services and to unceasingly release innovative products and services to boost the consumers' trust and recognition. LUXGEN, a brand created by Yulon Motor, is devoted to offering differentiated products beyond the consumers' expectations and delivering smart human-centered technologies in line with its brand spirit of "pre-planning to beyond expectations."

• Free 24-hour Service Hotlines

The brands under Yulon Motor's belt have free 24-hour service hotlines in place for towing assistance, inquiries about the business and service locations of our distributors as well as new cars, customer-requested assistance, suggestion and complaint handling. To offer the customers better services, relevant customer service management mechanisms have been developed to make regular improvements in the customer service hotlines, update information, and train staff. We can also receive calls through the free 0800 service hotlines of our distributors to provide comprehensive channels for the consumers to make inquiries about their rights.

With the aim of providing the consumers with more thorough services, NISSAN, a brand under Yulon Motor, has 11 distributors, 77 business locations, and 85 service stations around Taiwan, where maintenance services are provided also during nighttime and on weekends. The self-owned brand LUXGEN has five distributors, 46 business locations and 26 service stations across the country and aims to offer the consumers heart-warming services that are beyond their expectations. We highly value information collected through customer satisfaction surveys and use the customers' opinions as driving force for bettering our products and services. All customer satisfaction survey results are reported to the senior management. For items that the customers are unsatisfied with according to the survey results, the relevant unit shall draw up corresponding improvement plans to continuously enhance customer satisfaction.

In an attempt to fulfill the values recognized by the customers, meet their needs, and upgrade the brand service quality, NISSAN and LUXGEN under Yulon Motor conduct a car owner satisfaction survey every year, which covers the sales and service procedures. The relevant units are then asked to formulate improvement plans and make adjustments based on the customer satisfaction survey trends and the suggestions from the customers to meet their expectations. Continuous efforts will be made to achieve a win-win outcome and build long-lasting customer relationships.

• Respect for Customer Privacy

The Company takes customer privacy considerably seriously. To ensure the privacy of the customers, we abide by the "Personal Data Protection Act" and other related laws and regulations and include personal data protection as a key item for reinforcing corporate governance. We look into the life 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 and thereby thoroughly protect customer privacy. There were no complaints related to personal information leakage, customer privacy infringement, the loss of customers' data, or other violations in 2021. As no significant complaints that would cause social impacts occurred, information on subsequent handling and resolution was unavailable.

4.2 Social Care and Neighborliness

Yulon Motor is led by an outstanding management team. The Company has continuously grown and developed in terms of innovative technology, the fulfillment of the green commitments, and contribution to society, making us become the best model modernized company in the conventional industry. The Company has put long-term efforts in various charitable and social welfare activities in a low-key manner, such as promoting basketball and woodcarving arts and cultures in Taiwan, making donations as casualty insurance benefits for temporary cleaners, and so on. Our long-lasting and persistent dedication to arts and cultures, sports, community care, social benefits and welfare, foundations, and unions and associations best demonstrates our contributions to social welfare. We hope to bring people a better living environment with our power as an enterprise.

4.2.1 Meeting Local Needs

The Company is registered in Sanyi and is the largest enterprise in the township. We offer plentiful job opportunities in the area and about 65% of our employees come from Miaoli and Sanyi. In addition, for community contributions, we have been highly devoted to giving back to and developing the community. For instance, we open part of the plant to tourists visiting Sanyi for free parking on weekends; Yulon Motor's employee clinic is open to residents in Sanyi and provides them with complimentary registration fees.

To incorporate the philosophy of CSR in the Company's policies, we combine CSR with our KPIs to implement specific plans for achieving zero-defect production, creating a friendly environment, cementing community relations, refining employee services, and improving customer satisfaction.

• Development of A Scholarship System for Local Students

[Yulon Sanyi Scholarship]

As a contribution to the township and care for the local community, the [Yulon Sanyi Scholarship] has long been provided to the students from elementary, junior high and senior high schools in Sanyi Township. Between 2015 and 2020, the scholarship was extended to include college students and graduate students who have registered permanent residence in Sanyi, encouraging them to be diligent in learning. Every year, over 420 students receive the scholarship. In 2021, a total of NTD 385,000 was awarded to more than 360 students for the Yulon Sanyi Scholarship, benefitting a wide range of students.

[Yulon Motor Youth Training Scholarship]

In order to cultivate talents in the automobile industry and encourage young people to study mechanics, electromechanics, electronics, and other related engineering subjects, the Company set up the "Yulon Motor Youth Training Scholarship" in 2020 to reward high school/vocational high school students in Miaoli County who are admitted to the automobile-related departments of designated schools in their graduating year and, at the same time, encourage the recipients to volunteer their services to society. A total of seven students received the scholarship in 2021, amounting to NTD 50,000 each.

Hosting the [Yulon Motor Design Experience Camp]

To allow students in Sanyi Township to know about automobile design and development processes, we held the [Yulon Motor Design Experience Camp] every year from 2016 to 2020. The senior students from elementary schools in Sanyi Township were invited to the camp for free during their winter vacation to give them a glimpse into the process of designing, developing and manufacturing automobiles and provide a basic understanding of the automobile industry among the students in Sanyi. About 45 students in Sanyi Township attended the [Yulon Motor Design Experience Camp] every year. The camp included activities offering entertaining education and combined DIY sessions with carnival games, which were popular among the local students.

2021 Yulon Motor Youth Training Scholarship



Organizing the [Yulon Woodcarving Camp]

Since 2021, we have hosted the "Yulon Woodcarving Camp" during every winter vacation and engaged professional wood carvers. The camp was open to junior and senior high school students in Sanyi who are interested in woodcarving for free. Eight students from junior high schools in Miaoli and Sanyi signed up for the camp in 2022. During the course, the students made their own wood sculptures based on the theme of Mini Watermelon, thereby stimulating their interest in wood carving.



Holding the [Yulon Sanyi Children's Basketball Summer Camp]

We have been promoting basketball in Taiwan for a long time. The [Yulong Sanyi Children's Basketball Summer Camp] has been organized during every summer vacation since 2015. It is available for free enrollment by elementary school students in Sanyi Township. The players of the "Yulon Luxgen Basketball Team" served as coaches in the activities during the camp to teach the local students proper basketball knowledge and basketball skills. The camp provided the students with healthy and relaxing recreational activities during their summer vacation. One hundred students from elementary schools in Sanyi Township participated in the [Yulon Sanyi Children's Basketball Summer Camp] every year. During the two-day camp, all activities were coached and led by the players of the Yulon Luxgen Basketball Team and in-person demonstrations were also provided. Over 10 Yulon Luxgen Basketball Team players and staff were involved in the camp. We have invested more than NTD 1.35 million and up to 600 students have attended the basketball camp.



Yulon Sanyi Children's Basketball Summer Camp

Sponsorship for ["Respect for the Elderly" Activities in Seven Communities in Sanyi Township]

The Company has helped Sanyi Township take care of the local elderly since 2015 to show respect for them. We sponsor the "Respect for the Elderly" activities in seven communities in Sanyi Township by making an annual donation of NTD 140,000. Nearly NTD 1 million has been donated, benefiting over 400 people.

4.2.2 Social Welfare and Care

As for efforts in emergency assistance and social welfare, donations made by the Company for social welfare are shown below:



A Donation of Millions of NT Dollars as Benefits for Temporary Citizen Workers

The Company has provided continuous care for the temporary citizen workers of the Department of Environmental Protection, Taipei City Government. During 1998-2003, NTD 1 million was donated on an annual basis. After Yulon Motor underwent a corporate demerger in 2003, the Company and Yulon Nissan Motor made a joint donation of NTD 1 million every year. We have taken out "Employer's Liability Insurance" for the temporary citizen workers diligent in keeping the city clean to reduce their life burdens and the impacts on their lives due to unexpected accidents. It is hoped that this can offer them more work and life security. Up to now, Yulon Motor has donated over NTD 15 million since 1998. In 2018, additional NTD 200,000 was donated to make 200 LED reflective vests for the temporary citizen workers of the Department of Environmental Protection, Taipei City Government, to further ensure their safety at work.

So far, a total of over 31,500 citizen workers of the Department of Environmental Protection have been insured. Twelve of these workers unfortunately passed away due to accidents; three were maimed in accidents; four hundred received benefits for accidental injuries. The total claims settled amounted to about NTD 14.01 million. All temporary citizen workers who have benefited from the insurance appreciate our long-term assistance in emergency care. Moreover, from 2014 to 2021, in order to give back to the township, the Company made annual donations as the benefits under the "Employer's Liability Insurance" policy for the cleaning team in Sanyi Township to provide them with work and life security.

Yulon Motor has made donations as the benefits under the "Employer's Liability Insurance" policy for the citizen workers in Taipei for a long period of time



4.2.3 Social Engagement and Deep Rooting

• Integration of Industry Development Policies for the Cultivation of Smart Mechanical Talent

To improve the technology required for the promotion of Industry 4.0 in the automobile industry, the Company has initiated industry-academia programs together with benchmark academic and technical schools in recent years, including National Taiwan University, National Taiwan University of Science and Technology, National United University, National Chin-Yi University of Technology, etc. The students are welcome to visit our plants for project research. We also offer internships during summer/winter vacation or semesters in order for the students to gain experience in on-site operations. We have experts teach the interns professional skills and pay them full pay. Interns who are not locals may apply for staying in the Company's free dormitory and enjoy our swimming pool, gym and other recreational facilities. Students with excellent performance during their internships will be given employment priority after they graduate.

• Setting Up "Yulon Experience Center" to Pass On Our Vehicle Manufacturing Technology

In 2022, our "Yulon Experience Center" offers guided tours and the public is welcome to include the Center in their itineraries. The Center passed the Ministry of Economic Affairs' tourism factory license renewal evaluation in 2021. Its visitors mainly include: academic institutions, enterprises, families, and independent tourists in the form of families. Most visitors book a reservation online on the Center's booking website. The Center focuses on uncovering the process of manufacturing a vehicle. The visitors can gain a better understanding of how a car is produced through guided tours given by our professional guides and by looking around our production plant. On top of that, Yulon Motor's car-making history is disclosed in the Center and the five major automobile manufacturing processes (stamping, welding, painting, assembly, engine assembly) are presented through the interactive AR technology. The Center also offers new channels for entertaining education, such as educational trips for the students from automobile-related departments, experiential workshops, experiential camps for students, and so forth. Since 2019, the Center has gotten acquainted with industrial and commercial enterprises by operating and promoting its tourism factory and thereby served as a platform for the interaction among enterprises and the delivery of team-based technical collaboration opportunities. For instance, Chinese Total Production Management Association (CTPM), industrial and commercial development associations, and manufacturing associations have visited the Company for interaction and exchange.



• Yulon Motor's Automobile Tourism Factory – Yulon Experience Center's Milestones

January 2020

January 2020 – The number of visitors reached 20,000



February–June 2020

February–June 2020 Additional equipment was installed and the internal facilities were maintained. Course development was initiated



May–July 2020

May–July 2020 Yulon Motor's basketball team visited the Center and the "Little Soldiers" and "Animal Meetup" activities were organized



November 2020

November 2020 A YLN-803 car gathering was held



December 2020

December 2020 A DIY activity was organized for the students and teachers from National Miaoli Special School



May-August 2021

May-August 2021 Preparedness work was carried out for the license renewal evaluation. The Center also maintained its equipment and developed new products



September 2021

September 2021 The Center passed the Ministry of Economic Affairs' tourism factory license renewal evaluation and obtained a license label



Since January 2022,

visitors who book a visit to the Center must receive two doses of COVID-19 vaccination or present proof of the negative results of their antigen tests taken within three days

March 2022

The registration of the Center's three tourism factory image trademarks (Grandpa Jeep, Grandma Bluebird, Uncle Sulley, from left to right) was approved



April 2021

Three innovative products were launched



November 2021

The Center reopened. It organized an exchange with Matsu Labor Union and held an exchange on traffic safety teaching materials with Chiayi Motor Vehicles Office and Hsinchu Motor Vehicles Office



Middle of April 2022

The internal facilities were maintained and updated and new must-see highlights were in progress

[The Pioneer of Automobile Manufacturing in Taiwan]

Yulon Motor has not only spearheaded industrial development in Taiwan, but also advanced the automobile manufacturing technology of the country since the Company was engaged in the automobile manufacturing industry in 1953. After 67 years, Yulon Motor has branched out into tourism to convey our vehicle manufacturing philosophy as the pioneer in the industry in Taiwan to more consumers. Our Yulon Experience Center has undertaken the mission of communicating the philosophy to tourists through the experiential itineraries and courses since it was formed.

01

Production line visits

The Company's product quality control mechanism and five major processes (sheet metal stamping, body spot welding, spray painting, engine assembly, vehicle assembly, and quality inspection) are explained during the guided tours. The processes are also open to visitors.



Production line guided tour – Students



Process visit and production line guided tour – Corporate employees

02

Exhibition of a crashed U5 car body

In 2021, we exhibited a car which underwent the toughest NCAP car safety crash test. In addition to the physical car body, we played a demonstration video on an iPad and set up an information board. This exhibit was one of the most popular features of the Center among visitors.



The crashed U5 car body



The demonstration video on the iPad



The information and Q&A board

03

Information board about the history of the Center

Visitors can participate in guided tours at the Center. During the tours, videos providing a brief introduction to Yulon Motor and explaining our five major processes along with the Story Wall next to the monitor can shape the image of the Company in the eyes of the visitors.



04

Development and exhibition of innovative products

New products were released in 2021, including handmade keychains with a design integrated with the Grandpa Jeep logo and innovative masking tapes designed based on all models of cars produced by Yulon Motor. These products were highly requested by visitors.



05

Various DIY courses

To offer visitors experiential learning through entertaining education, a new DIY program was launched in 2022. The program offers four courses where the visitors can gain hands-on experience and take their work home as a souvenir.



06

Yulon Experience Center's Facebook fan page/Google business rating

The Center currently has 3,545 followers on its Facebook fan page. Its rating on Google Maps is 4.5/5 and the number of ratings with 4 stars or more is still increasing. "Yulon Experience Center" can be searched on Facebook/Google.

07

Online Teaching Materials

Videos have been made and put on the Center's Facebook fan page. The Center shares digitalization videos and teaching footage with the public on its fan page not only for the purposes of advertising and promotion, but also in the hope of giving viewers a better understanding of vehicle manufacturing and increasing their knowledge of and interest in the automobile industry.



(Video URL : <https://reurl.cc/W3adme> · <https://reurl.cc/ZGaO63>)

Description of Process Display Boards



4.2.4 Social Engagement and Inheritance

Promotion of Sports Activities for All

Forming Yulon Motor's Basketball Team

Yulon Motor's basketball team that is widely popular among basketball fans in Taiwan has remained dominant since its formation in 1965. The team has competed in national and international basketball tournaments and made numerous illustrious achievements with the biggest non-stop support from Yulon Motor in the past 57 years. By sponsoring basketball activities, the Company hopes to promote the development and inheritance of basketball and "sports for all" cultures in the country and train talented athletes for Taiwan. To give the players a good training environment, Yulon Motor invested money in building a "Yulon Gym" dedicated to Yulon Motor's basketball team. The gym is well equipped and air conditioners with heaters are installed in the dormitory for the players, ensuring the best quality rest for them outside of competition and practice and keeping their technical skills and physical condition in a good state.



It has been over half a century since Yulon Motor's basketball team was founded. We have been dedicated to facilitating the development and inheritance of basketball and "sports for all" cultures in Taiwan.

• Promotion of Local Sports Activities

In response to the utmost efforts of the Miaoli County Government to promote sports for all, Yulon Motor has assisted the government in organizing sports activities in recent years to gather sports lovers in the community for exercise and stimulate the public awareness of exercise. It is hoped that these sports activities and competitions can help people be engaged in proper recreational activities and sports and ensure positive social ethos, thereby engaging everyone in recreational sports and building a new healthy life.

- In 2016, we donated NTD 2 million to Miaoli County to sponsor the training of excellent sports teams and arts and cultural groups
- In 2018, NTD 700,000 was donated to the Miaoli County to sponsor the [2018 Citizens Sports Games]



• Promotion of Basketball Activities

With the aim of allowing basketball to become more universal and arousing children's interest in basketball, the Company has hosted the "Yulon Sanyi Children's Basketball Summer Camp" every year in New Taipei City and in Sanyi Township, Miaoli County, where Yulon Motor is located, to encourage the children to participate in healthy sports and develop a strong body while promoting basketball universally in the country.

In addition, Yulon Motor has supported the basketball activities and competitions of elementary and junior high schools in Miaoli County, including Dalun Junior High School, Mingren Junior High School, and Jianzong Elementary School. Over NTD 300,000 has been invested in competitions and NTD 2 million has been budgeted for the training of excellent sports teams and arts and cultural groups. In 2019, Mingren Junior High School and Mingren Junior High School won the men's and women's championships in the Junior High School Basketball League (JHBL). It was the first time that Miaoli County captured both the men's and women's championships in the JHBL.



• Promotion of Recreational Slow Pitch Softball Activities

The Company sponsored a slow pitch softball competition in Miaoli County and formed a team to take part in the competition in 2017.



• Popularization of Woodcarving Arts and Cultures for the Heritage to Take Root

The woodcarving industry in Taiwan was all the rage during 1966–1973. Woodcarving products exported to European countries and America were in short supply at that time. However, after the peak was over, the market conditions changed, leading to the decline of the industry. In 1995, due to the policy of "factory and office integration," the Company moved from Xindian to Sanyi. In view of the fact that the woodcarving industry has gone downhill in Sanyi which was a stronghold of woodcarving in Taiwan and that the families of many of our employees run woodcarving businesses, Yulon Motor cannot bear to see the families of the locals and our employees in Sanyi being impacted by the declining woodcarving industry, and hence, we have made up our mind to support the industry. Yulon Motor has organized the [Yulon Wood Carving Innovation Award] on an annual basis for 17 years since 1997. We offer high prize money to encourage woodcarvers in Sanyi and other areas around Taiwan and thereby revive the woodcarving industry, prosper businesses in Sanyi, and ensure more life security for the employees. Since 2016, to pass on woodcarving arts and cultures and train promising woodcarvers, we have donated more than NTD 300,000 to Sanyi Senior High School in support of the development of woodcarving clubs and courses and trained over 100 people.

• Facilitating the Internationalization of Taiwan's Woodcarving Arts

As of 2014, we have decided to combine our resources with those of the Culture and Tourism Bureau, Miaoli County Government, which has also been dedicated to the promotion of the woodcarving cultures in Sanyi. Therefore, the Company has shifted the funding for the annually hosted "Yulon Wood Carving Innovation Award" to the Culture and Tourism Bureau's "Taiwan International Wood Sculpture Competition" that takes place every year. In addition to an annual sponsorship of NTD 2 million for the activity, the "Yulon Wood Carving Innovation Award" and "Yulon Wood Carving Heritage Award" have been set up in the competition. A prize of NTD 300,000 is given to the winner of each of the awards, thereby rewarding outstanding wood carving artists in Taiwan and around the world. Local cultural characteristics are promoted through the collaboration between private businesses and local governments so that the effectiveness and scope of such activities can be improved. We provide long-term back-up support of steadiness and solidness for the "Taiwan International Wood Sculpture Competition" and various international woodcarving exchanges and initiate wider international exchanges in the hope of actualizing the internationalization of Taiwan's woodcarving arts.

The grade opening of the award ceremony for the "2021 Taiwan International Wood Sculpture Competition" took place on October 9, 2021, in front of Sanyi Wood Sculpture Museum. Yulon Motor's Vice President Li represented the Company to attend the ceremony to present prizes to the two winners winning the "Yulon Wood Carving Heritage Award" and "Yulon Wood Carving Innovation Award." The winners, Wei-Chung, Pan, and Chun-Wei, Lai, won the awards for their pieces titled In nature and Blossom, respectively. Each of the winners received a prize of NTD 300,000 offered by Yulon Motor, NTD 600,000 in total.



"Yulon Wood Carving Innovation Award" winner Wei-Chung, Pan



"Yulon Wood Carving Heritage Award" winner Chun-Wei, Lai



In nature – Wei-Chung, Pan



Blossom – Chun-Wei, Lai

4.2.5 Social Contributions and Services

• Social Contributions

- 1 [Yen Tjing Ling Industrial Development Foundation] was established to combine the academic and human resources of National Taiwan University and National Cheng Kung University to promote forward-looking engineering technology research and development and industry-academia cooperation, so that industrial technology can take root downward and develop upward.

• Yen Tjing Ling Industrial Development Foundation's Cooperation Programs

Item No.	Partner School	Program Title	Program Period
1	Department of Mechanical Engineering, National Taiwan University of Science and Technology	Calculation and Management of the Heat Module Flow Field for Energy Storage Systems	2022/1/1-2022/7/31
2	Department of Electrical Engineering, National Taiwan University of Science and Technology	Development of the "Estimation Technology" for the SOC/SOH of A Single Square Lithium-iron Battery Cell	2022/1/1-2022/12/31
3	Department of Mechanical Engineering, National Cheng Kung University	Application of the Visual Tracking Coordinate System for Generating Object Images with 3D Features	2022/1/1-2022/12/31
4	Department of Computer Science and Information Engineering, National Cheng Kung University	Coating Quality Testing	2022/1/1-2022/12/31
5	Department of Mechanical Engineering, National Cheng Kung University	Development of Parameters for the Digital Simulation of Improvements in Laser Welding	2022/1/1-2022/12/31
6	Development of Materials Science and Engineering, National Cheng Kung University	Study on the Technology of Thermal Diffusion and Electrical Fatigue in the Laser Welding of EV Battery Modules Al-Cu and Cu-Al	2022/1/1-2022/12/31
7	Department of Vehicle Engineering, National Taipei University of Technology	Quantitative Vehicle Noise Testing and the Establishment of A Database Platform	2022/2/1-2023/1/31

- 2 [Yen Tjing Ling Medical Foundation] was established to provide scholarships for excellent doctors to study abroad and to conduct research on the prevention and treatment of special diseases.
- 3 [VIVIANWU JOURNALISM AWARD FOUNDATION] was founded to reward outstanding journalists and to serve as an invisible mind-refreshing force to create positive social ethos. The total prizes awarded amounted to NTD 6.3 million.

• Winning Pieces in the 2021 VIVIANWU JOURNALISM AWARD

Type	Award	Piece	Remarks
Writing	In-depth Reporting Award	The Truth About the Government's Fixed Judges from TRA's Case 1450	United Daily News
	International News Award	The Election, Coup, Fight: Comprehensive Coverage of Turbulence in Myanmar	The Reporter
	Cross-Strait Reporting Award	"History and Present": 100th Anniversary of the CCP's Founding	Central News Agency
	Journalism Photography Award	A First-Person View on the Front Line of Disaster Relief	TCnews
Videos	In-depth News Report Award	Money Game+Photoelectricity Magnate	Common Wealth Magazine
	International News Award	Where does the Garbage Go	DaAi TV
	Documentary Award	The island and the city	PTS

- 4 [Wu Shun-Wen's Industrial Development and Investment Promotion Committee] was formed to enhance the exchange of information between domestic and foreign government agencies and between academic and business sectors and help facilitate the development of industrial and commercial enterprises, in order to promote domestic industrial manufacturing capabilities, improve product quality, and boost the image of domestic manufacturers.

• Yulon Group's Happy Wheel Project and 9453 Program Outcomes

Topic	Date	Content
Domestically Produced Welfare Vehicle V7	2016.05	The first domestically produced welfare vehicle V7 was released to serve families with disabled members and disadvantaged groups in Taiwan.
V7 Happy Wheel	2017.12	We worked with Carplus Auto Leasing Corporation to add V7 wheelchair accessible taxi to its fleet with the "V7 Happy Wheel" project.
Travel Sponsorship for Disadvantaged Families	2017.12	The Company sponsored the trips of 30 families from eight social welfare organizations on Christmas Eve.
Happy Lunar New Year from 9453 Friendly Traveler	2018.02	In collaboration with OurCityLove, Agoood, Do you a Flavor, and Hsin Chu Lun Service Association, we used the V7 wheelchair accessible taxi of Metro Taxi and Crown Taxi to take the members of Hsin Chu Lun Service Association out for a reunion dinner through the V7 Happy Wheel project. We also invited the Hsin Chu Lun Service Association to organize a charity bazaar with us.
Sponsorship to Accessible Concerts	2018.10	Yulon purchased and donated 150 tickets to the first musical with a theme of accessible transportation in Taiwan – "Accessibility for Love – The Angel's Smile" in support of the event.
9453 Pleasant and Friendly Trip	2018.10	Working together with OurCityLove, Sunmake Cultures Foundation and The Place, we took the lead to initiate the first company trip aiming to respect senior employees in the country on the weekend prior to Double Ninth Festival in 2018 (a Wuxu year). The families of 50 employees joined the trip.
9453 Friendly Traveler – 2019 Smile Bomb Campaign	2018.12	The 9453 Friendly Traveler 2019 issue is NTD 100 each. Yulon Group purchased 12,000 copies and put them on sale in 250 charity lottery betting shops and 30 on-street Happy Wheel service stations around Taiwan. All the earnings were donated for charity. Smiles were also raised from the public for encouragement.
9453 Accessible Transportation Service Innovation Program	2019.12	The Ministry of Economic Affairs hosted the award ceremony of the 3rd "Buying Power – Social Innovation Product and Service Procurement Reward Mechanism" to encourage enterprises to drive social innovation with responsible consumption. Yulon Group combined the main business and the CSR resources to promote the "9453 Friendly Traveler – Accessible Transportation Service Innovation Program" jointly with OurCityLove and won the first prize and special prize in the 2019 "Buying Power – Social Innovation Product and Service Procurement Reward."
9453 "Easy Brick Journey" in Changhua	2020.12	We arranged the "One Car One Family" trip with our Luxgen URX(5+1) cars, "Love Transport," the accessible ride-hailing platform developed by the Soil and Water Conservation Bureau, Council of Agriculture, and the Institute of Transportation, MOTC, and HOCHIN Construction's "Hochin Cohousing Compound." The families of 50 employees participated in the trip.
Yulon Group's Happy Wheel Welfare Project at South Link	2019/4–Now	When implementing the Happy Wheel welfare project at South Link, we took advantage of our expertise in the automobile industry and introduced a social return on investment (SROI) assessment plan in line with international trends. The SROI assessment was conducted from April 2019 to March 2021 and the SROI value was 15.79. In other words, Yulon Group "could create recreate a social return of NTD 15.79 for every NTD 1 invested."

• Accessible Trips

2017 Soil and Water Conservation Bureau's accessible countryside sites in 2017 → Tourism Bureau's 100 accessible attractions in 2018 → Travel agents' 30 accessible tours in 2019

Since 2017, the Company has collaborated with the Soil and Water Conservation Bureau, Council of Agriculture, Executive Yuan, in combining our LUXGEN V7 TURBO ECO HYPER vehicles with an accessible transportation service to design short trip itineraries to six countryside sites with special features in Northern, Central and Southern Taiwan, ensuring accessibility during the whole journey.

LUXGEN's "V7 Happy Wheel" team and OurCityLove's "9453" team jointly published the first issue of "9453 Friendly Traveler," which was the first magazine about accessible family trips in Taiwan. We also initiated and sponsored family travel programs for disadvantaged families.

2018 In 2018, through the 9453 Friendly Traveler project, OurCityLove invited people with disabilities as the special guests, so as to gather the most practical and detailed information on accessible itineraries and experiences, thereby promoting accessible family trips in Taiwan. Over the year, 180 attractions were visited, including the 100 must-see sites in Taiwan and offshore islands, with more than 5,000 volunteers mobilized. Through the resources from enterprises and social welfare organizations, over 50 friendly V7 taxi drivers around the country provided transportation services, enabling more than 200 trips to take place. The door-to-door itineraries and experiential activities ensuring accessibility during the whole journey increased the profitability and service capability of accessible transportation and tourism.

2019 In May 2019, the Company launched the 9453 Friendly Trip project jointly with OurCityLove in response to the Asia Pacific Social Enterprise Summit. We and our strategic partner OurCityLove supported the grand international event for two consecutive years with the aim of fulfilling the corporate social responsibilities. Yulon Group invited guests attending the event and organizations for people with disabilities to the 9453 Friendly Trip project to unveil the world Taiwan's achievements in accessible transportation and tourism, indigenous community development, social innovation, and local revitalization.

2020 We arranged the "9453 Easy Brick" trip in Changhua with "Love Transport," the accessible ride-hailing platform developed by the Soil and Water Conservation Bureau, Council of Agriculture, and the Institute of Transportation, MOTC, HOCHIN Construction's "Hochin Cohousing Compound," and our Luxgen URX(5+1) cars in December 2020. The families of 50 employees took part in the trip.

2021 The Company further used the welfare vehicles offered to Taiwan Taxi Academy Association and teamed up with the Yilan County Government, Taipei Evergreen Academy, and our social welfare partners to provide senior-friendly trips and implement rural transportation initiatives and services. In 2021, Yulon arranged a total of 12 short trips for social welfare organizations and one activity for the Group's employees.

Short trips for social welfare organizations and the activity for the Group's employees in 2021



• In 2019, trips for expressing gratitude and respect for the elderly were organized under our incentive travel program for employees' respite from long-term caregiving. We arranged four sessions of the "Romantic Gratitude Trip for the Elderly to Friendly Villages Without Accessibility Barriers" for the families of the Group's employees during the "Romantic Route 3 Arts Festival" promoted by the Council for Hakka Affairs, Executive Yuan.



• Company Trip for Respect for Senior Employees

Collaborating with OurCityLove, Sunmake Cultures Foundation and The Place, Yulon was the first to organize the "9453 Pleasant and Friendly Trip," a company trip aiming to show respect for senior employees in Taiwan. We took the families of our 50 employees, with a total age of about 1000, to National Center for Traditional Arts to have a happy trip ensuring "friendliness and relaxation" throughout the journey. It was the first company trip showing respect for senior employees in the country.



• Accessible Respite Trips - Travelling Friendly Villages in Changhua on Dragon Boat Festival

Continuing the promotion of accessible respite trips, the Company cooperated with our strategic partner OurCityLove and the Nantou Branch of the Soil and Water Conservation Bureau again organized the 9453 Accessible Respite Trip during the long Dragon Boat Festival weekend with the help of the Department of Public Management and Policy, Tunghai University, and Yude Social Welfare Foundation in Taichung. Seniors with dementia were taken to villages to experience the friendliness there and have a meaningful Dragon Boat Festival.



• The First Musical with A Theme of Accessible Transportation in Taiwan

The Company purchased and donated the tickets to the musical to encourage the employees and the public to pay attention to senior transportation issues. The libretto was written based on accessibility issues to speak up about "disability culture development," "social empathy education," and "equal participation of people with disabilities" issues for mentally and physically challenged people.



Smile Bomb Campaign

Clown Grandpa Shih-Ming Chang used his signature red nose smiles to arouse friendliness in people. A smile raising program – Smile Bomb 送愛出外 kicked off. We invited Legislators Li-Chan Lin, Yu-Jen Hsu, Ssu-Yao Wu and Wan-Ju Yu, former Legislator Yu-Hsin Yang, and many enterprise partners to attend the campaign with smiles in the hope of promoting and contributing to accessible transportation in Taiwan through the smiles of the crowd.



Creating An Ecological Network

An ecological network/collaboration between industry, government, and academia has been gradually created through CSR issues. With the help of Karma, ATHome, Taiwan Academy of Physical Medicine and Rehabilitation and other industry opinion leaders, Yulon has been engaged in charity and social welfare as well as the promotion of social innovation in collaboration with TSMC, a benchmark company. Rural medical and transportation services have been provided in the South Link area. Thanks to TSMC's experience, resources and influence in social welfare, our passenger-friendly vehicles have been integrated into a smart vehicle management system under development to build a smart welfare vehicle ride-sharing platform, achieving both technology innovation and human-centered care. This platform serves as an innovative solution to the needs for rural medical and transportation services and unlocks the opportunity for social cooperation in doing good, meaningful and rights things and "sending out love."



• Winning Multiple Prizes in International Awards

We and our strategic partner OurCityLove united to implement innovative accessible environment and transportation services through the "9453 Friendly Traveler" project for advocacy of accessible transportation services and itineraries. In 2018, Yulon was recognized as an optimal example of social connection innovation in APEC's policy research report and awarded the Outstanding Social Enterprise Award by the BCCT, the SVAYAM Accessibility Award, and other multiple international awards in the same year.

Yulon Group combined the main business and the ESG resources to promote the "9453 Friendly Traveler – Accessible Transportation Service Innovation Program" jointly with OurCityLove and won the first prize and special prize in the 3rd "Buying Power – Social Innovation Product and Service Procurement Reward Mechanism" organized to encourage enterprises to drive social innovation with responsible consumption in 2019.

First prize and special prize of the "Buying Power – Social Innovation Product and Service Procurement Reward Mechanism"



• Smart Rural Transportation Services in the South Link Area in Taitung



The resources of Yulon, Luxgen, TSMC, CPC, Carplus Auto Leasing Corporation, OurCityLove, and the Association of South-Link Healthcare Promotion for Taitung County have been combined to cope with insufficient public and private transportation resources in remote areas in the South Link area in Taitung County, including Daren and Dawu. The Company has even provided five LUXGEN V7 welfare vehicles to meet the needs of the elderly in their respective tribes, physically and mentally challenged people, and elementary and junior high school students for medical, school and emergency transportation. To address the lack of transportation resources and the demand for emergency assistance in rural areas, the Group's affiliates, social enterprises and the Association of South-Link Healthcare Promotion for Taitung County as well as friendly drivers in the areas have teamed up to carry out the "Easy Transportation in the South Link Area" social welfare solution, so as to fill the transportation gap in remote areas, create a social assistance network for the disadvantaged, and give residents in rural areas access to medical, school, and government services.

• South Link Happy Wheel Service Project

From April 2019 to December 2021, excluding national holidays and special service suspension periods, the project served 16,628 passengers in the South Link area (with five vehicles at full capacity making two runs a day) and achieved a total driving distance of over 640,000 km (approximately equivalent to travelling around Taiwan 538 times, with each car having a monthly mileage of about 5000 km), allowing 433 older and sick people forced to be cocooned at home for a long period of time to be seen.

When implementing the Happy Wheel welfare project at South Link, we took advantage of our expertise in the automobile industry and introduced a social return on investment (SROI) assessment plan in line with international trends. The SROI assessment was conducted from April 2019 to March 2021 and the SROI value was 15.79. In other words, Yulon Group "could create recreate a social return of NTD 15.79 for every NTD 1 invested."



• Innovative Operations of New Taipei City's Long-term Care Ride-hailing Platform

In consideration of the fact that most long-term care transportation fleet operators did not have a large enough scale to build their own ride-hailing systems or platforms and apps, New Taipei City has created a shared front-end ride-hailing system and allowed the contracted operators to have their own call centers and back-end fleet management systems, enabling the operators to offer their respective long-term care transportation services. The mode was mainly designed by "Taiwan Taxi Academy Association" for New Taipei City. Yulon Group has cooperated with the New Taipei City Government through the association to form the Yulon Long-term Care Transportation Fleet consisting of used vehicles for rental and organize resblement trips. Through CSR-based strategic cooperation, the Company has improved long-term care transportation jointly with the Department of Health, New Taipei City Government, and the association.

The "New Taipei City Long-term Care Transportation Service Project" achieved a total mileage of 96,980 kilometers and benefited 18,053 people from April 2020 to December 2021; 60% of the people were wheelchair users.



• Social Service – Forming Yulon Volunteer Club

The [Yulon Motor and Yulon Nissan Volunteer Club] was established with a motto of "local care, thematic services" to put efforts in "care for the disadvantaged," "care for education," and "care for the environment" and encourage our employees to give care to local communities and disadvantaged groups, so that they can realize the true meaning of "it is more blessed to give than to receive" in the process of devoting themselves to social welfare services.



• Events Organized by Yulon Volunteer Club in 2021

The "Love Unleashable" blood donation activities were held in May and September, with two sessions collecting a total of 44,250 c.c. of blood.

A donation of NTD 350,000 was made to the "Miaoli County Supply (Food) Banking Program" under the Pandemic Emergency Relief Project hosted by the Miaoli County Government Social Affairs Department in July to subsidize marginalized households and new low-income families who could not be included in the social welfare system and was in urgent need of help.

NTD 35,000 was donated to "Sanyi Warm Story Hall" in August for it to purchase kitchenware for its cooking area, and the venue would be used as a place for the elderly living alone in Sanyi Township to do some activities and dine.

A total of 13 members of the Yulon Volunteer Club have obtained volunteer certificates through online volunteer training courses.

The "Year-end Heart-Warming Donation" fundraising activity was launched within Yulon Group in December, and the total of NTD 728,900 raised was fully donated to Miaoli Quangai House of Correction, Yuan House of Correction, Huashan Foundation, Mingde House of Correction, Genesis Social Welfare Foundation, Dongji Public Welfare, and Happy Dog Halfway House Association.



• Care for the solitary elderly in Sanyi Township

The Yulon Volunteer Club and Sanyi Huashan Foundation jointly organized a "Dream Birthday Party" for Grandma Chiu, who was 95 years old and lived alone in Sanyi Township. In addition to the birthday banquet and cake, we also invited her neighbors and old friends to join us and had children from Sanyi Celebrity Kindergarten sing Hakka songs and offer warm birthday wishes to Grandma Chiu.



• Beach cleanup in Houlong, Miaoli

The Yulon Volunteer Club, together with the employees of Yulon Motor's distribution partners and suppliers and their families, totaling over 110 people, held a beach cleaning event at Houliang Fishing Port in Miaoli, with the Company's President taking the lead. With the concerted efforts of everyone, a total of nearly 450 kg of marine litter was collected that day, of which about 140 kg was recyclable resources, contributing to environmental protection.



Giving New Year's dishes and white rice to the solitary elderly in Sanyi Township

When visiting the elderly who were lonely and live alone in Sanyi Township, the Yulon Volunteer Club not only gave them New Year's dishes, knitted gloves and other heart-warming gifts, but also help them put up spring couplets to feel the New Year's atmosphere. The club visited low-income families in Sanyi again and gave them white rice to express its concern. It was worth mentioning that the 60 kilograms of white rice that the Company purchased were rice grown in a way friendly to leopard cats to protect the environment and conserve the leopard cats. We have supported eco-friendly farming and leopard cat conservation with actual actions and transformed the intention into care for the community.



• Donation of engine demonstration platforms for the benefit of vocational school students

To fulfill the corporate social responsibility, enhance the educational resources in Taiwan's vocational education system, and train talent for the automobile industry, Yulon Motor donated six engine demonstration platforms to the Department of Automobile of Dongshih Industrial High School for teaching and research use in September 2020.



• Donation of Transportation Resources and Supplies for Pandemic Prevention to New Taipei City

With the aim of supporting the large-scale pandemic-prevention operations of the New Taipei City Government, guaranteeing smooth medical services under the Green Passage scheme, and ensuring the safety of drivers and vehicles mobilized for transportation during pandemic prevention through sterilization, Yulon Motor and other companies in Yulon Group jointly donated 10 Luxgen vehicles and pandemic prevention supplies worth NTD 5 million in support of the "New Taipei City Glimmer Pandemic Prevention Project" in June 2021 and the donations worth over NTD 15 million in total. The supplies donated included protective equipment for drivers mobilized for pandemic prevention, pandemic insurance taken out for the drivers, consuming equipment for vehicle sterilization, pandemic prevention kits, ozone sterilizers, etc., further ensuring the safety of the government staff and drivers.

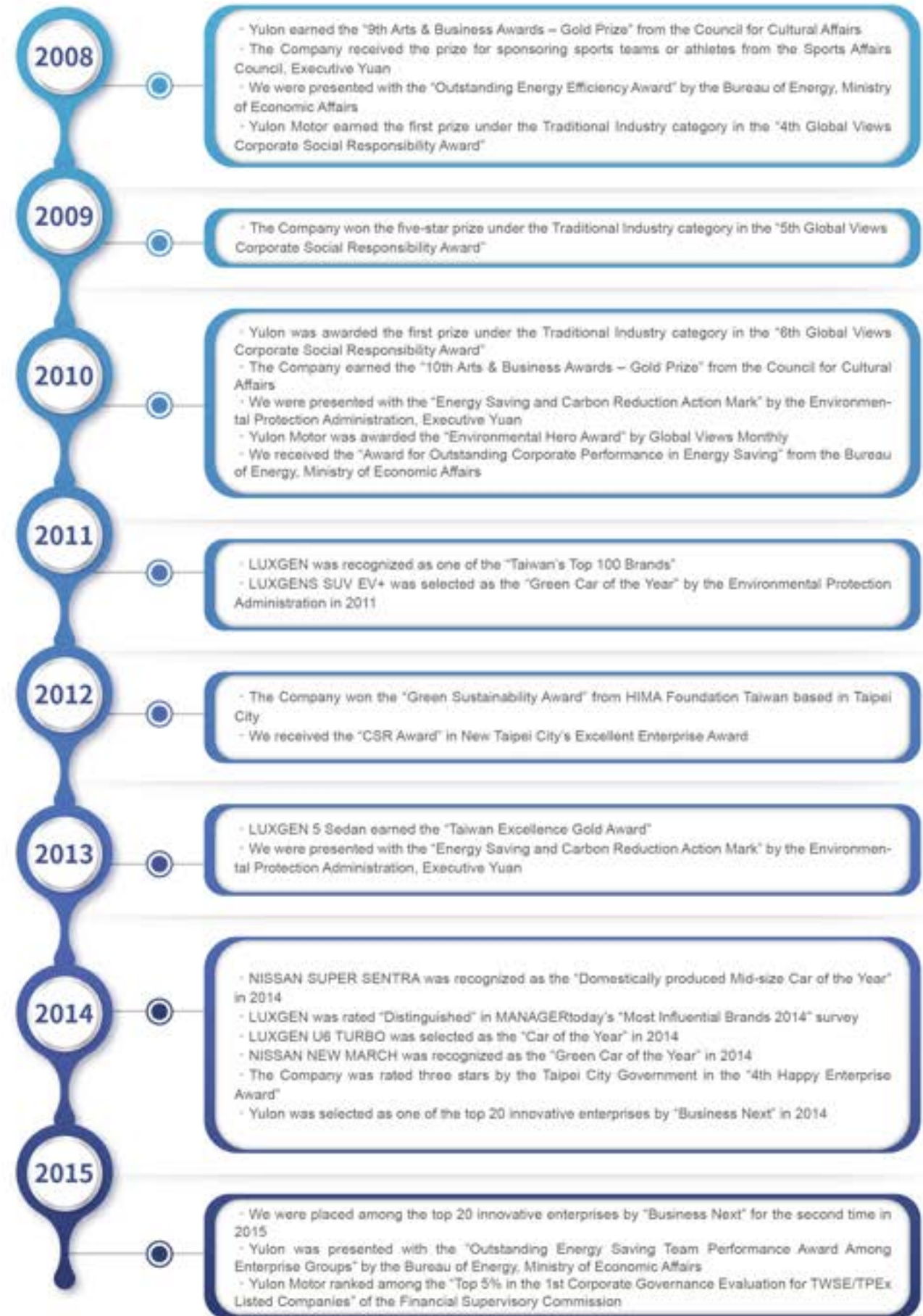
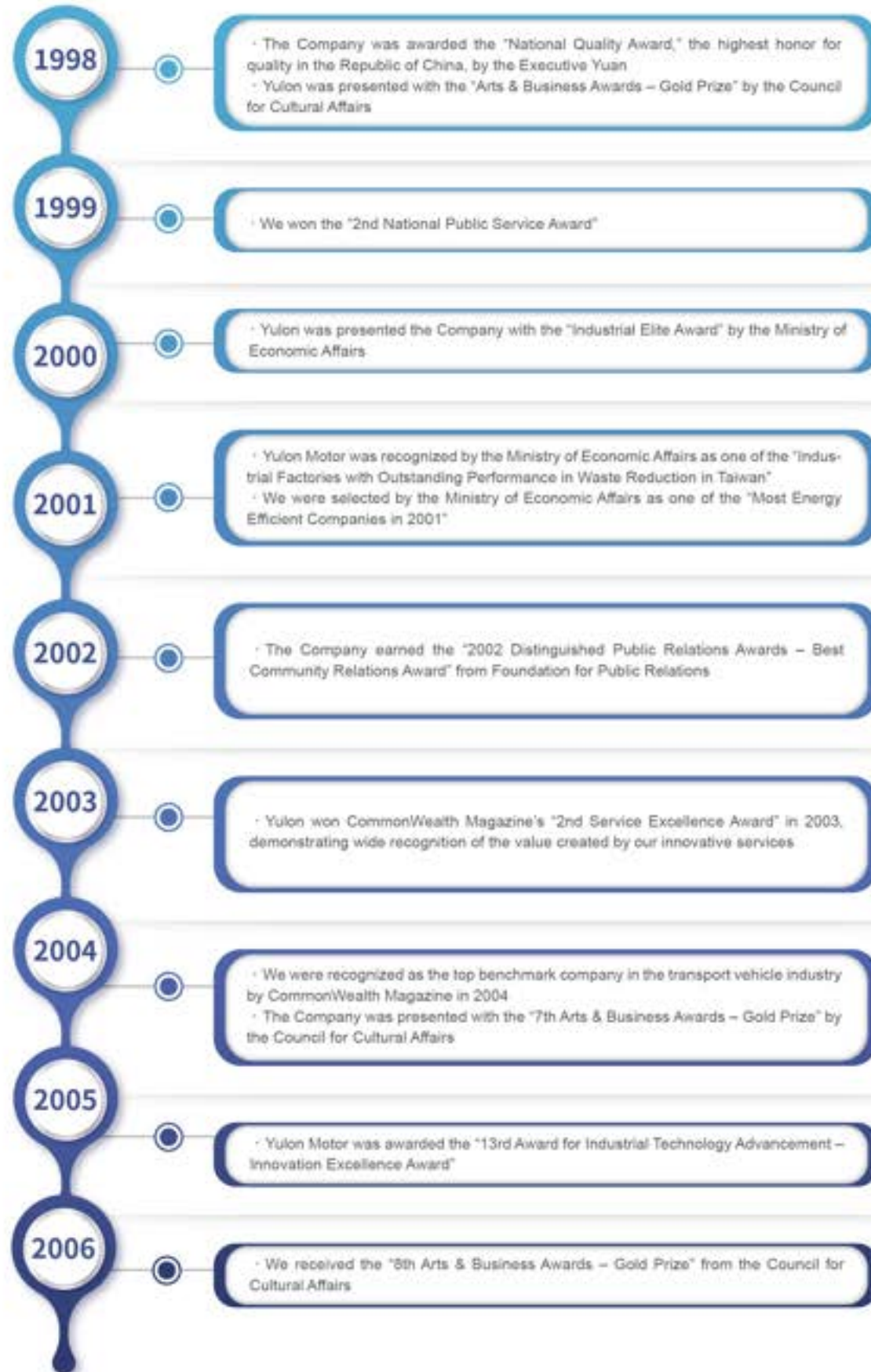


• Other activities for giving back to the community

We sponsored a performance of "Paperwindmill Theater" in Sanyi Township to allow the locals to watch the show for free, thereby enabling a grand art event to take place in the township and demonstrating our efforts to give back to the community to the local people. On top of that, Yulon sponsored The Bleinders' performance tour and people in Miaoli were given free access to tickets to the tour, so as to give back to the locals.



Appendix 1. Awards and Honors



2016

- We were once again among the "Top 5% in the 2nd Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission
- The Company was presented with the award under the categories of Relaxation at Work and Happy Family Life in the "Work-Life Balance Award" from the Ministry of Labor
- Yulon earned the "2016 iSport Certification" from the Ministry of Education
- We were awarded the "17th National Standardization Award" by the Ministry of Economic Affairs
- Yulon Motor received the "Award for Outstanding Corporate Performance in Energy Saving" again from the Bureau of Energy, Ministry of Economic Affairs

2017

- LUXGEN V7 TURBO ECO HYPER won the "Taiwan Excellence Silver Award" in 2017
- Yulon was presented with the "Award for Energy Saving Benchmark" by the Ministry of Economic Affairs in 2017 and was the only award winner in the automobile industry
- The Company ranked among the "Top 5% in the 3rd Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission again

2018

- We were placed among the "Top 5% in the 4th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission consecutively
- Yulon was recognized as an optimal example of social connection innovation in APEC's policy research report
- We received the Social Enterprise Award of BCCT (jointly with OurCityLove)
- The Company was presented with the Best Practice Awards of the SVAYAM Accessibility Awards (jointly with OurCityLove)
- LUXGEN S5 won the "Taiwan Excellence Silver Award" in 2018
- Top 13 in the Large Enterprise Category of the Commonwealth's Corporate Citizenship Awards.
- The Company was selected as a constituent of TWSE's Taiwan Sustainability Index

2019

- Our corporate governance system was certified as "Standard" by the Taiwan Corporate Governance Association
- Yulon Motor ranked among the "Top 5% in the 5th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission
- Top 11 in the Large Enterprise Category of the Commonwealth's Corporate Citizenship Awards.

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
- The Company was again among the "Top 5% in the 6th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission

2021

- We ranked consecutively among the "Top 5% in the 7th Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission
- Yulon was selected as one of the top 50 carbon reduction companies

2022

- Yulon Motor won the honor of "Top 5% in Corporate Governance Evaluation for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission for the 8th consecutive year.
- We received the Global Views Monthly's Model Award under the category of Remarkable Program - Social Innovation in 2022.

Appendix 2. GRI Standard Reference Table (to be supplemented)

GRI Standards	Title	Disclosure Number	Description	Page
GRI 102	General Disclosures	102-1	Name of the organization	P11
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	P12-P13
GRI 102	General Disclosures	102-3	Location of headquarters	P10
GRI 102	General Disclosures	102-4	Location of operations	P12
GRI 102	General Disclosures	102-5	Ownership and legal form	P10
GRI 102	General Disclosures	102-6	Markets served	P12-P13
GRI 102	General Disclosures	102-7	Scale of the organization	P10
GRI 102	General Disclosures	102-8	Information on employees and other workers	P86-P91
GRI 102	General Disclosures	102-9	Supply chain	P65-P69
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	-
GRI 102	General Disclosures	102-11	Precautionary Principle or approach	P28-P31
GRI 102	General Disclosures	102-12	External initiatives	P104
GRI 102	General Disclosures	102-13	Membership of associations	P104
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	P4-P5
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	P30
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	P97
GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	P98
GRI 102	General Disclosures	102-18	Governance structure	P16 · P26
GRI 102	General Disclosures	102-19	Delegating authority	P16-P24
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	P26-P27
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	P36-P37
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	P16
GRI 102	General Disclosures	102-23	Chair of the highest governance body	P16
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	P16-P18
GRI 102	General Disclosures	102-25	Conflicts of interest	P16
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	P26
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	P16
GRI 102	General Disclosures	102-28	Evaluating the highest governance body's performance	P23-P25
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	P26-P27 · P36-P39
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	P28-P31
GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	P26-P27 · P36-P37
GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	P26-P27 · P19
GRI 102	General Disclosures	102-33	Communicating critical concerns	P26-P27 · P19
GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	P26-P27
GRI 102	General Disclosures	102-35	Remuneration policies	P20
GRI 102	General Disclosures	102-36	Process for determining remuneration	P20
GRI 102	General Disclosures	102-37	Stakeholders' involvement in remuneration	P35
GRI 102	General Disclosures	102-38	Annual total compensation ratio	P87
GRI 102	General Disclosures	102-39	Percentage increase in annual total compensation ratio	P87
GRI 102	General Disclosures	102-40	List of stakeholder groups	P35
GRI 102	General Disclosures	102-41	Collective bargaining agreements	P86
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	P35
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	P34-P37
GRI 102	General Disclosures	102-44	Key topics and concerns raised	P34-P37
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	P32
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	P34-P37
GRI 102	General Disclosures	102-47	List of material topics	P34-P37
GRI 102	General Disclosures	102-48	Restatements of information	-

GRI Standards	Title	Disclosure Number	Description	Page
GRI 102	General Disclosures	102-49	Changes in reporting	—
GRI 102	General Disclosures	102-50	Reporting period	P2
GRI 102	General Disclosures	102-51	Date of most recent report	P3
GRI 102	General Disclosures	102-52	Reporting cycle	P3
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	P3
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	P2
GRI 102	General Disclosures	102-55	GRI content index	P131
GRI 102	General Disclosures	102-56	External assurance	P2
GRI 103	Management approach	103-1	Explanation of the material topic and its boundary	P34-P37 P6-P7
GRI 103	Management approach	103-2	The management approach and its components	P36-P38 P93-P94
GRI 103	Management approach	103-3	Evaluation of the management approach	P34-P37 P97-P98
GRI 201	Economic performance	201-1	Direct economic value generated and distributed	P27
GRI 201	Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	P40-P41
GRI 201	Economic performance	201-3	Defined benefit plan obligations and other retirement plans	P89-P90
GRI 201	Economic performance	201-4	Financial assistance received from government	—
GRI 202	Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P86-P87
GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	P86
GRI 203	Market Presence	203-1	Infrastructure investments and services supported	P107-P109
GRI 203	Market Presence	203-2	Significant indirect economic impacts	P33-P34 P123-P127
GRI 204	Market Presence	204-1	Proportion of spending on local suppliers	P67
GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	P67
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	P97-P98
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	P97-P98
GRI 206	Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—
GRI 301	Materials	301-1	Materials used by weight or volume	P56
GRI 301	Materials	301-2	Recycled input materials used	P55-P56
GRI 301	Materials	301-3	Reclaimed products and their packaging materials	P55-P56
GRI 302	Energy	302-1	Energy consumption within the organization	P50-P59
GRI 302	Energy	302-2	Energy consumption outside of the organization	P50-P59
GRI 302	Energy	302-3	Energy intensity	P47-P48 P52-P53
GRI 302	Energy	302-4	Reduction of energy consumption	P47-P48 P54-P56
GRI 302	Energy	302-5	Reductions in energy requirements of products and services	P57-P58
GRI 303	Water	303-1	Interactions with water as a shared resource	P50-P51 · P58
GRI 303	Water	303-2	Management of water discharge-related impacts	P50-P51 · P58
GRI 303	Water	303-3	Water withdrawal	P50-P51 · P58
GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P60
GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	—
GRI 304	Biodiversity	304-3	Habitats protected or restored	P60
GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	P52-P53 · P59

GRI Standards	Title	Disclosure Number	Description	Page
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	P52-P53 · P59
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	P52-P53 · P59
GRI 305	Emissions	305-4	GHG emissions intensity	P52-P53 · P59
GRI 305	Emissions	305-5	Reduction of GHG emissions	P52-P53 · P59
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)	P57
GRI 305	Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P57
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	P50-P52
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	P56
GRI 306	Effluents and Waste	306-3	Significant spills	—
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	P55-P58
GRI 306	Effluents and Waste	306-5	Water bodies affected by water discharges and/or runoff	—
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	P57
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	P65-P69
GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	P65-P69
GRI 401	Employment	401-1	New employee hires and employee turnover	P78-P77 · P86-P88
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P88-P90
GRI 401	Employment	401-3	Parental leave	P82 · P90-P91
GRI 402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	P88 · P90
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	P72-P73
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	P72-P75
GRI 403	Occupational Health and Safety	403-3	Occupational health services	P72 · P79-P80
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	P72-P68
GRI 404	Training and education	404-1	Average hours of training per year per employee	P92-P96
GRI 404	Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	P92-P100
GRI 404	Training and education	404-3	Percentage of employees receiving regular performance and career development reviews	P92-P100
GRI 405	Diversity of governance bodies and employees	405-1	Diversity of governance bodies and employees	P16 · P86-P87
GRI 405	Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	P86-P88
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	P90 · P97
GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P67-P69
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	P67-P69
GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P67-P69
GRI 411	Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	P86-P87
GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	—
GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	P88-P98
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	P34-P37
GRI 413	Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	P34-P37
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	P34-P37
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	P34-P37
GRI 415	Public Policy	415-1	Political contributions	—
GRI 416	Customer Health Safety	416-1	Assessment of the health and safety impacts of product and service categories	P72-P81 · P104-P106
GRI 416	Customer Health Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P72-P81 · P104-P106
GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	P43-P44
GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	—
GRI 417	Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	—
GRI 418	Customer Privacy	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	—
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	—

Appendix 3. Sustainability Accounting Standards Board (SASB) Reference Table

Disclosure Topic	Disclosure Matrix	Description																																			
Product Safety	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	The collision test results of the NCAP are applicable to Europe and not Yulon Motor.																																			
	Number of safety-related defect complaints, percentage investigated	996 NISSAN-related complaints at an investigation rate of 100% in 2021 212 LUXGEN-related complaints at an investigation rate of 100% in 2021																																			
	Number of vehicles recalled	<table border="1"> <thead> <tr> <th>Model</th> <th>Reason of Recall</th> <th>Quantity</th> <th>Action</th> <th>Completion rate at the end of 2021</th> </tr> </thead> <tbody> <tr> <td>NISSAN JUKE (F15)</td> <td>Recall for modification of the SRS air bag in the steering wheel</td> <td>122</td> <td>Replacement of the SRS air bag in the steering wheel free of charge</td> <td>92.62%</td> </tr> <tr> <td>NISSAN TEANA (J31)</td> <td>Recall for modification of the SRS air bag in the steering wheel (aftersales)</td> <td>5</td> <td>Replacement of the SRS air bag in the steering wheel free of charge</td> <td>100.00%</td> </tr> <tr> <td>INFINITI FX35& FX45(S50)</td> <td>Recall for modification of the air bag in the front passenger seat</td> <td>1,169</td> <td>Replacement of the air bag in the front passenger seat</td> <td>42.62%</td> </tr> <tr> <td>INFINITI Q30(H15)</td> <td>Recall for modification of the steering shaft</td> <td>197</td> <td>Replacement of the steering shaft free of charge</td> <td>50.25%</td> </tr> <tr> <td>NISSAN JUKE (F16)</td> <td>Recall for modification of the push button on the back of the rear seat</td> <td>368</td> <td>Replacement of the push button on the back of the rear seat free of charge</td> <td>47.01%</td> </tr> <tr> <td>NISSAN MURANO Hybrid</td> <td>Recall for update of the HPCM (Hybrid Powertrain Control Module) software</td> <td>53</td> <td>Update of the HPCM (Hybrid Powertrain Control Module) software free of charge</td> <td>18.87%</td> </tr> </tbody> </table>	Model	Reason of Recall	Quantity	Action	Completion rate at the end of 2021	NISSAN JUKE (F15)	Recall for modification of the SRS air bag in the steering wheel	122	Replacement of the SRS air bag in the steering wheel free of charge	92.62%	NISSAN TEANA (J31)	Recall for modification of the SRS air bag in the steering wheel (aftersales)	5	Replacement of the SRS air bag in the steering wheel free of charge	100.00%	INFINITI FX35& FX45(S50)	Recall for modification of the air bag in the front passenger seat	1,169	Replacement of the air bag in the front passenger seat	42.62%	INFINITI Q30(H15)	Recall for modification of the steering shaft	197	Replacement of the steering shaft free of charge	50.25%	NISSAN JUKE (F16)	Recall for modification of the push button on the back of the rear seat	368	Replacement of the push button on the back of the rear seat free of charge	47.01%	NISSAN MURANO Hybrid	Recall for update of the HPCM (Hybrid Powertrain Control Module) software	53	Update of the HPCM (Hybrid Powertrain Control Module) software free of charge	18.87%
	Model	Reason of Recall	Quantity	Action	Completion rate at the end of 2021																																
	NISSAN JUKE (F15)	Recall for modification of the SRS air bag in the steering wheel	122	Replacement of the SRS air bag in the steering wheel free of charge	92.62%																																
	NISSAN TEANA (J31)	Recall for modification of the SRS air bag in the steering wheel (aftersales)	5	Replacement of the SRS air bag in the steering wheel free of charge	100.00%																																
	INFINITI FX35& FX45(S50)	Recall for modification of the air bag in the front passenger seat	1,169	Replacement of the air bag in the front passenger seat	42.62%																																
INFINITI Q30(H15)	Recall for modification of the steering shaft	197	Replacement of the steering shaft free of charge	50.25%																																	
NISSAN JUKE (F16)	Recall for modification of the push button on the back of the rear seat	368	Replacement of the push button on the back of the rear seat free of charge	47.01%																																	
NISSAN MURANO Hybrid	Recall for update of the HPCM (Hybrid Powertrain Control Module) software	53	Update of the HPCM (Hybrid Powertrain Control Module) software free of charge	18.87%																																	
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	The percentage of the full-time employees under an indefinite agreement and protected by the "Collective Bargaining Agreement" was 100% in 2021																																			
	1. Number of work stoppages 2. Total days idle	Number of work stoppages in 2021: 0 Total days idle in 2021: 0																																			
Fuel Economy & Use-phase Emissions	Sales-weighted average passenger fleet fuel economy by region	2021																																			
		<table border="1"> <thead> <tr> <th colspan="6">NISSAN</th> </tr> <tr> <th>Model</th> <th>TIIDA</th> <th>X-TRAIL</th> <th>KICKS</th> <th>SENTRA</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Sales region: Taiwan</td> <td>16.1 km/L</td> <td>14.5 km/L</td> <td>17.0km/L</td> <td>17.7km/L</td> <td>16.8km/L</td> </tr> </tbody> </table>	NISSAN						Model	TIIDA	X-TRAIL	KICKS	SENTRA	Total	Sales region: Taiwan	16.1 km/L	14.5 km/L	17.0km/L	17.7km/L	16.8km/L																	
	NISSAN																																				
	Model	TIIDA	X-TRAIL	KICKS	SENTRA	Total																															
Sales region: Taiwan	16.1 km/L	14.5 km/L	17.0km/L	17.7km/L	16.8km/L																																
<table border="1"> <thead> <tr> <th colspan="6">LUXGEN</th> </tr> <tr> <th>Model</th> <th>M7</th> <th>V7</th> <th>U6</th> <th>URX</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Sales region: Taiwan</td> <td>11.2 km/L</td> <td>10.3 km/L</td> <td>12.0km/L</td> <td>12.0km/L</td> <td>11.8km/L</td> </tr> </tbody> </table>	LUXGEN						Model	M7	V7	U6	URX	Total	Sales region: Taiwan	11.2 km/L	10.3 km/L	12.0km/L	12.0km/L	11.8km/L																			
LUXGEN																																					
Model	M7	V7	U6	URX	Total																																
Sales region: Taiwan	11.2 km/L	10.3 km/L	12.0km/L	12.0km/L	11.8km/L																																
Number of 1. zero emission vehicles (ZEV) 2. hybrid vehicles 3. plug-in hybrid vehicles sold	<table border="1"> <thead> <tr> <th>Model</th> <th>Sales volume in 2021</th> </tr> </thead> <tbody> <tr> <td>ZEV</td> <td>23</td> </tr> <tr> <td>Hybrid vehicle</td> <td>0</td> </tr> <tr> <td>Plug-in hybrid vehicles</td> <td>0</td> </tr> </tbody> </table>	Model	Sales volume in 2021	ZEV	23	Hybrid vehicle	0	Plug-in hybrid vehicles	0																												
Model	Sales volume in 2021																																				
ZEV	23																																				
Hybrid vehicle	0																																				
Plug-in hybrid vehicles	0																																				

	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	Corresponding chapter: CH2.1 TCFD and Climate Change and CH2.3 Environmental Protection and Management of Processes.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Corresponding chapter: CH1.4 Risk Management
Materials Efficiency & Recycling	Total amount of waste from manufacturing, percentage recycled	There were about 2,956 tons of waste at a recycle rate of 100% in 2021
	Weight of end-of-life material recovered, percentage recycled	This disclosure is not applicable.
	Average recyclability of vehicles sold	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%.
Activity Metric	Number of vehicles manufactured	2021: 30,460 vehicles
	Number of vehicles sold	2021: 31,928 vehicles

Appendix 4. Questionnaire Survey of Stakeholders

YULON MOTOR CO., LTD. Corporate Social Responsibility (CSR) Report Feedback on Stakeholders' Level of Concern

Thank you for your support of YULON MOTOR CO., LTD. (hereinafter referred to as the Company). With this questionnaire, we hope to understand the suggestions and comments of the stakeholders about the sustainability report and present the issues they are concerned about in the report.

- What is your status?
Multiple choice: Employee Corporate customer (Nissan Motor) Corporate customer (Luxgen Motor) Shareholder Supplier Distributor Community resident/school
- How much are you concerned about the formation and operation of the Board of Director and functional committees of the Company?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the Company's values, principles, standards and norms of behavior (e.g. code of conduct, lawful behavior, code of ethics, and integrity of the organization)?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the operating cost, remuneration and welfare for the employees, dividends and tax expenses, impact of climate change, and operational risk of the Company?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the establishment of the sustainable development strategies of the Company?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the policies, standards, methods and other issues on the selection of the suppliers?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the risk management of the Company, including the operational, environmental and social facets?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about financial status and investment gain/loss of the Company, such as the operating cost, investment risk, and profit and loss status?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the air pollutant control that the Company performs?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the process of the Company in the disposal and control of hazardous substances
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the management and recycle of the scrapped assets or general waste of the Company?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the indirect and direct energy consumption, reduction of the energy consumption, and decrease of the energy demands for the products and services in and outside the organization of the Company?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned
- How much are you concerned about the water management of the Company, the impact on the water sources due to withdrawal of water, and water footprint?
Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

14. How much are you concerned about the impact of the operating activities of the Company on the surrounding environment and ecosystem?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

15. How much are you concerned about the Company's disclosure of the greenhouse gas information, carbon footprint, and greenhouse gas reduction?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

16. How much are you concerned about the Company's water pollution and waste control, prevention and management status?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

17. How much are you concerned about the Company's use of recycled raw materials and the percentage of the products sold and packaging materials that must be recycled?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

* 18. How much are you concerned about the percentage of the Company's suppliers selected based on the environmental standards, the impact of the negative environmental conditions on the supply chain, and the implementation of the actions?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

19. How much are you concerned about the number and percentage of the new employees, the number of the employees who left the Company, and the turnover rate of the Company?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

20. How much are you concerned about the employee welfare of the Company, the reinstatement and retention rates after the parental leave, the minimum notice periods regarding operational changes, or the loss of work hours due to industry disputes, strikes or lockouts?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

21. How much are you concerned about the Company in the prevention and management status of the accidents, disasters, and occupational diseases?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

22. How much are you concerned about the Company's education and training hours, functional management, lifelong learning, retirement program, performance evaluation, and career development?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

23. How much are you concerned about the percentage of the Company's suppliers selected based on the labor condition standards, the impact of the negative labor conditions on the supply chain, and the implementation of the actions?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

24. How much are you concerned about the official complaint mechanism of the Company, the communication with the stakeholders, and the number of the cases solved?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

25. How much are you concerned about the positive effect, assessment or development of the interactions and mutual aids in local communities at the business locations of the Company?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

26. How much are you concerned about the issues on the Company's educational training in the anti-corruption and anti-graft, the countermeasures, and the bribery?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

27. How much are you concerned about the percentage of the Company's suppliers selected based on the social impact standards, the impact of the negative social impact conditions on the supply chain, and the implementation of the actions?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

28. How much are you concerned about the Company's product safety and use standards, product credits, and reliability of quality?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

29. How much are you concerned about the customer satisfaction of the Company, such as the implementation of the customer services, solution of problems, and actions taken?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

30. How much are you concerned about the complaints of the Company's customers over the infringement upon their privacy, illegal disclosure of data, and other similar incidents?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

31. How much are you concerned about the R&D that the Company conducts for the innovation of the products and services?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

32. How much are you concerned about the application of the green concepts (e.g. 3R: Reduce, Reuse and Recycle) in the product design and development of the Company?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

33. How much are you concerned about the Company in the establishment of the green procurement systems and standards as a basis for the development, selection and assessment of the suppliers as well as for the promotion of green supply chains and suppliers?

Multiple choice: Very concerned Concerned Fair Unconcerned Very unconcerned

